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To the Chief Executive and CTP Regulator CTP Regulator

Opinion

I have audited the financial report of the CTP Regulator for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the CTP Regulator as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chief Executive and CTP Regulator and the Director, Strategy and Governance.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the CTP Regulator. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive and CTP Regulator for the financial report

The Chief Executive and CTP Regulator is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the CTP Regulator for the financial year ended 30 June 2023.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CTP Regulator's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive and CTP Regulator
- conclude on the appropriateness of the Chief Executive and CTP Regulator's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with Chief Executive and CTP Regulator about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

28 September 2023

**Compulsory Third Party Insurance Regulator
(CTP Regulator)**

Financial Statements

For the year ended 30 June 2023

CTP Regulator
Statement of Certification
For the year ended 30 June 2023

We certify that the:

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



Kim Birch

Chief Executive & CTP Regulator

27 September 2023



David Price

Director, Strategy and Governance

27 September 2023

CTP Regulator
Statement of Comprehensive Income
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Administration premium component collections	2.1	67 648	65 628
Interest	2.2	1 289	-
Resources received free of charge	2.3	10	10
Total income		<u>68 947</u>	<u>65 638</u>
Expenses			
Employee benefit expenses	3.2	3 124	3 433
Supplies and services	4.1	1 918	1 686
Administration premium component distributions	4.2	58 731	59 897
Administration premium component refunds	4.3	940	954
Depreciation and amortisation	5.1, 5.2	37	9
Total expenses		<u>64 750</u>	<u>65 979</u>
Net result		<u>4 197</u>	<u>(341)</u>
Total comprehensive result		<u>4 197</u>	<u>(341)</u>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

CTP Regulator
Statement of Financial Position
As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	46 874	41 204
Receivables	6.2	1 631	1 180
Total current assets		48 505	42 384
Non-current assets			
Property plant and equipment	5.1	7	10
Intangible assets	5.2	167	124
Total non-current assets		174	134
Total assets		48 679	42 518
Current liabilities			
Payables	7.1	10 156	8 169
Employee benefits liability	3.3	267	274
Provisions	7.2	8	7
Total current liabilities		10 431	8 450
Non-current liabilities			
Payables	7.1	40	41
Employee benefits liability	3.3	397	419
Provisions	7.2	29	23
Total non-current liabilities		466	483
Total liabilities		10 897	8 933
Net assets		37 782	33 585
Equity			
Retained earnings		37 782	33 585
Total equity		37 782	33 585

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

CTP Regulator
Statement of Changes in Equity
For the year ended 30 June 2023

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2021	33 926	33 926
Net result for 2021-22	(341)	(341)
Total comprehensive result for 2021-22	(341)	(341)
Balance at 30 June 2022	33 585	33 585
Net result for 2022-23	4 197	4 197
Total comprehensive result for 2022-23	4 197	4 197
Balance at 30 June 2023	37 782	37 782

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

CTP Regulator
Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from administration fees		67 621	65 642
Interest received		1 127	-
GST recovered from DTF		2 098	2 296
Other receipts		24	827
Cash generated from operating activities		70 870	68 765
Cash outflows			
Employee benefit payments		(3 138)	(3 502)
Payments to suppliers and services		(1 670)	(1 715)
Payments for administration fees		(60 315)	(63 118)
Other payments		-	22
Cash used in operating activities		(65 123)	(68 313)
Net cash provided by operating activities	8.1	5 747	452
Cash flows from investing activities			
Cash outflows			
Purchase of intangibles		(77)	(124)
Cash used in investing activities		(77)	(124)
Net cash used in investing activities		(77)	(124)
Net increase in cash and cash equivalents		5 670	328
Cash and cash equivalents at the beginning of the reporting period		41 204	40 876
Cash and cash equivalents at the end of the reporting period	6.1	46 874	41 204

The accompanying notes form part of these financial statements.

1. About the CTP Regulator

The CTP Regulator (the Regulator) is an instrumentality of the Crown and a not-for-profit statutory authority of the South Australian government.

The financial statements and accompanying notes include all the controlled activities of the Regulator. Transactions and balances relating to administered resources are not recognised as Regulator income, expenses, assets or liabilities.

