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Lifetime

S U P P O R T



Government of
South Australia

LIFETIME SUPPORT AUTHORITY

2021-22 Annual Report

LIFETIME SUPPORT AUTHORITY

30 Wakefield Street, ADELAIDE SA 5000

PO Box 1218, ADELAIDE SA 5000

www.lifetimesupport.sa.gov.au

Contact phone number: (08) 8463 6131

Contact email: lifetime.support@sa.gov.au

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2021-22 ANNUAL REPORT for the Lifetime Support Authority

To:

The Hon Stephen Mullighan

Treasurer

This annual report will be presented to Parliament to meet the statutory reporting requirements of the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the LIFETIME SUPPORT AUTHORITY by:

Melinda OLeary

Chair

Lifetime Support Authority Board

Rick Howe

Chief Executive

Lifetime Support Authority

Date: 26 September 2022

Signature



Date: 26 September 2022

Signature



From the Chief Executive and Board Chair

The annual report for the Lifetime Support Authority (LSA) sets out our performance for the financial year ended 30 June 2022. With 8 full years of operation now completed, the LSA is focussed on ensuring it continues to develop as a robust, consistent agency on which participants can rely for the delivery of services for the remainder of their lives. This will often extend many decades into the future.

In 2021-2022, the scheme grew to 300 active participants and is expected to increase in size by approximately 40 participants per year for the next few years. The revised organisational structure adopted last year has now been implemented and refined, with more Service Planners hired and two new faces on the Executive team, with Kylie Smith appointed as Director Services and Bec Wyness joining the LSA as Director People & Partnerships.

Our flexible working arrangements, initially implemented in response to COVID but now embedded as business as usual, have proved to be very popular with staff and have demonstrated that good productivity and flexibility can go hand in hand.

Reflecting our return to normality despite COVID, regular participant forums and Participant Reference Group meetings have taken place as scheduled throughout the year and we are looking to expand our interaction with wider stakeholder groups going forward.

During the year we consulted with key stakeholders on two important issues – our updated LSA Strategy for the next four years and a scheduled review of the LSS Rules. In both instances we received valuable input from a wide range of stakeholders. These interactions have resulted in the publication of our new Strategy for 2022-2026, which is available on our website, and finalisation of the revised LSS Rules, which came into effect from 15 September 2022.

From a financial perspective, the LSA's underlying performance has been relatively strong, despite some unexpected environmental headwinds. Investment markets generally performed very poorly for the year, resulting in the LSS fund recording a 1.2% loss for the year to 30 June 2022 which has adversely affected our asset position.

On the liability side of the balance sheet, an increase in life expectancy for participants alone pushed up the outstanding liabilities by \$190 million in our December valuation. However, this was ultimately offset in June by beneficial changes to economic assumptions (discount rate and inflation) which limited the increase in total liabilities for the year to just \$151 million.

Operationally, we accepted an extra 37 participants into the scheme during the year, one of the lowest intakes in a financial year since scheme inception, with 11 participants exiting the scheme during the year. This means we had a total of 300 active participants in the scheme as at 30 June 2022.

The costs for treatment, care and support throughout the year were lower than budgeted due to the lower number of participants, with levy revenue slightly higher than forecast (due to more vehicles being registered) which helped partially offset the loss from investments.

Overall, our result for the year was a loss of \$63.7 million against a budgeted loss of \$41.7 million. This translated to a balance sheet position of \$1,361 million in liabilities offset by \$1,276 million in assets. As a result, our funding ratio has decreased to 93% (from 98% as at 30 June 2021) but remains well within the Board's target range of 80-120%.

The Board commenced a planned renewal process during the year with the retirement of Juliet Brown as Chair of the Board and Joe Ullianich as Chair of the Audit Committee. Both had served on the Board since the inception of the LSA and we thank them for their dedicated service to the LSA over the last 8 years. The Minister for Health and Wellbeing appointed three new Board members in David Russell, Linda Matthews and Kevin Cantley and ongoing Board Member Melinda OLeary was appointed as the new Chair of the Board. The new Board Members have transitioned smoothly into their roles with the evaluation and adoption of the new Strategy a highlight for the year.

In May, following the change of government, Ministerial responsibility for the LSA was transferred by agreement from the Minister for Health and Wellbeing to the Treasurer, which will assist in streamlining some governance processes.

On the staffing front, I am pleased to report that the LSA remains an attractive place to work, with our staff engagement score remaining strong over the year at an average of 75%. We also took the opportunity to recognise our best performing staff through the inaugural LSA Values – Making a Difference Awards in December. Congratulations to all the winners of the various awards, and in particular, Jess Ciccarello, who won the “Making a Difference” award and was subsequently nominated as a finalist in the Premier's Excellence Awards in the category of “Making a Difference – Living the South Australian Public Sector Purpose”.

Rick Howe

Chief Executive

Lifetime Support Authority

Melinda OLeary

Board Chair

Lifetime Support Authority

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Overview: about the agency

Our strategic focus

<p>Our Purpose</p>	<p>Working collaboratively, we manage and fund treatment, care and support services for LSS participants, which enhance the quality of their lives, and are person-centred, financially sustainable, innovative and efficient</p>
<p>Our Vision</p>	<p>Our ordinary level of service is extraordinary.</p>
<p>Our Values</p>	<p>The LSA values are based on the South Australian Public Sector values, developed to reflect the person-centred purpose of the LSA, and are focused on supporting the LSA to achieve its strategic outcomes.</p> <p>These values and associated behaviours were designed with our staff. The overarching values of the LSA are:</p> <ul style="list-style-type: none"> • Trust and respect • Innovation and growth • People and passion <p>Our dedicated team offer valuable skills and a like-minded community, always working to better the lives of others. Fuelled by passion, and with a true sense of purpose and solidarity, we work towards our shared long-term vision. Together we are committed to building authentic relationships with each other, participants, their families and carers.</p> <p>At the LSA we are accountable and lead by example. We understand trust is earned when actions meet words, so our colleagues, participants and their families can always expect honest, open communication and a genuine sense of care. We build mutual respect by treating everyone with dignity and kindness</p> <p>Inspired by the courage and determination shown by participants and their families, we are always searching for new ways to make a difference. With our innovative mindset and curious nature we encourage growth by asking; if not, why not? We empower those around us with knowledge and resources to overcome obstacles and reach new goals, so together we can look to the future with enthusiasm and optimism.</p>
<p>Our functions, objectives and deliverables</p>	<p>The Lifetime Support Authority (LSA) commenced on 1 July 2014 as a statutory authority, delivering the Lifetime Support Scheme (LSS) (the Scheme) under the <i>Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013</i> (the Act).</p> <p>The LSA manages the Scheme to provide necessary and reasonable treatment, care and support for people who are</p>

seriously injured in motor vehicle accidents in South Australia, regardless of fault.

Serious injuries include brain and spinal cord injuries, amputations, serious burns, and permanent blindness. These injuries can require a lifetime of support to help people rehabilitate and maximise their independence in the community.

Working collaboratively, the LSA manages and funds treatment, care and support services for LSS participants, which enhance the quality of their lives.

The Scheme is managed in accordance with the LSS Rules which details the eligibility criteria and how treatment, care and support needs are assessed.

On average, the LSS is projected to accept approximately 50 new participants per year.

The functions of the LSA under section 16 of the Act include:

- Monitoring the operation of the LSS
- Funding of treatment care and support for participants under the LSS
- Support and funding for research, education and programs relevant to the LSS
- Review of the LSS Rules
- Disseminating information about the LSS
- Management of the LSS Fund.

