



Lifetime Care &
Support Authority

Lifetime Care & Support Authority of NSW
Annual Report

2011 • 12



Letter to the Minister

31 October 2012

The Hon. Gregory Stephen Pearce, BA LLB MLC
Minister for Finance and Services
Minister for the Illawarra
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Minister

I am pleased to submit to you the 2011/12 Annual Report from the Lifetime Care and Support Authority of NSW for presentation to the NSW Parliament.

This report summarises the Authority's performance during 2011/12 and the outcomes that it achieved. It has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, the *Motor Accidents (Lifetime Care and Support) Act 2006* and relevant regulations.

Yours sincerely

Julie Newman
Chief Executive Officer

NSW Government publication
Lifetime Care and Support Authority of NSW
October 2012

The Lifetime Care and Support Authority 2011/2012 Annual Report has been prepared in accordance with the relevant legislation for the Hon. Greg Pearce B.A LLB MLC

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A message from the Chief Executive Officer

The 2011/12 financial year has been one of growth for the Lifetime Care and Support (LTCS) Authority as the number of Lifetime Care and Support Scheme participants has continued to increase steadily.

In line with the growth of the LTCS Authority and increasing reliance on its services, the LTCS Authority has continued to review and improve its services as well as undertaking new initiatives including:

- expanding the LTCS Authority's panel of approved attendant care providers to provide quality assured attendant care services to Scheme participants
- reviewing and revising LTCS Guidelines on Attendant Care and Home modifications
- launching 'In-Voc', an early intervention program to support people with a spinal cord injury return to work
- conducting an annual participant survey, the results of which indicate participants remain satisfied with the services they receive from the LTCS Authority.

A key research project was the School Support for Adolescents with an Acquired Brain Injury (SSAABI), which concluded during the 2011/12 year. The project surveyed students with brain injuries, their parents and teachers, and found the majority of students received school support, which they and their families and teachers found to be effective and helpful.

The LTCS Authority continues to focus on and meet its main goal – to ensure Scheme participants are treated with respect and dignity and given the best opportunities and choices in achieving quality of life.

As part of this, the LTCS Authority seeks to be an international leader in the delivery and development of disability services.

In the year ahead the strategic priority for the LTCS Authority will be establishing the basis of operation of the Scheme, including case management, funding and investment.

Another highlight of the next financial year will be the establishment of a mentor program for new case managers to guide them and ensure the delivery of consistent and reliable advice to Scheme participants.

Julie Newman
Chief Executive Officer

About us

Our mission

Participants are treated with respect and dignity and given the best opportunities and choices in achieving quality of life. In achieving this, the Lifetime Care and Support (LTCS) Authority seeks to be an international leader in the delivery and development of disability services.

Who we are – What we do

The LTCS Authority is a statutory authority established on 1 July 2006 under the *Motor Accidents (Lifetime Care and Support) Act 2006*. The LTCS Authority is responsible for the administration of the Lifetime Care and Support Scheme (LTCS Scheme) which provides lifelong treatment, rehabilitation and attendant care for people severely injured in a motor vehicle accident in NSW, regardless of who was at fault. The LTCS Authority's role is to ensure the Scheme:

- meets participant's needs
- provides quality services
- is affordable
- is prudently managed.

People who are eligible to enter the LTCS Scheme may have a spinal cord injury, moderate to severe brain injury, multiple amputations, severe burns or permanent blindness.

Once eligibility has been confirmed, the LTCS Authority provides treatment and support as it is needed throughout the person's life. The injured person is supported by a coordinator who assists them to plan their rehabilitation and care.

The Authority also funds the development of programs and research that will assist injured people and their families in dealing with the impacts of traumatic injury, research the effectiveness of different rehabilitation methods, and provide health professionals with best practice information.

Our values

- Participation
- Respect
- Integrity
- Diligence
- Excellence

Legislation

The LTCS Authority is established under the *Motor Accidents (Lifetime Care and Support) Act 2006*.

This Act outlines the support available under the LTCS Scheme and the role of the LTCS Authority. An Amendment to the *Motor Accidents (Lifetime Care and Support) Act 2006* was passed in October 2009. *The Motor Accidents (Lifetime Care and Support) Amendment Bill 2009* includes the provision that a child will not be assessed for lifetime participation before the age of five years, which applies to current and future participants.

The 2009 legislation also includes a "buy-in" provision to allow a person injured in a motor accident before the commencement of the LTCS Scheme to become a participant. An injured person may "buy-in" if they meet the eligibility criteria and pay an amount determined by the LTCS Authority to fund the future treatment and care needs of the injured person. Buying into the LTCS Scheme is voluntary.

The *Motor Accidents and Lifetime Care and Support Schemes Legislation Amendment Act 2012* made clear that in circumstances where a LTCS participant has a CTP claim, all attendant care expenses are met by the LTCS Authority. The CTP insurer is not on risk for any of these expenses. This includes the provision of "gratuitous" care.

Additional information on agency structure

The Authority is part of the Compensation Authorities Staff Division (CASD) which was formed as part of the NSW Government's creation of Principal Agencies in July 2009.

The CASD group sits within the Treasury portfolio. Other agencies in the CASD are:

- Workers' Compensation (Dust Diseases) Board
- Motor Accidents Authority of NSW
- WorkCover Authority of NSW.

Julie Newman is the Acting Chief Executive of CASD.

All CASD agencies report to the Minister for Finance.

How the annual report is structured

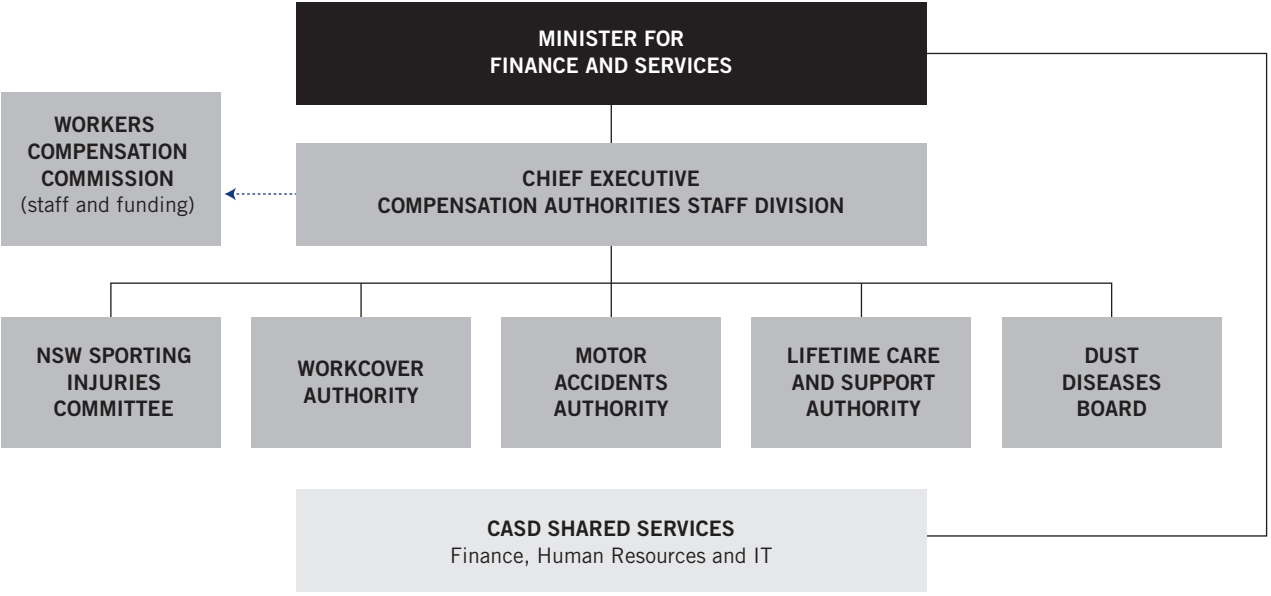
The 2011/12 Annual Report is structured to provide an overview of the LTCS Scheme, its participants and service areas.

The financial statements contain the audited financial statements for the year ended 30 June 2012.

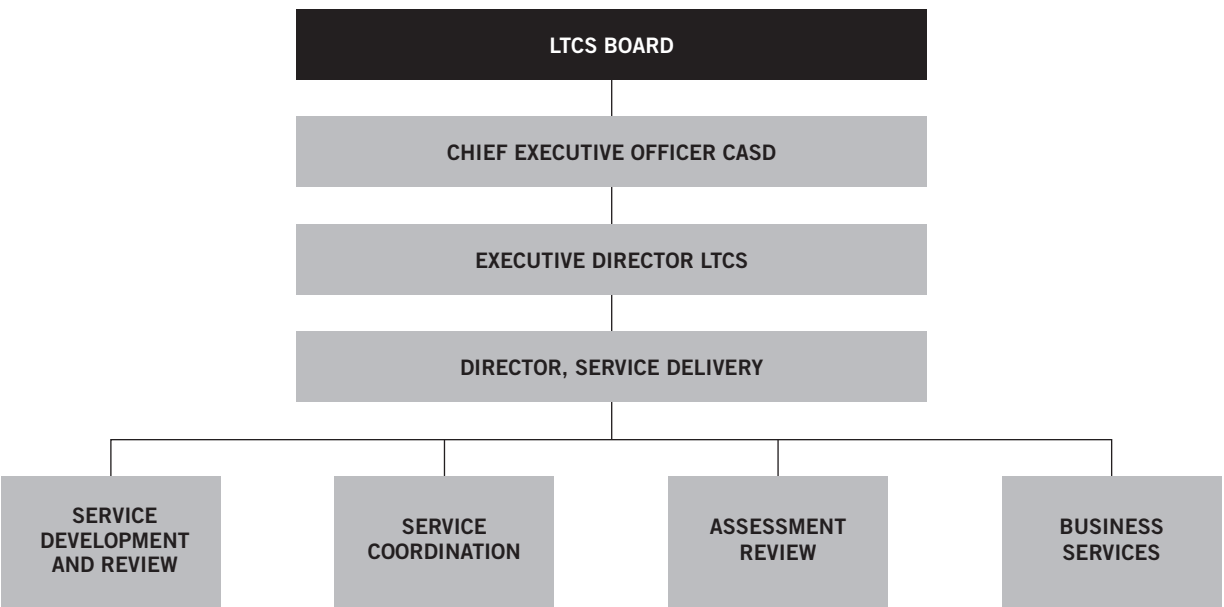
The appendices to this report provide additional information required under the *Annual Reports (Statutory Bodies) Act 1984* and its regulations, the *Government Information Public Access Act 2009* and Treasury circulars and Premier's memoranda.

Organisational charts

Compensation Authorities Staff Division



Lifetime Care And Support Authority organisational chart



Lifetime Care and Support Authority Board

The Lifetime Care and Support Authority's Board consists of four part-time directors and the Chief Executive of the Compensation Authorities Staff Division as an ex officio member. Of the part time directors, one is nominated by the Treasurer and three are nominated by the Minister. The Board determines the Authority's administrative policies. In exercising that function, the Board must ensure the Authority's activities are carried out properly and efficiently.



Nicholas Whitlam, AB (Hons), MSc – Chair

As a former CEO and chairman of major financial institutions, Nicholas Whitlam's career has embraced most aspects of

banking, insurance and superannuation. In addition to chairing the LTCS Authority, he presently serves on the boards of the Port Kembla Port Corporation (as Chairman), WorkCover NSW (Deputy Chairman) and the Whitlam Institute. He is a Trustee of the Steiner Pohl Foundation and a Governor of the Curran Foundation at St Vincent's Hospital, Sydney.

Term of appointment: 31/10/06 – 01/10/12



Robert Carling, M.Sc. (Econ), MBA, B. Econ. (Hons)

Before joining the Board, Robert Carling served for 25 years as an economist and senior executive in the Commonwealth

and NSW Treasury Departments and in the International Monetary Fund. He also served as the Alternate Executive Director for the Australian led constituency on the World Bank Board of Directors. He is currently a Senior Fellow at the Centre for Independent Studies.

Term of appointment: 31/10/06 – 30/10/12



Cass O'Connor

Cass O'Connor is a corporate advisor with a background in investment banking, private equity and equities research analysis.

She has previously worked in senior executive positions with Carnegie Wylie and Company, Goldman Sachs (Australia), Turnbull and Partners Limited and Deutsche Bank and now runs her own advisory and investment firm. Cass is a director of Motor Accidents Authority, Lifetime Care and Support Authority, The Bundanon Trust and a number of private commercial enterprises. Disability support is a key not-for-profit focus.

Term of appointment: 31/10/06 – 01/10/12



Judith Bamforth

Before joining the Board, Judith Bamforth served 23 years in the not-for-profit sector. During this time she developed a major community-based organisation known as Woodville Community Services Inc. As CEO she was responsible for managing a portfolio of complex services including, children's services, Aboriginal services, CALD services, community development and disability services. Judith represents the Board of LTCS Authority as a Board Member of the Sargood Centre.

Term of appointment: 01/11/09 – 01/10/12



Julie Newman

Julie Newman has been Acting Chief Executive Officer of the Compensation Authorities Staff Division since December 2011.

Julie is the Chief Financial Officer of the Compensation Authorities Staff Division.

Julie's broad experience in the NSW Public Sector spans over 40 years, including 26 years in senior management and leadership roles in NSW Health and more recently in the Compensation Authorities Staff Division.

Term of appointment: Ex Officio



Suzanne Lulham

Suzanne Lulham is the Director of Service Delivery at the Lifetime Care and Support Authority. While at the Motor Accidents Authority she lead the program to establish

the Lifetime Care and Support Scheme including the stakeholder consultations, development of service delivery models and the costing of injury. She moved to the LTCS Authority when it commenced in 2006. While at the MAA she was involved in motor accident scheme reform including responsibility for the development of clinical practice guidelines and the impairment guidelines. She has qualifications in physiotherapy, law and public policy. She is currently Acting Executive Director of the Lifetime Care and Support Authority.

Term of appointment: Ex Officio

Lisa Hunt BA LLB

Appointed ex officio Board member in January 2010. Resigned position 3 February 2012.

