



Lifetime Support Authority of South Australia Annual Report 2014–2015

Our Vision

Our ordinary level of service and care is extraordinary.

Our Purpose

We will put our participants first and design and deliver financially sustainable innovative services, efficiently and to a high standard.



Lifetime Support Authority of South Australia
Annual Report 2014–2015

ABN 39 202 082 213
Ground Floor, 30 Wakefield Street, Adelaide SA 5000

For copies of this report please call the LSA on (08) 8463 6131
or email lifetime.support@sa.gov.au.



Government of
South Australia

ISSN: 2204-0102 (Print)
ISSN: 2204-0110 (Online)

Letter of transmittal to the Minister

11 September 2015

The Hon Jack Snelling MP
Minister for Health
Parliament House
North Terrace
ADELAIDE SA 5000

Dear Minister,

In accordance with the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013* and the Department of the Premier and Cabinet Circular PC013 – Annual Reporting Requirements, I am pleased to submit, for your information and tabling in Parliament, the second Annual Report of the Lifetime Support Authority of South Australia for the financial year ending 30 June 2015.

The report provides a comprehensive review of the LSA's achievements throughout the first year of the Lifetime Support Scheme, which commenced on 1 July 2014.

The LSA appreciates your continued commitment to this Scheme, which provides significant ongoing support to people catastrophically injured in motor vehicle accidents.

Yours sincerely,



Juliet Brown OAM
Chair
Lifetime Support Authority Board



Lifetime Support Authority of South Australia
Annual Report 2014–2015

Contents

Letter of transmittal to the Minister	1	Human Resource Information	20
Foreword	4	Full time Equivalents (FTEs)	20
Corporate Governance	6	Workforce diversity	20
About the LSA	6	Executives	20
LSA Board	6	Leave management	20
Committees	9	Performance Development	21
Working with government agencies	9	Leadership and Management Development	21
First year of the LSS	10	Employment Opportunity Programs	21
Strategic Achievements	12	Work Health and Safety and Injury Management	21
Scheme Progress	12	Reporting Requirements	22
Service planners	12	Reporting against the <i>Carers Recognition Act 2005</i>	22
Healthcare providers	13	Disability access and inclusion plans	22
Strategic Directions	14	Complaints and Disputes	22
Strategic Direction: Good Governance	14	Freedom of Information	22
Strategic Direction: High Service Quality	16	<i>Whistleblowers Protection Act 1993</i>	22
Strategic Direction: Financial Sustainability	16	Our financial performance	23
Strategic Direction: Effective Skills and Capability	18	Contractual arrangements	23
IT system – SALSA	19	Fraud	23
		Consultants	23
		Overseas travel	23
		Audited Financial Statements	24
		Notes to and forming part of the Financial Statements	31
		Actuarial Certificate	57
		Independent Auditor's Report	59

Foreword



Juliet Brown OAM, Chair

That's
approximately
one person
catastrophically
injured in a motor
vehicle accident
every nine days.

We are pleased to present the Lifetime Support Authority's (LSA) annual report for the first year of the Lifetime Support Scheme (LSS), which commenced on 1 July 2014.

The LSS is administered by the LSA, which provides treatment, care and support for people who have sustained very severe injuries as a result of a motor vehicle accident since 1 July 2014, regardless of fault.

In the first 12 months of the LSS, more than 40 people, aged from two to 75 years, received injuries which qualify them for the LSS. That's approximately one person catastrophically injured in a motor vehicle accident every nine days.

These are people who have sustained spinal cord injuries, brain injuries or major amputations, and the LSS provides them with assistance ranging from intensive therapy and surgery through to 24-hour ventilation support.

Approximately half of these people would likely have not received compensation under the state's previous Compulsory Third Party insurance scheme.

Our team of experienced service planners are all allied health professionals. With the assistance of our valued service providers, they worked closely with the LSS's participants to coordinate their treatment, care and support.

One of the most important aspects of the LSS is that it enables its participants and their families to choose the long-term services and support they need; they make the decisions that best benefit them and their lives.

We saw the immense value of this person-centred approach throughout 2014–15 and some of the participants' personal stories are shared in this report.

We have established invaluable working relationships within South Australia's healthcare system, and we extend our sincere thanks and appreciation particularly to staff at the Royal Adelaide Hospital, Flinders Medical Centre and the Hampstead Rehabilitation Centre. With such strong two-way communication, we have been better able to provide comfort to participants and their families.

Our Board undertook a review of the LSS Rules toward the end of 2014–15, looking at their functionality and effectiveness following many months of operation. Amendments were approved and implemented.

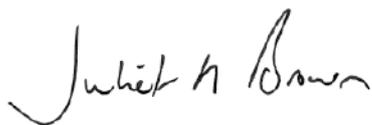
We established formal agreements with our service providers, who adopt a cooperative approach to delivering high-quality outcomes for our participants, and we developed a three-year workforce plan to ensure the LSA continues to effectively manage the LSS's participant growth.

The LSA worked closely with its actuary, Finity Consulting, which oversees the regular monitoring of the LSS funding position and calculates the LSS's present and likely future liabilities.

We established an investment strategy with the South Australian Government's investment manager, Funds SA, to prudently manage the LSS fund so that it is sustainable. This is vital in ensuring the LSS's participants continue to have the care, support and treatment they need to live the best life possible and to minimise the costs of the LSS for motorists.

We are pleased to join other no-fault schemes around the country as part of the national commitment to an Australia-wide National Injury Insurance Scheme to complement the National Disability Insurance Scheme.

We extend our gratitude to the LSA Board and staff for their time and dedication.



Juliet Brown OAM
Chair
Lifetime Support Authority



Lois Boswell
Chief Executive
Lifetime Support Authority



Lois Boswell, Chief Executive

We are pleased to join other no-fault schemes around the country as part of the national commitment to an Australia-wide **National Injury Insurance Scheme** to complement the National Disability Insurance Scheme.

Corporate Governance

About the LSA

The Lifetime Support Authority (LSA) administers the Lifetime Support Scheme (LSS), which provides treatment, care and support for people who have sustained very serious, lifelong disabilities in a motor vehicle accident in South Australia since 1 July 2014, regardless of fault.

People who sustain very serious injuries which cause paraplegia or quadriplegia, brain injury, whole limb or multiple amputations, major burns or blindness qualify for support.

The LSA is a statutory authority governed by a Board, and is subject to the general control and direction of the Minister for Health.

LSA's Chief Executive leads a small, committed team which includes a group of experienced allied health professionals who work with Scheme participants to coordinate treatment, care and support and, importantly, ensure participants are involved in making decisions about their own care.

The LSA was established by the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013*, and the Lifetime Support Scheme commenced on 1 July 2014.

The LSA works within the LSA Governance Framework, which was developed for 2014 to 2016. The Framework, based on the principles of best practice public sector governance, identifies the principles, elements and mechanisms to drive and support governance in practice.

LSA Board

The LSA is governed by a seven-member Board, which collectively has experience in governance, health, disability, law, financial management and investment.

As directed by the Minister under section 8 of the Act, the board has a Charter. The Board sets and approves plans, oversees sound management of the LSA, and ensures that the LSA implements policies that provide high quality services and are respectful of participants, their families and carers.

The Board met 11 times during the year.

The LSA is governed by a seven-member Board, which collectively has experience in governance, health, disability, law, financial management and investment.



Juliet Brown OAM (Chair)

Ms Brown has extensive experience in law and business. She is a professional company director and her current directorships include the South Australian Motor Accident Commission, South Australian Museum, the South Australian Government Financing Authority Advisory Board and the Medical Insurance Group of Australia. Ms Brown is also the independent Chair of Statewide Super and a former President of the RAA. Prior to her company director roles, Ms Brown held the position of Chief Executive of Thomson Playford (now Thomson Geer), one of South Australia's largest commercial law firms, having previously practised as a solicitor for both public and private sector clients in the health and insurance areas.



Arabella Branson

Ms Branson has practised as a lawyer in the area of commercial transactional and advisory law since 2000. For nine years she practised in a specialist South Australian corporate and commercial law firm, including over two years as partner. She has now established her own commercial advisory practice. She is a member of the Law Society of South Australia. Ms Branson has been a Board member of SYC Limited since 2007. She is a member of SYC's Audit Committee and Remuneration Committee and Chair of its Governance Committee.



Chloe Fox

Ms Fox is an experienced Parliamentarian, educator and journalist who joined the LSA Board in September 2014. As an MP in the SA Parliament, she held the position of Deputy Speaker in the House of Assembly and Minister for Transport Services. Her journalism career, which began in Adelaide, led to work with UNESCO in France. She became an educator on her return to Australia, working as a high school language and history teacher. Ms Fox is a board member of the History Trust of South Australia, an Alliance Française Board member and a life member of the Commonwealth Parliamentary Association. She is undertaking post-graduate research at Flinders University in education.



Melinda OLeary

Ms OLeary is co-founder and consultant with Nova Aerospace, which employs 300 staff around Australia, Singapore and the United Kingdom. She is the Chair of the Queen Elizabeth Hospital Research Foundation, and has extensive experience in staff recruiting, including as SA State Operations Manager for Select Staff and as SA General Manager for Manpower. Ms OLeary is a member of the Institute of Personal Consultants, has a Professional Certificate in Management from the Adelaide University Graduate School of Management, and successfully completed the Australian Institute of Company Directors course in 2007. She has also been a Time for Kids volunteer carer since 2006.

Corporate Governance

(continued)



George Potter

Dr Potter graduated from the University of Adelaide's Medical School and subsequently trained as an orthopaedic surgeon in Adelaide and Edinburgh (UK), becoming a Fellow of the Royal Australian College of Surgeons in 1977 and a Fellow of the Royal College of Surgeons (Edinburgh) in 1986. He has extensive surgical experience in the management of spinal conditions, is Head of Orthopaedic Clinical Services (Administrative) at the Royal Adelaide Hospital and a lead clinician to the new RAH. Dr Potter was a founding member of the Orthopaedic Clinical Network and is a past Vice President of the Paraplegic and Quadriplegic Association of SA.



Joseph Ullianich

Mr Ullianich was the Executive Director of Financial Services in the Department for Communities and Social Inclusion, from its inception in 2004–05 until his retirement in 2012. In this role he gained extensive experience in disability funding. His previous senior appointments include Director of Finance and Investment in the Department of Treasury and Finance. He was a member of the South Australian Rail Taskforce as the Treasury representative. Mr Ullianich was a board member of the AustralAsia Railway Corporation from 2004 to 2012. His past Board appointments include the South Australian Asset Management Corporation and Southern Group Insurance Corporation. He holds a Bachelor of Economics and is a Certified Practising Accountant (CPA).



Kenneth Williams

Mr Williams has over 25 years' operational experience in corporate finance, with an emphasis on treasury and financial risk management, as well as diverse experience in mergers, acquisitions, divestments and corporate reconstructions. His Board experience includes a broad range of risk management and investment committee responsibilities and he has extensive experience working with and serving on the Boards of large and small listed companies, private companies, not-for-profit organisations and superannuation funds under a range of regulatory regimes. He also held senior executive roles with Normandy Mining Limited and Qantas Airways Limited. Mr Williams is currently a member of the Board of Statewide Super and a Director of ASX listed company AWE Limited and Chairman of Havilah Resources Limited. He brings a strong financial background to the Boards of which he is a member.

Committees

The LSA Board oversees three committees, which cover specific areas of governance.

The **Audit Committee** is responsible for ensuring the LSA undertakes proper financial and accounting processes in accordance with Australian Accounting Standards and section 31 of the *Public Corporations Act*.

Six Audit Committee meetings were held in 2014–15.

The **Applications & Rules Committee** is responsible for the processes and entry applications to the Lifetime Support Scheme, as well as treatment, care and support entitlements. The Committee also oversees decisions on financially substantial or novel approvals, and the implementation and regular review of the LSS Rules.

Five Applications & Rules Committee meetings were held in 2014–15.

