



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
ABN 53 327 061 410
enquiries@audit.sa.gov.au
www.audit.sa.gov.au

To the Chair Return to Work Corporation of South Australia

Opinion

I have audited the financial report of the Return to Work Corporation of South Australia for the financial year ended 30 June 2026.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Return to Work Corporation of South Australia as at 30 June 2026, 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 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, Chief Executive Officer and the Executive Leader Finance and Investments.

Emphasis of matter

I draw attention to notes 4 and 10 of the financial report. There is significant uncertainty surrounding the financial impact of legislative reforms which will only become clearer as outstanding claims experience emerges in future financial periods. If in future years the actual costs of claims described in note 10 are greater than balances recorded in the financial statements, this will adversely impact the funding level described in note 6. My opinion is not modified in respect of this matter.

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 Return to Work Corporation of South Australia. 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 Officer and members of the Board for the financial report

The Chief Executive Officer 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 Officer 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.

The members of the Board are responsible for overseeing the entity's financial reporting process.

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* and section 19 of the *Return to Work Corporation of South Australia Act 1994*, I have audited the financial report of the Return to Work Corporation of South Australia for the financial year ended 30 June 2026.

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 Return to Work Corporation of South Australia's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the Chief Executive Officer'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 Officer and members of the Board 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 Blaskett
Auditor-General

18 September 2026

ReturnToWorkSA

ABN 83 687 563 395

Annual financial report for the year ended 30 June 2026

ReturnToWorkSA

Annual financial report – 30 June 2026

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Statement of Comprehensive Income
For the year ended 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Income			
Premium revenue	8a	923 096	868 635
Cost of claims	9	(706 427)	(854 425)
Claims management fees		(100 681)	(96 293)
Tribunal and ombudsman fees	12	(10 269)	(9 463)
Underwriting result		105 719	(91 546)
Net investment profit/(loss)	8b	285 692	391 101
Self-insured employer fee	8c	13 345	13 839
Other income		369	320
Net investment profit/(loss) and other income		299 406	405 260
General operating expenses	13	(103 793)	(91 983)
Finance costs	14	(85)	(140)
Total operating expenses		(103 878)	(92 123)
Operating profit before income tax equivalents		301 247	221 591
Income tax equivalents	15	(90 374)	(66 477)
Total comprehensive result		210 873	155 114

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

ReturnToWorkSA
Statement of Financial Position
As at 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Assets			
Cash and cash equivalents	17	310 014	58 336
Receivables	18	110 139	110 762
Investments	19	4 866 005	4 794 963
Property, plant and equipment	20	545	267
Right-of-use assets	21	1 394	2 788
Total assets		<u>5 288 097</u>	<u>4 967 116</u>
Liabilities			
Payables	23	50 968	52 670
Income tax equivalents	15	90 374	66 477
Outstanding claims	10, 11	4 779 799	4 691 076
Lease liabilities	24	1 595	3 084
Employee related liabilities	25	10 068	9 389
Total liabilities		<u>4 932 804</u>	<u>4 822 696</u>
Net assets/(liabilities)		<u>355 293</u>	<u>144 420</u>
Equity			
Retained earnings		355 293	144 420
Total equity		<u>355 293</u>	<u>144 420</u>

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

ReturnToWorkSA
Statement of Changes in Equity
For the year ended 30 June 2026

	Retained earnings \$'000
Total equity at 1 July 2024	(10 694)
Total comprehensive result	<u>155 114</u>
Total equity at 30 June 2025	<u>144 420</u>
Total equity at 1 July 2025	144 420
Total comprehensive result	<u>210 873</u>
Total equity at 30 June 2026	<u>355 293</u>

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

ReturnToWorkSA
Statement of Cash Flows
For the year ended 30 June 2026

		2026	2025
		Inflows	Inflows
		(Outflows)	(Outflows)
	Notes	\$'000	\$'000
Cash flows from operating activities			
Premium and self-insured fee receipts		1 021 765	977 128
Claim recoveries		24 175	21 715
Other receipts		388	369
Claim and other related payments		(669 063)	(617 793)
Interest received		36 131	37 227
Dividends received		145 561	120 331
Other payments to suppliers and employees		(204 083)	(189 774)
GST		(67 948)	(65 635)
Income tax equivalents		(66 477)	-
Interest paid		(85)	(140)
Investment expenses		(8 722)	(6 662)
Net cash flows from operating activities	26	211 642	276 766
Cash flows from investing activities			
Proceeds from the sale of investments		1 378 354	945 794
Acquisition of property, plant and equipment		(439)	-
Acquisition of investments		(1 336 390)	(1 199 382)
Net cash flows (used in) investing activities		41 525	(253 588)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(1 489)	(1 417)
Net cash flows (used in) financing activities		(1 489)	(1 417)
Net increase/(decrease) in cash and cash equivalents		251 678	21 761
Cash and cash equivalents at the beginning of the period		58 336	36 575
Cash and cash equivalents at the end of the reporting period	17	310 014	58 336

The accompanying notes form part of these financial statements.

ReturnToWorkSA
Notes to and forming part of the financial statements
30 June 2026

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Notes to and forming part of the financial statements

30 June 2026

Note 1 Reporting entity and objectives

ReturnToWorkSA (RTWSA), the principal trading name of the Return to Work Corporation of South Australia, is a not-for-profit statutory authority set up under the Return to Work Corporation of South Australia Act 1994.

Domiciled in Australia, RTWSA provides insurance protection for South Australian employers and their workers in the event of work-related injury. RTWSA administers the Return to Work Act 2014 (the Act).

For financial reporting purposes four separate funds are recognised as comprising RTWSA:

- Compensation Fund
- Statutory Reserve Fund
- Insurance Assistance Fund
- Mining and Quarrying Industries Fund

Compensation Fund

The Compensation Fund was established on 30 September 1987 under section 64 of the repealed Workers Rehabilitation and Compensation Act 1986 and continues under the Return to Work Act 2014. Workers injured at work are supported and assisted in returning to work through the payment of income support, medical and other treatment costs.

Statutory Reserve Fund (SRF)

The Statutory Reserve Fund was established under the repealed Workers Compensation Act 1971, and it came into operation in 1980 against which claims relating to workers compensation could be made in the event of the insolvency of an insurance company or the insolvency of an uninsured employer.

Insurance Assistance Fund (IAF)

The Insurance Assistance Fund exists to support policies issued under section 118(g) of the repealed Workers Compensation Act 1971. These policies provided assistance to employers who were unable to obtain satisfactory workers compensation insurance under the repealed Act at a determined premium. The Statutory Reserve Fund is required to meet any liability arising from a shortfall of the Insurance Assistance Fund.

Mining and Quarrying Industries Fund

Amendments to the repealed Workers Rehabilitation and Compensation Act 1986 provided for the establishment of the Mining and Quarrying Industries Fund to replace the Silicosis Fund. Funds standing to the credit of the Silicosis Fund were transferred to RTWSA and credited to a special account entitled 'Mining and Quarrying Industries Fund' which is divided into two parts:

Part A - to satisfy liabilities under the Silicosis Scheme established under the repealed Act; and,

Part B - to be available to the Mining and Quarrying Occupational Health and Safety Committee for the purposes referred to in schedule 2 of the Work Health and Safety Act 2012.

Note 2 Statement of compliance

These 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; and
- relevant Australian Accounting Standards.

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Notes to and forming part of the financial statements

30 June 2026

Note 3 Basis of preparation

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

RTWSA operates within the insurance industry predominantly providing for the recovery, return to work and compensation of workers with respect to injuries and diseases arising from their employment. The coverage provided is similar in nature to general insurance and accordingly the accounting standard AASB 1023 General Insurance Contracts is applied. RTWSA operates solely in the State of South Australia.

The assets backing insurance liabilities (outstanding claims) are those assets required to cover the insurance liabilities. Insurance liabilities are defined as outstanding claims and the liability for unearned premiums, included within payables, included in the Statement of Financial Position. As RTWSA operates solely in one industry and substantially all of its liabilities are insurance liabilities, RTWSA considers that substantially all its assets, excluding property, plant and equipment, exist to back these insurance liabilities. As part of its investment strategy RTWSA seeks to manage its assets allocated to insurance activities having regard to the characteristics of the insurance liabilities.

The Statement of Financial Position is prepared using the liquidity format in which the assets and liabilities are presented broadly in order of liquidity. The assets and liabilities comprise both current amounts and non-current amounts. Information regarding the amount of an item that is expected to be outstanding longer than 12 months is included within the relevant note to the financial statements.

Note 4 Use of judgements and estimates

RTWSA makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on RTWSA and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those related to the valuation of the outstanding claims liability.

Outstanding claims liability

RTWSA takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Given the uncertainty in establishing claims provisions, it is likely that the outcome will prove to be different from the original liability established. The details of the valuation of the outstanding claims liability are set out in Notes 10 and 11.

The outstanding claims liability has been established based on actuarial assessments of the estimated costs of settlement of claims, inflated for the anticipated effects of inflation and other factors and discounted to a present value at the reporting period. Risk-free rates are used when discounting liabilities to current values. The risk margins were determined based on advice from Finity Consulting Pty Limited to produce a provision with a 75% probability of sufficiency.

	2026	2025
Compensation Fund		
Risk margin	14.0%	14.0%
Statutory Reserve Fund and Insurance Assistance Fund		
Risk margin - reported claims	10.5%	10.5%
Risk margin - asbestos-related diseases IBNR	45.0%	45.0%

The outstanding claims liability includes a liability in respect of the estimated cost of claims incurred but not settled at the reporting period, including the cost of claims incurred but not yet reported (IBNR) to RTWSA. The outstanding liability for the Mining and Quarrying Industries Fund, which had its triennial valuation at 30 June 2025, is \$100,000.

