

# **SIRA Annual Report 2020-2021**

October 2021

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## Letter to the Minister

29 October 2021

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

Dear Minister

I am pleased to submit for your information and presentation to Parliament, the Annual Report of the State Insurance Regulatory Authority (SIRA) for the financial year ending 30 June 2021.

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.

It summarises our major activities and achievements for 2020-2021 as the regulator of the workers compensation, motor accidents compulsory third party (CTP), and home building compensation insurance schemes in NSW.

Yours sincerely



**Adam Dent**

Chief Executive  
SIRA



**Trevor Matthews**

Chair  
SIRA

## Message from the Chair

On behalf of the SIRA Board, I am pleased to introduce the SIRA Annual Report for 2020-2021.

Undoubtedly this year has been challenging, with the impacts of COVID-19 felt by people, industry and businesses throughout NSW. However, despite these challenges, SIRA has quickly adapted and implemented changes to help soften the impacts and ensure the schemes continue to provide the necessary support and protection to those who suffer injury or loss.

SIRA continues to take steps to drive improved performance in the workers compensation scheme and we are maintaining our regulatory focus on icare's performance as manager of the Nominal Insurer. Through the recommendations from the Hon. Robert McDougall QC in the Independent Review of icare and *State Insurance and Care Governance Act 2015*, we have a clear path forward.

Following changes implemented as a result of the 2017 CTP scheme reforms, this year the average CTP premium reduced to \$486. That's the cheapest CTP premiums have ever been - an average saving of \$149 each year for NSW drivers. We also welcomed a new CTP insurer into the market, boosting both competition and choice.

In the home building compensation scheme, a primary focus has been the IPART review of the home building compensation fund. SIRA has been committed to pursuing an uplift in activity across several key risk and focus areas.

Prioritising customers remains our key objective, and this year SIRA commissioned an independent study to measure customers' compensation experiences and the extent to which insurers deliver services in line with SIRA's Customer Service Conduct Principles. This research was the first of its kind in Australia, and I'm proud that we are continuing the program. The results will be used to inform regulatory supervision activities and improve outcomes in the schemes.

I would like to thank SIRA staff for their outstanding contribution and hard work during what has been one of the most difficult years on record. I also wish to thank the SIRA Board for their counsel and valuable contributions.

It gives me great pleasure to welcome the new SIRA Chief Executive, Adam Dent, who joined us in July 2021. Adam is a natural fit for SIRA with extensive leadership experience in the public, private and not-for-profit sectors and in helping people who are vulnerable or experiencing difficult times.

On behalf of the SIRA Board, I would like to express my sincere appreciation to Carmel Donnelly for her outstanding leadership of SIRA over the last five years. She has been instrumental in establishing SIRA as a strong, agile regulator serving the people of NSW.

SIRA looks forward to continuing to lead the way as a regulator in a rapidly evolving landscape.



**Trevor Matthews**

Chair

## Message from the Chief Executive

Since joining in July, I have been inspired by the talent and passion of my colleagues at SIRA. We're a small agency doing a huge amount of work to ensure that the NSW workers compensation, CTP and home building compensation schemes deliver for people who make claims and hold policies now and into the future.

The year has had many highlights: driving improved regulatory and fee setting approaches through the Healthcare review, prioritising the interests of customers who engage with the schemes, and increasing transparency and accountability around the performance of regulated entities. We also had two significant milestones in the CTP space – welcoming a new insurer and hitting record-low premiums.

While SIRA has made progress in enhancing the workers compensation scheme, more needs to be done to improve outcomes for injured people and sustainability for NSW businesses. SIRA is fast-tracking the implementation of its recommendations from the Hon. Robert McDougall QC and is closely monitoring icare's performance.

SIRA has continued its important work in response to the COVID-19 pandemic. My colleagues have shown enormous resilience adjusting to the pressures of COVID-19, while remaining focused on responding to the impacts on the schemes.

We have ensured continued access to healthcare and services, and provided flexibility and ongoing support to injured people, employers, and services providers. This continues to be a focus as we move into the next phase of living with COVID-19.

I'm now looking to the future and the ways we can build on SIRA's achievements to date. Above all, my priority is putting the needs of our customers first and working collaboratively with other government agencies to deliver our strategic objectives.

I would like to recognise Carmel Donnelly who served as the SIRA Chief Executive until June 2021. The numerous achievements documented over the following pages were achieved under Carmel's leadership. I look forward to building on her significant contributions in shaping the NSW insurance landscape.

I would also like to thank the SIRA team and Board for a very warm welcome. I acknowledge their hard work and commitment in 2020-2021 and am optimistic about what we can achieve together in the year ahead.



**Adam Dent**

Chief Executive

## 1. About SIRA

SIRA regulates three statutory insurance schemes in NSW - workers compensation, compulsory third party (CTP), and home building compensation. It also has some regulatory functions in other schemes, including the Lifetime Care and Support and Dust Diseases schemes.

SIRA was created under section 17 of the *State Insurance and Care Governance Act 2015* (SICG Act). In establishing SIRA, the Government intended to:

'create a consistent and robust framework to monitor and enforce insurance and compensation legislation in NSW, and to ensure that public outcomes are achieved in relation to injured people, policy affordability and scheme sustainability' (from the second reading speech of the SICG Act).

### 1.1 Principal objectives

SIRA's objectives and regulatory role are set out in section 23 of the SICG Act:

- To promote the efficiency and viability of the insurance and compensation schemes established under the workers compensation and motor accidents legislation and the other Acts under which SIRA exercises functions
- To minimise the cost to the community of workplace injuries and injuries arising from motor accidents and to minimise the risks associated with such injuries
- To promote workplace injury prevention, effective injury management and return to work measures and programs
- To ensure that persons injured in the workplace or in motor accidents have access to treatment that will assist with their recovery
- To provide for the effective supervision of claims handling and disputes under the workers compensation and motor accidents legislation
- To promote compliance with the workers compensation and motor accidents legislation.

### 1.2 Functions

SIRA has the following functions under section 24 of the SICG Act:

- SIRA has such functions as are conferred or imposed on it by or under this or any other Act (including under the workers compensation and motor accidents legislation and the *Home Building Act 1989* (HB Act)).
- The functions of SIRA also include the following:
  - To collect and analyse information on prudential matters in relation to insurers under the workers compensation and motor accidents legislation and the HB Act
  - To encourage and promote the carrying out of sound prudential practices by insurers under that legislation and the HB Act
  - To evaluate the effectiveness and carrying out of those practices.

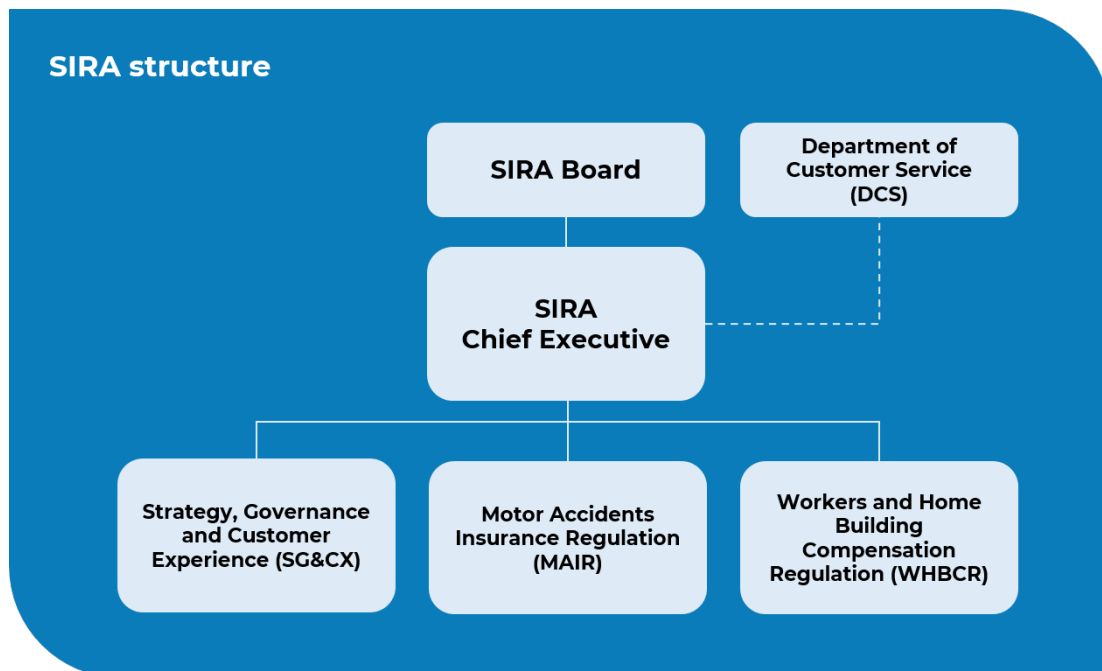
## 2. Our structure

SIRA is an independent agency within the Customer Service Cluster.

The affairs of SIRA are managed and controlled by the Chief Executive in accordance with the general policies and strategic direction determined by the SIRA Board. Anything done by the Chief Executive on behalf of SIRA is taken to have been done by SIRA (section 19(3) of the *State Insurance and Care Governance Act 2015* (SICG Act)).

While SIRA is not, in the exercise of its functions, subject to the control and direction of the Minister, the Minister may give SIRA a written direction with respect to its functions if the Minister is satisfied that it is necessary to do so in the public interest.

The structure of SIRA is as follows:



### SIRA Board

The functions of the SIRA Board are set out in section 18(5) of the SICG Act and include:

- determining the general policies and strategic direction of SIRA
- overseeing the performance of SIRA
- giving the Minister any information relating to the activities of SIRA that the Minister requests
- keeping the Minister informed of the general conduct of SIRA's activities and any significant development in activities.

The SIRA Board is comprised of seven members who have extensive professional experience both within Australia and internationally.

The SIRA Chief Executive is a member of the SIRA Board, along with the Secretary of the Department of Customer Service (DCS), or her nominated delegate. A further five independent members are appointed by the Minister for Customer Service.

The chair and deputy chair are selected by the Minister from the five appointed members.



### **Trevor Matthews (Chair)**

Trevor Matthews, an actuary with more than 40 years' experience in financial services, has held chief executive roles in Australia, Canada, Japan and the United Kingdom (UK). He returned from 15 years overseas in 2013 and has had a variety of chair and non-executive directorship roles since then.

Presently, he is Chairman of FNZ Asia Pacific, CMC Markets Australia, Hound Group Pty Ltd and a non-executive director of AMP Life, Resolution Life NOHC, Bupa Australia and New Zealand Group and Edelweiss Tokio Life Insurance. He is an advisor to CI&T, Preferred Global Health and Genpact Australia and provides executive coaching through Foresight's Global Coaching.

Previously he was a Director of AMP Limited, AMP Bank, CoverMore Limited, 1st Group and Tokio Marine Asia. His last overseas position was Executive Director and Chairman, Developed Markets Aviva and prior to that Chief Executive Officer (CEO) of Aviva UK, Group CEO of Friends Provident and CEO of Standard Life UK, based in the UK, as well as Manulife Financial in Japan and Legal & General in Australia. Trevor has served as a Commissioner for the UK Commission for Employment and Skills, Chairman of the Financial Services Skills Council in the UK and President of the Chartered Insurance Institute and the Institute of Actuaries of Australia.

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

Trevor is the inaugural Chair of the SIRA Board. He is serving his second term, which expires in November 2021. Trevor is also an independent member of the SIRA Audit and Risk Committee until April 2022.



### **Nancy Milne OAM (Deputy Chair)**

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

Currently, Nancy is Chair of the Accounting Professional and Ethical Standards Board, Securities Exchange Guarantee Corporation, and the SIRA CTP Premium Committee. Nancy is also a Director of the ALE Property Group, and a member of the Asbestos Safety and Eradication Council, and Pacific Opera. She is a Director of the Benevolent Society.

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), Munich Reinsurance Australasia, and the Superannuation Administration Corporation (Pillar Administration).

Nancy has a Bachelor of Laws from the University of Sydney and is a fellow of the Australian Institute of Company Directors.

Nancy is the Deputy Chair of the SIRA Board, the Chair of the SIRA CTP Premium Committee and was formerly the Chair of the SIRA Audit and Risk Committee. She is serving her second term on the SIRA Board. Nancy is also a member of the SIRA Audit and Risk Committee (until February 2022), as well as the DCS's Audit and Risk Committee.





### **Prof. Abby Bloom (Board member)**

Prof. Abby Bloom MPH PhD FAICD is an experienced company director, tech founder and CEO. In addition to SIRA, she is a Director of Sydney Water Corporation and the Sydney Children's Hospitals Network. She is also a member of the Advisory Board of the digital company ID Exchange, and is a Board Observer for Cadenza Innovation, a leading US-based energy storage company. Abby is an Independent Member of the Audit and Risk Committees for the NSW Department of Communities and Justice, Southern NSW Local Health District and Luminesce Alliance. Her previous directorships include Western Sydney Local Health District, Recovre Holdings and Gymnastics NSW.

Following a successful career as a senior executive and corporate advisor in health and healthcare, utilities, infrastructure, education, insurance and ageing, Abby has been a company director for over 20 years. She has been involved as a founder of and advisor to numerous tech start-ups for more than two decades. She is active as a mentor of women innovators, and as an angel investor in disruptive start-ups.

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

Abby is an inaugural member of the SIRA Board and the Chair of the SIRA Audit and Risk Committee. She is serving her third term on the Board, and second term as Audit and Risk Committee Chair, until February 2022.



### **Dr Graeme Innes AM (Board member nominated by the Secretary of the DCS)**

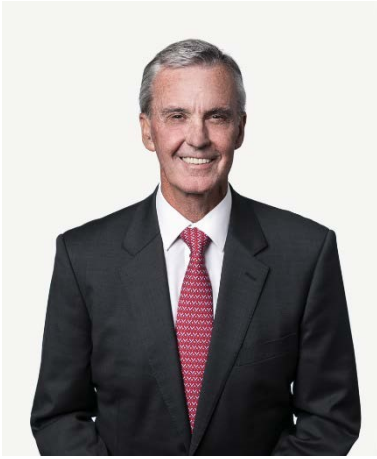
Dr Graeme Innes has been involved in numerous human rights reform initiatives that have resulted in ground-breaking change, perhaps most significantly as the Human Rights Commissioner for Australia. He was involved in drafting the United Nations Convention on the Rights of Persons with Disabilities and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

Graeme was Chair of the Disability Advisory Council of Australia, and the first Chair of Australia's national blindness agency, Vision Australia. He played a key role in developing the National Disability Strategy and the Disability (Access to

Premises – buildings) Standards 2010 and establishing Liveable Housing Australia.

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

Graeme is serving his second term on the Board until November 2021, and second term on the SIRA Audit and Risk Committee until September 2023.



### **The Hon Greg Keating (Board member)**

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

Greg was admitted as a solicitor on 11 November 1980. He has practiced extensively in insurance law, defamation and industrial law. Greg was an accredited personal injury practitioner. He was Managing Partner of McClellands Lawyers until its amalgamation with Slater and Gordon in August 2007.

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

Greg is serving his first term as a SIRA Board member until November 2021. He is also a member of the SIRA Audit and Risk Committee until February 2024.



### **Rod Stowe PSM (Board member)**

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

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

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

Rod has extensive board governance experience, having previously been Chair of the NSW Rental Bond Board and NSW Financial Counselling Trust Fund. He was a member of the Cemeteries and Crematoria Board of NSW and the Travel Compensation Fund. In November 2017, he was appointed Chair of the Board of Super Consumers Australia. In 2019, Rod was appointed as Chair of the Board of The Consumer Advocacy Trust, and as a Community Director on the Board of the Energy and Water Ombudsman NSW. In February 2021, Rod was appointed as a Member of the Renewable Energy Sector Board.

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

Rod is serving his second term as a SIRA Board member until November 2022.

## The SIRA Chief Executive and SIRA Board member



### **Adam Dent (Board member and SIRA Chief Executive)**

Adam Dent joined SIRA as Chief Executive in July 2021. He is also a member of the SIRA Board in an ex-officio capacity.

Adam is passionate about improving outcomes for customers and ensuring that those most vulnerable in society are supported at critical moments in their lives. He has a proven track record in senior executive roles as a transformational change leader across government, the public sector and non-profit organisations.

Prior to joining SIRA, Adam was Chief Executive Officer, NSW Trustee and Guardian since January 2018. He carried out the legislative functions of the NSW Trustee as well as being

Commissioner of Dormant Funds. Adam's previous senior management roles include: Director, Government and Public Sector Advisory, Ernst & Young; Commissioner, NSW State Emergency Service; and State Manager Emergency Services, Australian Red Cross (Victoria).

Adam holds a Master of Business Administration from the Australian Institute of Business and is a Graduate of the Australian Institute of Company Directors. He also has a Graduate Certificate in Professional Legal Studies from Griffith University.



### **Carmel Donnelly (former Board member and SIRA Chief Executive)**

Carmel Donnelly, the current Chair of the Independent Pricing Regulatory Tribunal (IPART), was the Chief Executive of SIRA and a member of the SIRA Board in an ex-officio capacity from March 2017 to June 2021.

Carmel has extensive experience as a senior executive in NSW Government including as an Executive Director in SIRA, General Manager of the Motor Accidents Authority of NSW and Director of 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.

Carmel holds an Executive Master of Business Administration from the Australian Graduate School of Management and a Master of Public Health from the Faculty of Medicine at Sydney University. She also holds a Bachelor of Arts (Honours Psychology) from Sydney University and is a Graduate Member of the Australian Institute of Company Directors.

## **The SIRA leadership team**

### **Theresa Fairman – Executive Director, Strategy, Governance and Chief Customer Officer**

Theresa Fairman is an experienced senior executive in regulatory, transport and trade organisations. She has designed and delivered complex public sector programs at the global, national and state level, and has deep expertise in behavioural insights, issues management, strategy, community, stakeholder and employee engagement. Prior to joining SIRA in 2019, Theresa was an executive in the former Department of Finance, Services, and Innovation, where she was the Executive Director, Corporate Affairs and headed up the State Archives Authority. She holds a Bachelor of Arts and a Master of Public Administration from the University of Sydney.

### **Darren Parker – Executive Director, Workers and Home Building Compensation Regulation**

Darren Parker is the Executive Director for Workers and Home Building Compensation Regulation at SIRA. Darren joined SIRA in 2015 and has worked in several executive roles regulating the workers compensation, home building and motor accidents insurance schemes. Darren holds a Master in Business Administration from the University of South Australia. He has also received multiple Commissioner of Police commendations for excellence and bravery during his policing career. Darren has extensive senior executive experience across all tiers of government and the insurance sector, including Insurance Australia Group, Comcare, Centrelink, Australian Public Service Commission, Department of Defence, Attorney-General's Department, and local government.

### **Dr Petrina Casey – Executive Director, Motor Accidents Insurance Regulation**

Dr Petrina Casey joined SIRA in 2015 and has held senior roles across workers compensation, home building and healthcare strategy and supervision. Petrina is an experienced executive who has worked across the government, personal injury insurance, disability, and life insurance sectors. Petrina holds a Master of Public Health and a Doctor of Philosophy from Sydney University Faculty of Medicine. Her research principally focused on the intersection between health, legal and claims outcomes in a personal injury compensation policy setting.

### **Sharon Blake – Chief Financial Officer and Company Secretary**

Sharon Blake joined SIRA in March 2019 and was appointed Chief Financial Officer and Company Secretary in March 2020, after holding the Chief Financial Officer role since commencing with SIRA. Sharon has extensive private and public sector experience. Sharon is a Fellow of the Institute of Chartered Accountants Ireland, an Associate of the Institute of Chartered Accountants Australia, and a Graduate Member of the Australian Institute of Company Directors. Sharon holds a Master of Accounting and a Bachelor of Arts (Honours) degree in Accounting and Human Resource Management.

### **Tom Green – Director, Strategy and Performance**

Tom Green joined SIRA in 2019, having held senior executive roles in corporate affairs and communications with multiple agencies over the four years prior. Tom's experience in state government since 2008 has had a strong focus on regulation, insights-based strategy and changing behaviour, particularly in the fields of harm prevention and personal injury – having previously worked with WorkCover, the Safety, Return to Work and Support Division, SafeWork NSW and also SIRA. Tom's experience spans the private, non-profit, and public sectors in Australia and the UK, where he gained a Bachelor of Arts (Honours) degree in European Studies and Modern Languages.

## The SIRA teams

### Strategy, Governance and Customer Experience (SG&CX)

Led by Theresa Fairman, the SG&CX team oversees the development and delivery of key corporate functions, including strategy, organisational health, customer experience, governance, risk and compliance, ministerial and parliamentary services, issues management, stakeholder communication, corporate reporting, privacy, and information access. This team is also the primary point of liaison with the DCS shared services. The teams within SG&CX include:

- **Customer Experience**

Led by Director Tina Dougherty, this team is responsible for designing and delivering the best possible services to customers and providing timely, evidence-based decisions and regulatory response. The team's primary goal is to deliver a positive customer experience.

- **Governance and Finance**

Sharon Blake, Chief Financial Officer and Company Secretary, leads the Governance and Finance team. The team is the point of reference for finance, risk, information access, privacy, governance, policies, and process-related matters. The team is also the primary contact for the SIRA Board and committees, as well as SIRA's ministerial function.

- **Regulatory Information**

The Regulatory Information team, led by Director Ryan Williams, support SIRA as a data-driven and intelligence-led organisation to achieve better regulatory outcomes. Their main focus is on providing valuable insights for evidence-based decision-making and transparent reporting to NSW citizens on scheme performance.

- **Strategy and Performance**

Under the leadership of Director Tom Green, this team helps SIRA make, align people to, and confidently act on clear decisions. The team looks after strategy, project governance and design, organisational health, and engagement, with its main focus being on supporting SIRA's priorities and building public trust.

### Workers and Home Building Compensation Regulation (WHBCR)

Led by Darren Parker, the WHBCR team oversees the workers compensation and home building compensation schemes in NSW. The team has some involvement in certain aspects of dust diseases, sporting injuries, coal mines, bush fire, and emergency and rescue services legislation. The team focuses on customers and delivering effective regulation that builds public trust and supports NSW in being a competitive, confident, and protected state. The teams within WHBCR include:

- **Employer Supervision and Return to Work**

Under Director Catherine Day, the Employer Supervision and Return to Work team support employers to comply with their workers compensation obligations. They also promote, amongst stakeholders, the importance of injured people recovering through work in both the workers compensation and CTP schemes. They do this through strategic programs and resources, stakeholder education and regulatory action.

- **Enforcement and Prosecution**

The mission of this team, led by Director Louise Lazzarino, is to ensure regulatory compliance by prosecuting breaches, enforcing the law, and undertaking punitive actions. The primary goal of their work is to contribute to higher levels of public trust in the workers compensation, CTP and home building insurance systems.

- **Insurer Supervision**

Insurer Supervision, led by Director Spencer McCabe, serves to ensure that insurers comply with their regulatory obligations and effectively deliver claimant and policyholder outcomes while maintaining scheme affordability and sustainability. This team is the frontline interface with licensed and prospective insurers and plays a key role in setting expectations for insurers and ensuring that they are met.

- **Performance and Compliance Reviews**

Director Mark Azzi leads this team, which conducts audit and review activities that enable SIRA to hold system participants accountable for their regulatory performance and compliance. This team addresses significant and systemic performance and compliance risks, pursues continuous improvement in regulatory practice and system outcomes, and undertakes specific rulings and reviews.

- **Scheme Design, Policy and Performance**

Director Christian Fanker leads the Scheme Design, Policy and Performance team which helps SIRA and its stakeholders to better understand how the workers and home building compensation schemes operate. They provide advice on key risks, issues and opportunities, and develop policy options in collaboration with stakeholders to inform legislative change.

## **Motor Accidents Insurance Regulation (MAIR)**

Led by Dr Petrina Casey, and prior to that Mary Maini, the MAIR team oversees the NSW CTP insurance scheme. Insurers licensed to operate in the scheme protect vehicle owners from liability if their vehicle causes injury or death to other road users. The team works hard to reduce injuries and deaths on the roads by having a forward-thinking, proactive, and collaborative approach with stakeholders. The team focuses on delivering better outcomes for policyholders and injured people, and encouraging innovation, quality performance and positive customer experiences. The teams within MAIR include:

- **Health Policy, Prevention and Supervision (HPPS)**

The HPPS team promote optimal recovery and health outcomes in both the workers compensation and CTP schemes. They do this through a value-based healthcare approach, strategic initiatives focused on injury prevention, supervising and educating health providers, and supporting effective fees regulation. The HPPS team was formerly led by Dr Petrina Casey reporting directly to the Chief Executive, until it was brought under the MAIR division in February 2020 under acting Director Bronwyn Martin.

- **Premiums and Markets**

Director Celia Mann leads the Premiums and Markets team to ensure that the premiums for SIRA's insurance products are affordable, equitable and fair for NSW customers. At the same time, the team ensures that the insurance schemes are adequately funded for long-term viability.

- **Scheme Design, Policy and Performance**

This team ensures the viability, affordability and sustainability of the CTP insurance schemes under the motor accidents legislation. They do this by shaping and refining policy design, supporting effective and fair legal access to justice, and enabling transparent external engagement. This team was led by Director Parthena Elias in 2020-2021.

- **Supervision**

Under Director Peter Hukins, the Supervision team oversees the performance of CTP insurers and holds them accountable to their licence conditions and performance. This team ensures that CTP insurers and claim service providers deliver effective services.

