

CTP Regulator

Financial report
for the year
ended 30 June
2021



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To the Chief Executive CTP Regulator

Opinion

I have audited the financial report of the CTP Regulator for the financial year ended 30 June 2021.

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 2021, 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 financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and CTP Regulator and the Director, Analytics and Finance.

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 for the financial report

The Chief Executive 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 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 that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive 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 2021.

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:

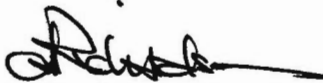
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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
- conclude on the appropriateness of the Chief Executive'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 the Chief Executive 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.



Andrew Richardson

Auditor-General

29 September 2021

CTP Regulator

Financial Statements

For the year ended 30 June 2021

CTP Regulator
Statement of Certification
for the year ended 30 June 2021

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

28 September 2021



Ivan Lebedev

Director, Analytics & Finance

28 September 2021

CTP Regulator
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Administration premium component collections	2.1	64 729	65 175
Interest	2.2	11	132
Resources received free of charge	2.3	12	11
Other income	2.4	15 098	38
Total income		79 850	65 356
Expenses			
Employee benefit expenses	3.2	3 259	3 386
Supplies and services	4.1	2 104	2 163
Depreciation and amortisation		323	320
Administration premium component distributions	4.2	56 705	52 894
Other expenses	4.3	-	193
Total expenses		62 391	58 956
Net result		17 459	6 400
Total comprehensive result		17 459	6 400

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 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	40 876	34 552
Receivables	6.2	1 490	534
Total current assets		42 366	35 086
Non-current assets			
Property plant and equipment	5.1	19	64
Intangibles	5.3	-	278
Total non-current assets		19	342
Total assets		42 385	35 428
Current liabilities			
Payables	7.1	7 648	18 119
Employee benefits liability	3.3	359	328
Provisions	7.2	4	4
Total current liabilities		8 011	18 451
Non-current liabilities			
Payables	7.1	38	43
Employee benefits liability	3.3	398	459
Provisions	7.2	12	8
Total non-current liabilities		448	510
Total liabilities		8 459	18 961
Net assets		33 926	16 467
Equity			
Retained earnings		33 926	16 467
Total equity		33 926	16 467

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 2021

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	10 067	10 067
Net result for 2019-20	6 400	6 400
Total comprehensive result for 2019-20	6 400	6 400
Balance at 30 June 2020	16 467	16 467
Net result for 2020-21	17 459	17 459
Total comprehensive result for 2020-21	17 459	17 459
Balance at 30 June 2021	33 926	33 926

CTP Regulator
Statement of Cash Flows
for the year ended 30 June 2021

	2021	2020
Note	\$'000	\$'000
Cash flows from operating activities		
<u>Cash inflows</u>		
Receipts from administration fees	64 724	65 460
Interest received	14	143
Other receipts	14 170	144
Cash generated from operating activities	78 908	65 747
<u>Cash outflows</u>		
Employee benefit payments	(3 284)	(3 200)
Payments to suppliers and services	(2 118)	(2 181)
Payments for administration fees	(67 221)	(37 735)
Other payments	39	(894)
Cash used in operating activities	(72 584)	(44 010)
Net cash provided by / (used in) operating activities	8.1 6 324	21 737
<u>Cash outflows</u>		
Purchase of property, plant and equipment	-	(17)
Cash used in investing activities	-	(17)
Net cash used in investing activities	-	(17)
Net increase / (decrease) in cash and cash equivalents	6 324	21 720
Cash and cash equivalents at the beginning of the reporting period	34 552	12 832
Cash and cash equivalents at the end of the reporting period	6.1 40 876	34 552

The accompanying notes form part of these financial statements.

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

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CTP Regulator

Notes to and forming part of the financial statements

For the year ended 30 June 2021

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 9.4, except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Regulator items. 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 compliance 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*
- relevant Australian Accounting Standards.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. 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 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.

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, 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.
- receivables and payables, which are stated with the amount of GST included.

CTP Regulator

Notes to and forming part of the financial statements

For the year ended 30 June 2021

1.2. Objectives and programs

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

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.