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Notes to and forming part of the financial statements
30 June 2026

Note 4 Use of judgements and estimates (continued)

The estimated cost of claims includes estimates of the direct expenses to be incurred in settling claims net of the expected recoveries.

Premiums receivable

The premiums receivable balance is the estimate of premiums due up to 30 June to be received after allowing for impairment and refunds.

Note 5 Reporting by fund

Statement of Comprehensive Income for the year ended 30 June 2026

	Mining & Quarrying Industries					2026	2025
	Statutory	Insurance					
	Compensation	Reserve	Assistance	Fund		Total	Total
	Fund	Fund	Fund	Part A	Part B	Funds	Funds
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Premium revenue	923 096	-	-	-	-	923 096	868 635
Cost of claims	(707 695)	1 255	13	-	-	(706 427)	(854 425)
Claims management fees	(100 681)	-	-	-	-	(100 681)	(96 293)
Tribunal and ombudsman fees	(10 269)	-	-	-	-	(10 269)	(9 463)
Underwriting Result	104 451	1 255	13	-	-	105 719	(91 546)
Net investment profit/(loss)	268 317	14 143	2 325	27	880	285 692	391 101
Self-insured employer fee	13 345	-	-	-	-	13 345	13 839
Other income	369	-	-	-	-	369	320
Net investment profit/(loss) and other income	282 031	14 143	2 325	27	880	299 406	405 260
General operating expenses	(103 005)	-	-	-	(788)	(103 793)	(91 983)
Finance costs	(85)	-	-	-	-	(85)	(140)
Total operating expenses	(103 090)	-	-	-	(788)	(103 878)	(92 123)
Operating profit before income tax equivalents	283 392	15 398	2 338	27	92	301 247	221 591
Income Tax Equivalents	(85 018)	(4 619)	(701)	(8)	(28)	(90 374)	(66 477)
Total comprehensive result	198 374	10 779	1 637	19	64	210 873	155 114

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Notes to and forming part of the financial statements
30 June 2026

Note 5 Reporting by fund (continued)

Statement of Financial Position as at 30 June 2026

	Statutory	Insurance	Mining & Quarrying Industries		2026	2025
	Compensation	Reserve	Assistance	Fund	Total	Total
	Fund	Fund	Fund	Part A	Part B	Funds
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash and cash equivalents	310 014	-	-	-	-	58 336
Receivables	110 139	-	-	-	-	110 762
Investments	4 559 657	249 638	41 158	478	15 074	4 794 963
Property, plant and equipment	545	-	-	-	-	267
Right-of-use assets	1 394	-	-	-	-	2 788
Total assets	4 981 749	249 638	41 158	478	15 074	4 967 116
Liabilities						
Payables	50 968	-	-	-	-	52 670
Income tax equivalents	85 018	4 619	701	8	28	66 477
Outstanding claims	4 744 899	34 700	100	100	-	4 691 076
Lease liabilities	1 595	-	-	-	-	3 084
Employee related liabilities	10 068	-	-	-	-	9 389
Total liabilities	4 892 548	39 319	801	108	28	4 822 696
Net assets/(liabilities)	89 201	210 319	40 357	370	15 046	144 420
Equity						
Retained earnings	89 201	210 319	40 357	370	15 046	144 420
Total equity	89 201	210 319	40 357	370	15 046	144 420

Note 6 Funding level

The funding level is a measure of financial sustainability showing the availability of assets to fund the Scheme's liabilities.

The Board approved policy sets a funding range of 90% to 120%. The percentage is calculated from dividing total assets by total liabilities.

	2026 \$'000	2025 \$'000
Funded position	355 293	144 420
Funding percentage	107.2%	103.0%

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Notes to and forming part of the financial statements
30 June 2026

Note 7 Remuneration of board and committee members

Board members during the financial year ended 30 June 2026 were:

Member	Board	Appointed / Resigned	Investment & Finance Committee	Audit & Risk Committee	Human Resources Committee	Technology Committee
Ms. K Atherton	Member		-	Member	Member	-
Mr. K Cheater	Member		-	Chair	-	Chair
Dr. W Griggs	Member		Member	-	-	Member
Mr. G McCarthy	Chair		Member	-	Member	Member
Ms. E Perry	Member		-	Member	Chair	-
Ms. L Simpson	Member		Chair	-	-	-
Mr. T Kenyon	Member		-	Member	-	Member

Committee membership is at 30 June 2026.

The Minister's Advisory Committee is established under section 171 of the Return to Work Act 2014 (the Act). Its role includes advising the Minister for Industrial Relations on the operation of the Act.

Members of the Minister's Advisory Committee during the financial year ended 30 June 2026 were Prof. T Mah, Mr. D Blairs, Ms. K Crowe, Ms G Hannon, Dr. R Paterson, Ms. C Schumacher, Ms. N Sykes, Mr. A Tulic, and Ms. R Webber.

The number of Board and Committee members whose remuneration received and receivable falls within the following bands:

	2026	2025
\$1 to \$19,999	9	9
\$20,000 to \$39,999	-	4
\$40,000 to \$59,999	-	1
\$60,000 to \$79,999	6	3
\$100,000 to \$119,999	1	1
	16	18

The total remuneration received and receivable by board and committee members for the year was \$545,000 (2025: \$540,000) and includes superannuation contributions.

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Notes to and forming part of the financial statements
30 June 2026

Note 8 Income

(a) Premium revenue

	2026	2025
	\$'000	\$'000
Registered employer premium	923 096	868 635
Premium revenue	923 096	868 635

Premium revenue

Premiums are payable by all registered South Australian employers under the Act. Premiums are calculated on the total remuneration paid by employers for a financial year, including consideration for industry risk, claims experience, and applicable discounts. Premiums attributable to future years and received in the current financial year have been classified as unearned premiums (refer Note 23).

(b) Net investment profit/(loss)

	2026	2025
	\$'000	\$'000
Dividends	145 561	120 331
Interest received	36 131	37 227
Change in the net market values:		
Investments held at the end of financial year - unrealised	(218 326)	199 754
Investments sold during the financial year - realised	331 332	40 967
Investment profit/(loss)	294 698	398 279
Investment expenses	(9 006)	(7 178)
Net investment profit/(loss)	285 692	391 101

Investment income

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. Dividend income is recognised in the Statement of Comprehensive Income on the date RTWSA's right to receive payments is established, which in the case of quoted securities is the ex-dividend date.

(c) Self-insured employer fee

	2026	2025
	\$'000	\$'000
Self-insured employer fee - SA Government	6 901	6 552
Self-insured employer fee - non-SA Government	6 444	7 287
Self-insured employer fee	13 345	13 839

ReturnToWorkSA
Notes to and forming part of the financial statements
30 June 2026

Note 9 Cost of claims

	2026 \$'000	2025 \$'000
Income support	218 821	198 922
Redemptions	4 288	8 351
Lump sum payments	127 908	136 432
Hospital treatment	25 358	22 958
Medical treatment	130 933	110 370
Vocational rehabilitation	21 783	18 005
Physiotherapy	17 230	15 054
Home care costs	19 319	17 222
Legal costs	40 586	39 663
Other	18 190	18 580
Claims paid	624 416	585 557
Less recoveries from other parties	(21 977)	(19 741)
Net claims paid	602 439	565 816
Increase in net outstanding claims liability based on actuarial valuation	318 972	271 033
Adjustment relating to the (increase)/decrease in the discount rate	(228 000)	14 000
Increase/(decrease) in net outstanding claims liability	90 972	285 033
Net self-insurer settlements	13 016	3 576
Cost of claims	706 427	854 425

Claim recoveries

Claim recoveries are made from a range of parties in accordance with the Act. Recoveries received are offset against the cost of claims. Recoveries receivable are assessed in a manner like the assessment of outstanding claims in that they are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims. Movements in recoveries receivable are shown as a cost of claims.

Impact of Changes in Discount Rates

The outstanding claims liability is measured as the present value of the expected future claims payments, discounted using risk-free discount rates that reflect the timing of the expected cash flows.

An increase in discount rates reduces the present value of future claims payments and therefore decreases the outstanding claims liability recognised in the Statement of Financial Position. Conversely, a decrease in discount rates increases the present value of future claims payments and results in a higher outstanding claims liability.

During the reporting period, movements in discount rates contributed to changes in the valuation of the outstanding claims liability. All other assumptions remaining unchanged, a increase in discount rates results in a reduction in the net central estimate of outstanding claims and a corresponding increase in profit before tax for the period. The adjustments relating to the changes in discount rates for the Compensation Fund are shown above. The discount rate for the Compensation Fund rose from 4.56% to 5.03%.

ReturnToWorkSA
Notes to and forming part of the financial statements
30 June 2026

Note 10 Outstanding claims liability - Compensation Fund

(a) Outstanding claims

	Notes	2026 \$'000	2025 \$'000
Expected future gross claims payments (undiscounted)		8 386 089	8 110 411
Discount to present value		(4 223 897)	(4 028 163)
Central estimate		4 162 192	4 082 248
Risk margin		582 707	571 514
Liability for outstanding claims		4 744 899	4 653 762
Recoveries	18	(91 064)	(93 313)
Net liability for outstanding claims		4 653 835	4 560 449
Current liability for outstanding claims		756 985	697 920
Non-current liability for outstanding claims		3 987 914	3 955 842
Total liability for outstanding claims		4 744 899	4 653 762
Change in liability for outstanding claims		91 137	303 729
Change in claim recoveries receivable		2 249	(14 940)
Movement in net outstanding claims liability		93 386	288 789
Discounted mean term of the liabilities		10.2 years	10.9 years

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date by RTWSA, with an additional risk margin to allow for the inherent uncertainty in the central estimate. Under Actuarial Professional Standard 302, Valuations of General Insurance Claims, the central estimate is the best estimate of the expected liabilities for outstanding claims based on information currently available and exhibits no bias either towards a pessimistic or an optimistic outcome.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported, claims incurred but under reported and anticipated claims handling expenses. The expected future payments are discounted to present value using an appropriate risk-free rate.