### 3. Our highlights from 2020-2021

#### **Cheaper CTP premiums**

In 2020-2021, CTP premiums for most drivers in NSW hit a record low. Before the 2017 CTP scheme reforms, the average CTP premium reached a high of \$635. This year under the new scheme, the average CTP premium reduced to \$486. That's the cheapest premiums have ever been and an average saving of \$149 each year for NSW drivers.

#### **New CTP insurer**

A new insurer, Youi, entered the CTP market from 1 December 2020. Youi was the first new insurer in more than 20 years to be granted a licence to offer CTP insurance in NSW. Encouraging new entrants into the CTP market was a key objective of the 2017 CTP reforms. Increased competition between insurers promotes innovation and encourages greater premium affordability for NSW motorists.

#### **Increased transparency**

This year SIRA published more scheme information than ever before - through regular updates on the performance of the schemes, insurers, service providers, and other regulated entities. There was a particular focus on SIRA's open data portals, which provide self-service visual analytics tools to make it easy to view and compare scheme data and insurers' performance over time. SIRA continues to refine the way it measures and publicly reports on scheme and regulatory performance as part of its commitment to increasing transparency and accountability.

#### **Customer experience research**

In 2020-2021, SIRA commissioned an independent study to measure how customers experience their compensation journey and the extent to which insurers deliver services in line with SIRA's Customer Service Conduct Principles. This research provided unique insights into how people experience their interactions with the workers compensation and CTP schemes, and how that experience impacts their recovery. SIRA is continuing the research program and will use the results to inform its regulatory supervision activities.

#### **Healthcare review**

This year SIRA continued its comprehensive review of regulatory requirements for healthcare arrangements in the workers compensation and CTP schemes. The review improves regulatory and fee setting approaches to ensure injured people have access to the right healthcare, at the right time, for optimal recovery and return to work.

#### **Stronger supervision**

SIRA continued its focus on the supervision and performance of regulated entities during the reporting year. SIRA took significant steps to drive improved performance in the workers compensation system, including through a continued regulatory focus on the Nominal Insurer managed by icare.

#### **Regulatory approach principles**

In 2020-2021, SIRA developed ten regulatory approach principles to guide its regulatory approach and inform stakeholders of its focus, how decisions are made, and how SIRA will engage on matters of scheme design and compliance. As a regulator, one of SIRA's core responsibilities is to ensure compliance with the law. These principles recognise that there are many other ways SIRA can influence positive scheme outcomes as stewards of compensation schemes.



## 4. SIRA's strategic priorities

SIRA's mission is to ensure the NSW workers compensation, CTP and home building compensation schemes provide injured workers, road users and homeowners with the support they need.

To deliver on that mission, SIRA has five enduring goals:

1. Optimal outcomes for injured people
2. Affordable premiums
3. Positive customer experiences
4. Public trust in SIRA and the schemes it regulates
5. Financially sustainable schemes

SIRA develops a range of actions to achieve these goals, and each quarter, SIRA reviews its progress against a set of strategic priorities and adjusts them when required. This approach allows SIRA to respond to changing circumstances in an agile way while maintaining alignment to the enduring goals.

The strategic priorities for SIRA in 2020-2021 and key achievements against them are below.

### Customer engagement

In 2020-2021, SIRA focused on its engagement with and responsiveness to customers. The first principle of SIRA's regulatory approach is to protect the interests of customers: injured people who make claims and policyholders. To achieve this, it is essential for SIRA to understand the experience of customers and others impacted by the schemes to design services and interventions that improve outcomes.

#### Key achievements in 2020-2021

- Carrying out the first Australian study to measure customer experience, health and social outcomes across workers compensation and CTP to better understand the experience of customers making claims.
- Monitoring insurer compliance with SIRA's Customer Service Conduct Principles and making it easier for people to provide feedback on how insurers perform.
- Working with the Personal Injury Commission (Commission) and the Independent Review Office (IRO) to provide a seamless customer experience across all three agencies, with a focus on making it easier for people to interact with the schemes and seek help.
- Consulting on SIRA's research program, which aims to facilitate evidence-informed policy, scheme design and supervision activities to support high-quality health and return to work outcomes for injured people.
- Supporting people impacted by performance and compliance issues with icare's management of the workers compensation Nominal Insurer.

### Healthcare review

SIRA is driving outcome-based, affordable healthcare for workers compensation and CTP. Through SIRA's Healthcare review, our objective has been to ensure that every dollar spent delivers quality and value and optimises recovery so that injured people are supported to recover. With healthcare expenditure – in both total and unit cost term – in the workers compensation scheme rising, this review has helped SIRA understand and address the drivers of rising costs and transition the schemes to value-based care.



## Key achievements in 2020-2021

- Strengthening healthcare costs supervision, compliance, and enforcement activity, with a focus on reducing insurer claims leakage and enhancing regulatory controls on the approval of healthcare providers.
- Improving monitoring and reporting of healthcare costs and outcomes by developing the Value-based healthcare outcomes and reporting framework and dashboards on quarterly healthcare costs and outcomes.
- Reforming healthcare fee regulation to drive improved healthcare quality and outcomes. This includes immediate changes to a number of fees orders, the development of proposed longer-term fee reform options, and research to identify areas of low-value care.
- Collaborating with stakeholders to identify future opportunities for healthcare and to co-design the transition to value-based care.

## icare performance

SIRA is maintaining close regulatory supervision of icare's workers compensation performance. The workers compensation Nominal Insurer managed by icare has experienced a significant performance deterioration. As icare insures the majority of customers in the workers compensation scheme, its performance has a systemic impact on the experience and outcomes of customers, premium affordability, and the sustainability of the scheme overall.

## Key achievements in 2020-2021

- Monitoring and enforcing the implementation of the 21-Point action plan to improve icare's performance as manager of the Nominal Insurer. This includes:
  - Reviewing the icare Nominal Insurer business plan, premium calculation model and performance reporting parameters.
  - Monitoring return to work performance and reporting improvements.
  - Implementing return to work remuneration incentives for employers covered by the Authorised Provider Model.
- Supervising icare's approach to remediating underpayments of customers' pre-injury average weekly earnings (PIAWE).
- Providing input to the Independent Review of icare and the *State Insurance Care and Governance Act 2015* and responding to the recommendations.
- Enhancing governance forums to ensure SIRA has more effective monitoring of icare.

## Home building environment

In the home building environment, SIRA's role is to regulate the home building scheme to promote efficiency and viability, the effective supervision of claims handling and disputes, and sound prudential practices by the sole insurer, icare home building compensation fund (HBCF). With increasing scrutiny on the financial viability of the scheme and a review by the Independent Pricing and Regulatory Tribunal (IPART), SIRA has been committed to pursuing an uplift in activity across several key risk and focus areas. This work aligns with SIRA's internal home building strategic plan, legislative obligations and organisational goals.

## Key achievements in 2020-2021

- Supporting the whole-of-government response to the IPART review of home building compensation to ensure stronger protection for homeowners.

- Engaging with icare HBCF about key performance indicators to identify poor customer outcomes and non-compliance risks and carrying out a claim file review to determine whether appropriate icare HBCF administrative processes exist.
- Monitoring and approving a revised and improved claims management model submitted by icare HBCF, in response to an independent Customer Advocate report that included recommendations to enhance the experience of homeowners.
- Maintaining intensified engagement with home building system participants to ensure that diverse views are captured and considered.

## **Personal Injury Commission implementation**

SIRA assisted with implementing the Commission, a new independent tribunal established to improve how disputes are resolved between injured people, employers, and insurers. The Commission represents a significant change to the administration and delivery of dispute resolution and customer engagement across SIRA's schemes; and presents opportunities for improving how customers experience their compensation journey. SIRA worked closely with the Commission to develop an effective overall framework for both disputes and complaints management.

### **Key achievements in 2020-2021**

- Working with the Commission, IRO, and the Department of Customer Service (DCS) to ensure an effective transition of responsibilities, including changes affecting systems, processes, and people to support the 1 March 2021 implementation.
- Supporting SIRA staff affected by the transition of SIRA's former Dispute Resolution Service to the Commission.
- Collaborating with the Commission and IRO to embed a framework for responsive and transparent complaints handling and customer contact.
- Consulting with stakeholders on the development of regulations under the *Personal Injury Commission Act 2020*.

## **Reinforcing the CTP scheme**

SIRA is strengthening the new CTP scheme to ensure it continues to deliver for injured road users and motorists. The 2017 reforms have delivered significant improvements to the scheme, including better treatment and support for injured people and more affordable premiums. SIRA continues to refine the regulatory framework to deal with factors influencing scheme performance, including claims costs and outcomes, insurer and provider behaviours, and environmental changes.

### **Key achievements in 2020-2021**

- Boosting CTP competition by facilitating the entry of Youi as a new scheme insurer and increasing consumer transparency by enhancing the Green Slip Price Check and CTP Open data platform.
- Continuing to monitor and refine the regulatory mechanisms governing Green Slip prices, such as the excess profit and loss mechanism, and the insurer innovation bonus framework.
- Developing an options paper that examined ways SIRA can better optimise legal support in the CTP scheme for injured people.
- Consulting on and co-designing guidelines to implement the preferred reform option for the Point-to-Point industry in line with stakeholder feedback.

## Responding to the strategic environment

SIRA is responding to external trends and events that impact scheme performance and outcomes for customers. While SIRA takes a proactive long-term approach to deliver its outcomes, responding quickly to changes in the external environment is also a critical part of the role of a regulator. SIRA needs to effectively respond to events and changing trends that may have implications for scheme outcomes and SIRA's long-term strategic objectives.

### Key achievements in 2020-2021

- Adapting to COVID-19 has been an ongoing program of work for SIRA to monitor COVID-19 related scheme risks as they emerge and identify opportunities to strengthen the schemes and support affected customers.
- Advising Government and the Select Committee on the impact of technological and other change on the future of work and workers in NSW, particularly with the increasing scale of the gig economy.
- Providing support and information to facilitate the Independent Review of icare and the five-year statutory review of the *State Insurance and Care Governance Act 2015*.

## Recovery at work strategy

SIRA is driving improved return to work outcomes for people injured at work and on the roads. Staying at or returning to work after an accident is essential to injured people's health and quality of life. It also helps keep premiums affordable and ensures the long-term financial stability of the schemes. The deterioration in workers compensation return to work performance, and the economic impact of COVID-19 on employment options, have reinforced the need for a greater focus on return to work. Moreover, SIRA's efforts to improve return to work outcomes for injured people in its schemes have the potential to drive broader cultural change and reduce employment barriers for anyone with an injury or disability.

### Key achievements in 2020-2021

- Establishing and implementing a framework for the measurement of work outcomes.
- Implementing priority supervision projects with workers, employers and insurers, including facilitating early and multi-party interventions to improve return to work outcomes.
- Developing predictive analytics tools to identify regulated entities at risk of poor outcomes and guide supervision activities.
- Strengthening support for workers transitioning to new employment and reducing barriers to employment, including funding recovery at work programs.

## SIRA's organisational health

SIRA continues to strengthen its organisational health, capability and governance. To succeed in its regulatory activities, SIRA depends upon a capable and engaged workforce and supporting mechanisms. SIRA's strategy to continually improve its organisational health is based upon its four 'COCO' pillars: clarity, ownership, capability, and openness. Maintaining SIRA's organisational health underpin its efforts across all of its other strategic priorities.

### Key achievements in 2020-2021

- Undertaking 360-degree assessments of all leadership staff and began tailored actions to support leadership development.

- Monthly staff surveys to drive targeted improvement activities against each of the four pillars of SIRA's organisational health strategy.
- Developing an internal communications framework that includes a consistent approach to communicating to and through people leaders.
- Implementing a revised performance planning process focused on enabling flexible and collaborative goal setting.

## **Stronger regulation**

SIRA continues to strengthen its supervision, enforcement, and transparency processes across the schemes. The findings of the Hayne Royal Commission into Financial Services and the capability review of the Australian Prudential Regulatory Authority highlight the need for regulators to demonstrate a more consistent and stronger regulatory posture. The poor performance of the workers compensation Nominal Insurer demonstrates the need for SIRA to have the right capabilities to take regulatory action when required. Strong regulatory supervision reduces inappropriate costs being imposed on the schemes, thereby improving the affordability of policies and individual claim outcomes.

## **Key achievements in 2020-2021**

- Conducting a review of self-insurer tiering in the workers compensation scheme as part of strengthening SIRA's regulatory focus on governance, risk, culture and accountability.
- Improving regulatory transparency by enhancing the open data platforms and publishing more scheme performance data and regulatory information.
- Continuing a review of the Nominal Insurer's expenditure from the Workers Compensation Insurance Fund (WCIF).
- Commencing an audit program for workers compensation self-insurers.

## 5. COVID-19

The impacts of the COVID-19 pandemic continued to be felt throughout 2020-2021 across SIRA's compensation schemes.

To provide flexibility and support to injured people, employers, and services providers, SIRA implemented or maintained various COVID-19 measures, such as those outlined below.

### **COVID-19 presumption for frontline workers**

Legislative changes introduced a presumption where workers in prescribed employment who contract COVID-19 are presumed to have contracted the disease in the course of their employment. This change made it easier for workers in numerous at-risk industries to access workers compensation when diagnosed with the virus.

### **Greater use of telehealth**

Telehealth remained available without insurer pre-approval for nominated treating doctors, medical specialists (within three months from the date of injury), and some allied health services.

### **Easier access to certificates of capacity/fitness**

Treating physiotherapists and psychologists were able to issue the second and subsequent certificates for injuries or illness within their area of expertise. The first certificate was still required to be issued by the nominated treating doctor.

### **Clear guidance for medico-legal examinations**

SIRA issued updated guidance for medico-legal examinations to promote understanding of and compliance with the public health orders. The changes to guidance have been aimed at ensuring safe access to effective treatment during the pandemic.

### **Financial assistance for recovery at work**

Financial assistance through SIRA's recovery at work programs remained available. The equipment program, for example, was able to help set up workers to work from home so they could continue their recovery at work.

### **Up-to-date COVID-19 resources**

SIRA continued to provide up-to-date information for the community and businesses about COVID-19 and its impact on the schemes. This information was regularly updated as the pandemic evolved. These resources were available on the SIRA website and sent directly to stakeholders.

### **Interagency engagement**

SIRA established a COVID-19 interagency working group with icare, the Personal Injury Commission, and the Independent Review Office. The working group met weekly to discuss issues and impacts on businesses and the scheme resulting from COVID-19 and the lockdowns.

## 6. Workers Compensation

The NSW workers compensation system is an important social safety net for more than 4.1 million workers in NSW. It is the largest defined benefits system in Australia offering protection to people who are injured at work.

Workers compensation assists with the costs of weekly payments, medical and hospital expenses, and a range of other benefits to help the worker recover and return to work, including domestic assistance, education and training, and payments in the event of death.

The workers compensation legislation primarily operates under two separate pieces of legislation, the *Workers Compensation Act 1987* (WC Act) and the *Workplace Injury Management and Workers Compensation Act 1998* (WIMWC Act)

Each year, around 100,000 people depend on the workers compensation system for income replacement and medical support. These benefits are funded by around 340,000 employers who contribute more than \$4.2 billion in premiums each year.

The interests of NSW workers and employers are best served by a workers compensation system that is fair, affordable, and effective.

### Workers Compensation: Scheme snapshot



**4.1 million**  
Workers  
protected



**\$4.2 billion**  
in premiums  
collected



**79%**  
workers returned to  
work by 13 weeks



**99,578**  
new claims



**\$4.2 billion**  
paid in claims costs



**108,748**  
open claims\*

### 6.1 Workers compensation insurers

SIRA is responsible for regulating all workers compensation insurers in NSW. There are four types of workers compensation insurers, as set out below.

| Workers compensation insurer type | Active claims in 2020-2021 <sup>1</sup> |
|-----------------------------------|---|
| Nominal Insurer managed by icare  | 129,122                                 |
| Government self-insurers (TMF)    | 34,874                                  |
| Self-insurers                     | 16,565                                  |
| Specialised insurers              | 14,100                                  |
| <b>Total</b>                      | <b>194,661</b>                          |

\*An open claim is a claim that has not been settled or on which payments are still being made.

<sup>1</sup>An active claim is a claim that has had payments in the last three months of the reporting period.

## 6.2 The performance of the Nominal Insurer

The performance of the workers compensation system overall is influenced to a large extent by the Nominal Insurer managed by icare as it holds the majority market share of the workers compensation system.

In response to concerns about the deteriorating performance of the Nominal Insurer, in February 2019 the SIRA Chief Executive commissioned an independent compliance and performance review of the Nominal Insurer. The final report, published in December 2019, contained important findings on the operation and sustainability of the Nominal Insurer and recommended significant steps for improvement.

In response to the Review, SIRA published a 21-Point action plan to improve the Nominal Insurer's services and results without causing uncertainty and volatility.

In 2020-2021, SIRA maintained its focus on the performance of the Nominal Insurer and monitored its progress against the 21-Point action plan. SIRA held icare accountable for the delivery of the actions and regularly published updates on progress against this plan for transparency and accountability.

## 6.3 The McDougall Review

NSW Government established the Independent Review of icare and the five-year statutory review of the *State Insurance and Care Governance Act 2015* (SICG Act) (McDougall Review) on 4 August 2020.

The review, headed by the Hon Robert McDougall QC, brought forward and broadened a scheduled statutory five-year review into the SICG Act. It was also expanded to include a root and branch examination of icare and the operations, structure, finances, management, and culture of the workers compensation scheme.

SIRA extensively engaged with the review, participating in interviews, providing formal submissions, written advice, and handing over many bundles of documents.

On 30 April 2021, the McDougall Review published the final report, which made 49 recommendations. The review stated that, once all relevant recommendations have been implemented, "... the result should be a workers compensation system in this State that delivers fairly to injured workers the full measure of their statutory entitlements and does so efficiently and at the least cost possible to employers."

Key recommendations included:

- That the legislature consider amending legislation to state clearly the objectives sought to be achieved by the creation, and the roles, powers and functions, of icare, SIRA and SafeWork NSW as legally distinct entities.
- That the legislature consider amending legislation to extend SIRA's investigative powers to icare, to the extent necessary to enable SIRA properly to perform its functions.
- That the government appoint a suitable agency or body to conduct a review and reconciliation of the WC Act, WIMWC Act and the SICG Act into a single consolidated piece of legislation.
- That SIRA develop an accelerated plan for implementation of the findings from its Healthcare Review.

The NSW Government immediately accepted 35 recommendations that could be implemented operationally.

## 6.4 Law and Justice Review

On 18 March 2020, the Standing Committee on Law and Justice commenced its 2020 Review of the Workers Compensation Scheme.

The Committee handed down its report in April 2021. It included seven recommendations, some of which overlap with recommendations of the McDougall Review.

## **6.5 COVID-19 workers compensation claims**

In 2020-2021, there continued to be a focus on workers compensation for workers who contracted COVID-19 in the workplace.

Workers who contract COVID-19 at work may be entitled to make a workers compensation claim.

Amendments to the WC Act in May 2020 provide that workers in prescribed employment are automatically presumed to have contracted the virus in the course of their employment. Prescribed employment includes the health care sector, disability and aged care facilities, disability and aged care facilities, supermarkets, and childcare facilities, among others. These amendments made it easier for workers in these industries to receive workers compensation entitlements to support their recovery.

SIRA published details on COVID-19 workers compensation claims data on its website. As of 30 June 2021, insurers had received 403 COVID-19 related notifications and claims in the NSW workers compensation scheme, where 119 related to a confirmed diagnosis, 131 were psychological in nature, and 153 were other notifications that were predominantly vaccine-related.

## **6.6 Gig economy**

In the latter part of 2020, five food delivery riders tragically died in Australia while engaged in gig economy delivery services. Four of those fatalities occurred in NSW.

Gig economy or platform services have become an increasingly common way for people to derive primary or supplementary income. However, recent experience has indicated that application of workers compensation to gig economy participants can be unclear, and that participants may also not be covered by CTP and other insurance products. In many cases, gig economy workers may be left unprotected by NSW injury insurance schemes.

In response to a request from the NSW Government, SIRA undertook a public consultation on potential injury insurance options for food delivery riders in the gig economy in May 2021. Options ranged from maintaining the status quo with an increased focus on safety to mandating private personal injury insurance, or establishing a new scheme, or extending the workers compensation scheme.

SIRA has provided advice to Government on the merits and considerations associated with the options.

## **6.7 Workers compensation regulatory activity**

SIRA's regulatory activities are focused on areas of highest risk to injured people, policy holders and the workers compensation scheme. SIRA's enforcement is informed by the severity of harm or potential harm, the degree of negligence, and/or the need for deterrence.

During the 2020-2021 financial year, SIRA maintained targeted compliance and enforcement activity, alongside education and assistance initiatives, to deliver on its strategic goals of improving customer experience and results, maintaining scheme and policy affordability, and building public trust. Key regulatory activity for 2020-2021 included:

- \$37,500 in penalty notices were issued to businesses that were uninsured
- 139 complaints about employers not providing suitable work were referred for investigation



- SIRA commenced audits of claims management by the Nominal Insurer and an audit of icare's pre-injury average weekly earnings (PIAWE) calculations and compliance with workers compensation legislation.
- three performance audits were conducted on self and specialised insurers
- 340 allied health providers were suspended from delivering services in the workers compensation scheme for failure to meet the approval criteria.

## 6.8 Recovery through work rates

In recent years, system-wide return to work rates have deteriorated. This has been a significant focus for SIRA as the core role of the workers compensation system is to help people recover and return to work.

In 2020-2021, SIRA undertook extensive work to collect clearer and more comprehensive information about work participation. This work included developing and using a wider range of return to work measures and developing multi-layered lead and lag indicators of return to work.

The table below shows the trend in the return to work rate. This is based on the percentage of workers who have been off work for at least one day (or more) and have returned to work after four, 13, 26, 52 or 104 weeks from their date of injury.

| Return to work by financial year | 4-week | 13-week | 26-week | 52-week | 104-week |
|----------------------------------|--------|---------|---------|---------|----------|
| 2016-2017                        | 74%    | 86%     | 89%     | 91%     | 91%      |
| 2017-2018                        | 69%    | 81%     | 86%     | 88%     | 89%      |
| 2018-2019                        | 65%    | 78%     | 84%     | 86%     | 87%      |
| 2019-2020                        | 68%    | 81%     | 85%     | 87%     | -        |

The table below shows the trend in the stay at work rate. This rate includes the percentage of workers who did not take any time off work.

| Stay at work by financial year <sup>2</sup> | 4-week | 13-week | 26-week | 52-week | 104-week |
|---|--------|---------|---------|---------|----------|
| 2016-2017                                   | 42%    | 42%     | 42%     | 42%     | 42%      |
| 2017-2018                                   | 42%    | 43%     | 43%     | 43%     | 43%      |
| 2018-2019                                   | 43%    | 43%     | 43%     | 43%     | 43%      |
| 2019-2020                                   | 34%    | 34%     | 34%     | 34%     | -        |

<sup>2</sup> The stay at work rate by its nature does not alter across subsequent reference periods.

The table below shows the trend in the working rate. The working rate draws on data from two measures – the return to work rate and the stay at work rate – to show the percentage of people participating in work.

| Working rate by financial year | 4-week | 13-week | 26-week | 52-week | 104-week |
|--------------------------------|--------|---------|---------|---------|----------|
| 2016-2017                      | 85%    | 92%     | 94%     | 95%     | 95%      |
| 2017-2018                      | 82%    | 89%     | 92%     | 93%     | 94%      |
| 2018-2019                      | 80%    | 88%     | 91%     | 92%     | 93%      |
| 2019-2020                      | 79%    | 87%     | 90%     | 92%     | -        |

## 6.9 SIRA funded vocational programs

SIRA funds a number of programs that support recovery through work. These programs help with the provision of equipment, workplace modifications, training, and provide other financial incentives to a worker or employer.

SIRA funded the following vocational programs that support recovery at work in 2020-2021.

| Program                                   | Description   | Count of claims          | Avg cost per claim | Cost \$'000    |
|---|---|--------------------------|--------------------|----------------|
| JobCover placement program                | Incentive paid to a new employer over 12 months   | 382                      | \$10,790           | \$4,121        |
| JobCover6                                 | Incentive paid to a new employer over six months developed in response to economic and business impacts of COVID-19 | 4                        | \$3,220            | \$13           |
| Work Trial                                | Work experience   | 31                       | \$671              | \$21           |
| Connect2work                              | Work experience with payment to host employer   | 28                       | \$1,569            | \$44           |
| Training                                  | Training & associated expenses  | 1,379                    | \$1,099            | \$1,515        |
| Equipment & workplace modification        | Equipment for worker or workplace modification  | 326                      | \$476              | \$155          |
| Transition to work                        | To address financial barrier to return to work  | 123                      | \$955              | \$117          |
| Recover at work assist for small business | Paid in arrears to small business to assist managing return to work   | 106                      | \$2,223            | \$236          |
| Support4work grant for small business     | Paid to small business to assist managing return to work  | 19                       | \$2,737            | \$52           |
| <b>Total</b>                              |   | <b>2,258<sup>3</sup></b> |                    | <b>\$6,274</b> |

<sup>3</sup> This represents the total claims count, where if the same claim is found in two or more programs, that claim is counted only once.

## 6.10 Customer enquiries and complaints

In 2020-2021, SIRA Assist supported 10,219 customer cases through inbound and outbound calls about workers compensation. In addition, SIRA received 2,553 enquiries via digital channels and postal correspondence.