In 2021-22, the LSA's strategic themes were:

- Person Centred Services
 - Best practice supports
 - Enabling participants
 - Develop market capacity
- Scheme Sustainability
 - Sound financial and operational management
 - Strong relationships with service providers
- People & Partnerships
 - Driving innovation through Research Education and Programs
 - People
 - Scheme awareness

Following a full strategic planning process in 2022, the LSA has had a strategy refresh including new Purpose and Vision statements and identified five strategic themes, and related goals to guide our direction in 2022–26:

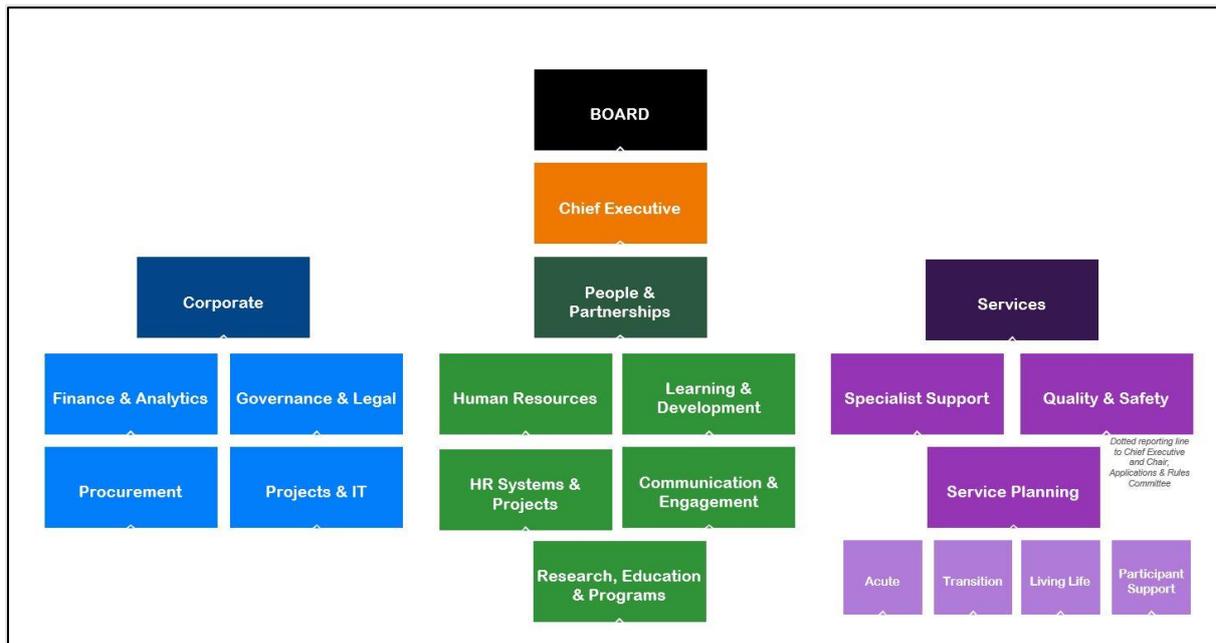
1. Person-centred treatment, care and support
2. Staff and systems which make a positive difference to participants
3. A sustainable scheme for current and future participants

	<ol style="list-style-type: none"> 4. Strong and productive relationships with key stakeholders and service providers, to benefit participants and the Scheme 5. Research, Education and Programs that ultimately aim to make a difference for participants and the Scheme.
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Our organisational structure

The chart below reflects the LSA’s organisational structure as at 30 June 2022.

Lifetime Support Authority Organisational Structure



The LSA is governed by the LSA Board with three subcommittees – Audit, Applications & Rules and Finance & Investment Committee, and one Advisory Group – Human Resources Advisory Group.

During 2021-22, the Board members were:

- Juliet Brown OAM (Chair) (July-October 2021)
- Arabella Branson (Chair of the Applications & Rules Committee)
- Melinda OLeary (Chair - October 2021-present)
- George Potter
- Joseph Ullianich (Chair of the Audit Committee) (July-October 2021)
- Kenneth Williams (Chair of the Finance & Investment Committee)
- Kevin Cantley PSM (Chair of the Audit Committee) (October 2021-present)
- David Russell (October 2021-present)
- Linda Matthews (October 2021-present)

Changes to the agency

During 2021-22 the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013* was committed to the Treasurer from the Minister for Health & Wellbeing from 26 May 2022.

Our Minister

The Hon Stephen Mullighan MP is the Treasurer in South Australia.

The *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013* was committed to the Treasurer on 26 May 2022 (The South Australian Government Gazette, No 34, 2022).

Our Executive team



Rick Howe



Kylie Smith



Boris Petrovic



Rebecca Wyness

As at 30 June 2021, Rick Howe is the Chief Executive, who leads the LSA.

Boris Petrovic is the Director Corporate, responsible for overseeing finance, procurement, governance and risk, and information technology functions.

Rebecca Wyness is the Director People and Partnerships, responsible for overseeing people and culture, as well as communication and engagement functions and research, education and programs.

Kylie Smith is the Director Services responsible for overseeing the LSA's core operations that support LSS participants, including service planning, specialist technical services, as well as quality and safety.

Legislation administered by the agency

[Motor Vehicle Accidents \(Lifetime Support Scheme\) Act 2013](#)

Other related agencies (within the Minister's area/s of responsibility)

CTP (Compulsory Third Party) Regulator

Procurement Services SA

RevenueSA

Shared Services SA

South Australian Government Finance Authority (SAFA)

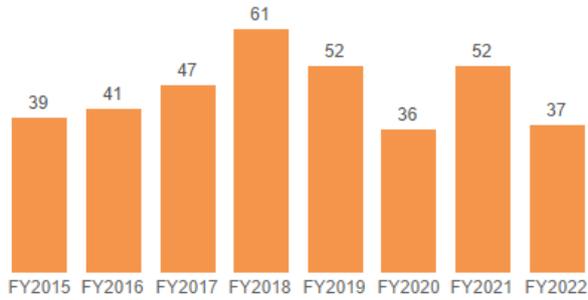
Super SA

The agency's performance

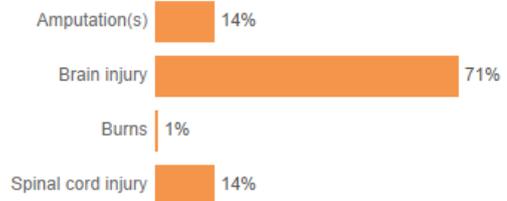
Participant Statistics

Data shown is as at 30 June 2022.

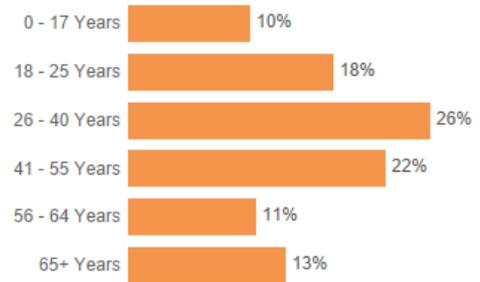
By Financial Year of Acceptance



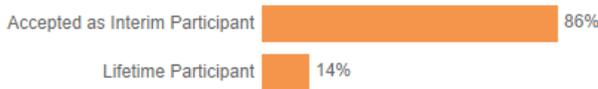
By Injury



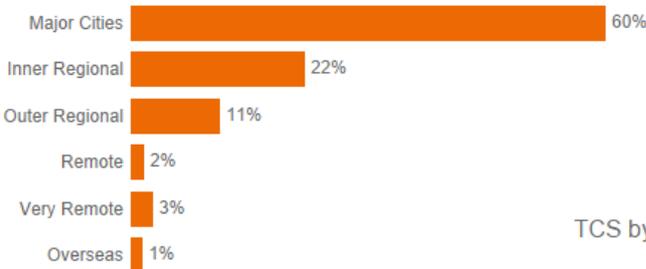
By Age at Acceptance



By Status at Acceptance



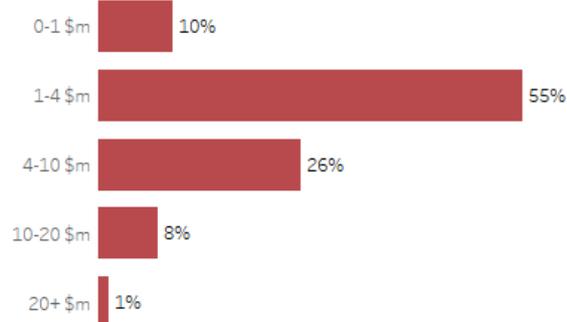
By ABS Remoteness Area or Overseas Location at Application