Cost of claims in the Statement of Comprehensive Income includes claims paid less recoveries plus the change in the liability for outstanding claims both reported and unreported, including the risk margin and claims handling expenses.

The value of the claims liability is determined by RTWSA following an actuarial valuation by Finity Consulting Pty Limited. The value of the outstanding claims liability is based on a central estimate and includes a risk margin of 14.0% (2025: 14.0%) to bring the estimated net liability to a 75% (2025: 75%) probability of sufficiency.

The split of the outstanding claims liability between current and non-current liabilities is based on the actuary's estimate. If the timing of claim payment cash flows varies from the actuary's projection, then the proportions of the overall claims liability that are shown as current and non-current will vary.

ReturnToWorkSA
Notes to and forming part of the financial statements
30 June 2026

Note 10 Outstanding claims liability - Compensation Fund (continued)

(a) Outstanding claims (continued)

The Scheme is designed to provide services, up to two years of income support and up to three years of medical support for workers injured at work, together with long-term financial support for those seriously injured at work. Assumptions adopted in relation to the projected future payments made to claims are detailed below in Note 10(e).

The estimate of the value of the claims liability is based on the Act including the transitional provisions. Any divergence of the experience from the current valuation assumptions, whether favourable or adverse, will be reflected over time in relation to valuation assumptions.

Developments which potentially affect the Scheme's operating environment, and the uncertainty of the liability estimate include:

- Reform impacts – legislative reforms introduced in 2022 provided for combining of injuries and introduced other changes that attempt to manage the financial consequences of claimants getting higher Whole Person Impairment (WPI) scores. Given many serious injury claims are not recognised as such until 5 to 10 years post injury, it will be several years until the longer-term consequences of these changes are clear.
- New regulations – the Third Edition Impairment Assessment Guidelines (IAG) commenced in October 2025 and changed the rules under which WPIs are assessed, which means future outcomes could be different. Small changes in the WPI scores can equate to significant dollars in some cases.
- Legal precedent risk – risks relate to the possibility of decisions which are unfavourable to the scheme or the culture and behaviour of its participants.
- Serious injury claims costs – these claimants are entitled to benefits for life, and the risks for this group relate to factors that are common across most claims, meaning deviations from the actuarial assumptions could therefore compound across multiple years.
- Digital Transformation Program – the implementation of the new technology platform could be disruptive to the claims management process, impacting costs and future return to work rates.
- Economic environment and inflation risk – there is considerable uncertainty in financial markets and inflation risks; if material changes occur the scheme's liabilities will be impacted.

The increase in the outstanding claims liability includes the net impact of the increase in the average discount rate from 4.56% at 30 June 2025 to 5.03% at 30 June 2026.

Note 10(f) sets out the impact of changes in the key assumptions on which the valuation of the outstanding claims liability is based.

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Notes to and forming part of the financial statements
30 June 2026

Note 10 Outstanding claims liability - Compensation Fund (continued)

(b) Net claims incurred

	Current year \$'000	Prior years \$'000	2026 Total \$'000	Current year \$'000	Prior years \$'000	2025 Total \$'000
Undiscounted						
Gross incurred	1 772 546	(735 823)	1 036 723	1 576 088	(577 998)	998 090
Recoveries	(26 386)	1 431	(24 955)	(23 189)	(14 464)	(37 653)
Net incurred	<u>1 746 160</u>	<u>(734 392)</u>	1 011 768	<u>1 552 899</u>	<u>(592 462)</u>	<u>960 437</u>
Discounted						
Gross incurred	1 065 381	(251 794)	813 587	980 234	(3 049)	977 185
Recoveries	(21 676)	(295)	(21 971)	(19 718)	(17 106)	(36 824)
Net incurred	<u>1 043 705</u>	<u>(252 089)</u>	791 616	<u>960 516</u>	<u>(20 155)</u>	<u>940 361</u>
Discount and discount movement						
Gross incurred	(707 165)	484 029	(223 136)	(595 854)	574 949	(20 905)
Recoveries	4 710	(1 726)	2 984	3 471	(2 642)	829
Net discount movement	<u>(702 455)</u>	<u>482 303</u>	(220 152)	<u>(592 383)</u>	<u>572 307</u>	<u>(20 076)</u>

Current year amounts show the projected ultimate costs for injuries that occurred in the latest financial year. Prior years amounts show the combined value of any reassessment of the costs related to injuries that occurred in all periods prior to the current financial year. Payments within the above table include claims handling expenses.

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30 June 2026

Note 10 Outstanding claims liability – Compensation Fund (continued)

(c) Claims development

The table below shows the development of incurred cost on net outstanding claims relative to the ultimate expected estimate over the past eleven financial years.

		Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
		30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	Prior years*	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimate of ultimate claims cost**												
At the end of the year	8 889 260	406 719	411 384	421 395	534 781	563 788	637 576	596 452	608 670	678 848	722 754	779 332
One year later	8 953 450	407 683	407 585	466 182	578 043	622 625	588 872	570 045	611 341	649 271	687 764	-
Two years later	8 792 609	409 268	436 585	473 493	644 584	579 956	577 368	536 244	582 563	622 382	-	-
Three years later	8 925 092	422 385	462 185	582 935	629 443	600 875	543 705	514 444	564 450	-	-	-
Four years later	8 999 481	422 591	521 700	558 439	650 461	593 407	561 443	490 306	-	-	-	-
Five years later	8 991 991	468 244	497 636	583 068	664 179	588 907	542 964	-	-	-	-	-
Six years later	9 032 106	449 187	484 903	585 979	644 953	569 837	-	-	-	-	-	-
Seven years later	8 866 714	436 531	481 920	580 048	624 383	-	-	-	-	-	-	-
Eight years later	8 900 475	434 974	488 365	556 409	-	-	-	-	-	-	-	-
Nine years later	8 886 302	440 306	474 854	-	-	-	-	-	-	-	-	-
Ten years later	8 880 196	436 369	-	-	-	-	-	-	-	-	-	-
Eleven years later	8 860 755	-	-	-	-	-	-	-	-	-	-	-
Current estimate of cumulative claims costs**												
	8 860 755	436 369	474 854	556 409	624 383	569 837	542 964	490 306	564 450	622 382	687 764	779 332
Cumulative payments**	8 420 061	357 864	362 375	404 558	456 629	420 147	388 462	330 032	321 318	313 528	261 617	114 488
Outstanding payments**	440 694	78 505	112 479	151 851	167 754	149 690	154 502	160 274	243 132	308 854	426 147	664 844
Discount adjustment***	289 425	18 556	23 913	29 523	29 654	23 888	23 523	24 278	36 506	36 374	36 777	28 056
Net outstanding claims	730 119	97 061	136 392	181 374	197 408	173 578	178 025	184 552	279 638	345 228	462 924	692 900

* Development of incurred cost estimate for accidents prior to 30 June 2015 since 30 June 2015.

** Discounted to the beginning of the accident year using actual historical discount rates and the discount rates applied in the estimation.

*** Discount adjustment from beginning of accident year to current valuation date.

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Notes to and forming part of the financial statements
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Note 10 Outstanding claims liability – Compensation Fund (continued)

(c) Claims development (continued)

	2026 \$'000	2025 \$'000
Prior years	730 119	777 657
Year ended 30 June 2016	97 061	105 804
Year ended 30 June 2017	136 392	156 442
Year ended 30 June 2018	181 374	214 187
Year ended 30 June 2019	197 408	234 209
Year ended 30 June 2020	173 578	211 398
Year ended 30 June 2021	178 025	225 779
Year ended 30 June 2022	184 552	243 284
Year ended 30 June 2023	279 638	343 062
Year ended 30 June 2024	345 228	452 138
Year ended 30 June 2025	462 924	644 952
Year ended 30 June 2026	692 900	-
Net outstanding claims	3 659 199	3 608 912
Claims handling expenses	423 112	391 482
Risk margin	571 524	560 055
Net liability for outstanding claims	4 653 835	4 560 449

(d) Maturity profile

	Up to 1 yr \$'000	1 to 3 yrs \$'000	3 to 5 yrs \$'000	5 to 10 yrs \$'000	10 to 20 yrs \$'000	Over 20 yrs \$'000	Total \$'000
2026	739 994	889 777	577 464	825 267	865 849	755 484	4 653 835
2025	678 399	856 803	537 795	792 784	862 609	832 059	4 560 449

(e) Key assumptions

The key assumptions used by Finity Consulting Pty Limited in developing the valuation of the claims liability are the economic assumptions relating to inflation and discount rates and the assumptions relating to the duration and severity of claims. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors. The following key assumptions were used in the measurement of the outstanding claims liability:

	2026	2025
Economic assumptions		
Inflation rate - income support	0.00% or 3.25%	0.00% or 3.40%
Inflation rate - medical, legal and other costs	2.50% to 4.25%	2.50% to 3.70%
Superimposed inflation rate - medical payments	0.00% to 2.00%	0.00% to 2.00%
Superimposed inflation rate - other	0.00% to 2.80%	0.00% to 1.80%
Superimposed inflation rate - lump sums	0%	0%
Discount rate	5.03%	4.56%
Duration and severity of claims	Refer below	Refer below
Claims handling expenses	11.30%	10.60%
Risk margin	14.00%	14.00%

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Notes to and forming part of the financial statements

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Note 10 Outstanding claims liability - Compensation Fund (continued)

(e) Key assumptions (continued)

Finity Consulting Pty Limited has made a range of assumptions, accepted by RTWSA, relating to the projected durations that claimants will remain in receipt of payments and the quantum of those payments having had regard to the particular characteristics of groups of claims including:

- the distribution of claims between injured and seriously injured workers
- the analysis of past claims experience including the cost of claims.