SIRA Assist received over 7,600 applications for insurance search requests for policy claims and settlement records.

Over the financial year, SIRA received 1,950 complaints. The most common complaints related to:

- outstanding medical payments (delays in payments to a provider from the insurer)
- employer and provider concerns about insurer conduct or behaviour (e.g. communication issues)
- employer concerns about policy and premiums (e.g. costs and billing).

SIRA operates an escalation panel for referral and regulatory assessment of more complex complaints or potential non-compliance. The panel received 34 individual escalations in 2020-2021. The most common complaints related to communication issues between parties, timeframes for decision making, and policy and premium issues. The panel resolves issues on a case-by-case basis and identifies key trends and areas for improvement. Matters were assessed for regulatory action as appropriate. Two complaints to the escalation panel were referred to SIRA from the Independent Review Office (IRO).

SIRA referred over 1,500 customers with workers compensation enquiries and complaints to IRO (formerly the Workers Compensation Independent Review Office) in 2020-2021.

## 7. Motor Accidents Insurance

The motor accident injuries insurance scheme, also known as compulsory third party (CTP) or 'Green Slip' insurance, insures vehicle owners for their liability for the injury or death of other road users caused by their vehicle.

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

In December 2017, SIRA implemented significant Government legislative reforms to CTP insurance to enable a fairer and more affordable system. The system has reduced complexity and delays in claim management, delivered cheaper Green Slips, and increased the number of injured people entitled to benefits.

The *Motor Accidents Injuries Act 2017* (MAI Act) applies to CTP policies issued by insurers and people with injuries resulting from a motor vehicle accident on or after 1 December 2017 (the 2017 scheme).

People injured in a motor vehicle accident prior to 1 December 2017 are covered by the provisions of the *Motor Accidents Compensation Act 1999* (MAC Act) (the 1999 scheme).

### Motor Accidents Insurance: Scheme snapshot



**5.9 million**  
CTP policies sold



**\$2.8 billion**  
in premiums collected



**5,810**  
1999 CTP Scheme finalised claims



**11,511**  
2017 CTP Scheme total claims reported



**\$554 million**  
paid in claims costs



**4,319**  
1999 CTP Scheme open claims

### 7.1 CTP insurers

On 1 December 2020, Youi entered the CTP market becoming the first new insurer in more than 20 years to be granted a licence to offer CTP insurance in NSW. A new insurer in the market has boosted competition and provided more choice to NSW vehicle owners purchasing policies.

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

## 7.2 CTP premiums

The price of CTP premiums continued to decline in 2020-2021, with premiums dropping to the lowest price they have ever been. This year under the new scheme, the average CTP premium reduced to \$486. Under the previous scheme, premiums reached a record high of \$635 in mid-2016 and were projected to climb above \$700. NSW drivers saved on average \$149 each year.

## 7.3 Green Slip Price Check

SIRA's online Green Slip Price Check is a price comparison tool that helps motorists get the best Green Slip price, with a 'buy now' function to enable motorists to purchase a CTP policy online from any CTP insurer. This provides a seamless transaction from selecting the best price to purchasing the policy.

In 2020-2021, approximately 2.8 million customers used the Green Slip Price Check with 94% of users stating they were satisfied with the tool.

A new and improved website was launched for the Green Slip Price Check in December 2020, with more updates planned for early 2022 to further improve customer experience.

## 7.4 Insurer profit

A key feature of the 2017 CTP scheme is the ability for SIRA to normalise insurer profits.

Under the transitional excessive profits or losses (TEPL) mechanism, SIRA can return excess insurer profits to motorists through reduced CTP fund levies. Similarly, excess insurer losses may result in increased levies to reimburse insurers a component of their losses.

Based on actuarial advice, SIRA decided on November 2020 to defer and not proceed with TEPL for the first accident period (claims from 1 December 2017 to 31 December 2018). At the time, there was insufficient claims experience and significant uncertainty in the level of industry profitability, with only 1% of total expected claims payments made for Award of Damages claims for the period at that time. These claims represent 70% of the expected total claims cost.

SIRA is balancing the timeliness of returning excess profits to customers with the risk of recovering any estimated excess profit too early, which would lead to the return of the recovered funds to insurers if actual claims experience emerged higher than expected.

The second TEPL assessment is currently underway for the first accident period and second accident period (1 January 2019 to 31 December 2019), with this assessment expected to be completed before the end of 2021.

## 7.5 Claims and injury management assurance program

In 2020-2021, SIRA formalised its Claims and injury management assurance program (CAP) with insurers.

The CAP is designed to assess the extent to which insurer operations, conduct and claims management activity are in accordance with statutory requirements. CAP activities target key components of the scheme to identify any areas of non-compliance or poor performance.

In 2020-2021, CAP activities included:

1. Pre-accident average weekly earnings self-assessment
2. Minor injury claim management
3. Internal reviews, contributory negligence
4. Potential award of damages
5. MAC Act self-assessment.

## 7.6 Motor accidents regulatory activity

In 2020-2021, SIRA increased its reporting on regulatory activity in the motor accidents scheme and published its first quarterly regulatory activity bulletin.

As in workers compensation, regulatory activities in the motor accidents scheme are focused on areas of highest risk. Firm and fair enforcement action is taken as needed, based on the severity of harm or potential harm, the degree of negligence, and/or the need for deterrence.

Key regulatory activity for 2020-2021 included:

- SIRA issued 38 regulatory notices to insurers
- SIRA directed insurers to provide 25 formal remediation plans
- SIRA issued 14 letters of censure to insurers in respect of contraventions of the motor accidents legislation
- SIRA issued two civil penalties to an insurer in respect of breaches under the MAC Act
- SIRA engaged with law enforcement agencies, particularly the NSW Police Force, to deter and investigate fraudulent activity in the CTP scheme.

## 7.7 Legal supports review

In October 2020, SIRA commenced public consultation on the review of the provision of legal support for injured people in the CTP scheme. Legal representation plays an important part in ensuring that injured people have the necessary support to access their entitlements under the CTP scheme. The review aimed to assess whether the current legislative, regulatory and service provision of legal support promotes the objects of the Act, including:

- encouraging the early resolution of motor accident claims
- the quick, cost-effective and just resolution of disputes.

Meetings were held with key stakeholders to allow each to present their perspective on the operation of the scheme and proposals for reform. Interviews were also held with people with claims in the scheme.

The review continued into 2021-2022, with the final report published in September 2021.

## 7.8 Statutory review

The scheduled statutory review of the MAI Act commenced in June 2021. According to section 11.13 of the MAI Act, the statutory review is to be undertaken three years after its commencement.

The purpose of the review was to assess whether the policy objectives in the legislation remain valid, and whether the terms remain appropriate for securing those objectives. As part of the review, Clayton Utz and Deloitte sought feedback from injured people, organisations and members of the public.

A report on the outcome of the review is to be tabled in each House of Parliament by 1 December 2021.

## 7.9 CTP care

The CTP Care program (CTP Care) was established in the 2017 CTP reforms for people with claims in the scheme who require treatment and care for more than five years after an accident. CTP Care is administered by the Lifetime Care and Support Authority (LCSA) within the CTP scheme, under the MAI 2017.

SIRA has been working closely with icare on the CTP Care program to ensure that SIRA is able to oversee and monitor its performance and the support that it provides to injured people.

In 2020-2021, the agreements between icare and CTP insurers were finalised. Early transitions to CTP Care also commenced. As at 30 June 2021, five transfers had occurred, with an initial evaluation to occur at the transition of ten clients.

Preparations continue to enable successful implementation of the CTP Care program mandatory transfers, due to commence from 1 December 2022.

## 7.10 SIRA funded vocational programs

SIRA provides a number of funded vocational programs to support return to and recovery at work in the CTP scheme.

The following vocational programs were available in 2020-2021.

| Program                     | Description  | Count of claims | Avg cost per claim | Cost \$'000    |
|-----------------------------|--|-----------------|--------------------|----------------|
| JobCover Placement Program  | Incentive paid to new employer   | 13              | \$26,054           | \$338.7        |
| JobCover6 Placement Program | Incentive paid to new employer, developed in response to economic and business impacts of COVID-19 | 1               | \$10,400           | \$10.4         |
| Recover at Work Assist      | Incentive for small business to assist in managing return to work                                  | 16              | \$3,400            | \$54.4         |
| Transition to Work - Tier 1 | To address barrier to return to work   | 1               | \$178              | \$0.2          |
| Support4Work Grant          | Paid to small business to assist managing return to work   | 2               | \$4,000            | \$8.0          |
| <b>Total</b>                |  | <b>33</b>       |                    | <b>\$411.7</b> |

## 7.11 Customer enquiries

In 2020-2021, SIRA Assist supported 21,724 customer contacts through inbound calls and digital channels. SIRA Assist also connected 2,085 people to an insurer and made 39,592 outbound calls.

SIRA received 1,475 complaints in the financial year. The most common complaints related to the Green Slip Price Check service and insurer's management of claims (including their processes, communication and decisions).

In 2020-2021, there were 52 referrals for review of regulatory action where a complaint involved suspected non-compliance with the motor accidents legislation.

From March 2021, SIRA's role in handling complaints from an injured person about their insurer transferred to the Independent Review Office (IRO).

The IRO was established to deal with complaints by injured persons about both workers compensation and CTP insurers. The IRO expanded the functions of the former Workers Compensation Independent Review Office (WIRO) into the CTP scheme. This reform promoted fast, fair and consistent complaint solutions while informing shared learnings across both schemes.

## **7.12 Dispute Resolution Services**

Until March 2021, SIRA hosted independent statutory dispute resolution decision-makers who provided an alternative to court dispute resolution. These services were offered to injured people and insurers in the motor accidents schemes.

The dispute resolution services SIRA provided included:

- Motor Accidents Medical Assessment Service (MAS) and Claims Assessment and Resolution Service (CARS) in the 1999 CTP scheme
- Dispute Resolution Service in the 2017 CTP scheme
- NSW Lifetime Care and Support Scheme dispute reviews
- ACT Lifetime Care and Support Scheme dispute reviews.

From March 2021, these services moved to the new Personal Injury Commission (Commission).

The Commission was established as a consolidated personal injury tribunal, combining SIRA's dispute resolution services with those of the former Workers Compensation Commission. Through the Commission, NSW has an independent, one-stop shop for injured road users and workers with compensation claims. The focus of the reforms was to provide a better customer experience and ensure that disputes are dealt with justly, quickly, cost-effectively and with as little formality as possible.



## 8. Home Building Compensation

Home building compensation (HBC) is a type of compulsory business insurance for corporations, partnerships or individuals that hold a 'contractor licence' to build or renovate homes in NSW. They must take out HBC insurance for each project they do for more than \$20,000 (including GST). Some types of projects are exempt from insurance, such as the construction of high-rise apartment buildings over three storeys.

The insurance provides homeowners \$340,000 of cover if the policyholder cannot complete work on a home or honour the six-year post-completion statutory warranty on the work, because the policyholder has:

- become insolvent
- died
- disappeared, or
- has their licence suspended for failing to comply with a Court or Tribunal money order in favour of the homeowner.

Claims can be lodged up to 10 years after the completion of an insured project.

Since 2010, the only insurer in the HBC scheme has been a government-operated insurer (the NSW Self Insurance Corporation trading as 'icare HBCF').

As the regulator of the scheme, SIRA's role is to promote scheme efficiency and viability, provide for the effective supervision of contractor eligibility, claims handling, disputes, and some prudential matters concerning insurers and alternate indemnity product providers.

### Home Building Compensation: Scheme snapshot



**20,134**

licensed contractors eligible to purchase cover under the scheme



**88,115**

home building and renovation projects were covered



**\$20.9 billion**

value of home building and renovation projects covered



**1,078**

new notifications or claims received

### 8.1 Review of home building compensation in NSW

In December 2019, the Minister for Customer Service asked the Independent Pricing and Regulatory Tribunal (IPART) to review the efficiency and effectiveness of the home building compensation fund and its ability to protect consumers who are currently covered under the scheme.

IPART published the final report on 14 December 2020, recommending a range of changes to the design, regulation and administration of the scheme, plus some related matters within the administration of other government agencies.

SIRA has been involved in discussions with icare HBCF and other Government agencies to develop a Government response to IPART's report.

## 8.2 Insurance premiums

Under SIRA's home building compensation (premium) insurance guidelines, a licensed insurer may only offer premiums that it has filed with SIRA and that SIRA has assessed and not rejected. Licensed insurers must file their proposed premiums with SIRA at least annually unless otherwise agreed by SIRA.

SIRA, informed by independent actuarial advice, did not reject the icare's HBCF premium filed in February 2021 as it demonstrated reasonable compliance with the relevant requirements under the *Home Building Act 1989*. SIRA may only reject premiums if they are either excessive, inadequate or do not comply with the premium guidelines.

## 8.3 Home building regulation

SIRA monitors, regulates, and manages the performance of icare HBCF in the home building compensation system.

In 2020-2021, supervision was conducted through a prioritised performance plan focused on performance and compliance in claims and dispute handling.

SIRA undertook a comprehensive claims file review to establish compliance with the Home Building Compensation (claims handling) guidelines. The review focused on the quality and timeliness of claims handling and identified opportunities for improving the experience and outcomes for homeowners in the scheme.

SIRA monitored icare HBCF's quality assurance programs for third-party service providers, the outcomes of complaints and disputes from customers, and the response to an independent Customer Advocate report which made recommendations that would ensure customer's experienced improved service delivery and outcomes.

During the year, SIRA investigated three matters for potential enforcement action. Two were referred to NSW Fair Trading for further review.

SIRA did not receive any licence applications for the provision of home building compensation cover.

## 8.4 HBC Check

SIRA maintains an online public register of insurance under section 102A of the *Home Building Act 1989* known as the HBC Check. The HBC Check allows any person to check if there is valid home building compensation cover for residential building work carried out in NSW since 1 July 2010.

The HBC Check can be searched by property address, the certificate number that identifies the cover, by the name or licence number of the contractor that took out the policy.

In 2020-2021, there were approximately 125,270 searches of the HBC Check.

The HBC Check includes the option for users to provide 'thumbs-up' or 'thumbs-down' feedback about their experience. Of the 196 users that gave feedback, 81% gave a thumbs-up.

## 8.5 Insurance exemptions

Developers or contractors can apply to SIRA for an exemption from certain insurance obligations if there are exceptional circumstances or if full compliance is impossible or would cause undue hardship.

In 2020-2021, SIRA determined three applications for insurance exemptions, of which two were granted and one was refused.

## **8.6 Customer enquiries**

In 2020-2021, SIRA Assist supported 994 customer cases through inbound and outbound calls about home building compensation. In addition, SIRA received 287 enquiries via digital channels and postal correspondence.

SIRA received 49 complaints this financial year. The most common complaints related to provision of insurance, including coverage and requirements of when a certificate is to be issued.

# Appendices

Our People

Legal

Governance

Our Finances

## 9. Our People

### 9.1 Human resources

SIRA staff are employed by the Department of Customer Service (DCS).

While SIRA is an independent agency within the cluster, it uses shared services support from DCS in the areas of communications, finance, information, and technology services including cyber security, investment, human resources, legal and procurement.

In 2020-2021, the number of SIRA full-time equivalent (FTE) staff was 283.3. The reduction in FTE from 2019-2020 was a result of the transfer of SIRA's Dispute Resolution Service to the newly established Personal Injury Commission on 1 March 2021.

SIRA employed 30 contractors on 30 June 2021. This compares to 28 contractors employed on 30 June 2020 and 49 contractors employed on 30 June 2019.

#### Number of SIRA staff by classification and year

| Classification  | 2017-18      | 2018-19      | 2019-20      | 2020-21      |
|---|--------------|--------------|--------------|--------------|
| Administrative and clerical officers  | 278.5        | 285.5        | 341.6        | 266.3        |
| Public Service Senior Executives ( <i>Government Sector Employment Act 2013</i> ) | 16.7         | 13.9         | 17.9         | 17.0         |
| Statutory Officers  | 1            | 1            | 1            | -            |
| <b>Total</b>  | <b>296.2</b> | <b>300.4</b> | <b>360.5</b> | <b>283.3</b> |

Statistics are based on Workforce Profile census data as at 28 June 2018, 27 June 2019, 26 June 2020 and 24 June 2021.

#### Number of SIRA senior executives by band and gender

| Band                        | 2019-20   |           | 2020-21   |          |
|-----------------------------|-----------|-----------|-----------|----------|
|                             | Female    | Male      | Female    | Male     |
| Band 1 (Director)           | 8         | 8         | 7         | 6        |
| Band 2 (Executive Director) | 2         | 2         | 2         | 1        |
| Band 3 (Deputy Secretary)   | 1         | -         | 1         | -        |
| <b>Total</b>                | <b>11</b> | <b>10</b> | <b>10</b> | <b>7</b> |

#### Average remuneration of SIRA senior executives employed in each band

| Band                        | 2019-20               |                      | 2020-21               |                      |
|-----------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                             | Salary range          | Average remuneration | Salary range          | Average remuneration |
| Band 1 (Director)           | \$192,600 - \$274,700 | \$236,541            | \$192,600 - \$274,700 | \$236,231            |
| Band 2 (Executive Director) | \$274,701 - \$345,550 | \$301,557            | \$274,701 - \$345,550 | \$299,148            |
| Band 3 (Deputy Secretary)   | \$345,551 - \$487,050 | \$419,994            | \$345,551 - \$487,050 | \$419,994            |

## 9.2 Workforce diversity

### Trends in the representation of workforce diversity groups

| Workforce Diversity Group                                     | Benchmark / target | 2019  | 2020  | 2021  |
|---|--------------------|-------|-------|-------|
| Women   | 50%                | 66.7% | 67.2% | 66.2% |
| Aboriginal People and/or Torres Strait Islander People        | 3.3%               | 2.3%  | 1.1%  | 0.9%  |
| People whose first language spoken as a child was not English | 23.2%              | 22.6% | 24.8% | 23.6% |
| People with a disability                                      | 5.6%               | 5.9%  | 4.0%  | 6.0%  |
| People with a disability requiring work-related adjustment    | N/A                | 0.0%  | 0.4%  | 0.9%  |

Statistics are based on Workforce Profile census data as at 27 June 2019, 25 June 2020 and 24 June 2021.

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: 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%.

Note 3: 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.

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector.

Note 5: The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

### Trends in the distribution of workforce diversity groups

| Workforce Diversity Group                                     | Benchmark / target | 2019 | 2020 | 2021 |
|---|--------------------|------|------|------|
| Women   | 100                | 98   | 98   | 96   |
| Aboriginal People and/or Torres Strait Islander People        | 100                | N/A  | N/A  | N/A  |
| People whose first language spoken as a child was not English | 100                | 100  | 97   | 97   |
| 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  |

Statistics are based on Workforce Profile census data as at 27 June 2019, 25 June 2020 and 24 June 2021.

Note 1: 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.

Note 2: 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.

### 9.3 Promoting diversity

SIRA is committed to creating an inclusive workplace that is reflective of the community. There are a range of workforce diversity strategies and programs in place to improve employment outcomes and experience for people from diverse backgrounds.

#### Employee Resource Groups

SIRA is active in DCS Employee Resource Groups (ERGs). The ERGs serve as subject matter experts, providing advice to the Diversity and Inclusion Advisory Council and helping to ensure SIRA is an inclusive employer and supportive of the diverse NSW community. The ERGs are also available for support and guidance to staff members with questions or concerns.

In 2020-2021, SIRA staff were directly represented on five ERGs:

- Ability DCS ERG
- Carers ERG
- Culturally and Linguistically Diverse ERG
- DCS Pride ERG
- Generations ERG

#### Disability Inclusion Action Plan

SIRA continues its involvement in delivering the DCS Disability Inclusion Action Plan 2020-2025, which includes membership and active participation on the DCS Disability Inclusion Steering Committee.

SIRA is committed to:

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

#### Multicultural plan

SIRA's draft Multicultural Plan outlines its commitment to delivering on the four outcome areas identified in Multicultural NSW's Multicultural planning framework:

- service delivery
- planning
- leadership
- engagement

### 9.4 Work health and safety

In 2020-2021, there were two new workers compensation claims lodged with a net incurred cost of \$42,354. This was a reduction from 2019-2020 where there were six claims lodged with a net incurred cost of \$77,727.

The DCS safety and wellbeing team actively assists teams to return injured workers to work within 13 weeks, by identifying suitable duties and working with the workers compensation agent to effectively manage claims.

SIRA is committed to providing a healthy and safe workplace for all employees, including contractors, agency staff and volunteers. In 2020-2021 employees had access to a range of resources to promote physical and mental health, including:

- Ongoing social engagement and advice through Yammer, including a #helpingyoubalance campaign with videos sharing experiences and wellness tips relating to remote working
- A further extended ergonomic guide promoting good ergonomic practices when working from home and clear reminders on work practices, keeping active, wellness in action and more
- Wellbeing calendar that contains current and future wellbeing activities
- Mental health first aid officer training
- Annual staff flu vaccinations
- Discounted gym memberships through Fitness passport
- Safety communication updates and information via newsletters and Yammer
- The Employee assistance program continues to provide free, professional counselling services that include:
  - Employee assist, manager assist, career assist, money assist, conflict assist, myCoach for employees and people leaders, and lifestyle assist
  - A bullying response service that provided independent support and advice on workplace bullying matters
  - A critical incident support program through Benestar
  - Access to Benehub containing health and wellbeing blogs, podcasts, videos, meditations, self-assessments, activities and more.
- There were no work health and safety prosecutions in 2020-2021

## 9.5 Training and development

### Mandatory learning

Mandatory training is completed each year by all employees, including contractors, to ensure the expectations of government sector employees are met.

Training programs focus on building:

- high levels of ethical conduct in working relations
- increased awareness of employee responsibilities for cyber security given the increasingly high-risk external environment
- knowledge of the laws, regulations, and internal policies relevant to a person's role.

### Mandatory learning completion rates

| Mandatory learning                        | Senior executive | Ongoing | Temporary | Contractor |
|---|------------------|---------|-----------|------------|
| Introduction to health and safety at work | 60%              | 93%     | 76%       | 39%        |
| Information security awareness            | 76%              | 97%     | 93%       | 69%        |
| Gifts, benefits, bribes                   | 88%              | 95%     | 91%       | 53%        |
| Fraud and corruption awareness            | 88%              | 94%     | 89%       | 50%        |
| Conflicts of interest                     | 60%              | 92%     | 75%       | 39%        |



| Mandatory learning         | Senior executive | Ongoing | Temporary | Contractor |
|----------------------------|------------------|---------|-----------|------------|
| Code of ethics and conduct | 89%              | 96%     | 92%       | 65%        |

### Leadership training and development

Following the 2019 People Matter Employee Survey, SIRA implemented a leadership development program. In 2020-2021, activities included Hogan 360 Feedback for people leaders and the development of a talent pool for acting opportunities at senior levels.

The Leadership Essentials training, comprising five modules designed to help people leaders improve skills in managing and developing staff and inspiring them to achieve organisational goals, was adapted for online delivery. It is now delivered in two-week online sprints. Six staff completed the feedback module and seven completed the coaching module.

### Non-mandatory training

SIRA employees continued access to the myLearning portal in 2020-2021, which provides online courses grouped into themes and topics known as playlists.

The top ten courses (excluding Leadership essentials) accessed by SIRA employees in the 2020-2021 period were:

- Disability Awareness
- Handling Sensitive Information
- Password Management
- Disability Confident Workforce
- Dealing with Incidents
- DCS Digital Orientation program
- Course 4 - Bite-sized Learning - Home Building Compensation (HBC) Scheme in NSW
- DCS Genesys PureCloud - Agent Training
- Part 3 - HBC - Home Building Compensation Insurance Overview
- Course 1: Welcome to the Accident Compensation Industry

In total, SIRA employees completed 4,335 online learning programs through the myLearning portal.

### Other SIRA training and development

In 2020-2021, SIRA continued to invest in learning and development:

- Through embedding key training packages into the catalogue of learning pathways available to SIRA staff and piloting a new Certificate IV and Diploma within the personal injury space.
- The Australian and New Zealand Institute of Insurance Finance Foundational Certificate in General Insurance was undertaken by a new cohort of SIRA staff members, leading to 25 certificates. Staff continue to benefit from the in-depth insight into the insurance industry that this course provides.
- The Welcome to the accident compensation industry course developed as a joint initiative between SIRA and the Personal Injury Education Foundation continues to be a key tool for onboarding new starters. There has been a strong uptake in the online modules throughout the year with COVID-19 impacting the ability to run facilitated courses face-to-face. The Home building module of this course was also updated in late 2020 to ensure its ongoing relevance.