The **Finance & Investment Committee** is responsible for directing the development and implementation of the LSS's investment strategy and ensuring an acceptable return on the fund's assets. The Committee also oversees the implementation of insurance and reinsurance as directed by the Board.

Four Finance & Investment Committee meetings were held in 2014–15.

Working with government agencies

The LSA works directly with a range of federal and state government agencies, including:

- Department of Treasury and Finance
- Department of Premier and Cabinet
- Motor Accident Commission (MAC)
- SA Health
- South Australia Police (SAPOL)
- Department for Communities and Social Inclusion (DSCI)
- Domiciliary Equipment Services (DES)
- Department for Education and Child Development
- South Australian Ambulance Service (SAAS)
- Department of Planning, Transport and Infrastructure (DPTI)
- National Disability Insurance Agency (NDIA)

The LSA has established Memorandums of Understanding and agreements to ensure that it is provided with information and services from each of these key agencies.

The LSA in the Media

The Minister for Health, the Hon Jack Snelling, held a press conference in May 2015 to discuss the achievements of the Lifetime Support Scheme during its first 11 months.

Three LSS participants, Tabatha Cox, Richard Davis and Alexey Vasilev, joined the Minister, and you can read their inspiring stories throughout this report.

The press conference was held at day rehabilitation hospital and accessible gym Access Fitness, one of the many facilities available to LSS participants.

It received coverage on ABC local radio and television news.



Supporting Rehabilitation Medicine

The LSA supported the 22nd Annual Scientific Meeting of the Australasian Faculty of Rehabilitation Medicine, held in Adelaide on 9–13 September, 2014.

More than 350 delegates attended the program, which was themed *Rehabilitation: Off the Grid* and explored aspects of rehabilitation medicine, including tele-rehabilitation and team-based trauma rehabilitation delivered in the community, rural and remote settings.

The LSA's involvement in the annual event provided the opportunity to learn from medical and rehabilitation specialists from within Australia and around the world.



First year



Assisting Western Australia and Queensland

In June, representatives of the Insurance Commission of Western Australia (ICWA) visited the LSA for two days to better understand the Lifetime Support Scheme and how it operates.

The learnings from LSS will assist ICWA in the implementation of their own no-fault catastrophic injury scheme for motor vehicles.

Similarly, the LSA Chief Executive briefed the Queensland Motor Accident Insurance Commission on the LSS during a visit to Brisbane.



of the LSS



In the Community: International Day of People with Disability

The LSA proudly partnered with the Paraplegic and Quadriplegic Association of SA (PQSA) and the Brain Injury Network SA (BINSa) to stage an event celebrating the United Nations sanctioned International Day of People with Disability on 3 December 2014.

Held in Light Square, the fun event brought the community together to better learn about what LSA and other organisations provide to those living with disability, and celebrate their achievements.

The International Day of People with Disability is held on 3 December each year and aims to increase public awareness, understanding and acceptance of people with disability and celebrate their successes.



Brain Injury Network
of South Australia Inc.
(BINSa)



Peak Bodies Forum

The LSA hosted two Peak Bodies Forums, which brought together the six key industry organisations that have an interest in Lifetime Support Scheme (LSS) participants.

The Forums were led by LSA Chief Executive and looked at LSA policy and service developments, reviewed sector-wide developments that may impact people with long-term disability and provided feedback to the organisations on the services they provide to LSS participants.

The LSA values enormously its working relationships with each of the following peak bodies:

- Brain Injury Network of South Australia Inc
- Carers Association of SA Inc
- Community Housing Council of SA
- Julia Farr Association Purple Orange
- Office of the Public Advocate
- ParaQuad South Australia

Strategic Achievements

Scheme Progress

Forty-three people received injuries in accidents in 2014–15 which made them eligible for the Lifetime Support Scheme.

Approximately half of those eligible for the LSS may not have received compensation under the State's previous CTP scheme.

See Figure 1: Notifications and Applications.

These are people who have sustained severe injuries as a result of a motor vehicle accident since 1 July 2014. Eligible injuries include spinal cord and brain injuries as well as whole limb or multiple amputations.

See Figure 2: 2015 LSS Injury Distribution.

One person is catastrophically injured every eight to nine days on South Australian roads requiring the tailored, specific treatment and support provided by the LSS. These accidents occur all over the State.

Location of Accidents – Accepted Participants

See Figure 3: Location of Accidents – Accepted Participants.

The participant median age is 46, with a broad age range – the youngest participant is two and the oldest is 75. There is a 50/50 split between country and metropolitan residents. It was expected that the most highly represented age group who become participants of the LSS would be 15–24 year olds, however, the experience this year shows that the 45–54 demographic made up the biggest age cohort.

See Figure 4: Actual vs Expected Age Distribution of Participants.

Service planners

Each participant's needs are assessed by experienced and qualified health professionals on behalf of the LSA. The assessors are engaged under section 30(4) of the Act.

Once accepted into the LSS, participants are assisted by LSA's experienced service planners, who coordinate their treatment, care and support and ensure they are involved in making decisions about their care.

Figure 1: Notifications and Applications

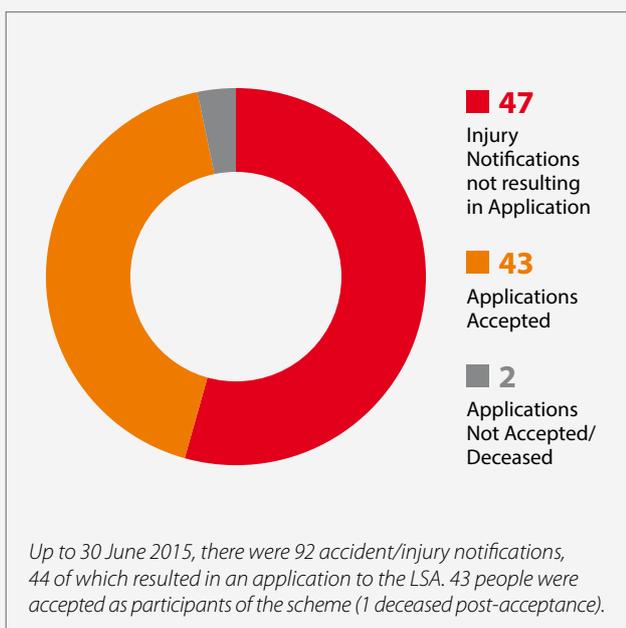
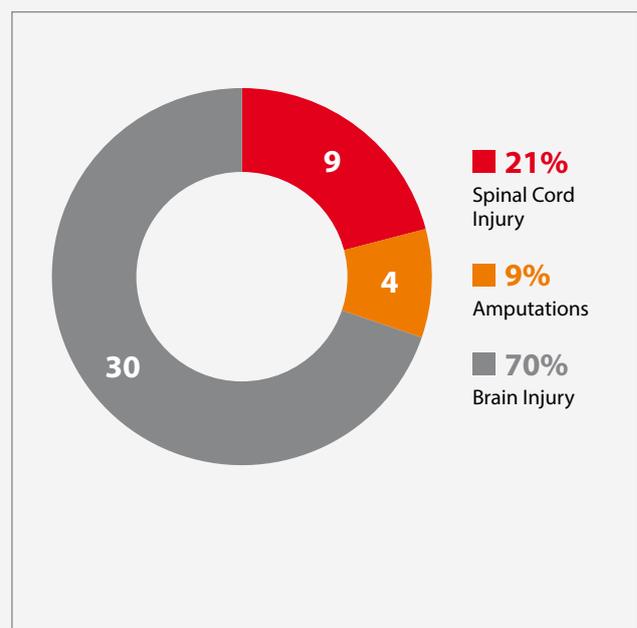


Figure 2: 2015 LSS Injury Distribution





Service planners are experienced therapists who work closely with contracted service providers to deliver a multi-disciplinary approach to the participant's needs.

Healthcare providers

LSA has established invaluable working relationships with organisations within the healthcare system, particularly the Royal Adelaide Hospital, Flinders Medical Centre and Hampstead Rehabilitation Centre.

Staff at these organisations, as well as the South Australian Police, enable vital two-way communication with LSA's service planners, leading to high quality care for participants and their families.

The largest ongoing service to be provided through the LSS is personal and attendant care.

The following three organisations work with the LSA as its Approved Provider Panel for 2014–15 to provide those services to Scheme participants:

- CARA
- ParaQuad SA HomeCare+
- Hendercare

Figure 3: Location of Accidents – Accepted Participants

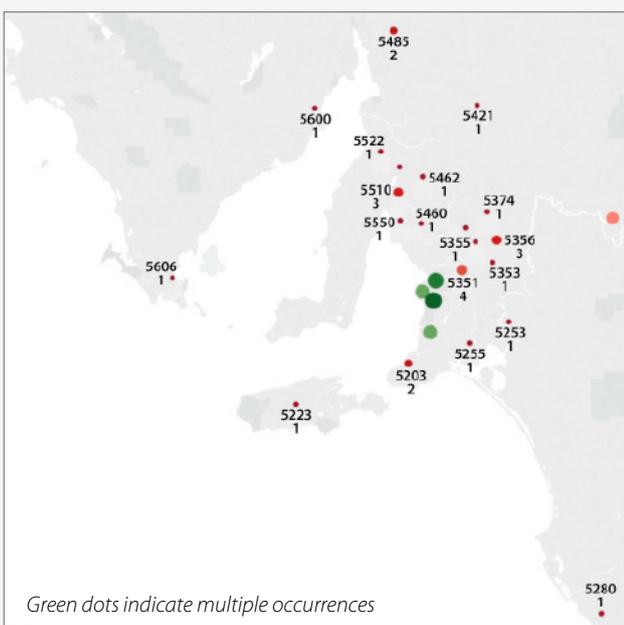
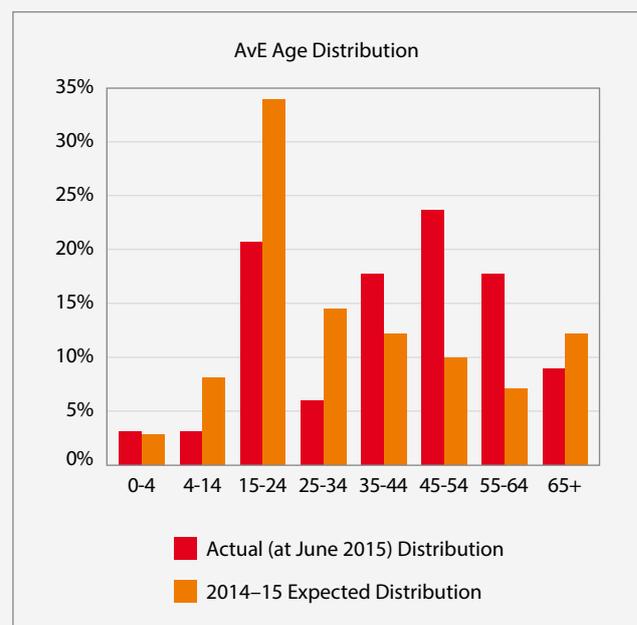


Figure 4: Actual vs Expected Age Distribution of Participants



Strategic Directions

The LSA is guided by its three-year Strategic Plan, which outlines the organisation's priorities from 2014 to 2016.

Within the plan there are four Strategic Directions:

1. Good Governance
2. High Service Quality
3. Financial Sustainability
4. Effective Skills and Capability

Each of these guides the LSA's strategies and activities.

The major achievements under each strategic direction are documented below.

Strategic Direction: Good Governance

LSS Rules

Section 56 of the Act provides for the Governor on the recommendation of the LSA to make rules to govern the LSS.

The LSS Rules set out the eligibility criteria for acceptance into the LSS, the assessment tools and the scope of treatment, care and support available to scheme participants.

The LSS Rules Advisory Group, consisting of key medical, disability and legal experts, as well as community advisers, provided the LSA Board with invaluable advice in the development of the LSS Rules before the Scheme commenced.

On 23 January 2014, the Governor made the LSS Rules to come into operation on 1 July 2014.