David Bowen BA, Dip Law

Appointed ex officio member 31 October 2006
Resigned position November 2011

The Board met seven times during the 2011/12 financial year.

| | Attended | Eligible for |
|--------------------|----------|--------------|
| Nicholas Whittam | 7 | 7 |
| Robert Carling | 7 | 7 |
| Cass O'Connor | 7 | 7 |
| Judith Bamforth | 7 | 7 |
| | | |
| Ex-Officio: | | |
| Lisa Hunt | 2 | 3 |
| Julie Newman | 5 | 5 |
| David Bowen | 1 | 2 |
| Suzanne Lulham | 5 | 6 |
| Neil Mackinnon | 1 | 1 |

It should be noted that the *Safety, Return to Work and Support Board Act 2012* was assented to on 27 June 2012. This Act abolishes the Boards of the WorkCover Authority of NSW, Motor Accidents Authority of NSW, Lifetime Care and Support Authority of NSW and Workers Compensation Insurance Fund Investment Board, replacing it with the Safety, Return to Work and Support Board. It also abolishes the Workers Compensation and Work Health and Safety Council, Motor Accidents Council and Lifetime Care and Support Council. This Act had not yet been proclaimed by the Governor as at 30 June 2012.

Lifetime Care and Support Authority Council

The role of the Lifetime Care and Support Authority Advisory Council (LTCS Council) is to advise the Minister on matters relating to the Lifetime Care and Support Scheme. The Advisory Council consists of eight members including the Executive Director of the Authority.

Dougie Herd, Chairman is Project Manager, Industry Development Fund for National Disability Services, having previously been the Executive Officer of the Office of the Disability Council of NSW, which is the official advisory body to the NSW Government and the State Disability Advisory Body to the Commonwealth Government. Dougie has extensive experience in Australia, Scotland and the European Union in social justice and the rights of people with a disability.

Denis Ginnivan is the Director of South West Brain Injury Rehabilitation Service and has 19 years experience in direct service provision to persons with a brain injury in rural NSW. He has been successful in establishing innovative models of service to respond to the needs of people living in rural NSW; and in establishing the Rural Rehabilitation Research on Brain Injury project, a research collaboration between the eight brain injury rehabilitation services across rural NSW and Charles Sturt University. Denis is the co-chair of the NSW Brain Injury Rehabilitation Directorate, and he has qualifications in social work, economics and mediation.

Dr Adeline Hodgkinson is the Chair of the Greater Metropolitan Clinical Taskforce Directorate for Brain Injury Rehabilitation, and is the Director of Sydney South West Area Health Service Brain Injury Rehabilitation Program. She has over 20 years experience in brain injury rehabilitation. Dr Hodgkinson has been extensively involved in clinical research, as well as planning, coordinating and evaluating brain injury services across NSW.

Barbara Merran has in excess of 35 years experience as a Registered Nurse and has been the Public Affairs Director of Southern Cross Community Healthcare since its inception in 1984. Barbara, the founding President of the Attendant Care Industry Association (ACIA), played a key role in establishing ACIA to represent the attendant care industry. Barbara has also been appointed to the ENAC Advisory Council reporting to the State Health Minister. She is an advocate for quality community care and has contributed significantly to the attendant care industry through participation in a wide range of industry forums and working parties.

Rachel Merton is the Chief Executive Officer of the Brain Injury Association of NSW, which is the peak advocacy organisation for people with a brain injury, their families and carers. Rachel has over 15 years experience working in the areas of health and disability in the community sector, including working with divisions of general practice and mental health non-government organisations.

Dr James Middleton is the Director of the State Spinal Cord Injury Service and an Associate Professor in the Rehabilitation Studies Unit, University of Sydney. He has extensive experience in the management of persons with a spinal cord injury, working currently as Senior Staff Specialist for the Spinal Outreach Service and having previously worked in the Acute Spinal Unit at Royal North Shore Hospital and has been Medical Director of the Moorong Spinal Unit from 1996-2006. Dr Middleton is known for his dedication to service development and research in the field of spinal cord injury rehabilitation, and has numerous publications in peer review journals.

Max Bosotti is the Chief Executive Officer for the Paraplegic and Quadriplegic Association of NSW (ParaQuad). He has over 34 years experience in the commercial sector both here and overseas in the petroleum, investment banking and high technology industries. His roles have included being the chief strategist for three major Australian corporations, establishing the internet business for Telstra and responsible for the Foreign Banks Branch Act. He is a Fellow of the Australian Institute of Company Directors.

The Scheme meets participant needs and provides quality services

The Approved Case Manager Initiative

The Approved Case Manager Initiative constitutes the second stage of a five year plan to increase the number and competence of case managers across NSW who are able to provide reliable and consistent case management services to LTCS Scheme participants.

The first stage of the five year plan included documenting the definition, role and quality expectations of case managers under the LTCS Scheme, consulting with stakeholders and running workshops across NSW. Stage one was completed in October 2011.

The four project objectives of stage two – the Approved Case Manager Initiative are to:

- promote participant involvement in the selection of their case manager and appropriate referrals for case management
- raise standards of case management for LTCS Scheme participants
- ensure consistency of quality case management service provisions across disability groups, age groups and location within NSW
- increase capacity for service providers to provide case management to LTCS Scheme participants across NSW.

In November 2011, the LTCS Authority invited case managers from both private and government organisations across NSW to become approved case managers for the LTCS Scheme. In June 2012, the LTCS Authority endorsed a list of 153 approved case managers.

The initiative includes a mentor program for new case managers which will be launched early in the 2012/13 financial year. Mentors are sourced from the new case manager's own place of work, or from the Authority where no in-house mentor is available. Of the 153 approved case managers, 69 will be engaged in the mentoring program.

A data base of approved case managers was created for the LTCS website, called the Case Manager Finder. The 2011 participant survey highlighted the changing need of participants with regard to their case manager, with a stronger requirement for local service provision and a desire to be more involved in the selection process. The data base provides participants and their families the opportunity to be actively involved in the investigation of options and the final selection of their case manager.

Throughout the project, the LTCS Authority will:

- consult with key service providers to ensure the LTCS Authority's position on, and approach to, case management is in line with contemporary, evidence-based opinion regarding case management best practice
- liaise with other NSW government departments and agencies to maximise the potential for collaborative planning and consistency in expectations of service providers
- support a research project investigating current international directions in case management.

Participant survey

The LTCS Authority conducted its third annual participant survey in October 2011. The survey was conducted by Dr Sandra Rickards as part of her five year contract to undertake this work. The inclusion criteria for the survey remained the same as previous years – participants who have been in the LTCS Scheme for at least six months and had returned to living in the community. Participants residing in Australian and New Zealand are included in the sample. A sampling method is employed to ensure that participants are surveyed only once in every three to five years. In 2011 a total of 186 participants were surveyed with a response rate of 78 per cent.

The survey results remain stable and positive with 80 per cent of respondents satisfied, very satisfied or extremely satisfied with how the LTCS Scheme meets their needs. Satisfaction with services also remained high, with 76 per cent of respondents satisfied, very satisfied or extremely satisfied. However, compared to 2009, there was an increase in the number of participants who had experienced problems with their service providers. In 2011 it was identified that respondents living in Sydney were less likely to report having goals in a plan, less likely to be aware of their coordinator and more likely to report having a problem with the LTCS Authority compared to those living outside of Sydney. These findings will be further explored in the qualitative phase of the 2012 survey.

A new section was added to the survey in 2011 to explore participants' views of case management in the LTCS Scheme and their experience of return to work or work-related activity. These new questions were informed by a phase of qualitative research prior to the main survey. Participants indicated they valued face to face contact with their case manager and preferred a local case manager.

Fifty-seven per cent of respondents participated in the section relating to return to work. Participants with a brain injury, as well as those living outside of Sydney, were more likely to report issues rather than positive experiences with returning to work, however it was the reverse for participants with a spinal cord or other injury and those living in Sydney. These findings will inform the LTCS Authority's service development work in vocational services. The survey will continue to be conducted annually to identify trends in participant satisfaction and areas for service development.

Service coordination

LTCS coordinators are the front line staff of the Lifetime Care and Support Authority. Working as a LTCS coordinator is a demanding and rewarding role as they assist participants through the major life changes that serious injury brings. The LTCS coordinator role encompasses all aspects of the Authority's services being delivered to Scheme participants. LTCS coordinators ensure the Authority's funding guidelines are being followed and ensure that LTCS Scheme participants are receiving quality individualised services.

LTCS coordinators are located in Sydney, Parramatta and Newcastle. Each office covers a defined NSW region.

Overall, there are 30 LTCS coordinators who operate in six teams each led by a Senior Coordinator. This includes four coordinators who service the special needs of participants aged less than 16 years. LTCS coordinators regularly travel throughout metropolitan and rural NSW to meet participants and their service providers.

In the coming year the number of lifetime participants will exceed the number of interim participants. This heralds the ongoing pressure for LTCS coordinators and services to adapt to providing the appropriate supports for a participant whose accident is now five or more years ago. The LTCS coordinators will be increasingly assisting participants, as they are able to, move away from issues of illness to longer term plans and being a community member.

School support for adolescents with an acquired brain injury (SSABI) research project

The SSABI project concluded this year. The purpose of this project was to conduct a survey of current practice in school support and to document process issues in the health and education sectors surrounding the return to school of students following acquired brain injury (ABI). The LTCS Authority provided funding to the Rehabilitation Studies Unit, University of Sydney, to conduct the research project.

Four semi-structured interviews were held with representatives from the health and education sectors as well as the student with ABI and their parent or caregiver, about their experiences with school support on return to school following ABI. The results of the project showed that:

- school support was provided for the majority of students surveyed and there were 33 different types of supports, with variety and flexibility in how support was delivered
- parents and educators perceived school supports to be effective
- whilst areas for improvement in school support were identified, liaison between health and education sectors occurred and survey respondents perceived that school support was helpful to students with ABI.

Key themes were identified from the project:

- Communication is important, given that school support is perceived to work best when there is accurate information about, and an understanding of, ABI in general and the specific student's support needs.
- Transition points (eg primary to secondary school) benefit from having a planned approach to the timely and accurate provision of school supports.
- School supports, of types consistent with those recommended in the literature, are frequently being provided to students with ABI. However, there are areas for improvement with how these supports could be collaboratively developed, documented in a plan and evaluated.

Vocational Initiatives

The LTCS Authority has launched three vocational initiatives over the past 12 months. These three projects are part of an ongoing focus to assist participants to engage in meaningful activity and work.

In-Voc Pilot Project

The first year of this two year project commenced in June 2011. The Authority has funded CRS Australia to provide early intervention vocational services in the three NSW Spinal Cord Injury (SCI) units. The primary focus of this project is to incorporate vocational services into a person's hospital stay with the aim of promoting a timely and sustainable return to work for all patients admitted following a SCI. For the two years of the pilot there will be a Vocational Consultant available in the three units. As of June 2012, 90 in-patients have participated in the In-Voc pilot. 25 of these patients have commenced a return to work and at the end of the first year another three patients are engaged in formal study. Prior to the pilot the return to work rate for LTCS participants two years after a SCI was 20 per cent. Positive feedback has been obtained from participants in the In-Voc program and from staff at the SCI units. The pilot has integrated smoothly into the rehabilitation activities within the units and a final report of the pilot is due in June 2015. This formal evaluation is being undertaken by the Rehabilitation Studies Unit.

Traumatic Brain Injury (TBI) Vocational Participation Project

The Authority has funded the Brain Injury Rehabilitation Directorate (BIRD) to investigate vocational programs and outcomes for people with TBI in NSW. The project commenced in October 2011 and will be completed by December 2012. This project is examining employment outcomes and participation in vocational rehabilitation services for people accessing the BIRD network after a TBI.

The project is well underway and the data collection is almost complete. The literature review is also well underway and is focusing on three major questions.

1. What vocational rehabilitation models/ techniques/ practices are described in the literature for TBI?
2. What is the evidence in the literature for the efficacy of vocational rehabilitation after TBI?
3. What is the rate of return to work after TBI?

By the end of the year the project will finalise its recommendations and provide a final report that includes recommendations for feasible return to work models relevant to all levels of TBI. This should result in the LTCS Authority and the BIRD piloting some early intervention projects for participants with an TBI early 2013.

MyOwnFuture

MyOwnFuture is an intervention targeting participants who have not received any vocational rehabilitation assistance during their in-patient rehabilitation phase and have been discharged from hospital without any vocational goals.

MyOwnFuture is an intervention of up to five one hour life coaching/counselling sessions and a brief completion report. It is targeted at both participants with a TBI and SCI. The sessions cover exploration of participant's hopes for the future, strengths, pre-injury work activities and what they enjoyed about this work, the benefits of work; current and future goals and return to work. The MyOwnFuture intervention is being offered to up to 70 Scheme participants over a 12 month period and the first 10 referrals were made prior to the end of this financial year

Guidelines for the prescription of a seated wheel chair or mobility scooter for people with a traumatic brain injury or spinal cord injury

Prescribing a wheelchair or scooter is a complex therapy intervention. There are economic, social, ethical and physical consequences when there is a poor match between a wheelchair, the user, and their environments and it was noted by the LTCS Authority and EnableNSW that there was a need for evidence based guidance for therapists. In 2009 the LTCS Authority and EnableNSW funded a joint project to develop a clinical guideline to guide therapists on the assessment of and prescription of wheelchairs and scooters for people with a traumatic brain injury or spinal cord injury.

The "Guidelines for the prescription of a seated wheelchair or mobility scooter for people with a traumatic brain injury or spinal cord injury" were launched in September 2011. The guidelines were developed over two years in conjunction with a working party of expert clinicians and consumers. A rigorous methodology of searching, appraising and grading the research evidence was used. The guidelines provide recommendations that range from the goals and evaluation, assessment and review, capacity and performance of the client, upper limb capacity and risk of injury, wheelchair features, through to propulsion, training, transport and maintenance.

Resources have been developed to support the use of the guidelines and included checklists on key areas such as shoulder injury prevention, long term needs, training, transport and maintenance. The guidelines are intended to inform and guide occupational therapists and physiotherapists on actions and decisions, but do not replace the need for clinical supervision or clinical judgement.

Service provider training

The LTCS Authority continued its training program for service providers in 2011 and 2012. Service providers are the key to ensuring participants' needs are met through the provision of quality services. Where appropriate the LTCS Authority arranges outside presenters with specialist knowledge to run the training, for example FIM™, WeeFIM® and Care and Needs Scale (CANS) training.

The program included the delivery of three FIM™ training workshops, two WeeFIM® training workshops, three CANS training workshops, three Introduction to the LTCS Scheme Workshops and one Case Management in the LTCS Scheme Workshop (completing a series of seven workshops on this topic).