- SIRA has continued to engage with the Personal Injury Education Foundation through the pilot of the Certificate IV and Diploma in Personal Injury Management by a cohort of SIRA staff, including managers and executive. This pilot will determine the relevance and usefulness of the key learning outcomes of the courses.
- In March 2021, SIRA adopted the new myPerformance system which links performance and development goal setting to SIRA's strategic priorities each quarter. Under the new system, performance and development occurs more frequently than the former mid-year and annual review cycle.
- In May 2021, SIRA engaged Taylor Fry to deliver actuarial training for SIRA staff. This foundational level training focused on financial performance, liability valuations and premium setting, with examples from both the CTP and workers compensation insurance schemes. These workshops were attended by 104 SIRA staff.
- In May 2021, SIRA staff were offered the opportunity to attend an informal chat-and-learn session with Dr Andrew Fronsco where they looked at the workers compensation and CTP schemes across Australia, future issues of note, and current innovation activities.
- Throughout the year, the Plain English Foundation provided training to over 50 SIRA staff focusing on either policy writing or board papers. This continues to be a popular course for both new and ongoing staff where skills and concepts can be refreshed as required.
- Thirteen SIRA staff participated in a pilot program on value-based healthcare principles. Delivered through a partnership with the University of New South Wales, the program introduced the concepts underpinning value-based healthcare to support SIRA's personal injury schemes.
- SIRA's partnership with Mental Health First Aid Australia provided the opportunity for 66 SIRA staff to become certified Mental Health First Aiders. The training consisted of seven hours of self-directed online learning, four hours of face-to-face (delivered via zoom) teaching, and an online assessment. A total of 176 staff at SIRA have completed the training overall.
- SIRA staff also used learning opportunities available through SIRA's CEDA membership. Thirty-six staff attended 22 CEDA interactive live events in this financial year.

## 10. Legal

### 10.1 Legislation

#### Principal legislation

The following legislation was allocated to the Minister for Digital, Minister for Customer Service in 2020-2021:

- *Associated General Contractors Insurance Company Limited Act 1980*
- *Bishopsgate Insurance Australia Limited Act 1983*
- *Home Building Act 1989* (Parts 6, 6B and 6C)
- *Motor Accident Injuries Act 2017*
- *Motor Accidents Act 1988*
- *Motor Accidents Compensation Act 1999*
- *Motor Vehicles (Third Party Insurance) Act 1942*
- *Personal Injury Commission Act 2020* (except parts, the Attorney General, and Minister for Prevention of Domestic and Sexual Violence; sections 7(1), (2), (6) and (7) and 16 and Schedule 2, clause 15, jointly with the Attorney General, and Minister for Prevention of Domestic and Sexual Violence)
- *State Insurance and Care Governance Act 2015* (except parts, the Treasurer)
- *Workers Compensation Act 1987* (except Part 4 and Division 1A of Part 7, the Treasurer)
- *Workplace Injury Management and Workers Compensation Act 1998* (except parts, jointly with the Attorney General, and Minister for the Prevention of Domestic Violence, and parts, the Attorney General, and Minister for the Prevention of Domestic Violence).

#### Changes in Acts and subordinate legislation

Amending subordinate legislation:

- *Motor Accidents and Workers Compensation Legislation Amendment Regulation 2020*
- *Motor Accidents Compensation (Determination of Loss) Amendment Order 2020*
- *Motor Accidents (Determination of Non-Economic Loss) Amendment Order 2020*
- *Motor Accident Injuries (Indexation) Amendment Order 2021*
- *Motor Accident Injuries (Indexation) Amendment Order (No 2) 2020*
- *Personal Injury Commission Regulation 2020*
- *Personal Injury Commission Rules 2021*
- *State Insurance and Care Governance Regulation 2021*
- *Workers Compensation Amendment (Certificates of Capacity) Regulation 2021*
- *Workers Compensation Amendment (Consequential COVID-19 Matters) Regulation 2020*
- *Workers Compensation Amendment (COVID-19 Weekly Payment Compensation) Regulation 2020*
- *Workers Compensation (Indexation) Amendment (No 3) Order 2020*
- *Workers Compensation (Indexation) Amendment Order 2021*
- *Workers Compensation (Indexation) Amendment Order (No 2) 2021*

## 10.2 Significant judicial decisions

### ***QBE Insurance (Australia) Limited v Abberton* [2021] NSWSC 588 (25 May 2021)**

This decision considered the correct interpretation of section 3.37 of the *Motor Accident Injuries Act 2017* (MAI Act) and the exclusion from statutory benefits to people who commit serious driving offences.

The claimant was injured in a single vehicle motor accident where he alleged that a kangaroo appeared suddenly in front of him, causing him to veer off the road to avoid a collision. He claimed statutory benefits.

The insurer disputed that there was a kangaroo, and the claimant was precluded from statutory benefits by reason of being charged with a serious driving offence, having been charged with driving a motor vehicle with a low-alcohol range.

On assessment by the Dispute Resolution Service (which became part of the Personal Injury Commission (Commission) in March 2021), the Assessor found that the claimant was not at fault and was involved in a no-fault motor accident. Nevertheless, the Assessor found that he was required to proceed on the basis that the claimant had committed a serious driving offence within the meaning of section 3.37(5) of the MAI Act. The section 3.37 issue therefore turned on the third defendant's findings as to whether the serious driving offence was related to the motor accident (as set out in section 3.37(3)).

Held (Cavanagh J): In this matter there was only one motor vehicle. It was the motor vehicle driven by the claimant. Irrespective of whether the claimant veered off the side of the road because of the kangaroo or for some other reason, the motor accident was a single vehicle motor accident. The motor vehicle the claimant was driving was involved in the motor accident that caused the claimant's injury.

The decision was quashed for error of law on the face of the record and remitted to a different Commission Member to be determined according to law.

### ***Briggs v IAG Limited t/as NRMA Insurance* [2020] NSWSC 1318 (29 September 2020)**

This matter involved a dispute about whether Mr Briggs' injuries were 'minor injuries' under the MAI Act. The Medical Assessor's certificate was taken to a Review Panel, which issued a new certificate based on new reasoning that relied on a journal article that had not been referenced in any of the material relied on by the Medical Assessor or the parties.

On judicial review, the primary issue was whether the journal article was medical literature used to clarify certain spinal terminology or "...a crucial factor in the Review Panel's finding on causation" (and, if the latter, whether there was a denial of procedural fairness in not giving Mr Briggs notice of the Panel's intention to rely on an adverse finding and providing an opportunity to respond).

Held (Harrison AsJ): The Panel's certificate and reasons should be set aside as the Panel denied Mr Briggs procedural fairness. The Panel used the article to draw an important adverse conclusion about the plaintiff's case based on concepts from an unknown source, without giving Mr Briggs an opportunity to respond.

The matter was quashed and remitted to SIRA for determination according to law.

Note: Similar issues were considered in the *Motor Accidents Compensation Act 1999* scheme in the decisions of *Raina v CIC Allianz Insurance Limited* [2021] NSWSC 13; *Robson v QBE Insurance (Australia) Ltd* [2020] NSWSC 1558; *Dagher v IAG Limited t/as NRMA Insurance* [2020] NSWSC 1467. These matters turn on their facts.

### ***Wahhab v Insurance Australia Ltd* [2021] NSWSC 521 (12 May 2021)**

This matter involved a claim for damages for personal injury in a motor accident that was deemed withdrawn for inactivity under section 85B of the *Motor Accidents Compensation Act 1999* (MAC Act) (failure to provide particulars of the claim). The claim was not reinstated.

The claimant then made a new application for general assessment. The Principal Claims Assessor declined to refer that claim for assessment.

On judicial review, the claimant argued that the MAC Act contained no prohibition on the lodgement of a second claim for general assessment and the Principal Claims Assessor was required to refer the claim under Part 4.4, Division 2 of the MAC Act.

Held (Basten JA): The summons was dismissed on the basis that a highly prescriptive process must be followed by a claimant seeking damages from a motor accident.

Assuming timelines are followed, the only step to be taken by SIRA prior to that is the identification by the Principal Claims Assessor of the particular claims assessor who is to undertake the assessment. The claim is not made to SIRA. It is made to the insurer.

Accordingly, the 're-lodgement' of the claimant's claim form found no reflection in the statutory scheme. The question was whether a claimant can make a claim more than once in respect of the same matter. A deemed withdrawn claim does not remain on foot – if a claim is withdrawn, there is no extant claim. There is no claim which can be referred by either party for assessment (the meaning of section 85B is clear). There is no obligation, or power, for the Principal Claims Assessor to make arrangements for an assessment.

### ***Theoret v Aces Incorporated [2021] NSWCA 3 (2 February 2021)***

A NSW Court of Appeal decision held that a worker who was injured in 2002 was entitled to have her pre-injury weekly earnings (PIAWE) indexed from the date of injury rather than from 2012, when PIAWE was first introduced into the workers compensation legislation. PIAWE was introduced as part of the 2012 reforms for the purpose of calculating the amount of weekly payment compensation a worker was entitled to receive, being based on an amount that more closely reflected a worker's earnings than the previous method of using the worker's award rate of pay. While the indexation of weekly payment compensation has been published in the Workers compensation benefits guide since 1987, PIAWE has only been indexed from the first review date after it was introduced (1 April 2013). In this case, the Court found that PIAWE was to be indexed from the worker's date of injury, being a date before PIAWE was introduced.

Section 82A of the *Workers Compensation Act 1987* requires SIRA to publish an amount for indexation of PIAWE by order twice every year. SIRA had previously only published those amounts since the commencement of section 82A in 2012. SIRA has subsequently published the historical indexation factors dating back to 1987 in the Workers compensation benefits guide.

## 11. Governance

### 11.1 Ministerial directions

The Minister for Digital, Minister for Customer Service issued no Ministerial directions under section 20 of the *State Insurance and Care Governance Act 2015* (SICG Act) in 2020-2021.

### 11.2 Public interest disclosures

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

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

In 2020-2021, SIRA employees were made aware of their rights and responsibilities under this Act through:

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

#### Disclosures

Zero public interest disclosures were made within SIRA about SIRA in 2020-2021.

### 11.3 Board composition and meetings

#### Composition of the Board

The SIRA Board is established under section 18 of the SICG Act.

| Member               | Member type                             | Current term                        | Previous term(s)   |
|----------------------|---|-------------------------------------|--|
| Trevor Matthews      | Appointed member and Chairperson        | 16 November 2018 – 15 November 2021 | 16 November 2015 – 15 November 2018  |
| Nancy Milne OAM      | Appointed member and Deputy Chairperson | 16 November 2018 – 15 November 2021 | 16 November 2015 – 15 November 2018  |
| Prof. Abby Bloom     | Appointed member                        | 16 November 2020 – 18 February 2022 | 16 November 2015 – 15 November 2018<br>16 November 2018 – 15 November 2020 |
| Dr Graeme Innes AM   | Nominee of the Secretary of the DCS     | 16 November 2018 – 15 November 2021 | 01 November 2016 – 15 November 2018  |
| The Hon Greg Keating | Appointed member                        | 7 December 2018 – 15 November 2021  | Not applicable   |
| Rod Stowe PSM        | Appointed member                        | 16 November 2020 – 18 February 2022 | 16 November 2018 – 15 November 2020  |

| Member          | Member type             | Current term   | Previous term(s)                                       |
|-----------------|-------------------------|--|--|
| Carmel Donnelly | Chief Executive of SIRA | Ex-officio capacity during SIRA Chief Executive tenure | Ex-officio capacity during SIRA Chief Executive tenure |

## Meetings

The SIRA Board met nine times in 2020-2021, with meetings held on the following dates:

- 1) 23 July 2020
- 2) 26 August 2020
- 3) 29 September 2020
- 4) 22 October 2020
- 5) 27 November 2020
- 6) 26 February 2021
- 7) 30 March 2021
- 8) 16 April 2021
- 9) 28 May 2021

## Attendance

Board meeting attendance was as follows:

- Trevor Matthews, Nancy Milne, Prof. Abby Bloom, The Hon Greg Keating and Rod Stowe PSM attended all nine meetings
- Dr Graeme Innes AM attended eight meetings
- Carmel Donnelly attended all nine meetings in an ex-officio capacity as SIRA Chief Executive.

## 11.4 Response to audit

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

## 11.5 Overseas travel

There was no overseas travel in 2020-2021.

## 11.6 Land disposal

SIRA did not dispose of any property in 2020-2021.

## 11.7 Statement as required by the *NSW Carers (Recognition) Act 2010*

### SIRA's role as a human service agency

SIRA provides services for carers and people being cared for by carers. SIRA's services include information and advice about injury compensation, rehabilitation and dispute resolution services for people injured in workplace or motor vehicle 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 *NSW Carers (Recognition) Act 2010*.

Under section 8 of this Act, a human service agency must take all reasonable steps to ensure that the agency, and the members of staff and agents of the agency, take action to reflect the principles of the NSW Carers Charter. A human service agency must prepare a report on its compliance with the legislation in each reporting period. The report must be included in the agency's annual report for the reporting period.

SIRA recognises the valuable social and economic contribution that carers make to the community.

As SIRA reviews and updates its guidelines and public information, SIRA is working to recognise the unique knowledge and experience of carers and ensure the relationship between carers and the people they care for is respected.

In stewarding injury insurance systems and providing advice to Government, SIRA takes the view that the health, wellbeing and community participation of carers should be supported so that carers can balance their caring role with other roles, such as work and education.

As an employer, regulator and service provider, SIRA is committed to being an inclusive organisation that is welcoming and supportive of diversity.

### Reflecting the principles of the NSW Carers Charter

SIRA ensures its organisation and work reflect the principles of the NSW Carers Charter by:

- seeking feedback from carers' associations when developing guidelines or principles for the insurers SIRA regulates related to treatment and care for injured people
- providing customer services that recognise that the customer may be the injured person's carer
- supporting flexible work arrangements and providing specific carer and family support programs
- maintaining support for a carers employee resource group, and having carers as a focus of the internal Diversity and Inclusion Advisory Council.

## 11.8 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 \$'000 |
|---|--|--------------|
| ERNST & YOUNG AUSTRALIA                   | Actuarial Services - Motor Accidents Insurance Regulation (MAIR) | 5,965        |
| ERNST & YOUNG AUSTRALIA                   | Actuarial Services - Workers Compensation Regulation (WCR)       | 419          |
| TAYLOR FRY P/L                            | Actuarial Services - Motor Accidents Insurance Regulation (MAIR) | 1,767        |
| TAYLOR FRY P/L                            | Actuarial Services - Workers Compensation Regulation (WCR)       | 437          |
| TAYLOR FRY P/L                            | Actuarial Services - Home Building Regulation (HBR)              | 233          |
| TAYLOR FRY P/L                            | Nominal Insurer Review - Workers Compensation Regulation (WCR)   | 220          |
| TAYLOR FRY P/L                            | Actuarial Services - Insurers Guarantee Fund (IGF)               | 75           |
| NOUS GROUP PTY LTD                        | Data Strategy and Road Map Development - Governance              | 105          |
| <b>Total greater than \$50,000</b>        |  | <b>9,221</b> |
| Plus, five consultants less than \$50,000 |  |              |
|   | Actuarial services & legal advisory services                     | 81           |
| <b>Total consultants</b>                  |  | <b>9,302</b> |



## 11.9 Research funding

### Research – Insights for optimal customer health outcomes

In 2020-2021, SIRA continued a program of research to inform and support evidence-based improvements in road safety, work injury prevention, recovery from injury, return to work, and personal injury compensation scheme design.

This included strategic partnerships with the John Walsh Centre for Rehabilitation Research and Transport for NSW's Centre for Road Safety.

Last year, as a result of COVID-19, a number of projects within SIRA's research program were delayed or placed on temporary hold. Some of these projects recommenced in 2020-2021.

Key activities include:

- Completion of the psychological injury mapping project with Monash University to identify and document opportunities to prevent and more effectively manage psychological injury claims. The final report presents a high-level synthesis of key themes where there are opportunities for SIRA to act, which are captured in the published action plan.
- Commenced an evaluation of changes to the issuing a certificate of fitness and certificate of capacity. In response to the COVID-19 pandemic, SIRA broadened the range of health practitioners permitted to issue certification. Injured people can now obtain secondary and subsequent certificates from a treating doctor, physiotherapist, and psychologist. SIRA has engaged Monash University to evaluate the temporary changes.
- Progressed the Futures Evidence Generation and Collaborative Partnerships Project (Futures Project) with The George Institute for Global Health. SIRA's vision is to facilitate collectively agreed research that leads to transformational and evidence-based change to deliver optimal outcomes in the personal injury sector. Preliminary stakeholder engagement has been completed, which informed the development of an evidence gap map.
- Completion of a health economic evaluation of Macquarie University's online pain course. The evaluation provides critical insights for effective planning and decision-making and shows the potential of the telehealth programs for Australians with chronic pain. It is part of a broader suite of successful research in psychological treatment and pain management.

| Total grants for 2020-2021                                       |  | Amount<br>\$'000 |
|--|--|------------------|
| Total expenditure - Motor Accidents Operational Fund (MAOF)      |  | 3,408            |
| Total expenditure - Workers Compensation Operational Fund (WCOF) |  | 708              |
| <b>Total</b>   |  | <b>4,116</b>     |

### Research and education programs funded from the Motor Accidents Operational Fund expended in 2020-2021

Allocated funds may be subject to adjustment in some instances.

| Recipient                             | Details   | Nature   | Amount<br>\$'000 |
|---------------------------------------|---|----------|------------------|
| Northern Sydney Local Health District | Evaluation of the 2017 CTP legislative changes in NSW – health outcomes | Research | 90               |

| Recipient   | Details  | Nature              | Amount<br>\$'000 |
|---|--|---------------------|------------------|
|   | after motor vehicle crash injury   |                     |                  |
| Transport for NSW   | Centre for Road Safety Memorandum of Understanding   | Research            | 2,090            |
| 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            | 664              |
| Research Impact Academy                                     | Impact evaluation of John Walsh Centre for Rehabilitation Research investment 2014-2019  | Research evaluation | 50               |
| Research Impact Academy                                     | Strategic support to research program  | Research            | 10               |
| Australasian New Car Assessment Program (ANCAP) Australasia | ANCAP Vehicle Safety Research Sub-Council Membership   | Education           | 27               |
| University of Sydney  | A randomised controlled trial designed to determine whether a supported home exercise program is as good or better than a six-week course of face-to-face physiotherapy for the treatment of musculoskeletal conditions. | Research            | 24               |

| Recipient                            | Details  | Nature    | Amount<br>\$'000 |
|--------------------------------------|--|-----------|------------------|
| Macquarie University                 | Health economic evaluation of online pain course   | Research  | 36               |
| Redback                              | The John Walsh Centre for Rehabilitation Research (JWCRR) annual seminar showcased personal injury research undertaken by the JWCRR over the last twelve months and featured presentations from JWCRR academics                      | Education | 11               |
| Royal Australian College of Surgeons | Verification program of NSW trauma centres   | Research  | 30               |
| University of Sydney                 | Post-doctoral fellowship in JWCRR  | Research  | 140              |
| University of Sydney                 | A randomised control trial of two email delivered interventions designed to improve and maintain physical health and strengthen the mental health of people who have entered the CTP compensation system after a motor vehicle crash | Research  | 6                |
| University of Sydney                 | Enhancement of My Whiplash Navigator website   | Education | 27               |
| Monash University                    | National Road Safety Partnership membership  | Research  | 32               |

| Recipient                              | Details   | Nature   | Amount<br>\$'000 |
|--|---|----------|------------------|
| The George Institute for Global Health | <p>The Injury Division of The George Institute for Global Health has been appointed to undertake SIRA's Futures Project.</p> <p>The Futures Project aims to identify existing areas of research related to achieving optimal outcomes for injured persons and others in the personal injury sector.</p> | Research | 30               |
| Department of Communities and Justice  | National Coronial Information System  | Subsidy  | 29               |
| University of Technology               | Analysis of data linkage between Transport for NSW, NSW Police and NSW Ambulance to access recovery outcomes  | Research | 112              |
| <b>Total</b>                           |   |          | <b>3,408</b>     |

**Research programs and education funded from the Workers Compensation Operational Fund expended in 2020-2021**

| Recipient                              | Details              | Nature | Amount<br>(\$'000) |
|--|----------------------|--------|--------------------|
| Souths Cares Pbi Ltd                   | Recovery Boost grant | Grants | 16                 |
| Automotive Food Metals Engineering     | Recovery Boost grant | Grants | 17                 |
| MATES in Construction (Aust) Limited   | Recovery Boost grant | Grants | 26                 |
| Northern NSW Helicopter Rescue Service | Recovery Boost grant | Grants | 7                  |
| Simon Bayly Portus                     | Recovery Boost grant | Grants | 34                 |

| Recipient                            | Details  | Nature    | Amount (\$'000) |
|--------------------------------------|--|-----------|-----------------|
| Rumpus Skillshare                    | Recovery Boost grant   | Grants    | 17              |
| University of Sydney                 | Recovery Boost grant   | Grants    | 15              |
| Western Sydney Local Health District | Recovery Boost grant   | Grants    | 17              |
| NRMA Limited                         | Recovery Boost grant   | Grants    | 17              |
| University of Sydney                 | Recovery Boost grant   | Grants    | 18              |
| Mind Blank                           | A project involving testing 'online interactive theatre' which provides mental health support that can be used for managers, supervisors and employees   | Education | 10              |
| Monash University                    | Psychological injury mapping project to identify and effectively manage psychological injury claims, and to support the recovery and return to work of people with psychological injury claims, in the New South Wales CTP and workers' compensation | Research  | 67              |
| Monash University                    | A study to develop Mental Health clinical guidelines to help GPs improve their management of patients with work-related mental health conditions   | Research  | 50              |
| Macquarie University                 | Health economic evaluation of online pain course   | Research  | 52              |
| University of Newcastle              | Study assessing the impacts of COVID-19 on return-to-work outcomes in small business   | Research  | 14              |
| University of Newcastle              | Study to map the impacts of COVID-19 on the mental health of micro-business owners   | Research  | 8               |
| Monash University                    | Evaluation of changes to allied health certification in NSW as a result of COVID-19 pandemic   | Research  | 47              |
| Western Sydney University            | Completion of a peer review of SIRA produced literature on digital wellbeing tools   | Education | 4               |
| Monash University                    | Review of the evidence related to exercise and psychological injury  | Research  | 60              |

| Recipient                                     | Details   | Nature    | Amount (\$000) |
|---|---|-----------|----------------|
| Redback                                       | Delivery of webinars: <ul style="list-style-type: none"> <li>Better pain management approaches</li> <li>Best Practice Opioids Management</li> <li>Best practice vocational programs</li> <li>Hearing loss and audiometry</li> </ul> | Education | 12             |
| University of New South Wales                 | Value Based Care pilot learning program   | Education | 28             |
| University of Sydney                          | An evidence-informed online resource being developed by the Brain and Mind Centre which assists people to decide whether to disclose their mental health issues to the workplace  | Research  | 32             |
| Ingham Institute for Applied Medical Research | Project to implement an audit of elective (non-traumatic) spine surgery within the workers' compensation system in NSW  | Research  | 56             |
| Research Impact Academy                       | Impact evaluation of JWCRR investment 2014-2019   | Research  | 30             |
| University of Sydney                          | Evaluation of Workers Health Support Plan   | Research  | 25             |
| Elmatom Pty Ltd                               | Dust diseases evidence review report  | Research  | 7              |
| Research Impact Academy                       | Strategic support to research program   | Research  | 10             |
| N E and Associates                            | Strategic support to research program   | Research  | 12             |
| <b>Total</b>                                  |   |           | <b>708</b>     |

## 11.10 Privacy and personal information

### Privacy compliance

SIRA demonstrates its compliance with privacy legislation and its commitment to protecting customer, employee and third-party privacy through:

- the Privacy management plan and framework
- the dedicated Privacy Officer function
- staff onboarding procedures which include mandatory privacy training
- privacy refresher training and awareness
- digital information procedures
- mechanisms to protect and secure personal and health information.

The Privacy management plan sets out how SIRA upholds and respects the privacy of its customers, staff, and others about whom it holds personal information.

It also demonstrates how SIRA aims to meet its privacy obligations under the *Privacy and Personal Information Act 1998* and the *Health Records and Information Privacy Act 2002*.

In 2020-2021, SIRA championed Privacy awareness week. An in-house video was circulated to staff about using secure tools to share personal and health information. Other awareness initiatives, including how to avoid data breaches, were undertaken.

Throughout the year, SIRA has participated in several activities to promote staff awareness of privacy obligations. This includes refresher training, undertaking threshold privacy risk assessments, and participating in the Department of Customer Service's Project Trust initiatives, such as sensitivity labelling training.

### **Privacy internal review applications**

In 2020-2021, SIRA received one application for an internal review of conduct relating to the handling of personal and health information.

In the internal review application, a claimant alleged that personal and health information was shared with a third party without authorisation. The alleged conduct was not established after internal review. To date, no external review application has been made to the NSW Civil and Administrative Tribunal.

## 11.11 Obligations under *Government Information (Public Access) Act 2009*

### Access to government information

#### Review of proactive release program

The *Government Information (Public Access) Act 2009* (GIPA Act) provides an open and transparent process for giving the public access to government information. It also encourages the proactive public release of government information.

SIRA primarily uses its website to release information that is in the public interest, including forms, publications, codes, guides, manuals and policies, as well as regular scheme performance reports.

SIRA uses its Bulletin and LinkedIn to increase awareness of public consultations and guidance information and resources.

