Lifetime Care and Support Authority Annual Report

2010–11

Letter to the Minister

31 October 2011

The Hon. Greg Pearce BA LLB MLC
Minister for Finance
Minister for Illawarra
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Minister

We are pleased to submit to you the 2010/11 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 2010/11 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

Nicholas Whitlam
Chairman

Lisa Hunt
Chief Executive Officer

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The Lifetime Care and Support Authority 2010/2011 Annual Report has been prepared in accordance with the relevant legislation for the Hon. Greg Pearce B.A LLB MLC

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Contents

Year in review

Planned growth in frontline staff to meet the growing number of Lifetime Care and Support Scheme (LTCS) participants has continued steadily. Training to service providers on Scheme procedures and assessment tools has been delivered in both metropolitan and regional areas throughout NSW. The Authority has expanded its panel of approved attendant care providers to provide quality assured attendant care services to Scheme participants. LTCS Guidelines on Attendant Care and Home Modifications were reviewed and revised.

Launch

Launch of 'In-Voc', an early intervention program to support people with a spinal cord injury return to work.

10 more

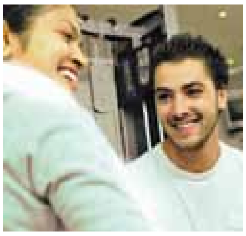
A new panel of attendant care providers that will achieve and maintain quality certification, with an increase of 10 more providers

83%

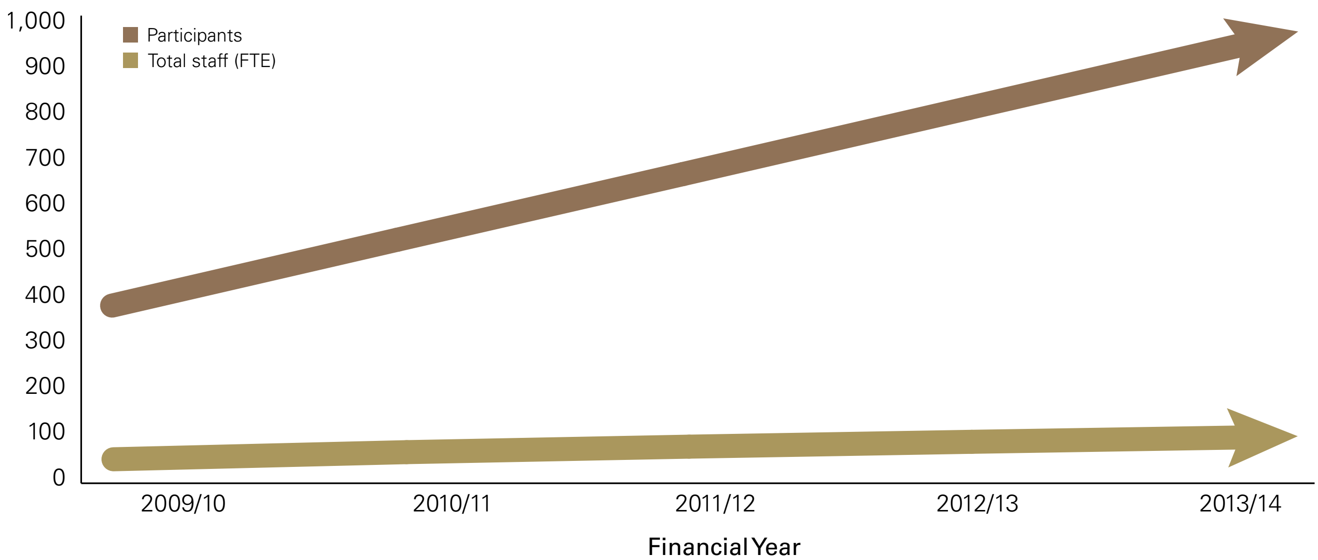
83 per cent overall participant satisfaction rate with how the Scheme meets their needs.

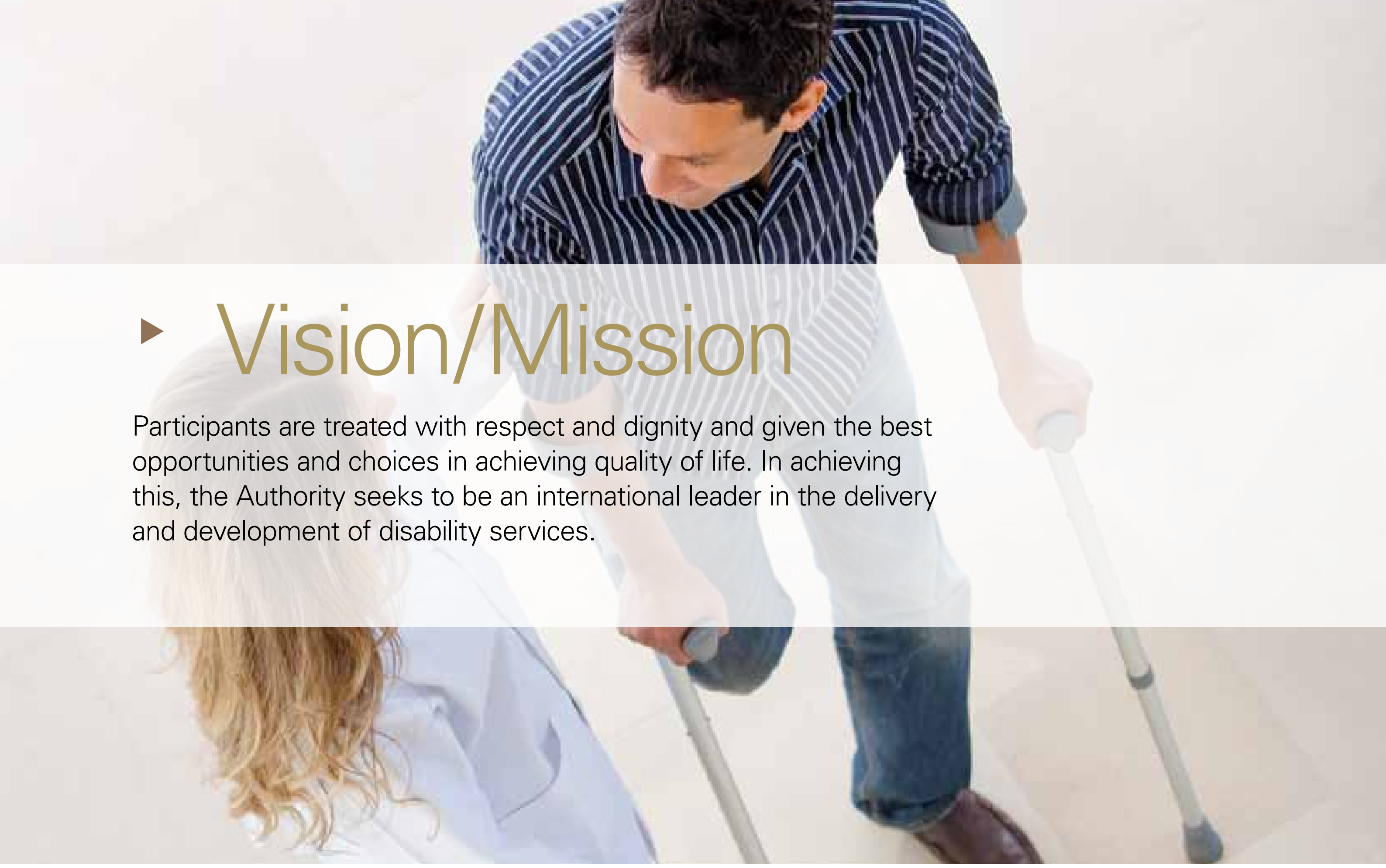
Satisfaction

"Very happy with everything that has been given. Wonderful services for over two years."



Expected Authority and Scheme growth





Vision/Mission

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

Statement of Business Intent 2010/11

The 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.

Our values

Respect
Excellence
Integrity
Honesty
Diligence

Strategic priorities and progress for 2010/11

Priority area		2010/11 Progress
Employment	Improving participant employment opportunities by working with associations and groups in both the disability and health sector	▶ Launch of the In-Voc Pilot program that provides early assistance to return to work following spinal cord injury. ▶ Development of employment initiatives for people with brain injury.
Health care systems gaps	Improving the availability of experienced providers has been identified as a challenge, particularly in rural and remote locations and in the area of mental health.	▶ Launch of expanded attendant care provider panel. ▶ Training to service providers in LTCS procedures, FIM® and CANS in regional areas. ▶ Funding to the International Network of Spinal Cord Injury (SCI) physiotherapists towards the development of a SCI website for physiotherapists. ▶ Funding towards the development of E-Learning modules on Brain Injury and Mental Health. ▶ LTCS training of service providers in regional areas of Coffs Harbour, Albury and Goulburn.
Capacity and skills of case managers	Case management is provided to most participants in the early years after injury and serves 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.	▶ Consultation, planning and development around case management services. ▶ Launch of a case management program for the Scheme is planned for 2011/12.

Priority area		2010/11 Progress
Service quality	The Authority recognises the importance of continuous improvement of the services it funds and the services it provides directly to participants.	▶ Approved attendant care providers are required to achieve certification against Attendant Care Industry Management System Standard (ACIMSS) by February 2012. ▶ The Authority has provided grants to assist attendant care providers to meet this requirement. ▶ Feedback from the Authority's annual participant survey is integrated into planning processes. ▶ The Authority has initiated a review of all its brochures. ▶ Improvements have been made to the Authority's internal case management system, Navigator. ▶ The Authority has continued to develop clinical practice guidelines for the prescription of wheelchairs.
Research	The 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.	▶ Funding has continued towards the normative study for the Paediatric Care and Needs Scale (PCANS). The final report has been received and training on the PCANS is being planned for 2011/12. ▶ The Authority has continued funding towards a pilot on building family resilience. ▶ The Authority is developing a research and service development strategy to provide directions for investing in future research funding.
Infrastructure	The Authority assesses the cost/benefit of developing infrastructure to better meet participant needs.	▶ The Authority has continued its program of infrastructure with the near completion of modifications to one of its houses and purchase of another. Further property has also been purchased for participant use. ▶ Future development of models of community based support is planned for 2012.
Finance	The Lifetime Care and Support financial model includes balances Scheme costs [liability] with assets [fund under investment] supported by a risk weighted levy relativity table, life costing model (LCM) tools, sophisticated actuarial modelling, appropriate investment targets and detailed financial reporting of actual to life cost to actuarial valuations.	▶ The Authority's investment portfolio has achieved a favourable result to budget for the year. ▶ The Investment Portfolio is transitioning to its growth phase during 2011. ▶ The Board has undertaken a Scheme risk assessment and continues to refine and review key assumptions underpinning the Scheme. ▶ Work to develop the LCM has continued in concert with further integration of the Authority's case management system with financial management systems. ▶ The Authority can model the life costs of each participant or cohort. ▶ The Authority continues to share information across jurisdictions with like Agencies.

About us

Who we are – What we do

The Lifetime Care and Support Authority is a statutory authority established on 1 July 2006 under the *Motor Accidents (Lifetime Care and Support) Act 2006*. The Authority is responsible for the administration of the Lifetime Care and Support 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 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 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 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.