In early 2015, the functionality and effectiveness of the LSS Rules were reviewed, following nine months of operation. The Board approved the review process at its meeting on 13 February 2015.

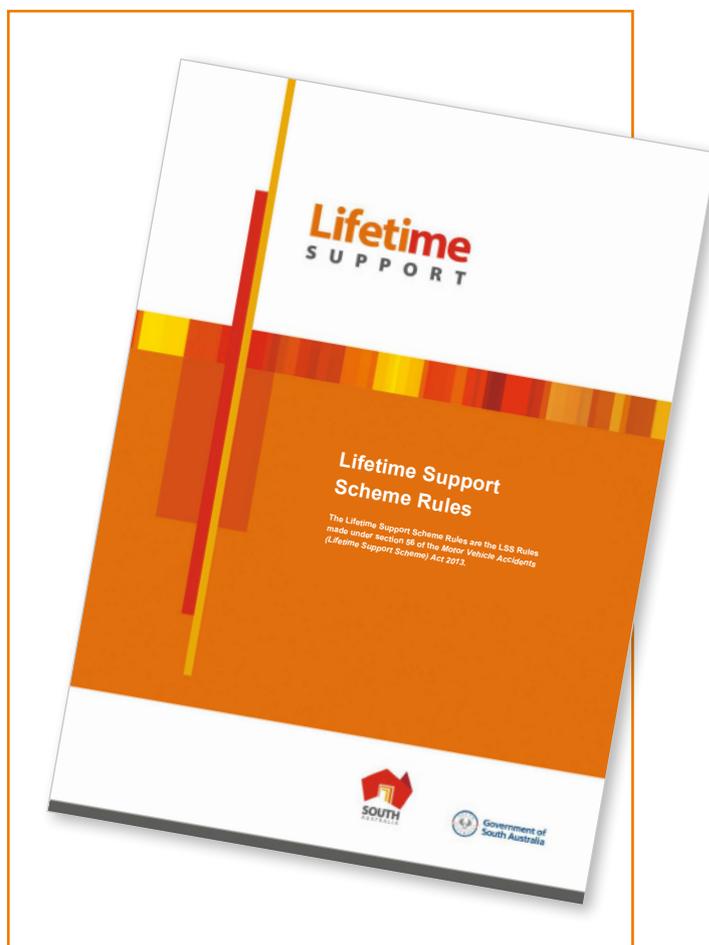
The amendments to the LSS Rules were drafted in consultation with health professionals and the Applications & Rules Committee. The Board approved the amendments to the LSS Rules on 17 April 2015, with the Governor making them on 28 May 2015.

Our Vision

Our ordinary level of service and care is extraordinary.

Our Purpose

We will put our participants first and design and deliver financially sustainable innovative services, efficiently and to a high standard.





Code of Conduct

Section 23 (1) of the Act requires the LSA to implement a Code of Conduct.

The LSA's Code of Conduct outlines values and behaviours to help the LSA provide the best outcome for our participants, maintain respectful relationships with service partners and stakeholders, and take a flexible, positive approach to service provision.

The Code also contains the Participant Service Charter to ensure services are provided to LSS participants in accordance with specific standards. It also conveys what a participant can do to help the LSA provide them with the highest quality of service and support. The Code sets out the procedure for receiving and managing complaints.

Following Board approval of the Code of Conduct and Participant Service Charter 2014, the Code was gazetted as required by the Act and tabled before Parliament on 1 July 2014.

Internal Audit

The LSA has an Internal Audit function conducted by PriceWaterhouse Coopers to provide independent review of its key controls.

Each year, the Internal Auditors develop and execute an internal audit plan based on the LSA's operational and financial systems.

The results of each review under the plan are reported to the Audit Committee on a quarterly basis.



PARTICIPANT PROFILE
Richard Davis

Richard Davis, 31, worked as a boilermaker for SA Water until December 2014 when he suffered a serious T4 spinal cord injury in a motor vehicle accident.

Initially taken to the Port Augusta Hospital and air-lifted to the Royal Adelaide Hospital, Richard underwent inpatient rehabilitation at the Hampstead Rehabilitation Centre.

Through the scheme, Richard is again mobile thanks to the provision of a customised wheelchair and home modifications, which have enabled him to live an independent life.

Driving lessons and modifications to a vehicle ensured Richard returned to driving independently.

Richard has made an inspiring recovery, is now actively engaged in student education at UniSA and has commenced new sporting adventures. The LSA is working with Richard on...

plans for his return to work.



Strategic Directions *(continued)*

Strategic Direction: High Service Quality

Providing service excellence through a person-centred approach and enabling participants and their families to choose the support and care they need is paramount for the LSS.

Participants

The LSA seeks regular feedback from its participants about the care and support they receive from the LSA and its service providers.

A media conference was held in May 2015 with the Minister for Health, the Hon Jack Snelling MP, to celebrate the approaching 12-month anniversary of the Scheme. At this event, participants Tabatha Cox, Richard Davis and Alexey Vasilev shared their positive experiences and their remarkable road to recovery.

In a personal note to the LSA, Alexey said about the Scheme:

“ *I see it as a true help to traumatised people like me, and I want to express my personal support and gratefulness to LSA for this.* ”



Service Providers-attendant care

The LSA has entered into formal agreements with its attendant care service providers. Each adopts a cooperative approach based around agreed values and mutual respect, leading to high-quality outcomes for LSA participants.

The LSA monitored the performance of its service providers against their obligations under each agreement.

As required within their formal agreements, service providers submitted quarterly reports to the LSA to report on participant satisfaction, goal attainment outcomes and any incidents or complaints. There were no participant complaints noted in quarterly reports in 2014–15.

Strategic Direction: Financial Sustainability

LSS Fund

The LSA delivered a financially responsible and sustainable scheme in 2014–15, working in line with the Government's policies and procedures, ensuring the scheme supports people for their lifetime, now and into the future.

The LSS is funded through a levy applied to motor vehicles registered in South Australia since 1 July 2014. The levy is assessed each year by an independent actuary, who calculates the present and likely future liabilities of the scheme.

Finity Consulting is engaged until 2018 as the LSA's actuary, and oversees the calculation of the levy and regular monitoring of the LSS's funding position.

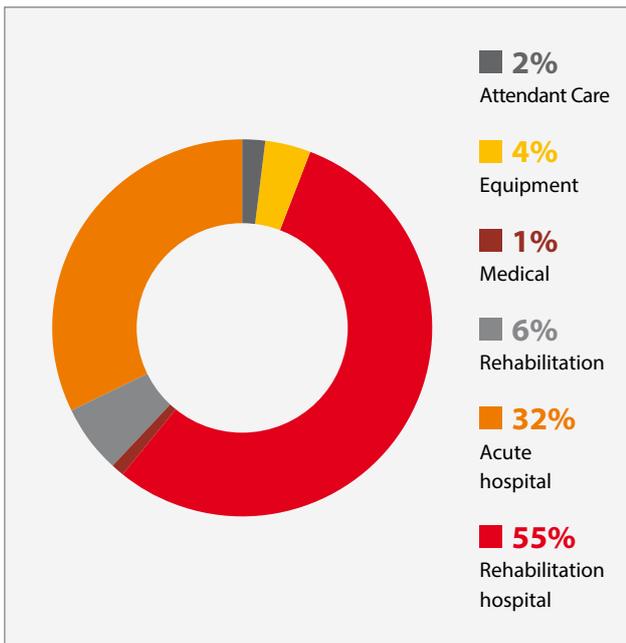
Working closely with the South Australian Government's investment manager, Funds SA, the LSA established an investment strategy that allows the scheme to be financially sustainable.

Participant Treatment, Care and Support

The most important component of the LSA's annual expenditure is that which provides treatment, care and support for its participants. The expenditure in 2014–15 for these services was within the amount modelled by the Scheme's independent actuary.

Up to 30 June, 2015, the LSA supplied \$2.3 million in treatment, care and support services. The distribution of treatment, care and support expenditure in this financial year is as follows:

Distribution of Treatment, Care and Support Expenditure 2014–15



The LSA also had lower than budgeted expenditure on corporate expenses, with a favourable variance of \$409,000.

The LSS recorded a liabilities valuation of \$93 million for participant treatment, care and support as at 30 June, 2015. The valuation was undertaken by the LSA’s actuary to estimate the cost of services participants will need into the future for their rehabilitation, care and support.

Sound Financial Management

To provide for a financially responsible and sustainable Scheme over the long term, the LSA aims to maintain an appropriate capital balance to act as a buffer against uncertainties in the value of outstanding claims liabilities and investment returns.

The LSA’s funding position is particularly important in the early years of the LSS, when the impacts of these uncertainties are estimated to be greatest.

At 30 June 2015, the LSA’s funding position was equivalent to a probability of sufficiency in the order of 75%, exceeding the target of 65%.



PARTICIPANT PROFILE
Alexey Vasilev

Alexey Vasilev is 46 years old and an information technology professional.

His life changed in an instant when he sustained traumatic brain injury in a motor vehicle accident in January of this year.

Following initial treatment at the Royal Adelaide Hospital, Alexey received further inpatient rehabilitation at the Brain Injury Rehabilitation Unit (BIRU) at Hampstead Rehabilitation Centre.

He was accepted into the Lifetime Support Scheme in February, which enabled the LSA to work closely with him and the team at BIRU, to facilitate his strong desire to return home as soon as possible.

He returned home in mid March, with a high intensity rehabilitation program which included occupational therapy, speech therapy and physiotherapy.

Alexey is now thriving as he has achieved a significant recovery

and continues with ongoing physical rehabilitation, as well as speech therapy and occupational therapy.



Strategic Directions *(continued)*

To show the impact of uncertainties, a 1% lower than expected future investment return would have reduced the LSA's current funding position to a probability of sufficiency of about 65%.

The Board continually reviews the LSA's funding position, and assesses the policy on an annual basis to ensure it remains appropriate.

The LSA had reinsurance for event excess of loss cover throughout 2014–15. This capped the LSA's maximum liabilities from any motor vehicle accident to \$20 million, to protect against adverse risks to the funding position of the scheme in its first year. No recoverable is estimated to be made under the reinsurance cover for liabilities at 30 June 2015.

Strategic Direction: Effective Skills and Capability

Workforce Plan

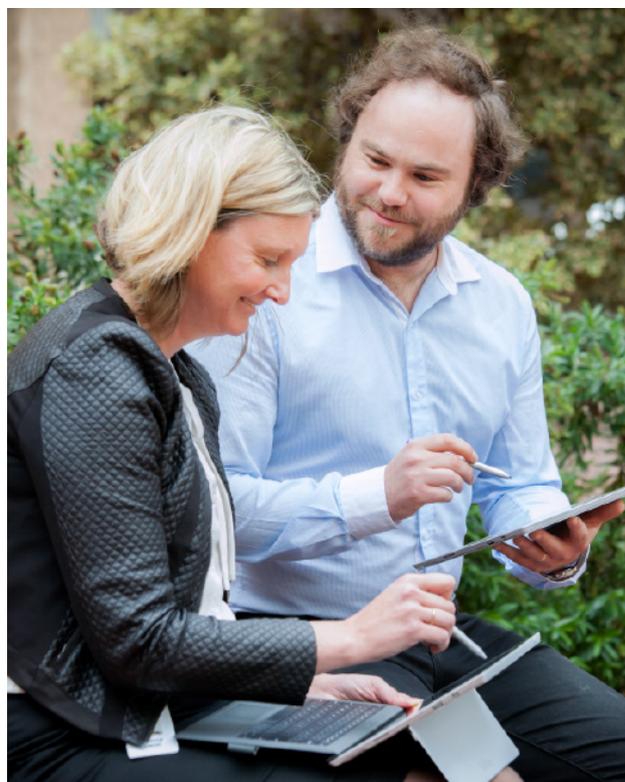
The LSA developed a workforce plan to cover the three years from 1 July 2015 to 2018. The plan considers the entire LSA workforce, including mission-critical occupations and skill-sets, and drew on KPMG's report of November 2013 *Options for the delivery of participant and service management functions by the Lifetime Support Authority*. The KPMG report outlined four options (including risks, and staffing and outsource costs) for the delivery of the LSS including cost modelling based on calculated staff resource requirements.