In response to the changing requirement for assessment of participant injury-related care needs, a series of five workshops were held on this topic in late 2011.

The LTCS Authority conducted eight workshops in our Sydney office, six at our Parramatta office and two in our Newcastle office. One workshop was based in Sydney and video linked to the Newcastle office, and one in Orange.

Dispute assessor recruitment

In 2012, the Authority sought applications from medical and allied health professionals to become dispute assessors. Dispute assessors are involved in resolving the following two types of disputes in the LTCS Scheme:

- Disputes about eligibility to the LTCS Scheme, resolved by a panel of three dispute assessors.
- Disputes about participants' treatment and care needs, resolved by one dispute assessor.

Thirty dispute assessors were appointed for a period of three years through a publicly advertised external merit based selection process. Representatives from stakeholder groups and medical and allied health professional associations were involved in recruitment and selection.

The LTCS Authority's dispute assessors come from a range of medical and allied health backgrounds and all are highly experienced in assessing and treating the LTCS Scheme's injury groups. The 30 dispute assessors include:

- 12 medical specialists from rehabilitation medicine, psychiatry and occupational medicine backgrounds
- 18 allied health professionals from occupational therapy, physiotherapy (including neurological physiotherapy), speech pathology and clinical psychology backgrounds.

Sargood opening

The Premier, the Hon Barry O'Farrell MP, attended the official ground breaking ceremony for the Sargood Centre at Collaroy on 24 February 2012.

The Sargood Centre will be a life learning facility for people who experience traumatic spinal cord injury. The LTCS Authority is a partner and funder of the Centre, together with a private charity and the Sargood Foundation which represents the local community. The Centre will provide an environment where injured people and their families can learn new skills to live independently in the community and reconnect with society.

The Scheme is affordable and prudently managed

Levy rate

The LTCS Authority has maintained the pre-existing rate at which Green Slip premiums are levied.

Sound investment policy

The Lifetime Care Fund is invested in a diversified portfolio managed by NSW Treasury Corporation [TCorp]. The fund investments are held in a portfolio comprising cash, premium rated bonds, equities, emerging markets and unlisted property elements. The portfolio achieved an overall return of +6.7 per cent for the year, but was subjected to market volatility in the early part of the year. The Cash Portfolio exceeded benchmark performance by +0.49 per cent for the year while the LTCS Authority's Bond Portfolio achieved near benchmark returns (-3.63 per cent against benchmark of +25.51 per cent).

Review of investment policy and strategic asset allocation

The Board of the LTCS Authority reviews the Investment Strategy regularly and as the Scheme grows, the Investment Strategy in 2011/12 was to transition the Scheme to a mature (growth) phase reflecting long term growth ideals. Mercer Investment Consulting provided regular advice to the Board on asset allocation and markets.

The Scheme funds performed well for the year, just falling short of budget targets, and notwithstanding the early year volatility and ongoing volatility in relation to equity markets.

Prudential margin

The Board of the LTCS Authority recognised the uncertainty around the valuation of liabilities and determined to target a retained equity of 10 per cent of total liabilities which is reflected in the statutory accounts. The Board continues to undertake scheme risk assessments with its Scheme Actuary and is progressing this through with its advisors in order to determine the probability of adequacy of funds to hold a margin sufficient should any adverse trend be identified, and to allow time to rectify the issue. As at 02 July 2012, the Board had determined to raise the margin to 12.5 per cent consistent with current conditions, and the margins used in other like Schemes in other jurisdictions.

Scheme costs control

The LTCS Authority continues to review Scheme costs particularly those associated with care and the recent increases in attendant care costs. These costs are reflected in actuarial liability valuations, and the 30 June 2012 liability valuation incorporates cost allocations reflecting cost trends based on experience, which has resulted in a significant reduction in outstanding liabilities for the Scheme.

The LTCS Authority has also put in place a biannual analytics review of Scheme payments, to mitigate risk of error and fraud.

Bulk billing agreement

The LTCS Authority, together with the Motor Accidents Authority, continues to utilise a Bulk Billing Agreement with the Minister for Health and the Health Administration Corporation for the payment of costs associated with ambulance and acute care in public hospitals. The LTCS Authority has been working towards a new bulk billing agreement for next financial year.

Financial management system

The LTCS Authority continues its efforts to integrate its case management system with its financial management system. This is reflected in the continuous improvement in payment performance, Scheme cost provisioning and financial control.

Scheme overview

The LTCS Scheme provides treatment, rehabilitation and attendant care services to people severely injured in motor accidents in NSW, regardless of who was at fault in the accident.

The LTCS Scheme began for children under 16 on 1 October 2006, and was extended to include adults from 1 October 2007. People eligible to participate in the Scheme include those with a spinal cord injury, moderate to severe brain injury, multiple amputations, severe burns, or blindness as a result of an accident.

As of 30 June 2012 the LTCS Authority had accepted 737 people into the Scheme. Of these, 14 people have died and 63 have left the Scheme (no longer a participant of the Scheme) leaving 660 participants in the Scheme. This includes 304 participants who have been in the Scheme for two years or more and will continue to require its services as lifetime participants. Children (aged 15 and under) make up approximately 12 per cent of all participants entering the Scheme. Seventy-three per cent of the adults in the Scheme are male, as are 69 per cent of the children.

It is pleasing that the majority of referrals to the LTCS Scheme still came from the brain injury and spinal cord injury units within NSW hospitals. This early notification means that participants have early access to rehabilitation services.

Participant's role in accident

Children

Half the children in the scheme were pedestrians at the time of the accident.

| Role in accident | Total | Percentage |
|------------------|-----------|------------|
| Pedestrian | 36 | 45.0 |
| Passenger | 33 | 41.3 |
| Cyclist | 3 | 3.8 |
| Other | 3 | 3.8 |
| Motorcycle rider | 3 | 3.8 |
| Driver | 2 | 2.5 |
| Total | 80 | 100 |

Adults

Over one third of adults in the Scheme were drivers in vehicles at the time of the accident.

| Role in accident | Total | Percentage |
|-------------------|------------|------------|
| Driver | 192 | 33.1 |
| Motorcycle rider | 136 | 23.4 |
| Pedestrian | 116 | 20.0 |
| Passenger | 100 | 17.2 |
| Cyclist | 25 | 25 |
| Pillion passenger | 6 | 1.0 |
| Other | 5 | 0.9 |
| Total | 580 | 100 |

Scheme participant injury type

Children

Ninety per cent of children suffered traumatic brain injury from the accident.

| Type of injury | Total | Percentage |
|------------------------|-----------|------------|
| Traumatic brain injury | 72 | 90.0 |
| Spinal cord injury | 8 | 10.0 |
| Total | 80 | 100 |

Adults

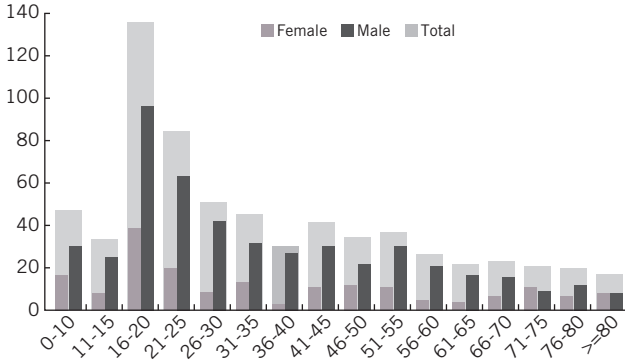
Almost 75 per cent of adults suffered traumatic brain injury from the accident.

| Type of injury | Total | Percentage |
|--|------------|------------|
| Traumatic brain injury | 430 | 74.1 |
| Spinal cord injury | 135 | 23.2 |
| Traumatic brain and spinal cord injury | 5 | <1 |
| Amputations (one with spinal cord injury) | 7 | <1 |
| Severe burns (one with spinal cord injury) | 3 | <1 |
| Total | 580 | 100 |

Data as at June 2012

Age of Scheme participants

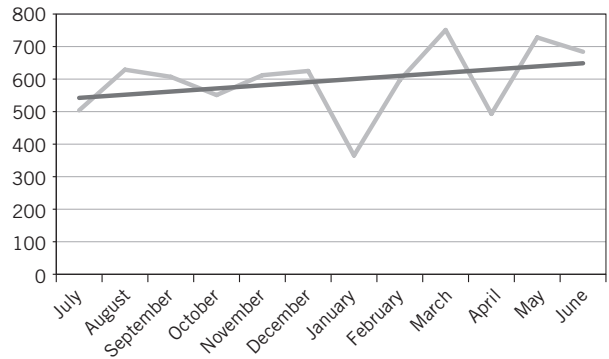
The age group with the strongest representation are 16-20 years which includes 20 per cent of all participants in the Scheme. This is followed by the age group of 21-25 years with over 12 per cent of participants.



Data as at June 2012

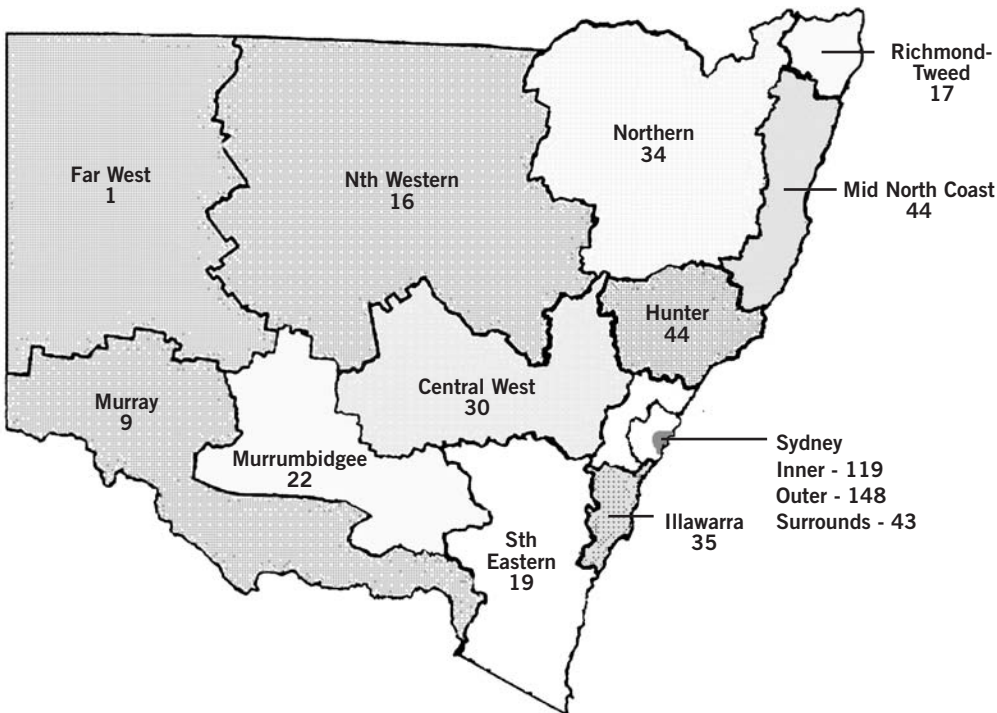
Trends in requests for services

The increase in number of participants has resulted in an overall increase in the number of requests for services processed at the LTCS Authority. In 2011/12 the LTCS Authority processed 7,146 requests for services. The decrease in requests in January is consistent with the holiday period with less activity from service providers at this time of year.



Participant residential region

Data as at June 2012



Data as at June 2012

Internal Audit and Risk Management Statement


Internal Audit and Risk Management Statement for the 2011-2012 Financial Year for the Lifetime Care and Support Authority Board

I, Julie Newman, A/Chief Executive Officer of the Lifetime Care and Support Authority, am of the opinion that the Lifetime Care and Support Authority has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*. Core requirement 3 has been fully in operation since 22 February 2012 when the Audit and Risk Committee membership was reduced from six to five.

I, Julie Newman, A/Chief Executive Officer of the Lifetime Care and Support Authority, am of the opinion that the Compensation Authorities Staff Division Audit and Risk Committee for the Lifetime Care and Support Authority is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Douglas Wright, independent Chair
- Carolyn Walsh, independent Member
- Susan Clark, independent Member (until 22 February 2012)
- Robert Ingui, independent Member
- Raymond Petty, independent Member
- Cass O'Connor, independent Member

These processes provide a level of assurance that enables the senior management of the Lifetime Care and Support Authority to understand, manage, and satisfactorily control risk exposures.



Julie Newman,
A/Chief Executive Officer

Dated this *third* day of *August* 2012

Contact Officer: Suzanne Lulham, A/General Manager
Lifetime Care and Support Authority
Level 24, 580 George Street, Sydney NSW 2000
Telephone: (02) 1300 738 586

Financial Statements

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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Lifetime Care and Support Authority of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Lifetime Care and Support Authority of New South Wales (the Authority), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

Emphasis of matter paragraph

I draw attention to the provision for participants' care and support services disclosed in Note 13. The note describes the significant uncertainty associated with the estimate of the provision and the related expense item because of the long term nature of the provision and limited participants' experience to date. This uncertainty will remain until sufficient participants' experience is available. My opinion is not qualified in respect of this matter.