The valuation of the outstanding claims liability is strongly dependent on the assumptions adopted in relation to the duration of the long-term claims for seriously injured workers.

On 28 July 2022 the Return to Work (Scheme Sustainability) Amendment Act 2022 was proclaimed. The Amendment Act:

- codified the approach to combining injuries
- increased the threshold for accessing serious injury benefits from 30% to 35% WPI for physical injury claims
- allows serious injury claimants to elect to receive a section 56 economic loss lump sum payment instead of ongoing income support
- allows for a redemption of medical expenses on serious injury claims.

The outstanding claims liability valuation reflects changes arising from the Amendment Act.

While the Amendment Act has been implemented there is still significant uncertainty on how the reforms will ultimately operate in practice. As a consequence the risk margin to bring the estimated claims liability to a 75% probability of sufficiency as at 30 June 2026 is still high at 14%.

(f) Sensitivity to changes in key assumptions

The sensitivity of the discounted net outstanding claims estimate and profit/(loss) impact at the 75th percentile (i.e. after allowing for the risk margin) to changes in key assumptions is shown in the following table:

	Increase/ (decrease) in net liability \$/million	Percentage of net liability
Economic and modelling assumptions		
Strong economic scenario (2% gap between inflation and discount rate)	(186)	(4%)
Weak economic conditions (0% gap)	698	15%
Duration and severity of claims		
Superimposed inflation is 1% higher than assumed for medical and care costs for serious injury claims	310	7%
Impact of catastrophic claims having mortality in line with standard population life expectancy	290	6%

In conducting its valuation Finity Consulting Pty Limited modelled several other scenarios under which the assumptions for future claims experience differed from those used in the valuation. Under those scenarios the total value of the liability differed from the central estimate by plus or minus amounts which were within the variation range of values shown above.

The selection of the probability of sufficiency has a material impact on the valuation of outstanding claims.

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Notes to and forming part of the financial statements
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Note 11 Outstanding claims liability - Other Funds

(a) Outstanding claims – SRF and IAF

	SRF \$'000	IAF \$'000	2026 Combined \$'000	2025 Combined \$'000
Open claims	2 170	-	2 170	1 902
Total incurred but not yet reported (IBNR)	20 430	64	20 494	22 205
Claims handling expenses	1 900	4	1 904	2 049
Central estimate	24 500	68	24 568	26 156
Risk margin	10 200	32	10 232	11 058
Net liability for outstanding claims	34 700	100	34 800	37 214

The value of the claims liability is determined by RTWSA following an actuarial valuation by Finity Consulting Pty Limited. The claims liability estimate is based on a central estimate and includes a risk margin to bring the estimate of claims to a 75% (2025: 75%) probability of sufficiency.

The IBNR component is primarily made up of the estimated liability of the funds for asbestos-related disease claims that will be made after 30 June 2026 due to exposure prior to 30 June 2026. Due to the latent nature of the disease, there is a significant delay between the time of injury and reporting of the claim. Relatively few claims have been notified at the date of adopting these financial statements.

The asbestos-related disease IBNR component was estimated by Finity Consulting Pty Limited based on:

- forecast total future claim numbers derived by fitting projection models to the SRF/IAF claims data by disease, recognising the varying nature of the exposure for different claims
- forecasts of average claim costs derived from analysis of SRF/IAF claims data, external data and information obtained from discussion with key parties. This analysis was based on disease type, size of claim and legal costs, adjusted to allow for the timing of claim payments and for future claims inflation, discounted to their present value.

(b) Maturity profile – SRF and IAF

	Up to 1 yr \$'000	1 to 3 yrs \$'000	3 to 5 yrs \$'000	5 to 10 yrs \$'000	10 to 20 yrs \$'000	Over 20 yrs \$'000	Total \$'000
2026	3 000	4 850	4 669	9 584	10 546	2 151	34 800
2025	2 748	4 814	4 725	10 074	11 456	3 397	37 214

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Notes to and forming part of the financial statements
30 June 2026

Note 11 Outstanding claims liability – Other Funds (continued)

(c) Movement in liability – SRF and IAF

	SRF			IAF		
	2026	2025	Change	2026	2025	Change
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asbestos-related						
Reported	1 602	1 441	161	-	-	-
IBNR / re-opened claims	20 413	22 109	(1 696)	64	72	(8)
	22 015	23 550	(1 535)	64	72	(8)
Non-asbestos-related						
Reported	568	460	108	-	-	-
IBNR / re-opened claims	17	25	(8)	-	-	-
	585	485	100	-	-	-
Central estimate	22 600	24 035	(1 435)	64	72	(8)
Claims handling expenses	1 900	2 043	(143)	4	6	(2)
Risk margin	10 200	11 023	(823)	32	35	(3)
Total outstanding claims liability	34 700	37 101	(2 401)	100	113	(13)

(d) Key assumptions

The key assumptions used in developing the estimate of the outstanding claims liability include economic assumptions relating to inflation and discount rates, the assumptions relating to severity of claims and the assumptions used to estimate the level of claims incurred but not reported. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors.

	2026	2025
Inflation rate		
asbestos claims	5.40%	5.40%
non-asbestos claims	3.40%	3.40%
Discount rate	5.02%	4.49%
Claim handling expenses	8.50%	8.50%
Risk margin		
reported claims	10.50%	10.50%
IBNR claims	45.00%	45.00%

The significant assumptions underpinning the asbestos-related disease IBNR are that the propensity to claim and the basis for compensating claims remain like the current situation, specifically:

- the number of diagnosed incidents of asbestos-related disease continues to develop in line with past trends
- the proportion of incidents compensated by the funds remains like current levels but with an allowance for an increase in the proportion of claims which revert to the SRF from uninsured and insolvent employers
- there are no additional failures of insurance companies.

(e) Sensitivity to changes in key assumptions

The key sensitivity for the SRF and the IAF is in relation to the ultimate value of the IBNR for asbestos-related claims.

(f) Mining and Quarrying Industries Fund – silicosis liability

The 30 June 2025 triennial valuation undertaken by Finity Consulting Pty Limited estimated the extent of the existing and prospective liabilities for the Silicosis Scheme under the repealed Act as being \$100,000.

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Notes to and forming part of the financial statements
30 June 2026

Note 11 Outstanding claims liability – Other Funds (continued)

(g) Summary of Other Funds

	2026	2025
	\$'000	\$'000
Statutory Reserve Fund	34 700	37 101
Insurance Assistance Fund	100	113
Mining and Quarrying Industries Fund	100	100
Net liability for outstanding claims	34 900	37 314
Current liability for outstanding claims	3 000	2 748
Non-current liability for outstanding claims	31 900	34 566
Total liability for outstanding claims	34 900	37 314
Change in liability for outstanding claims	(2 414)	(3 756)

Note 12 Tribunal and ombudsman fees

	2026	2025
	\$'000	\$'000
South Australian Employment Tribunal	9 869	9 078
Ombudsman funding	400	385
Total tribunal and ombudsman fees	10 269	9 463

Note 13 General operating expenses

	Notes	2026	2025
		\$'000	\$'000
Employee related expenses	16	50 466	46 273
Depreciation and amortisation		1 555	1 851
Consultants		3 681	3 528
Other operating costs		48 091	40 331
Total general operating expenses		103 793	91 983

Audit fees payable to the Audit Office of South Australia relating to work performed under the Public Finance and Audit Act 1987 were \$452,000 (2025: \$439,300) and are included within Other operating costs. No other services were provided by the Audit Office of South Australia.

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Note 14 Finance Costs

	2026	2025
	\$'000	\$'000
Interest and finance charges paid/payable for lease liabilities	85	140
Total finance costs	85	140

RTWSA does not capitalise finance costs.

Note 15 Taxation

	2026	2025
	\$'000	\$'000
Income tax equivalent expense/liability	90 374	66 477
Total income tax equivalents	90 374	66 477

The Return to Work Corporation of South Australia Act 1994 limits the application of income tax equivalents to financial years in which RTWSA has achieved a funding level of at least 100% (with its outstanding claims liabilities at a 75% probability of sufficiency) and it has achieved a profit from insurance operations. In accordance with Treasurer's Instruction 22 Tax Equivalent Payments, RTWSA is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profit method. This requires the corporate income tax rate (30%) to be applied to the operating profit.

RTWSA is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

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

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

Note 16 Employee related expenses

	2026	2025
	\$'000	\$'000
Salaries and wages	40 511	37 052
Long service leave	869	1 027
Annual leave	978	849
Skills and experience retention leave	90	80
Superannuation	4 934	4 451
Other employee related expenses	2 336	2 131
Workers' compensation	204	149
Board and committee fees	544	534
Total employee related expenses	50 466	46 273

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The superannuation on-cost charge represents RTWSA's contributions to superannuation plans in respect of current services of current employees.