Key outcomes of the plan include the need for LSA to manage the Scheme's participant growth with astute recruitment of critical frontline staff, while maintaining a register of external resources that have the ability to support other areas of the business.

The plan, which was presented to the Board on 15 May 2015, will be evaluated and reviewed in line with updates to the LSA Strategic Plan.

High Performance Framework- Staff Engagement

All LSA staff participated in the High Performance Framework review process, a tool designed to assist public sector leaders to better understand their organisation's strengths and opportunities, assist in building a positive and ethical workplace, and drive service excellence.



LSA's results for all categories were well above the sector average, with 100% of staff agreeing that LSA's employees are enthusiastic, motivated and understand what quality means for their work.

The survey covered areas of Leadership and Strategy, People and Culture, Information and Innovation, and Monitoring and Evaluation.

Effective Relationships

The LSA has established effective working relationships with many external organisations, with which it continuously shares information and ideas.

The LSS is modelled on the NSW Lifetime Care and Support Scheme, which has been a valuable source of knowledge and provides a benchmark for best practice.

Locally, strong relationships with the SA health system, particularly the Royal Adelaide Hospital, Flinders Medical Centre and the Hampstead Rehabilitation Centre, as well as LSA partners and South Australian peak bodies, all provide a wealth of information to ensure continuous learning and improvement.

IT system – SALSA

The LSA implemented a participant management system that is mobile, highly flexible and aligns with the LSA's person-centred approach to working with its participants.

Part of the system was transferred and modified from an existing DCSI system. The base system was provided IP-free to the LSA, which represented significant cost and time savings.

SALSA manages client files, digital forms, applications and approval workflows, service plans, contracts with service providers, invoice processing, participant expenditure information, and a range of reporting.

SALSA has been developed to incorporate a participant portal – an interactive online space for participants to view their discharge, MyPlan and other information, and enables participants to communicate with their service planner.

Importantly, SALSA has the capability to be accessed remotely through a Smartphone app, which allows service planners and approvers to access the system on their phones and tablets from any location.



PARTICIPANT PROFILE
Tabatha Cox

Tabatha Cox is a personal trainer and former champion body builder.

She sustained brain and orthopaedic injuries in a motor vehicle accident in October 2014.

Following several weeks at the Royal Adelaide Hospital, Tabatha was transferred to the Hampstead Rehabilitation Centre to continue her rehabilitation.

She made significant progress at Hampstead thanks largely to her high motivation and was discharged home to continue her tailored treatment through the Brain Injury Community and Home services. As a participant in the scheme, critical eye surgery and specialised neurology treatment was arranged as a priority.

Tabatha has benefited from the individualised support of the LSS to ensure that treatment and services are personalised, tailored to her goals and...

help her return to her active life.



Human Resource Information

The sole employee of the LSA is the Chief Executive. The LSA staff are employees of the Department of Treasury and Finance and are working for the LSA through an agreement with the Under Treasurer under Section 18(2) of the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013*.

Full time Equivalents (FTEs)

FTEs	12.8
------	------

Workforce diversity

Gender

Gender	% Persons	% FTE
Male	26.67	31.25
Female	73.33	68.75

No. of Employees by Age Bracket by Gender

Age Bracket	Male	Female	Total	% of Total
15 – 19			0	0
20 – 24			0	0
25 – 29	1	0	1	6.67
30 – 34	0	2	2	13.33
35 – 39	1	2	3	20
40 – 44	1	2	3	20
45 – 49	1	2	3	20
50 – 54	0	3	3	20
55 – 59			0	0
60 – 64			0	0
65+			0	0
Total	4	11	15	100

Cultural and Linguistic Diversity

No. of Employees	Male	Female	Total	% of Agency
Born overseas	0	2	2	13.33
Who speak language(s) other than English at home	0	1	1	6.67

Total Number of Employees with Disabilities (According to Commonwealth DDA Definition)

Male	Female	Total	% of Agency
0	1	1	6.7

Types of Disability

Disability	Male	Female	Total	% of Agency
Disability requiring workplace Adaptation	0	0	0	0
Sensory	0	1	1	6.7

Executives

Classification	Term Untenured	Total		
	Female	% of total Execs	Female	
SAES2		1	100	1
Total		1	100	1

Leave management

Leave Type	Average per FTE
Sick Leave Taken	3.69
Family Carer's Leave	1.25
Miscellaneous Special Leave	0.31



Performance Development

Documented Review of Individual Performance Management

	Total
% Reviewed within the last 12 months	100
% Review older than 12 months	0
% Not reviewed	0

Leadership and Management Development

Training and Development	Total Cost	Total Salary Expenditure*
Total training and development expenditure	\$69,987	3.6%

* Total Salary Expenditure excludes Board Remuneration

Employment Opportunity Programs

The LSA engaged two persons who were registered on the Disability Employment Register. The engagement was on a casual, short-term basis.

Work Health and Safety and Injury Management

The LSA operates under the Department of Treasury and Finance's arrangements for work health and safety and injury management.

In doing so, it is recognised that Work Health, Safety and Injury Management is of primary importance and is to be integrated into all other operational processes and business management systems.

This is consistent with the Premier's Safety Statement which provides further detail of the commitment to safety within the SA Public Sector.

WHS Prosecutions, Notices and Corrective Action Taken

	Total
Notifiable Incidents pursuant to WHS Act Part 3	0
Notices serviced pursuant to WHS Act Section 90, Section 191 and Section 195 (provisional improvement, improvement and prohibition notices)	0
Prosecutions pursuant to WHS Act Part 2 Division 5	0
Enforceable undertakings pursuant to WHS Act Part 11	0

Reporting Requirements

Reporting against the *Carers Recognition Act 2005*

The LSA is not required to report on compliance with section 6 of the *Carers Recognition Act 2005*. The LSA's agreements with service providers (signed post 30 June 2014) include an obligation on the service providers to meet requirements of the *Act*.

Disability access and inclusion plans

The LSA operated under DTF's disability access and inclusion plans during 2014–15.

Complaints and Disputes

The LSA is committed to providing high-quality services for its participants and addressing issues that emerge. To respond to complaints and disputes, the LSA has clear processes in place, which are accessible from our website or from our office.

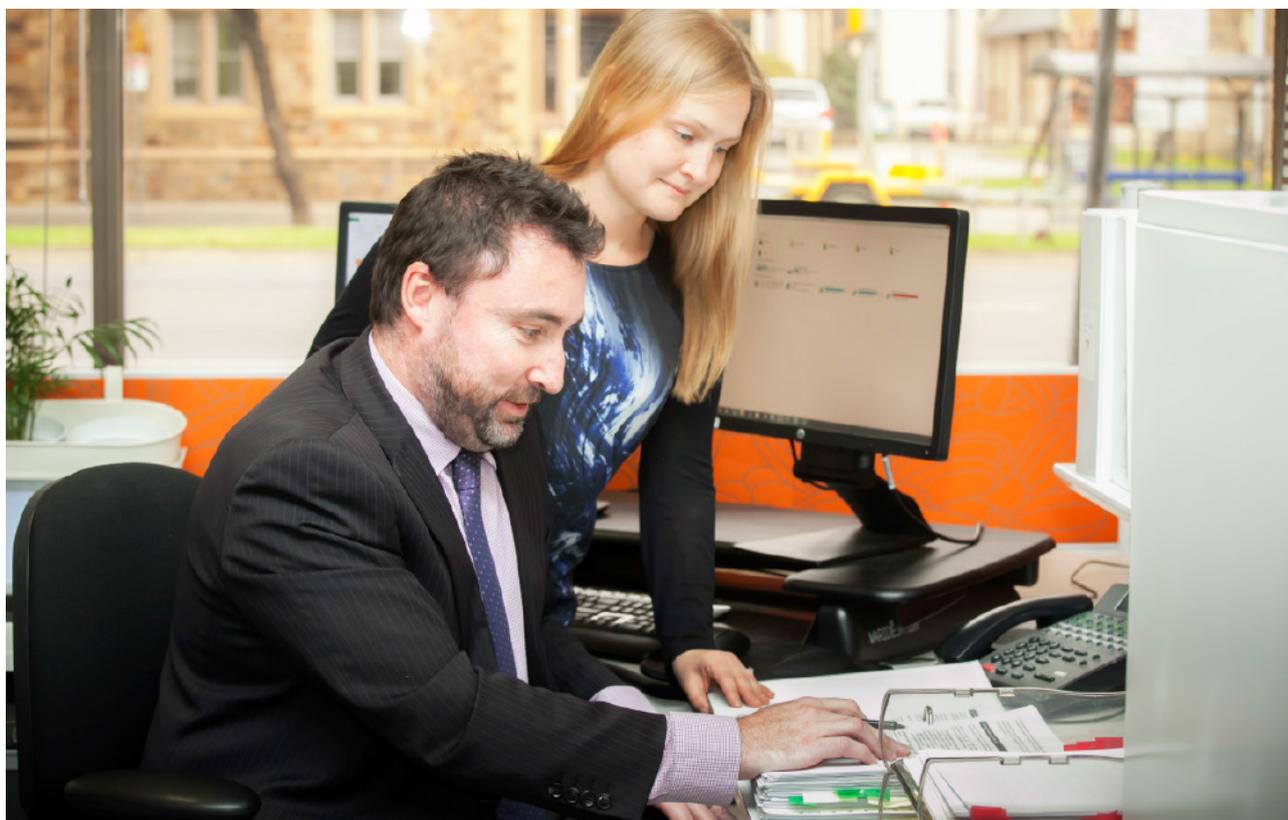
In 2014–15, the LSA received no complaints and was not required to manage any disputes.

Freedom of Information

The LSA received no Freedom of Information requests during the financial year.

Whistleblowers Protection Act 1993

The LSA used DTF's responsible officer for the purposes of the *Whistleblowers Protection Act 1993* (WPA) pursuant to Section 7 of the *Public Sector Act 2009*. There were no instances of disclosure of public interest information to a responsible officer of DTF under the WPA arising from the LSA.



Our financial performance

Contractual arrangements

The LSA discloses details of contracts in line with Premier and Cabinet Circular 27 Disclosure of Government Contracts. These details are listed under “Lifetime Support Authority” in the “Contracts” section on the SA Tenders and Contracts website at

<https://www.tenders.sa.gov.au/tenders/contract/list.do?action=contract-view>.

During 2014–15 the LSA changed its arrangements for the procurement of goods and services. Prior to 20 April 2015, the LSA operated under the procurement authority of the DTF. Effective from 20 April 2015, the State Procurement Board approved DCSI undertaking all of the LSA’s procurement operations using DCSI’s procurement framework.

Fraud

There were no instances of fraud detected in the LSA in 2014–15. During the year the LSA developed and put in place a Fraud Prevention Policy and Procedure and a Fraud Control Plan. The Fraud Control Plan sets a framework and approach to fraud prevention and detection, and supports the Fraud Prevention Policy and Procedure. The approach of the Fraud Control Plan is based on the Australian National Audit Office recommendations for such plans.



Consultants

Consultants engaged by the LSA during 2014–15 are shown in the table below.