Legislation

The *Motor Accidents (Lifetime Care and Support) Act 2006* outlines the support available under the Scheme and the role of the Lifetime Care and Support 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 Act 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 Scheme to become a participant. An injured person may "buy-in" if they meet the eligibility criteria and pay an amount determined by the Authority to fund the future treatment and care needs of the injured person. Buying into the Scheme is voluntary.

Additional information on agency structure

The Office of the Motor Accidents Authority was established in 2006 under the *Public Sector Employment and Management Act 2002*. The Office provided management of employment and other corporate services to the Lifetime Care and Support Authority and the Motor Accidents Authority under service agreements. From 1 July 2009, the employment functions of the Office have been transferred to the Compensation Authorities Staff Division as part of the restructure of the New South Wales Public Sector.

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:

- Dust Diseases Board
- NSW Sporting Injuries Committee
- Motor Accidents Authority of NSW
- WorkCover Authority of NSW

Lisa Hunt, Chief Executive of WorkCover NSW is also the Chief Executive Officer of CASD.

All CASD agencies report to the Minister for Finance.

How the annual report is structured

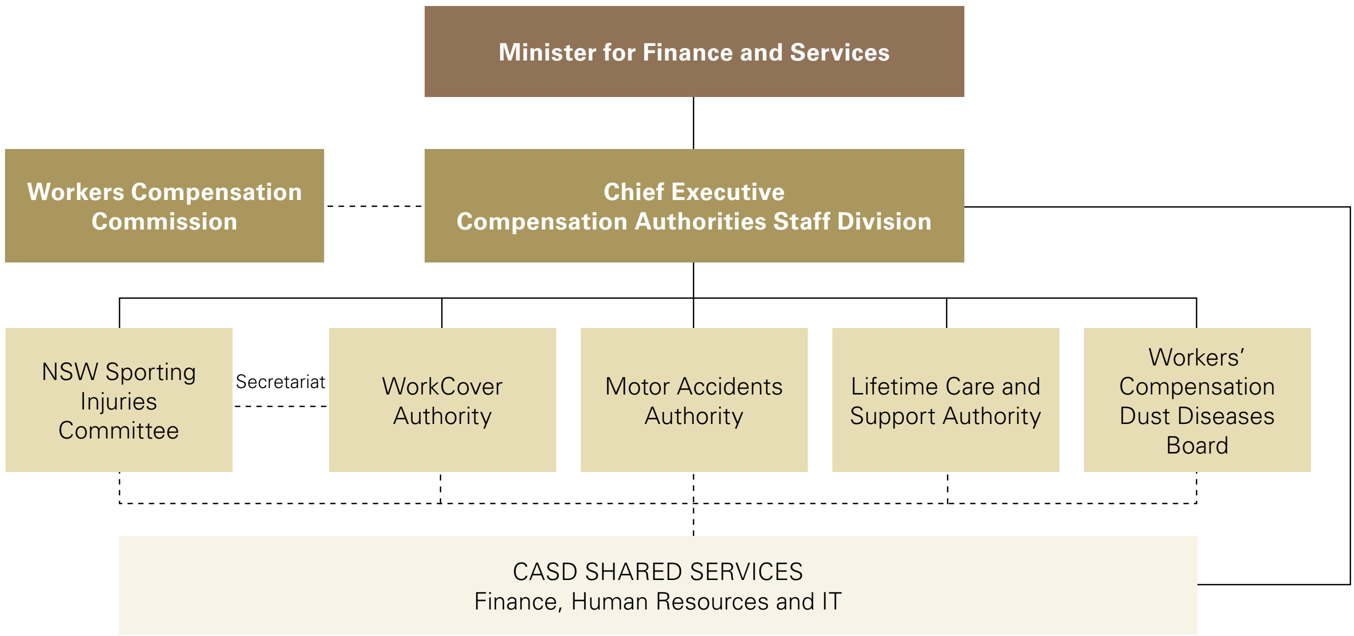
The 2010/11 Annual Report is structured to provide an overview of the Scheme, its participants and service areas.

The financial statements contain the audited financial statements for the year ended 30 June 2011.

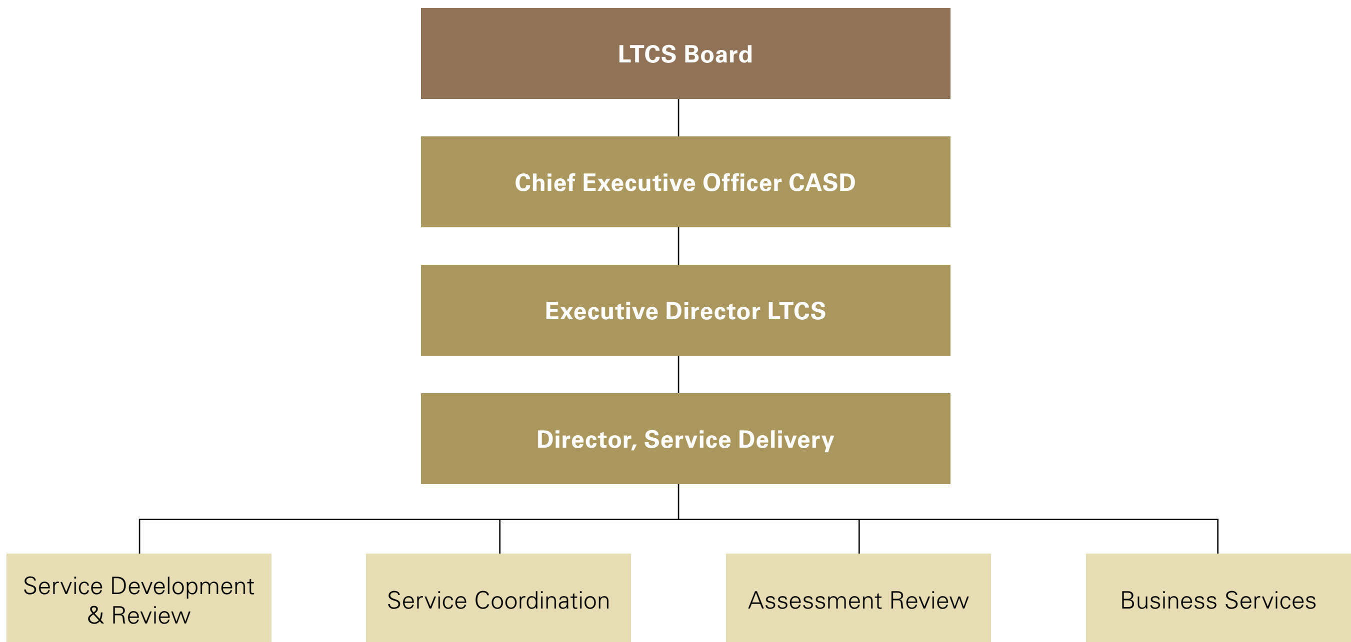
The appendices to this report provide additional information required under the *Annual Reports (Statutory Bodies) Act 1984* and its regulations, the *Government Information (Public Access) Act 2009* and Treasury circulars and Premier's memoranda.

Organisational charts

Compensation Authorities Staff Division



Lifetime Care and Support Authority



Message from the Chief Executive Officer and Chairman

The NSW Lifetime Care and Support Scheme has been meeting the needs of people seriously injured in motor vehicle accidents for five years. At the end of June there are over 500 participants in the Scheme and while there are approximately 150 new participants each year the focus of the Scheme is moving towards supporting participants in the community.

The Board of the Lifetime Care and Support Authority has closely monitored the delivery of services to Scheme participants. It has also involved itself in the financial management of the Scheme and, in particular, setting investment parameters for the Authority's funds.

During the year, the Board undertook a strategic review of the Scheme and is now working through a detailed risk review. As part of the strategic review, the Board examined the original actuarial assumptions underlying the Scheme funding. It is pleasing to note that these have proved to be remarkably robust.

In terms of the type of injury received by people entering the Scheme, there has been a slightly higher severity of injury than was anticipated. In part, this is attributable to continued improvements in emergency care. Not surprisingly, higher severity injuries have a higher cost per participant which pushes up Scheme costs. While the number of children entering the Scheme has risen slightly compared to earlier years, it remains well below the expected number at the time the Scheme was introduced, which is good news.

There have been a surprising number of older people entering the Scheme. Just on 15 per cent of participants are over 60 years of age at the time of injury. With our aging population remaining active road users, this is a trend that is likely to continue.

Seventy per cent of Scheme participants are male, and men are significantly over-represented in the group responsible for their own injuries.

The most over-represented group of road users is motorcyclists, who are predominately responsible for their own injuries. This remains a critical road safety issue.

In terms of services, the Board has monitored the arrangements with hospitals and rehabilitation units closely. Expenditure on services for participants to date reflects that the Scheme is still in start up phase. Upfront costs such as those for hospital, medical and rehabilitation services currently represent a higher proportion than attendant care. As the Scheme matures, however, attendant care is expected to become the single largest cost for the Scheme.

The focus of the Scheme is getting individuals back into their communities through care and support services. This year the Authority has put in place a new panel of attendant care providers. We recognise the important role played by attendant carers going into participants' homes every day to assist with a range of day to day activities but also to provide support in those activities that foster independence and assist with community participation goals. It is pleasing to note that as a result of the tender the panel of providers has been significantly expanded providing greater choice to the majority of participants. The Authority has also worked closely with the Attendant Care Industry Association (ACIA) and has provided financial support to the ACIA to establish a quality program for the Association.

Accommodation for participants with high needs remains a priority. The Board has approved a budget for capital expenditure for supported accommodation. Three properties have been purchased to date, two of which have been modified and are now occupied by Scheme participants. This initiative is designed to provide participants with a place back in their own community, close to family and friends while still receiving significant care needs.

A vexed issue considered by the Board and dealt with in detail by the Lifetime Care and Support Council is whether the Authority should pay family members to be carers. The Authority recognises the importance of family to assist and nurture a person through a difficult time following a severe traumatic injury and to help the person focus on a new pathway. The Authority provides support to family members as well as Scheme participants and this year has funded a pilot project on building family resilience.

The Authority does not pay family members to be paid attendant carers. This position was reached after extensive consultation with disability and carer organisations. The Authority recognises care and support is a normal part of all family relationships but injury related care is not. Paid attendant care is in place to provide for the additional injury related needs of the participant and to allow family to continue to function as family; not to alter the family bond to an injured person-care worker relationship. As the needs and aspirations of the participant change over time, family may not always have the capacity or expertise to provide appropriate injury related attendant care. Finally, the Authority believes that it is inappropriate to create a financial nexus between family members and the participant; this has the long term potential to disrupt normal family relationships by creating a circumstance where family income is derived from a participant's degree of injury related dependence.

By the end of the financial year, Scheme funds exceeded $1.5 billion. The Board spends considerable time reviewing the Scheme investment strategy. During the Scheme's start-up phase, the Board took a conservative approach to asset allocation, and this helped the Authority weather the global financial crisis. As the Scheme matures, the Board is moving some funds into a growth portfolio.

We are pleased to note that late last year the Commonwealth Government gave a reference to the Productivity Commission to review the feasibility of establishing a national disability care and support scheme. The NSW Lifetime Care and Support Scheme is a case study on how such a social insurance scheme could work, and I am pleased that Mr David Bowen, Executive Director of the Authority, has been appointed to the Independent Panel assisting the Commission with that review.