Information that has been proactively released throughout 2020-2021 included:

- 2020 Review of the Workers Compensation Scheme - Responses to pre-hearing questions
- 21-Point action plan update from SIRA (August 2020)
- Board communiqués
- CTP (1999 Scheme) Performance report 2019-2020
- CTP Insurer claims experience and customer feedback comparison - September 2020
- CTP Insurer claims experience and customer feedback comparison - December 2020
- CTP Insurer claims experience and customer feedback comparison - March 2021
- CTP Scheme Performance Report 2020
- Dust diseases: Update on SIRA programs of work (August 2020)
- Inquiry into 2020 Review of the Compulsory Third Party Insurance Scheme (December 2020)
- Inquiry into 2020 Review of the Compulsory Third Party Insurance Scheme (October 2020)
- Inquiry into 2020 Review of the Lifetime Care and Support Scheme
- Motor Accidents Bulletin – August, October and September 2020
- Motor accidents regulatory bulletin - Issue 1 (May 2021)
- Open data for CTP
- Open data for workers compensation
- Recovery at work insider – Issues 1 to 3
- Responses to supplementary questions at 2020 Review of the Workers Compensation Scheme (September 2020)
- Review of the first 1000 Minor Injury claims in the new 2017 CTP Scheme
- Review of the first 500 Minor Injury claims in the new 2017 CTP Scheme
- SIRA Board responses to questions taken on notice from Law & Justice (September 2020)
- SIRA bulletin – Issues 6 to 28
- SIRA CE clarification to evidence (August 2020)
- SIRA responses to Questions taken on Notice at the Law and Justice hearing (September 2020)
- SIRA workers compensation regulatory activity update 4 - 2019-20



- Submission to the Select Committee on the impact of technological and other change on the future of work and workers in New South Wales - State Insurance Regulatory Authority August 2020
- Workers Compensation Bulletin – Issues 92 to 98
- Workers compensation monthly dashboard report - April 2020
- Workers compensation monthly dashboard report - August 2020
- Workers compensation monthly dashboard report - December 2020
- Workers compensation monthly dashboard report - July 2020
- Workers compensation monthly dashboard report - June 2020
- Workers compensation monthly dashboard report - March 2020
- Workers compensation monthly dashboard report - May 2020
- Workers compensation monthly dashboard report - November 2020
- Workers compensation monthly dashboard report - October 2020
- Workers compensation monthly dashboard report - September 2020
- Workers Compensation Operational Fund expenditure (August 2020)
- Workers compensation system performance report 2019/20

## Formal access applications

SIRA received 24 formal access applications during the 2020-2021 financial year. This includes two withdrawn applications and one transferred application, but excludes invalid applications. More than one decision can be made for each access application, and while SIRA decided 21 access applications in 2020-2021, there were 33 decisions for these applications, as outlined in the tables below. A detailed analysis of the formal access applications received throughout 2020-2021 is included in Table 1 to Table 9.

**Table 1 Number of applications by type of applicant and outcome<sup>4</sup>**

| Applicant  | 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  | 0                      | 0                      | 0                      | 0                    | 0                             | 0                               | 0   | 0                     | 0     |
| Members of Parliament                            | 0                      | 0                      | 0                      | 0                    | 0                             | 0                               | 0   | 0                     | 0     |
| Private sector business                          | 0                      | 0                      | 0                      | 1                    | 0                             | 0                               | 0   | 0                     | 1     |
| Not for profit organisations or community groups | 1                      | 0                      | 2                      | 0                    | 0                             | 0                               | 0   | 0                     | 3     |
| Members of the public                            | 3                      | 2                      | 0                      | 3                    | 0                             | 0                               | 0   | 0                     | 8     |

<sup>4</sup> More than one decision can be made in respect of a single access application. If so, a recording must be made in relation to each such decision.

| Applicant                             | 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     |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|---|-----------------------|-----------|
| (application by legal representative) |                        |                        |                        |                      |                               |                                 |   |                       |           |
| Members of the public (other)         | 9                      | 6                      | 3                      | 1                    | 0                             | 0                               | 0   | 2                     | 21        |
| <b>Total</b>                          | <b>13</b>              | <b>8</b>               | <b>5</b>               | <b>5</b>             | <b>0</b>                      | <b>0</b>                        | <b>0</b>  | <b>2</b>              | <b>33</b> |

**Table 2 Number of applications by type of application and outcome<sup>5</sup>**

| Applicant  | 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 <sup>6</sup>   | 2                      | 0                      | 0                      | 3                    | 0                             | 0                               | 0   | 1                     | 6         |
| Access applications (other than personal information applications)                     | 2                      | 1                      | 2                      | 1                    | 0                             | 0                               | 0   | 0                     | 6         |
| Access applications that are partly personal information applications and partly other | 9                      | 7                      | 3                      | 1                    | 0                             | 0                               | 0   | 1                     | 21        |
| <b>Total</b>   | <b>13</b>              | <b>8</b>               | <b>5</b>               | <b>5</b>             | <b>0</b>                      | <b>0</b>                        | <b>0</b>  | <b>2</b>              | <b>33</b> |

<sup>5</sup> More than one decision can be made in respect of a single access application. If so, a recording must be made in relation to each such decision.

<sup>6</sup> A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the GIPA Act) about the applicant (the applicant being an individual).

**Table 3 Invalid applications**

| Reason for invalidity  | Number of applications |
|--|------------------------|
| Application does not comply with formal requirements (section 41 of the GIPA Act)  | -                      |
| Application is for excluded information of the agency (section 43 of the GIPA Act) | -                      |
| Application contravenes restraint order (section 110 of the GIPA Act)              | -                      |
| Total number of invalid applications received                                      | -                      |
| Invalid applications that subsequently became valid applications                   | -                      |

**Table 4 Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the GIPA Act**

|   | Number of times consideration used <sup>7</sup> |
|---|---|
| Overriding secrecy laws                               | -   |
| Cabinet information                                   | 2   |
| Executive Council information                         | -   |
| Contempt  | -   |
| Legal professional privilege                          | 2   |
| Excluded information <sup>8</sup>                     | -   |
| Documents affecting law enforcement and public safety | -   |
| Transport safety                                      | -   |
| Adoption  | -   |
| Care and protection of children                       | -   |
| Ministerial code of conduct                           | -   |
| Aboriginal and environmental heritage                 | -   |

**Table 5 Other public interest considerations against disclosure: matters listed in table to section 14 of the GIPA Act**

|   | Number of applications |
|---|------------------------|
| Responsible and effective government                      | 2                      |
| Law enforcement and security                              | 3                      |
| Individual rights, judicial processes and natural justice | 9                      |

<sup>7</sup> More than one public interest consideration may apply in relation to a single access application and, if so, each such consideration is to be recorded (but only once per application)

<sup>8</sup> Excluded information includes excluded from Agency only (not excluded due to being held by Nominal Insurer)

|  | Number of applications |
|--|------------------------|
| Business interests of agencies and other persons                     | 4                      |
| Environment, culture, economy and general matters                    | -                      |
| Secrecy provisions   | -                      |
| Exempt documents under interstate Freedom of Information legislation | -                      |

**Table 6 Timeliness**

|  | Number of applications |
|--|------------------------|
| Decided within the statutory timeframe (20 days plus any extensions) | 18                     |
| Decided after 35 days (by agreement with applicant)                  | 2                      |
| Not decided within time (deemed refusal)                             | 1                      |
| <b>Total</b>   | <b>21</b>              |

**Table 7 Number of applications reviewed under Part 5 of the GIPA Act by type of review and outcome**

|   | Decision varied | Decision upheld | Total    |
|---|-----------------|-----------------|----------|
| Internal review   | 2               | -               | 2        |
| Review by Information Commissioner <sup>9</sup>                       | -               | -               | -        |
| Internal review following recommendation under section 93 of GIPA Act | -               | -               | -        |
| Review by NCAT  | -               | -               | -        |
| <b>Total</b>  | <b>2</b>        | <b>-</b>        | <b>2</b> |

**Table 8 Applications for review under Part 5 of the GIPA Act by type of applicant**

|   | Number of applications for review |
|---|-----------------------------------|
| Applications by access applicants   | 2                                 |
| Applications by persons to whom information the subject of access applications relates (see section 54 of the GIPA Act) | -                                 |

<sup>9</sup> The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

**Table 9 Applications transferred to other agencies under Division 2 of Part 4 of the GIPA Act by type of transfer**

|                               | <b>Number of applications transferred</b> |
|-------------------------------|---|
| Agency-initiated transfers    | 1   |
| Applicant-initiated transfers | -   |

## 11.12 Policy Attestations – Cyber Security



State Insurance  
Regulatory Authority

### Cyber security annual attestation statement for the 2020-2021 financial year for the State Insurance Regulatory Authority

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

The Department of Customer Service (DCS), on behalf of the State Insurance Regulatory Authority, has completed independent audits of cyber security controls in place during the 2020-2021 financial year, as well as its maturity against the NSW Cyber Security Policy mandatory requirements. These audits have identified opportunities for improvement within the agency and the DCS, the primary provider of technology services to the agency, which we are now focussed on addressing. The State Insurance Regulatory Authority is committed to ensuring that its cyber security defences are strengthened.

There exists a current Cyber Incident Response Plan for DCS which covers the agency and has been tested during the reporting period.

The State Insurance Regulatory Authority continues to work to lift staff capability in cyber security, privacy and information management and is working collaboratively with DCS on initiatives to improve the overall cyber security operating environment as part of the DCS cyber security resilience program.

This attestation covers the State Insurance Regulatory Authority only.

**Adam Dent**  
Chief Executive

Date: 2 September 2021



### 11.13 Policy Attestations – Internal audit and risk management

Internal audit and risk management attestation statement for the 2020-2021 financial year for the State Insurance Regulatory Authority (SIRA).

I, Adam Dent, am of the opinion that SIRA has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the Internal Audit and Risk Management Policy for the General Government Sector, specifically:

| <b>Core Requirements</b>   | <b>Compliant or non-compliant<sup>10</sup></b> |
|--|--|
| <b>Risk Management Framework</b>   |  |
| 1.1 SIRA shall accept ultimate responsibility and accountability for risk management in SIRA (the agency).   | <b>Compliant</b>                               |
| 1.2 SIRA shall establish and maintain a risk management framework that is appropriate for the agency. SIRA shall ensure the framework is consistent with AS/NZS ISO 31000:2018 Risk Management Guidelines.   | <b>Compliant</b>                               |
| <b>Internal Audit Function</b>   |  |
| 2.1 SIRA shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.   | <b>Compliant</b>                               |
| 2.2 SIRA shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.  | <b>Compliant</b>                               |
| 2.3 SIRA shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.   | <b>Compliant</b>                               |
| <b>Audit and Risk Committee</b>  |  |
| 3.1 SIRA shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations. | <b>Compliant</b>                               |
| 3.2 SIRA shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.   | <b>Compliant</b>                               |

#### Membership

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

- Prof. Abby Bloom, Independent Chair, from 19 February 2019 to 18 February 2022.
- Nancy Milne OAM, Independent Member, from 19 February 2019 to 18 February 2022.
- Trevor Matthews, Independent Member, from 19 April 2019 to 18 April 2022.
- Dr Graeme Innes, Independent Member, from 13 September 2017 to 12 September 2023.
- The Hon Greg Keating, Independent Member, from 1 March 2021 to 29 February 2024.

#### Shared Arrangements

<sup>10</sup> Where an agency notes that it has been 'non-compliant' or 'in transition', the Accountable Authority shall complete the 'Departure from Core Requirements' section below.

I, Adam Dent, Chief Executive, advise that SIRA has entered into an approved shared arrangement with the Department of Customer Service.



Approved

**Adam Dent**  
**Chief Executive**  
**State Insurance Regulatory Authority**

## 11.14 Risk management and insurance activity

### Risk management

SIRA adheres to the:

- DCS Integrated Risk and Opportunity Management Policy
- DCS Risk and Resilience Framework
- AS/NZS ISO 31000:2018 Risk Management Guidelines
- NSW Treasury Internal Audit and Risk Management Policy for the General Government Sector (TPP 20-08).

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

### Insurance activity

SIRA is a member agency of the Treasury Managed Fund (TMF), a government self-insurance scheme. SIRA's insurance policy is based on TMF's statement of cover as follows:

- workers compensation
- motor vehicle
- property
- general liability and
- miscellaneous risks.

### Number of claims

| Claim type           | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Workers compensation | 2         | 5         | 7         | 5         | 6         | 2         |
| Motor vehicle        | -         | -         | 2         | 1         | -         | -         |
| Liability            | -         | 3         | -         | -         | 1         | 2         |
| <b>Total</b>         | <b>2</b>  | <b>8</b>  | <b>9</b>  | <b>6</b>  | <b>7</b>  | <b>4</b>  |

### Net incurred claims cost

| Claim type           | 2015-2016     | 2016-2017      | 2017-2018     | 2018-2019     | 2019-2020      | 2020-2021     |
|----------------------|---------------|----------------|---------------|---------------|----------------|---------------|
| Workers compensation | 53,402        | 144,432        | 49,061        | 53,446        | 77,781         | 42,355        |
| Motor vehicle        | -             | -              | 5,037         | 3,774         | -              | -             |
| Liability            | -             | 49,300         | -             | -             | 49,730         | -             |
| <b>Total</b>         | <b>53,402</b> | <b>193,732</b> | <b>54,098</b> | <b>57,220</b> | <b>127,511</b> | <b>42,355</b> |

## 11.15 Independent Auditor's Report



### INDEPENDENT AUDITOR'S REPORT

#### State Insurance Regulatory Authority

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the State Insurance Regulatory Authority (the Authority), which comprises the Statement by the Chief Executive Officer, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Authority's financial position, financial performance and cash flows

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 (including Independence Standards)' (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 Chief Executive Officer's Responsibilities for the Financial Statements**

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The Chief Executive Officer's responsibility also includes such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

The scope of my audit does not include, nor 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 the financial statements.



Weini Liao  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

29 October 2021  
SYDNEY

# Our finances

For the year ended 30 June 2021

## 12. Our Finances

### Statement by the Chief Executive

Pursuant to division 7.6(4) of the *Government Sector Finance Act 2018* (GSF Act), I state that these financial statements:

- a) Have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2018* and the Treasurer's directions, and
- b) Present fairly the State Insurance Regulatory Authority's (SIRA) financial position, financial performance and cash flows.

Signed



Adam Dent

Chief Executive

State Insurance Regulatory Authority

28 October 2021

## Statement of Comprehensive Income for the year ended 30 June 2021

|  |       | Budget<br>2021 | Actual<br>2021 | Actual<br>2020 |
|--|-------|----------------|----------------|----------------|
|  | Notes | \$'000         | \$'000         | \$'000         |
| <b>Expenses excluding losses</b>       |       |                |                |                |
| Operating expenses                     |       |                |                |                |
| Employee related                       |       | 5,035          | -              | -              |
| Personnel services                     | 2.1   | 55,886         | 48,479         | 49,539         |
| Other operating expenses               | 2.2   | 532,555        | 82,627         | 97,681         |
| Depreciation and amortisation          | 2.3   | 5,337          | 2,405          | 3,107          |
| Grants and subsidies                   | 2.4   | 9,000          | 4,116          | 5,158          |
| Finance costs                          | 2.5   | 37             | 301            | 1,035          |
| Other expenses                         | 2.6   | -              | 430,339        | 373,577        |
| <b>Total expenses excluding losses</b> |       | <b>607,849</b> | <b>568,267</b> | <b>530,097</b> |
| <b>Revenue</b>                         |       |                |                |                |
| Levies, retained taxes, fees and fines | 3.1   | 583,617        | 559,677        | 515,103        |
| Investment revenue                     | 3.2   | 7,962          | 21,134         | 6,084          |
| Other income                           | 3.3   | 22,033         | 5,027          | 12,563         |
| <b>Total revenue</b>                   |       | <b>613,611</b> | <b>585,838</b> | <b>533,750</b> |
| <b>Operating result</b>                |       | <b>5,762</b>   | <b>17,571</b>  | <b>3,653</b>   |
| Gains / (losses) on disposal           | 4     | -              | (3,124)        | (673)          |
| Other gains / (losses)                 | 5     | -              | (176)          | (6)            |
| <b>Net result</b>                      |       | <b>5,762</b>   | <b>14,271</b>  | <b>2,974</b>   |
| Other comprehensive income             |       | -              | -              | -              |
| <b>Total comprehensive income</b>      |       | <b>5,762</b>   | <b>14,271</b>  | <b>2,974</b>   |

The accompanying notes form part of these financial statements.



## Statement of Financial Position as at 30 June 2021

|                                      |       | Budget<br>2021 | Actual<br>2021 | Actual<br>2020 |
|--------------------------------------|-------|----------------|----------------|----------------|
|                                      | Notes | \$'000         | \$'000         | \$'000         |
| <b>Assets</b>                        |       |                |                |                |
| <b>Current Assets</b>                |       |                |                |                |
| Cash and cash equivalents            | 6     | 186,819        | 212,304        | 182,616        |
| Receivables                          | 7     | 31,567         | 29,600         | 34,380         |
| Financial assets at fair value       | 8     | 203,438        | 223,287        | 208,476        |
| <b>Total Current Assets</b>          |       | <b>421,824</b> | <b>465,191</b> | <b>425,472</b> |
| <b>Non-Current Assets</b>            |       |                |                |                |
| Property, plant, and equipment       | 9     | (5,535)        | 26             | 135            |
| Right of Use Assets                  |       | (383)          | -              | -              |
| Intangible assets                    | 10    | 16,071         | -              | 7,518          |
| <b>Total Non-Current Assets</b>      |       | <b>10,152</b>  | <b>26</b>      | <b>7,653</b>   |
| <b>Total Assets</b>                  |       | <b>431,976</b> | <b>465,217</b> | <b>433,125</b> |
| <b>Liabilities</b>                   |       |                |                |                |
| <b>Current Liabilities</b>           |       |                |                |                |
| Payables                             | 12    | 114,973        | 84,438         | 74,569         |
| Provisions                           | 13    | 8,918          | 7,679          | 34,592         |
| Other current liabilities            |       | 26             | -              | -              |
| <b>Total Current Liabilities</b>     |       | <b>123,916</b> | <b>92,117</b>  | <b>109,161</b> |
| <b>Non-Current Liabilities</b>       |       |                |                |                |
| Payables                             | 12    | 117,582        | 160,211        | 118,957        |
| Provisions                           | 13    | 95,213         | 91,925         | 98,314         |
| Borrowings                           |       | (394)          | -              | -              |
| <b>Total Non-Current Liabilities</b> |       | <b>212,402</b> | <b>252,136</b> | <b>217,271</b> |
| <b>Total Liabilities</b>             |       | <b>336,317</b> | <b>344,253</b> | <b>326,432</b> |
| <b>Net Assets</b>                    |       | <b>95,659</b>  | <b>120,964</b> | <b>106,693</b> |
| <b>Equity</b>                        |       |                |                |                |
| Accumulated funds                    | 15    | 95,659         | 120,964        | 106,693        |
| <b>Total Equity</b>                  |       | <b>95,659</b>  | <b>120,964</b> | <b>106,693</b> |

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity for the year ended 30 June 2021

|   | Accumulated<br>funds | Total          |
|---|----------------------|----------------|
|   | \$'000               | \$'000         |
| <b>Balance at 1 July 2020</b>                             | 106,693              | 106,693        |
| Net result for the year                                   | 14,271               | 14,271         |
| Other comprehensive income                                | -                    | -              |
| <b>Total comprehensive income for the year</b>            | <b>14,271</b>        | <b>14,271</b>  |
| Transactions with owners in their capacity as owners      | -                    | -              |
| Increase / (decrease) in net assets from equity transfers | -                    | -              |
| <b>Balance at 30 June 2021</b>                            | <b>120,964</b>       | <b>120,964</b> |
| <b>Balance at 1 July 2019</b>                             | 103,719              | 103,719        |
| Net result for the period                                 | 2,974                | 2,974          |
| Other comprehensive income                                | -                    | -              |
| <b>Total comprehensive income for the year</b>            | <b>2,974</b>         | <b>2,974</b>   |
| Transactions with owners in their capacity as owners      | -                    | -              |
| Increase / (decrease) in net assets from equity transfers | -                    | -              |
| <b>Balance at 30 June 2020</b>                            | <b>106,693</b>       | <b>106,693</b> |

The accompanying notes form part of these financial statements.

## Statement of Cash Flows for the year ended 30 June 2021

|  |       | Budget<br>2021   | Actual<br>2021   | Actual<br>2020   |
|--|-------|------------------|------------------|------------------|
|  | Notes | \$'000           | \$'000           | \$'000           |
| <b>Cashflows from operating activities</b>             |       |                  |                  |                  |
| <b>Payments</b>  |       |                  |                  |                  |
| Employee related                                       |       | (5,437)          | -                | -                |
| Personnel services                                     |       | (55,886)         | (57,964)         | (47,401)         |
| Grants and subsidies                                   |       | (9,000)          | (4,116)          | (5,158)          |
| Finance costs  |       | (37)             | -                | -                |
| Other  |       | (538,650)        | (484,654)        | (438,242)        |
| <b>Total Payments</b>                                  |       | <b>(609,010)</b> | <b>(546,734)</b> | <b>(490,801)</b> |
| <b>Receipts</b>  |       |                  |                  |                  |
| Levies, retained taxes, fees and fines                 |       | 583,617          | 557,541          | 513,546          |
| Interest received                                      |       | 2,000            | 324              | 1,408            |
| Other receipts   |       | 22,564           | 10,944           | 12,091           |
| <b>Total Receipts</b>                                  |       | <b>608,180</b>   | <b>568,809</b>   | <b>527,045</b>   |
| <b>Net cashflows from operating activities</b>         | 18    | <b>(829)</b>     | <b>22,075</b>    | <b>36,244</b>    |
| <b>Cashflows from investing activities</b>             |       |                  |                  |                  |
| Proceeds/(Purchases) of property, plant, and equipment |       | 4,555            | 1,639            | (2,555)          |
| Purchases of investments                               |       | 11,000           | -                | -                |
| Other investing  |       | (10,110)         | 6,000            | 3,000            |
| <b>Net cashflows from investing activities</b>         |       | <b>5,445</b>     | <b>7,639</b>     | <b>445</b>       |
| <b>Cashflows from financing activities</b>             |       |                  |                  |                  |
| Repayment of borrowings and advances                   |       | (413)            | (26)             | -                |
| <b>Net cashflows from financing activities</b>         |       | <b>(413)</b>     | <b>(26)</b>      | <b>-</b>         |
| <b>Net increase / (decrease) in cash</b>               |       | <b>4,203</b>     | <b>29,688</b>    | <b>36,689</b>    |
| Opening cash and cash equivalents                      |       | 182,616          | 182,616          | 145,927          |
| <b>Closing cash and cash equivalents</b>               | 6     | <b>186,819</b>   | <b>212,304</b>   | <b>182,616</b>   |

The accompanying notes form part of these financial statements.

## Notes to the financial statements

### 1. Statement of Significant Accounting Policies

#### 1.1. Reporting entity

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

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Chief Executive on 28 October 2021.

#### 1.2. Constitution and functions of the State Insurance Regulatory Authority

The Authority is constituted under the *State Insurance and Care Governance Act 2015* (SICG Act). The Authority has responsibility for the direction, control and management of a range of funds as outlined in Note 19. A reference in these financial statements to the Authority refers to all of those funds.

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

#### 1.3. Basis of preparation

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

- Applicable AAS (which include Australian Accounting Interpretations);
- the requirements of the GSF Act and the *Government Sector Finance Regulation 2018*; and
- Treasurer's Directions issued under the GSF Act.

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

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

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

#### 1.4. Statement of compliance

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

#### 1.5. Accounting for the Goods and Services Tax

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

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

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

## **1.6. Foreign currency translation**

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

## **1.7. Comparative information**

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

## **1.8. Changes in accounting policies, including new or revised AAS**

### **1.8.1. Effective for the first time in 2021**

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) applied for the first time, however AASB 1059 does not have an impact on the financial statements of the Authority.

### **1.8.2. Issued but not yet effective**

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

The following new Australian Accounting Standards have not been applied and are not yet effective:

- AASB 17 Insurance Contracts
- AASB 1060 General Purpose Financial Statements Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments
- AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

These standards will not have a material impact on the financial statements based on the Authority's current operations.

## **1.9. Impact of COVID-19 on financial reporting for 2020-2021**

The COVID 19 pandemic is significantly affecting economic and financial markets, and virtually all industries are facing challenges associated with the economic conditions resulting from efforts to address it.

The Authority has assessed heightened risk from COVID-19 to its workforce, in both public-facing and office-based roles. As a result, it has priorities managing work health and safety risks, physical and mental health of its workforce.

A further assessment on the Authority's liquidity risk, credit risk, fair value of the financial assets and non-financial asset accounts, taking into account relevant assumptions and estimates, has been performed resulting in no impact being identified as a result of COVID-19. There is no uncertainty about the Authority's ability to continue as a going concern at 30 June 2021.

## 2. Expenses excluding losses

### 2.1. Personnel services

| Personnel services                          | 2021          | 2020          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| Salaries and wages (including annual leave) | 42,865        | 42,905        |
| Superannuation - defined contribution plans | 3,548         | 3,559         |
| Long service leave                          | (913)         | 357           |
| Workers' compensation insurance             | 171           | 134           |
| Payroll tax and fringe benefit tax          | 2,808         | 2,584         |
| <b>Total personnel services</b>             | <b>48,479</b> | <b>49,539</b> |

Employee related costs that have been capitalised in intangible asset accounts, and therefore excluded from the above are \$nil (2020: \$nil).