The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Lifetime Care and Support Authority of New South Wales

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

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

My opinion does not provide assurance:

- about the future viability of the Authority
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

A Oyetunji
Director, Financial Audit Services

8 October 2012
SYDNEY



Statement by the Chief Executive Officer

STATEMENT BY THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 30 JUNE 2012

Under section 41C of the Public Finance and Audit Act 1983:

- We certify that the financial statements for Lifetime Care and Support Authority of New South Wales have been prepared in compliance with the *Public Finance and Audit Act 1983*, Treasurer's Directions and the *Public Finance and Audit Regulation 2010* and in compliance with Australian Accounting Standards, which include IIG Interpretations.
- In our opinion the financial statements exhibit a true and fair view of the financial performance and position of the Lifetime Care and Support Authority of New South Wales.
- At the date of signing these financial statements, we are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



JULIE NEWMAN

A/Chief Executive Officer

Safety, Return to Work and Support Division

Dated at Sydney this 8th day of October 2012

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Statement of Comprehensive Income for the year ended 30 June 2012

| | | Actual 2012 | Budget 2012 | Actual 2011 |
|--|---------|----------------|----------------|----------------|
| | Notes | \$'000 | \$'000 | \$'000 |
| Expenses excluding losses | | | | |
| Operating expenses | | | | |
| Personnel services | 2(a) | 8,179 | 7,724 | 5,642 |
| Other operating expenses | 2(b) | 6,943 | 7,676 | 6,998 |
| Depreciation and amortisation | 2(c) | 1,296 | 3,334 | 1,135 |
| Grants and subsidies | 2(d) | 12,042 | 2,500 | 1,942 |
| Finance costs | 2(e) | 83,538 | 56,478 | 59,624 |
| Other expenses | 2(f) | 312,441 | 438,812 | 396,628 |
| Total expenses excluding losses | | 424,439 | 516,524 | 471,969 |
| Revenue | | | | |
| Retained taxes, fees and fines | 3(a) | 428,961 | 409,647 | 403,688 |
| Investment revenue | 3(b) | 111,459 | 114,500 | 82,026 |
| Share of associate's profit for the year | | | | |
| Other revenue | 3(c)(d) | 1,736 | – | – |
| Total revenue | | 542,206 | 525,147 | 485,743 |
| Gain/(Loss) on disposal | 4 | 13 | – | (4) |
| Net result | | 117,780 | 8,623 | 13,770 |
| Other comprehensive income | | – | – | – |
| Total comprehensive income | | 117,780 | 8,623 | 13,770 |

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Statement of Financial Position as at 30 June 2012

| | | Actual 2012 | Budget 2012 | Actual 2011 |
|--------------------------------------|---------|------------------|------------------|------------------|
| | Notes | \$'000 | \$'000 | \$'000 |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 5 | 283,210 | 364,906 | 401,572 |
| Receivables | 6 | 50,834 | 32,765 | 45,013 |
| Total current assets | | 334,044 | 397,671 | 446,585 |
| Non-current assets | | | | |
| Receivables | 6 | 501 | - | 200 |
| Financial assets at fair value | 7 | 1,665,507 | 1,583,100 | 1,093,048 |
| Property, plant and equipment | 8 | | | |
| - Land and buildings | | 12,029 | 18,889 | 11,965 |
| - Leasehold improvements | | 1,317 | 3,271 | 1,615 |
| - Motor vehicles | | 87 | 200 | 135 |
| - Office furniture and equipment | | 56 | 129 | 73 |
| Total property, plant and equipment | | 13,489 | 22,489 | 13,788 |
| Intangible assets | 11 & 19 | 1,736 | 2,169 | 2,564 |
| Investment in Associate | | | | |
| Total non-current assets | | 1,683,291 | 1,607,758 | 1,109,600 |
| Total assets | | 2,017,335 | 2,005,429 | 1,556,185 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Payables | 12 | 7,994 | 3,120 | 3,133 |
| Provisions | 13 | 80,681 | 64,443 | 62,955 |
| Total current liabilities | | 88,675 | 67,563 | 66,193 |
| Non-current liabilities | | | | |
| Provisions | 13 | 1,706,243 | 1,824,785 | 1,385,355 |
| Total non-current liabilities | | 1,706,243 | 1,824,785 | 1,385,355 |
| Total liabilities | | 1,794,918 | 1,892,348 | 1,451,548 |
| Net assets | | 222,417 | 113,081 | 104,637 |
| Equity | | | | |
| Accumulated funds | | 222,417 | 113,081 | 104,637 |
| Total equity | | 222,417 | 113,081 | 104,637 |

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Statement of Changes in Equity for the year ended 30 June 2012

| | Accumulated funds | Total |
|--|----------------------|----------------|
| | \$'000 | \$'000 |
| Balance at 1 July 2011 | 104,637 | 104,637 |
| Net result for the year | 117,780 | 117,780 |
| Total other comprehensive income | - | - |
| Total comprehensive income for the year | 117,780 | 117,780 |
| Transactions with owners in their capacity as owners | - | - |
| Balance at 30 June 2012 | 222,417 | 222,417 |
| Balance at 1 July 2010 | 90,867 | 90,867 |
| Net result for the year | 13,770 | 13,770 |
| Total other comprehensive income | - | - |
| Total comprehensive income for the year | 13,770 | 13,770 |
| Transactions with owners in their capacity as owners | - | - |
| Balance at 30 June 2011 | 104,637 | 104,637 |

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Statement of Cash Flows for the year ended 30 June 2012

| | | Actual 2012 | Budget 2012 | Actual 2011 |
|---|-------|------------------|------------------|------------------|
| | Notes | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | |
| Payments | | | | |
| Personnel services | | (8,409) | (7,472) | (5,224) |
| Grants and subsidies | | (12,042) | (2,500) | (1,847) |
| Other | | (61,152) | (63,569) | (54,534) |
| Total payments | | (81,603) | (73,541) | (61,605) |
| Receipts | | | | |
| Retained taxes, fees and fines | | 424,601 | 421,774 | 400,880 |
| Interest received | | 183,539 | 108,050 | 58,048 |
| Other | | 118 | 2,371 | 241 |
| Total receipts | | 608,258 | 532,195 | 459,169 |
| Net cash flows from operating activities | 17 | 526,655 | 458,654 | 397,564 |
| Cash flows from investing activities | | | | |
| Proceeds from sale of property, plant and equipment | | 394 | - | 19 |
| Purchases of property, plant and equipment | | (577) | (9,640) | (8,660) |
| Purchases of intangible assets | | (294) | (2,000) | (813) |
| Purchases of investments | | (644,540) | (483,646) | (588,200) |
| Net cash flows from investing activities | | (645,017) | (495,286) | (597,654) |
| Net increase/(decrease) in cash | | (118,362) | (36,632) | (200,090) |
| Opening cash and cash equivalents | | 401,572 | 401,538 | 601,662 |
| Closing cash and cash equivalents | 5 | 283,210 | 364,906 | 401,572 |

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 1 Summary of significant accounting policies

(a) Reporting entity

The Lifetime Care and Support Authority of NSW (the Authority) is a NSW government agency. The Authority is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2012 have been authorised for issue by the Acting Chief Executive Officer – Safety, Return to Work and Support Division on 8 October 2012.

(b) Basis of preparation

The Authority's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation, and
- the Financial Reporting Directions published in the Financial Reporting Code for General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

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

(d) Insurance

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

(e) Goods and Services Tax (GST)

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

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

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

(f) Investment in associate

An associate is an entity over which the Authority has significant influence but not control or joint control, generally accompanying voting rights between twenty and fifty per cent. Investment in associate is account for using the equity method of accounting, after initially being recognised at cost. The Authority's share of its associates' post acquisition profits or losses is recognised in profit or loss, and its share of post acquisition other comprehensive income is recognised in other comprehensive income.

When the Authority transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Authority's financial statements only to the extent of interests in the associate that are not related to the Authority.

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) CTP premium levy

The Authorities' funds were generated from levies on Compulsory Third Party (CTP) insurance premiums collected by licensed insurers in accordance with notices issued in accordance with Section 50(5) of the *Motor Accidents (Lifetime Care and Support) Act 2006*. The levy rates are set according to vehicle class and region. CTP levy revenue is recognised when it falls due and receivable by the Authority.

The levies were used to meet operational expenses under the *Motor Accidents (Lifetime Care and Support) Act 2006*.

Funds are kept in accordance with the *Motor Accidents (Lifetime Care and Support) Act 2006* and the *Public Authorities (Financial Arrangements) Act 1987*.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 1 Summary of significant accounting policies (continued)

(g) Income recognition (continued)

(ii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

(iii) Rental revenue

Rental revenue is recognised in accordance with AASB 118 Revenue.

(iv) Other gains/(losses)

Gains represent other items that meet the definition of income and may, or may not, arise in the course of the ordinary activities of the Authority. Gains represent increases in economic benefits and as such are no different in nature from revenue. Gains include, for example, those arising on the disposal of non-current assets and unrealised gains/(losses) arising on the revaluation of marketable securities.

Losses are the opposite of gains which represent decreases in economic benefits and as such are no different in nature from expenses.

(h) Assets

(i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. Cost is the amount of cash and cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition, or where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction.

(ii) Capitalisation thresholds

With effect from 1 January 2010, all property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network) are capitalised. Prior to that, the threshold was \$1,000.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with Treasury Policy TPP 07-1 Valuation of Physical Non-Current Assets at Fair Value. This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial social-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Authority revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at balance date. Refer to Note 8 for more details about the revaluation assignment completed in 2009/10 year.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 1 Summary of significant accounting policies (continued)

(h) Assets (continued)

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, the Authority is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a diminishing balance basis for all depreciable assets purchased before 1 January 2010 so as to write-off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

All material separately identifiable components of assets are depreciated over their shorter useful lives. The following depreciation rates were used:

| | On or after 1 January 2010 | Before 1 January 2010 |
|------------------------|--|-----------------------------|
| | % | % |
| Building premises | 4 | 4 |
| Furniture and fittings | 20 | 20 |
| Leasehold improvements | Shorter of 10 years or over lease term | |
| Motor vehicles | 25 | 25 |
| Office equipment | 25 | 20 |

All assets purchased before 1 January 2010 will continue being depreciated using old rates and via diminishing-value method and all new assets purchased on or after 1 January 2010 will be depreciated using the new rates and via straight-line method.

(vi) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the office sites is included in the cost of an asset, to the extent it is recognised as a liability.

(vii) Maintenance

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

(viii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of comprehensive income in the periods in which they are incurred.

(ix) Intangible assets

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the Authority and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Intangible assets are software and recorded at cost less accumulated amortisation and impairments. Amortisation has not been charged against assets that are still at work-in-progress (WIP) status because they are not ready for utilisation.

The useful lives of intangible assets are assessed to be finite. No amortisation is charged on intangible assets until they are ready for use. The Authority charges amortisation on intangible assets using the straight-line method over a period of three years.

The Authority reviews its amortisation rate and method on an annual basis.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Authority's intangible assets, the assets are carried at cost less any accumulated amortisation.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 1 Summary of significant accounting policies (continued)

(h) Assets (continued)

(x) Receivables

Receivables comprise financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

The Authority maintains assets in the form of real property, mortgages over Participant's assets, and accommodation bonds in favour of Scheme participants who require continual care.

Loans to Participants are recognised as assets in the Statement of Financial Position. These loans are to be repaid upon the earlier of the sale of the property, when the Participant ceases to live continuously for six months in the property, ceases to be a Participant in the scheme, dies, or when the Participant receives damages for additional accommodation costs from the compulsory third party insurer. When the participant sells the property, the Authority is refunded for the loan amount plus a pro-rata share of the house sale proceeds. The gain is recognised in the Statement of Comprehensive Income.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xi) Investments

Investments are initially recognised at fair value. The Authority determines the classification of financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss:

The Hour-Glass Investment Facilities are designated at fair value through profit or loss using the second leg of the fair value option ie these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the Authority's key management personnel.

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position date.

(xii) Impairment of financial assets

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment.

(xiii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire, or if the Authority transfers the financial asset:

- where substantially all the risks and rewards have been transferred, or
- where the Authority has not transferred substantially all the risks and rewards, if the Authority has not retained control.

Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xiv) Other assets

Other assets are recognised on a cost basis.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 1 Summary of significant accounting policies (continued)

(i) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Authority and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Personnel services and other provisions

The Authority receives personnel services from Compensation Authorities Staff Division (CASD). The Authority is responsible for paying payroll tax and other employee benefits including on-costs while CASD is responsible for all other related administrative services. CASD is a not-for-profit entity with no net assets.

In the Authority's financial statements, any on-going obligations related to CASD's staff providing personnel services to the Authority are shown as Payable to service entity under the heading of Provisions in the Statement of Financial Position.

Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

Long service leave and superannuation

"The liability for long service leave is recognised in the provision for personnel services and measured as the present value of expected future payments to be made in respect of personnel services received up to the reporting date. Consideration is given to salary levels, long service leave balance, assumed rates of taking leave in service, rates of death, disablement, retirement, and resignation, and rates of salary escalation.

Expected future payments (over twelve months) are discounted using markets yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. The calculation is performed by a qualified actuary. The discount rate used is three per cent.

The superannuation expense for the financial year is determined by using the formula specified in Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions. At the end of the financial year, the superannuation expenses and the related liabilities are further adjusted based on actuarial advice.

(iii) Make-good provision (building leases)

Make-good provision is recognised for the estimate of future payments for make-good upon the termination of the leases of the current office premises.

(iv) Provision for participants' care and support services

The liabilities for participants' care and support services are valued by the Actuaries as at the end of the financial year. They are measured as the present value of the expected future payments for all claims incurred up to the valuation date.

(v) Other provisions

Other provisions are recognised when the Authority has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 1 Summary of significant accounting policies (continued)

(j) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements of the revaluation of non-current assets. This accords with the Authority's policy on property, plant and equipment as discussed in Note 1(h)(iii).

(ii) Accumulated funds

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

(k) Budgeted amount

The budgeted amounts are consistent with the original budgeted financial statements submitted to NSW Treasury in respect of the reporting period. There was no transfer of functions between the Authority and another government agency during the year. Other amendments made to the budget are not reflected in the budgeted amounts.

(l) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. Comparative data has been reclassified when necessary to enhance comparability in respect of changes in the current year.

(m) New Australian Accounting Standards issued but not yet effective

The following new Australian Accounting Standards have not been applied and are not yet effective. These new Standards will not have any direct impact on the financial performance or position of the Authority.