We would like to thank the Board for their diligence and contributions to the business strategy and direction of the Scheme. We also pay tribute to the staff of the Authority who undertake their role with dedication and passion. LTCSA coordinators, in particular, maintain close contact with Scheme participants and their families. It was most pleasing to note that in the participant survey the great majority of participants were pleased with the contact they had from their coordinator.

The service development and review officers continue to 'make the Scheme work' while maintaining the Authority as an innovative agency looking for new solutions. The In-Voc vocational training program for people with spinal cord injury is one such project highlighted in this report and there are others in the pipeline. This continuous improvement approach is a highlight of the Scheme management and strongly supported by the Board.

Nicholas Whitlam
Chairman

Lisa Hunt
Chief Executive Officer (CASD)

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

Nicholas Whitlam is a former CEO and chairman of major financial institutions; as such his career has embraced most aspects of banking, insurance and superannuation. He presently serves on the boards of the Port Kembla Port Corporation (as Chairman), the WorkCover Insurance Fund Investment Board (Deputy Chairman) and of 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 New South Wales 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 & Company, Goldman Sachs (Australia), Turnbull & 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, WorkCover Authority of NSW 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. Judi represents the Board of LTCSA as a Board Member of the Sargood Centre.

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

Lisa Hunt

BA LLB

In January 2010, Lisa Hunt was appointed Chief Executive Officer, WorkCover NSW and Chief Executive, Compensation Authorities Staff Division, which oversees the offices of WorkCover Authority, Dust Diseases Board, Motor Accidents Authority, Lifetime Care and Support Authority and the NSW Sporting Injuries Committee. Lisa is a former senior executive at infrastructure owner, operator and developer Transurban Limited. Lisa also has significant experience on private and public sector boards.

Lisa commenced her career in law before working in government in a range of sectors including: immigration, regulatory systems, transport and infrastructure development.

Term of appointment: Ex Officio

David Bowen

BA, Dip Law

David Bowen established the Lifetime Care and Support Scheme in 2006. From 1998 to 2009 he was the General Manager of the Motor Accidents Authority. Prior to that he was the Director of the Policy Division of the Attorney General's Department. David represents the NSW Government on the Board of the Asbestos Injuries Compensation Fund and is also a Director of CareFlight Pty Ltd. David's expertise in providing services to people with disabilities has been recognised with his appointment to the expert panel advising on the Productivity Commission in its review of the feasibility of a national disability care and support scheme. David's services to people with disabilities has also been recognised with awards from Wheelchair Sport NSW, the Day of Difference Foundation and the Sir Roden Cutler Foundation.

Term of appointment: Ex officio.

The Board met six times during the 2010/11 financial year.

	Attended	Eligible for
Nicholas Whitlam	6	6
Robert Carling	6	6
Cass O'Connor	5	6
Judith Bamforth	6	6
Lisa Hunt	6	6
David Bowen	5 [3 as ex officio]	4
Suzanne Lulham	1 [1 as A/ex officio]	1

Lifetime Care and Support Authority Council

The role of the Advisory Council is to advise the Minister on matters relating to the Lifetime Care and Support Scheme. The Advisory Council consists of nine members including the Chief Executive Officer and Executive Director of the Authority.

Dougie Herd

Chairman

Dougie Herd 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

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

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

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

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 areas of health and disability in the community sector, including working with divisions of general practice, mental health and non-government organisations.

Dr James Middleton

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 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

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 participants needs and provides quality services

Participant survey

The Lifetime Care and Support Authority conducted its second annual participant survey in October 2010. A tender was conducted and Dr Sandra Rickards was appointed to undertake the survey for the next three to five years. Dr Rickards was also the successful applicant in 2009 to develop and undertake the first survey. The inclusion criteria for the survey remained the same as 2009 – participants who had been in the 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 2010 a total of 140 participants were surveyed with a response rate of 74 per cent.

The survey results remain positive with 83 per cent of respondents satisfied, very satisfied or extremely satisfied with how the Scheme meets their needs. Satisfaction with services also remained high, with 80 per cent of respondents satisfied, very satisfied or extremely satisfied. Compared to 2009, there was an increase in participant agreement with the statements 'I feel part of a community' and 'I feel I have enough time with friends', indicating an overall increase in participation. By contrast there was a decrease in the number of participants who have an awareness of the goals in their community living plan.

> "I think what they are doing is fabulous - if it wasn't for them … "
>
> "Being a life member makes me feel lucky. A strong group of people are looking after me."
>
> "Absolute godsend to me. Amazing to have guidance at such a vulnerable time."

Areas identified for improvement were for the Authority to maintain regular contact with participants, to educate participants and their families on the request and approval process and to consider strategies to identify rural and remote service providers. The Authority has developed an implementation plan to action the recommendations. The survey will be conducted annually to identify trends in participant satisfaction.

Service coordination

LTCS coordinators are the front line staff of the Lifetime Care and Support Authority. Their role encompasses all aspects of the Authority's services being delivered to Scheme participants. Working as a coordinator is a demanding role. LTCS coordinators ensure the Authority's funding guidelines are being followed and ensure that scheme participants are receiving quality individualised programs and services. The past year has seen continued growth in staff numbers with two major recruitments. New LTCS coordinators receive a detailed induction program.

LTCS coordinators have an individual caseload and as participant numbers grow so have the LTCS coordinator numbers. Currently LTCS coordinators are located in Sydney, Parramatta and Newcastle. Each office covers a defined NSW region. LTCS coordinators regularly travel throughout metropolitan and rural NSW to meet participants and their service providers. There are also 3 coordinators who support the special needs of participants aged less than 16 years. Overall there are 22 LTCS coordinators who operate in five teams each led by a Senior Coordinator.

In the coming year there will be continued growth in staff numbers to support the new participants entering the Scheme. However, there is also a growing group of Lifetime participants who are now up to 5 years post injury. Their goals and services are moving away from issues of illness to longer term plans and being a community member. To continue to meet the needs of participants in the years following injury the role for the LTCS coordinator will continue to evolve and develop.

New panel of Approved Attendant Care Providers

The Authority released a request for tender on 18 October 2010. The purpose of the tender was to create a list of service providers to offer choice for participants, service coverage across NSW, disability expertise and quality service providers who meet or will meet the Attendant Care Industry Management System Standard. Current and new providers were invited to apply. The Authority also used this opportunity to better define the skill base of the attendant care providers by assessing providers on their ability to provide attendant care to the following participant groups:

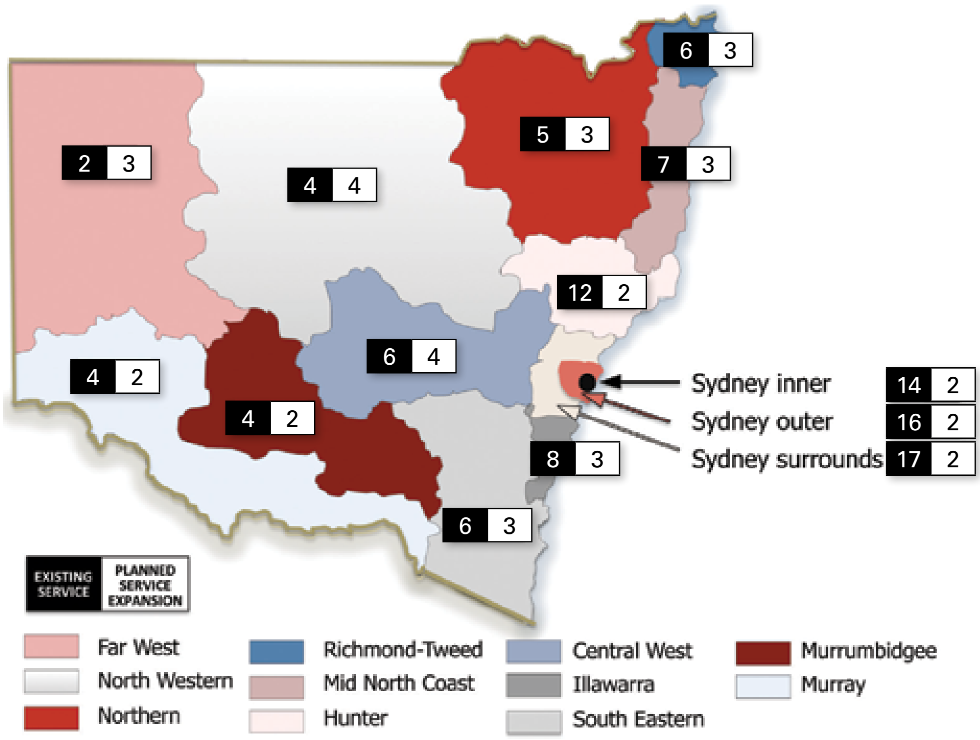
- physical assistance
- high clinical needs
- brain injury recovery (cognitive and challenging behaviours)

The Authority received 42 applications of a very high standard. All applications were reviewed and evaluated by an evaluation committee against the criteria published in the information package and signed off by the Executive Director.

A total of 23 providers have been appointed, with 21 organisations appointed to provide physical assistance, 16 to provide high clinical needs and 18 to provide brain injury recovery services. The list ensures coverage across NSW and expertise in the categories of service delivery.

Those organisations who have achieved certification to the Attendant Care Industry Management System Standard have been appointed for three years, and those who are working towards achieving certification have been appointed for one year. Their appointment will be extended for an additional two years on the condition they achieve this certification.

Planned service expansion



Introducing the new panel

The new panel of attendant care providers was introduced through a special edition of the Lifetime Care and Support Authority's electronic newsletter, LTCS E-News, and through an official launch held at the Authority's offices.

The e-newsletter listed all of the providers, the areas where they offer services and a short paragraph written by each of the providers.

The panel launches were held at the Authority's offices in the Sydney CBD, Parramatta and Newcastle. Each provider was invited to attend and provide a three minute introduction to their organisation, including their skills and experience and where they offer services.

The launches were very well attended with a total of 132 people attending. The feedback was also very positive with attendees agreeing that the presentations increased their understanding of how the panel was selected, what they can expect from an approved attendant care provider, the skills and experience of the different providers, and the areas where they offer services.

Service provider training

The Lifetime Care and Support Authority continued its training program for service providers in 2010 and 2011. Service providers are the key to ensuring participants' needs are met. The program included the delivery of three FIM® training workshops, two Care and Needs Scale (CANS) training workshops and two Introduction to the Scheme workshops. These workshops have been held in Sydney and Parramatta to reduce travel demands on the attendees.

The Authority also conducted training for service providers on Case Management in the LTCS Scheme, twice in Sydney and then in Newcastle, Coffs Harbour, Goulburn and Albury. The four regional workshops were tailored specifically to the needs of providers from both health services and private services in these areas.

In-Voc pilot program

The Lifetime Care and Support Authority has committed to helping to increase return to work rates following Spinal Cord Injury (SCI) by funding a pilot program, In-Voc. In-Voc enables early access to vocational rehabilitation services in NSW SCI units.

Extensive stakeholder consultation was undertaken as part of the planning of this project and a public request for tender was released on 24 January 2011. CRS Australia was successful in winning the tender and is now working in partnership with the NSW SCI units and the Authority to implement and deliver the pilot program.

The In-Voc pilot program was launched on 1 June 2011 and services will be provided for a two year period. Any person admitted to Royal North Shore Hospital Spinal Unit, Moorong Spinal Unit or Prince of Wales Hospital Spinal Unit within the pilot program period is eligible to participate regardless of age, cause of injury, eligibility for the Lifetime Care and Support Scheme, compensation status or other illness or injury.