### 2.2. Other operating expenses

| Other operating expenses                  | 2021   | 2020   |
|---|--------|--------|
|   | \$'000 | \$'000 |
| <b>Auditor's remuneration</b>             |        |        |
| • Internal audit and reviews              | 7      | 133    |
| • Audit of the financial statements       | 155    | 95     |
| Accommodation expenses                    | 3,282  | 2,994  |
| Lease Expense                             | 11     | 18     |
| Maintenance                               | -      | 20     |
| Computer support & software licence costs | 8,456  | 5,823  |
| Fees - Assessors                          | 8,399  | 20,198 |
| Fees – Services                           | 7,559  | 13,184 |
| Advertising, promotion and publicity      | 11     | 38     |
| Board & Committee fees <sup>1</sup>       | 807    | 868    |
| Compensation Court Judges Pension         | 850    | 1,154  |
| Consultants (Actuarial fees)              | 9,302  | 9,234  |
| Contracted Services                       | 27,613 | 25,898 |
| Contractors                               | 5,986  | 4,462  |
| Legal Fees                                | 335    | 717    |
| Travel & vehicle expenses                 | 32     | 208    |
| Communication expenses                    | 896    | 726    |
| Printing                                  | 205    | 292    |
| Stores                                    | 14     | 78     |
| Training                                  | 515    | 653    |
| Vocational and rehabilitation programs    | 7,266  | 7,550  |

| Other operating expenses              | 2021          | 2020          |
|---------------------------------------|---------------|---------------|
|                                       | \$'000        | \$'000        |
| Other miscellaneous                   | 926           | 3,338         |
| <b>Total other operating expenses</b> | <b>82,627</b> | <b>97,681</b> |

Note 1 - Payments to Board members are made in accordance with Premier's Guidelines and cover the State Insurance Regulatory Authority Board.

### 2.2.1. Maintenance expense

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

### 2.2.2. 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.

### 2.2.3. Lease expense

The Authority recognises the lease payments associated with the following types leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

## 2.3. Depreciation and amortisation

| Depreciation and amortisation              | 2021         | 2020         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b>Depreciation</b>                        |              |              |
| Leasehold improvements & restoration       | -            | 268          |
| Computer Hardware                          | 71           | 113          |
| Office machines and equipment              | 2            | 3            |
| Motor Vehicles                             | 26           | 22           |
| <b>Total depreciation</b>                  | <b>99</b>    | <b>406</b>   |
| <b>Amortisation</b>                        |              |              |
| Computer software internally generated     | 2,306        | 2,701        |
| <b>Total amortisation</b>                  | <b>2,306</b> | <b>2,701</b> |
| <b>Total depreciation and amortisation</b> | <b>2,405</b> | <b>3,107</b> |

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

## 2.4. Grants and subsidies

| Grants and subsidies                     | 2021         | 2020         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| Centre for Road Safety                   | 2,090        | 2,256        |
| Other - the Authority's Research Program | 2,026        | 2,902        |
| <b>Total grants and subsidies</b>        | <b>4,116</b> | <b>5,158</b> |

A grant is not recognised until there is reasonable assurance that the receiving entity will comply with the conditions attaching to it, and that the grant will be paid.

## 2.5. Finance costs

Finance costs consist of other costs incurred in connection with the Compensation Court Judges Pension and the Insurers' Guarantee Fund (IGF). These are recognised as expenses in the period in which they are incurred.

| Finance costs  | 2021       | 2020         |
|--|------------|--------------|
|  | \$'000     | \$'000       |
| Unwinding of discount rate – Compensation Court Judges pension | 100        | 102          |
| Unwinding of discount rate – IGF                               | 201        | 933          |
| <b>Total finance costs</b>                                     | <b>301</b> | <b>1,035</b> |

The finance costs relate to the increase in the carrying amount of the outstanding IGF claims provisions and Compensation Court Judges pension provision that reflects the passage of time associated with the use of a discount rate in determining the value of the provisions.

## 2.6. Other expenses

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

Claims expenses are recognised as expenses when incurred. Included in expense claims are actuarially determined revisions to the IGF outstanding claims provision and the Nominal Defendant Fund (NDF) provision.

| Other expenses                                | Notes | 2021           | 2020           |
|---|-------|----------------|----------------|
|   |       | \$'000         | \$'000         |
| Net claims incurred (excluding Finance costs) | 2.6.1 | (440)          | (7,407)        |
| WCC to 28 February 2021                       | 2.6.2 | 16,563         | 25,285         |
| Commission from 1 March 2021                  | 2.6.2 | 27,160         | -              |
| WIRO & ILARS to 28 February 2021              | 2.6.3 | 50,227         | 74,017         |
| IRO from 1 March 2021                         | 2.6.3 | 35,826         | -              |
| SafeWork NSW                                  | 2.6.4 | 128,892        | 127,995        |
| NSW Ambulance                                 |       | 51,632         | 36,885         |
| NSW Ministry of Health                        |       | 115,818        | 112,136        |
| Transport NSW                                 |       | 4,661          | 4,666          |
| <b>Total other expenses</b>                   |       | <b>430,339</b> | <b>373,577</b> |



**2.6.1. Net claims incurred**

| <b>Net claims incurred</b>                    | <b>2021</b>   | <b>2020</b>    |
|---|---------------|----------------|
|   | <b>\$'000</b> | <b>\$'000</b>  |
| Finance costs - Claims                        | 201           | 933            |
| Net claims incurred (excluding Finance costs) | (440)         | (7,407)        |
| <b>Total net claims incurred</b>              | <b>(239)</b>  | <b>(6,474)</b> |

Details of the net claims incurred by the Authority are as follows:

| <b>Net claims incurred</b>   | <b>2021</b>   | <b>2020</b>    |
|------------------------------|---------------|----------------|
|                              | <b>\$'000</b> | <b>\$'000</b>  |
| Claims paid                  | 5,124         | 2,463          |
| Finance costs                | 201           | 933            |
| Movement in claims liability | (5,564)       | (9,870)        |
| <b>Net claims incurred</b>   | <b>(239)</b>  | <b>(6,474)</b> |

**2.6.2. Workers Compensation Commission and Personal Injury Commission**

The WCC was operational from 1 January 2002 to 28 February 2021 pursuant to the *Workplace Injury Management and Workers Compensation Act 1998* (WIMWC Act) as an independent statutory tribunal that resolved workers compensation disputes between workers, employers and insurers across NSW.

The Commission was established on 1 March 2021 pursuant to the *Personal Injury Commission Act 2020* (PIC Act), as an independent statutory tribunal within the NSW justice system providing independent dispute resolution services between people injured in motor accidents and workplaces in NSW, insurers and employers. The WCC and the Authority's Dispute Resolution Services (DRS) were abolished from that date.

Under Section 35 (2) (e1) of the WIMWC Act, the Authority is responsible for funding the costs associated with the establishment and operation of the Workers Compensation Division of the Commission.

Under section 10.12 (3) (b) of the MAI Act, the Authority is responsible for funding the costs associated with the establishment and operation of the Motor Accidents Division of the Commission.

Neither the WCC nor the Commission are subject to the direction and control by the Authority.

Details of income and expenses incurred by the WCC and the Commission are:

| <b>WCC &amp; Commission expenses</b>             | <b>Up to 28 February 2021 (WCC)</b> | <b>From 1 March 2021 (Commission)</b> | <b>2020</b>   |
|--|-------------------------------------|---------------------------------------|---------------|
|  | <b>\$'000</b>                       | <b>\$'000</b>                         | <b>\$'000</b> |
| <b>Personnel services</b>                        |                                     |                                       |               |
| Salaries and allowances (including annual leave) | 6,435                               | 10,019                                | 9,147         |
| Other  | 359                                 | 417                                   | 1,543         |
| <b>Total personnel services</b>                  | <b>6,794</b>                        | <b>10,436</b>                         | <b>10,690</b> |
| <b>Other operating expenses</b>                  |                                     |                                       |               |
| Accommodation expenses                           | 1,141                               | 864                                   | 1,767         |
| Payments to sessional members                    | -                                   | 1,850                                 | -             |
| Payments to medical assessors                    | -                                   | 5,297                                 | -             |
| Payments for review of medical assessments       | -                                   | 1,177                                 | -             |
| Payments for merit reviews                       | -                                   | 19                                    | -             |
| Payments to arbitrators                          | 2,486                               | -                                     | 2,586         |
| Payments to approved medical specialists (AMS)   | 2,589                               | -                                     | 3,305         |
| Payments for medical appeals panels              | 738                                 | -                                     | 1,035         |
| Payments for mediators                           | 1,076                               | 748                                   | 1,730         |
| Depreciation and amortisation                    | -                                   | -                                     | 345           |
| Other miscellaneous expenses                     | 704                                 | 6,768                                 | 3,827         |
| <b>Total other operating expenses</b>            | <b>8,734</b>                        | <b>16,723</b>                         | <b>14,595</b> |
| <b>Total expenditure</b>                         | <b>15,528</b>                       | <b>27,160</b>                         | <b>25,285</b> |
| <b>Income</b>                                    |                                     |                                       |               |
| Contributions (MAOF)                             | -                                   | 15,341                                | -             |
| Contributions (WCOF)                             | 16,563                              | 11,819                                | 25,285        |
| <b>Total income</b>                              | <b>16,563</b>                       | <b>27,160</b>                         | <b>25,285</b> |
| Gains / (losses) on disposal                     | (1,409)                             | -                                     | -             |
| Other gains / (losses)                           | 374                                 | -                                     | -             |
| <b>Net Result</b>                                | <b>-</b>                            | <b>-</b>                              | <b>-</b>      |

### 2.6.3. Workers Compensation Independent Review Officer and Independent Review Officer

The WIRO was established on 1 September 2012 pursuant to the WIMWC Act as part of the reform into the NSW workers compensation system to resolve complaints made by workers about insurers prior to 1 March 2021 and abolished from that date.

The IRO was established on 1 March 2021 pursuant to the PIC Act, as an independent statutory office to:

- find solutions for persons injured at work or in motor vehicle accidents with complaints about their insurers.
- manage and administer the ILARS; and
- conduct inquiries into matters arising in connection with the operation of the PIC Act and the workers' compensation and motor vehicle accident legislation.

Under section 35 (2) (c) of the WIMWC Act, the Authority is responsible for funding the remuneration of the IRO and costs incurred in connection with the exercise of the functions of the IRO arising under the Workers Compensation Acts.

Under section 10.12 (3) (b1) of the MAI Act, the Authority is responsible for funding the remuneration of the IRO, staff of the IRO and costs incurred in connection with the exercise of the functions of the IRO arising under the MAI Act.

Neither the WIRO nor the IRO are subject to the direction and control by the Authority.

Details of income and expenses incurred by WIRO and IRO are:

| <b>WIRO &amp; IRO expenses</b>                   | <b>Up to 28 February 2021 (WIRO)</b> | <b>From 1 March 2021 (IRO)</b> | <b>2020</b>   |
|--|--------------------------------------|--------------------------------|---------------|
|  | <b>\$'000</b>                        | <b>\$'000</b>                  | <b>\$'000</b> |
| <b>Personnel services</b>                        |                                      |                                |               |
| Salaries and allowances (including annual leave) | 5,461                                | 3,245                          | 6,459         |
| Other  | 267                                  | 38                             | 2,035         |
| <b>Total personnel service costs</b>             | <b>5,728</b>                         | <b>3,283</b>                   | <b>8,494</b>  |
| <b>Other operating expenses</b>                  |                                      |                                |               |
| Accommodation expenses                           | 23                                   | 344                            | 407           |
| Consultants                                      | 720                                  | 269                            | 103           |
| ILARS  | 43,287                               | 30,326                         | 63,050        |
| Other miscellaneous expenses                     | 469                                  | 1,930                          | 1,963         |
| <b>Total other operating expenses</b>            | <b>44,499</b>                        | <b>32,869</b>                  | <b>65,523</b> |
| <b>Total expenditure</b>                         | <b>50,227</b>                        | <b>36,152</b>                  | <b>74,017</b> |
| <b>Income</b>                                    |                                      |                                |               |
| Levies, retained taxes, fees and fines           | -                                    | 327                            | -             |
| Contributions (MAOF)                             | -                                    | 271                            | -             |
| Contributions (WCOF)                             | 50,227                               | 35,554                         | 74,017        |
| <b>Total income</b>                              | <b>50,227</b>                        | <b>36,152</b>                  | <b>74,017</b> |
| <b>Net Result</b>                                | <b>-</b>                             | <b>-</b>                       | <b>-</b>      |

## 2.6.4. SafeWork NSW

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

- To advise and make recommendations to the Minister and report on the operation and effectiveness of the WHS Act.
- To monitor and enforce compliance with the WHS Act.
- To provide advice and information on work health and safety to duty holders under the WHS Act and to the community.
- To collect, analyse and publish statistics relating to work health and safety.
- To foster a co-operative, consultative relationship between duty holders and the persons to whom they owe duties and their representatives in relation to work health and safety matters.
- To promote and support education and training on matters relating to work health and safety.
- To engage in, promote and co-ordinate the sharing of information to achieve the object of the WHS Act, including the sharing of information with a corresponding regulator.
- To conduct and defend proceedings before a court or tribunal, any other function conferred on the regulator by the WHS Act.

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

SafeWork NSW is not subject to the direction and control by the Authority.

Details of expenses incurred by SafeWork NSW are:

| <b>SafeWork NSW expenses</b>                     | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b>Personnel services</b>                        |               |               |
| Salaries and allowances (including annual leave) | 61,490        | 60,230        |
| Other  | 7,894         | 13,208        |
| <b>Total personnel service costs</b>             | <b>69,384</b> | <b>73,438</b> |
| <b>Other operating expenses</b>                  |               |               |
| Agency short term staff                          | 219           | 105           |
| Accommodation expenses                           | 2,192         | 2,217         |
| Consultants                                      | 103           | 76            |
| Fees – Shared Services                           | 32,245        | 34,760        |
| Fees – Other                                     | 9,354         | 8,328         |
| Advertising                                      | 841           | 735           |
| Grants and Subsidies                             | 5,366         | 4,771         |
| Other operating expenses                         | 24,935        | 27,247        |
| <b>Total Other Operating expenses</b>            | <b>75,255</b> | <b>78,239</b> |
| Depreciation and amortisation                    | 2,659         | 3,214         |
| <b>Total depreciation and amortisation</b>       | <b>2,659</b>  | <b>3,214</b>  |

| SafeWork NSW expenses                  | 2021           | 2020           |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
| <b>Total expenses</b>                  | <b>147,298</b> | <b>154,891</b> |
| <b>Income</b>                          |                |                |
| Levies, retained taxes, fees and fines | 17,489         | 17,839         |
| Sale of goods and services             | 4,875          | 5,545          |
| Contributions (WCOF)                   | 128,892        | 127,995        |
| Grants and contributions               | -              | 124            |
| Other revenue                          | (1,734)        | 3,256          |
| <b>Total income</b>                    | <b>149,522</b> | <b>154,759</b> |
| Gains / (losses) on disposal           | (1,368)        | (65)           |
| Other gains / (losses)                 | (856)          | 197            |
| <b>Net Result</b>                      | <b>-</b>       | <b>-</b>       |

### 3. Revenue

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* (AASB 15) or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15.

#### 3.1. Levies, retained taxes, fees and fines

| Levies, retained taxes, fees and fines                    | 2021           | 2020           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| <b>Levies and retained taxes</b>                          |                |                |
| Workers Compensation Operational Fund (WCOF) Contribution | 245,978        | 232,915        |
| Self and specialised insurers                             | 50,227         | 45,218         |
| Motor Accidents Operational Fund (MAOF) Levy              | 258,372        | 231,062        |
| Home Building Operational Fund (HBOF) Contribution        | 4,400          | 4,638          |
| <b>Total levies and retained taxes</b>                    | <b>558,977</b> | <b>513,833</b> |
| <b>Fees</b>   |                |                |
| Accreditation   | -              | 4              |
| Other   | 2              | 3              |
| <b>Total fees</b>   | <b>2</b>       | <b>7</b>       |
| <b>Fines</b>  |                |                |
| Workers compensation section 156 recoveries               | 644            | 694            |
| Infringement notices                                      | 54             | 569            |
| <b>Total fines</b>  | <b>698</b>     | <b>1,263</b>   |
| <b>Total levies, retained taxes, fees and fines</b>       | <b>559,677</b> | <b>515,103</b> |

##### 3.1.1. Workers Compensation Operation Fund Contribution

Under section 35 (1)(a1) of the WIMWC Act, contributions are made from the Workers Compensation Insurance Fund (WCIF) to the WCOF 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.

### 3.1.2. Self and specialised insurers

Under section 35 (1)(a) of the WIMWC Act, contributions are made to the WCOF under Part 6 of the WIMWC Act. Retained taxes are principally made by licenced self and specialised insurers on the basis of a levy on specialised insurer premium income and self-insurers deemed premiums relating to each policy renewal year.

### 3.1.3. Motor Accidents Operational Fund Levy (Fund Levy)

Funds are generated from levies on Compulsory Third Party (CTP) insurance premiums collected by licensed insurers in accordance with notices issued under section 214A (5) of the *Motor Accidents Compensation Act 1999* (MAC Act) and section 10.17 of the *Motor Accidents Injuries Act 2017* (MAI Act). CTP levy revenue is recognised when it falls due and is receivable by the Authority.

### 3.1.4. Home Building Operational Fund Contribution

Payments from the HBOF 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 the Authority.

### 3.1.5. Workers Compensation section 156 recoveries

Double Avoided Premiums fines are issued by the Authority under section 156 of the WC Act. The Authority recognises the section 156 Recoveries upon issuing of a notice.

## 3.2. Investment revenue

| Investment revenue  | 2021          | 2020         |
|---|---------------|--------------|
|   | \$'000        | \$'000       |
| Interest income   | 324           | 1,408        |
| Net gain/(loss) from TCorp IGF Investment Trust measured at fair value through profit or loss | 20,810        | 4,676        |
| <b>Total investment revenue</b>   | <b>21,134</b> | <b>6,084</b> |

### 3.2.1. Interest income

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

### 3.2.2. TCorp IGF Investment Trust

Net gains/(losses) on financial assets measured at fair value through profit or loss are required to be disclosed, showing separately those designated at fair value through profit or loss, and those mandatorily measured at fair value through profit or loss.

TCorp IGF Investment Trust is managed and its performance was evaluated on a fair value basis. Under AASB 9 *Financial Instruments* (AASB 9), such a business model requires it to be measured at fair value through profit or loss.

## 3.3. Other income

| Other income                      | 2021   | 2020   |
|-----------------------------------|--------|--------|
|                                   | \$'000 | \$'000 |
| <b>Nominal Defendant Fund</b>     |        |        |
| • Corpus liquidation distribution | -      | 15,508 |

| Other income              | 2021         | 2020          |
|---------------------------|--------------|---------------|
|                           | \$'000       | \$'000        |
| • NDF Contributions       | (7,417)      | (15,508)      |
| Insurers' Guarantee Fund  | (19,209)     | (10,023)      |
| CTP Discount              | 23,221       | 16,300        |
| Other income              | 8,432        | 6,286         |
| <b>Total other income</b> | <b>5,027</b> | <b>12,563</b> |

### 3.3.1. Nominal Defendant Fund

Under a 2013 Crown Solicitor opinion the NDF retains all recoveries from reinsurers, of the former HIH Insurance Group that relate to NSW Third Party Insurance claims.

Amounts distributed by the liquidators of HIH Insurance Group as part of the liquidation are the property of NSW Treasury ('The Crown in right of the State of New South Wales'). If the NDF has insufficient funds to meet claims liabilities, then NSW Treasury will provide funds through the Policyholders Protection Fund. Refer to Note 19 for details of balances.

### 3.3.2. Insurers' Guarantee Fund

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

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.

## 4. Gains / (Losses) on Disposal

| Gains / (losses) on disposal   | 2021           | 2020         |
|--|----------------|--------------|
|  | \$'000         | \$'000       |
| Net gain/(loss) on disposal of property, plant and equipment and intangibles | (3,124)        | (673)        |
| <b>Total gains / (losses) on disposal</b>                                    | <b>(3,124)</b> | <b>(673)</b> |

## 5. Other Gains / (Losses)

| Other gains / (losses)                    | 2021         | 2020       |
|---|--------------|------------|
|   | \$'000       | \$'000     |
| Impairment losses on non-financial assets | (176)        | (502)      |
| Write off of make good provision          | -            | 496        |
| <b>Total other gains/(losses)</b>         | <b>(176)</b> | <b>(6)</b> |

Impairment losses may arise on non-financial assets held by the Authority from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in the following notes:

- Trade receivables – Note 7
- Property, plant and equipment – Note 9
- Intangible assets – Note 10

## 6. Current assets – cash and cash equivalents

| Cash and cash equivalents              | 2021           | 2020           |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
| Cash at bank and on hand               | 212,304        | 182,616        |
| <b>Total cash and cash equivalents</b> | <b>212,304</b> | <b>182,616</b> |

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

| Reconciliation  | 2021    | 2020    |
|---|---------|---------|
|   | \$'000  | \$'000  |
| Cash and cash equivalent assets (per Statement of financial position) | 212,304 | 182,616 |
| Closing cash and cash equivalents (per Statement of cash flows)       | 212,304 | 182,616 |

Refer to Note 20 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

## 7. Current/Non-Current Assets - Receivables

| Receivables  | 2021          | 2020          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| Receivables  | 2,745         | 7,837         |
| Less allowance for expected credit loss*                   | (461)         | (929)         |
| Prepayments  | 1,537         | 3,073         |
| CTP premium levy receivable                                | 25,779        | 24,399        |
| <b>Total Receivables</b>                                   | <b>29,600</b> | <b>34,380</b> |
|  |               |               |
| *Movement in the allowance for expected credit losses      | 2021          | 2020          |
|  | \$'000        | \$'000        |
| Balance at the beginning of the year                       | (929)         | (2,291)       |
| Amounts written off during the year                        | 644           | 1,864         |
| (Increase)/decrease in allowance recognised in net results | (176)         | (502)         |
| <b>Balance at the end of the year</b>                      | <b>(461)</b>  | <b>(929)</b>  |

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 20.

### 7.1. Recognition and measurement

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

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



## 7.2. Subsequent measurement

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

## 7.3. Impairment

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

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

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

| Financial assets at fair value              | 2021           | 2020           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| TCorp IGF Investment Trust                  | 223,287        | 208,476        |
| <b>Total financial assets at fair value</b> | <b>223,287</b> | <b>208,476</b> |

Refer to Note 20 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

### 8.1. Recognition and measurement

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

### 8.2. Classification and measurement

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

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

The TCorp IGF Investment Trust is managed and its performance is evaluated on a fair value basis and therefore the business model is neither to hold nor to collect contractual cash flows or sell the financial asset. Hence these investments are mandatorily required to be measured at fair value through profit or loss. A gain or loss on the TCorp IGF Investment Trust is presented in 'investment revenue' in the period in which it arises.

## 9. Property, Plant and Equipment

| Current reporting period                  | Office equipment | Computer Hardware | Motor Vehicles | Total          |
|---|------------------|-------------------|----------------|----------------|
|   | \$'000           | \$'000            | \$'000         | \$'000         |
| <b>At 1 July 2020 – fair value</b>        |                  |                   |                |                |
| Gross carrying amount                     | 127              | 2,093             | 67             | <b>2,287</b>   |
| Accumulated depreciation and impairment   | (125)            | (2,005)           | (22)           | <b>(2,152)</b> |
| <b>Net carrying amount</b>                | <b>2</b>         | <b>88</b>         | <b>45</b>      | <b>135</b>     |
| <b>At 30 June 2021 – fair value</b>       |                  |                   |                |                |
| Gross carrying amount                     | 19               | 836               | 68             | <b>923</b>     |
| Accumulated depreciation and impairment   | (19)             | (830)             | (48)           | <b>(897)</b>   |
| <b>Net carrying amount at end of year</b> | <b>-</b>         | <b>6</b>          | <b>20</b>      | <b>26</b>      |

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

| Reconciliation:                           | Office equipment | Computer Hardware | Motor Vehicles | Total       |
|---|------------------|-------------------|----------------|-------------|
|   | \$'000           | \$'000            | \$'000         | \$'000      |
| <b>Year ended 30 June 2021</b>            |                  |                   |                |             |
| Net carrying amount at beginning of year  | 2                | 88                | 45             | <b>135</b>  |
| Disposal                                  | (1)              | (9)               | -              | <b>(10)</b> |
| Depreciation expense                      | (1)              | (73)              | (25)           | <b>(99)</b> |
| <b>Net carrying amount at end of year</b> | <b>-</b>         | <b>6</b>          | <b>20</b>      | <b>26</b>   |

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 20.

| Previous reporting period               | Leasehold improvements | Office equipment | Furniture and fittings | Computer Hardware | Motor Vehicles | Total           |
|---|------------------------|------------------|------------------------|-------------------|----------------|-----------------|
|   | \$'000                 | \$'000           | \$'000                 | \$'000            |                | \$'000          |
| <b>At 1 July 2019 – fair value</b>      |                        |                  |                        |                   |                |                 |
| Gross carrying amount                   | 21,760                 | 158              | 171                    | 2,160             | -              | <b>24,249</b>   |
| Accumulated depreciation and impairment | (18,526)               | (152)            | (171)                  | (1,984)           | -              | <b>(20,833)</b> |

| Previous reporting period                 | Leasehold improvements | Office equipment | Furniture and fittings | Computer Hardware | Motor Vehicles | Total           |
|---|------------------------|------------------|------------------------|-------------------|----------------|-----------------|
|   | \$'000                 | \$'000           | \$'000                 | \$'000            |                | \$'000          |
| <b>Net carrying amount</b>                | <b>3,234</b>           | <b>6</b>         | <b>-</b>               | <b>176</b>        | <b>-</b>       | <b>3,416</b>    |
| <b>At 30 June 2020 – fair value</b>       |                        |                  |                        |                   |                |                 |
| Gross carrying amount                     | 18,795                 | 127              | 171                    | 2,093             | 67             | <b>21,253</b>   |
| Accumulated depreciation and impairment   | (18,795)               | (125)            | (171)                  | (2,005)           | (22)           | <b>(21,118)</b> |
| <b>Net carrying amount at end of year</b> | <b>-</b>               | <b>2</b>         | <b>-</b>               | <b>88</b>         | <b>45</b>      | <b>135</b>      |

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

| Reconciliation:                           | Leasehold improvements | Office equipment | Furniture and fittings | Computer Hardware | Motor Vehicles | Total          |
|---|------------------------|------------------|------------------------|-------------------|----------------|----------------|
|   | \$'000                 | \$'000           | \$'000                 | \$'000            | \$'000         | \$'000         |
| <b>Year ended 30 June 2020</b>            |                        |                  |                        |                   |                |                |
| Net carrying amount at beginning of year  | 3,234                  | 6                | -                      | 176               | -              | <b>3,416</b>   |
| Additions                                 | -                      | -                | -                      | 24                | 67             | <b>91</b>      |
| Disposals                                 | (684)                  | -                | -                      | -                 | -              | <b>(684)</b>   |
| Other movements                           | (2,282)                | -                | -                      | -                 | -              | <b>(2,282)</b> |
| Depreciation expense                      | (268)                  | (4)              | -                      | (112)             | (22)           | <b>(406)</b>   |
| <b>Net carrying amount at end of year</b> | <b>-</b>               | <b>2</b>         | <b>-</b>               | <b>88</b>         | <b>45</b>      | <b>135</b>     |

### 9.1. Acquisition of property, plant and equipment

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

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

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

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

## 9.2. 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.

## 9.3. Depreciation of property, plant and equipment

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

All material identifiable components of assets are depreciated separately over their useful lives and the rates applied are:

| Depreciation rates            | 2021      | 2020      |
|-------------------------------|-----------|-----------|
| Furniture and fittings        | 10%       | 10%       |
| Office machines and equipment | 20%       | 20%       |
| Computer hardware             | 20% – 33% | 20% – 33% |

## 9.4. 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 21-09). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* (AASB 13), AASB 116 *Property, Plant and Equipment* (AASB 116) and AASB 140 *Investment Property* (AASB 140).