Administered items are disclosed in the schedule of administered items in Note 9.3 except as otherwise disclosed. Administered items are accounted for on the same basis and using the same accounting policies as for the Regulator transactions.

Administered financial statements relating to administered resources are presented separately. The administered activities include the receipt and payment of stamp duty on CTP premiums.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*
- Treasurer's Instructions and accounting policy statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

No Australian Accounting Standards have been early adopted other than AASB 2021-1, which was adopted from 1 July 2021.

The financial statements have been prepared based on a 12-month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out throughout the notes.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The Regulator is grouped with the Department of Treasury and Finance (DTF) for GST purposes and accordingly DTF prepares the Business Activity Statement on behalf of the Regulator via the grouping provisions of the GST legislation. Notwithstanding the use of these grouping provisions, intercompany cash alignment occurs to ensure the Regulator either recovers the net amount of GST recoverable from or disburses the amount payable to the ATO from DTF.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

CTP Regulator

Notes to and forming part of the financial statements

For the year ended 30 June 2023

1.2. Objectives and programs

The Regulator is an independent statutory authority established under the *Compulsory Third Party Insurance Regulation Act 2016* (CTPIR Act).

The Regulator is responsible for an efficient, competitive, and viable CTP insurance industry in South Australia, and the oversight, monitoring and reporting of CTP Insurer activities.

From 1 July 2016, private CTP Insurers have underwritten the insurer premium component of the total premium in South Australia. Motorists actively choose their own CTP Insurer for each registration renewal period.

The total CTP premium (premium) is made up of:

- the insurer premium component
- the administration premium component
- GST and stamp duty.

The full stamp duty payable on the premium is disbursed by the Regulator to RevenueSA. This occurs under a specific arrangement with the Commissioner of State Taxation under section 35 of the *Taxation Administration Act 1996* that is detailed in a Memorandum of Administered Arrangement (MoAA) between the Regulator and Commissioner of State Taxation.

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

DIT disburses the insurer premium component of the premium and the associated GST to CTP Insurers and the stamp duty and administration premium component of the premium to the Regulator on a net basis, that is, after the deduction of customer refunds.

The administrative premium component of the premium is managed by the Regulator and funds:

- health and emergency services provided by SA Public Hospitals, SA Ambulance (including the State Rescue Helicopter service), and the Attorney-General's Department Forensic Science SA service as a result of motor vehicle trauma
- road safety services provided by DIT and SA Police designed to reduce the incidence or impact of road accidents and injuries
- customer support and transaction services provided by DIT for the collection, recording and processing of premiums
- CTP Scheme regulation and administration services provided by the Regulator, including the operations of the Motor Accident Injury Accreditation Scheme.

These arrangements, with the exception of the services provided by the Regulator, are detailed in funding agreements between the Regulator and the individual government agencies.

CTP Regulator

Notes to and forming part of the financial statements

For the year ended 30 June 2023

1.2. Objectives and programs (continued)

The Regulator has the following functions under the CTPIR Act:

- to regulate approved insurers and perform any other function relating to approved insurers conferred on the Regulator under the *Motor Vehicles Act 1959*
- to determine premium amounts payable in respect of CTP insurance policies
- to determine the minimum terms and conditions of CTP insurance policies
- to monitor audit and review the operation and efficiency of the CTP insurance business
- to provide or facilitate the provision of information to consumers about the CTP insurance business and approved insurers
- to make, monitor the operation of, and review, from time to time, rules with which approved insurers must comply, and guidelines for approved insurers relating to:
 - the determination of premiums
 - the management of claims
 - dispute resolution
 - the provision of information to consumers
 - any other relevant matter
- to make recommendations to the Treasurer in relation to:
 - eligibility criteria for insurers seeking approval under Part 4 of the *Motor Vehicles Act 1959*
 - the terms and conditions of any undertaking, agreement or contract entered into between the Minister and an approved insurer relating to the provision of CTP insurance
 - the assessment of an application from an insurer for approval or withdrawal of approved under Part 4 of the *Motor Vehicles Act 1959*
- to approve the novation of CTP insurance policies between approved insurers
- to regulate such other insurance business as may be prescribed by the regulations
- to administer the CTPIR Act
- to exercise any other function conferred on the Regulator by or under the CTPIR Act or any other Act.