- AASB 9 *Financial Instruments*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*
- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119*

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 2 Expenses excluding losses

| | 2012 | 2011 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| (a) Personnel services | | |
| Salaries and wages (including recreation leave) | 5,282 | 4,517 |
| Superannuation - defined contribution plans | 416 | 452 |
| Superannuation - defined benefit plans | 1,429 | 135 |
| Long service leave | 291 | 157 |
| Workers' compensation insurance | - | - |
| Payroll tax and fringe benefit tax | 323 | 246 |
| Allowances | 131 | 73 |
| Agency short-term staff | 75 | - |
| Other related expenses | 232 | 62 |
| | 8,179 | 5,642 |
| (b) Other operating expenses include the following: | | |
| Auditor's remuneration | | |
| - audit of the financial statements | 63 | 60 |
| - internal audit and reviews | 75 | 83 |
| Operating lease rental expense | | |
| - minimum lease payments | 640 | 599 |
| - other related expenses | 323 | 187 |
| Maintenance | 66 | 74 |
| Insurance | 11 | - |
| Actuarial fees | 1,135 | 1,123 |
| Advertising, promotion and publicity | 6 | 11 |
| Board of directors' fees | 120 | 119 |
| Information, communication and technology | 469 | 523 |
| Consultants | 210 | 479 |
| Contractors | 587 | 718 |
| Council members' fees | 141 | 79 |
| Financial assets management fees | 951 | 924 |
| Legal fees | 128 | 254 |
| Service partnership agreement fees | 1,501 | 1,378 |
| Other miscellaneous | 517 | 387 |
| | 6,943 | 6,998 |
| (c) Depreciation and amortisation expense | | |
| Depreciation | | |
| - Buildings | 95 | 117 |
| - Leasehold improvements | 336 | 342 |
| - Motor vehicles | 48 | 54 |
| - Office furniture and equipment | 17 | 13 |
| | 496 | 526 |
| Amortisation | | |
| - Computer software | 800 | 609 |
| | 1,296 | 1,135 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 2 Expenses excluding losses (continued)

| | 2012 | 2011 |
|--|---------|---------|
| | \$'000 | \$'000 |
| (d) Grants and subsidies | | |
| Injury management and injury prevention | 9,96 | - |
| Grant to Sargood Centre (Refer to Note 19) | 12,042 | 1,942 |
| (e) Finance costs | | |
| Unwinding of discount rate | 83,538 | 59,624 |
| (f) Other expenses | | |
| Participants' care and support expenses | | |
| - Attendant care | 19,209 | 12,044 |
| - Equipment | 3,783 | 3,075 |
| - Home modifications | 3,118 | 2,431 |
| - Hospital | 13,319 | 12,226 |
| - Medical | 4,018 | 3,642 |
| - Rehabilitation | 9,582 | 6,748 |
| - Other | 3,609 | 2,894 |
| | 57,238 | 43,060 |
| Provision for participant care and support services | 255,169 | 347,587 |
| Bulk billing fees - Ambulance Service of NSW | 49 | 45 |
| Bulk billing fees - NSW Ministry of Health* | (15) | 5,935 |
| | 312,441 | 396,628 |
| * Reconciliation of Bulk billing fees - NSW Ministry of Health | | |
| Contract price | 3,400 | 3,361 |
| Movement in Provisions | (1,646) | 2,574 |
| Refund of fees | (1,769) | - |
| | (15) | 5,935 |

Notes:

In March 2012, NSW Treasury issued TPP 12-01 Accounting Policy: Financial Reporting Code for NSW General Government Sector Entities (the Financial Reporting Code). Previously, the Financial Reporting Code was only applicable to budget dependant entities but the revised Code now extends to all agencies that are within the General Government Sector in which the Authority is now required to comply.

Adoption the revised Financial Reporting Code has resulted in a consequential reclassification of the following financial items. These changes are merely presentation change. They do not result in any additional expenses being recognised.

| Financial item | Current year | Previous year |
|---|--------------------------|---|
| Finance costs: unwinding of discount rate | Finance costs | Provision for participant care and support services |
| Advertising, promotion and publicity | Other operating expenses | Other expenses |
| Auditor remuneration: audit of financial statements | Other operating expenses | Other expenses |
| Auditor remuneration: internal audit and reviews | Other operating expenses | Other expenses |
| Board of directors' fees | Other operating expenses | Other expenses |
| Council member's fees | Other operating expenses | Other expenses |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 3 Revenue

| | 2012 | 2011 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| (a) Retained taxes, fees and fines | | |
| Fees | | |
| CTP premium levy | 428,961 | 403,476 |
| Fines | | |
| CTP premium levy penalty interest | – | 212 |
| | 428,961 | 403,688 |
| (b) Investment revenue | | |
| Interest revenue from financial assets not at fair value through profit or loss | 332 | 387 |
| TCorp Hour-Glass investment facilities designated at fair value through profit or loss | (32,079) | 7,932 |
| TCorp Bond portfolio | 129,507 | 40,842 |
| TCorp Cash portfolio | 13,699 | 32,865 |
| | 111,459 | 82,026 |
| (c) Share of associate's profit for the year | | |
| Sargood Centre | 1,736 | – |
| Refer to Note 19 for more details | | |
| (d) Other revenue | | |
| Rents | 50 | 29 |
| | 50 | 29 |

NOTE 4 Gain/(loss) on disposal

| | 2012 | 2011 |
|--------------------|-----------|------------|
| | \$'000 | \$'000 |
| Land and buildings | 13 | – |
| Motor vehicles | – | (4) |
| | 13 | (4) |

NOTE 5 Current assets - cash and cash equivalents

| | 2012 | 2011 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Cash at bank and on hand | 3,770 | 3,839 |
| Short-term deposits: | | |
| - TCorp Cash portfolio | 190,867 | 377,448 |
| - TCorp Hour-Glass investment - Cash facility | 88,573 | 20,285 |
| | 283,210 | 401,572 |

For the purposes of the Statement of Cash Flows, cash includes cash at bank and on hand and highly liquid investments.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

| | | |
|---|---------|---------|
| Cash and cash equivalent assets (per Statement of Financial Position) | 283,210 | 401,572 |
| Closing cash and cash equivalents (per Statement of Cash Flows) | 283,210 | 401,572 |

Refer to Note 18 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 6 Current/non-current assets - receivables

| | 2012 | 2011 |
|--------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Retained taxes, fees and fines | 48,487 | 44,127 |
| Prepayments | 28 | 66 |
| Gst receivable | 499 | 392 |
| Receivables from participants | - | 216 |
| Other | 1,820 | 212 |
| | <u>50,834</u> | <u>45,013</u> |
| Non-current | | |
| Receivables from participants | 501 | 200 |
| | <u>51,335</u> | <u>45,213</u> |

Receivables from trade debtors and participants are non-interest bearing and the former are generally on a 30-day term while the latter are more than 12 months, depending on each individual circumstances.

Refer to note 18 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

NOTE 7 Non-current assets - financial assets at fair value

| | 2012 | 2011 |
|---|-----------|-----------|
| | \$'000 | \$'000 |
| TCorp investments: | 643,579 | 539,753 |
| - Bond portfolio | 1,021,928 | 553,295 |
| - Hour-Glass investment - Long-term growth facility | 1,665,507 | 1,093,048 |

NOTE 8 Non-current assets - property, plant and equipment

| | Land and Buildings | Leasehold Improvements | Motor Vehicles | Office Furniture and Equipment | Total |
|-------------------------------------|-----------------------|---------------------------|-------------------|--------------------------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 July 2011 - fair value | | | | | |
| Gross carrying amount | 12,194 | 2,333 | 206 | 342 | 15,075 |
| Accumulated depreciation | (229) | (718) | (71) | (269) | (1,287) |
| Net carrying amount | <u>11,965</u> | <u>1,615</u> | <u>135</u> | <u>73</u> | <u>13,788</u> |
| At 30 June 2012 - fair value | | | | | |
| Gross carrying amount | 12,352 | 2,371 | 206 | 102 | 15,031 |
| Accumulated depreciation | (323) | (1,054) | (119) | (46) | (1,542) |
| Net carrying amount | <u>21,989</u> | <u>1,317</u> | <u>87</u> | <u>56</u> | <u>13,489</u> |

Reconciliation

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 8 Non-current assets - property, plant and equipment (continued)

| | Land and Buildings | Leasehold Improvements | Motor Vehicles | Office Furniture and Equipment | Total |
|---|-----------------------|---------------------------|-------------------|--------------------------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Year ended 30 June 2012 | | | | | |
| Net carrying amount at start of financial year | 11,965 | 1,615 | 135 | 73 | 13,788 |
| Additions | 539 | 38 | - | - | 577 |
| Disposals | (380) | - | - | (239) | (619) |
| Net revaluation | - | - | - | - | - |
| Depreciation expense | (95) | (336) | (48) | (17) | (496) |
| Write-back of depreciation on disposal | - | - | - | 239 | 239 |
| Net carrying amount at end of financial year | <u>12,029</u> | <u>1,317</u> | <u>87</u> | <u>56</u> | <u>13,489</u> |
| At 1 July 2010 - fair value | | | | | |
| Gross carrying amount | 4,333 | 1,677 | 269 | 174 | 6,453 |
| Accumulated depreciation | (112) | (376) | (255) | (31) | (774) |
| Net carrying amount | <u>4,221</u> | <u>1,301</u> | <u>14</u> | <u>143</u> | <u>5,679</u> |
| At 30 June 2011 - fair value | | | | | |
| Gross carrying amount | 12,194 | 2,333 | 206 | 342 | 15,075 |
| Accumulated depreciation | (229) | (718) | (71) | (269) | (1,287) |
| Net carrying amount | <u>11,965</u> | <u>1,615</u> | <u>135</u> | <u>73</u> | <u>13,788</u> |
| Reconciliation | | | | | |
| A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below: | | | | | |
| Year ended 30 June 2011 | | | | | |
| Net carrying amount at start of financial year | 4,221 | 1,301 | 143 | 14 | 5,679 |
| Additions | 7,861 | 656 | 71 | 71 | 8,659 |
| Disposals | - | - | (40) | - | (40) |
| Net revaluation | - | - | - | - | - |
| Depreciation expense | (117) | (342) | (54) | (12) | (525) |
| Write back of depreciation on disposal | - | - | 15 | - | 15 |
| Net carrying amount at end of financial year | <u>11,965</u> | <u>1,615</u> | <u>135</u> | <u>73</u> | <u>13,788</u> |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 9 Intangible assets

| | Software | Software WIP | Total |
|------------------------------|----------|--------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| At 1 July 2011 | | | |
| Cost (gross carrying amount) | 2,678 | 814 | 3,492 |
| Accumulated amortisation | (928) | - | (928) |
| Net carrying amount | 1,750 | 814 | 2,564 |

| | | | |
|------------------------------|---------|----|--------------|
| At 30 June 2012 | | | |
| Cost (gross carrying amount) | 3,741 | 45 | 3,786 |
| Accumulated amortisation | (1,728) | - | (1,728) |
| Net carrying amount | 2,013 | 45 | 2,058 |

Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the current reporting period is set out below:

Year ended 30 June 2012

| | | | |
|--|-------|---------|--------------|
| Net carrying amount at start of financial year | 1,750 | 814 | 2,564 |
| Additions | - | 294 | 294 |
| Disposals/Transfers | 1,063 | (1,063) | - |
| Amortisation expense | (800) | - | (800) |
| Net carrying amount at end of financial year | 2,013 | 45 | 2,058 |

At 1 July 2010

| | | | |
|------------------------------|-------|-------|--------------|
| Cost (gross carrying amount) | 905 | 1,775 | 2,680 |
| Accumulated amortisation | (320) | - | (320) |
| Net carrying amount | 585 | 1,775 | 2,360 |

At 30 June 2011

| | | | |
|------------------------------|-------|-----|--------------|
| Cost (gross carrying amount) | 2,678 | 814 | 3,492 |
| Accumulated amortisation | (928) | - | (928) |
| Net carrying amount | 1,750 | 814 | 2,564 |

Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the current reporting period is set out below:

| | | | |
|--|-------|---------|--------------|
| Net carrying amount at start of financial year | 585 | 1,775 | 2,360 |
| Additions | - | 813 | 813 |
| Disposals/transfers | 1,774 | (1,774) | - |
| Amortisation expense | (609) | - | (609) |
| Net carrying amount at end of financial year | 1,750 | 814 | 2,564 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 10 Restricted assets

| | 2012 | 2011 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| TCorp Hour-Glass investments - Cash facilities | 11,012 | 15,511 |
| | 11,012 | 15,511 |

Restricted cash assets represent cash received (plus bank interest) from Motor Accidents Authority held in escrow for the redevelopment of Kevin Betts Stadium and John Walsh centre. The projects are underway and are expected to be completed towards the end of 2014.

Refer to Note 18 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

NOTE 11 Investment in Associate

| | 2012 | 2011 |
|-----------------------------------|--------|--------|
| | \$'000 | \$'000 |
| Share of equity in Sargood Centre | 1,736 | - |

Refer to Note 19 for more details.

NOTE 12 Current liabilities - payables

| | 2012 | 2011 |
|-------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Current | | |
| Creditors | 516 | 131 |
| Accrued expenses | 7,310 | 2,980 |
| Payroll tax and fringe benefits tax | 26 | 22 |
| Salaries and wages | 142 | 105 |
| | 7,994 | 3,238 |

Details regarding credit risk, liquidity risk, and market risk, including a maturity analysis of the above payables are disclosed in Note 18.

NOTE 13 Current/non-current liabilities - provisions

| | 2012 | 2011 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Personnel services (including related on-costs) | 457 | 456 |
| Recreation leave | 1,140 | 1,043 |
| Long service leave | | |
| | 1,597 | 1,499 |
| Provision for bulk billing fees | 3 | 1,655 |
| Provision for participant care and support services | 79,081 | 59,801 |
| | 80,681 | 62,955 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 13 Current/non-current liabilities - provisions (continued)

| | 2012 | 2011 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| It is expected that the current leave provisions and related on-costs will be settled over the following period: | | |
| Expected to be settled no more than twelve months | | |
| Recreation leave and related on-costs | 457 | 456 |
| Long service leave and related on-costs | 69 | 52 |
| | 526 | 508 |
| Expected to be settled after more than twelve months | | |
| Long service leave and related on-costs | 1,071 | 991 |
| Non-current | | |
| Personnel services (including related on-costs) | | |
| Long service leave | 86 | - |
| Superannuation | 2,168 | 831 |
| | 2,254 | 831 |
| Restoration costs | 300 | 262 |
| Provision for participant care and support services | 1,703,689 | 1,384,262 |
| Total provisions | 1,786,924 | 1,448,310 |
| Aggregate employee benefits and related on-costs | | |
| Provisions - current | 1,597 | 1,499 |
| Provisions - Non-current | 2,254 | 831 |
| Accrued salaries, wages and on-costs (Note 12) | 142 | 105 |
| | 3,993 | 2,435 |

Provision for participants' care and support services

Under the *Motor Accidents (Lifetime Care and Support) Act 2006*, LTCSA meets participant care and support services for severely injured persons from motor accidents. Entitlement to these services commenced for children under 16 years of age from 1 October 2006 and for adults from 1 October 2007.

At 30 June, the liabilities for all claims incurred up to this date to the scheme were valued by actuaries at PricewaterhouseCoopers Actuarial.