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Notes to and forming part of the financial statements
30 June 2026

Note 16 Employee related expenses (continued)

(a) Key management personnel

RTWSA key management personnel include the Minister, Board members, the Chief Executive Officer and members of the Executive Team. The compensation disclosed in this note excludes salaries and other benefits the Minister receives. The Minister'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 under section 6 the Parliamentary Remuneration Act 1990.

	2026	2025
	\$'000	\$'000
Compensation		
Salaries and other short-term employee benefits	3 056	2 907
Post-employment benefits	338	324
Other long-term employment benefits	102	-
Termination benefits	219	213
Total	3 715	3 444

(b) Employee Remuneration

	2026	2025
	No.	No.
The number of employees whose remuneration received or receivable falls within the following bands		
\$171,001 to \$177,000 ¹	N/A	4
\$177,001 to \$197,000	18	14
\$197,001 to \$217,000	12	14
\$217,001 to \$237,000	9	5
\$237,001 to \$257,000	4	4
\$257,001 to \$277,000	1	-
\$277,001 to \$297,000	2	-
\$297,001 to \$317,000	-	1
\$317,001 to \$337,000	1	-
\$337,001 to \$357,000	-	1
\$357,001 to \$377,000	1	-
\$377,001 to \$397,000	-	1
\$417,001 to \$437,000	-	2
\$437,001 to \$457,000	1	-
\$557,001 to \$577,000 ²	1	-
\$657,001 to \$677,000	-	1
\$717,001 to \$737,000	1	-
Total	51	47

¹This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2024-25.

² inclusive of a one-off separation payment and significant leave entitlements.

The total remuneration received by those employees for the year was \$12.2 million (2025: \$10.8 million).

The table includes all employees whose normal remuneration was 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 and fringe benefits, any fringe benefits tax paid, or payable in respect of those benefits, as well as any termination benefits for employees who have left RTWSA.

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Notes to and forming part of the financial statements
30 June 2026

Note 16 Employee related expenses (continued)

(c) Related party transactions

RTWSA is a statutory authority and is wholly owned and controlled by the South Australian Government. Related parties of RTWSA include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Apart from the remuneration for key management personnel and RTWSA premiums in the normal course of business RTWSA did not have any material transactions with key management personnel, their close family members and/or their controlled or jointly controlled entities in the current and comparative financial years.

Note 17 Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Cash equivalents	310 014	58 336

Cash and cash equivalents comprises cash on hand and at bank.

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Notes to and forming part of the financial statements
30 June 2026

Note 18 Receivables

		2026	2025
	Notes	\$'000	\$'000
Current receivables			
Contractual receivables		33 585	30 298
Less allowance for doubtful debts		(14 600)	(12 900)
		18 985	17 398
Recoverable claim payments	10	16 990	19 521
Sundry receivables and prepayments		90	51
Total current receivables		36 065	36 970
Non-current receivables			
Recoverable claim payments	10	74 074	73 792
Total non-current receivables		74 074	73 792
Total trade and other receivables		110 139	110 762
Impairment of receivables			
Carrying amount at the beginning of the period		(12 900)	(7 400)
Amounts written off		5 501	2 800
(Increase)/Decrease in allowance recognised in profit or loss		(7 201)	(8 300)
Carrying amount at the end of the period		(14 600)	(12 900)

Contractual receivables arise in the normal course of providing insurance protection for employers. Employers who pay less than \$1,000 in premium each year are required to pay the premium in one annual payment, in advance. Employers who pay more than \$1,000 in premium each year, are eligible to pay in nine equal instalments, by the 7th of each month from October to June, or one annual payment to suit the business needs of the employers.

The carrying amounts of receivables approximates net fair value due to being receivable on demand. Claim recoveries receivable are stated at the amounts estimated in the actuarial valuation.

Collectability of receivables is reviewed on an ongoing basis. Allowances for doubtful debts are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9 Financial Instruments. Bad debts are written off when identified.

Information about the exposure to credit risk and expected credit losses is disclosed in Note 27(d).

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Notes to and forming part of the financial statements
30 June 2026

Note 19 Investments

	Notes	2026 \$'000	2025 \$'000
Deposits with financial institutions		261 048	263 676
Debt securities		2 106 229	2 005 607
Australian equities		251 020	276 005
Overseas equities		1 453 383	1 449 731
Real assets (property and infrastructure)		807 863	783 204
Derivatives		(13 538)	16 740
Total investments	27d	4 866 005	4 794 963
Current		252 950	409 887
Non-current		4 613 055	4 385 076
Total investments	27d	4 866 005	4 794 963

Investments are measured at fair value. Changes in the fair values of investments at the reporting period from the end of the previous reporting period, or from cost of acquisition if acquired during the financial year, are recognised as gains or losses in the Statement of Comprehensive Income.

The fair value of investments represents their net fair value and is determined as follows:

- cash assets are carried at the face value of the amounts deposited or drawn which approximates their fair value
- listed securities and Government securities are valued by reference to market quotations
- underlying property assets and investments in unlisted unit trusts are valued by reference to independent third parties.

All investments are classified as backing insurance liabilities (outstanding claims liabilities).

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Notes to and forming part of the financial statements
30 June 2026

Note 20 Property, plant and equipment

	Leasehold improvements including office furniture and fittings \$'000	Computer, communications and general office equipment \$'000	Total \$'000
Cost			
Balance at 1 July 2024	6 775	2 135	8 910
Additions	-	-	-
Disposals	-	(1 621)	(1 621)
Balance at 30 June 2025	6 775	514	7 289
Balance at 1 July 2025	6 775	514	7 289
Additions	-	439	439
Disposals	-	(76)	(76)
Balance at 30 June 2026	6 775	877	7 652
Accumulated Depreciation			
Balance at 1 July 2024	(6 775)	(1 440)	(8 215)
Depreciation charge	-	(428)	(428)
Disposals	-	1 621	1 621
Balance at 30 June 2025	(6 775)	(247)	(7 022)
Balance at 1 July 2025	(6 775)	(247)	(7 022)
Depreciation charge	-	(161)	(161)
Disposals	-	76	76
Balance at 30 June 2026	(6 775)	(332)	(7 107)
Carrying Amounts			
At 30 June 2025	-	267	267
At 30 June 2026	-	545	545

Property, plant and equipment with a value equal to or in excess of \$15,000 is capitalised, otherwise it is expensed. All assets acquired, including leasehold improvements, computer and communications and general office equipment are stated at cost less accumulated depreciation and accumulated impairment losses, deemed to be fair value. All assets are owned by RTWSA.

Refer to Note 22 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements.

Depreciation is calculated on a straight line basis to write off the cost of each item over its expected useful life. The estimated useful life in years used for each class of asset is as follows:

	2026	2025
Leasehold improvements including office furniture and fittings	5-10	5-10
Computer, communications and general office equipment	3-5	3-5

The cost of improvements to leasehold properties is amortised over the shorter of the unexpired period of the lease and the estimated useful lives of the improvements.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

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Notes to and forming part of the financial statements
30 June 2026

Note 21 Right-of-use assets

	Land and buildings \$'000	Motor vehicles \$'000	Total \$'000
Cost			
Balance at 1 July 2024	13 351	176	13 527
Additions	-	-	-
Derecognised	-	(176)	(176)
Balance at 30 June 2025	13 351	-	13 351
Balance at 1 July 2025	13 351	-	13 351
Additions	-	-	-
Disposals	-	-	-
Balance at 30 June 2026	13 351	-	13 351
Accumulated Depreciation			
Balance at 1 July 2024	(9 168)	(110)	(9 278)
Depreciation charge	(1 395)	(28)	(1 423)
Derecognised	-	138	138
Balance at 30 June 2025	(10 563)	-	(10 563)
Balance at 1 July 2025	(10 563)	-	(10 563)
Depreciation charge	(1 394)	-	(1 394)
Derecognised	-	-	-
Balance at 30 June 2026	(11 957)	-	(11 957)
Carrying Amounts			
At 30 June 2025	2 788	-	2 788
At 30 June 2026	1 394	-	1 394

Right-of-use assets for land and buildings are measured at cost.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. If applicable, the associated lease payments are recognised as an expense.

Depreciation is calculated on a straight line basis to write off the cost of each item over its expected useful life. The estimated useful life in years used for each class of asset is as follows:

	2026	2025
Right-of-use land and buildings	Lease term	Lease term
Right-of-use motor vehicles	N/A	Lease term

RTWSA leases land and buildings for its offices, under agreements of five years with a right of renewal for a further five years. As at 30 June 2026 it is not reasonably certain that RTWSA will take up the option to extend.

Motor vehicle lease arrangements with Fleet SA were updated on 1 April 2025 and are no longer accounted for under AASB16. Under the updated contracts Fleet SA has a substantive right to substitute the asset throughout the period of use and so the contract does not contain a lease.

The lease liabilities related to the right-of-use assets are disclosed in Note 24. The maturity analysis of lease liabilities is disclosed in Note 27(d). Expenses related to leases include depreciation, as disclosed in Note 13, and interest expense, as disclosed in Note 14.

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Note 21 Right-of-use assets (continued)

Impairment

Property, plant and equipment leased by RTWSA has been assessed for impairment. There was no indication of impairment as at June 2026. No impairment loss or reversal of impairment loss was recognised in 2025-26.

Note 22 Fair value measurement (non-financial assets)

AASB 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Fair value of non-financial assets, which must be estimated for recognition or for disclosure purposes, is measured using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs. RTWSA had no valuations categorised into levels 1 or 2.

In determining fair value, the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible and financially feasible) have been taken into account.

Current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As no factors were identified to suggest an alternative use, fair value measurement was based on current use.