Four private CTP Insurers (AAMI, Allianz, QBE, and SGIC) were approved to underwrite the insurer premium component of the total premium in South Australia from 1 July 2016. 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.

The administrative premium component of the premium is managed by the Regulator and funds various government agencies for:

- health and emergency services provided by SA Public Hospitals, SA Ambulance, and the Attorney-General's Department (State Rescue Helicopter and Forensic Science SA services) 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 MoAAs 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 2021

1.2. Objectives and programs (continued)

The Regulator has the following functions under the *Compulsory Third Party Insurance Regulation Act 2016* (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)

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

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.3. Impact of COVID-19 pandemic on the CTP Regulator

The COVID-19 pandemic has had no material impact on the operations of the CTP Regulator.

1.4. Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. In 2020-21, these transactions are comprised of the CTP Regulator's administered payments to SA Government agencies.

2. Income

2.1. Administration premium component of the premium collections

	2021	2020
	\$'000	\$'000
Hospital and emergency fees	32 480	31 515
Road safety fees	14 173	14 390
Customer support and transaction fees	10 632	10 693
CTP Scheme regulation and administration fees	7 444	8 577
Total administration premium component of the premium collections	64 729	65 175

The stamp duty and administration premium component of the premium collections are recognised as earned on the date of receipt in the Department for Infrastructure and Transport's (DIT) Transport Regulation User Management Processing System. The stamp duty component of the total premium is shown under note 9.4 Administered Items. Refer to note 1.2 for details about the nature of this income.

2.2. Interest

	2021	2020
	\$'000	\$'000
Deposit account interest receipts	11	132
Total interest revenues	11	132

2.3. Resources received free of charge

	2021	2020
	\$'000	\$'000
Services received free of charge - Shared Services SA	12	11
Total resources received free of charge	12	11

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 free of charge, 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 2021

2.4. Other income

	2021	2020
	\$'000	\$'000
CTP Regulator's share of unearned premium on novated policies	15 089	-
Other	9	38
Total other income	15 098	38

In accordance with a Ministerial Direction issued by the Minister of Finance dated 27 July 2016, and pursuant to section 5(3) of the *Motor Accident Commission Act 1992*, the final payment of the remaining administrative component of unearned premiums held by the Motor Accident Commission totalling \$15.089 million was paid to the CTP Regulator in 2021.

3. Committees and employees

3.1. Key management personnel

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

The compensation disclosed in this note excludes salaries and other benefits the Treasurer receives. The Treasurer's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	691	690
Post-employment benefits	65	62
Total	756	752

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 2021

3.2. Employee benefits expense

	2021	2020
	\$'000	\$'000
Salaries and wages	2 637	2 567
Employment on-costs - superannuation	281	282
Employment on-costs - payroll tax	149	159
Long service leave	(54)	128
Annual leave	223	241
Skills and experience retention leave	8	(10)
Other employee related expenses	15	19
Total employee benefits expense	3 259	3 386

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

Executive remuneration	2021	2020
	No.	No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$194 001 - \$214 000	2	2
\$334 001 - \$354 000	-	1
\$354 001 - \$374 000	1	-
Total	3	3

The total remuneration received by those employees for the year was \$762 000 (2020: \$758 000)

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax paid.

Targeted voluntary separation packages

No employees received a targeted voluntary separation package during the reporting period.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.3. Employee benefits liability

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	87	75
Annual leave	231	217
Long service leave	27	25
Skills and experience retention leave	14	11
Total current employee benefits	359	328
<u>Non-current</u>		
Long service leave	398	459
Total non-current employee benefits	398	459
Total employee benefits liability	757	787

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.

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.

Details about the measurement of long service leave liability is provided as note 10.1.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

4. Expenses

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Contractors and other outsourced services	510	605
Accommodation	263	259
Consultants	560	567
Legal costs	51	72
Service level agreement fees	314	322
Information technology expenses	263	234
General administration and consumables	72	51
Training and development	38	32
Minor works maintenance and equipment	5	9
Other	28	12
Total supplies and services	2 104	2 163

Accommodation

The CTP Regulator's accommodation is provided by the Department of Treasury and Finance (DTF) under a Memorandum of Administrative Arrangement issued in accordance with Government wide accommodation policies between DTF and the Department of Infrastructure and Transport. This arrangement does not meet the definition of a lease and accordingly are expensed.