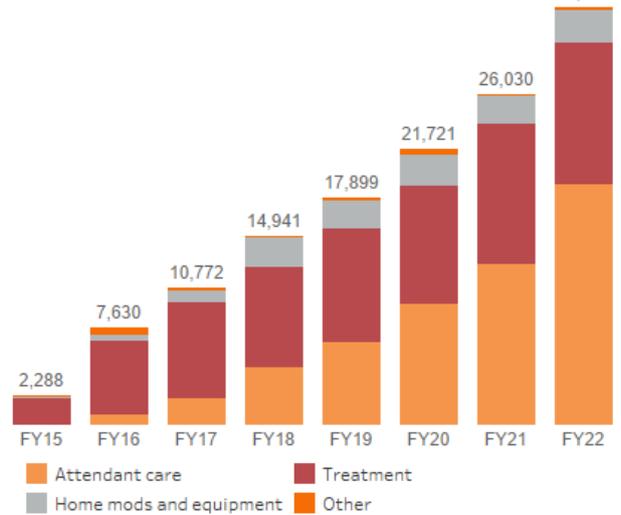
By State or Overseas Location at Application



By Estimated Liability Cost



TCS by Financial Year and Category (\$'000)



Note: Percentages have been rounded.

Performance at a glance

Since the Scheme commenced, 365 participants have been accepted into the Scheme as at 30 June 2022. Due to injuries no longer being eligible or death, 65 participants were no longer in the Scheme as at 30 June 2022.

Agency contribution to whole of Government objectives

The LSA's contribution to the Government's objectives during 2021-22 are detailed below:

Key objective	Agency's contribution
More jobs	The LSA increased its workforce to 105 FTE (up from 81 FTE reported 30 June 2021). This reflects the staffing requirements necessary, due to the growth and developing maturity of the Scheme (projected to be approximately 50 new participants each year).
Lower costs	LSA's strategy is to prudently manage the Scheme finances in order to deliver a solvent, fully-funded and affordable scheme for South Australian motorists.
Better services	LSA's strategy is to have a person-centred approach with participants, with a focus on working with them to achieve their recovery and rehabilitation goals.

Agency specific objectives and performance

The LSA funds treatment, care and support services for LSS participants. LSS Levies collected each year are intended to fully fund the estimated lifetime costs for new participants who have accidents in the relevant year and meet the eligibility criteria for acceptance into the Scheme.

LSS Levy collection during 2021–22 was \$179.7 million (compared to \$168.5 million in 2020–21) which is mainly related to an increase in the number of registered vehicles. The average annual levy paid by motor vehicle owners, \$113.32, increased by 4.4% compared to 2020–21. Currently, only a small part of the LSS Levy is required to fund current Scheme costs and LSA's operating costs, with the balance required to meet the future liabilities associated with current participants. These unspent funds are invested in a diversified high growth investment portfolio until they are required.

The LSA invests with Funds SA, the South Australian Government owned corporation which invests and manages funds of approved authorities. Financial assets of the LSA have grown to \$1,268.2 million as at 30 June 2022 primarily as a result of LSS Levy contributions being invested, noting that negative investment returns during 2021–22 have partially eroded some of this growth. The nominal investment return for the LSA investment fund was -1.2%, resulting in a \$17.7 million loss on investments for the year ending 30 June 2022. LSA's investment assets will be used to fund treatment, care and support for all current LSS participants over the next several decades.

The total payments for treatment, care, and support services in 2021-22 amounted to \$32.9 million (compared to \$26.0 million in 2020–21). The types of treatment, care and support funded are shown in the table below.

	2021–22		2020–21	
	\$'000s	%	\$'000s	%
Attendant Care and Support	18,970	57.7%	12,686	48.7%
Hospital	4,683	14.2%	5,681	21.8%
Rehabilitation	5,739	17.4%	4,552	17.5%
Equipment	2,106	6.4%	1,652	6.4%
Medical Treatment Services	771	2.3%	839	3.2%
Home and Vehicle Mods	458	1.4%	518	2.0%
Other	192	0.6%	102	0.4%
TOTAL	32,919		26,030	

In addition to the above expenses, a further \$154.7 million has been added to the provisions in relation to future treatment, care and support costs compared to last year. The increase compared to last year is mostly related to new provisions for accidents which occurred during 2021–22 which added \$250.5 million in new provisions and changes to assumptions which increased the expected cost of existing scheme participants by \$247.4 million. This was offset by favourable changes to the economic assumptions (i.e. inflation and risk-free discount rate), resulting in a \$343.2 million reduction to the provision for future treatment, care and support costs.

The LSS is growing, and it is expected that approximately 50 new participants will enter the Scheme each year for the next several decades. As such, the increase in total costs compared to last year is expected and is within the amount modelled by the independent actuary.

The LSA sets Key Performance Indicators which are contained in the 2021–22 Strategic Plan on a Page. These are used for the purpose of reporting on LSA’s performance to the Board and the responsible Minister as required by LSA’s Charter.

Agency objectives	Indicators (Target)	Performance
<i>Strategic Theme 1: Person-Centred Services</i>		
Participant Experience Survey – Satisfaction Rate	≥80%	Participant experience showed an 83% satisfaction rate (either ‘very satisfied’ or ‘satisfied’), which is a slight improvement compared to the previous survey (81%) and remains above the target of 80%.
Current MyPlan in place for active participants	100%	The 100% target for a current MyPlan was achieved.
<i>Strategic Theme 2: Scheme Sustainability</i>		

Funding Ratio	80-120%	The accounting funding ratio for the scheme is 93% (down from 98% as at June 2021) and remains within the Board's target range of 80% to 120%.
Investment return since inception	6.25%	The investment return since inception for the Funds SA LSS Strategy is 7.2%, which is 0.95% above the long-term investment return target of 6.25%.
Net Expense Ratio	≤12.5%	Net expense ratio is 10.3% year to date, compared to a target of 12.5%. This is primarily due to favourable LSS Levy revenue experience.
Variance to operating expense budget	≥\$0	Operating expenses (excluding treatment, care and support) are favourable compared to budget by \$292K year to date. This is primarily due to favourable service delivery expenses.
<i>Strategic Theme 3: People & Partnerships</i>		
Research Care & Innovation – Payments made after milestone completed	100%	The Research, Education and Programs (REP) KPI was also met indicating that 100% of payments have been made upon the completion of research project milestones.
Staff Engagement - Teamgagge	≥70%	Staff engagement is being reported as '75% engaged' (as reported via Teamgagge) which is above the target of 70%. Staff participation improved (77% of staff have provided feedback on average) over this period.
Performance Management – biannual reviews	100%	The LSA continues to meet the KPI relating to staff performance reviews. The last round of six-monthly performance reviews was completed throughout March 2022

Corporate performance summary

Key corporate initiatives in 2021-22 included:

- The LSA reviewed the Lifetime Support Scheme Rules (LSS Rules) across the 2021-22 Financial Year, including holding public Information Sessions, two rounds of formal community consultation using the YourSAy platform, multiple presentations to the LSA Participant Reference Group (PRG) and involving all key stakeholders. It is anticipated that the updated LSS Rules will be published early in the 2022-23 Financial Year.
- The LSA has recently launched the LSA Strategic Plan 2022 to 2026, which articulates the LSA's objectives and plans over the next 4 years. The LSA surveyed 90 stakeholders or stakeholder groups and received 33 responses, either in survey form or in meetings. This feedback was critical to the strategy outcome. The LSA received input and suggestions in relation to, changes to the Vision and Purpose statements, what the LSA does well and what can be

improved, strategic outcomes and areas of focus to 2026. The LSA Board approved the new LSA Strategy in June 2022 to take effect from 1 July.