	Leasehold improvements including office furniture and fittings \$'000	Computer, communications and general office equipment \$'000	Total \$'000
Balance at 1 July 2024	-	695	695
Additions	-	-	-
Depreciation	-	(428)	(428)
Balance at 30 June 2025	-	267	267
Balance at 1 July 2025	-	267	267
Additions	-	439	439
Depreciation	-	(161)	(161)
Balance at 30 June 2026	-	545	545

Total losses for level 3 non-financial assets in the period included in general operating expenses:

	\$'000
2025	(428)
2026	(161)

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Note 23 Payables

	2026	2025
	\$'000	\$'000
Current		
Contractual payables	27 599	24 772
Statutory payables	7 279	6 410
Premium refunds	13 775	15 215
Unearned premiums	2 315	6 273
Total payables	50 968	52 670

Payables and accrued expenses are recognised for all amounts owing but unpaid. All payables are non-interest bearing.

Contractual payables are liabilities that arise from contracts. They include trade payables and accrued expenses. Accrued expenses are expenses incurred but not yet invoiced or paid. The balances are transferred to trade payables when invoices are received.

Contractual payables are normally settled within 15 days from the date the invoice is first received.

Statutory payables do not arise from contracts. Statutory payables include government taxes and equivalents, statutory fees and charges and Audit Office of South Australia audit fees.

Note 24 Lease liabilities

(a) Lease liabilities

	2026	2025
	\$'000	\$'000
Current		
Lease liabilities	1 595	1 489
Non-current		
Lease liabilities	-	1 595
Total lease liabilities	1 595	3 084

All material cash outflows are reflected in the lease liabilities disclosed above.

(b) Cash outflow for leases

	2026	2025
	\$'000	\$'000
Land and buildings	1 574	1 528
Motor vehicles	-	29
Total cash outflow for leases	1 574	1 557

(c) Extension options

The lease for office space is for a five year term to 30 June 2027 with a right of renewal for a further five years. As at 30 June 2026 it is not reasonably certain that RTWSA will take up the option to extend the lease beyond 30 June 2027.

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Note 25 Employee related liabilities

	2026 \$'000	2025 \$'000
Current		
Accrued salaries and wages	290	112
Annual leave	3 393	3 010
Skills and experience retention leave	109	100
Long service leave	775	637
Employment on-costs	918	892
	5 485	4 751
Non-current		
Long service leave	4 112	4 162
Employment on-costs	471	476
	4 583	4 638
Total employee related liabilities	10 068	9 389

Employee related liabilities are accrued as a result of services provided up to the reporting date that remain unpaid. Apart from long service liability, employee related liabilities are measured at nominal amounts.

The liability of 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 skills and experience retention leave liability are expected to be payable in full within 12 months and are measured at the undiscounted amount expected to be paid.

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. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds is 4.75% (2025: 4.25%).

The salary inflation rate used in the actuarial assessment performed by the Department of Treasury and Finance is 3.50% (2025: 3.50%) for long service leave liability.

The net financial impact of the changes to actuarial assumptions in the current financial year is a decrease in the long service liability of \$0.2 million and employee related expense of \$0.2 million. The impact of future periods is impracticable to estimate as the long service leave is calculated using a number of demographical and financial assumptions, including the long-term discount rate.

Current long service leave reflects the portion of leave expected to be settled with in the next 12 months, based on previous experience and expected amount of leave to be approved and taken by eligible employees and expected amount of leave to be paid on termination to eligible employees within 12 months.

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Note 25 Employee related liabilities (continued)

Employment on-costs include payroll tax, ReturnToWorkSA premium 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 because of long service leave liabilities.

RTWSA contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave is 44% (2025: 44%) and the average factor for the calculation of employer superannuation cost on-costs is 12% (2025: 12%). These rates are used in the employment on-cost calculation. The impact on future periods is impracticable to estimate.

Note 26 Reconciliation of comprehensive result to net cash flows from operating activities

	2026	2025
	\$'000	\$'000
Total comprehensive result	210 873	155 114
Add / (less) non-cash or unpaid items		
Depreciation	1 555	1 851
Change in net market values of investments	(113 006)	(240 721)
Movement in assets and liabilities		
Increase/(decrease) in payables	(1 702)	5 412
Increase/(decrease) in income tax equivalents	23 897	66 477
(Increase)/decrease in receivables	623	(12 189)
Increase/(decrease) in outstanding claims liability	88 723	299 973
Increase/(decrease) in employee benefits	679	849
Net cash flows from operating activities	211 642	276 766

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Note 27 Risk management

(a) Overview

RTWSA's risk management framework is the principal means by which identified risks are managed. RTWSA has developed a corporate governance framework that supports risk management. Each identified risk is analysed according to an established risk management process and appropriate treatment strategies are adopted to manage RTWSA's exposure to risk. The key aspects of the process established in the risk management framework to mitigate risk include:

- the establishment of a Board Audit and Risk Committee, which is responsible for developing and monitoring risk management policies
- the establishment of the Risk Appetite Statement, which is reviewed annually
- the establishment and regular review by the Board and management of an enterprise risk register
- the establishment of a system of internal controls to manage risk
- the maintenance and use of management information systems, which provide up to date, and reliable data relevant to the risks to which the business is exposed
- the identification of operational risks and the establishment and implementation of processes to address and mitigate those risks.

The Board Audit and Risk Committee reports regularly to the Board on its activities. The Committee oversees how management monitors compliance with RTWSA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by RTWSA. A risk management policy is in place to ensure risks are identified, analysed and managed appropriately by RTWSA. RTWSA's risk management framework is part of its governance risk and compliance system which is reviewed regularly to reflect changes in market conditions and in RTWSA's activities. RTWSA, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Committee is assisted in its oversight by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

The broad categories of risk faced by RTWSA are:

- insurance risk
- operational risk
- financial risk.

(b) Insurance risk

As set out in Note 1, RTWSA provides insurance protection in the event of work-related injury, in accordance with the Act, to workers employed in South Australia through the following funds:

- Compensation Fund
- Statutory Reserve Fund
- Insurance Assistance Fund
- Mining and Quarrying Industries Fund.

In accordance with the Act the Compensation Fund is funded by charging premiums to all employers covered by the Act which are calculated as a percentage of the remuneration paid or expected to be paid by each employer. The percentage or premium rate applicable to each employer is determined annually based on the industry in which the employer operates and the Average Premium Rate. Small employers, with annual remuneration less than \$16,806 (subject to indexation), are not required to register or pay a premium.

The Average Premium Rate is set annually by the Board in accordance with its funding and premium setting policy based on an actuarial assessment of the expected claims and expenses of the Compensation Fund and an estimate of the likely overall remuneration for all the employers that are required to pay premiums under the Act. The Average Premium Rate is then used as a basis for determining an individual premium rate for individual industry groups.

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Notes to and forming part of the financial statements

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Note 27 Risk management (continued)

(b) Insurance risk (continued)

The risk associated with premium rate pricing is controlled by obtaining external actuarial advice concerning the funding requirements of the Scheme and using robust and historical models. The number of registered (non self-insured) employers insured under the Act for the financial year was approximately 65,000. The entitlements payable to injured workers are determined by the Act.

RTWSA's approach to determining the outstanding claims provisions and related sensitivities is set out in Notes 10 and 11. A key control utilised by RTWSA in seeking to ensure the adequacy of the claims provision is the regular completion of actuarial valuations:

- Compensation Fund - every six months
- Statutory Reserve Fund - every twelve months
- Insurance Assistance Fund - every twelve months
- Mining and Quarrying Industries Fund - every three years.

(c) Operational risk

Operational risk relates to the risk of loss arising from system failure, human error or from other circumstances not related to insurance or financial risks. These risks are managed through the risk framework outlined above, which includes a system of delegated authorities, effective segregation of duties, access controls and review processes.

(d) Financial risk

RTWSA has exposure to the following financial risks:

- credit risk
- liquidity risk
- market risk.

RTWSA's exposure to these risks arises primarily in relation to its investment portfolio, and in relation to its other financial assets. This note presents information about RTWSA's exposure to each of the above risks, objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Investments – risk management framework

RTWSA's Investment Policy and Strategy document describes the framework within which the RTWSA investment program functions, including the Board's governance arrangements for the investment program.

The mission of the investment program is to contribute to an improved funding position for the Scheme. The investment program will achieve this by delivering, over the long term, a rate of return that exceeds the average actuarial discount rate.

The current long term return objective for the investment program is a return of CPI + 2.5%. This will be achieved through adopting a moderate risk, balanced investment portfolio. Investment market risk is managed to a risk tolerance of a maximum 10% loss over a one-year period, measured using 95% Conditional Value at Risk (CVaR), representing the average return in the worst 5% of market outcomes.

The formal Investment Policy is reviewed annually by the Board to ensure it remains appropriate to the organisation's current circumstances.

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Notes to and forming part of the financial statements
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Note 27 Risk management (continued)

(d) Financial risk (continued)

The investment portfolio is managed internally by experienced professionals supported by an internationally recognised investment consultancy firm that provides advice on asset allocation, selection of external fund managers, and undertakes specialised investment research and performance measurement.

The Board Investment and Finance Committee monitors the investment program on a regular basis.

RTWSA has a master custody arrangement with Northern Trust (NT). All discretely held portfolios are held under safe custody with NT, and all assets are independently valued by NT. All investment related cashflows (except for the internally managed cash portfolio and an external global equity indexed fund) are conducted through NT.

At any particular time the composition of the portfolio will vary from the Board approved Investment Strategy targets depending on the decisions of individual fund managers and market movements. However, any variance to the target is required to be within Board approved limits.