Value below \$10,000	
Consultant	Purpose
4 consultants engaged	various
Total of consultants below \$10,000	\$5,483 excl GST
Value of \$10,000 and above	
Consultant	Purpose
@The Board Table	Review of LSA Board performance
Remcast Pty Limited (trading as Adept)	Audit of IT systems
Total of consultants of \$10,000 and above	\$32,350 excl GST
Total of all consultants for 2014–15	\$37,833 excl GST

Overseas travel

Details of overseas travel undertaken by LSA staff during 2014–15 are found on the LSA’s website at www.lifetimesupport.sa.gov.au



Audited Financial Statements:

Lifetime Support Authority of South Australia **Financial Statements** For the year ended 30 June 2015

Contents

Certification of the Financial Statements	25
Statement of Comprehensive Income	26
Statement of Financial Position	27
Statement of Changes in Equity	28
Statement of Cash Flows	29
Note Index	30
Notes to and Forming Part of the Financial Statements	31
Actuarial Certificate	57
Independent Auditor's Report	59

Certification of the Financial Statements

We certify that the:

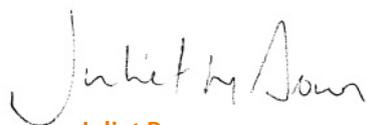
- financial statements of the Lifetime Support Authority:
 - are in accordance with the accounts and records of the authority;
 - comply with relevant Treasurer’s Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority at the end of the financial year and the results of its operations and cash flows for the financial year.
- Internal controls employed by the Lifetime Support Authority over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Lois Boswell
Chief Executive
Lifetime Support Authority of SA
11 September 2015



Tamara Tomic
Chief Financial Officer
Lifetime Support Authority of SA
11 September 2015



Juliet Brown
Chair
Lifetime Support Authority of SA
11 September 2015

Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Expenses			
Participant treatment, care and support expenses	4	95 073	—
Duty on LSS Fund levy		13 956	249
Reinsurance		2 598	49
Employee benefit expenses	5	2 155	411
Service delivery and corporate expenses	7	1 358	43
Amortisation expense	9	49	—
Total expenses		115 189	752
Income			
Revenues from LSS Fund levy		141 078	2 263
Investment revenues	10	5 488	127
Resources received free of charge	11	—	411
Total income		146 566	2 801
Net result from operating activities		31 377	2 049
Revenues from SA Government			
Transitional Contribution	12	—	41 500
Total Revenues from SA Government		—	41 500
Net Result		31 377	43 549
Total Comprehensive result		31 377	43 549

The net result and total comprehensive result are attributable to the SA Government as owner.

The above Statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents	13	2 457	42 928
Receivables	14	1 678	1 050
Total current assets		4 135	43 978
Non-Current Assets			
Financial assets at fair value	15	165 435	—
Property, plant and equipment	16	98	—
Intangible assets	17	311	37
Total non-current assets		165 844	37
Total Assets		169 979	44 015
Current Liabilities			
Payables	19	1 904	339
Employee benefits	20	219	65
Provisions	21	7 239	—
Total Current Liabilities		9 362	404
Non-Current Liabilities			
Payables	19	12	—
Employee benefits	20	133	62
Provisions	21	85 546	—
Total Non-Current Liabilities		85 691	62
Total Liabilities		95 053	466
Net Assets		74 926	43 549
Equity			
Retained earnings		74 926	43 549
Total Equity		74 926	43 549

The Total Equity is attributable to the SA Government as owner.

Note

Unrecognised contractual commitments

22

Contingent assets and liabilities

23

The above Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2015

	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2013	—	—
Net result for 2013–14	43 549	43 549
Total comprehensive result for 2013–14	43 549	43 549
Balance at 30 June 2014	43 549	43 549
Net result for 2014–15	31 377	31 377
Total comprehensive result for 2014–15	31 377	31 377
Balance at 30 June 2015	74 926	74 926

All changes in Equity are attributable to the SA Government as owner.

The above Statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Cash Outflows			
Payment for participant treatment, care and support expenses		(1 941)	—
Payment for Duty on LSS Levy		(13 006)	—
Payment for reinsurance		(2 597)	—
Employee benefit payments		(1 706)	—
Payments for service delivery and corporate expenses		(1 782)	(66)
Cash used in operations		(21 032)	(66)
Cash Inflows			
LSS Fund levy		140 928	1 466
Interest received		53	45
Cash generated from operations		140 981	1 511
Cash Flows from SA Government			
Receipts from SA Government – Transitional Contribution		—	41 500
Cash generated from SA Government		—	41 500
Net cash provided by operating activities	24(b)	119 949	42 945
Cash flows from investing activities			
Cash Outflows			
Purchase of property, plant and equipment		(147)	—
Purchase of intangible assets		(273)	(17)
Purchase of investments		(160 000)	—
Cash used in investing activities		(160 420)	(17)
Net cash used in investing activities		(160 420)	(17)
Net increase/(decrease) in cash and cash equivalents		(40 471)	42 928
Cash and cash equivalents at the beginning of the period		42 928	—
Cash and cash equivalents at the end of the period	24(a)	2 457	42 928

The above Statement should be read in conjunction with the accompanying notes.

Note Index

Note 1	Objective of the Lifetime Support Authority
Note 2	Summary of Significant Accounting Policies
Note 3	New and revised accounting standards and policies

Expense Notes

Note 4	Participant treatment, care and support expenses
Note 5	Employee benefit expenses
Note 6	Remuneration of board members
Note 7	Service delivery and corporate expenses
Note 8	Auditor's remuneration
Note 9	Amortisation expense

Income Notes

Note 10	Investment revenues
Note 11	Resources received free of charge
Note 12	Revenues from SA Government

Asset Notes

Note 13	Cash and cash equivalents
Note 14	Receivables
Note 15	Financial assets at fair value
Note 16	Property, plant and equipment
Note 17	Intangible assets
Note 18	Fair value measurement (non-financial assets)

Liability Notes

Note 19	Payables
Note 20	Employee benefits
Note 21	Provisions

Other Notes

Note 22	Unrecognised contractual commitments
Note 23	Contingent assets and liabilities
Note 24	Cash flow reconciliation
Note 25	Transactions with SA Government
Note 26	Financial risk management/Financial instruments
Note 27	Events after the reporting period

Notes to and forming part of the Financial Statements

1 Objective of the Lifetime Support Authority of South Australia

The Lifetime Support Authority of South Australia (LSA) is a not-for-profit Statutory Authority of the South Australian Government. The LSA was established on 1 July 2013 under section 7 of the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013* (the Act).

The Board is the governing body of the LSA, and was appointed by the Governor effective from 8 October 2013.

The LSA is responsible for the administration of the Lifetime Support Scheme (LSS), which commenced on 1 July 2014.

The LSS provides necessary and reasonable treatment, care and support for people who suffer serious lifelong disabilities in motor vehicle accidents in South Australia that occur on or after 1 July 2014, regardless of fault. People who receive serious injuries that cause paraplegia or quadriplegia, brain injury, whole limb or multiple amputations, major burns or blindness will qualify for support. The LSS is funded by the LSS Fund levy paid on motor vehicle registrations. The LSS is governed by the Lifetime Support Scheme Rules (LSS Rules), which are made by the Governor on the recommendation of the LSA.

The functions of the LSA under the Act are to:

- Monitor the operation of the LSS.
- Provide advice to the Minister about the administration, efficiency and effectiveness of the LSS.
- Provide support and funding for programs that will provide high-quality services to participants in the LSS, and research and education in connection with services provided to participants in the LSS.
- Disseminate information about the LSS.
- Keep the LSS Rules under review.
- Be responsible for the LSS Fund.

2 Summary of Significant Accounting Policies

2.1 Statement of Compliance

The financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The LSA has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the LSA is a not-for-profit entity.

Except for AASB 2015-7 which the LSA has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the LSA for the period ending 30 June 2015. Refer to Note 3.

Notes to and forming part of the Financial Statements

2.2 Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the LSA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - b) expenses incurred as a result of engaging consultants.
 - c) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out-of-pocket reimbursement.
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

The LSA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015.

2.3 Reporting Entity

The LSA is a not-for-profit Statutory Authority of the South Australian Government. The LSA does not control any other entity and has no interest in unconsolidated structured entities.

2.4 Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or Accounting Policy Statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

2.5 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.6 Taxation

The LSA is liable for payroll tax, fringe benefits tax and goods and services tax (GST). A nil tax rate is currently approved by the Treasurer for the calculation of income tax equivalent payments to the South Australian Government, consistent with the establishment of the LSS and LSS Fund levy to be on a break-even basis.

The Department of Treasury and Finance (DTF) prepares the Business Activity Statement on behalf of the LSA under the grouping provisions of the GST legislation. Under these provisions, DTF is liable for the payments and entitled to the receipt of GST. As such, GST applicable to the LSA forms part of the financial statements of DTF.

2.7 Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the LSA will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Participant treatment, care and support expenses

People seriously injured in motor vehicle accidents on or after 1 July 2014 are accepted as participants of the LSS under the eligibility criteria provided in the LSS Rules. Participant Treatment, Care and Support Expenses relate to the necessary and reasonable benefits provided to participants, related to the motor vehicle injury and in line with clear criteria detailed in the LSS Rules, from date of acceptance into the LSS. Costs are recognised in the reporting period in which they are incurred, via the movement in the provision for Participant treatment, care and support or when the treatment, care and support service has been provided.

Duty on LSS Fund levy

The Duty on LSS Fund levy is a duty payable to the South Australian Government equivalent to 11% of net LSS Fund levies paid to the LSA. The duty is payable on the levies collected monthly in arrears. Refer to Note 2.8 for further details of the LSS Fund levy.

Reinsurance

LSA has in place reinsurance, effective from 1 July 2014. The current program limits the LSA's exposure for any event during the accident year according to the deductible and terms of the treaty. All panel reinsurers are contractually required to have a minimum security Standard and Poor's rating of "A-", which is monitored by the LSA's reinsurance broker. Premiums paid to reinsurers are recognised as an expense in accordance with the pattern of reinsurance received. Accordingly, a portion of reinsurance is treated at balance date as a prepayment.

Employee benefits expenses

Employee benefits expenses include all costs related to employment under the LSA's legislative responsibilities and under agreement with DTF including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the LSA to the superannuation plan in respect of current services of current LSA staff and assigned DTF staff. DTF centrally recognises the superannuation liability in the whole of government financial statements.

Service Delivery and Corporate Expenses

Service Delivery and Corporate Expenses generally represent day-to-day running costs incurred in the normal operations of the LSA. These items are recognised as an expense in the reporting period in which they are incurred.

Notes to and forming part of the Financial Statements

2.7 Expenses (continued)

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

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

Class of asset	Useful Life (Years)
Leasehold Improvements	Term of Lease

Funding for expenses of the Compulsory Third Party Reform Project and the LSA to 30 June 2014

In January 2013, the South Australian Government established the Compulsory Third Party (CTP) Governance Group to oversee the implementation of reforms to the state's CTP insurance scheme, including the establishment of a new catastrophic injury care scheme for motor vehicle accidents. A secretariat was established to undertake project work for the Governance Group, including changes to CTP insurance policies and payments and the implementation of the scheme that later became known as the LSS as approved. The secretariat was funded by the Motor Accident Commission (MAC) through DTF until 30 June 2014. The costs for the project and policy work associated with the establishment of the LSA and the LSS up to this date included staff contracted to DTF, accommodation, corporate services, communications and office equipment. The expenses for the support relating to the reform project for the year ended 30 June 2014 were shown in the financial statements for MAC and DTF.

Certain expenses incurred by the LSA in the course of meeting its legislative responsibilities up to 30 June 2014 were funded under the arrangement with MAC and DTF, being the remuneration of the Board from its establishment in October 2013 and employee benefits expenses for the Chief Executive employed by the LSA. The expenses were recognised in the LSA's Statement of Comprehensive Income, with corresponding income recognised as Resources Received Free of Charge.

All other expenses up to 30 June 2014 which were a liability of the LSA (i.e. contracts entered into by the LSA, for the operation of the LSS from 1 July 2014) were recognised in the LSA's Statement of Comprehensive Income for the period ended 30 June 2014, funded from income received by the LSA.

2.8 Income

Income is recognised to the extent that it is probable that the flow of economic benefits to or from the LSA will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Revenues from LSS Fund levy

Revenue from LSS Fund levy is the LSS Fund levy collected by the LSA.