- A 2022-2026 Research, Education and Program Strategy has been developed in wide consultation with stakeholders. The Strategy implements the LSA Strategic Theme ‘Research, Education and Programs that ultimately aim to make a positive difference for participants and the Scheme’. The 2022-23 grant round has been launched successfully with 9 research, 1 education and 8 program grants commencing in this financial year.
- In recognition of staff member Jess Ciccarello’s commitment to making a difference at the LSA, she was selected as a finalist for the Premier’s Award for Excellence in the Making a Difference – Living the South Australian Public Sector Purpose category.
- During 2021-22 the LSA engaged Deloitte as an implementation partner to assist in the replacement its primary Customer Relationship Management (CRM) system. The implementation of a new Salesforce solution is planned for Q2 2022-23 and aims to align LSA’s key business processes to the industry best practice, while delivering the benefit of a cloud platform to provide flexibility, rapid deployment and easy operation.

Agency performance management and development systems

Performance Management and development system	Performance
Learning and Development	LSA staff participate in a range of professional development activities relating to the position requirements and career development pathways including training, conferences and study assistance. On-line learning continues to augment face-to-face programs and is facilitated predominantly through the LSA’s learning management system. LSA staff also access DTF learning and development initiatives
Mandatory Training	LSA Mandatory e-learning completion is currently sitting at 99.8% compliance.
LSA Leadership and Management Development Program	18 delegates are working through or have completed the LSA’s Leadership & Management Development Program, with a new cohort to commence in 2023. This program has been customised for the LSA
Performance Review	100% of LSA staff completed biannual performance review.

Work health, safety and return to work programs

Program name	Performance
Employee Assistance Program (EAP)	LSA employees are provided with access to an independent and free counselling service through the Employee Assistance Program.
Mental Health First Aid	LSA has four trained Mental Health First Aiders. All employees are eligible to nominate for this training.
Wellbeing for Our People Program (DTF)	LSA employees have access to a range of DTF work health and safety, and wellbeing initiatives including the Wellbeing for Our People Program. Program initiatives include psychological and physical health, workplace environment as well as engagement and connection
Work Health, Safety, and Injury Management	Work Health and Safety, and Injury Management education and training is essential in developing knowledge, skills, and competence to enable our people to carry out their duties safely while at work.

Workplace injury claims	2021-22	2020-21-	% Change (+ / -)
Total new workplace injury claims	1	2	-50%
Fatalities	0	0	N/A
Seriously injured workers*	0	0	N/A
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	N/A	N/A	N/A

* number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

Work health and safety regulations	2021-22	2020-21	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	0	0	N/A
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	0	N/A

Return to work costs**	2021-22	2020-21	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$105,289	\$86,305	+22%
Income support payments – gross (\$)	\$110,829	\$44,096	+251%

***before third party recovery*

Data for previous years is available at: <https://www.lifetimesupport.sa.gov.au/about-us/governance/annual-report>

Executive employment in the agency

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. Full audited financial statements for 2021-2022 are attached to this report.

The 2021-22 comprehensive result of a \$63.7 million deficit is \$22 million higher than the budgeted deficit of \$41.7 million.

This is primarily related to investment losses of \$17.7 million realised due to adverse economic conditions, compared to budgeted investment earnings of \$87.7 million.

Total expenses for 2021-22 are \$62.4 million favourable compared to budget, primarily driven by favourable economic assumption changes which reduced the increase in LSA's provision for future participant treatment, care and support (\$154.7 million actual versus \$233.7 million budget).

Statement of Comprehensive Income	2021-22 Budget \$000s	2021-22 Actual \$000s	Variation \$000s	2020-21 Actual \$000s
Total Income	264,161	179,757	(84,404)	383,392
Total Expenses	305,863	243,495	62,368	653,426
Net Result	(41,702)	(63,738)	(22,036)	(270,034)
Total Comprehensive Result		(63,738)		(270,034)

Statement of Financial Position	2021-22 Actual \$000s	2020-21 Actual \$000s
Current assets	4,901	5,436
Non-current assets	1,271,170	1,178,879
Total assets	1,276,071	1,184,315
Current liabilities	52,623	46,115
Non-current liabilities	1,309,133	1,160,147
Total liabilities	1,361,756	1,206,262
Net assets	(85,685)	(21,947)
Equity	(85,685)	(21,947)

Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below \$10,000 each

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$ 12,100

Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment
Deloitte Consulting Pty Ltd	Salesforce implementation	\$ 482,000
Finity Consulting Pty Ltd	Actuarial services	\$ 343,083
PricewaterhouseCoopers	Internal audit services	\$ 213,420
Guy Carpenter & Company Pty Ltd	Re-insurance brokerage	\$ 90,909
Magoo Actuarial Consulting	Actuarial peer review services	\$ 42,300
Office of the Commissioner for Public Sector Employment	HR system implementation	\$ 27,560
The Catapult Effect	Service delivery model (ageing and child participants)	\$ 24,550
MLCOA South Australia	Medication audit	\$ 18,160
VUCA Pty Ltd	Board performance	\$ 17,380
Synergy IQ Pty Ltd	Leadership development program	\$ 12,117
PricewaterhouseCoopers	Salesforce pre-tender review and support	\$ 12,025
	Total	\$ 1,295,604

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$ 31,988

Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment
Hudson Global Resources (AUST)	Temporary Staff Recruitment	\$ 38,839
Randstad Pty Ltd	Temporary Staff Recruitment	\$ 27,758
Hays Specialist Recruitment	Temporary Staff Recruitment	\$ 27,217
Department of the Premier and Cabinet	Website hosting fee	\$ 16,195
	Total	\$ 141,997

Data for previous years is available at: <https://www.lifetimesupport.sa.gov.au/about-us/governance/annual-report>

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts.](#)

The website also provides details of [across government contracts.](#)

Other financial information

Under s43(5) of the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013*, if the responsible Minister, in acting under subsection (4), makes a determination that is inconsistent with the determination embodied in the Authority's report under subsection (3), the Authority must include a report on the matter in its annual report. In 2021-22 the responsible Minister made a determination that the LSS Fund Levy would increase by 2.8% from 1 July 2022, compared to LSA's recommendation of a 5.4% increase.

Risk management

Risk and audit at a glance

The LSA, as an independent statutory authority, has appropriate internal control and risk management frameworks in place. The LSA's Audit Committee is a sub-committee of the Board and meets four times a year to provide assistance to the Board on the operation and effectiveness of the LSA's accounting, control, risk management, internal and external auditing. The LSA has internal compliance, review and process assessments, monitored by the LSA Board and/or Board Committees where appropriate. The LSA management of its internal control framework is incorporated into the LSA Governance Framework. The LSA's Internal Auditor is PriceWaterhouseCoopers (PwC).

Fraud detected in the agency

No incidents of fraud or suspected fraud were reported during 2021-22.