Three vocational consultants who are employed by CRS Australia have been based in each of the SCI units to work collaboratively with members of the clinical teams. The vocational consultants will work in partnership with clients to undertake comprehensive vocational rehabilitation assessments and identify barriers, solutions and initiatives to facilitate a return to work. Clients will be supported by the vocational consultants to develop and implement their individual return to work plan.

Formal evaluation of In-Voc will be undertaken by the University of Sydney Rehabilitation Studies Unit. The evaluation aims to answer the following hypothesis:

- early access to vocational rehabilitation services for in-patients in NSW spinal units will increase return to work rates
- early access to rehabilitation services will have a positive impact on general health and well being.

The secondary aims of the evaluation will be to:

- establish the extent to which the components of the intervention are provided
- gain an understanding of the intervention from the perspective of the participants
- assess the cost-effectiveness of the intervention from a societal perspective.

A formal evaluation will enable the effectiveness of the pilot program to be determined as this type of intervention has not previously been formally evaluated. Evaluation around client and service provider perceptions of the service will assist to identify issues and areas of improvement to the program.

All three SCI units have positively embraced the In-Voc pilot program and the CRS vocational consultants into the units and clients are now actively participating in vocational rehabilitation activities.

Young Adults Transition Study

The Young Adults Transition Study (YATS) was designed to investigate the efficacy of a life coaching model to young people with an acquired brain injury during their transition from school to the adult world. The Lifetime Care and Support Authority managed the project while working closely with the University of Sydney Rehabilitation Studies Unit (RSU), and a project reference committee made up of representatives from a number of educational, medical and community organisations. The RSU recruited and randomised the participants into equal control and interventions groups (21 in each). The control group received the standard intervention provided through their respective brain injury rehabilitation unit, school etc., while the intervention group were provided with life coaching.

The coaching was provided by three part time coaches who were employed by the Lifetime Care and Support Authority and received supervision from a specialist coach. The YATS coaching was solution focused, based on the young person's strengths and centred on them and their needs. The methods and tools used during coaching sessions were flexible and differed between each person.

The study identified that some young people with brain injury may benefit from life coaching, particularly those with a high readiness for change, higher cognitive functioning, and strong family support. As a result of the study, it has been recommended that a child's suitability for coaching should be assessed on an ongoing basis, at different phases in the recovery process.

Pictured left to right is David Simpson (Occupational Therapist), Jacqueline Scott (Lifetime Care & Support), Rachel Harper (CRS), Felicity Wotton (Lifetime Care & Support), Alanna Finnan (Occupational Therapist), Suzanne Lulham (Director, Service Delivery Lifetime Care & Support), Jacquelyn Compton (CRS), Liz Abraham (Occupational Therapist), Neil Mackinnon (Manager, Service Coordination Lifetime Care & Support).

The Scheme is affordable and prudently managed

Levy rate

The Authority has maintained the MCIS Levy rate at the same level as the previous year.

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 and property elements. The portfolio achieved an overall return of 6.4 per cent for the year, but was subjected to market volatility throughout the year. The Cash Portfolio exceeded benchmark performance measures for the year while the Authority's emerging Growth Sector of the Portfolio achieved near benchmark returns. Overall, the Authority's Portfolio achieved a favourable result to budget.

Review of investment policy

The Board of the Authority reviews the Investment Strategy regularly and as the Scheme grows, the strategy in 2011 has been to commence transitioning the Scheme to a mature [growth] phase reflecting long term growth ideals. Access Economics provided advice to the Board on long term economic trends, Mercer Investment Consulting on asset allocation strategies, and TCorp are the fund managers for the diversified portfolio.

Given the long term nature of liabilities [in excess of 22 years], the Board, in conjunction with its asset allocation advisor, determined to increase its growth sectors of the portfolio.

Prudential margin

The Board of the 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 has undertaken a Scheme risk assessment 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.

Lifetime cash flow calculator

The Authority continues to develop a life cashflow calculator which provides individual life budgets over short, medium and long term horizons for each participant and cohort. This may also be used to price buy-ins under a Scheme extension.

Scheme costs control

The 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 2011 liability valuation incorporates cost allocations reflecting cost trends based on experience.

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

Bulk billing agreement

The 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.

Financial management system

The Authority continues 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

A feature of the NSW Compulsory Third Party Scheme that provides significant benefits to the community is the Lifetime Care and Support Scheme which is administered by the Lifetime Care and Support Authority. It 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 Lifetime Care and Support 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 suffering a spinal cord injury, moderate to severe brain injury, multiple amputations, severe burns, or blindness as a result of the accident.

As of 30 June 2011 the Authority had accepted 602 people into the Scheme. Of these, 13 people have died and 58 have left the Scheme (no longer a participant of the Scheme) leaving 531 participants in the Scheme. This includes 192 participants who have been in the Scheme for two years or more and will continue to require its services as Lifetime Participants.

Lifetime Care and Support participants by accident year as at June 2011

Children (aged 15 and under) make up approximately 12 per cent of all participants entering the Scheme. Seventy per cent of the adults in the Scheme are male, as are 65 per cent of the children.

	Adults			Children		
Accident year	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
October 06 – September 07	0	0	0	4	5	9
October 07 – September 08	76	26	102	5	6	11
October 08 – September 09	74	48	122	13	3	16
October 09 – September 10	112	42	154	14	3	17
October 10 – June 11	71	19	90	5	5	10
Total	**333**	**135**	**468**	**41**	**22**	**63**

Accident years run from 1 October to 30 September. 2010/11 covers only nine months and the number of participants entering the Scheme is for these nine months.

Participant's role in accident

Children

Almost half the children in the Scheme were passengers in vehicles at the time of the crash and over a third of children were pedestrians.

Role in accident	Total	Percentage
Passenger	29	46.0
Pedestrian	26	41.3
Cyclist	3	4.8
Driver	2	3.2
Other	2	3.2
Motorcycle rider	1	1.6
Total	**63**	**100**

Adults

Over one third of adults in the scheme were drivers in vehicles at the time of the crash.

Role in accident	Total	Percentage
Driver	162	34.6
Motorcycle rider	107	22.9
Pedestrian	91	19.4
Passenger	82	17.5
Cyclist	20	4.3
Pillion passenger	3	0.6
Other	3	0.6
Total	**468**	**100**

Scheme participant injury type

Children

Almost 89 per cent of children suffered Traumatic Brain Injury from the crash.

Type of injury	Total	Percentage
Traumatic brain injury	56	88.9
Spinal cord injury	7	11.1
Total	63	100

Adults

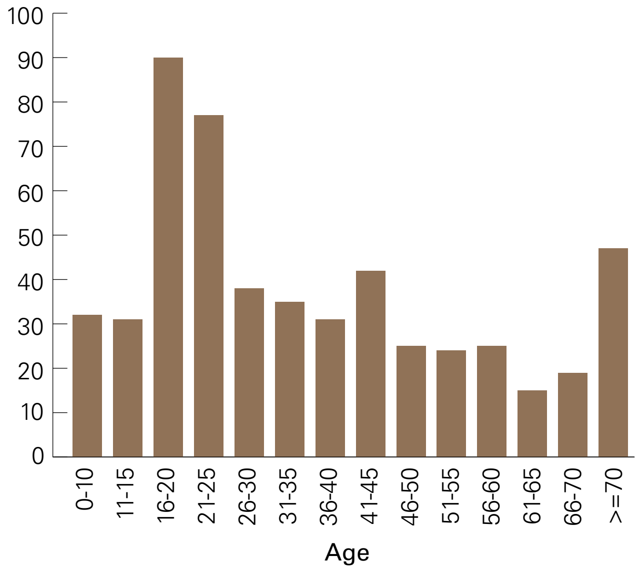
Almost 75 per cent of adults suffered traumatic brain injury from the crash.

Type of injury	Total	Percentage
Traumatic brain injury	350	74.8
Spinal cord injury	113	23.9
Amputations	3	>1
Severe burns (1 with spinal cord injury)	2	>1
Total	468	100

Data as at June 2011

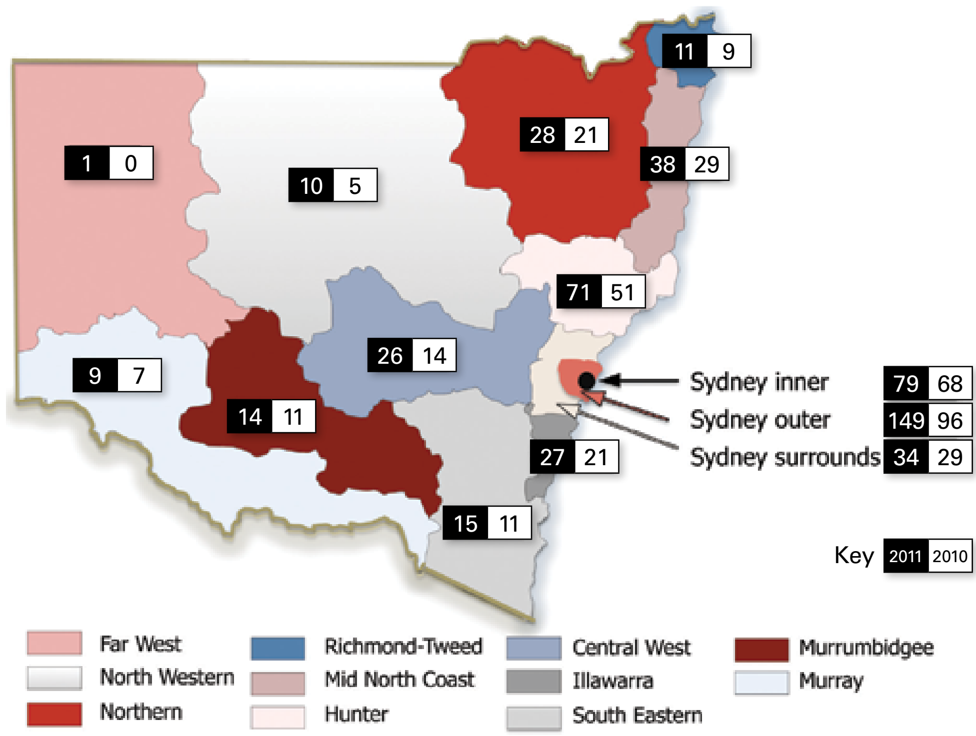
Age of Scheme participants

The age group with the strongest representation are 16–20 years which includes almost 17 per cent of all participants in the Scheme. This is followed by the age group of 21–25 years with over 14 per cent of participants.



Data as at June 2011

Participant residential region



Data as at June 2011

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www.lifetimecare.nsw.gov.au

STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 30 JUNE 2011

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 UIG 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.

NICHOLAS WHITLAM
Chairman

Suzanne Lulham
A/Executive Director

LISA HUNT
Chief Executive
Compensation Authorities Staff Division

Dated at Sydney this 13th day of October 2011

AUDITOR-GENERAL NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

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 the Lifetime Care and Support Authority of New South Wales (the Authority), which comprise the statement of financial position as at 30 June 2011, 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 2011, and of its financial performance 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

I draw attention to the provision for participants' care and support services disclosed in Note 14. 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 Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Board determine is necessary to enable the preparation of the 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.

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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

I believe that 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 any other information which may have been hyperlinked to/from 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 role by the possibility of losing clients or income.