The liability for participants' care and support services are measured as the present value of the expected future payments. The present values after discounting are as follow:

| | | |
|---|------------------|------------------|
| Not later than one year | 78,779 | 59,801 |
| Later than one year but not later than five years | 272,195 | 272,373 |
| Later than five years | 1,431,796 | 1,111,889 |
| Total | 1,782,770 | 1,444,063 |

Movements in the provision during the financial year are set out below:

| | | |
|--|------------------|------------------|
| Carrying amount at start of financial year | 1,444,063 | 1,036,852 |
| Less: Amount used during the year | (47,272) | (34,108) |
| Unwinding/change in discount rate | 83,538 | 59,624 |
| Actuarial (gains)/losses | (119,011) | (64,334) |
| New claims incurred since 30 June | 421,452 | 446,029 |
| Carrying amount at end of financial year | 1,782,770 | 1,444,063 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 13 Current/non-current liabilities - provisions (continued)

In estimating the future liability for care costs in Statement of Financial Position, the Board of the Authority has recognised the inherent uncertainty with actuarial projections and has agreed to the retention of an amount of retained equity equivalent to ten per cent of liabilities at 30 June 2012.

The finance costs above represent the increase in the liability for outstanding claims from the end of the previous financial year to the end of the current financial year which is due to discounted claims not settled being one period closer to settlement.

The following inflation rates and discount factors were used in measuring the liability for outstanding participants' care and support costs:

| | 2012 | | 2011 | |
|-----------------------------|----------------|------------------------|----------------|------------------------|
| | Inflation rate | Investment return rate | Inflation rate | Investment return rate |
| Year | % | % | % | % |
| 2012 | 4.0 | 6.0 | 4.0 | 6.0 |
| 2013 | 4.0 | 6.0 | 4.0 | 6.0 |
| 2014 | 4.0 | 6.0 | 4.0 | 6.0 |
| 2015 | 4.0 | 6.0 | 4.0 | 6.0 |
| 2016 | 4.0 | 6.0 | 4.0 | 6.0 |
| 2017 | 4.0 | 6.0 | 4.0 | 6.0 |
| 2018 and later | 4.0 | 6.0 | 4.0 | 6.0 |
| Equivalent to a single rate | 4.0 | 6.0 | 4.0 | 6.0 |

| | 2012 | 2011 |
|--------------------------|-------|-------|
| Weighted mean term | Years | Years |
| Uninflated, undiscounted | 25.26 | 25.56 |
| Inflated, discounted | 19.75 | 19.99 |

Sensitivity analysis for the valuation as at 30 June 2011

The liability represents the best estimate and is based on standard actuarial assessment. The table below shows sensitivities to the valuation. Uncertainty exists due to the long-term nature of liabilities and volatility around the number of Scheme participants and their injury severity. The Authority expects the uncertainty to continue to diminish significantly over the next three to five years.

| | 30 June liability | Effect on 30 June liability | Percentage effect |
|--|-------------------|-----------------------------|-------------------|
| | \$m | \$m | % |
| Central estimate of LTCSA Scheme | 1,782.8 | | |
| All valuation assumptions used | | | |
| Estimating number of claims eligible (interim and final) for LTCSA Scheme to be: | | | |
| (a) Fifteen per cent higher than central estimate, no change to average claim size | 2,042.4 | 259.7 | 15.0 |
| (b) Fifteen per cent higher than central estimate, no change to average claim size | 1,523.1 | (259.7) | -15.0 |
| Different long term gap assumptions:* | | | |
| (a) One per cent per annum lower for all future years | 2,181.4 | 398.7 | 22.0 |
| (b) One per cent per annum lower for all future years | 1,490.5 | (292.2) | -16.0 |
| Mortality assumptions: | | | |
| (a) Eighty per cent of assumed rates for all ages and years since injury | 1,891.9 | 109.1 | 6.0 |
| (b) One hundred and twenty per cent of assumed rates for all ages and years since injury | 1,690.9 | (91.8) | -5.0 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 13 Current/non-current liabilities - provisions (continued)

| | 30 June liability | Effect on 30 June liability | Percentage effect |
|--|-------------------|-----------------------------|-------------------|
| | \$m | \$m | % |
| Different assumed impact of the new attendant care award (twelve per cent) | | | |
| (a) No increase due to new award | 1,644.8 | (138.0) | -8.0 |
| (b) Smaller increase than expected (at ten per cent) | 1,759.8 | (23.0) | -1.0 |
| (c) Greater increase than expected (at fifteen per cent) | 1,817.3 | 34.5 | 2.0 |
| Different levels of improvement in brain injury severity: ** | | | |
| (a) Expected level of Care and Needs Scale (CANS) improvement from previous analysis | 1,848.0 | 65.1 | 7.0 |
| (b) Twice as much improvement after two years as predicted | 1,776.0 | (7.2) | -1.0 |
| (c) No improvement after two years | 1,790.0 | 7.2 | 1.0 |

Notes:

* A long-term gap of two per cent has been assumed to apply. This is based upon a long term rate of inflation of health sector costs of four per cent per annum and a long term real rate of return of six per cent per annum. Superimposed inflation is assumed to equal to zero per cent.

** The sensitivity of this assumption cannot be tested in the Full cost model since the severity distribution assumed in the Full cost model is related to the expected final distribution of one accident year's cohort of participants.

NOTE 14 Commitments for expenditure

| | 2012 | 2011 |
|--|--------|--------|
| | \$'000 | \$'000 |
| (a) Operating lease commitments | | |
| Future non-cancellable operating lease rentals not provided for and payable: | | |
| Not later than one year | 921 | 668 |
| Later than one year but not later than five years | 2,743 | 2,484 |
| Later than five years | - | 325 |
| Total (including GST) | 3,664 | 3,477 |

The Authority leases offices under non-cancellable operating leases expiring within three to five years. The leases have varying terms, escalation clauses and renewal rights.

NOTE 15 Contingent liabilities and contingent assets

A contingent liability is a possible liability that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Authority. The Authority does not recognise contingent liability but disclose its existence where outflows of economic benefits are probable, but not virtually certain. A contingent asset is the opposite of a contingent liability.

The Authority does not have any contingent asset or liability at reporting date (2011: nil).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 16 Budget review

Net result

The actual net result is higher than budget by \$109.16M, primarily due to the following:

- Depreciation and amortisation is below budget by \$2.04M due to the rescheduling of the Property Portfolio acquisition program and delays in software development.
- Finance costs are above budget by \$126.37M primarily due to the increasing number of new participants joining the scheme as noted by the scheme Actuary in the Annual Liability Valuation Report as at 30 June 2012 provided on 20 July 2012.
- Other expenses are below budget by \$126.37M, primarily due to movement in Scheme cost provisioning based on the Annual Liability Valuation as at 30 June 2012. This valuation adjustment reflects claims experience. The primary cause are a) reductions in estimated expenditure on attendant care benefits, b) improvement in brain injury severity history, c) changed assumptions around "incomplete spinal cord" cost modelling.
- Share of associate's profit for the year is higher than budget by \$1.74M, due to the recognition of share of profit by Sargood Centre using the equity method. This amount was not included in the budget.

Assets and liabilities

- Cash and cash equivalents are lower than budget by \$81.70M, primarily due to periodic movement in cash investments to growth assets. During the year the Investment Portfolio was significantly favourable in fixed interest products and conversely significantly unfavourable in equity and emerging markets sectors.
- Current receivables are higher than budget by \$81.07M, primarily due to favourable periodic movement in trade debtors (licensed CTP insurer levies).
- Current payables are higher than budget by \$4.87M, primarily due to periodic movement in accounts payable and accrued expenses and an increase in the number of participants commencing in the scheme, as per actuarial valuation.
- Current provisions are higher than budget by \$16.24M. This was primarily due to changed estimates of earlier liabilities projected for the current year by the scheme Actuary.
- Non-Current provisions are lower than budget by \$118.54M, primarily due to movement in Scheme cost provisioning based on the Annual Liability Valuation as at 30 June 2012.

Cash flows

- Receipts of interest are higher than budget by \$75.49M, primarily due to strong investment inflows.
- Other operating receipts are lower than budget by \$2.25M, primarily due to rent receipts lower than expected.
- Purchases of investments was higher than budget by \$160.89M due to restructure of the Investment Portfolio.

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

| | 2012 | 2011 |
|---|----------------|---------------|
| | \$'000 | \$'000 |
| Net cash used on operating activities | 526,655 | 397,564 |
| Depreciation and amortisation | (1,296) | (1,135) |
| Loss on disposal of non-current assets | 13 | (4) |
| Increase in investment in associates | 1,736 | - |
| Unrealised distribution | (72,080) | 23,041 |
| Change in assets and liabilities | | |
| Increase/(Decrease) in receivables: current | 5,821 | 1,134 |
| Increase/(Decrease) in receivables: non-current | 301 | 200 |
| Decrease/(Increase) in payables: current | (4,756) | 664 |
| Decrease/(Increase) in provisions: current | (17,726) | (1,194) |
| Decrease/(Increase) in provisions: non-current | (320,888) | (406,500) |
| Net result | 117,780 | 13,770 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 18 Financial instruments

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

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

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

(a) Financial instrument categories

| | | 2012 | 2011 |
|--------------------------------|--|-----------|-----------|
| Financial assets | Notes | \$'000 | \$'000 |
| Class: | | | |
| Cash and cash equivalents | 5 N/A | 283,210 | 401,572 |
| Receivables ¹ | 6 Loans and receivables (at amortised cost) | 2,321 | 628 |
| Financial assets at fair value | 7 At fair value through profit or loss - designated as such upon initial recognition | 1,665,507 | 1,093,048 |
| Financial liabilities | | | |
| Class: | | | |
| Payables ² | 12 Financial liabilities (at amortised cost) | 7,968 | 3,216 |

Notes:

¹ Excludes statutory receivables and prepayments (ie not within scope of AASB 7).

² Excludes statutory payables and unearned revenue (ie not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment, if applicable).

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

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

Cash

Cash comprises cash on hand and bank balances held at private financial institutions. Interest is earned on daily bank balances at the monthly average. The TCorp Hour-Glass Cash Facility is discussed in paragraph (d) below.

Receivable-trade debtors

All trade debtors are recognised as amounts receivable as at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known as uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Board will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions. There is no independently assessed rating of the clients other than past experience and their compliance with credit terms, these credit terms are monitored by management on a monthly basis. No interest is earned on trade debtors.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. At balance date, no debtors are past due nor are they determined as impaired (2011: nil).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 18 Financial instruments (continued)

| Receivables - trade debtors | Total ^{1,2} | Past Due but not Impaired ^{1,2} | Considered Impaired ^{1,2} |
|-----------------------------|----------------------|--|------------------------------------|
| | \$'000 | \$'000 | \$'000 |
| 2012 | - | - | - |
| < 3 months overdue | - | - | - |
| 3 months - 6 months overdue | - | - | - |
| > 6 months overdue | - | - | - |
| 2011 | - | - | - |
| < 3 months overdue | - | - | - |
| 3 months - 6 months overdue | - | - | - |
| > 6 months overdue | - | - | - |

Notes:

¹ Each column in the table reports 'gross receivables'.

² The ageing analysis excludes statutory receivables, as these are not within scope of AASB 7 and excludes that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statement of Financial Position.

Authority deposits

The Authority has placed funds on deposit with TCorp, which has been rated ranging from 'A' to 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call'. The interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 5.1 per cent (2011: 4.4 per cent), while over the year, the weighted average interest rate was 4.9 per cent (2011: 5.37 per cent) on a weighted average balance during the year of \$88.573M (2011: \$20.285M). None of these assets are past due or impaired.

The Authority also placed a minimal amount of funds with Westpac Banking Corporation to meet its daily operating expense needs. The cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate on these funds was 3.68 per cent (2011: 3.96 per cent).

(b) Credit risk (continued)

The following table shows the credit rating of the Authority's investments at TCorp, other than those within the Hour-Glass facilities.

| Credit Rating | Bond portfolio 2012 | Cash portfolio 2012 | Bond portfolio 2011 | Cash portfolio 2011 |
|---------------|---------------------|---------------------|---------------------|---------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| AAA | 490,579 | 49,067 | 462,357 | 164,961 |
| AA+ | 107,600 | - | 59,599 | - |
| AA | 41,100 | 10,100 | 17,797 | 192,632 |
| AA- | 4,300 | 131,700 | - | - |
| A+ | - | - | - | 19,846 |
| A | - | - | - | 9 |
| | 643,579 | 190,867 | 539,753 | 377,448 |

The ratings above were conducted by Standards & Poor's and information provided by TCorp.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 18 Financial instruments (continued)

(c) Liquidity risk

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

The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular NSWTC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid, automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of the Authority (or a person appointed by the Head of the Authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 12.37 per cent (2011: Not applicable).

Maturity analysis and interest rate exposure of financial liabilities

| | Weighted average effective interest rate | Nominal amount 1 | Interest rate exposure | | | Maturity dates | | |
|-------------|--|------------------|------------------------|------------------------|----------------------|----------------|-----------|-----------|
| | | | Fixed interest rate | Variable interest rate | Non-interest bearing | < 1 Year | 1-5 Years | > 5 Years |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2012 | | | | | | | | |
| Payables | N/A | 7,968 | - | - | 7,968 | 7,968 | - | - |
| 2011 | | | | | | | | |
| Payables | N/A | 3,216 | - | - | 3,216 | 3,216 | - | - |

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Authority can be required to pay. The tables include both interest (if applicable) and principal cash flows and therefore may not reconcile to the Statement of financial position.