Consultants

The number of consultancies and the dollar amount paid/payable to consultants that fell within the following bands:

	2021	2020	2021	2020
	Number	Number	\$'000	\$'000
Below \$10 000	1	-	3	-
\$10 000 or above	2	2	557	567
Total	3	2	560	567

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

4.2. Administration premium component of the premium distributions

	2021	2020
	\$'000	\$'000
Hospital and emergency services	33 480	29 274
Road safety services	12 725	13 220
Customer support and transaction services	10 500	10 400
Total administration premium component of the premium distributions	56 705	52 894

The administration premium component of the premium distributions cover 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. Other expenses

	2021	2020
	\$'000	\$'000
CTP Scheme improvement projects*	-	116
Medical practitioner payments**	-	77
Total other expenses	-	193

***CTP Scheme improvement projects (one-off)**

The total expense for 2019-20 relates to costs associated with the Department of Infrastructure and Transport's Regulation User Management Processing System technical upgrades carried over from 2018-19.

****Medical practitioner payments**

The Early Notification Form payment arrangement between the CTP Regulator and medical practitioners ceased 30 June 2020.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2021	2020
	\$'000	\$'000
<u>Plant and equipment</u>		
IT equipment	226	226
Accumulated depreciation	(207)	(162)
Total IT equipment	19	64
Total property, plant and equipment	19	64

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.

5.2. Property, plant and equipment

Reconciliation 2020-21

	IT equipment	Total
	\$'000	\$'000
Carrying amount at 1 July 2020	64	64
Depreciation	(45)	(45)
Carrying amount at 30 June 2021	19	19

Reconciliation 2019-20

2020	IT equipment	Total
	\$'000	\$'000
Carrying amount at 1 July 2019	89	89
Additions	17	17
Depreciation	(42)	(42)
Carrying amount at 30 June 2020	64	64

5.3. Intangible assets

	2021	2020
	\$'000	\$'000
<u>Computer software</u>		
Externally purchased software	1 390	1 390
Accumulated amortisation	(1 390)	(1 112)
Total computer software	-	278

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5.3. Intangible assets continued

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 2020-21

	Externally purchased software \$'000	Total \$'000
Carrying amount at 1 July 2020	278	278
Amortisation	(278)	(278)
Carrying amount at 30 June 2021	-	-

Reconciliation 2019-20

2020	Externally purchased software \$'000	Total \$'000
Carrying amount at the beginning of the year	556	556
Amortisation	(278)	(278)
Carrying amount at the end of the year	278	278

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
Intangible assets	5

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	40 876	34 552
Total cash and cash equivalents	40 876	34 552

Deposits with the Treasurer

The CTP Regulator's cash balance is held within the Department of Treasury and Finance's Operating Bank Account.

6.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables		
Other receivables	922	-
Total trade receivables	922	-
Prepayments	58	32
Accrued revenue	510	499
Accrued interest revenue	-	3
Total current receivables	1 490	534
Total receivables	1 490	534

Prepayments are recognised for amounts paid for services not rendered by 30 June 2021. Accrued revenues are recognised for the administration premium component of the total premium collection up to and including 30 June 2021 but not yet received.

Prepayments and accrued revenues are non-interest bearing.

CTP Regulator
Notes to and forming part of the financial statements
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7. Liabilities

7.1. Payables

	2021	2020
	\$'000	\$'000
Current		
Creditors and accrued expenses	7 594	18 071
Employment on-costs	54	48
Total current payables	7 648	18 119
Non-current		
Employment on-costs	38	43
Total non-current payables	38	43
Total payables	7 686	18 162

Payables are measured at nominal amounts.

Payables and accruals are raised 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 are discharged.