Pursuant to section 44 of the Act, the LSS is funded by a levy applied to the registration of a motor vehicle under the *Motor Vehicles Act 1959*. The levy is collected by the Registrar of Motor Vehicles on behalf of the LSA, and recognised as revenue by the LSA when it is paid to the Registrar. The LSS Fund levy is exempt from GST under the operation of Division 81 of *A New Tax System (Goods and Services Tax) Act 1999*.

The amount of the LSS Fund levy collected by the LSA represents motor vehicle registrations paid by motorists for a renewal date of 1 July 2014 and thereafter.

Notes to and forming part of the Financial Statements

2.8 *Income (continued)*

Investment revenues

Interest income

Interest income includes interest received on deposits held with the Treasurer and the South Australian Government Financing Authority (SAFA). Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented as investment revenue in the Statement of Comprehensive Income.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased if they had not been donated. Refer to Note 2.7 Expenses for further details of the nature of resources received free of charge up to 30 June 2014.

Revenues from SA Government

In 2013–14 prior to the commencement of the LSS on 1 July 2014, a transitional contribution of \$41.5 million was paid by MAC from the CTP Fund to the LSS Fund in accordance with Schedule 2, section 23 of the Act. The transitional contribution was a once-off contribution (paid in two instalments), calculated by an independent actuary and determined by the Treasurer to fully fund the LSS from its commencement. Revenue was recognised on a receipts basis.

2.9 *Current and Non-Current Classification*

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current. Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the LSA has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.10 *Assets*

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and deposits at call that are readily converted to cash and which are subject to insignificant risk of change in value.

Cash is measured at nominal value.

The LSA's physical cash balance is held within the Department of Treasury and Finance Operating Bank Account. The LSA's cash balance is managed in accordance with Treasurer's Instruction 6 Deposit Accounts and Banking.

Notes to and forming part of the Financial Statements

2.10 *Assets (continued)*

Receivables

Receivables include amounts receivable from goods and services, prepayments and other accruals.

The major receivable relates to the LSS Fund levy. The LSS Fund levy is received by the LSA two days in arrears of collection by the Registrar of Motor Vehicles. The receivable represents the amount collected by the Registrar to 30 June but not yet received by the LSA.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the LSA will not be able to collect the debt. Bad debts are written off when identified.

Financial assets at fair value

The LSA's investments are managed by Funds SA, the South Australian Government's investment fund manager. The LSA invests in Funds SA's tax exempt multi-sector funds.

Recognition and Derecognition

Investments in financial assets are recognised initially at fair value. All purchases and sales of financial assets are recognised on the trade date i.e., the date that the LSA commits to purchase the asset. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or has been transferred.

Subsequent Measurement

Financial assets are classified at fair value through profit or loss. Gains or losses on financial assets are recognised in the Statement of Comprehensive Income as Investment Revenue or Investment Losses and the related assets are recognised as Non-Current Assets in the Statement of Financial Position.

These financial assets are designated on the basis that they are a group of financial assets which are managed and have their performance evaluated on a fair value basis. The LSA's financial assets consist of investments in unlisted trusts with Funds SA, which are valued at the fair value as reported by the manager of the investments.

Property, plant and equipment

Property, Plant and Equipment is stated at cost net of accumulated depreciation and accumulated impairment losses, deemed to be fair value. The capitalisation threshold is \$10,000.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The LSA has only intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10,000.

2.10 Assets (continued)

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. When there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective asset revaluation surplus.

Fair value measurement

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

The LSA classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed at each reporting date.

Non-financial assets

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

The LSA's current use is the highest and best use of the assets unless other factors suggest an alternative use is feasible within the next five years. As the LSA did not identify any factors to suggest alternative uses, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Financial assets/liabilities

The fair value of assets or liabilities traded in active markets is based on quoted market prices for identical assets or liabilities at balance date. The fair value of other financial assets or liabilities is determined using valuation techniques. These techniques maximises the use of observable market data where it is available. The LSA uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Refer note 15 and 26 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurement for financial assets.

Notes to and forming part of the Financial Statements

2.11 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, the LSA has separately disclosed the amounts expected to be settled after more than 12 months.

Payables

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the LSA.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefits on-costs include payroll tax and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

Employee Benefits

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

Salaries and wages, annual leave, skills and experience retention leave and sick leave

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

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

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions and the split between current and non-current are based on employee data from similar South Australian Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match as closely as possible to the estimated future cash outflows.

2.11 Liabilities (continued)

Provisions

Provisions are recognised when the LSA has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the LSA expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

Significant uncertainty exists due to the long-term nature of liabilities and volatility around the number of Scheme Participants and their injury severity.

The LSA's liabilities for participants' treatment, care and support services are valued by the LSS Actuaries, Finity Consulting Pty Ltd, as at the end of the financial year. They are measured as the present value of the expected future payments for claims of the LSS incurred up to the valuation date, including claims incurred but not yet reported.

2.12 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

3 New and Revised Accounting Standards and Policies

Except for AASB 2015-7 which the LSA has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the LSA for the period ending 30 June 2015. The LSA has assessed the impact of the new and amended standards and Interpretations and considers there will be no impact on the accounting policies or the financial statements of the LSA.

Notes to and forming part of the Financial Statements

4 Participant treatment, care and support expenses	2015 \$'000	2014 \$'000
Hospital	1 967	—
Rehabilitation	170	—
Equipment	78	—
Attendant Care	37	—
Other	36	—
	2 288	—
Movement in provision for participants' treatment, care and support expenses (refer to note 21)	92 785	—
Total Participant treatment, care and support expenses	95 073	—

5 Employee benefit expenses	2015 \$'000	2014 \$'000
Salaries and Wages*	1 384	99
Board and Committee fees	367	261
Employment on-costs – superannuation	181	32
Employment on-costs – payroll tax	101	19
Long service leave	6	—
Annual leave	102	—
Skills and experience retention leave	4	—
Other employee related expenses	10	—
Total Employee benefit expenses	2 155	411

Refer to Note 2.7 Expenses for detail of the staff costs associated with the establishment of the LSA and the LSS.

Remuneration of employees	2015 Number of Employees	2014 Number of Employees
The number of employees whose total remuneration received or receivable falls within the following bands:		
\$261 500 to \$271 499	1	n/a
Total	1	n/a

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The employee is executive staff. Remuneration reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by the employee for the year was \$264 000.

* The Chief Executive was appointed by the LSA effective 1 February 2014. Executive remuneration prior to 1 July 2014 was disclosed in DTF's 2013–14 Financial Statements.

Notes to and forming part of the Financial Statements

6 Remuneration of board members

Members that were entitled to receive remuneration for membership during the 2014–15 financial year were:

LSA Board	Applications and Rules Committee
Ms Juliet Brown (Chair)	Mr Joseph Ullianich (Chair to 11 September 2014)
Ms Melinda OLeary	Ms Arabella Branson (Chair from 11 September 2014)
Mr Joseph Ullianich	Ms Melinda OLeary (member to 11 September 2014)
Mr Kenneth Williams	Dr George Potter*
Hon Patricia White – Resigned 8 August 2014	Ms Chloe Fox* – Appointed 25 August 2014
Dr George Potter*	
Ms Arabella Branson	
Ms Chloe Fox* – Appointed 25 August 2014	

Audit Committee	Finance and Investment Committee
Hon Patricia White (Chair and member to 8 August 2014)	Mr Kenneth Williams (Chair)
Mr Joseph Ullianich (Chair from 11 September 2014)	Ms Juliet Brown
Ms Juliet Brown	Hon Patricia White – Resigned 8 August 2014
Mr Kenneth Williams	Ms Melinda OLeary – Appointed 11 September 2014
Dr George Potter* – Appointed 11 September 2014	

There were no changes to Board and Committee members other than stated.

	2015 Number of Members	2014 Number of Members
The number of members whose remuneration received or receivable falls within the following bands:		
\$1 – \$9,999	1	—
\$30,000 – \$39,999	1	3
\$40,000 – \$49,999	1	3
\$50,000 – \$59,999	4	—
\$60,000 – \$69,999	—	1
\$90,000 – \$99,999	1	—
Total Number of board members	8	7

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was **\$406 000** (2014: \$284 000).

Amounts paid to a superannuation plan for board/committee members was **\$35 000** (2014: \$23 000).

The Board commenced operations effective 8 October 2013 and therefore remuneration for the 2013–2014 financial year is for the period 8 October 2013 to 30 June 2014.

** In accordance with the Department of the Premier and Cabinet Circular No. 016, the LSA received an exemption for the remuneration of Government employees for Board/Committee duties during the financial year.*

Notes to and forming part of the Financial Statements

7 Service delivery and corporate expenses	2015 \$'000	2014 \$'000
Professional fees	52	—
Information technology	108	—
Training and development	91	—
General administration and consumables	372	—
Accommodation and telecommunication	167	—
Consultants	37	—
Contractors and temporary Staff	71	—
Minor works, maintenance and equipment	35	—
Service level agreement fees	249	20
Other	176	23
Total Service delivery and corporate expenses	1 358	43

The number of, and dollar amount of consultancies paid or payable (included in service delivery and corporate expenses) that fell within the following bands:

	2015 Number	2014 Number	2015 \$'000	2014 \$'000
Below \$10 000	4	0	5	0
Above \$10 000	2	0	32	0
Total Paid or Payable to Consultants	6	0	37	0

8 Auditor's remuneration	2015 \$'000	2014 \$'000
Audit Fees paid or payable to the Auditor-General's Department	34	15
Total Auditor's remuneration	34	15

Other Services

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Service delivery and corporate expenses' (refer to Note 7).

9 Amortisation expense	2015 \$'000	2014 \$'000
Leasehold improvements	49	—
Total Amortisation expense	49	—

Notes to and forming part of the Financial Statements

10 Investment revenues	2015 \$'000	2014 \$'000
Interest received	53	127
Net gain on financial asset designated at fair value through profit or loss*	5 435	—
Total Investment revenues	5 488	127

* Net realised gain on switch from Funds SA Conservative Fund is \$8.032m and unrealised loss on Funds SA Untaxed Moderate Fund is \$2.597m.

11 Resources received free of charge	2015 \$'000	2014 \$'000
Resources received free of charge	—	411
Total Resources received free of charge	—	411

Resources received free of charge relate to employee benefit expenses directly attributable to the LSA and paid by DTF.

12 Revenues from SA Government	2015 \$'000	2014 \$'000
Transitional Contribution – MAC	—	41 500
Total Revenues from SA Government	—	41 500

13 Cash and cash equivalents	2015 \$'000	2014 \$'000
At call deposits with SAFA	—	42 050
Deposits with the Treasurer	2 457	878
Total Cash and cash equivalents	2 457	42 928

Interest rate risk

Deposits with the Treasurer are interest bearing and earn a variable interest rate. The carrying amount of cash and cash equivalents represents fair value.

14 Receivables	2015 \$'000	2014 \$'000
Current		
Accrued revenue	1 029	879
DTF – Reimbursement of leave provisions	—	142
Prepayments*	649	29
Total Current Receivables	1 678	1 050
Total Receivables	1 678	1 050

* \$612 000 of prepayments relates to reinsurance premium.

Notes to and forming part of the Financial Statements

14 Receivables *(continued)*

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing.

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity Analysis of Receivables – refer to Table 26.2 in Note 26.

Categorisation of financial instruments and risk exposure information – refer to Note 26.

15 Financial assets at fair value	2015 \$'000	2014 \$'000
Investments are held in Funds SA multi-sector Untaxed Funds which give exposure to a range of asset classes.		
Funds SA Untaxed Moderate Fund	165 435	—
Total Financial assets at fair value	165 435	—

a) Categorisation of financial instruments – refer to note 26.

b) Risk exposure information – refer to note 26.