(d) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily other price risks associated with the movement in the unit price of the Hour-Glass Investment Facilities. The Authority does not have direct exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit or loss, and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (ie until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through interest-bearing securities. A reasonably possible change of interest earnings (as in table below) is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 18 Financial instruments (continued)

| | Carrying amount | Profit or loss | -1% Equity | Profit or loss | 1% Equity |
|--------------------------------|-----------------|----------------|------------|----------------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2012 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 283,210 | (2,832) | - | 2,832 | - |
| Financial assets at fair value | 1,665,507 | (16,655) | - | 16,655 | - |
| 2011 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 401,572 | (4,016) | - | 4,016 | - |
| Financial assets at fair value | 1,093,048 | (10,930) | - | 10,930 | - |

Other price risk – TCorp investment facilities

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

| Facility | Investment sectors | Investment horizon | \$'000 | \$'000 |
|---------------------------|--|--------------------|-----------|---------|
| Bond portfolio | Cash, money market instruments | 10.9 years | 643,579 | 539,753 |
| Cash portfolio | Cash, money market instruments | 0.14 year | 190,867 | 377,448 |
| Cash facility | Cash, money market instruments | Up to 1.5 years | 88,573 | 20,285 |
| Long-term growth facility | Cash, money market instruments, Australian and international bonds, listed property, Australian shares | 7 years | 1,021,928 | 553,295 |

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in Hour-Glass facilities limits the Authority's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 18 Financial instruments (continued)

| Facility | | Change in unit price | | Impact on profit or loss | |
|---|-----|----------------------|------|--------------------------|--------|
| | | 2012 | 2011 | 2012 | 2011 |
| | | % | % | \$'000 | \$'000 |
| TCorp Bond portfolio | +/- | 6 | 6 | 38,615 | 32,385 |
| TCorp Cash portfolio | +/- | 1 | 1 | 1,909 | 3,774 |
| TCorp Hour-Glass investment - Cash facility | +/- | 1 | 1 | 886 | 203 |
| TCorp Hour-Glass investment - Long-term growth facility | +/- | 16 | 15 | 163,508 | 82,994 |

The effect of changes in unit prices on other components of equity is nil.

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. The value of the Hour-Glass Investments is based on the Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

(f) Fair value recognised in the Statement of Financial Position

The Authority uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets/liabilities
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly
- Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

| | Level 1 | Level 2 | Level 3 | 2012 total |
|---|----------------|------------------|----------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets at fair value | | | | |
| TCorp Bond portfolio | 643,579 | - | - | 643,579 |
| TCorp Cash portfolio - Non-derivatives | 190,867 | - | - | 190,867 |
| TCorp Hour-Glass investment - Long-term growth facility | - | 1,021,928 | - | 1,021,928 |
| Total | 834,446 | 1,021,928 | - | 1,856,374 |

There were no transfers between level 1 and 2 during the period ended 30 June 2012.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Lifetime Care and Support Authority of NSW

Notes to and forming part of the financial statements for the year ended 30 June 2012

NOTE 19 Investment in Associates

The Authority has one-third member interest in Sargood Centre (the Centre), a not-for-profit company limited by guarantee. The Authority is not entitled to any distribution of funds from the Centre. The Authority's member interests is recognised in these accounts in accordance with AASB 128 Investments in Associates using the equity method of accounting as mandated by NSW Treasury Circular TC 12/04.

The primary focus of the Centre is to facilitate the operation of a life learning facility for people with traumatic spinal cord injury and to provide medical and health related services for people in Australia with spinal cord injuries and similar conditions.

As part of the funding agreement with the Centre, the Authority has entered into an agreement to lease the land acquired by the Authority at minimal fee for 30 years to facilitate the construction of the facility. The Centre holds an option to extend the lease for a similar term.

The Authority has also provided a grant of \$9.96M for the construction and fit out of the facility including equipment. EFR Industries Propriety Limited which also holds one-third member interests in the Centre, has also provided a grant of \$5M for these purposes. The other equal member is the Centre is the Ability Australia Foundation.

Under the agreement with other members, the Authority is not required to provide ongoing funding for the Centre or to use the facilities at the Centre.

| | 2012 | 2011 |
|--|---------------|--------|
| | \$'000 | \$'000 |
| (a) Summarised financial information of the Sargood Centre | | |
| Total revenue | 15,734 | – |
| Total expenses excluding losses | 565 | – |
| Net result | 15,169 | – |
| Other comprehensive income | – | – |
| Total comprehensive income | – | – |
| Total assets | 15,256 | – |
| Total liabilities | 87 | – |
| Net assets | 15,169 | – |
| Total equity | 15,169 | – |

- (b) Should there be any unexpended funds (including accumulated interest revenue) at the time the current funding agreement ends or is terminated, the Centre is not required to pay back the amount to the Authority but rather it must ensure that funding is then applied towards further development or improvement or operation of the Centre.

Not all of the conditions of the funding agreement have been met by Sargood at the date that this report is signed and that the funding provided to Sargood may be repayable to the Authority.

Also, the Centre has granted to the Authority the second fixed and floating charges after ERF Industries Proprietary Limited.

NOTE 20 Events after the reporting period

The Safety, Return to Work and Support Board Act 2012 (the Act) was proclaimed effective from 1 August 2012. The Act replaced the Lifetime Care and Support Authority of NSW's Board with the Safety, Return to Work and Support Board. The new Board will have oversight of the Authority.

The Act also changes the name of the Compensation Authorities Staff Division to the Safety, Return to Work and Support Division. This renamed Government Service Division will have responsibility for providing personnel services to the Authority.

End of Audited Financial Statements

Appendices

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► **Appendix 1: Accounts payable performance**

During the reporting period, all LTCS Authority's suppliers and service providers were paid within agreed terms or 30 days as required by NSW Treasury, unless there had been invoice queries or legitimate delays.

► **Appendix 2: Business continuity and crisis management**

The LTCS Authority's management team, under a sharing arrangement with the Motor Accidents Authority of NSW has continued to build its business continuity capacity through 2011/12 and can demonstrate:

- a functional and permanent Crisis Management Team
- formal testing and publication of an updated Crisis Management Plan
- scheduling of formal testing of the Pandemic Management Plan in early 2012/13
- intent to complete a review of its IT Disaster Recovery Plan in 2012/13.

While this meets the LTCS Authority's commitment to prudent business management and government policy in these areas, work is ongoing to ensure these plans are maintained and tested, remain compliant with state requirements, and are updated regularly.

► **Appendix 3: Consumer response**

During the reporting year, the LTCS Authority received 26 complaints in regard to the operation of the LTCS Scheme and provision of services. All complaints were investigated and resolved.

| Complaint type | Number |
|--|-----------|
| Service providers | 6 |
| Invoicing and payment | 5 |
| Communication with the Authority | 5 |
| Requests and approval processes for services | 4 |
| Home modifications | 3 |
| Choice of service provider | 2 |
| Not approving funding for services | 1 |
| Total | 26 |

► **Appendix 4: Credit card certification**

Credit card use by the LTCS Authority's senior officers is certified in accordance with Treasurer's Direction 205.01 and relevant NSW Treasury's policy. The LTCS Authority has a rigorous process in place to ensure full accountability for the use of credit cards.

► **Appendix 5: Economic and other factors affecting performance**

The LTCS Authority has in place a diversified portfolio of investments approximating \$2.0B at 30 June 2012. The overall performance of the portfolio for the year approximates +6.7 per cent.

The LTCS Authority retains Mercer Investment Consulting as its asset allocation advisor and is required to have all funds managed through the NSW Treasury Corporation.

► **Appendix 6: Government information (public access) applications**

Review of the proactive release program – Clause 7(a)

Under section 7 of the *Government Information (Public Access) Act 2009* (GIPA Act), agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

The LTCS Authority's program for the proactive release of information involves review of information available to participants in the LTCS Scheme, development of new information in accessible formats and publication on the LTCS website of all new guidelines, research projects and policies. The LTCS Authority's policy, procedure and form development process includes consideration of how to proactively release the information.

During the reporting period, the LTCS Authority reviewed this program by reviewing all information sheets available to LTCS Scheme participants. The result of the review was to provide a comprehensive range of plain English guides to assist participants in the LTCS Scheme. As the next step in this program a set of guides will be sent to each participant. The guides are to be available in the community languages most common to LTCS Scheme participants.

As a result of this review, the following information was released:

- Twenty-two new information sheets for participants, families and service providers
- Four new guidelines, including legislative and best practice guidelines

Number of access applications received – Clause 7(b)

During the reporting period, LTCSA received a total of zero formal access applications (including withdrawn applications but not invalid applications).

Number of refused applications for Schedule 1 information – Clause 7(c)

During the reporting period, LTCS Authority refused a total of zero formal access applications because the information requested was information referred to in Schedule 1 to the *GIPA Act*. Of those applications, zero were refused in full, and zero were refused in part.

► Appendix 7: Guarantee of service

You can expect the LTCS Authority to provide the following:

1. Treat you with respect and courtesy.
2. Meet statutory confidentiality and privacy requirements.
3. Provide an efficient and professional service.

When clients phone the LTCS Authority's office on 1300 738 586 within business hours and the call needs to be redirected, it will not be transferred more than once without the agreement of the client or arrangements will be made for the appropriate officer to return the call.

Written letters or emails will be responded to within 10 working days of receiving the letter or email. If a full answer to an enquiry in that time cannot be given, an interim response will be given.

4. Provide equitable access to the LTCS Authority and information about the LTCS Scheme.

The LTCS Authority makes information about the LTCS Scheme available in a range of formats (website, brochures, telephone service) to maximise access for all members of the community.

5. Provide appropriate information.

Information on the LTCS Authority and the LTCS Scheme is available from the LTCS Authority website (www.lifetimecare.nsw.gov.au) or requests for information can be made by phone or email and the Authority will mail the information. The LTCS Authority also produces a Statement of Business Intent annually, statistical information papers, various guidelines, insurance and legal service providers and rehabilitation education programs for professionals who work with the LTCS Authority.

6. Give you the opportunity to be heard.

The LTCS Authority welcomes suggestions and complaints by phone, in person, by mail or email. If you have any suggestions on how the services described here can be improved or if you experience any difficulties, please contact the LTCS Authority:

Level 24
580 George Street
Sydney NSW 2000
Phone: 1300 738 586
Fax: 1300 738 583
E-mail: enquiries@lifetimecare.nsw.gov.au

► Appendix 8: People and culture

Action plan for women including the Spokeswomen's Program

The New South Wales Public Sector Workforce Strategy 2008–2012 and Making it Better for Women are the blueprints for public sector agencies to improve recruitment, development and retention opportunities for women.

The LTCS Authority continues to have a relatively high representation of women across all occupational groups and grades. Our culture and work practices provide a supportive culture for all staff.

As part of the Compensation Authorities Staff Division (CASD), staff now have access to a wide range of programs and access to information to enhance their career development opportunities.

Disability action plan

The Disability Action Plan for 2009-2014 (the Plan) has been developed for the LTCS Authority. The Plan outlines a commitment to ensuring that people with a disability have equitable access to government services, facilities and jobs through the delivery of enhanced services that promote fairness and opportunities. The Plan identifies seven outcome areas targeting universal, adapted and specialist services. The following outcomes have been achieved as at 30 June 2012:

- Publications have been revised to ensure clear, simple language and are readily available to all participants.
- New information sheets for participants have been developed to assist all participants.
- The Annual Participant Survey has been conducted and is made available to all people including those with disabilities, in their identified preferred language.
- Completion of housing projects for participant usage in south western Sydney. Planning has commenced for further housing projects on the NSW mid north coast.

Strategies

The Plan provides a wide range of practical strategies which will improve both services and employment opportunities for people with a disability. The LTCS Authority will actively review and evaluate the progress of this plan over the next five years.

In 2011, development of the Compensation Authorities Staff Division "Disability Employment Strategy" commenced aligning to the NSW Department of Premier and Cabinet "employABILITY Strategy". The Strategy aims to increase employment opportunities for people with disabilities. Implementation across all CASD agencies will commence late 2012.

Equal employment opportunity

The 2007/10 Equal Employment Opportunity (EEO) Plan identified key priorities. Progress has been achieved in the following areas:

- Workplace Respect Policy and Staff Complaints and Grievance Policy implemented with all staff trained in the new model.

- Disability Action Plan – new office accommodation compliance and ongoing support for staff with disabilities are two areas actioned under the Plan.
- In-house training for staff on job seeking skills and merit selection to assist staff with career development opportunities.

Trends in the representation of equal employment opportunities groups

| EEO group | Benchmark / target | Trends in the representation of EEO groups | | |
|--|--------------------|--|-------|-------|
| | | Percentage of Total Staff | | |
| | | 2010 | 2011 | 2012 |
| Women | 50% | 77.6% | 82.0% | 84.1% |
| Aboriginal people and Torres Strait Islanders | 2.6% | 0.0% | 0.0% | 0.0% |
| People whose first language was not English | 19.0% | 13.5% | 12.8% | 12.8% |
| People with a disability | N/A | 13.5% | 19.2% | 23.5% |
| People with a disability requiring work-related adjustment | 1.5% | 6.7% | 12.8% | 17.1% |

Note 1: A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Multicultural policies and services program

The LTCS Authority recognises the NSW principles of diversity and the need to provide equitable service delivery to all people across NSW. To achieve this, the Authority has continued with a number of initiatives during the reporting year including:

- providing information about the LTCS Authority's activities to the ethnic media
- utilising interpreters and translators language services where required to assist in assessments with participants
- producing and making available appropriate publications in major community languages
- providing access to the Participant Survey to participants in their identified preferred language and where necessary, with the use of telephone interpreters.

The Compensation Authorities Staff Division (CASD) is currently undertaking a major review of the Multicultural Policies and Services Plan framework to align across all CASD agencies with implementation in 2012/13.

Grievances

There were no formal grievances lodged in the 2011/12 reporting year.

Industrial relations policies and practices

There were no industrial stoppages or major issues identified during the year. The Authority participates in the Compensation Staff Authorities Division Joint Consultative Committee that meets quarterly to discuss workplace policies and practices and resolve staff complaints.

Work health and safety

There were two workers compensation claims lodged in the agency in the 2011/12 reporting year.

There is a joint Motor Accidents Authority and Lifetime Care and Support Authority Work Health and Safety Workplace Committee (the Committee) which assists the LTCS Authority to meet its statutory requirements.

The Committee meets quarterly and has facilitated the following improvements:

- Selection and training of new First Aid Officers.
- Workplace safety audits.
- New online reporting for injury and workplace hazards.
- implemented a work health and safety and injury management procedure for Sydney and Newcastle offices.

Staff numbers and grading

| | 2011/12 | 2010/11 | 2009/10 | 2008/09 |
|--|-----------|-----------|-----------|-----------|
| Administration and clerical | 68 | 57 | 47 | 30 |
| Cadets | – | 2 | – | – |
| Senior management (senior executive service) | 1 | 2 | 2 | 1 |
| TOTAL | 69 | 61 | 49 | 31 |

Note: The HR Statistics quoted for 2011/12 are headcount figures as at 21 June 2012 (being the census date for the PSC Annual Workforce profile data-collection)

1. New reporting format to ensure consistency across all CASD agencies

► Appendix 9: Senior executive officers

The LTCS Authority's establishment consists of:

- Executive Director, Level 6
- Director, Service Delivery, Level 3.