A Oyetunji
Director, Financial Audit Services

13 October 2011
SYDNEY

Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Revenue			
CTP premium levy	2	403,476	361,683
CTP penalty interest		212	253
Investment revenue		82,026	50,515
Other revenue		29	–
Total revenue		**485,743**	**412,451**
Expenses			
Participant care and support expenses	3	456,252	465,393
Operating expenses			
Personnel services	4	5,642	4,383
Other operating expenses	5	6,167	4,019
Rehabilitation, road safety grants and promotion		1,942	1,405
Other expenses	6	1,966	1,166
Total expenses		**471,969**	**476,366**
Net decrease in non-current asset revaluation	7	–	(1,218)
Loss on disposal of non-current assets		(4)	–
Surplus/(Deficit) for the year		**13,770**	**(65,133)**
Total comprehensive income for the year		**13,770**	**(65,133)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents	8	401,572	601,662
Trade and other receivables	9	45,013	43,879
Total current assets		446,585	645,541
Non-current assets			
Financial assets	10	1,093,048	481,807
Property, plant and equipment	11	13,788	5,679
Intangible assets	12	2,564	2,360
Trade and other receivables	9	200	–
Total non-current assets		1,109,600	489,846
Total assets		1,556,185	1,135,387
Current liabilities			
Trade and other payables	13	4,788	5,452
Provisions	14	62,236	61,042
Total current liabilities		67,024	66,494
Non-current liabilities			
Provisions	14	1,384,524	978,026
Total non-current liabilities		1,384,524	978,026
Total liabilities		1,451,548	1,044,520
Net assets		104,637	90,867
Equity			
Accumulated funds		104,637	90,867
Total equity		104,637	90,867

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2011

	Note	Inflows (Outflows) 2011 $'000	Inflows (Outflows) 2010 $'000
Cash flows from operating activities			
Payments			
Payments to suppliers		(59,758)	(50,471)
Rehabilitation, road safety grants and promotions		(1,847)	(1,405)
Total payments		**(61,605)**	**(51,876)**
Receipts			
Premium receipts from licensed insurers		400,880	355,281
Investment revenue		58,048	50,515
Other receipts		241	2,241
Total receipts		**459,169**	**408,037**
Net cash flows from operating activities	18	**397,564**	**356,161**
Cash flows from investing activities			
Payments for property, plant and equipment		(8,660)	(2,734)
Payments for intangible assets		(813)	(1,711)
Proceeds from sale of property, plant and equipment		19	–
Payments for investment		(588,200)	(201,064)
Net cash flows from investing activities		**(597,654)**	**(205,509)**
Net increase/(decrease) in cash and cash equivalents		**(200,090)**	**150,652**
Opening cash and cash equivalents		601,662	451,010
Closing cash and cash equivalents	18	**401,572**	**601,662**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2011

	Accumulated funds $'000	Total $'000
Balance at 1 July 2010	90,867	90,867
Surplus for the year	13,770	13,770
Balance at 30 June 2011	**104,637**	**104,637**
Balance at 1 July 2009	156,000	156,000
Deficit for the year	(65,133)	(65,133)
Balance at 30 June 2010	**90,867**	**90,867**

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 1. Summary of significant accounting policies

(a) Reporting entity

The Lifetime Care and Support Authority of NSW (LTCSA) is a statutory authority established by the *Motor Accidents (Lifetime Care and Support) Act 2006* which came into effect on 1 July 2006. LTCSA is responsible for the administration of the Lifetime Care and Support Scheme (Scheme) which provides treatment, rehabilitation, care and support services to persons catastrophically injured in motor accidents in NSW.

The Scheme was applied to children under 16 years of age for injuries in motor accidents occurring from 1 October 2006, and to adults for injuries in motor accidents occurring from 1 October 2007.

From 1 July 2006, LTCSA took over the administration of the Community Participation Project (CPP), previously administered by Motor Accidents Authority. CPP is a controlled pilot project which provides coordination services to working age adults who have sustained spinal cord injuries before 1 October 2006.

LTCSA is a not-for-profit entity (as profit is not its principal objective) and has no cash generating units. The Authority is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 24, 580 George Street, Sydney NSW.

The financial statements for the year ended 30 June 2011 have been authorised for issue by the Board on 13 October 2011.

(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 UIG Interpretations)
- requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010,* and
- applicable Treasurer's Directions.

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments and provisions.

Critical accounting estimates and assumptions

When preparing the financial statements, the management makes judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management reviews the estimates and underlying assumptions on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods that are affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the Note 14(b) Provision of Participants' care and support services.

As described in notes 1(h)(iv) and 14(b), the Authority uses actuarial valuation measured as the present value of expected future payments and receipts. Detailed information about the key assumptions used in the valuation as well as the detailed analysis for these assumptions are further disclosed in Note 14(b). The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the valuation of the liability. 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 UIG Interpretations.

(d) Insurance

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

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not receivable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis.

(f) Income recognition

Income encompasses both revenue and gains. Revenue arises in the course of the ordinary activities of the Authority and is referred to as premium levy and penalty interest. 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.

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

(f) Income recognition (continued)

Income is measured on an accrual basis 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 LTCSA's 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*.

(ii) Investment revenue

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

(iii) 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.

(g) 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 threshold

With effective 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 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 7 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 reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

(g) Assets (continued)

(iii) Revaluation of property, plant and equipment (continued)

an expense, the increment is recognised immediately as revenue in the Statement of Comprehensive Income.

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

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.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve 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 %
Buildings	4	4
Leasehold improvements	Shorter of 10 years or over lease term	
Motor vehicles	25	25
Office equipment	25	20
Office furniture and fittings	20	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) 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.

(vii) 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 computer 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.

(viii) 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.

Gains or losses on these assets are recognised through profit and loss.

The Hour-Glass Investment Facility is designated at fair value through profit and loss using the second leg of the fair value option i.e. 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.

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

(g) Assets (continued)

(viii) Investments (continued)

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

(ix) Derecognition of financial assets and financial liabilities

A financial asset is extinguished 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 extinguished when the obligation specified in the contract is discharged or cancelled or expires.

(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 accounted for through profit and loss when impaired.

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) Other assets

Other assets are recognised on a cost basis.

(h) 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

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 fall due wholly within 12 months of the balance date are recognised and measured in respect of employees' services up to the balance 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 provision recognised is the best estimate of the consideration required to settle the present obligation at balance date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of these cash flows.

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

(h) Liabilities (continued)

(ii) Personnel services (continued)

The superannuation expense for the financial year is determined by using the formula specified in Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. 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.

(i) 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.

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

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

Note 2. CTP premium levy

	2011 $'000	2010 $'000
CTP premium levy	403,476	360,220
CTP premium levy shortfall	–	1,463
Total	**403,476**	**361,683**

Note 3. Participants' care and support expenses

	2011 $'000	2010 $'000
Expenses		
Attendant care	12,044	9,226
Hospital	18,207	15,111
Medical	3,642	2,408
Rehabilitation	6,748	5,713
Home modifications	2,431	1,146
Equipment	3,075	2,515
Expenses	2,894	2,248
Total expenses	**49,041**	**38,367**
Provision for participant care and support services	407,211	427,026
Total	**456,252**	**465,393**

Note 4. Personnel services

	2011 $'000	2010 $'000
Salaries – co-ordinators	2,026	1,498
Salaries – other	2,232	1,726
Payroll tax	240	185
Defined contribution superannuation	404	320
Defined benefit superannuation – movement in unfunded liability	183	(65)
Other salary components	557	719
Total	**5,642**	**4,383**

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 5. Other operating expenses

	2011 $'000	2010 $'000
Rent and related costs	860	629
Corporate service fees	1,378	1,366
Computer software/ expended hardware/ maintenance	457	274
Contractors	718	263
Assets management fees	924	788
Legal fees	254	87
Actuarial fees	1,123	357
Other miscellaneous expenses	453	255
Total	**6,167**	**4,019**

Note 6. Other expenses

	2011 $'000	2010 $'000
Consultancy fees	479	278
Advertising, promotion and publicity	11	11
Audit fees – external	60	55
Audit fees – internal	83	69
Council members' fees	79	22
Board directors' fees	119	107
Depreciation and amortisation	1,135	624
Total	**1,966**	**1,166**

Note 7. Net decrease in asset revaluation

There was no revaluation conducted during the 2010/11 financial year.

During the 2009/10 financial year, the Authority engaged an independent professional valuer – MVS Valuers Australia Proprietary Limited to revalue its property at 5 Lachlan Avenue, Sylvania NSW 2224 using 'fair value' principles in accordance with the Treasury Policy TPP 07-1 *Valuation of Physical Non-current Assets at Fair Value*.

The valuation of land is based on market values while the valuation of buildings is based on highest and best use principles. The valuer made reference to observable recent market transactions on an arm's length terms.

Refer to Note 11 for further details about financial impacts and movements as a result of this revaluation assignment.

Note 8. Cash and cash equivalents

Cash comprises cash on hand and on-demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and have a maturity of three months or less at the date of acquisition.

	2011 $'000	2010 $'000
Cash at bank and on hand	3,839	5,389
Investments – TCorp Hour-Glass Cash Facility	20,285	17,768
Investments – TCorp Cash Portfolio	377,448	578,505
Total	**401,572**	**601,662**

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate on cash was 3.96 per cent (2010 – 3.02 per cent) and on the cash investments with TCorp was 5.66 per cent (2010 – 4.69 per cent).

Note 9. Trade and other receivables

	2011 $'000	2010 $'000
Current		
CTP levy income receivable	44,127	41,530
GST receivable	392	134
Receivable from participants	216	–
Other receivables	278	2,215
Total	**45,013**	**43,879**

Receivables are non-interest bearing and are generally on 30-day terms.

Note 10. Financial assets

	2011 $'000	2010 $'000
Non-current		
Investments – TCorp Bond Portfolio	539,753	388,926
Investments – TCorp Australian Shares (Active)	243,847	44,655
Investments – TCorp International Shares (Active)	205,222	48,226
Investments – TCorp Unlisted Property Sector	104,226	–
Total	**1,093,048**	**481,807**

Interest rate on TCorp Bond Portfolio was 9.07 per cent (2010 – 10.49 per cent).