Nominal Defendant

A Nominal Defendant claim arises where an at-fault vehicle is either uninsured or unidentified, as described in Part 4 of the *Motor Vehicles Act 1959*.

From 1 July 2016, the Regulator allocated Nominal Defendant claims to CTP Insurers and assumed full responsibility for these claims from 1 January 2017.

The Motor Accident Injury Assessment Scheme (MAIAS)

The South Australian MAIAS was established by the Attorney-General under section 76 of the *Civil Liability Act 1936* to accredit health professionals to undertake Injury Scale Value (ISV) medical assessments.

An ISV medical assessment is used to assist in determining an injured person's eligibility for compensation under the CTP Scheme.

On 20 February 2019, the Attorney-General appointed the Regulator as administrator for the MAIAS.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

1.3. Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. In 2022-23, these transactions are comprised of the Regulator's administered payments to SA Government agencies.

2. Income

2.1. Administration premium component of the premium collections

	2023	2022
	\$'000	\$'000
Hospital and emergency fees	36 300	33 359
Road safety fees	14 007	14 247
Customer support and transaction fees	10 980	10 892
CTP Scheme regulation and administration fees	6 361	7 130
Total administration premium component of the premium collections	67 648	65 628

The stamp duty and administration premium component of the premium collections are recognised as earned on the date of receipt in DIT's Transport Regulation User Management Processing System. The stamp duty component of the total premium is shown under note 9.3 Administered Items. Refer to note 1.2 for details about the nature of this income. Refunds are recognised on receipt on a gross basis in accordance with AASB 101 para 32.

2.2. Interest

	2023	2022
	\$'000	\$'000
Deposit account interest receipts	1 289	-
Total interest revenues	1 289	-

The increase in interest revenues is mainly due to the higher interest rates on cash deposits.

There was no interest earned during 2021-2022 due to Treasury advising public authorities in November 2021 that, given interest rates were approximately 0%, no interest would be paid on any interest bearing accounts held with the Treasurer. Interest re-commenced being paid in September 2022.

2.3. Resources received free of charge

	2023	2022
	\$'000	\$'000
Services received free of charge	10	10
Total resources received free of charge	10	10

Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

The Regulator receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA, ICT services and media monitoring services (from 2022-23) from the Department of the Premier and Cabinet following Cabinet's approval to cease intra-government charging.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3. Committees and employees

3.1. Key management personnel

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

	2023	2022
<u>Compensation</u>	\$'000	\$'000
Salaries and other short term employee benefits	674	726
Post-employment benefits	140	72
Total	814	798

Transactions with Key Management Personnel and other related parties

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

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3.2. Employee benefits expense

	2023	2022
	\$'000	\$'000
Salaries and wages	2 350	2 618
Employment on-costs - superannuation	342	292
Employment on-costs - payroll tax	140	159
Long service leave	8	30
Targeted voluntary separation packages	71	-
Rejuvenation Scheme	-	50
Annual leave	193	259
Skills and experience retention leave	8	1
Other employee related expenses	12	24
Total employee benefits expense	3 124	3 433

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

Employee remuneration	2023	2022
	No.	No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$200 001 - \$220 000	1	1
\$220 001 - \$240 000	1	-
\$360 001 - \$380 000	-	1
\$380 001 - \$400 000	1	-
Total	3	2

The total remuneration received by those employees for the year was \$821 000 (2022: \$584 000)

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any related fringe benefits tax paid.

Targeted voluntary separation packages

The number of employees who were paid a targeted voluntary separation package during the reporting period was 1 (2022: 2). In 2022, targeted voluntary separation packages also include separation payments from the Public Sector Workforce Rejuvenation scheme.

	2023	2022
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted Voluntary Separation Packages	71	50
Leave paid to separated employees	33	41
Net cost to the Regulator	104	91

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3.3. Employee benefits liability

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Annual leave	229	244
Long service leave	17	13
Skills and experience retention leave	21	17
Total current employee benefits	267	274
<u>Non-current</u>		
Long service leave	397	419
Total non-current employee benefits	397	419
Total employee benefits liability	664	693

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

The salary inflation rate for annual leave and skills, experience and retention leave liability has increased from 1.5% (2022) to 2.0% (2023). This change had an immaterial net financial effect in the current financial year.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

AASB 119 *Employee Benefits (AASB 119)* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by DTF has provided a basis for the measurement of long service leave liability and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departure and periods of service.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds increased from 3.5% in 2022 to 4.0% in 2023.