Strategies implemented to control and prevent fraud

The LSA has a Fraud and Corruption Control Framework, Policy and Reporting Procedure, and maintains a Fraud Incident Register. The policy incorporates the obligations under the Code of Ethics for South Australian Public Sector, South Australian Public Sector Fraud and Corruption Policy, *Independent Commission Against Corruption (ICAC) Act 2012*, *Public Interest Disclosure Act 2018*, Treasurer's Instructions, *Public Sector (Honesty and Accountability) Act 1995*, the LSA Code of Conduct and Participant Service Charter and the OPI and Ombudsman Directions and Guidelines to report fraud, corruption, misconduct and maladministration in public administration they reasonably suspect of being committed by another employee to an appropriate authority at the earliest available opportunity.

The LSA Chief Executive reviews Executive Declarations on a quarterly basis, confirming that risk controls, including fraud controls, have been in place in their respective areas. Allegations of fraud, misconduct and maladministration are reported as soon as practical to the Audit Committee and Board Chairs. Quarterly updates are provided to the Audit Committee and each year the LSA provides an annual updated summary of all matters and their status.

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

Zero

Data for previous years is available at: <https://www.lifetimesupport.sa.gov.au/about-us/governance/annual-report>

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Reporting required under any other act or regulation

Act or Regulation	Requirement
Not applicable	Not applicable

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2021-22
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	-
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	5
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	-
Communication	Communication quality	Inadequate, delayed or absent communication with customer	4
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	-
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	-
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	2
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	-
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	-
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	-

Complaint categories	Sub-categories	Example	Number of Complaints 2021-22
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	-
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	1
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	-
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	-
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	1
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	19
		Total	32

Additional Metrics	Total
Number of positive feedback comments	15
Number of negative feedback comments	3
Total number of feedback comments	18
Number of complaints closed in financial year	23

Data for previous years is available at: <https://www.lifetimesupport.sa.gov.au/about-us/governance/annual-report>

Service Improvements

In 2021-2022, the LSA strengthened its approach to complaints management by identifying opportunities to improve the complaints handling framework (called the Feedback and Incident Review – FAIR Framework) and completing a formal review in January 2022.

The following are service improvement outcomes achieved:

- Streamline submission of complaints and feedback through an online mechanism (iApply) accessible on the LSA website
- Upgrade management of participant incidents and complaints within the new Salesforce system that is currently underway

In addition, the LSA has a Quality Assurance Program (QAP), which is part of the Service Delivery Quality Framework, that is delivered and reviewed regularly by its Quality and Safety team. The QAP identifies opportunities for improvement and minimise risks in the service planning process.

The LSA reports on the performance of its complaints management system to the Application and Rules Committee at each meeting.

Compliance Statement

The LSA is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	Y
The LSA has communicated the content of PC 039 and the agency’s related complaints policies and procedures to employees.	Y

Appendix: Audited financial statements 2021-22

**Lifetime Support Authority of South Australia
(LSA)**

**Financial Statements
For the year ended
30 June 2022**

Lifetime Support Authority of South Australia
Statement of Certification
For the year ended 30 June 2022

We certify that the:

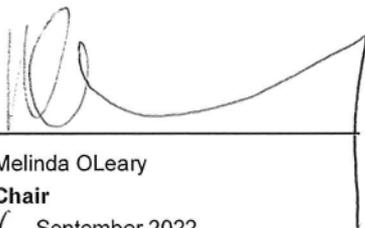
- financial statements for the Lifetime Support Authority of South Australia (LSA):
 - are in accordance with the accounts and records of the LSA; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant Australian Accounting Standards; and
 - present a true and fair view of the financial position of the LSA at the end of the financial year and the results of its operation and cash flows for the financial year.
- internal controls employed by the LSA for the financial year over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Rick Howe
Chief Executive
16 September 2022



Boris Petrovic
Director Corporate
16 September 2022



Melinda OLeary
Chair
16 September 2022

Lifetime Support Authority of South Australia
Statement of Comprehensive Income
For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Revenues from LSS Fund levy	2.1	179 650	168 514
Investment revenues	2.2	-	214 767
Other revenues		2	34
Resources received free of charge	2.3	105	77
Total income		179 757	383 392
Expenses			
Investment losses	2.2	17 724	-
Participant treatment, care and support expenses	4.1	187 657	616 792
Duty on LSS Fund levy		17 814	16 701
Reinsurance		3 000	2 916
Employee benefits expenses	3.3	11 786	9 666
Service delivery and corporate expenses	4.2	3 504	3 388
Research Education Programs		876	3 123
Other expenses		24	-
Depreciation and amortisation		1 079	813
Borrowing Costs		31	27
Total expenses		243 495	653 426
Net result		(63 738)	(270 034)
Total comprehensive result		(63 738)	(270 034)

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

Lifetime Support Authority of South Australia
Statement of Financial Position
As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	6.1	2 970	3 548
Receivables	6.2	1 931	1 888
Total current assets		4 901	5 436
Non-current assets			
Financial assets at fair value	6.3	1 268 226	1 175 950
Property, plant and equipment	5.1	2 108	2 882
Intangible assets	5.3	836	47
Total non-current assets		1 271 170	1 178 879
Total assets		1 276 071	1 184 315
Current liabilities			
Payables	7.1	6 511	5 595
Employee benefits	3.4	1 191	1 220
Financial liabilities	7.2	545	450
Provisions	7.3	44 376	38 850
Total current liabilities		52 623	46 115
Non-current liabilities			
Payables	7.1	128	124
Employee benefits	3.4	1 176	1 320
Financial liabilities	7.2	569	960
Provisions	7.3	1 307 260	1 157 743
Total non-current liabilities		1 309 133	1 160 147
Total liabilities		1 361 756	1 206 262
Net liabilities		(85 685)	(21 947)
Equity			
Retained earnings		(85 685)	(21 947)
Total equity		(85 685)	(21 947)

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

Lifetime Support Authority of South Australia
Statement of Changes in Equity
For the year ended 30 June 2022

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2020	<u>248 087</u>	<u>248 087</u>
Net result for 2020-21	<u>(270 034)</u>	<u>(270 034)</u>
Total comprehensive result for 2020-21	<u>(270 034)</u>	<u>(270 034)</u>
Balance at 30 June 2021	<u>(21 947)</u>	<u>(21 947)</u>
Net result for 2021-22	<u>(63 738)</u>	<u>(63 738)</u>
Total comprehensive result for 2021-22	<u>(63 738)</u>	<u>(63 738)</u>
Balance at 30 June 2022	<u><u>(85 685)</u></u>	<u><u>(85 685)</u></u>

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

Lifetime Support Authority of South Australia
Statement of Cash Flows
For the year ended 30 June 2022

	2022	2021
	Inflows (Outflows)	Inflows (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
LSS Fund levy	179 642	168 391
Interest received	-	4
GST recovered from the ATO	(16)	(21)
Other revenues	(18)	119
Cash generated from operating activities	179 608	168 493
Cash outflows		
Duty on LSS Fund levy	(17 718)	(16 747)
Participant treatment, care and support expenses	(31 823)	(24 843)
Employee benefits expenses	(11 560)	(9 002)
Reinsurance	(2 987)	(2 880)
Service delivery and corporate expenses	(3 560)	(3 383)
Interest paid	(31)	(27)
Research, education and programs	(1091)	(2 787)
Payments for Paid Parental Leave Scheme	(3)	(4)
Cash used in operating activities	(68 773)	(59 673)
Net cash provided by operating activities	110 835	108 820
8.1		
Cash flows from investing activities		
Cash outflows		
Purchase of property, plant and equipment	(62)	(1 232)
Purchase of intangibles	(836)	-
Purchase of investments	(110 000)	(114 501)
Cash used in investing activities	(110 898)	(115 733)
Net cash used in investing activities	(110 898)	(115 733)
Cash flows from financing activities		
Cash outflows		
Repayment of leases	(515)	(379)
Cash used in financing activities	(515)	(379)
Net cash provided by / (used in) financing activities	(515)	(379)
Net decrease in cash and cash equivalents	(578)	(7 292)
Cash and cash equivalents at the beginning of the period	3 548	10 840
Cash and cash equivalents at the end of the period	2 970	3 548
6.1		

The accompanying notes form part of these financial statements.