16 Property, plant and equipment	2015 \$'000	2014 \$'000
Leasehold Improvements	147	—
Accumulated Amortisation	(49)	—
	98	—
Total Property, plant and equipment	98	—

Reconciliation of Property, Plant and Equipment

The following table shows the movement of property, plant and equipment during 2014–15:

	Leasehold Improvements \$'000	Total \$'000
Carrying amount at the beginning of the year	—	—
Additions	147	147
Amortisation	(49)	(49)
Carrying amount at the end of the year	98	98

Notes to and forming part of the Financial Statements

17 Intangible assets	2015 \$'000	2014 \$'000
Work in Progress	311	37
Total Work in Progress	311	37
Total Intangible assets	311	37

Reconciliation of Intangible assets	Work in Progress 2015 \$'000	Total 2015 \$'000
The following table shows the movement of intangible assets during 2014–15:		
Carrying amount at the beginning of the period	37	37
Additions	274	274
Carrying amount at the end of the period	311	311

Additions relate to development of the LSA's participant management computer software.

There were no indications of impairment for Intangible assets as at 30 June 2015.

18 Fair value measurement (non-financial assets)

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The LSA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

The LSA had no valuations categorised into Levels 1 or 2.

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

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

Fair values level 3 measurements and reconciliations	2015 \$'000	2014 \$'000
Leasehold Improvements		
Acquisitions	147	—
Amortisation	(49)	—
Total Leasehold Improvements	98	—

Notes to and forming part of the Financial Statements

19 Payables	2015 \$'000	2014 \$'000
Current		
Accrued Expenses	1 875	323
Employment on-costs	29	16
Total Current Payables	1 904	339
Non-Current		
Employment on-costs	12	—
Total Non-Current Payables	12	—
Total Payables	1 916	339

Interest rate and credit risk

All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. There is no concentration of credit risk.

Maturity Analysis of Payables – refer to Table 26.2 in Note 26.

Categorisation of financial instruments and risk exposure information – refer to Note 26.

20 Employee benefits	2015 \$'000	2014 \$'000
Current		
Accrued salaries and wages	17	—
Annual leave	121	57
Long service leave	78	8
Skills and experience retention leave	3	—
Total Current Employee benefits	219	65
Non-Current		
Long service leave	133	62
Total Non-Current Employee Benefits	133	62
Total Employee Benefits	352	127

The LSA's long service leave liability was estimated in accordance with AASB 119, using assumptions based on employee experience from a range of similar SA government entities.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate the same for 2013–14 financial year at 4% for long service leave liability and revised the salary inflation rate down by 1% from 2014 (4%) to 2015 (3%) for annual leave and skills, experience and retention leave liability.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds was 3% (2014: 3.50%).

Notes to and forming part of the Financial Statements

20 Employee benefits *(continued)*

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

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$10 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

21 Provisions

Provision for participants' treatment, care and support services

Under the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013*, the LSS meets participant care and support services for people severely injured in motor accidents. Entitlement to these services commenced on 1 July 2014. At 30 June 2015, liabilities for all claims incurred up to this date to the scheme were valued by actuaries at Finity Consulting Pty Limited.

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

	2015 \$'000	2014 \$'000
Current		
Provision for participant treatment, care and support	7 239	—
Total Current Provision	7 239	—
Non-Current		
Provision for participant treatment, care and support	85 546	—
Total Non-Current Provisions	85 546	—
Total Provisions	92 785	—
	2015 \$'000	2014 \$'000
Not later than one year	7 239	—
Later than one year but not later than five years	18 062	—
Later than five years but not later than ten years	15 910	—
Later than ten years	51 574	—
Total	92 785	—

Movement in Provisions

The LSS commenced on 1 July 2014, as such the provision held at the 30 June 2015 covers the first year of liabilities for the Scheme.

Sensitivity analysis for the valuation as at 30 June 2015

The liability represents the best estimate and is based on standard actuarial assessment. The table below shows sensitivities to some of the key actuarial assumptions used in the valuation. Significant uncertainty exists due to the long-term nature of liabilities and volatility around the number of Scheme participants and their injury severity. The sensitivities below do not represent an upper or lower bound of the provision rather provide an indication of the uncertainty inherent in the provision.

Notes to and forming part of the Financial Statements

21 Provisions <i>(continued)</i>	30 June 2015 Liability \$m	Effect on 30 June Liability \$m	Percentage Effect %
Central Estimate of the LSS	92.8		
Different long term gap assumptions			
a. One per cent per annum lower for all future years	79.6	-13.2	-14%
b. One per cent per annum higher for all future years	110.5	17.7	19%
Mortality assumptions			
a. One percent per annum increase in mortality improvement	98.4	5.6	6%
b. One percent per annum decrease in mortality improvement	87.7	-5.1	-6%
Other Assumptions			
a. All Participants with a brain injury decrease by 1 point on the CANS scale	73.7	-19.1	-21%
b. Long term attendant care rate (in 2015/16 dollars) is 10% higher (increased to \$57 per hour)	99.7	7.0	7%

Actuarial assumptions and methods

In determining the liability each participant is valued on an individual level based on their injury, age and expected future care needs. The following assumptions were used in determining the liability:

Weighted mean term	2015 Years
Uninflated, undiscounted	21.1
Inflated, discounted	16.7

	2015	
	Inflation Rate	Investment Return Rate
Equivalent Single Rate (all future years)	4.25%	6.25%

21 Provisions *(continued)*

Definitions

Inflated mean term

The inflated mean term represents the dollar weighted average period to payment of claims and is unaffected by discounting. It provides an indication of the timeframe over which the LSS must manage and control the cost of these claims.

Discounted mean term

The discounted mean term is based on the inflated and discounted cash flows weighted by the period to payment.

Inflation

Wage inflation is adopted as the base for the inflation of projected future payments and is set by reference to long term economic indicators. Inflation is with reference to wage inflation (a key driver of attendant care costs and rehabilitation type services). At 30 June 2015 a rate of 3.5% p.a. has been adopted.

Inflation also includes an allowance for superimposed inflation, i.e. the growth in claims cost not explained by underlying inflation or other factors. This includes an allowance for:

- medical inflation costs to grow faster than underlying inflation (0.75% p.a. for all services plus an additional 0.5%p.a. for rehabilitation, hospital and medical services for participants with a brain injury).
- attendant care costs to grow faster than underlying inflation (market supply and demand for services) by 0.75%p.a.

Discount rates

The adopted discount rate reflects the expected long term return for the LSA's portfolio of assets.

Reinsurance Receivables

Reinsurance recoveries receivable are assessed on at least an annual basis. A receivable is recorded where the actual or estimated cost of participant care and support costs exceed the reinsurance deductible. The recoverable amount for reinsurance recoveries receivable is measured as the present value of the expected future cash flows. If there is objective evidence that LSS will not be able to collect the total reinsurance recovery amounts owing a provision for impairment is established.

At 30 June 2015 the LSA did not have any reinsurance recoveries.

Notes to and forming part of the Financial Statements

22 Unrecognised contractual commitments	2015 \$'000	2014 \$'000
Capital Commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report		
Within one year	18	133
Total Capital Commitments	18	133
	2015 \$'000	2014 \$'000
Expenditure commitments – Remuneration		
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	1 013	—
Later than one year but not longer than five years	167	—
Total Remuneration commitments	1 180	—
	2015 \$'000	2014 \$'000
Other Expenditure Commitments		
Other Expenditure Commitments include commitments for services such as Reinsurance and Actuarial Services.		
Commitments in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	1 107	2 738
Later than one year but not longer than five years	353	953
Total Other Commitments	1 460	3 691
	2015 \$'000	2014 \$'000
Operating lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	10	—
Total Operating lease commitments	10	—

At the reporting date, the LSA has a operating lease for office accommodation.

Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The lease is non-cancellable with terms ranging up to 6 years. Rental is payable in arrears.

Notes to and forming part of the Financial Statements

23 Contingent assets and liabilities

The LSA is not aware of any contingent assets or liabilities. In addition the LSA has made no guarantees.

24 Cash flow reconciliation

a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period	2015 \$'000	2014 \$'000
Statement of Cash Flows	2 457	42 928
Statement of Financial Position	2 457	42 928
b) Reconciliation of net cash provided by operating activities to Net result from operating activities:	2015 \$'000	2014 \$'000
Net cash provided by operating activities	119 949	42 945
Less revenues from SA Government	—	(41 500)
Add Non cash items		
Amortisation expense	(49)	—
Increment / decrement on revaluation of non current assets	5 435	—
Accrued expenses in Non Current Assets	—	20
Changes in Assets / Liabilities		
Increase / (decrease) in receivables	628	1 050
(Increase) / decrease in payables	(1 544)	(339)
(Increase) / decrease in employee benefits	(257)	(127)
(Increase) / decrease in provisions	(92 785)	—
Net result from operating activities	31 377	2 049

Notes to and forming part of the Financial Statements

25 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total		
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	
EXPENSES							
4	Participant treatment, care and support expenses	11 719	—	83 354	—	95 073	—
	Duty on LSS Fund Levy	13 956	249	—	—	13 956	249
	Reinsurance	—	—	2 598	49	2 598	49
5	Employee benefits expenses	109	—	2 046	411	2 155	411
7	Service delivery and corporate expenses						
	Professional fees	—	—	52	—	52	—
	Information technology	—	—	108	—	108	—
	Training and development	—	—	91	—	91	—
	General administration and consumables	—	—	372	—	372	—
	Accommodation and telecommunication	—	—	167	—	167	—
	Consultants	—	—	37	—	37	—
	Contractors and temporary staff	—	—	71	—	71	—
	Minor works, maintenance and equipment	—	—	35	—	35	—
	Service level agreement fees	249	—	—	20	249	20
	Other	—	—	176	23	176	23
9	Amortisation expense	—	—	49	—	49	—
TOTAL EXPENSES		26 033	249	89 156	503	115 189	752
INCOME							
	Revenues from LSS Fund Levy	—	—	141 078	2 263	141 078	2 263
10	Investment revenues	5 488	127	—	—	5 488	127
11	Resources received free of charge	—	411	—	—	—	411
12	Transitional Contribution – MAC	—	41 500	—	—	—	41 500
TOTAL INCOME		5 488	42 038	141 078	2 263	146 566	44 301

Notes to and forming part of the Financial Statements

25 Transactions with SA Government *(continued)*

Note	SA Government		Non-SA Government		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
FINANCIAL ASSETS						
14	Receivables					
	Accrued revenues					
	—	—	1 029	879	1 029	879
	DTF – Reimbursement of leave provisions					
	—	—	—	142	—	142
	Prepayments					
	—	—	649	29	649	29
15	Financial assets at fair value					
	165 435	—	—	—	165 435	—
	165 435	—	1 678	1 050	167 113	1 050
FINANCIAL LIABILITIES						
19	Payables					
	Accrued expenses					
	1 566	284	309	39	1 875	323
	Employment on-costs					
	—	—	41	16	41	16
20	Employee benefits					
	—	—	352	127	352	127
21	Provision					
	9 768	—	83 017	—	92 785	—
	11 334	284	83 719	182	95 053	466

Notes to and forming part of the Financial Statements

26 Financial risk management/Financial instruments

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

The LSA's main risks arising from financial instruments are outlined below, together with its objectives, policies and processes for measuring and managing risk.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. LSA's Investment Policy Statement describes the framework within which the LSA's investment program functions, including the Board's governance arrangement for the investment program.

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

Refer table 26.2 for the carrying amounts of each of the categories of financial assets and liabilities.

Fair value measurement

AASB 7 Financial Instrument Disclosures requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

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

The table below presents LSA's investments measured and recognised at fair value.

Table 26.1 LSA Categories of Fair Value Measurement

Financial Assets at Fair Value 30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Funds SA Untaxed Moderate Fund	—	165 435	—	165 435

Prior to 1 July 2014 the LSA's investments were cash and cash equivalents which were classified as Level 1.

Credit risk

Credit risk arises when there is the possibility of the LSA's debtors defaulting on their contractual obligations resulting in financial loss to the LSA. The LSA measures credit risk on a fair value basis and monitors risk on a regular basis.

The LSA has no concentration of credit risk. The LSA does not engage in high risk hedging for its financial assets.

The LSA has no financial assets past due.

The following table discloses the maturity analysis of financial assets and financial liabilities.