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 11. Property, plant and equipment

Schedule of non-current assets as at 30 June 2011

	Land and buildings $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Motor vehicle $'000	Total $'000
At gross carrying amount	12,194	2,333	341	206	15,074
Accumulated depreciation	(229)	(718)	(268)	(71)	(1,286)
Fair value at end of year	**11,965**	**1,615**	**73**	**135**	**13,788**

Schedule of non-current assets as at 30 June 2010

	Land and buildings $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Motor vehicle $'000	Total $'000
At gross carrying amount	4,333	1,677	269	174	6,453
Accumulated depreciation	(112)	(376)	(255)	(31)	(774)
Fair value at end of year	**4,221**	**1,301**	**14**	**143**	**5,679**

Reconciliation of the fair value at beginning and end of 2010/11 financial year

	Land and buildings $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Motor vehicle $'000	Total $'000
Fair value at beginning of year	4,221	1,301	14	143	5,679
Acquisitions	7,861	656	72	71	8,660
Disposals	–	–	–	(40)	(40)
Depreciation	(117)	(342)	(13)	(54)	(526)
Write-back of depreciation on disposal	–	–	–	15	15
Fair value at end of year	**11,965**	**1,615**	**73**	**135**	**13,788**

Reconciliation of the fair value at beginning and end of 2009/10 financial year

	Land and buildings $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Motor vehicle $'000	Total $'000
Fair value at beginning of year	3,350	1,033	170	22	4,575
Acquisitions	2,142	440	–	152	2,734
Depreciation	(53)	(172)	(156)	(31)	(412)
Revaluation decrement	(1,218)	–	–	–	(1,218)
Fair value at end of year	**4,221**	**1,301**	**14**	**143**	**5,679**

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 12. Intangible assets

Schedule of non-current assets as at 30 June 2011

	Computer software $'000	Computer software WIP $'000	Total $'000
At gross carrying amount	2,678	814	3,492
Accumulated amortisation	(928)	–	(928)
Net cost at end of year	**1,750**	**814**	**2,564**

Schedule of non-current assets as at 30 June 2010

	Computer software $'000	Computer software WIP $'000	Total $'000
At gross carrying amount	905	1,775	2,680
Accumulated amortisation	(320)	–	(320)
Net cost at end of year	**585**	**1,775**	**2,360**

Reconciliation of the cost at beginning and end of 2010/11 financial year

	Computer software $'000	Computer software WIP $'000	Total $'000
Cost at beginning of year	585	1,775	2,360
Acquisitions	–	813	813
Transferred to computer software	1,774	(1,774)	–
Amortisation	(609)	–	(609)
Net cost at end of year	**1,750**	**814**	**2,564**

Reconciliation of the cost at beginning and end of 2009/10 financial year

	Computer software $'000	Computer software WIP $'000	Total $'000
Cost at beginning of year	537	324	861
Acquisitions	–	1,711	1,711
Transferred to computer software	260	(260)	–
Amortisation	(212)	–	(212)
Net cost at end of year	**585**	**1,775**	**2,360**

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 13. Trade and other payables

	2011 $'000	2010 $'000
Current		
Other payables and accruals	4,788	5,452
Total	4,788	5,452

Other payables are non-interest bearing and normally settled on 30-day terms.

Note 14. Provisions

	Note	2011 $'000	2010 $'000
Current			
Payable to service entity	(a)	2,435	2,017
Provision for participant care and support services	(b)	59,801	59,025
Total		62,236	61,042
Non-current			
Provision for participant care and support services	(b)	1,384,262	977,827
Make-good provision (building leases)		262	199
Total		1,384,524	978,026

(a) Payable to service entity

Payable to service entity included leave provisions and oncosts of $1.499 million (2010 – $1.301 million).

Accounting Standard AASB 101 *Presentation of Financial Statements* stipulates that liabilities must be classified as current where the Authority does not have an unconditional right to defer the settlement of a liability for at least 12 months after the reporting date. The entitlement to leave of CASD employees is unconditional and accordingly all leave and associated oncosts have been classified as current liabilities.

It is expected that the leave provisions and oncosts will be settled over the following period:

	2011 $'000	2010 $'000
Expected to be settled within 12 months		
Annual leave and long service leave	437	371
Oncosts on leave	71	72
	508	443
Expected to be settled after 12 months		
Long service leave	887	770
Oncosts on leave	104	88
	991	858
Total	1,499	1,301

(b) Provision for participants' care and support services

Under the *Motor Accidents (Lifetime Care and Support) Act 2006*, the Authority 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 2011, liabilities for all claims incurred up to this date to the scheme were valued by the actuaries PricewaterhouseCoopers Actuarial after discounting.

The liability for participants' care and support services are measured as the present value of the expected future payments. Based on an actuarial valuation in June 2011 by the actuaries PricewaterhouseCoopers Actuarial, the expected cash flows at discounted values to meet future liabilities were:

	2011 $'000	2010 $'000
Not later than one year	59,801	59,025
Later than one year but not later than five years	272,373	151,553
Later than five years	1,111,889	826,274
Total	1,444,063	1,036,852

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 14. Provisions (continued)

(b) Provision for participants' care and support services (continued)

A reconciliation of the liabilities at beginning and end of the financial year is set out below:

	2011 $'000	2010 $'000
Balance at 1 July	1,036,852	609,826
Less: Actual payments in the 12 months to 30 June on claims incurred prior to 30 June	(34,108)	(25,615)
Unwinding of discount – finance cost	59,624	35,669
Actuarial (gains)/losses	(64,334)	31,191
New claims incurred since 30 June	446,029	385,781
Balance at 30 June	**1,444,063**	**1,036,852**

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 10 per cent of liabilities at 30 June 2011.

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 unwinding of the discount should conceptually be recognised as finance costs of the current financial year. However, in line with principles in the Australian Accounting Standards in relation to outstanding claims liabilities, such increases have been more appropriately included in claims expenses for the current financial year.

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

	2011		2010	
Year	Inflation rate %	Investment return rate %	Inflation rate %	Investment return rate %
2012	4	6	4	6
2013	4	6	4	6
2014	4	6	4	6
2015	4	6	4	6
2016	4	6	4	6
2017	4	6	4	6
2018 and later	4	6	4	6
Equivalent to a single rate	**4**	**6**	**4**	**6**

Weighted mean term

	2011 Years	2010 Years
Uninflated, undiscounted	25.56	24.38
Inflated, discounted	19.99	19.75

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 14. Provisions (continued)

(b) Provision for participants' care and support services (continued)

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.

Item	30 June liability $m	Effect on 30 June liability $m	Percentage effect %
Central estimate of LTCSA Scheme			
All valuation assumptions described in this report	1,444.1		
Estimating number of claims eligible (interim and final) for LTCSA Scheme to be:			
(a) 15% higher than central estimate, no change to average claim size	1,657.0	212.9	15
(b) 15% lower than central estimate, no change to average claim size	1,231.1	(212.9)	(15)
Different long term gap assumptions:*			
(a) 1% pa lower for all future years	1,782.7	338.7	23
(b) 1% pa higher for all future years	1,196.9	(247.1)	(17)
Mortality assumptions:			
(a) 80% of assumed rates for all ages and years since injury	1,532.5	88.4	6
(b) 120% of assumed rates for all ages and years since injury	1,369.5	(74.5)	(5)
Different assumed impact of the new attendant care award (12% increase):			
(a) No increase due to new award	1,324.4	(119.7)	(8)
(b) Smaller increase than expected (at 10%)	1,424.1	(19.9)	(1)
(c) Greater increase than expected (at 15%)	1,474.0	29.9	2
Different levels of improvement in brain injury severity:			
(a) no improvement from two years after scheme entry	1,480.3	36.2	3
(b) Twice as much improvement after two years as predicted	1,407.8	(36.2)	(3)

* A long-term gap of 2 per cent has been assumed to apply. This is based upon a long term rate of inflation of health sector costs of 4 per cent pa and a long term real rate of return of 6 per cent pa. Superimposed inflation is assumed to equal to 0 per cent.

Superimposed inflation is commonly defined as increases in costs over time which are in excess of normal price or wage inflation. It may arise in the future due to a wide range of possible changes in the legislative, economic or behavioural environments which influence the scheme.

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 15. Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

	2011 $'000	2010 $'000
Not later than one year	668	597
Later than one year but not later than five years	2,484	2,379
Later than five years	325	812
Total	**3,477**	**3,788**

The amount included GST of $0.316 million (2010 – $0.344 million) expected to be recoverable from the Australian Taxation Office.

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

Note 16. Grants expense commitments

Aggregate of grants commitments for injury management, and rehabilitation programs:

	2011 $'000	2010 $'000
Not later than one year	10,693	17,790
Later than one year but not later than five years	16,623	12,723
Total	**27,316**	**30,513**

The amount included GST of $2.483 million (2010 – $2.774 million) expected to be recoverable from the Australian Taxation Office.

An integral part of the Scheme is a commitment to effective injury management and rehabilitation. This is supported by provisions, including section 43(3), in the *Motor Accidents (Lifetime Care and Support) Act 2006* that enable LTCSA to fund initiatives that will improve delivery of care, treatment, rehabilitation, long term support and other services for persons who have sustained motor accident injuries.

Note 17. Contingent assets and liabilities

There were no known contingent assets or liabilities at 30 June 2011 (2010 – nil).

Note 18. Notes to the Statement of Cash Flows

(a) Reconciliation of surplus/(deficit) for the year to net cash flows from operating activities

	2011 $'000	2010 $'000
Surplus/(Deficit) for the year	13,770	(65,133)
Depreciation and amortisation	1,135	624
Loss on disposal of non-current assets	4	–
Net decrease in non-current asset revaluation	–	1,218
Unrealised distribution	(23,041)	–
Change in assets and liabilities		
Decrease/(Increase) in receivables: current	(1,134)	(8,246)
Decrease/(Increase) in receivables: non-current	(200)	–
Increase/(Decrease) in payables: current	(664)	169
Increase/(Decrease) in provisions: current	1,194	39,245
Increase/(Decrease) in provisions: non-current	406,500	388,284
Net cash flows from operating activities	**397,564**	**356,161**

(b) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank and on hand and highly liquid investments. Cash at the end of the financial year as shown on the Statement is reconciled to the related items in the Statement of Financial Position:

	Note	2011 $'000	2010 $'000
Cash and cash equivalents	8	401,572	601,662
Total		**401,572**	**601,662**

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 19. Financial instruments

The Authority's financial instruments are outlined below. These financial instruments arise directly from the Authority's operations or are required to finance its 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 on 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.

(a) Financial instrument categories

	Note	Category	Carrying amount 2011 $'000	Carrying amount 2010 $'000
Financial assets[1]				
Cash and cash equivalents	8	N/A	401,572	601,662
Receivables	9	Receivables (at amortised cost)	628	2,215
Financial assets at fair value	10	At fair value through profit and loss	1,093,048	481,807
Total financial assets			**1,495,248**	**1,085,578**
Financial liabilities[2]				
Payables	13	Financial liabilities (at amortised cost)	4,766	5,428
Total financial liabilities			**4,766**	**5,248**

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(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 with Westpac Banking Corporation Limited. 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, some debtors are past due but they are determined not impaired (2010 – some debtors are past due but they are determined not impaired).

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 19. Financial instruments (continued)

(b) Credit risk (continued)

Receivable – trade debtors (continued)

The following table shows the credit rating of the Authority's investments at TCorp.

Credit rating*	Bond portfolio 2011 $'000	Cash portfolio 2011 $'000	Bond portfolio 2010 $'000	Cash portfolio 2010 $'000
AAA	462,357	164,961	300,915	219,344
AA+	59,599	–	46,110	–
AA	17,797	192,632	41,443	354,084
A+	–	19,846	–	47
A	–	9	458	5,030
Total	**539,753**	**377,448**	**388,926**	**578,505**

* Rating by Standards & Poor's and information provided by NSW Treasury Corporation (TCorp).

(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 investments planning to ensure adequate holding of high quality liquid assets are available on an as needs basis. The objective is to maintain a balance between continuity of funding and flexibility through the use of credit arrangements.

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 Treasurer's direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the relevant Minister to award interest for late payment.