The composition of the portfolio is as follows:

As at 30 June 2026

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Deposits with Financial Institutions	261 048	-	-	261 048
Debt securities	1 810 172	-	296 057	2 106 229
Australian equities	250 997	-	23	251 020
Overseas equities	1 453 349	-	34	1 453 383
Unlisted real assets (property and infrastructure)	-	-	807 863	807 863
Derivatives	-	(13 538)	-	(13 538)
Total investments at fair value through profit and loss	3 775 566	(13 538)	1 103 977	4 866 005

As at 30 June 2025

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Deposits with Financial Institutions	263 676	-	-	263 676
Debt securities	1 724 519	-	281 088	2 005 607
Australian equities	275 872	-	133	276 005
Overseas equities	1 449 730	-	1	1 449 731
Unlisted real assets (property and infrastructure)	-	-	783 204	783 204
Derivatives	-	16 740	-	16 740
Total investments at fair value through profit and loss	3 713 797	16 740	1 064 426	4 794 963

The hierarchy for the fair value measurement of investments is:

- Level 1: quoted prices (unadjusted) in active markets for identical assets
- Level 2: inputs, other than quoted prices included within level 1, that are observable for the asset either directly (as prices) or indirectly (derived from prices)
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

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Note 27 Risk management (continued)

(d) Financial risk (continued)

Use of derivatives

In the normal course of its investment activities RTWSA is party to arrangements involving derivatives.

Derivatives held within portfolios through RTWSA's custodian have three main objectives:

- risk management - minimisation or reduction of specific risks within a given portfolio. For example, forward exchange contracts are used to hedge currency movements to remove their impact on international investment portfolio returns
- transactional efficiency - derivatives provide effective exposure to markets or individual securities while incurring transaction costs lower than the cost of purchasing the underlying security or basket of securities. In many instances the derivative markets provide much more liquidity than the underlying physical market
- value added strategies - given their low cost and high liquidity, derivatives can be an efficient way to support portfolio positions. As there can also be pricing anomalies between derivatives and underlying physical securities there can be opportunities to take advantage of different pricing.

Derivative exposures are subject to the same restrictions as physical assets within each portfolio's investment guidelines. Derivatives also need to comply with the fund managers' risk management policies and RTWSA's Derivatives Policy and Fund Manager Guidelines. Where there is inconsistency, RTWSA's Fund Manager Guidelines will take precedence. Additionally, no gearing or leverage is allowed from derivative positions, with all net long derivative exposures covered by cash or cash equivalent securities.

The use of derivatives is restricted to appropriately credentialed counterparties. Unit Trusts in which RTWSA invests may use derivative instruments appropriate to the investment markets in which they invest. The use of derivatives within the Unit Trusts in which RTWSA invests is approved and monitored by the responsible entity or trustee for the respective Unit Trust.

No single instrument is individually material to the future cash flows of RTWSA. RTWSA does not consider that the nature and extent of the use of derivatives warrants separate disclosure of individual contracts. RTWSA, through its separate account investment portfolios, uses derivative instruments as follows:

Forward exchange contracts

- RTWSA invests in global markets to access the risk reduction benefits of diversification. To protect against exchange rate movements for a portion of overseas exposures, RTWSA has entered into forward exchange contracts, which require settlement of the net gain or loss at maturity. For diversification purposes RTWSA intentionally maintains some un-hedged currency exposures
- the gain or loss on open contracts as at the reporting period has been taken up in the financial statements as an unrealised gain or loss based on the exchange rate current as at the end of the reporting period
- the use of forward exchange contracts for speculative purposes is prohibited.

Futures contracts

- RTWSA invests across a range of markets. Futures contracts give investors the ability to increase or decrease exposure to these markets with very low transaction costs
- the gain or loss on outstanding futures contracts as at the reporting period are taken up in the financial statements as an unrealised gain or loss based on the fair value as at the end of the reporting period
- futures contracts are predominantly used for transactional efficiency and value added strategies.

Credit risk

Credit risk is the risk of financial loss to RTWSA if a premium payer, other debtor or counterparty to a financial instrument fails to meet their contractual obligations.

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Notes to and forming part of the financial statements
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Note 27 Risk management (continued)

(d) Financial risk (continued)

Credit risk - investments

RTWSA manages its exposure to credit risk related to debt securities, cash investments and non-centrally cleared financial instruments through its Investment Strategy and Investment Guidelines, which sets credit limits. Credit exposures are monitored against approved limits with breaches corrected and notified to the Board Investment and Finance Committee.

The following tables outline RTWSA's credit risk exposure within debt securities investments, deposits with financial institutions and derivatives.

As at 30 June 2026

	Short-term issue ratings*			Long-term issue ratings**					Not Rated***	Total \$'000
	A1+ \$'000	A1 \$'000	A2 \$'000	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	BB or below \$'000	\$'000	
Government	-	-	-	916 993	231 279	1 588	-	-	-	1 149 860
Corporate	-	-	-	113 559	86 062	185 001	173 371	99 037	302 461	959 491
Cash	174 071	59 698	-	-	-	-	-	-	(1 735)	232 034
	174 071	59 698	-	1 030 552	317 341	186 589	173 371	99 037	300 726	2 341 385

As at 30 June 2025

	Short-term issue ratings*			Long-term issue ratings**					Not Rated***	Total \$'000
	A1+ \$'000	A1 \$'000	A2 \$'000	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	BB or below \$'000	\$'000	
Government	-	-	-	943 411	201 017	831	-	-	-	1 145 259
Corporate	-	-	-	80 343	65 590	199 412	214 480	48 034	247 906	855 765
Cash	247 393	24 097	3 002	-	-	-	-	-	8 112	282 604
	247 393	24 097	3 002	1 023 754	266 607	200 243	214 480	48 034	256 018	2 283 628

* Standard & Poor's short-term financial strength ratings apply for cash portfolio and short-term investments. A1+ is the highest short-term strength rating.

** Standard & Poor's long-term credit ratings. AAA is the highest possible long-term credit rating.

*** Not rated assets for this table are non-defensive assets and consist predominately of private debt investments in pooled funds and derivatives held at fair value.

Credit risk - other financial assets

The only significant exposure to credit risk in relation to assets, other than investments, relates to contractual receivables, which include premiums due and payable from registered and self-insured employers and overpayment recoveries from employers, workers and providers. RTWSA can enforce the collection of debts due under the Act or via restitution principles through a court of competent jurisdiction. RTWSA has processes in place to monitor all material credit exposures and has an established policy to manage debt recovery.

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Note 27 Risk management (continued)

(d) Financial risk (continued)

28.7% of RTWSA's contractual receivables and sundry receivables were past due greater than 30 days (2025: 23.7%).

The ageing of RTWSA's contractual receivables and sundry receivables at the reporting date was:

	Gross carrying amount \$'000	Loss % \$'000	Lifetime expected losses \$'000	Net carrying amount
Not past due	11 505	3%	307	11 198
Past due 1-30 days	3 296	27%	897	2 399
Past due 31-60 days	7 956	43%	3 403	4 553
Past due 61 days or more	10 918	92%	9 993	925
	33 675		14 600	19 075

There were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises from the possibility that RTWSA will not be able to meet its financial obligations as they fall due. RTWSA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to RTWSA's reputation. RTWSA requires that at least 15% of investments can be liquidated within 30 days. As at 30 June 2026 approximately 77% of RTWSA's investments could be liquidated within 30 days.

Both the asset and liability liquidity risks are managed through management risk strategies. 81.6% (2025: 83.1%) of RTWSA's liabilities are non-current and consist predominately of estimates of payments of entitlements to workers compensation made over the long-term to individual claimants.

The table below outlines the maturity profile of certain financial liabilities, excluding outstanding claims, based on the remaining undiscounted obligations. The maturity profiles of outstanding claims are outlined in notes 10 & 11.

As at 30 June 2026

	1 year or less \$'000	1 to 3 years \$'000	3 to 5 years \$'000	Over 5 years \$'000	No Term \$'000	Total \$'000
Lease liabilities	1 595	-	-	-	-	1 595
Contractual and other payables	50 968	-	-	-	-	50 968

As at 30 June 2025

	1 year or less \$'000	1 to 3 years \$'000	3 to 5 years \$'000	Over 5 years \$'000	No Term \$'000	Total \$'000
Lease liabilities	1 489	1 595	-	-	-	3 084
Contractual and other payables	52 670	-	-	-	-	52 670

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Note 27 Risk management (continued)

(d) Financial risk (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect RTWSA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

RTWSA is exposed to market risk primarily through:

- currency risk
- interest rate risk
- market price risk.

Currency risk

RTWSA is directly exposed to currency risk on purchases and financial instruments that are denominated in a currency other than Australian dollars. RTWSA uses forward exchange contracts for a portion of its international investments to hedge its exposure to foreign currency fluctuations. RTWSA targets a strategic foreign currency exposure of 15.0%, as at 30 June 2026 it was 14.9%. The majority of international investments are covered by forward exchange contracts. The changes in the valuations of these open contracts are disclosed in the financial statements as unrealised gains or losses as at the reporting period.