Lifetime Support Authority of South Australia

Notes to and forming part of the financial statements

For the year ended 30 June 2022

1. About the Lifetime Support Authority of South Australia

The Lifetime Support Authority (the LSA) is a not-for-profit government authority of the State of South Australia. The LSA does not control any other entity and has no interest in unconsolidated structure entities.

The LSA was established on 1 July 2013 under section 7 of the *Motor Vehicle Accident (Life 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.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rate at the date the transaction occurs. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out throughout the notes.

The authority is liable for fringe benefits tax (FBT) and goods and services tax (GST)

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

No provision has been made in these accounts for Income Tax Equivalent payment as the LSA has not met the required conditions in this financial year.

The authority has early adopted *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on the authority financial statements.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives

The LSS provides necessary and reasonable treatment, care and support for people who suffer very serious injuries in motor vehicle accidents on South Australian roads, regardless of fault. People who sustain injuries including spinal cord injury, brain injury, amputations or equivalent, major burns or blindness, in accordance with the LSS Rules, qualify for support. The LSS is funded by the LSS Fund levy paid on motor vehicle registrations. The LSS is governed by the 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.

1.3. Impact of COVID-19 pandemic on the LSA

The COVID-19 pandemic has not had a material impact on the operations of LSA.

1.4. Significant transactions with government related entities

Significant transactions with the SA Government include:

- The LSA is funded by the LSS Fund levy, paid on motor vehicle registrations in South Australia. During 2022 \$179.7m (2021: \$168.5m) of LSS Fund levy was collected by the Department for Infrastructure and Transport (DIT) and remitted to the LSA (refer to Statement of Comprehensive Income).
- Duty on the LSS Fund levy of \$17.8m (2021: \$16.7m) was paid to Revenue SA (refer to Statement of Comprehensive Income).
- The LSA invests with Funds SA, the South Australian Government owned corporation, which invests and manages funds of approved authorities. As at 30 June 2022, the fair value of the investment was \$1 268.2m (2021: \$1 175.9m) as set out in note 6.3. The increase of \$92.3m (2021: \$329.3m) was comprised of funds invested of \$110.0m (2021: \$114.5m) and a loss on investments of \$17.7m (2021: \$214.8m return on investments).
- The LSA has a Memorandum of Administrative Agreement (MoAA) with the Department for Health and Wellbeing (DHW) in relation to the funding for Lifetime Support Scheme participants receiving acute and non-acute services in Public Hospitals. The cost incurred under this agreement in 2022 was \$4.5m (2021: \$5.7m).

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2. Income

2.1. Revenues from LSS Fund Levy

	2022	2021
	\$'000	\$'000
Revenues from LSS Fund levy	179 650	168 514
Total revenues from LSS fund levy	179 650	168 514

The LSS Fund levy is recognised as earned on the date of receipt in the Department for Infrastructure and Transport's (DIT) Transport Regulation User Management Processing System. The gross amount is inclusive of stamp duty payable to Revenue SA.

Cash waiting to be transferred from DIT to LSA is recognised as a receivable.

2.2. Investment revenues/ (losses)

	2022	2021
	\$'000	\$'000
Interest income/(loss)	-	4
Net gain/(loss) on financial assets designated at fair value through profit or loss	(17 724)	214 763
Total investment revenues/ (losses)	(17 724)	214 767

Refer to financial assets note 6.3 for further information.

2.3. Resources received free of charge

	2022	2021
	\$'000	\$'000
Services received free of charge - Shared Services SA	105	77
Total Resources received free of charge	105	77

Contribution of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated.

The LSA receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA.

A corresponding expense is recognised in the financial statements refer note 4.2

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the LSA are the responsible Minister, the LSA Board, the Chief Executive and 3 members of the Executive Team who have responsibility for the strategic direction and management of the LSA.

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

The *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013* was committed from the Minister for Health and Wellbeing to the Treasurer on 26 May 2022. Prior to this change, the Minister for Health and Wellbeing was part of the key management personnel for the LSA.

	2022	2021
Compensation		
Short term benefits	1 284	1 123
Post-employment benefits	207	136
Total compensation	1 491	1 259

Transactions with Key Management Personnel and other related parties

LSA did not enter into any transactions with key management personnel or their close family during the reporting period.

3.2. Board and committee members

Members during the 2022 financial year were:

LSA Board

Melinda OLeary (Chair) (Appointed Chair 08/10/2021)
Arabella Branson
Juliet Brown (former Chair) (Term ended 07/10/2021)
Kevin Cantley (Appointed 8/10/2021)
Linda Matthews (Appointed 8/10/2021)
George Potter
David Russell (Appointed 8/10/2021)
Joseph Ullianich (Term ended 7/10/2021)
Kenneth Williams

Audit Committee

Kevin Cantley (Chair) (Appointed 22/10/2021)
Juliet Brown (Term ended 7/10/2021)
Melinda OLeary (Appointed 22/10/2021)
George Potter
David Russell (Appointed 22/10/2021)
Joseph Ullianich (Chair) (Term ended 7/10/2021)
Kenneth Williams (Until 21/10/2021)

Applications and Rules Committee

Arabella Branson (Chair)
Linda Matthews (Appointed 22/10/2021)
Melinda OLeary (Appointed 22/10/2021)
George Potter
Joseph Ullianich (Term ended 7/10/2021)

Finance and Investment Committee

Kenneth Williams (Chair)
Juliet Brown (Term ended 7/10/2021)
Kevin Cantley (Appointed 22/10/2021)
Melinda OLeary (Until 21/10/2021)
Linda Matthews (Appointed 22/10/2021)
David Russell (Appointed 22/10/2021)

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.2 Board and committee members (continued)

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:

	2022	2021
\$0 - \$9 999	1	-
\$20 000 - \$39 999	3	-
\$40 000 - \$59 999	4	5
\$60 000 - \$79 999	1	-
\$80 000 - \$99 999	-	1
Total number of members	9	6

The total remuneration received or receivable by members was \$379,000 (2021: \$347 000). Remuneration of members reflects all costs of performing board/committee member duties includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those it is reasonable to expect the entity would have adopted if dealing with a related party at arm's length in the same circumstance.

3.3. Employee benefits expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	7 885	7 053
Employment on-costs - superannuation	1 075	797
Annual leave	879	669
Employment on-costs - Payroll Tax	525	417
Board and committee fees	366	317
Long service leave	185	155
Targeted voluntary separation packages	195	-
Skills and experience retention leave	36	30
Other employee related expenses	640	228
Total employee benefits expenses	11 786	9 666

Employment on-costs – superannuation

The superannuation employment on-cost charge represents the LSA's contributions to superannuation plans in respect of current services of current employees. As LSA is a controlled entity of the Crown, DTF centrally recognises the superannuation liability in the whole of government statements.

Employee remuneration

The number of employees whose remuneration received or receivable falls within the following bands:

	2022	2021
\$157 001 - \$177 000	1	-
\$177 001 - \$197 000	3	2
\$277 001 - \$297 000	1	2
\$377 001 - \$397 000	1	-
Total number of employees	6	4

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflect all costs of employment including salaries and wages, payments in lieu of leave, termination payments, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax. The total remuneration received by those employees for the year was \$1 400 000 (2021: \$946 000).

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.3. Employee benefits expense (continued)

Targeted Voluntary Separation Packages (TVSPs)

The number of employees who accepted a TVSP during the reporting period was 3 (2021: nil).