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

Maturity analysis and interest rate exposure of financial liabilities

			Interest rate exposure			Maturity dates		
	Weighted average effective interest rate %	Nominal amount [1] $'000	Fixed interest rate $'000	Variable interest $'000	Non interest-bearing $'000	<1yr $'000	1–5yrs $'000	>5yrs $'000
2011								
Payables	N/A	4,766	–	–	4,766	4,766	–	–
2010								
Payables	N/A	5,428	–	–	5,428	5,428	–	–

1. The amount disclosed are the contractual undiscounted cash flows of each class of financials liabilities, therefore the amount disclosed above may not reconcile to the Statement of Financial Position.

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 19. Financial instruments (continued)

(d) Market risk

Market risk is the risk that the 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 through risks associated with the movement in the unit price of the Hour-Glass Investment Facilities. The Authority has no direct exposure to foreign currency risk and does not enter into commodity contracts. The Authority's TCorp Bond Portfolio includes derivative instruments.

The effect on profit and 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 (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the reporting date. The analysis is performed on the same basis for 2010. 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.

		Effect on			Effect on	
	Carrying amount 2011 $'000	Profit and loss 2011 $'000	Other components of equity 2011 $'000	Carrying amount 2010 $'000	Profit and loss 2010 $'000	Other components of equity 2010 $'000
Financial assets						
+/– 1% change of interest rate						
Cash at bank and on hand	3,839	38	–	5,389	54	–

Other price risk – TCorp investment facilities

Exposure to other price risk primarily arises through the investments in the TCorp Hour-Glass Investment Facilities, 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	2011 $'000	Investment horizon	2010 $'000	Investment horizon
Cash Facility	Cash, money market instruments	20,285	Up to 1.5 yrs	17,768	Up to 1.5 yrs
TCorp Cash Portfolio	Cash, money market instruments	377,448	0.12 yrs	578,505	0.14 yrs
TCorp Bond Portfolio	Cash, money market instruments	539,753	12.5 yrs	388,926	10.9 yrs
TCorp Australian Shares (Active)	Australian shares	243,847	5 to 7 years	44,655	5 to 7 years
TCorp International Shares (Active)	International shares	205,222	5 to 7 years	48,226	5 to 7 years
TCorp Unlisted Property Sector	Unlisted property	104,226	5 to 7 years	–	–

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 19. Financial instruments (continued)

(d) Market risk (continued)

Other price risk – TCorp investment facilities (continued)

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 is 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 (i.e. 95 per cent probability). The TCorp Hour-Glass Investment Facilities are designated at fair value through surplus or deficit and therefore any change in unit price impacts directly on surplus or deficit (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).

	Change in unit price 2011 %	Effect on surplus/ deficit 2011 $'000	Change in unit price 2010 %	Effect on surplus/ deficit 2010 $'000
TCorp investments				
Hour-Glass Cash Facility	+/– 1	203	+/– 1	178
Australian Shares (Active)	+/– 26	63,400	+/– 24	10,717
International Shares (Active)	+/– 25	51,306	+/– 24	11,574
Unlisted Property Sector	+/– 6	6,254	–	–

(e) Fair value compared to carrying amount

Financial instruments are generally measured at cost, with the exception of the TCorp Hour-Glass Facilities, which are measured at fair value. As discussed, 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
- **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 assets not based on observable market data (unobservabled inputs)

The valuation level has been determined on the basis of the lowest level input. The level classification for financial assets at fair value through surplus or deficit have been determined by the type of investments.

Level 1 financial instruments

The following financial assets was classified based on quoted yields from multiple rates sheet available in the market.

- TCorp Cash Portfolio
- TCorp Bond Portfolio

Level 2 financial instruments

The following financial assets were classified based on observable prices although there is no active market exists for these facilities because they are only accessible to government agencies.

- TCorp Hour-Glass Cash Facility
- TCorp Australian Shares (Active)
- TCorp International Shares (Active)

Notes to and forming part of the financial statements

For the year ended 30 June 2011

Note 19. Financial instruments (continued)

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

The Authority did not have any level 3 financial instruments during the financial year ended 30 June 2011.

Financial assets at fair value	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2011				
TCorp Hour-Glass Cash Facility	–	20,285	–	20,285
TCorp Cash Portfolio – Derivatives	9	–	–	9
TCorp Cash Portfolio – Non-derivatives	377,439	–	–	377,439
TCorp Bond Portfolio	539,753	–	–	539,753
TCorp Australian Shares (Active)	–	243,847	–	243,847
TCorp International Shares (Active)	–	205,222	–	205,222
TCorp Unlisted Property Sector	–	104,226	–	104,226
Total	**917,201**	**573,580**	**–**	**1,480,781**

The Authority did not transfer any financial instruments between level 1 and 2 during the financial year ended 30 June 2011.

Financial assets at fair value	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2010				
TCorp Hour-Glass Cash Facility	–	17,768	–	17,768
TCorp Cash Portfolio	578,505	–	–	578,505
TCorp Bond Portfolio – Derivatives	458	–	–	458
TCorp Bond Portfolio – Non-derivatives	388,468	–	–	388,468
TCorp Australian Shares (Active)	–	44,655	–	44,655
TCorp International Shares (Active)	–	48,226	–	48,226
TCorp Unlisted Property Sector	–	–	–	–
Total	**967,431**	**110,649**	**–**	**1,078,080**

The Authority did not transfer any financial instruments between level 1 and 2 during the financial year ended 30 June 2010.

End of audited Financial Statements

Appendices

Accounts payable performance

During the reporting period, all Lifetime Care and Support 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.

Business continuity and crisis management

The Authority's management team has been working throughout 2010/11 to prepare and update the suite of key documents relating to business continuity. The Authority has:

- a permanent Crisis Management Team;
- updated its supporting Crisis Management, Pandemic Management and Disaster Recovery Plans to the suite of documents encompassing business continuity;
- concluded formal simulation testing of its Crisis Management Plan with satisfactory outcomes achieved.

While this meets the agency's commitment to prudent business management and Government policy in these areas, work is continuing to ensure these Plans are maintained and tested, remain compliant with State requirements, and are updated annually.

Consumer response

During the reporting year the Lifetime Care and Support Authority received 15 complaints in regard to the operation of the Scheme and provision of services. This was a slight increase from 12 complaints during the previous year and was due to an increase in Scheme participants. All complaints were investigated and resolved.

Credit card certification

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

Economic and other factors affecting performance

The Authority has in place a diversified portfolio of investments approximating $1.5 billion at 30 June 2011. The overall performance of the portfolio for the year approximates 6.4 per cent.

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

Government Information Public Access Applications

During 2010/11, the Lifetime Care and Support Authority did not receive any Government Information Public Access applications.

Guarantee of service

You can expect us to:

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 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 Authority and information about the Scheme.

   The Authority makes information about the 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 Authority and the Scheme is available from the 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 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 Authority.
6. Give you the opportunity to be heard.

   The 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 Authority at:

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

Human resources

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 Authority has a relatively high representation of women across all occupational groups and work practices provide a supportive culture for all staff. As part of the Compensation Authorities Staff Division staff can access a wide range of programs and activities. Specific strategies which have been accessed by women this year include:

- participation in the sector-wide Executive Development Program
- participation in Executive Coaching Program
- part-time and working from home arrangements
- spokeswomen's activities such as sponsoring staff attendance at the UNIFEM International Women's Day event.

Disability Action Plan

The Disability Action Plan for 2009–2014 has been developed for the Lifetime Care and Support Authority. The Plan outlines a commitment to ensuring that people with a disability are able to access government services, facilities and jobs on an equitable basis 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 2011:

Strategies	Status
1. Improved ways of promoting equal employment opportunities data collection survey	Use of online EEO data updates reinforced at regular staff meeting
2. Review and audit all major information services	The website for the Authority has been upgraded and addresses accessibility issues Authority publications are under review to ensure that they are all written in clear language and are readily available for participants Conduct annual participant survey and implement recommendations
3. Include accessibility requirements on all building locations and fit outs	All LTCS buildings and building fit-outs are compliant with AS-1428 standards
4. Include access to information and guidance to clients visiting the Lifetime Care and Support Authority	Clear signage is displayed at all Authority locations and disability car spaces are available upon request
5. Discussion papers, guidelines and policy developments are made in consultation with key stakeholders	Consultation papers on guidelines for amputations criteria, vocational rehabilitation, home modification and attendant care promoted through the web site and e-news
6. Co-funding programs and policy development with other bodies such as Health, etc	In-Voc program established with CRS to provide vocational support to participants and other injured parties in the community
7. Provide accommodation and facilities for people with a disability from motor vehicle accident	Completion of LTCS housing in Western Sydney for participant use

Strategies

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

Equal Employment Opportunity

The 2007–2010 Equal Employment Opportunity (EEO) plan identified key priorities. Progress has been achieved in the following areas:

- continuation of internal training programs which require all staff to complete mandatory training in EEO, disability and multicultural awareness
- development of a Workplace Respect Policy and Staff Complaints and Grievance Policy
- development of the 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
- review of human resources policies for currency and relevance.

Trends in the representation of Equal Employment Opportunities groups

		Trends in the Representation of EEO Groups Percentage of Total Staff		
EEO Group	**Benchmark / Target %**	**2009 %**	**2010 %**	**2011 %**
Women	**50.0**	74.2	77.6	82.0
Aboriginal people and Torres Strait Islanders	**2.6**	0.0	0.0	0.0
People whose first language was not English	**19.0**	10.4	13.5	12.8
People with a disability	**N/A**	7.2	13.5	19.2
People with a disability requiring work-related adjustment	**1.5**	7.2	6.7	12.8

Source: Premier's Department, Workforce Profile Tool

Notes:

1. Staff numbers are as at 30 June.
2. Excludes casual staff.

Multicultural policies and services

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

- making available interpreters and translators as required for assessments
- producing and making available appropriate publications in major community languages
- Providing access to the Participant Survey to participants from all communities.

Grievances

There were no formal grievances lodged in the 2010/11 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 Joint Consultative Committee that meets quarterly to discuss workplace policies and practices and resolve staff complaints. As required under the 2008 Memorandum of Understanding (MOU), a Savings Implementation Plan was also developed to identify agency specific initiatives which will result in cost saving and improved workplace efficiency.

Occupational health and safety

There were two workers compensation claims lodged in the agency in the 2010/11 reporting year.

There is a joint Motor Accidents Authority and Lifetime Care and Support Authority Occupational Health and Safety Workplace Committee which assists the 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 an OHS and Injury Management procedure for Sydney and Newcastle offices.

Personnel practices and policies

Payroll and recruitment services are provided by the Compensation Authorities Staff Division under a draft Service Level Agreement. Policies and procedures were reviewed as required to reflect service-wide changes and best practice developments in human resources management.

Staff numbers and grading

In 2010/11 there was an average of 55.9 effective full-time (EFT) staff occupying positions at the Lifetime Care and Support Authority.

	30 June 2008	30 June 2009	30 June 2010	30 June 2011
SES	1	1	2	2
Senior Officer	0	0	0	0
Clerk 11/12	1	1	2	2
Clerk 9/10	3	9	14	14
Clerk 7/8	7	17	24	32
Clerk 5/6	1	1	1	3
Clerk 3/4	0	0	0	0
Clerk 1/2	2	2	3	8
Other*	0	0	3	0
Total (headcount)	15	31	49	61
Total (EFT)	**15**	**27.8**	**45.2**	**55.9**

*Others include cadets.

Senior Executive Officers

The Lifetime Care and Support Authority's establishment consists of:

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

One SES officer is female. This is the same as 2009/10.