Property, plant and equipment is measured at 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 to Note 20 for further information regarding fair value.

All of the Authority's assets are non-specialised assets with short useful lives which are measured at depreciated historical cost, which for these assets approximates fair value. The Authority has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

## 9.5. Impairment of property, plant and equipment

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

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

As a not-for-profit Authority, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

## 10. Intangible assets

| Current reporting period                | Internally generated computer software | Total        |
|---|--|--------------|
|   | \$'000                                 | \$'000       |
| <b>At 1 July 2020 – fair value</b>      |  |              |
| Gross carrying amount                   | 26,122                                 | 26,122       |
| Software Work In Progress               | 2,098                                  | 2,098        |
| Accumulated depreciation and impairment | (20,702)                               | (20,702)     |
| <b>Net carrying amount</b>              | <b>7,518</b>                           | <b>7,518</b> |
| <b>At 30 June 2021 – fair value</b>     |  |              |
| Gross carrying amount                   | 11,420                                 | 11,420       |
| Software Work In Progress               | -                                      | -            |
| Accumulated depreciation and impairment | (11,420)                               | (11,420)     |
| <b>Net carrying amount</b>              | <b>-</b>                               | <b>-</b>     |

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

| Reconciliation:                          | Internally generated computer software | Total   |
|--|--|---------|
|  | \$'000                                 | \$'000  |
| Net carrying amount at beginning of year | 7,518                                  | 7,518   |
| Amortisation                             | (2,306)                                | (2,306) |
| Software WIP Disposal                    | (2,098)                                | (2,098) |
| Software Capitalised Disposal            | (3,114)                                | (3,114) |

| Reconciliation:                           | Internally generated computer software | Total  |
|---|--|--------|
|   | \$'000                                 | \$'000 |
| <b>Net carrying amount at end of year</b> | -                                      | -      |

Further details regarding impairment losses are disclosed in Note 20.

| Previous reporting period               | Internally generated computer software | Computer software purchased | Total           |
|---|--|-----------------------------|-----------------|
|   | \$'000                                 | \$'000                      | \$'000          |
| <b>At 1 July 2019 – fair value</b>      |  |                             |                 |
| Gross carrying amount                   | 26,356                                 | 1,250                       | 27,606          |
| Accumulated depreciation and impairment | (17,562)                               | (1,250)                     | (18,812)        |
| <b>Net carrying amount</b>              | <b>8,794</b>                           | -                           | <b>8,794</b>    |
| <b>At 30 June 2020 – fair value</b>     |  |                             |                 |
| Gross carrying amount                   | 26,122                                 | -                           | <b>26,122</b>   |
| Software Work In Progress               | 2,098                                  | -                           | <b>2,098</b>    |
| Accumulated depreciation and impairment | (20,702)                               |                             | <b>(20,702)</b> |
| <b>Net carrying amount</b>              | <b>7,518</b>                           | -                           | <b>7,518</b>    |

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

| Previous reporting period reconciliation: | Internally generated computer software | Computer software purchased | Total        |
|---|--|-----------------------------|--------------|
|   | \$'000                                 | \$'000                      | \$'000       |
| Net carrying amount at beginning of year  | 8,794                                  | -                           | 8,794        |
| Additions                                 | 2,098                                  | -                           | 2,098        |
| Amortisation                              | (2,701)                                | -                           | (2,701)      |
| Disposals                                 | (673)                                  | -                           | (673)        |
| <b>Net carrying amount at end of year</b> | <b>7,518</b>                           | -                           | <b>7,518</b> |

The majority of the disposals relate to the write off of the Authority's Dispute Resolution Services intangible assets which transferred to the Commission effective 1 March 2021.

### 10.1. Recognition and Measurement

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

Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. The Authority's intangible assets are amortised using the straight-line method over its useful life. The rates applied are:

| Depreciation rates | 2021 | 2020 |
|--------------------|------|------|
| Computer software  | 25%  | 25%  |

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

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

## 10.2. Capitalisation thresholds

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

## 11. Fair value measurement of non-financial assets

### 11.1. Fair value hierarchy

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

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of 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.

### 11.2. Valuation techniques, inputs and processes

NSW Treasury Paper 21-09 '*Valuation of Physical Non-Current Assets at Fair Value*' allows non-financial assets with short useful lives to be recognised at depreciated historical costs as a surrogate of fair value. The Authority holds non-specialised assets with short useful lives. The Authority has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

## 12. Current/non-current liabilities – payables

| Payables                          | 2021           | 2020           |
|-----------------------------------|----------------|----------------|
|                                   | \$'000         | \$'000         |
| <b>Current payables</b>           |                |                |
| Accrued personnel services        | 813            | 9,702          |
| Creditors                         | 60,485         | 61,364         |
| Accrued bulk billing fees         | 23,140         | 3,503          |
| <b>Total current payables</b>     | <b>84,438</b>  | <b>74,569</b>  |
| <b>Non-current payables</b>       |                |                |
| Creditors                         | 144,253        | 110,579        |
| NDF payable                       | 15,958         | 8,378          |
| <b>Total non-current payables</b> | <b>160,211</b> | <b>118,957</b> |
| <b>Total payables</b>             | <b>244,649</b> | <b>193,526</b> |

The Authority receives personnel services from the Department of Customer Service (DCS). DCS is not a Special Purpose Service Entity and does not control the Authority under this arrangement.

In accordance with NSW Treasury Circular 15/07 “Financial and Annual Reporting Requirements Arising from Personnel Service Arrangements”, a liability representing the total amount payable to DCS is recognised in the Statement of Financial Position.

As the Authority is not an employee, the disclosure requirements of AASB 119 *Employee Benefits* in respect of employee benefits do not apply.

Details regarding liquidity risk including a maturity analysis of the above payables are disclosed in Note 20.

### 12.1. Recognition and measurement

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

## 13. Current/non-current liabilities – provisions

| Provisions                        | 2021         | 2020          |
|-----------------------------------|--------------|---------------|
|                                   | \$'000       | \$'000        |
| <b>Current provisions</b>         |              |               |
| NDF                               | -            | 2,194         |
| IGF - HIH Insurance Co. Ltd       | 1,611        | 1,215         |
| IGF - Other non - HIH             | 4,268        | 4,386         |
| Payroll Tax Provision             | -            | 2,583         |
| CTP Discount                      | -            | 22,414        |
| Compensation Court Judges pension | 1,800        | 1,800         |
| <b>Total current provisions</b>   | <b>7,679</b> | <b>34,592</b> |



| Provisions                          | 2021          | 2020           |
|-------------------------------------|---------------|----------------|
|                                     | \$'000        | \$'000         |
|                                     |               |                |
| <b>Non-current provisions</b>       |               |                |
| IGF - HIH Insurance Co. Ltd         | 27,690        | 27,695         |
| IGF - Other non - HIH               | 56,235        | 61,619         |
| Compensation Court Judges pension   | 8,000         | 9,000          |
| <b>Total non-current provisions</b> | <b>91,925</b> | <b>98,314</b>  |
| <b>Total Provisions</b>             | <b>99,604</b> | <b>132,906</b> |

### 13.1. Recognition and measurement

Provisions are recognised when:

- the entity 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 amount of the obligation.

When the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at 0.75% as at 30 June 2021 (2020: 0.55%), which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

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

| Provision movements                     | Judges pension | IGF           | NDF      | CTP Discount | Payroll Tax | Total         |
|---|----------------|---------------|----------|--------------|-------------|---------------|
|   | \$'000         | \$'000        | \$'000   | \$'000       | \$'000      | \$'000        |
| Carrying amount at 1 July 2020          | 10,800         | 94,915        | 2,194    | 22,414       | 2,583       | 132,906       |
| Changes in actuarial assumptions        | 850            | 2,670         | -        | -            | -           | 3,520         |
| Amounts used                            | (1,950)        | (5,125)       | (2,194)  | (22,414)     | (2,583)     | (34,266)      |
| Unwinding / change of discount rate     | 100            | (2,656)       | -        | -            | -           | (2,556)       |
| <b>Carrying amount at end of period</b> | <b>9,800</b>   | <b>89,804</b> | <b>-</b> | <b>-</b>     | <b>-</b>    | <b>99,604</b> |

### 13.2. Compensation Court Judges pensions

The *Compensation Court Repeal Act 2002* abolished the Compensation Court from 1 January 2004 and transferred the Court's jurisdiction to the WCC. 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 abolition of WorkCover these liabilities have been transferred to the Authority which has continuing obligations under the WIMWC Act.

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

| Economic assumptions | 2021  | 2020  |
|----------------------|-------|-------|
| Discount rate        | 0.75% | 0.55% |
| Future salary growth | 2.50% | 2.50% |

### 13.3. CTP Refund Pool

The unclaimed Green Slip refunds as at 30 September 2020 was \$38m. All unclaimed monies were returned to policy holders via a reduction in the MAOF Levy over a 12-month period from 15 January 2020 to 14 January 2021.

### 13.4. Insurer Guarantee Fund (IGF)

Insurers' Guarantee Fund The weighted average expected term to settlement for the reporting date of the outstanding claims for each scheme is:

| Average settlement term  | 2021       | 2020       |
|--------------------------|------------|------------|
| Insurer's Guarantee Fund | 11.2 years | 11.8 years |

The average inflation and discount rates used in measuring the liability for outstanding claims expected to be paid is:

| Average inflation and discount rate <1 year | 2021          | 2020          |
|---|---------------|---------------|
| <b>Inflation rate</b>                       |               |               |
| • Paid not later than one year              | 0.92%         | 0.60%         |
| • Paid later than one year                  | 1.49% - 2.90% | 0.59% - 2.9%  |
| <b>Discount rate</b>                        |               |               |
| • Paid not later than one year              | (0.02)%       | 0.22%         |
| • Paid later than one year                  | 0.19% - 4.00% | 0.56% - 4.00% |

The provision for outstanding claims is actuarially determined. It is measured as the best estimate of future expected payments required to settle the present obligation at the reporting date. The expected future payments are estimated on the ultimate cost of settling claims, which is affected by factors arising during the period of settlement such as normal inflation and "super imposed inflation". Super imposed inflation refers to factors such as trends in court awards, for example, and increases in the level and period of compensation of injury.

The liability for claims includes:

- Claims incurred but not yet paid
- Claims incurred but not reported (IBNR).

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

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

### 13.5. Sensitivity Analysis

To provide some indication of the uncertainty inherent in estimates of the outstanding claims liabilities for the IGF, an illustrative sensitivity analysis has been prepared which quantifies estimates of these liabilities under some plausible alternative scenarios.

Results of that illustrative sensitivity analysis are shown in the table below on a net, inflated and discounted basis.

| Scenario                              | Net, Inflated, Discounted Liability |         |         |
|---------------------------------------|-------------------------------------|---------|---------|
|                                       | Amount                              | Change  | Change  |
|                                       | \$'000                              | \$'000  | %       |
| Base Scenario                         | 89,804                              |         |         |
| Economic and Other Assumptions        |                                     |         |         |
| Inflation +1% (a)                     | 100,270                             | 10,466  | 11.7%   |
| Inflation -1% (a)                     | 80,982                              | (8,822) | (9.8%)  |
| Discount +1% (a)                      | 80,842                              | (8,962) | (10.0%) |
| Discount -1% (a)                      | 100,647                             | 10,843  | 12.1%   |
| CHE +10% (b)                          | 94,846                              | 5,042   | 5.6%    |
| CHE -10% (b)                          | 84,762                              | (5,042) | (5.6%)  |
| GST recoveries allowance: equal to 0% | 89,917                              | 113     | 0.1%    |
| Dust Disease Claims                   |                                     |         |         |
| Non-HIH Malignant seed reports +1     | 93,772                              | 3,968   | 4.4%    |
| Non-HIH Malignant ACS +10%            | 93,664                              | 3,860   | 4.3%    |
| Non-HIH Non-Malignant seed reports +1 | 91,193                              | 1,389   | 1.5%    |
| Non-HIH Non-Malignant ACS +10%        | 90,414                              | 610     | 0.7%    |
| HIH Malignant seed reports +1         | 93,720                              | 3,916   | 4.4%    |
| HIH Malignant ACS +10%                | 91,521                              | 1,717   | 1.9%    |
| HIH Non-Malignant seed reports +1     | 91,540                              | 1,736   | 1.9%    |
| HIH Non-Malignant ACS +10%            | 90,358                              | 554     | 0.6%    |
| Superimposed inflation +1%            | 99,365                              | 9,561   | 10.6%   |
| Superimposed inflation -1%            | 81,811                              | (7,993) | (8.9%)  |
| Non-Dust Disease Claims               |                                     |         |         |
| Non-HIH Non-Dust PO Ratio +5%         | 89,398                              | (406)   | (0.5%)  |

| Scenario  | Net, Inflated, Discounted Liability |         |        |
|---|-------------------------------------|---------|--------|
|   | Amount                              | Change  | Change |
|   | \$'000                              | \$'000  | %      |
| Non-HIH Non-Dust CED Ratio in first year +5%    | 89,929                              | 125     | 0.1%   |
| Non-HIH Non-Dust annuity payment +10%           | 90,608                              | 804     | 0.9%   |
| Non-HIH Non-Dust mortality impairment factor x2 | 87,653                              | (2,151) | (2.4%) |
| HIH Deafness New Claim Reporting Rate +1%       | 89,920                              | 116     | 0.1%   |
| HIH Deafness PPCF +\$2k                         | 90,030                              | 226     | 0.3%   |
| HIH Deafness PPCF +1% p.a. Inflation            | 90,036                              | 232     | 0.3%   |
| HIH Other PO Ratio -5%                          | 90,180                              | 376     | 0.4%   |
| HIH Other CED Ratio in first year +5%           | 90,431                              | 627     | 0.7%   |
| HIH Other annuity payment +10%                  | 90,095                              | 291     | 0.3%   |
| HIH Other no mortality impairment factor        | 91,058                              | 1,254   | 1.4%   |

(a) Adding/subtracting 1% to each future assumed inflation or discount rate.

(b) Adding/subtracting 10% of the liability estimate excluding expenses to the selected Non-HIH Claims Handling Expense assumption only. The net HIH Claims Handling Expense has been assumed to be nil due to the agreement in place with EML Insurance.

While the scenarios and sensitivity examples shown in this section are considered to be reasonable alternative scenarios, they do not represent upper or lower bounds of the estimate of future claims liability.

#### 14. Self-insurers and specialised insurers security deposits and bank guarantees

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

As the Authority performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Authority's own objectives, these funds are not recognised in the financial statements.

As at 30 June 2021, the Authority held deposits and bank guarantees to the value of \$1,546m (2020: \$1,430m). 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 WC 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 governments. 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 2021 was \$15.13m (2020: \$18.09m). A reconciliation of the movement in deposits and bank guarantees held by the Authority follows:

| Reconciliation                   | 2021         | 2020         |
|----------------------------------|--------------|--------------|
|                                  | \$m          | \$m          |
| Balance at beginning of period   | 1,430        | 1,302        |
| Deposits and guarantees lodged   | 790          | 757          |
| Deposits and guarantees returned | (674)        | (629)        |
| <b>Balance at end of period</b>  | <b>1,546</b> | <b>1,430</b> |

## 15. Equity

### 15.1. Accumulated funds

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

### 15.2. Equity transfers - Recognition and Measurement

The category 'Accumulated Funds' includes all current and prior period retained funds. The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 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 that asset.

## 16. Contingent Liabilities and Contingent Assets

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

The Authority does not have any known contingent liabilities or assets at 30 June 2021 (2020: Nil).

## 17. Budget review

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

### 17.1. Net result

The approved budget net result for 2020-2021 was \$5.8m. The net result achieved as at 30 June 2021 was \$14.3m largely due to the accounting recognition of the unclaimed Green Slip refunds, noting all unclaimed monies were returned to policy holders via a reduction in the MAOF Levy over a 12-month period from 15 January 2020 to 14 January 2021.

## 17.2. Net assets

The approved budget net assets of \$96m consisted of \$432m total assets and \$336m total liabilities. Total assets consisted of TCorp IGF Investment Trust, cash, assets and receivables. Total liabilities consisted of IGF liabilities, payables and provisions. Net assets as at 30 June 2021 of \$121m indicate the Authority has sufficient assets to meet its liabilities.

## 17.3. Cash Flows

The approved budget cash flows of \$186m was lower than actual cash flows of \$212m largely due to the accounting recognition of the unclaimed Green Slip refunds, noting all unclaimed monies were returned to policy holders via a reduction in the Motor Accident Fund levy over a 12-month period from 15 January 2020 to 14 January 2021.

## 18. Reconciliation of cash flows from operating activities to net result

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

| Reconciliation   | 2021          | 2020         |
|--|---------------|--------------|
|  | \$'000        | \$'000       |
| Net cash used on operating activities  | 22,075        | 36,244       |
| Depreciation and amortisation expense  | (2,405)       | (3,107)      |
| Allowance for Impairment   | (176)         | (502)        |
| Decrease / (increase) in provisions  | 33,305        | 9,894        |
| Increase / (decrease) in prepayments and other assets                                | (4,529)       | (8,551)      |
| Decrease / (increase) in payables  | (51,123)      | (35,503)     |
| Net gain / (loss) on sale of property, plant and equipment and investment properties | 17,124        | 4,499        |
| <b>Net result</b>  | <b>14,271</b> | <b>2,974</b> |

## 19. Restricted assets

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 purpose other 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:

### 19.1. Workers Compensation Operational Fund

The WCOF is constituted under section 34 of the WIMWC Act. 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 NSW workplace health and safety regulator, payments to the WCC and Commission responsible for the determination of workers compensation disputes and payments to WIRO and IRO to manage complaints made.

### 19.2. Insurers' Guarantee Fund

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

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

### 19.3. Home Building Operational Fund

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

### 19.4. Motor Accidents Operational Fund

The MAOF is constituted under Section 212 of the MAC Act and section 10.12 of the MAI Act. It is funded from levies on CTP premiums and it meets the Authority's, Commission, and IRO operating expenses in relation to its Motor Accidents regulatory functions as well as expenses incurred by Transport for NSW (previously known as Roads and Maritime Services) co-ordinating registration and insurance of motor vehicles; expenses incurred by the Ministry of Health and the Ambulance Service of NSW for hospital and ambulance services to persons with claims under the MAC Act and the MAI Act.

### 19.5. Nominal Defendant Fund

Under the MAC Act and the MAI Act, the Nominal Defendant meets CTP claims from policies issued by insolvent insurers. For the purposes of the MAC Act and the MAI 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.

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.

### 19.6. Terrorism Re-insurance Fund

Section 239AE of the WC Act 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 WC 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.

### 19.7. Home Building Insurer Guarantee Fund

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

## 19.8 Statement of comprehensive income

|  | WCOF           |                | IGF          |                | MAOF           |                | NDF      |          | HBOF         |              | TOTAL          |                |
|--|----------------|----------------|--------------|----------------|----------------|----------------|----------|----------|--------------|--------------|----------------|----------------|
|  | 2021           | 2020           | 2021         | 2020           | 2021           | 2020           | 2021     | 2020     | 2021         | 2020         | 2021           | 2020           |
|  | \$'000         | \$'000         | \$'000       | \$'000         | \$'000         | \$'000         | \$'000   | \$'000   | \$'000       | \$'000       | \$'000         | \$'000         |
| <b>Expenses including losses</b>       |                |                |              |                |                |                |          |          |              |              |                |                |
| Operating expenses                     |                |                |              |                |                |                |          |          |              |              |                |                |
| Personnel services                     | 20,848         | 19,225         | 195          | 306            | 25,401         | 28,586         | -        | -        | 2,035        | 1,422        | <b>48,479</b>  | <b>49,539</b>  |
| Other operating expenses               | 31,980         | 29,828         | 1,838        | 892            | 46,568         | 63,858         | -        | 6        | 2,241        | 3,097        | <b>82,627</b>  | <b>97,681</b>  |
| Depreciation and amortisation          | 315            | 1,033          | 7            | -              | 2,042          | 2,058          | -        | -        | 41           | 16           | <b>2,405</b>   | <b>3,107</b>   |
| Grants and subsidies                   | 708            | 1,845          | -            | -              | 3,408          | 3,313          | -        | -        | -            | -            | <b>4,116</b>   | <b>5,158</b>   |
| Finance costs                          | 100            | 100            | 201          | 933            | -              | 2              | -        | -        | -            | -            | <b>301</b>     | <b>1,035</b>   |
| Other expenses                         | 242,734        | 227,296        | (442)        | (7,407)        | 188,055        | 153,688        | -        | -        | (8)          | -            | <b>430,339</b> | <b>373,577</b> |
| <b>Total expenses excluding losses</b> | <b>296,685</b> | <b>279,327</b> | <b>1,799</b> | <b>(5,276)</b> | <b>265,474</b> | <b>251,505</b> | <b>-</b> | <b>6</b> | <b>4,309</b> | <b>4,535</b> | <b>568,267</b> | <b>530,097</b> |
| <b>Revenue</b>                         |                |                |              |                |                |                |          |          |              |              |                |                |
| Levies, retained taxes, fees & fines   | 296,905        | 279,403        | -            | -              | 258,372        | 231,062        | -        | -        | 4,400        | 4,638        | <b>559,677</b> | <b>515,103</b> |
| Investment revenue                     | 123            | 388            | 20,811       | 4,684          | 167            | 907            | 31       | 111      | 2            | (6)          | <b>21,134</b>  | <b>6,084</b>   |
| Other revenue                          | 222            | 727            | (18,996)     | (9,927)        | 23,832         | 21,868         | (31)     | (105)    | -            | -            | <b>5,027</b>   | <b>12,563</b>  |
| <b>Total revenue</b>                   | <b>297,250</b> | <b>280,518</b> | <b>1,815</b> | <b>(5,243)</b> | <b>282,371</b> | <b>253,837</b> | <b>-</b> | <b>6</b> | <b>4,402</b> | <b>4,632</b> | <b>585,838</b> | <b>533,750</b> |
| <b>Operating Result</b>                | <b>565</b>     | <b>1,191</b>   | <b>16</b>    | <b>33</b>      | <b>16,897</b>  | <b>2,332</b>   | <b>-</b> | <b>-</b> | <b>93</b>    | <b>97</b>    | <b>17,571</b>  | <b>3,653</b>   |
| Gain/(loss) on disposal                | (389)          | (269)          | (16)         | (33)           | (2,626)        | (269)          | -        | -        | (93)         | (102)        | <b>(3,124)</b> | <b>(673)</b>   |
| Other gains/(losses)                   | (176)          | (148)          | -            | -              | -              | 142            | -        | -        | -            | -            | <b>(176)</b>   | <b>(6)</b>     |
| <b>Net result</b>                      | <b>-</b>       | <b>774</b>     | <b>-</b>     | <b>-</b>       | <b>14,271</b>  | <b>2,205</b>   | <b>-</b> | <b>-</b> | <b>-</b>     | <b>(5)</b>   | <b>14,271</b>  | <b>2,974</b>   |