	2022	2021
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted Voluntary Separation Package	195	-
Leave paid to separated employees	55	-
Net cost to LSA	250	-

3.4. Employee benefits liability

	2022	2021
	\$'000	\$'000
Current		
Accrued salaries and wages	121	374
Annual leave	822	782
Long service leave	220	41
Skills and experience retention leave	28	23
Total current employee benefits	1 191	1 220
Non-current		
Long service leave	1 176	1 320
Total non-current employee benefits	1 176	1 320
Total employee benefits	2 367	2 540

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

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.4 Employee benefits liability (continued)

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.

Long service leave liability - measurement

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

The actuarial assessment performed by the DTF has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

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 has changed from 1.25% (2021) to 3.5% (2022).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$0.256 million and employee benefits expense of \$0.256 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the DTF left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The current portion of long service leave taken reflects the authority's past experience of long service leave which is expected to continue in future.

4. Expenses

4.1. Participant treatment, care and support expenses

	2022	2021
	\$'000	\$'000
Attendant care	18 970	12 686
Hospital	4 683	5 681
Rehabilitation	5 739	4 552
Equipment	2 106	1 652
Medical treatment services	771	839
Home and vehicle modifications	458	518
Other	192	102
	32 919	26 030
Movement in the provision for participant treatment, care and support costs (refer note 7.3)	154 738	590 762
Total participant treatment care and support expenses	187 657	616 792

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

4.1. Participant treatment, care and support expenses (continued)

Participant treatment, care and support expenses

People very seriously injured in motor vehicle accidents from 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, in connection with the motor vehicle injury and in line with criteria detailed in the LSS Rules, from date of acceptance into the LSS. The costs reported represent the treatment, care and support expenses paid during 2021-22, plus the movement in the provision consisting of the actuarially assessed liabilities associated with previously accepted participants as well as new participants entering into the scheme in 2021-22.

4.2. Service delivery and corporate expenses

	2022	2021
	\$'000	\$'000
Consultants	802	1 110
Information technology	1 001	777
Service level agreement fees	538	410
Accommodation and telecommunication	248	262
Contractors and other outsourced services	132	238
Training and development	212	134
Minor works maintenance and equipment	67	73
Professional fees	117	74
General administration and consumables	95	63
Other expenses*	292	247
Total service delivery and corporate expenses	3 504	3 388

*Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$62 100 (2021: \$50 000). No other services were provided by the Auditor-General's Department.

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.

Service level agreement fees includes \$105 000 (2021: \$77 000) resources received free of charge. Refer note 2.3.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

5. Non-financial assets

5.1. Property, plant and equipment owned and leased by the authority

Reconciliation 2021-22

	Leasehold improvements	Plant and equipment	Work in Progress	Right-of-use buildings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	1 182	106	353	1 241	2 882
Acquisitions	-	-	62	-	62
Capital transfers from work in progress	415	-	(415)	-	-
Depreciation and amortisation	(486)	(33)	-	(538)	(1 057)
Transfers in/(out)	-	-	-	221	221
Carrying amount at 30 June 2022	1 111	73	-	924	2 108

Gross carrying amount

Gross carrying amount	1 893	156	-	2 124	4 173
Accumulated depreciation	(782)	(83)	-	(1 200)	(2 065)
Carrying amount at 30 June 2022	1 111	73	-	924	2 108

Lifetime Support Authority of South Australia
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5.1 Property, plant and equipment owned and leased by the authority (continued)

Reconciliation 2020-21

	Leasehold improvements	Plant and equipment	Work in Progress	Right-of-use buildings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020	-	71	667	995	1 733
Acquisitions	-	-	1 232	660	1 892
Capital transfers from work in progress	1 477	69	(1 546)	-	-
Depreciation and amortisation	(295)	(34)	-	(414)	(743)
Carrying amount at 30 June 2021	1 182	106	353	1 241	2 882
Gross carrying amount	2 174	156	353	1 904	4 587
Gross carrying amount	(992)	(50)	-	(663)	(1 705)
Accumulated depreciation					
Carrying amount at 30 June 2021	1 182	106	353	1 241	2 882

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

5.1 Property, plant and equipment owned and leased by the authority (continued)

Acquisition and recognition

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised. Items of equipment purchased for participant treatment, care and support are expensed as incurred.

Property, plant and equipment is recorded at fair value. Detail about the authority's approach to fair value is set out in note 10.1.

There were no indications of impairment for property, plant and equipment as at 30 June 2022.

For right of use assets leased by the LSA, refer to note 5.2.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Depreciation

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

Class of asset	Useful life (years)
Leasehold Improvements	Life of lease
Right-of-Use buildings	Life of lease
Internally developed computer software	5 Years
Plant and equipment	3 - 5 Years

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

5.2. Leased Property

Right of use assets leased by the LSA as lessee are measured at cost and there were no indications of impairment. Additions to right of use assets during the year were \$nil (2021: \$660 000).

The authority leases three floors for staff office accommodation in Wakefield House at 30 Wakefield Street Adelaide (part of level 1, all of level 5 and level 6) from its landlord the Department for Infrastructure and Transport. The lease terms commenced 1 July 2019 for part level 1 for 5 years, 1 January 2020 for level 5 and four and a half years and 1 July 2020 for level 6 for 4 years. All three leases have 5 year right of renewal extension options.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15 000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.2 under other expenses.

The lease liabilities and interest expenses related to the right-of-use assets are disclosed in note 7.2. The authority's maturity analysis of the lease liabilities is disclosed in note 7.2. Depreciation is disclosed at note 5.1. Cash outflows related to leases are disclosed in note 8.1.

Lifetime Support Authority of South Australia
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5.3. Intangible assets

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000. Capitalised software is amortised over 5 years.

There were no indications of impairment for intangible assets as at 30 June 2022.

Software relates to the customer management system database and consolidated reporting.

Reconciliation 2021-22

	Internally developed software \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2021	37	10	47
Acquisitions	-	836	836
Amortisation	(22)	-	(22)
Disposals	(15)	(10)	(25)
Total as at 30 June 2022	-	836	836
Gross carrying amount			
Gross carrying amount	413	836	1 249
Accumulated amortisation	(413)	-	(413)
Carrying amount at 30 June 2022	-	836	836

Reconciliation 2020-21

	Internally developed software \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2020	107	30	137
Capital work in progress transfers	-	(20)	(20)
Amortisation	(70)	-	(70)
Total as at 30 June 2021	37	10	47
Gross carrying amount			
Gross carrying amount	521	10	531
Accumulated amortisation	(484)	-	(484)
Carrying amount at 30 June 2021	37	10	47

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6. Financial assets

6.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Special deposit account		
Lifetime Support Authority Operating Account	2 970	3 548
Total cash and cash equivalents	2 970	3 548

Cash is measured at nominal amounts.

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

Special deposit accounts are interest bearing and earn a variable interest rate. From November 2020, the official interest rate for interest bearing deposit accounts changed to zero. The carrying amount of cash and cash equivalents represents fair value.

6.2. Receivables

	2022	2021
	\$'000	\$'000
Current		
Accrued revenues	1 383	1 375
Receivables	105	151
GST input tax recoverable	81	65
Prepayments	362	297
Total current receivables	1 931	1 888
Total receivables	1 931	1 888

Accrued revenue reflects the LSS Fund levy which 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 2022, but not yet received by the LSA.

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

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.

Receivables, prepayments and accrued revenues are non-interest bearing.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
For the year ended 30 June 2022

6.3. Financial assets at fair value

	2022	2021
	\$'000	\$'000
Funds SA LSA Strategy	1 268 226	1 175 950
Total financial assets at fair value	1 268 226	1 175 950

Categorisation of financial instruments and risk exposure information – refer to note 10.2

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.

The LSA's financial assets consist of investments managed by Funds SA, the South Australian Government owned corporation which invests and manages funds of approved authorities. The LSA invests in Funds SA's untaxed funds.