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

The actuarial assessment performed by DTF has increased the salary inflation rate from 2.5% in 2022 to 3.5% in 2023 for the long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$14 000 and employee benefits expense of \$14 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

4. Expenses

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Contractors and other outsourced services	228	308
Accommodation	300	297
Consultants	736	437
Legal costs	28	20
Service level agreement fees	326	321
Information technology expenses	167	192
General administration and consumables	60	51
Training and development	29	27
Minor works maintenance and equipment	17	3
Other*	27	30
Total supplies and services	1 918	1 686

* Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance Audit Act 1987* of \$26 000 (2022: \$25 000). No other services were provided by the Auditor-General's Department.

Accommodation

The Regulator's accommodation is provided by DTF under a Memorandum of Administrative Arrangement issued in accordance with Government wide accommodation policies between DTF and DIT. These arrangements do not meet the definition of a lease and accordingly is expensed (included in Accommodation).

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

4.2. Administration premium component of the premium distributions

	2023	2022
	\$'000	\$'000
Hospital and emergency services	34 283	35 739
Road safety services	13 481	13 458
Customer support and transaction services	10 967	10 700
Total administration premium component of the premium distributions	58 731	59 897

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

4.3. Administration premium component refunds

	2023	2022
	\$'000	\$'000
Hospital and emergency services	526	507
Road safety fees	184	197
DIT premium collection fees	144	150
Regulator operations	86	100
Total administration premium component refunds	940	954

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

5. Non-financial assets

5.1. Property, plant and equipment

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Reconciliation 2022-23

	<u>IT equipment</u>	<u>Total</u>
	\$'000	\$'000
Carrying amount at the beginning of the period	10	10
Depreciation	(3)	(3)
Carrying amount at the end of the period	7	7

Gross carrying amount

Gross carrying amount	17	17
Accumulated depreciation	(10)	(10)
Carrying amount at the end of the period	7	7

Reconciliation 2021-22

	<u>IT equipment</u>	<u>Total</u>
	\$'000	\$'000
Carrying amount at the beginning of the period	19	19
Depreciation	(9)	(9)
Carrying amount at the end of the period	10	10

Gross carrying amount

Gross carrying amount	226	226
Accumulated depreciation	(216)	(216)
Carrying amount at the end of the period	10	10

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

5.2. Intangible assets

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Reconciliation 2022-23	Externally purchased software	Externally developed software in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	124	124
Additions	-	77	77
Capital work in progress transfers	183	(183)	-
Amortisation	(34)	-	(34)
Carrying amount at the end of the period	149	18	167
Gross carrying amount			
Gross carrying amount	183	18	201
Accumulated depreciation	(34)	-	(34)
Carrying amount at the end of the period	149	18	167

Reconciliation 2021-22	Externally purchased software	Externally developed software in progress	Total
	\$'000	\$'000	\$'000
Additions	-	124	124
Carrying amount at the end of the period	-	124	124
Gross carrying amount			
Gross carrying amount	1 390	124	1 514
Accumulated depreciation	(1 390)	-	(1 390)
Carrying amount at the end of the period	-	124	124

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

5.3. Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. No adjustments were made during the reporting period.

Useful life

Depreciation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

	Useful life (years)
Office equipment - IT	5
Externally purchased software	5

6. Financial assets

6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	46 874	41 204
Total cash and cash equivalents	46 874	41 204

Deposits with the Treasurer

The CTP Regulator's cash balance is held within the DTF's Operating Bank Account.

6.2. Receivables

	2023	2022
	\$'000	\$'000
GST Recoverable from DTF	914	654
Prepayments	38	34
Accrued revenue	517	492
Accrued interest revenue	162	-
Total current receivables	1 631	1 180

Prepayments are recognised for amounts paid for services not rendered by 30 June 2023. Accrued revenues are recognised for the administration premium component of the total premium collection up to and including 30 June 2023 but not yet received.