**19.9 Statement of financial position as at 30 June 2021**

|                                      | WCOF           |               | IGF            |                | MAOF           |                | NDF           |               | HBOF         |            | TOTAL          |                |
|--------------------------------------|----------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|--------------|------------|----------------|----------------|
|                                      | 2021           | 2020          | 2021           | 2020           | 2021           | 2020           | 2021          | 2020          | 2021         | 2020       | 2021           | 2020           |
|                                      | \$'000         | \$'000        | \$'000         | \$'000         | \$'000         | \$'000         | \$'000        | \$'000        | \$'000       | \$'000     | \$'000         | \$'000         |
| <b>Assets</b>                        |                |               |                |                |                |                |               |               |              |            |                |                |
| <b>Current assets</b>                |                |               |                |                |                |                |               |               |              |            |                |                |
| Cash and cash equivalents            | 110,201        | 92,019        | 1,194          | 1,755          | 83,216         | 67,498         | 15,122        | 21,054        | 2,571        | 290        | 212,304        | 182,616        |
| Receivables                          | 128            | (5,560)       | 485            | 403            | 28,144         | 36,742         | 835           | 2,560         | 8            | 235        | 29,600         | 34,380         |
| Financial assets at fair value       | -              | -             | 223,287        | 208,476        | -              | -              | -             | -             | -            | -          | 223,287        | 208,476        |
| <b>Total current assets</b>          | <b>110,329</b> | <b>86,459</b> | <b>224,966</b> | <b>210,634</b> | <b>111,360</b> | <b>104,240</b> | <b>15,957</b> | <b>23,614</b> | <b>2,579</b> | <b>525</b> | <b>465,191</b> | <b>425,472</b> |
| <b>Non-current assets</b>            |                |               |                |                |                |                |               |               |              |            |                |                |
| Property, plant and equipment        | 26             | 135           | -              | -              | -              | -              | -             | -             | -            | -          | 26             | 135            |
| Intangible assets                    | -              | 3,165         | -              | -              | -              | 4,309          | -             | -             | -            | 44         | -              | 7,518          |
| <b>Total non-current assets</b>      | <b>26</b>      | <b>3,300</b>  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>4,309</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>     | <b>44</b>  | <b>26</b>      | <b>7,653</b>   |
| <b>Total assets</b>                  | <b>110,355</b> | <b>89,759</b> | <b>224,966</b> | <b>210,634</b> | <b>111,360</b> | <b>108,549</b> | <b>15,957</b> | <b>23,614</b> | <b>2,579</b> | <b>569</b> | <b>465,217</b> | <b>433,125</b> |
| <b>Liabilities</b>                   |                |               |                |                |                |                |               |               |              |            |                |                |
| <b>Current liabilities</b>           |                |               |                |                |                |                |               |               |              |            |                |                |
| Payables                             | 62,522         | 46,814        | 885            | 652            | 18,647         | 13,379         | -1            | 13,349        | 2,385        | 375        | 84,438         | 74,569         |
| Provisions & Other CL                | 1,799          | 1,800         | 5,879          | 5,601          | 1              | 24,997         | -             | 2,194         | -            | -          | 7,679          | 34,592         |
| <b>Total current liabilities</b>     | <b>64,321</b>  | <b>48,614</b> | <b>6,764</b>   | <b>6,253</b>   | <b>18,648</b>  | <b>38,376</b>  | <b>-1</b>     | <b>15,543</b> | <b>2,385</b> | <b>375</b> | <b>92,117</b>  | <b>109,161</b> |
| <b>Non-current liabilities</b>       |                |               |                |                |                |                |               |               |              |            |                |                |
| Payables                             | 1,709          | (4,181)       | 134,277        | 115,067        | 8,267          | -              | 15,958        | 8,071         | -            | -          | 160,211        | 118,957        |
| Provisions & Other NCL               | 8,000          | 9,000         | 83,925         | 89,314         | -              | -              | -             | -             | -            | -          | 91,925         | 98,314         |
| <b>Total non-current liabilities</b> | <b>9,709</b>   | <b>4,819</b>  | <b>218,202</b> | <b>204,381</b> | <b>8,267</b>   | <b>-</b>       | <b>15,958</b> | <b>8,071</b>  | <b>-</b>     | <b>-</b>   | <b>252,136</b> | <b>217,271</b> |
| <b>Total liabilities</b>             | <b>74,030</b>  | <b>53,433</b> | <b>224,966</b> | <b>210,634</b> | <b>26,915</b>  | <b>38,376</b>  | <b>15,957</b> | <b>23,614</b> | <b>2,385</b> | <b>375</b> | <b>344,253</b> | <b>326,432</b> |
| <b>Net assets</b>                    | <b>36,325</b>  | <b>36,326</b> | <b>-</b>       | <b>-</b>       | <b>84,445</b>  | <b>70,173</b>  | <b>-</b>      | <b>-</b>      | <b>194</b>   | <b>194</b> | <b>120,964</b> | <b>106,693</b> |
| <b>Equity</b>                        |                |               |                |                |                |                |               |               |              |            |                |                |
| Accumulated funds                    | 36,325         | 36,326        | -              | -              | 84,445         | 70,173         | -             | -             | 194          | 194        | 120,964        | 106,693        |
| <b>Total equity</b>                  | <b>36,325</b>  | <b>36,326</b> | <b>-</b>       | <b>-</b>       | <b>84,445</b>  | <b>70,173</b>  | <b>-</b>      | <b>-</b>      | <b>194</b>   | <b>194</b> | <b>120,964</b> | <b>106,693</b> |

**19.10 Statement of cash flows for the period ending 30 June 2021**

|  | WCOF             |                  | IGF             |                | MAOF             |                  | NDF            |               | HBOF           |                | TOTAL            |                  |
|--|------------------|------------------|-----------------|----------------|------------------|------------------|----------------|---------------|----------------|----------------|------------------|------------------|
|  | 2021             | 2020             | 2021            | 2020           | 2021             | 2020             | 2021           | 2020          | 2021           | 2020           | 2021             | 2020             |
|  | \$'000           | \$'000           | \$'000          | \$'000         | \$'000           | \$'000           | \$'000         | \$'000        | \$'000         | \$'000         | \$'000           | \$'000           |
| <b>Cashflows from Operating Activities</b>             |                  |                  |                 |                |                  |                  |                |               |                |                |                  |                  |
| <b>Payments</b>  |                  |                  |                 |                |                  |                  |                |               |                |                |                  |                  |
| Personnel services                                     | (25,845)         | (18,630)         | (195)           | (295)          | (29,841)         | (27,066)         | -              | -             | (2,083)        | (1,410)        | <b>(57,964)</b>  | <b>(47,401)</b>  |
| Grants and subsidies                                   | (4,004)          | (1,845)          | 2               | -              | (122)            | (3,313)          | -              | -             | 8              | -              | <b>(4,116)</b>   | <b>(5,158)</b>   |
| Other  | (244,845)        | (247,380)        | 12,176          | 7,123          | (245,869)        | (208,356)        | (5,933)        | 13,603        | (183)          | (3,232)        | <b>(484,654)</b> | <b>(438,242)</b> |
| <b>Total payments</b>                                  | <b>(274,694)</b> | <b>(267,855)</b> | <b>11,983</b>   | <b>6,828</b>   | <b>(275,832)</b> | <b>(238,735)</b> | <b>(5,933)</b> | <b>13,603</b> | <b>(2,258)</b> | <b>(4,642)</b> | <b>(546,734)</b> | <b>(490,801)</b> |
| <b>Receipts</b>  |                  |                  |                 |                |                  |                  |                |               |                |                |                  |                  |
| Levies, retained taxes, fees and fines                 | 296,147          | 290,472          | -               | (10,023)       | 256,994          | 227,331          | -              | -             | 4,400          | 5,766          | <b>557,541</b>   | <b>513,546</b>   |
| Interest received                                      | 123              | 389              | 1               | 7              | 167              | 907              | 31             | 111           | 2              | (6)            | <b>324</b>       | <b>1,408</b>     |
| Other  | (5,482)          | 12,980           | (18,521)        | 795            | 34,749           | (1,316)          | (30)           | (204)         | 228            | (164)          | <b>10,944</b>    | <b>12,091</b>    |
| <b>Total receipts</b>                                  | <b>290,788</b>   | <b>303,841</b>   | <b>(18,520)</b> | <b>(9,221)</b> | <b>291,910</b>   | <b>226,922</b>   | <b>1</b>       | <b>(93)</b>   | <b>4,630</b>   | <b>5,596</b>   | <b>568,809</b>   | <b>527,045</b>   |
| <b>Net Cashflows from Operating Activities</b>         | <b>16,094</b>    | <b>35,986</b>    | <b>(6,537)</b>  | <b>(2,393)</b> | <b>16,078</b>    | <b>(11,813)</b>  | <b>(5,932)</b> | <b>13,510</b> | <b>2,372</b>   | <b>954</b>     | <b>22,075</b>    | <b>36,244</b>    |
| <b>Cashflows from Investing Activities</b>             |                  |                  |                 |                |                  |                  |                |               |                |                |                  |                  |
| Proceeds/(Purchases) of property, plant, and equipment | 2,113            | (2,151)          | (23)            | (33)           | (360)            | (269)            | -              | -             | (91)           | (102)          | <b>1,639</b>     | <b>(2,555)</b>   |
| Proceeds from the sale of investments                  | -                | -                | 6000            | 3,000          | -                | -                | -              | -             | -              | -              | <b>6,000</b>     | <b>3,000</b>     |
| <b>Net Cashflows from Investing Activities</b>         | <b>2,113</b>     | <b>(2,151)</b>   | <b>5,977</b>    | <b>2,967</b>   | <b>(360)</b>     | <b>(269)</b>     | <b>-</b>       | <b>-</b>      | <b>(91)</b>    | <b>(102)</b>   | <b>7,639</b>     | <b>445</b>       |
| <b>Cashflows from Financing Activities</b>             |                  |                  |                 |                |                  |                  |                |               |                |                |                  |                  |
| Repayment of borrowings and advances                   | (26)             | -                | -               | -              | -                | -                | -              | -             | -              | -              | <b>(26)</b>      | <b>-</b>         |
| <b>Net Cashflows from Financing Activities</b>         | <b>(26)</b>      | <b>-</b>         | <b>-</b>        | <b>-</b>       | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>(26)</b>      | <b>-</b>         |
| <b>Net Increase (Decrease) in cash</b>                 | <b>18,181</b>    | <b>33,835</b>    | <b>(560)</b>    | <b>574</b>     | <b>15,718</b>    | <b>(12,082)</b>  | <b>(5,932)</b> | <b>13,510</b> | <b>2,281</b>   | <b>852</b>     | <b>29,688</b>    | <b>36,689</b>    |
| <b>Opening cash and cash equivalents</b>               | <b>92,020</b>    | <b>61,145</b>    | <b>1,754</b>    | <b>1,658</b>   | <b>67,498</b>    | <b>76,181</b>    | <b>21,054</b>  | <b>7,626</b>  | <b>290</b>     | <b>(683)</b>   | <b>182,616</b>   | <b>145,927</b>   |
| <b>Closing cash</b>                                    | <b>110,201</b>   | <b>94,980</b>    | <b>1,194</b>    | <b>2,232</b>   | <b>83,216</b>    | <b>64,099</b>    | <b>15,122</b>  | <b>21,136</b> | <b>2,571</b>   | <b>169</b>     | <b>212,304</b>   | <b>182,616</b>   |

## 20. Financial instruments

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

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

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

### 20.1. Financial instrument categories

| Class   | Notes | Category  | Carrying amount<br>2021 | Carrying amount<br>2020 |
|---|-------|---|-------------------------|-------------------------|
|   |       |   | \$'000                  | \$'000                  |
| <b>Financial Assets</b>   |       |   |                         |                         |
| Cash and cash equivalents   | 6     | Amortised cost  | 212,304                 | 182,616                 |
| Receivables <sup>1</sup>  | 7     | Amortised cost  | 1,440                   | 7,646                   |
| Financial assets at fair value  | 8     | At fair value through profit or loss – mandatory classification | 223,287                 | 208,476                 |
| <b>Financial liabilities</b>  |       |   |                         |                         |
| Payables <sup>2</sup>   | 12    | Financial liabilities measured at amortised cost                | 84,554                  | 77,549                  |
| Notes:  |       |   |                         |                         |
| 1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)   |       |   |                         |                         |
| 2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7) |       |   |                         |                         |

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

## 20.2. Derecognition of financial assets and financial liabilities

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

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

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

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

## 20.3. Offsetting financial instruments

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

## 20.4. Financial risks

### Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Authority.

The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

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

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

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

Based on the Authority's assessment of the impact of natural disasters (including COVID-19) on the receivables and other assets in the balance sheet, there was no impact. The Authority has assessed the recoverability of its debtors and determined that no additional adjustment to the ECL calculation is required at 30 June 2021.

### Cash and cash equivalents

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

### Accounting policy for impairment of trade receivables

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.

The Authority applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are reviewed annually with business and is written off where there is a no reasonable expectation of recovery.

The ECL for trade receivables are determined as follows:

|  | Current   | <30 days  | 30 – 60 days | 61 – 90 days | >91 days   | Total      |
|--|-----------|-----------|--------------|--------------|------------|------------|
| <b>30 June 2021</b>                            |           |           |              |              |            |            |
| Expected credit loss rate                      | 10%       | 26%       | 37%          | 56%          | 62%        | 59%        |
| Estimated total gross carrying amount (\$'000) | 97        | 59        | 38           | 33           | 646        | 873        |
| <b>Expected credit loss</b>                    | <b>10</b> | <b>15</b> | <b>14</b>    | <b>18</b>    | <b>403</b> | <b>461</b> |
| <b>30 June 2020</b>                            |           |           |              |              |            |            |
| Expected credit loss rate                      | 12%       | 29%       | 40%          | 61%          | 71%        | 70%        |
| Estimated total gross carrying amount (\$'000) | 18        | 2         | -            | 40           | 1,264      | 1,324      |
| <b>Expected credit loss</b>                    | <b>2</b>  | <b>1</b>  | <b>-</b>     | <b>24</b>    | <b>901</b> | <b>928</b> |

Note – the table excludes prepayments as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the sum of the receivables total in Note 7.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020. Most of the entity's debtors have a AAA credit rating.

## Liquidity risk

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

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular NSWTC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid, automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Chief Executive or their nominated delegate may automatically pay the supplier simple interest. There was no interest paid in respect of late payment of accounts during the year ended 30 June 2021 (2020: \$nil).

Based on the Authority's assessment of the impact of natural disasters (including COVID-19) on financial liabilities, there was no change to the underlying terms and conditions. The Authority has chosen to reduce the payment period on creditors and other payables to assist with struggling businesses during the COVID-19 period. This has not affected the Authority's ability to settle and pay debts as and when they arise.

## Maturity analysis and interest rate exposure of financial liabilities

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

|                | Weighted average effective interest rate | Nominal amount | Interest rate exposure |                        |                      | Maturity dates |           |           |
|----------------|--|----------------|------------------------|------------------------|----------------------|----------------|-----------|-----------|
|                |  |                | Fixed interest rate    | Variable interest rate | Non-interest bearing | < 1 year       | 1-5 years | > 5 years |
|                |  | \$'000         | \$'000                 | \$'000                 | \$'000               | \$'000         | \$'000    | \$'000    |
| 2021: Payables | N/A                                      | 84,554         | -                      | -                      | 84,554               | 84,554         | -         | -         |
| 2020: Payables | N/A                                      | 77,549         | -                      | -                      | 77,549               | 77,549         | -         | -         |

## 20.5. Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variance is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is performed on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

### Interest rate risk

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

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

| Interest rate sensitivity                   | 2021    |       | 2020    |       |
|---|---------|-------|---------|-------|
|   | \$'000  |       | \$'000  |       |
|   | -1%     | +1%   | -1%     | +1%   |
| Financial Assets: Cash and cash equivalents | 212,304 |       | 182,616 |       |
| Net Result                                  | (2,123) | 2,123 | (1,826) | 1,826 |
| Equity                                      | (2,123) | 2,123 | (1,826) | 1,826 |

### Other price risk – TCorp IGF Investment Trust

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

| Fund                 | Investment sectors | Investment horizon | 2021    | 2020    |
|----------------------|--------------------|--------------------|---------|---------|
|                      |                    |                    | \$'000  | \$'000  |
| IGF Investment Trust | Multi asset class  | 7 years and over   | 223,287 | 208,476 |

TCorp is trustee for the TCorp IGF Investment Trust and is required to act in the best interest of the Authority and to administer the TCorp IGF Investment Trust in accordance with the trust deed. 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. A significant portion of the administration of the Trust is outsourced to an external custodian. Investments in the TCorp IGF Investment Trust limits the Authority's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

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

|                      | Change in valuation |    | Impact on profit or loss |        |
|----------------------|---------------------|----|--------------------------|--------|
|                      | 2021                |    | 2021                     | 2020   |
|                      | %                   |    | \$'000                   | \$'000 |
| IGF Investment Trust | +/-                 | 10 | 22,328                   | 20,848 |

## 20.6. Fair value measurement

### 20.6.1. Fair value compared to carrying amount

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

### 20.6.2. Fair value recognised in the Statement of Financial Position

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

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

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

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

| Fair value hierarchy | Level 1 | Level 2        | Level 3 | Total fair value |
|----------------------|---------|----------------|---------|------------------|
|                      | \$'000  | \$'000         | \$'000  | \$'000           |
| <b>30 June 2021</b>  |         |                |         |                  |
| IGF Investment Trust | -       | 223,287        | -       | 223,287          |
| <b>Total</b>         | -       | <b>223,287</b> | -       | <b>223,287</b>   |
| <b>30 June 2020</b>  |         |                |         |                  |
| IGF Investment Trust | -       | 208,476        | -       | 208,476          |
| <b>Total</b>         | -       | <b>208,476</b> | -       | <b>208,476</b>   |



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

The value of the TCorp IGF Investment Trust is based on the Authority's share of the value of the underlying assets of the facility, based on the market value.

## 21. Related Party Disclosures

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

| Related party disclosure – key management personnel | 2021         | 2020         |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| <b>Short-term employee benefits</b>                 |              |              |
| Salaries  | 1,089        | 1,112        |
| Superannuation                                      | 63           | 66           |
| <b>Total remuneration</b>                           | <b>1,152</b> | <b>1,178</b> |

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 as at 30 June 2021 (2020: Nil).

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

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

| Related party disclosure – NSW Government | 2021    | 2020    |
|---|---------|---------|
|   | \$'000  | \$'000  |
| <b>Income</b>                             |         |         |
| DCS                                       | -       | 53      |
| icare                                     | -       | 220     |
| Ambulance Service of NSW                  | 102     | 3,514   |
| NSW Ministry of Health                    | 357     | 2,015   |
| <b>Expenditure</b>                        |         |         |
| NSW Ministry of Health                    | 108,364 | 112,137 |
| Audit Office NSW                          | 130     | -       |
| Ambulance Service of NSW                  | 46,016  | 36,885  |
| DCS                                       | 77,669  | 94,158  |
| Service NSW                               | 20      | 393     |
| icare                                     | 24,708  | 7,078   |
| Crown Solicitor's Office                  | 104     | 307     |
| Department of Communities and Justice     | 1,642   | 3,839   |
| Northern Sydney Local Health District     | 574     | 1,290   |
| Government Records Repository             | 206     | 220     |
| Transport for NSW                         | 7,862   | 5,546   |
| NSW Treasury                              | 125     | 259     |
| IPART                                     | 385     | -       |

| Related party disclosure – NSW Government | 2021   | 2020   |
|---|--------|--------|
|   | \$'000 | \$'000 |
| TAFE                                      | 2      | -      |
| Department of Education                   | 48     | -      |

## 22. Transfer payments

Sections 214 of the MAC Act and 10.16 of the MAI Act define the Fund levy contribution required from persons to whom CTP policies are issued and the amounts to be contributed to the relevant funds (MAOF, Motor Accident Injuries Treatment and Care Benefits (MAITCB) Fund and the Lifetime Care and Support Authority (LCSA) Fund). Section 214A of the MAC Act and section 10.17 of the MAI Act direct that the total Fund levy amounts collected by insurers are to be paid to the Authority.

The Fund levy is made up of three separate components of which two components are subsequently transferred to the LCSA as it is the eligible beneficiary:

- the MAOF component, as determined under section 10.13 (d) of the MAI Act, which is managed and controlled by the Authority.
- the MAITCB Fund component, as determined under section 10.15 (d) of the MAI Act, which is managed and controlled by the LCSA.
- The LCSA Fund component, determined under section 49 of the *Motor Accidents (Lifetime Care and Support) Act 2006*, which is managed and controlled by the LCSA.

The MAITC component and LCSA component received and transferred to the relevant recipient during the reporting period were:

| Transfer payments           | 2021    | 2020    |
|-----------------------------|---------|---------|
|                             | \$'000  | \$'000  |
| MAITC Fund Component        | 73,266  | 65,760  |
| LCSA General Fund Component | 497,915 | 461,101 |

## 23. 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

## Contact information

SIRA's business hours are 8:30 am to 5:00 pm weekdays.

### Phone

Workers compensation and home building: 13 10 50

Green Slip and motor accidents compensation: 1300 656 919

### Email

[contact@sira.nsw.gov.au](mailto:contact@sira.nsw.gov.au)

### Address

State Insurance Regulatory Authority  
Locked Bag 2906,  
Lisarow NSW 2252

### Access for deaf, hard of hearing or speech-impaired people

You can contact SIRA through the National Relay Service. Just ask for the relevant SIRA phone number listed above.

If you need an interpreter, you can contact SIRA through TIS National by calling 13 14 50 and asking for the relevant SIRA phone number listed above.

### Publication notes

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[www.opengov.nsw.gov.au](http://www.opengov.nsw.gov.au)

## Acronyms

| Acronym    | Definition   |
|------------|--|
| AAS        | Australian Accounting Standards                        |
| AASB       | Australian Accounting Standards Board                  |
| AMS        | Approved medical specialists                           |
| ANCAP      | Australasian New Car Assessment Program                |
| ATO        | Australian Tax Office                                  |
| BRD        | Better Regulation Division                             |
| CAP        | Claims and Injury Management Assurance Program         |
| CARS       | Claims Assessment and Resolution Service               |
| Commission | Personal Injury Commission                             |
| CTP        | Compulsory Third Party                                 |
| CTP Care   | Compulsory Third Party Care program                    |
| DCS        | Department of Customer Service                         |
| DRS        | Dispute Resolution Services                            |
| ECL        | Expected Credit Losses                                 |
| ERG        | Employee Resource Groups                               |
| FTE        | Full Time Equivalent                                   |
| GPs        | General practitioners                                  |
| GIPA Act   | <i>Government Information (Public Access) Act 2009</i> |
| GSF Act    | <i>Government Sector Finance Act 2018</i>              |
| GST        | Goods and services tax                                 |
| HB Act     | <i>Home Building Act 1989</i>                          |
| HBC        | Home Building Compensation                             |
| HBC Check  | Home Building Compensation Check                       |
| HBCF       | Home Building Compensation Fund                        |
| HBOF       | Home Building Operational Fund                         |
| IBNR       | Claims incurred but not reported                       |
| ILARS      | Independent Legal Assistance and Review Service        |
| icare      | Insurance and Care NSW                                 |
| IGF        | Insurers' Guarantee Fund                               |
| IPART      | Independent Pricing and Regulatory Tribunal            |
| IRO        | Independent Review Office                              |
| JWCRR      | John Walsh Centre for Rehabilitation Research          |
| LCSA       | Lifetime Care and Support Authority                    |

| Acronym         | Definition  |
|-----------------|---|
| LCSA Scheme     | Lifetime Care and Support Authority Scheme  |
| MAC Act         | <i>Motor Accidents Compensation Act 1999</i>  |
| MAI Act         | <i>Motor Accident Injuries Act 2017</i>   |
| MAIR            | Motor Accidents Insurance Regulation  |
| MAITCB          | Motor Accidents Injuries Treatment and Care Benefits  |
| MAOF            | Motor Accidents Operational Fund  |
| MAS             | Medical Assessment Service  |
| NDF             | Nominal Defendant Fund  |
| PIC Act         | <i>Personal Injury Commission Act 2020</i>  |
| PIAWE           | Pre-injury average weekly earnings  |
| PIEF            | Personal Injury Education Foundation  |
| SG&CX           | Strategy, Governance and Customer Experience  |
| SICG Act        | <i>State Insurance and Care Governance Act 2015</i>   |
| SIRA            | State Insurance Regulatory Authority  |
| TCorp           | NSW Treasury Corporation  |
| TEPL            | Transitional Excessive Profits or Losses  |
| TfNSW           | Transport for NSW   |
| TMF             | Treasury Managed Fund   |
| TPP 20-08       | NSW Treasury Internal Audit and Risk Management Policy for the General Government Sector        |
| TPP 21-09       | NSW Treasury Valuation of Physical Non-Current Assets at Fair Value Policy and Guidelines Paper |
| WCC             | Workers Compensation Commission   |
| WCIF            | Workers Compensation Insurance Fund   |
| WCOF            | Workers Compensation Operational Fund   |
| WHBCR           | Workers and Home Building Compensation Regulation   |
| WHS Act         | <i>Work Health and Safety Act 2011</i>  |
| WC Act          | <i>Workers Compensation Act 1987</i>  |
| WIMWC Act       | <i>Workplace Injury Management and Workers Compensation Act 1998</i>                            |
| WIRO            | Workers Compensation Independent Review Office  |
| 1999 CTP Scheme | Third party insurance scheme governed by <i>the Motor Accidents Compensation Act 1999</i>       |
| 2017 CTP Scheme | Third party insurance scheme governed by <i>the Motor Accident Injuries Act 2017</i>            |

## **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 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](http://legislation.nsw.gov.au)

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Catalogue no. SIRA09115 | ISBN 978-0-7347-4738-9 | © State Insurance Regulatory Authority NSW 1120