Notes to and forming part of the Financial Statements

26 Financial risk management/Financial instruments *(continued)*

Table 26.2: Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Notes	2015 Carrying amount / Fair value \$'000	2015 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	13	2 457	2 457	—	—	—
Receivables ⁽¹⁾⁽²⁾	14	5	5	—	—	—
Financial assets at fair value ⁽³⁾	15	165 435	165 435	—	—	—
Total financial assets		167 897	167 897	—	—	—
Financial liabilities						
Payables ⁽¹⁾	19	640	640	—	—	—
Total financial liabilities		640	640	—	—	—

Category of financial asset and financial liability	Notes	2014 Carrying amount / Fair value \$'000	2014 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	13	42 928	42 928	—	—	—
Receivables ⁽¹⁾⁽²⁾	14	82	82	—	—	—
Total financial assets		43 010	43 010	—	—	—
Financial liabilities						
Payables ⁽¹⁾	19	58	58	—	—	—
Total financial liabilities		58	58	—	—	—

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivable amount disclosed here excludes prepayments. Prepayments are presented in Note 14 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined by AASB 132 as the future economic benefits of these assets is the receipt of goods and services rather than right to receive cash or another financial asset.

(3) The LSA invests in Funds SA's untaxed multi-sector funds. The intention is to hold the investments on a long term basis, however, investments are available for a withdrawal at call.

Notes to and forming part of the Financial Statements

26 Financial risk management/Financial instruments *(continued)*

Liquidity risk

Liquidity risk arises where the LSA is unable to meet its financial obligations as they fall due. The continued existence of the LSA is dependent on State Government policy for the LSA's administration and programs. The LSA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The LSA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in Table 26.2 represent the LSA's maximum exposure to financial liabilities.

Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The LSA's exposures to market risk are primarily associated with movement in the unit price of the investments with Funds SA. The LSA does not have direct exposure to foreign currency risk and its direct exposure to interest rate risk is insignificant based on a current assessment of risk.

Sensitivity analysis disclosure

A sensitivity analysis for a movement in the unit price of the investments with Funds SA is provided in the table below. The sensitivity analysis uses historically based volatility information collected over a 10 year period, quoted at two standard deviations (i.e.95% probability). A reasonably possible change is based on the percentage change in unit price multiplied by the redemption value as at 30 June.

	Change in Unit Price		Impact on profit or loss		Impact on Equity	
	2015 %	2014 %	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Funds SA Untaxed Moderate Fund *	24.7	n/a	40 862	n/a	40 862	n/a
	-9.7	n/a	(16 047)	n/a	(16 047)	n/a

* The LSA commenced its investment with Funds SA on 1 July 2014; prior to this date funds were held in an at call deposit with SAFA.

Capital Management

To provide for a financially responsible and sustainable LSS over the long term, the LSA aims to maintain an appropriate capital balance to act as a buffer against uncertainties in the value of outstanding claims liabilities and investment returns. Detailed financial modelling suggests that the LSS's funding position will be at its most vulnerable to these uncertainties in the earlier years.

The LSA has adopted a target funding ratio for the LSS equivalent to a probability of sufficiency of at least 65%. This is the chance that the capital of the LSS is expected to be adequate to cover actual outcomes. The funding ratio is calculated as investment assets divided by the liabilities for participants' treatment, care and support.

The Board continually reviews the LSA's funding position, and assesses the policy on an annual basis to ensure it remains appropriate.

27 Events after the reporting period

No circumstance has arisen that has affected or may significantly affect the LSA's operations since 30 June 2015.

Lifetime Support Authority of South Australia Actuarial Certificate Outstanding Claim Liabilities as at 30 June 2015

Finity Consulting Pty Limited (“Finity”) has been requested by the Lifetime Support Authority of South Australia (“LSA”) to undertake an actuarial review of the Lifetime Support Scheme (“LSS” or “the Scheme”) as at 30 June 2015 under the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013* (“the Act”).

Data

We have relied on the accuracy and completeness of the data and other information (qualitative, quantitative, written and verbal) provided to us by LSA for the purpose of making our estimates. We have not independently verified or audited the data but we have reviewed it for general reasonableness and consistency. We have evaluated the information provided through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable ground upon which to base our estimates.

Basis of Our Estimates

We have calculated a central estimate of the outstanding claim liabilities, meaning that our assumptions have been selected to yield estimates which are not knowingly above or below the ultimate liabilities. Our estimates are discounted, i.e. they allow for the time value of money, they include allowance for future expenses incurred in the management of the outstanding claims and they are net of expected recoveries.

Where appropriate, our estimates have been prepared in accordance with the Actuaries Institute’s Professional Standard 300 (“PS 300”). Some of the requirements of PS 300 are not applicable to our valuation and where this is the case we have specifically documented this in our report.

Australian Accounting Standard 137 (AASB 137) applies to the Scheme in preparing an estimate of the outstanding claims liability in its annual financial statements. We have prepared our estimate of outstanding claims to be consistent with this Accounting Standard’s requirements.

Valuation Results and Provisions

The Scheme’s outstanding claim liabilities are the value of payments to be made after 30 June 2015 in respect of injured persons eligible or expected to become eligible for Scheme participation whose injuries, under the provisions of the Act, arose on or before that date.

Our central estimate of the Scheme’s outstanding claims liability as at 30 June 2015 is \$92.8 million. The Scheme has provided \$92.8 million in its financial statements as at 30 June 2015 for the net outstanding claim liabilities. These amounts are made up as follows:

Wed 2 September 2015 3:22 PM

\\L:\LSA\15\JUN15\REPORT\FINANCIAL ACCOUNTS\OSC ACTUARIAL CERTIFICATE JUN15.DOCX

Sydney

Tel +61 2 8252 3300
Level 7, 155 George Street
The Rocks, NSW 2000

Melbourne

Tel +61 3 8080 0900
Level 3, 30 Collins Street
Melbourne, VIC 3000

Auckland

Tel +64 9 306 7700
Level 5, 79 Queen Street
Auckland 1010

Finity Consulting Pty Limited ABN 89 111 470 270

finity.com.au / finityconsulting.co.nz

Table 1 - Outstanding Claim Liabilities at 30 June 2015 – Lifetime Support Scheme

	Provision
	\$m
Gross Outstanding Claims Liability	92.8
Receivables	0.0
Provision for Outstanding Claims	92.8

In our opinion, this provision is established appropriately in accordance with relevant account and actuarial standards and includes a reasonable central estimate of the net liability including allowance for IBNR (Incurred But Not Reported), claim handling expenses and discounting for the time value of money.

Uncertainty

It is not possible to put a value on outstanding claim liabilities with certainty. We have prepared our estimates on the basis that they represent our current assessment of the likely future experience of the Scheme. However, deviations of the actual experience from our estimates are normal and to be expected.

There is a limitation upon the accuracy of the estimates in this certificate in that there is an inherent uncertainty in any estimate of outstanding claims. This is due to the fact that the ultimate liability for claims is subject to the outcome of events yet to occur. These include, but are not limited to, the mortality rate and participants' injury severity improvements within the Scheme, the number of participants accepted into the Scheme, future levels of care and support provided to participants and the behaviour of stakeholders such as LSS's management or service providers (including price adjustments).

In our judgement we have employed techniques and assumptions that are appropriate and we believe that conclusions presented herein are reasonable, given the information currently available.

Reports

Full details of the data, methodology, assumptions and results of our valuation are set out in our reports to LSA dated 01 September 2015.



Aaron Cutter



Gillian Harrex

Fellows of the Institute of Actuaries of Australia

02 September 2015



INDEPENDENT AUDITOR'S REPORT

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chair of the Board Lifetime Support Authority of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 21(2) of the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013*, I have audited the accompanying financial report of the Lifetime Support Authority of South Australia for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive and the Chief Financial Officer.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Lifetime Support Authority of South Australia as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

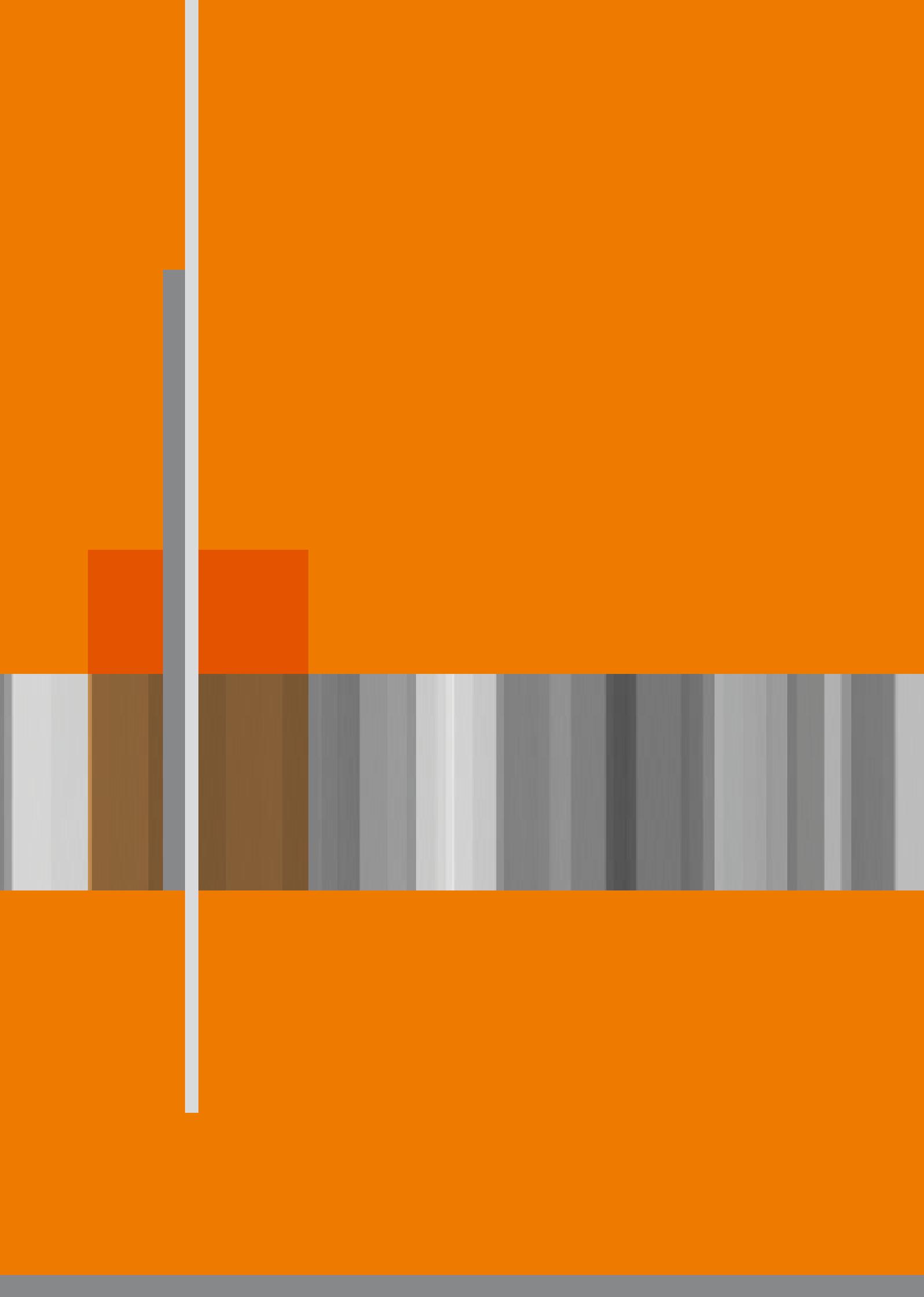
Significant inherent uncertainty – provision for participants' treatment, care and support services

Without qualification to the opinion expressed above, attention is drawn to notes 2.11 and 21 to the financial report.

There is significant inherent uncertainty surrounding the estimate of the provision for participants' treatment, care and support services 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.



Andrew Richardson
Auditor-General
18 September 2015





Lifetime
S U P P O R T

www.lifetimesupport.sa.gov.au