The analysis below demonstrates the impact of a strengthening or weakening Australian dollar on assets held in foreign currencies. This analysis is based on foreign currency exchange rate variances that RTWSA considered to be reasonably possible at the reporting date and assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss		Equity	
	Strengthening	Weakening	Strengthening	Weakening
	\$'000	\$'000	\$'000	\$'000
30 June 2026				
US Dollar (10% movement)	(40 171)	40 171	(40 171)	40 171
Chinese Yuan (10% movement)	-	-	-	-
Euro (10% movement)	(13 341)	13 341	(13 341)	13 341
Japanese Yen (10% movement)	(1 770)	1 770	(1 770)	1 770
Sterling (10% movement)	(9 952)	9 952	(9 952)	9 952
Other (10% movement)	(7 050)	7 050	(7 050)	7 050
30 June 2025				
US Dollar (10% movement)	(36 482)	36 482	(36 482)	36 482
Chinese Yuan (10% movement)	-	-	-	-
Euro (10% movement)	(12 362)	12 362	(12 362)	12 362
Japanese Yen (10% movement)	(2 240)	2 240	(2 240)	2 240
Sterling (10% movement)	(11 253)	11 253	(11 253)	11 253
Other (10% movement)	(5 029)	5 029	(5 029)	5 029

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. Fixed interest securities are exposed to changes in fair value due to fluctuating interest rates whilst floating rate securities are exposed to future cash flow variations because of changes to interest rates. The risk management approach adopted by RTWSA to manage such risks is through its asset allocation whereby a mixture of high credit rated and readily liquidated fixed interest securities, private debt as well as short-term deposits and cash to achieve the desired level of interest rate risk exposure.

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Note 27 Risk management (continued)

(d) Financial risk (continued)

RTWSA's debt securities are held predominately in domestic markets. RTWSA's investments in interest bearing securities consist largely of marketable securities.

RTWSA's sensitivity to movements in interest rates in relation to the value of interest bearing investments is shown in the table below. This analysis is based on interest rate variances that RTWSA considered to be reasonably possible at the reporting date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
	Strengthening \$'000	Weakening \$'000	Strengthening \$'000	Weakening \$'000
1% interest rate movement - interest bearing investments				
2026	(102 969)	102 969	(102 969)	102 969
2025	(102 452)	102 452	(102 452)	102 452

Market price risk

Market price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market pricing (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual instrument or its issuer (idiosyncratic risk), or factors affecting all similar financial instruments traded in the market (systematic risk).

RTWSA is exposed to market price risk in all asset groups with the highest systematic risk in listed securities. These investments consist of investments listed on the Australian Stock Exchange and other major international exchanges (excluding listed debt). The market price risk in all other asset groups is considered less significant.

RTWSA manages its exposure to market price risk through the adoption of a long-term investment strategy based on extensive modelling of the expected return, volatility and correlation of each asset category included in the investment program to maximise returns for a given level of risk. By diversifying investments across a number of lowly correlated markets the volatility of the aggregate investment return is moderated over time.

The potential impact of movements in the market value of Australian and overseas listed equities on RTWSA's Statement of Comprehensive Income and Statement of Financial Position is shown in the sensitivity analysis below. The calculation excludes the impact from currency risk. Industry standard categorisations have been adopted for RTWSA's equity exposures.

	Profit or loss		Equity	
	Strengthening \$'000	Weakening \$'000	Strengthening \$'000	Weakening \$'000
Listed Securities				
30 June 2026				
Australian equities - (20% movement)	50 204	(50 204)	50 204	(50 204)
Overseas equities - (20% movement)	290 676	(290 676)	290 676	(290 676)
30 June 2025				
Australian equities - (20% movement)	55 201	(55 201)	55 201	(55 201)
Overseas equities - (20% movement)	289 946	(289 946)	289 946	(289 946)

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Note 27 Risk management (continued)

(d) Financial risk (continued)

Fair value measurements

The fair value of financial assets must be estimated for recognition and measurement or for disclosure purposes. AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets
- Level 2: inputs, other than quoted prices included within level 1, that are observable for the asset either directly (as prices) or indirectly (derived from prices)
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The majority of fair value estimates are included in level 1, except for derivatives (level 2) and unlisted infrastructure, unlisted property and private debt assets (level 3).

The following table presents the changes in level 3 instruments for the years ended 30 June 2026 and 2025:

	2026	2025
	\$'000	\$'000
Opening balance	1 064 426	941 570
Re-classifications	(77)	103
Contributions	26 071	81 113
Withdrawals	(44 300)	(27 991)
Gains recognised in investment profit	57 857	69 631
Closing balance	1 103 977	1 064 426

Re-classifications reflect current market conditions.

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Note 28 Unrecognised contractual commitments

	2026	2025
	\$'000	\$'000
Commitments contracted for but not recognised as liabilities are payable as follows:		
Within one year	9 876	8 491
Total expenditure commitments	9 876	8 491

Most of the commitments relate to the Digital Transformation Project, a project that will enable our new operating model.

Note 29 Employer financial guarantees

Under section 129 of the Act and schedule 3 of the Regulations, RTWSA administers financial guarantees lodged by non-SA Government self-insured employers. As at 30 June 2026, RTWSA held security to the value of \$368.3 million (2025: \$329.9 million) in financial guarantees or other approved substituted financial securities for self-insured employers. Guarantees are held in the event of a self-insured employer no longer being able to meet its claim liabilities.

Note 30 Self-insured Insolvency Contribution Aggregate

The Act requires fees paid by self-insured employers to include a fair contribution towards the actual and prospective liabilities of RTWSA arising from the insolvency of self-insured employers and other liabilities of RTWSA as an insurer of last resort. The Self-Insured Insolvency Contribution Aggregate ("SIICA") is a pooled fund representing contribution fees received over time less any amounts paid by RTWSA because of the insolvency of a self-insured employer more than a financial guarantee held by RTWSA plus notional investment income based upon the net investment return achieved by RTWSA. The scheme actuary reviews the SIICA annually to determine the adequacy of the SIICA to meet the actual and prospective liabilities arising from the insolvency of self-insured employers. The fees may be varied dependent upon the results of the review. The fees have been set at 0% of base premium from 1 July 2024 onwards. The SIICA balance as at 30 June 2026 is \$67.6 million (2025: \$63.7 million).

Note 31 Impact of standards and statements not yet implemented

RTWSA has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective. The material impacts on RTWSA are outlined below:

AASB 17 Insurance Contracts

Australian Accounting Standards Board 17 (AASB 17) - Insurance Contracts is replacing the current standard AASB 1023 – General Insurance Contracts, for the first time in the 2026-2027 Financial Statements, the material impacts are listed below.

Measurement model

RTWSA expects to use the Premium Allocation Approach (PAA) as it is a public sector insurer. The PAA is similar to the current measurement model used for general insurance under the current standard.

Risk adjustment

AASB 17 requires a risk adjustment which is the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts. The risk adjustment replaces the concept of a risk margin under AASB 1023, which reflects the inherent uncertainty in the net discounted central estimate. Like AASB 1023, the confidence level that corresponds to the risk adjustment will be disclosed. RTWSA intends to adopt a risk adjustment with a 75% probability of sufficiency as determined by a cost of capital model. The replacement of the risk margin with the risk adjustment is not expected to have a material impact on the claims liability.

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Notes to and forming part of the financial statements
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Note 31 Impact of standards and statements not yet implemented (continued)

Discount rate

AASB 17 requires the estimates of expected cash flows that are used to measure the liability for incurred claims are discounted to reflect the time value of money and the financial risks related to those cash flows. AASB 17 also requires the discount rate to reflect the liquidity characteristics of the underlying insurance contracts.

RTWSA will adopt the bottom-up approach which calculates the discount rate by adding an illiquidity premium to the risk-free yield. The illiquidity premium is calculated by considering the difference in yield between a portfolio of market traded corporate bonds that are investment grade, and a portfolio of Australian Government bonds and then removing the difference in yield that relates to credit risk. The difference in yield for credit risk is estimated based on the price of credit default swaps.

Presentation and disclosure

AASB 17 introduces a range of presentation and disclosure changes which include:

- In the Statement of Comprehensive Income insurance related elements will be shown together with the Insurance Revenue and Insurance Service Expenses. The financial impact of changes to discount rates and the discount unwind, will be recognised separately as insurance finance income or expense.
- In the Statement of Financial Position insurance asset and liabilities, including Outstanding Claims and Recoverable Claim Payments are consolidated into a single entry, Insurance Contract Liabilities
- Additional disclosures are required to provide information about amounts recognised from insurance contracts and the nature and extent of risks arising from insurance contracts.

Transitional Impact

RTWSA expects to apply the full retrospective approach to all insurance contracts at 1 July 2025. The impact of adopting AASB 17 is expected to decrease RTWSA's Liability for outstanding claims by approximately \$200m, mainly driven by higher discount rates reflecting the inclusion of the illiquidity premium.

The requirements of AASB 17, including the actual transitional impact at 1 July 2025 are subject to change following the finalisation of key assumptions and future interpretation clarifications.

Note 32 Events after the reporting period

There have been no events after the reporting period which would have a material effect on RTWSA's financial statements at 30 June 2026.

ReturnToWorkSA

Certificate under section 23(2) of the Public Finance and Audit Act 1987

30 June 2026

In our opinion the financial statements for the Return to Work Corporation of South Australia:

- are in accordance with the accounts and records of the Return to Work Corporation of South Australia;
- comply with relevant Treasurer's Instructions;
- comply with relevant accounting standards; and
- present a true and fair view of the financial position of the Return to Work Corporation of South Australia at the end of the financial year and the result of its operation and cash flows for the financial year.

In our opinion the internal controls employed by the Return to Work Corporation of South Australia for the financial year over its financial reporting and its preparation of financial statements have been sufficiently effective to enable the presentation of financial statements that are free from material misstatement.



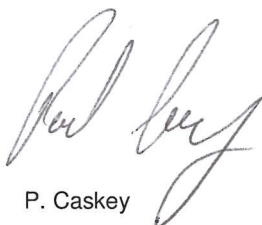
G. McCarthy

Chair



M. Francis

Chief Executive Officer



P. Caskey

Executive Leader Finance and Investments

10 September 2026