David Bowen, SES 6, was the Executive Director of the LTCS Authority. His total remuneration package for the position was \$330,800 per annum.

Mr David Bowen resigned from the position of Executive Director in November 2011. Ms Suzanne Lulham is currently acting in this position.

► Appendix 10: Information technology

The Authority has information services provided through the CASD shared services. To ensure that economies of scale are fully realised, work is underway to virtualise and migrate servers to the data centre located in Gosford. The integration of the LTCS Authority and CASD domains will realise greater opportunities for reduced maintenance costs and sharing of information.

CASD information services released a new Standard Operating Environment (SOE) which is underpinned by Windows 7. The implementation of the SOE was successfully undertaken in November 2011 and represents further inroads into providing CASD wide standards which provide greater PC performance improvements.

Navigator (participant management system)

The Navigator System is a mission critical application used for storing information regarding management and care of participants. During 2011/12 a number of system enhancements were delivered which included streamlining eligibility processing, the incorporation of disputes management and the alignment of business processes to support the evolving business needs of the LTCS Authority.

Life Cost Model

Specifications have been developed for enhancements to the Life Cost Model tool which will assist in determining the future financial requirements of Scheme participants. This tool will compare detailed actuarial data with invoicing data sourced from LTCS Authority case management (Navigator) and Finance (SUNSystems) applications to help determine the ongoing costs associated with managing participants and the Scheme.

Parramatta Office – fit out and growth

Staff numbers at the Parramatta office continue to grow and this has led to the LTCS Authority taking possession of another floor in their current building. To accommodate this, information services has worked closely with the business to provide working ICT infrastructure for this expanding user group.

Data warehouse

During 2009/10 the LTCS Authority implemented a data warehouse that integrates core applications such as Navigator and other key database systems. The data warehouse has resulted in enhanced reporting capabilities and the provision of a richer array of information to support decision-making. During 2011/12 further reports were developed which are assisting the LTCS Scheme in providing critical management information.

Attendant care and Case Manager finder tool

Two new searching tools were developed and implemented on the LTCS Authority website to assist participants to efficiently source relevant Attendant Care Providers and Case Managers in their local area.

These tools have provided greater access for LTCS Scheme participants to find and utilise relevant providers who will be able to meet their individual needs.

Information scanning and integration solution

A project has commenced to enable digitisation of all incoming service provider invoices. This will improve processing efficiencies for the Finance branch and LTCS Authority staff. These improvements will then result in improved outcomes for both LTCS Scheme participants and providers as payments are handled more efficiently.

► **Appendix 11: Insurance**

The LTCS Authority utilises the Treasury Managed Fund for day to day, workers compensation and other types of insurance cover.

► **Appendix 12: Investment report 2010/11**

The LTCS Authority's Investment Portfolio has performed well in a volatile financial market. The return on LTCS Authority investments for the 2011/12 year is \$82.0M (2010/11: \$82.0M).

At 30 June 2012 the investment portfolio of the Board is valued at \$1,963.1M (2010/11: \$1,494.5M).

The Board of the LTCS Authority continually monitors the performance of its Fund Manager (TCorp) to ensure that returns are maximised and that the allocation of assets to growth and defensive assets is appropriate.

During the year, the Board of the LTCS Authority and its Asset Allocation Advisor undertook a further review of the Strategic Asset Allocation of its Investment Portfolio and has undertaken a program of moving to a higher growth mix, as opportunities arise in the market, with to increase the allocation to growth assets to 60 per cent overall.

The strategy of the LTCS Authority is to invest for the long term with fluctuation in the investment markets being accepted as a regular occurrence. However, the Board monitors the financial markets and events that affect the LTCS Authority's investments and modifies its strategy as appropriate.

► **Appendix 13: Board of directors**

The Board is responsible to the Minister for Finance and Services through the Chairman who directs reports and recommendations from the Board to the Minister. At 30 June 2012, the Board was supported by the Compensation Authorities Staffing Division (CASD) Audit and Risk Committee. As at 01 July 2012, the Board was dissolved and replaced by the Safety, Return to Work and Support Board.

The prior Board of directors had the function of determining the administrative policies of the Authority and, in exercising that function, it ensured that, as far as practicable, the activities of the Authority were carried out properly and efficiently.

The Board had in place:

- a formal Board Charter;
- a Board Code of Conduct;
- a Register of Conflicts of Interest and Affiliations.

Directors are required to disclose the nature of direct and indirect interest in a matter being considered by the Board as soon as practicable after the relevant facts come to the Director's knowledge. Any disclosure made was recorded in the Board's minutes for that meeting and entered into a Register of Conflicts of Interest.

During the year the Board was convened on seven occasions.

► Appendix 14: Audit and Risk Committee

An Audit and Risk Committee plays a key role in assisting the Board to fulfil its corporate governance and oversight responsibilities in relation to areas such as financial reporting, investment management, internal control and associated risk management systems and internal and external audit functions.

From December 2010, the Board's Audit and Risk Committee was replaced by the CASD Audit and Risk Management Committee (ARC).

The ARC's roles and responsibilities are defined in its formal charter. They are to be evaluated annually to ensure that the Committee is operating effectively and fulfilling its functions. Revisions to the charter or further training and development for ARC members may be necessary as a result of the evaluation process.

The ARC was convened six times this year.

| Audit and Risk Committee | Number eligible to attend | Number attended |
|------------------------------|---------------------------|-----------------|
| Doug Wright (Chair) | 6 | 6 |
| Carolyn Walsh (deputy Chair) | 6 | 6 |
| Robert Ingui | 6 | 6 |
| Cass O'Connor | 6 | 6 |
| Ray Petty | 6 | 6 |
| Sue Clark ⁱ | 4 | 4 |
| Lisa Hunt ⁱⁱ | 4 | 1 |
| Julie Newman ⁱⁱⁱ | 5 | 5 |

ⁱ Sue Clark appointment ended 22 February 2012.

ⁱⁱ Lisa Hunt CASD Chief Executive until 2 February 2012. The CASD Chief Executive is a standing invitee of the CASD Audit and Risk Committee.

ⁱⁱⁱ Julie Newman attended as acting Chief Executive.

► Appendix 15: Internal Audit Unit

The Compensation Authorities Staffing Division (CASD) Internal Audit Unit (IAU) is an independent review function that manages, through an outsourced service provider, an annual plan of risk-based audits across all the CASD Agencies including the LTCS Authority. In 2011/12, ten reviews were completed CASD-wide (including the LTCS Authority). These reviews made 83 audit recommendations to strengthen the organisation's internal controls.

The following internal audit reviews were completed in 2011/12

- CASD Accounts Payable
- CASD Accounts Receivable
- CASD Flex Leave
- CASD Management of Investments*
- CASD Payroll
- CASD Procurement Management*
- CASD Recruitment Management Process*
- LTCS Approver Process Over Service Payments Made For Scheme Participants, Including Timeliness Of Payments*
- LTCS Management of Assessor Costs*
- LTCS Disputes About Eligibility

*Internal audit reviews from the 2010/11 audit plan completed during the 2011/12 year.

In addition to the above, the following internal audit reviews, from the 2011/12 audit plan, were in progress as at 30 June 2012

- CASD Occupational Health and Safety Management Process; and Workers Compensation Management Process
- LTCS Scheme Monitoring

The IAU also undertakes a range of fraud and corruption prevention activities. In 2011/12, CASD-wide policies for Fraud and Corruption Control and Internal Reporting were launched. IAU staff act as Public Interest Disclosure Officers to whom staff can report allegations of corrupt conduct within the *Public Interest Disclosure Act 1994*. IAU also manages investigations into corrupt conduct liaising, where appropriate, with the Independent Commission Against Corruption (ICAC).

The Director Corporate Governance acts as the Chief Audit Executive and reports directly to the ARC for strategic direction and accountability purposes, and reports administratively to the Chief Executive Officer to facilitate day to day operations.

► **Appendix 16: Legislation**

Departures from the subordinate legislation Act

There were no departures from the *Subordinate Legislation Act 1989* during the reporting period.

Legislative changes

The *Motor Accidents and Lifetime Care and Support Schemes Legislation Amendment Act 2012* was introduced in June 2012. This Act made clear that in circumstances where a LTCS participant has a CTP claim all attendant care expenses are met by the LTCS Authority. The CTP insurer is not on risk for any of these expenses. This includes the provision of “gratuitous” care.

► **Appendix 17: Overseas visits**

No overseas travel by staff member was undertaken during the reporting year.

► **Appendix 18: Privacy management plan**

The LTCS Authority is, for the purposes of any Act, a statutory body representing the Crown and therefore falls within the definition of ‘public sector agency’ in the *Privacy and Personal Information Protection Act 1998* and whereby the LTCS Authority is required to comply with the Information Protection Principles, unless an exemption applies.

The LTCS Authority’s current Privacy Management Plan has been in place since 2006. The Plan is augmented by internal policies and procedures and mandatory annual staff training and is reflected in the Agency’s Code of Conduct (updated annually) and related mandatory governance annual training for all staff.

► **Appendix 19: Public interest disclosures (PIDS)**

The LTCS Authority have an Internal Reporting Policy that was issued by the Chief Executive to all LTCS Authority staff in October 2011.

The Department Head has taken action to make staff aware of their rights and responsibilities under the *Public Interest Disclosure Act 1994*. Awareness activities within the current PID reporting period (1 January to 30 June 2012) include internet communications. Whilst LTCS Authority includes PID training as part of the induction for new staff, there have been no new staff inductions during the PID reporting period.

Statistical information on Public Interest Disclosures

| Complaint type | Jan 2012 – June 2012 |
|---|----------------------|
| Number of public officials who made PIDs | 0 |
| Number of PIDs received | 0 |
| Of PIDs received, number primarily about: | |
| Corrupt conduct | 0 |
| Maladministration | 0 |
| Serious and substantial waste | 0 |
| Government information contravention | 0 |
| Local government pecuniary interest contravention | 0 |
| Number of PIDs finalised | 0 |

Note: The number of PIDs finalised only refers to PIDs that have been received since 1 January 2012.

► **Appendix 20: Shared corporate services**

In December 2010, CASD finalised the first phase of its Shared Services Project with back-office merger activity undertaken, a range of policies and procedures reviews undertaken, CASD wide delegations published, and a Service Level Agreement was implemented from 01 July 2011.

► **Appendix 21: Consultancies valued >\$50,000**

| Vendor | Description | Vendor Total |
|-----------------|---|--------------|
| Ernst and Young | Rehabilitation costing services. Bulk billing review (in conjunction with the Motor Accidents Authority – 50% share | \$63,652 |

► **Appendix 22: Waste reduction and purchasing**

The Authority undertakes a range of initiatives in conjunction with building management to reduce its carbon footprint including:

- smart lighting at its George Street office
- recycled content through its printer fleet
- support for the Global Corporate Challenge
- minimal motor vehicle fleet
- office paper waste recycling.
- fifty per cent green recycle copy paper
- ring binders constructed from 100 per cent recycled board
- taps fitted with water control heads.

► Appendix 23: Statement of business intent 2011/12

The LTCS Authority has implemented a formal annual corporate planning process inclusive of key performance indicators setting and review, and workforce modelling. The key strategic priorities relate to establishing the basis of operation of the scheme, including case management, funding and investment. Strategic initiatives are supported by generic programs around corporate support and quality process improvement.

Strategic priorities and progress for 2011/12

Finance – The LTCS Authority financial mode includes balances with LTCS Scheme costs (liability) with assets (fund under investment) supported by a risk weighted levy relativity table, life costing model tools, sophisticated actuarial modelling, appropriate investment targets and detailed financial reporting of actual to life cost to actuarial valuations.

- The Funds performed well for the year, just falling short of budget targets, and notwithstanding the early year volatility and ongoing volatility in relation to equity markets.
- The LTCS Authority continues to review Scheme costs particularly those associated with care and the recent increases in attendant care costs
- The LTCS Authority has also put in place a biannual analytics review of Scheme payments, to mitigate risk of error and fraud.
- The LTCS Authority continues to share information across jurisdictions with life agencies.

Service delivery – Improving the assessment of participant needs and the availability and provision of appropriate services for participants.

- The online attendant care provider tool was launched to help participants select a provider who can meet their specific clinical needs in their geographical area.
- Work on developing models of case management for LTCS Scheme participants has begun.
- The LTCS Authority engaged with Education and Communities (previously known as the NSW Department of Education and Training) to developed a shared agreement and processes on the provision of education support services for LTCS Scheme participants.

Service quality – The LTCS Authority recognises the importance of continuous improvement to the services it funds and the services it provides directly to participants.

- Feedback from the annual participant survey is integrated into service development projects and programs.

- Approved attendant care providers on the LTCS Authority's panel were required to achieve certification against the Attendant Care Industry Management System Standard (ACIMSS) by February 2012.
- The LTCS Authority has provided grants to four approved attendant care providers to undertake projects aiming to improve quality of attendant care services for people with challenging behaviours.
- Twenty-two information sheets have been published to improve the quality of information provided to participants, their families and service providers.

Capacity and skills of case managers – Case management is provided to most participants in the early years after injury and services to assist participants with complex needs to negotiate and receive a wide range of services. The quality of case management services is critical to participants achieving positive outcomes.

- The second stage of the approved case manager initiative (LTCS) was launched.
- In June 2012, the LTCS Authority endorsed a list of 153 approved case managers (LTCS)

Health care system gaps – Improving the availability of experience providers has been identified as a challenge, particularly in rural and remote locations.

- Provision of workshops and targeted training to service providers in rural and regional locations including Young, Orange, Dubbo, Goulburn and Albury.

Participant employment – Improving participant employment opportunities by working with associations and groups in both the disability and health sector.

- Launch of 'My Own Future' program to increase participation in return to work activities for people with brain and spinal cord injury.
- Continuation of the In-Voc program for early assistance to return to work following spinal cord injury.
- The Acquired Brain Injury Vocational Outcomes Project has commenced to determine needs and direct early intervention services for people with brain injury.

Research – The LTCS Authority values targeted research that supports evidence based practice and provides a basis for improving the health and social outcomes of participants, including their community participation.

- The LTCS Authority has continued to fund a program of research to improve outcomes for participants. This has included investigations into psychosocial outcomes, equipment use and resilience.

Infrastructure – The LTCS Authority assesses the cost/benefit of developing infrastructure to better meet participant needs.

- The LTCS Authority opened a purpose-designed house in south-west Sydney that will accommodate three Scheme participants with high level needs.

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