7.2. Provisions

	2021	2020
	\$'000	\$'000
Movement in provisions		
	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	12	9
Payments/other sacrifices of future economic benefits	7	3
Additional provisions recognised	(3)	-
Carrying amount at the end of the period	16	12

The CTP Regulator is responsible for the payment of workers compensation claims.

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB137 as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

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8. Other disclosures

8.1. Cash flow

Reconciliation of net result to cash flows from operating activities

	2021	2020
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	40 876	34 552
Balance as per the Statement of Cash Flows	40 876	34 552
<u>Reconciliation of net cash provided by/(used in) operating activities to net result</u>		
Net cash provided by/(used in) operating activities	6 324	21 737
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense	(323)	(320)
<u>Movement in assets and liabilities</u>		
Increase/(decrease) in receivables	956	(371)
(Increase)/decrease in payables	10 476	(14 472)
(Increase)/decrease in employee benefits	30	(171)
(Increase)/decrease in provisions	(4)	(3)
Net result	17 459	6 400

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9. Outlook

9.1. Unrecognised contractual commitments

Commitments include expenditure commitments arising from contractual sources and are disclosed at their nominal value. As at 30 June 2021, the CTP Regulator has contractual commitments for the provision of CTP Scheme actuarial services and internal audit functions as reported.

Expenditure commitments

	2021	2020
	\$'000	\$'000
No later than one year	581	495
Later than one year but not longer than five years	1 696	54
Total other commitments	2 277	549

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9.2. Administered items

Statement of Comprehensive Income for the year ended 30 June 2021	2021	2020
	\$'000	\$'000
Administered income		
Stamp duty collected	41 916	41 353
Total administered income	<u>41 916</u>	<u>41 353</u>
Administered expenses		
Stamp duty expensed	41 916	41 353
Total administered expenses	<u>41 916</u>	<u>41 353</u>
Net result	<u>-</u>	<u>-</u>

Statement of Financial Position as at 30 June 2021	2021	2020
	\$'000	\$'000
Administered assets		
Receivables	339	323
Cash and cash equivalents	3 875	3 738
Total administered assets	<u>4 214</u>	<u>4 061</u>
Administered liabilities		
Payables	4 214	4 061
Total administered liabilities	<u>4 214</u>	<u>4 061</u>
Net administered assets	<u>-</u>	<u>-</u>

Statement of Cash Flows for the year ended 30 June 2021	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Taxation receipts	41 900	41 626
Cash generated from operating activities	<u>41 900</u>	<u>41 626</u>
Cash outflows		
Taxation payments	(41 763)	(41 987)
Cash used in operations	<u>(41 763)</u>	<u>(41 987)</u>
Net cash provided by / (used in) operating activities	<u>137</u>	<u>(361)</u>
Net increase / (decrease) in cash and cash equivalents	<u>137</u>	<u>(361)</u>
Cash and cash equivalents at the beginning of the reporting period	3 738	4 099
Cash and cash equivalents at the end of the reporting period	<u>3 875</u>	<u>3 738</u>

Refer to Note 1.2 for details on administered items.

CTP Regulator
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9.3. COVID-19 pandemic outlook for the CTP Regulator

The COVID-19 pandemic is not expected to materially impact the operations of the CTP Regulator in 2021-22

9.4. Events after the reporting period

No circumstance has arisen that has affected or may significantly affect the CTP Regulator's operations since 30 June 2021.

10. Measurement and risk

10.1. Long service leave liability – measurement

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

The actuarial assessment performed by the Department of Treasury and Finance (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 0.75% in 2020 to 1.25% in 2021.

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 kept the salary inflation rate remain at 2.5% for 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 \$61 000 and employee benefits expense of \$61 000. 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.

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10.2. Financial instruments

Financial risk management

The CTP 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 CTP 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 CTP Regulator is funded from the administrative premium component of the total premiums. The CTP Regulator notifies the Department of Treasury and Finance 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 CTP 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 CTP Regulator does not trade in foreign currency, nor enter into transactions for speculative purposes.

The CTP 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 CTP Regulator measures all financial instruments at amortised cost.

Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes, fees and charges, Auditor-General's department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.