Prepayments and accrued revenues are non-interest bearing.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2023

7. Liabilities

7.1. Payables

	2023	2022
	\$'000	\$'000
Current		
Creditors and accrued expenses	10 113	8 125
Employment on-costs	43	44
Total current payables	10 156	8 169
Non-current		
Employment on-costs	40	41
Total non-current payables	40	41
Total payables	10 196	8 210

Payables are measured at nominal amounts.

Payables and accruals are recognised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has increased from 42% in 2022 to 43% in 2023. The average factor for the calculation of employer superannuation cost on-costs has increased from 10.6% in 2022 to 11.1% in 2023. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year are immaterial.

CTP Regulator
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7.2. Provisions

All provisions represent workers compensation.

	2023	2022
	\$'000	\$'000
Reconciliation of workers compensation (statutory and non-statutory)		
Carrying amount at the beginning of the period	30	16
Additional provisions recognised	7	14
Carrying amount at the end of the period	37	30

The Regulator is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Regulator is responsible for the management of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventative programs.

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

The additional compensation scheme provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are nonserious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

In addition to these uncertainties, the additional compensation scheme is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

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8. Other disclosures

8.1. Cash flow

Reconciliation of net result to cash flows from operating activities

	2023	2022
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	46 874	41 204
Balance as per the Statement of Cash Flows	46 874	41 204
Reconciliation of net cash provided by/(used in) operating activities to net result		
Net cash provided by operating activities	5 747	452
Add / (less) non-cash items		
Depreciation and amortisation expense	(37)	(9)
Movement in assets and liabilities		
Increase/(decrease) in receivables	451	(865)
(Increase)/decrease in payables	(1 986)	31
Decrease in employee benefits	29	64
(Increase) in provisions	(7)	(14)
Net result	4 197	(341)

9. Outlook

9.1. Unrecognised contractual commitments

Commitments include other contractual commitments arising from contractual sources and are disclosed at their nominal value. As at 30 June 2023, the Regulator has contractual commitments for the provision of CTP Scheme actuarial services and internal audit functions as reported.

Other contractual commitments

	2023	2022
	\$'000	\$'000
No later than one year	564	507
Later than one year but not longer than five years	955	1 189
Total other commitments	1 519	1 696

9.2. Impact of Standards and Statements not yet effective

The Regulator continues to assess the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer.

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For the year ended 30 June 2023

9.3. Administered items

Statement of Comprehensive Income for the year ended 30 June 2023	2023	2022
	\$'000	\$'000
Administered income		
Stamp duty collected	45 062	43 117
Total administered income	45 062	43 117
Administered expenses		
Stamp duty expenses	44 398	42 457
Stamp duty refunds	664	660
Total administered expenses	45 062	43 117
Net result	-	-

Statement of Financial Position as at 30 June 2023	2023	2022
	\$'000	\$'000
Administered assets		
Receivables	335	335
Cash and cash equivalents	5 080	3 776
Total administered assets	5 415	4 111
Administered liabilities		
Payables	5 415	4 111
Total administered liabilities	5 415	4 111
Net administered assets	-	-

Statement of Cash Flows for the year ended 30 June 2023	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Taxation receipts	45 062	43 121
Cash generated from operating activities	45 062	43 121
Cash outflows		
Taxation payments	(43 758)	(43 220)
Cash used in operations	(43 758)	(43 220)
Net cash provided by / (used in) operating activities	1 304	(99)
Net increase / (decrease) in cash and cash equivalents	1 304	(99)
Cash and cash equivalents at the beginning of the reporting period	3 776	3 875
Cash and cash equivalents at the end of the reporting period	5 080	3 776

Refer to Note 1.2 for details on administered items.

CTP Regulator
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For the year ended 30 June 2023

9.4. Events after the reporting period

No circumstance has arisen that has affected or may significantly affect the Regulator's operations since 30 June 2023.

10. Measurement and risk

10.1. Financial instruments

Financial risk management

The Regulator's risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

The Regulator's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The Regulator is funded from the administrative premium component of the total premiums. The Regulator notifies DTF of the cash flows associated with its legislated functions and ensures funding is available to meet the expected cash flows.

Impairment of financial assets

The Regulator considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

Market risk

The Regulator does not trade in foreign currency, nor enter into transactions for speculative purposes.

The Regulator does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in *TI 23 Management of Foreign Currency Exposures*.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

The Regulator measures all financial instruments at amortised cost.