David Bowen, SES 6, is the Executive Director of the Lifetime Care and Support Authority. His total remuneration package for the position is $330,800 per annum.

Mr Bowen was reappointed as CEO of the Authority in December 2008 and his position was retitled Executive Director in January 2010 following new governance arrangements within the Compensation Authorities. Ms Lisa Hunt, CEO of the Compensation Authorities Staff Division, has indicated her satisfaction with Mr Bowen's performance in the management and strategic direction of the Lifetime Care and Support Authority.

Information technology

The Authority continues its efforts to achieve objectives as outlined in the Information and Communications Technology Strategic Plan 2008–13.

This Strategic Plan is intended to:

- improve organisational efficiency and service delivery
- lower network unit costs
- foster improved business and divisional input to Information and Communications Technology (ICT) planning
- strengthen platforms for growth in information productivity
- drive the development of a modern convergent network that better supports strategic and corporate goals
- enable eGovernment initiatives
- demonstrate ICT leadership within our sector.

At an operational level, the Authority undertook a number of initiatives during the reporting year including ongoing enhancements of the core application, Navigator; development of reports using the Data Warehouse; and commencement of development of the Cost Calculator tool.

Navigator (Participant management system)

The Navigator System is a mission critical application used for storing information regarding management and care of participants. During 2010/11 Navigator underwent a number of enhancements including integration with the financial system to assist with expediting the payment of Scheme supplier invoices. In addition, enhancements included the addition of motor vehicle information to assist with the analysing how road and vehicle factors which have resulted in serious injury. Further enhancements are planned for 2011/12 including streamlining eligibility processing, the incorporation of disputes management and the alignment of business processes to support the evolving business needs of LTCSA.

Mobile workforce infrastructure

The mobile workforce strategy was rolled out in 2010/11 to accommodate the needs of frontline workers. This included providing Participant co-ordinators with tools which allow them to access core applications via the internet. This strategy allows co-ordinators to have access in real time to participant information which will assist in making decisions which support participant care.

Satellite offices – Parramatta and Newcastle

Parramatta and Newcastle offices were integrated into the network. This included setup of video conferencing facilities which allow both participants and co-ordinators to collaborate on care plans with the Sydney Head Office without the need for travel. In addition, LTCS data centre has been consolidated into the Gosford data centre which supports the NSW Department of Premier and Cabinet Blueprint on shared services.

Data Warehouse

Enhancements have been made to the Data Warehouse that was deployed in 2009 to generate reports from the Navigator system. Reports are now generated which provide information on participant services and KPI reporting to ensure that participants receive services as efficiently and expediently as possible. The Data Warehouse has allowed management to gain valuable information into Co-ordinator workloads, suppliers, and participant health care plans.

Lifecost Calculator Model (LCM)

During 2010/11 refinement of the LCM and the integration of the LCM with the Data Warehouse continued. The LCM is being developed to forecast yearly participant expenditure based on participant attributes. This calculator will assist with the prudent management of the scheme and will ensure that participant services are managed in a fiscally responsible way.

Insurance

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

Investment Report 2010/2011

The Authority's Investment Portfolio has performed well in a volatile financial market. The return on Authority investments for the 2010/2011 year is $82.0M (2010: $50.5M).

At 30 June 2011 the investment portfolio of the Board is valued at $1,494.5M (2010: $1083.4M).

The Board of the 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 Authority and its Asset Allocation Advisor reviewed the Strategic Asset Allocation of its Investment Portfolio and has undertaken a program of moving to a growth mix, as opportunities arise in the market, with to increase the allocation to growth assets to 40 per cent overall.

Though the investment portfolio has performed well the returns have been impacted by the financial markets uncertainty inclusive of uncertainty in relation to growth prospects for China, ongoing sovereign debt European debt issues as well as the series of natural disasters, most notably the Queensland floods in January and the Japanese earthquake in March.

The strategy of the Authority is to invest for the long term [claims liability tail in excess of 21 years] with fluctuation in the investment markets being accepted as a regular occurrence. However, the Board monitors the financial markets and events that affect the Authorities Investments and modifies its strategy for shorter term events.

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 LTCSA. In 2010/11, six reviews were completed in LTCSA or CASD-wide (including LTCSA) from the 2010/11 audit plan. In addition, one review carried over from the 2009/10 audit plan was completed by the previous audit service provider. In total, 136 audit recommendations were made to strengthen the organisation's internal controls.

The following internal audit reviews were completed in 2010/11:

- CASD Leave Management
- CASD Board & Treasury Financial Reporting
- CASD Contractor Management
- CASD Records Management
- CASD Asset Management
- CASD Data Centres
- LTCSA Policies and Procedures

The IAU also undertakes a range of fraud and corruption prevention activities. In 2010/11, the IAU drafted CASD-wide policies for Fraud and Corruption Control and Internal Reporting respectively. IAU staff act as Protected Disclosure Officers to whom staff can report allegations of corrupt conduct within the Public Interest Disclosure Act. IAU also manages investigations into corrupt conduct liaising, where appropriate, with the Independent Commission Against Corruption (ICAC).

The Director of Internal Audit and Corruption Prevention reports directly to the CASD Audit and Risk Committee for strategic direction and accountability purposes; and reports administratively to the CASD Chief Executive to facilitate day to day operations.

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.

The Board is supported by the Compensation Authorities Staff Division [CASD] Audit and Risk Committee.

The Board of Directors has the function of determining the administrative policies of the Authority and, in exercising that function, it must ensure that, as far as practicable, the activities of the Authority are carried out properly and efficiently.

The Board has in place:

- A formal Board Charter [Under Review at 30 June 2011];
- Code of Conduct;
- Register 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 will be 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 six occasions.

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.

The LTCSA Audit and Risk Committee met on two occasions. Nicholas Whitlam, Robert Carling and Cass O'Connor were present at both meetings. From December 2010, the Board's Audit and Risk Committee was replaced by the CASD Audit and Risk Management Committee [ARC], with a representative of the MAA Board a Member of the CASD ARC.

The Committee'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 Committee members may be necessary as a result of the evaluation process.

2010/11 Annual Report figures for Audit and Risk Committee attendance

CASD Audit and Risk Committee 2010/11 financial year	Number eligible to attend	Number attended
Doug Wright	8	7
Carolyn Walsh	8	8
Sue Clark	8	6
Robert Ingui	8	7
Raymond Petty	8	8
Cass O'Connor*	7	7
Lisa Hunt**	8	6
Julie Newman***	2	2

* Cass O'Connor was appointed on 25 August 2010.

** Lisa Hunt as Chief Executive is a standing invitee of the CASD Audit and Risk Committee.

***Julie Newman attended as acting Chief Executive.

Legislation

Departures from the Subordinate Legislation Act

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

Legislative changes

The remaining provisions of the *Motor Accidents (Lifetime Care and Support) Amendment Act 2009* were proclaimed on 8 February 2011. This amended the *Motor Accidents (Lifetime Care and Support) Act 2006* to enable a person who suffered severe injuries in a motor vehicle accident before the Scheme commenced, to elect to 'buy-in' to the Scheme if their injuries meet the Scheme eligibility criteria. The 'buy-in' amount is to be determined by the Lifetime Care and Support Authority as the amount required to fund the person's treatment and care needs as a lifetime participant.

Internal Audit and Risk Management Statement

Internal Audit and Risk Management Statement for the 2010-2011 Financial Year for the Lifetime Care and Support Authority Board

I, Nicholas Whitlam, Chair of the Lifetime Care and Support Authority Board, am of the opinion that the Lifetime Care and Support Authority has internal audit and risk management processes in place that are, excluding the exception described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Nicholas Whitlam, Chair of the Lifetime Care and Support Authority Board, am of the opinion that the internal audit and risk management processes for the Lifetime Care and Support Authority depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) the Lifetime Care and Support Authority has implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
• 3.1.4 - The Audit and Risk Committee must have no fewer than three (3) members, and no more than five (5) members, of whom a majority must be independent.	• Committee membership numbers to allow for each member to provide their respective Compensation Authorities Staff Division (CASD) agency Board with information from the Committee and advise each board of the discharging of its duty. • Exemption granted to allow the CASD Audit and Risk Committee to have an independent membership of six (6) full time members and one (1) alternate member.

These processes, including the practicable alternative measures implemented, 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.

I, Nicholas Whitlam, Chair of the Lifetime Care and Support Authority Board, 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
- Robert Ingui, independent Member
- Raymond Petty, independent Member
- Cass O'Connor, independent Member
- Geniere Aplin, independent Member (Alternate)

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury

Nicholas Whitlam
Chair

Dated this 16th day of AUGUST 2011

Contact Officer: David Bowen, General Manager
Lifetime Care and Support Authority
Level 24, 580 George St, Sydney NSW 2000
Telephone: (02) 1300 738 586

Overseas visits

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

Privacy Management Plan

The 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 Authority is required to comply with the Information Protection Principles, unless an exemption applies.

The Authority's current Privacy Management Plan has been in place since 2004. 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.

Research and development

No paid research or development was undertaken on behalf of the Authority during this year.

Shared corporate services

The Office of the Motor Accidents Authority [the former provider of corporate services] was abolished in July 2009 and the provision of corporate services was then transferred to the Motor Accidents Authority under a formal Service Level Agreement.

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 drafted for implementation from 01 July 2011.

Consultancies Valued >$50,000

Vendor	Description	Category	Vendor Total $
Mercer (Australia) Pty Ltd	Strategic economic consultancy and investment advice	Investment Advisory	124,973
Ernst & Young	Rehabilitation costing services	Service Delivery	93,691
9 Consultants $50,000 and under		N/A	165,161
Total consultants			**383,825**

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.

Payment of Account Summary

The Lifetime Care and Support Authority is responsible for the payments of accounts for the Scheme expenses, reimbursement of approved expenses as well as accounts for our administration costs. Supplier accounts are paid within vendor terms. At the end of the financial year, amounts outstanding to vendors are accrued and reflected appropriately in the financial statements. No interest or penalty charges. No interest or penalty charges were incurred in the 2010/11 financial year for late payment for goods and services received.

The following table have been prepared in accordance with Treasury Circular NSW TC 06/26:

Quarter	Current (ie within due date) $'000	Less than 30 days overdue $'000	Between 30 & 60 days overdue $'000	Between 69 & 90 days overdue $'000	More than 90 days overdue $'000	Penalty interest $	Reasons for delayed payments
September	16,995	48	15	–	–	1,557	Penalty interest applied due to delays in receipt of invoices from vendors and disputes.
December	12,277	1,143	206	21	9	1,611	
March	21,565	1,275	295	188	39		
June	17,498	776	95	379	56	409	

Accounts paid on time within each quarter

Quarter	Total accounts paid on time			Total amount paid $'000
	Target %	Actual %	$'000	
September	95	100	16,995	17,058
December	95	90	12,277	13,656
March	95	92	21,565	23,361
June	95	93	17,498	18,803

Budgeting

The Authority is budgeting for an $8.6 million surplus in 2011–12. Revenue is expected to be $410.6 million, higher than the $403.7 million of 2010–11 reflecting actuarial estimates for levy collection. We expect our expenditures to be higher than 2010–11, mainly due to increases in participant care and support expenses in line with current actuarial estimates.

Our 2010–11 operating result was favourable to budget by $29 million. This was primarily due to favourable operating and investment income.

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