7. Liabilities

7.1. Payables

	2022	2021
	\$'000	\$'000
Current		
Accrued expenses	6 166	5 121
Trade payables	25	250
Employment on-costs	320	221
Paid Parental Leave Scheme payable	-	3
Total current payables	6 511	5 595
Non-current		
Employment on-costs	128	124
Total non-current payables	128	124
Total payables	6 639	5 719

Payables are measured at nominal amounts.

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged.

As a result of an actuarial assessment performed by DTF, the portion of long service leave estimated to be taken as leave has remained at 42% for 2022. The average factor for the calculation of employer superannuation on-cost has increased to 10.6% (2021: 10.1%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
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7.2. Financial liabilities

	2022	2021
	\$'000	\$'000
Current		
Lease liabilities	545	450
Total current financial liabilities	<u>545</u>	<u>450</u>
Non-current		
Lease liabilities	569	960
Total non-current financial liabilities	<u>569</u>	<u>960</u>
Total financial liabilities	<u><u>1 114</u></u>	<u><u>1 410</u></u>

A maturity analysis of financial liabilities based on undiscounted gross cash flow is reported in the table below:

	2022	2021
	\$'000	\$'000
Financial Liabilities		
1 to 3 years	1 114	1 410
Total financial liabilities (undiscounted)	<u>1 114</u>	<u>1 410</u>

The authority measures financial liabilities including borrowings/debt at amortised cost. Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. There were no defaults or breaches on any of the financial liabilities throughout the year. Borrowing costs associated with lease liability payments was \$31 000 (2021: \$27 000).

The LSA has entered into long-term leases with the DIT relating to office accommodation at 30 Wakefield Street, Adelaide, (part of level 1, all of level 5 and level 6). As at 30 June 2022, the leases have remaining terms of 2 years.

As at 30 June 2022 it is not reasonably certain that the authority will take up an option to extend the lease due to uncertainty regarding office space requirements as a result of ongoing growth in staff numbers, and ongoing considerations of alternative accommodation models which incorporate a flexible approach to working arrangements.

7.3. Provisions

	2022	2021
	\$'000	\$'000
All provisions		
Current		
Provision for participant treatment, care and support	44 147	38 800
Provision for non-resident insurers tax withheld	47	36
Provision for workers' compensation - current	182	14
Total current provisions	<u>44 376</u>	<u>38 850</u>
Non-current		
Provision for participant treatment, care and support	1 307 096	1 157 705
Provision for workers' compensation - non current	164	38
Total non-current provisions	<u>1 307 260</u>	<u>1 157 743</u>
Total provisions	<u><u>1 351 636</u></u>	<u><u>1 196 593</u></u>

Lifetime Support Authority of South Australia
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7.3. Provisions (continued)

The authority is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the authority is responsible for the management of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventative programs.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

LSA is responsible for the payment of workers compensation claims.

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision was calculated in accordance with AASB 137 as the present value of the expenditure expected to be required if the LSA settles obligations incurred as at 30 June 2022. No risk margin is included in this estimate.

	2022	2021
	\$'000	\$'000
Provision for participant treatment, care and support only		
Current		
Provision for participant treatment, care and support	44 147	38 800
Total current provisions	44 147	38 800
Non-current		
Provision for participant treatment, care and support	1 307 096	1 157 705
Total non-current provisions	1 307 096	1 157 705
Total provisions	1 351 243	1 196 505

A maturity analysis of the provision for participant treatment, care and support is reported in the table below:

	2022	2021
	\$'000	\$'000
Not later than one year	44 147	38 800
Later than one year but not later than five years	177 430	132 690
Later than five years but not later than ten years	199 248	170 795
Later than ten years	930 418	854 220
Total provisions	1 351 243	1 196 505

The LSA's provisions consist of liabilities for participant treatment, care and support expenses, valued by the LSS Actuary, Finity Consulting Pty Ltd, as at the end of the financial year.

The LSA's provisions are measured as the Net Central Estimate of the present value of the expected future payments for claims of the LSS incurred as at the date of valuation, including claims incurred but not yet reported, discounted for the time value of money, and takes into account the risks specific to the liability.

The LSA provides necessary and reasonable treatment, care and support for people who are seriously injured in motor vehicle accidents in South Australia. The provision for treatment, care and support is for all attendant care, supported accommodation, rehabilitation, hospital, specialised equipment and participant support costs for each participant whilst they remain in the LSS.

Lifetime Support Authority of South Australia
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7.3. Provisions (continued)

Movement in provision for participant treatment, care and support only

Movements in the provision for participant treatment, care and support during the financial year are set out below.

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	1 196 505	605 743
Less expected payments	(38 703)	(28 477)
Provision for new participants	250 533	178 193
Impact of Scheme Experience	(28 445)	(43 642)
Changes in actuarial assumptions due to scheme experience	56 863	3 020
Changes in other actuarial assumptions	239 636	(82 168)
Impact of Actual v Expected Inflation	18 028	2 055
Changes in Economic Assumptions	(343 174)	561 781
Carrying amount at the end of the period	1 351 243	1 196 505

The following is a summary of the key reasons for movement in the provision for participant treatment, care and support during 2022:

- The reduction in provision for expected payments during 2022 was \$38.7 million (2021: \$28.5 million).
- New participants that became eligible for the Scheme during 2022, including Incurred But Not Reported (IBNR) claims have resulted in an increase in the provision of \$250.5 million (2021: 178.2 million).
- The actual scheme experience in 2022, which includes IBNR development, the severity of injuries and age distribution of new participants, varied to actuarial modelling resulting in a reduction in provision of \$28.4 million (2021: \$43.6 million).
- A review of participant management expenses, to reflect current scheme experience, was the primary driver of the \$56.9 million provision increase during 2022 (2021: \$3.0 million).
- A review of actuarial assumptions for 2022 has resulted in an increase in provision of \$239.6 million (2021: \$82.2 million reduction). An adjustment to actuarial mortality assumptions, reflecting an increased expected life expectancy for LSS participants is the primary driver.
- A significant increase in hospital bed rates and attendant care rates have increased the provision during 2022 by \$18.0 million (2021: \$2.1 million).
- Changes to the assumed risk-free discount rates and inflation assumptions in 2022 have resulted in a decrease of \$343.2 million (2021: \$561.8 million increase) in the total provision for participant treatment, care and support.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
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7.3 Provisions (continued)

Actuarial assumptions and methods

In determining the liability for participant treatment, care and support, 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:

	<u>2022</u>	<u>2021</u>
	Years	Years
Weighted mean term		
Uninflated, undiscounted	21.80	20.60
Inflated, discounted	21.00	21.70
	<u>2022</u>	<u>2021</u>
	%	%
Equivalent single rate (all future years)		
Inflation rate	3.78	3.64
Discount rate	3.92	2.60

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 LSA 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. In 2021-22, a wages growth rate of 3.03% p.a. (2021: 2.89%) has been adopted.

Inflation also includes an allowance for superimposed inflation (that is, 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 of 0.75% per annum (2021: 0.75%) for all services plus an additional 0.5% per annum (2021: 0.5%) for medical services for participants with a brain injury
- attendant care costs to grow faster than underlying inflation due to market supply and demand for services by 0.75% per annum (2021: 0.75%).

Discount rates

The discount rate reflects the risk-free rate, which is based on the expected yield on Commonwealth Government bonds over the duration of the liabilities.

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7.3. Provisions (continued)

Sensitivity analysis for the valuation as at 30 June 2022

The liability for participant treatment, care and support represents the Net Central Estimate and is based on an actuarial assessment in accordance with Actuarial Professional Standards PS 302. The table below shows sensitivities to some of the key actuarial assumptions used in the valuation. Significant uncertainty exists in the estimate due to the long-term nature of the liability, and the ultimate liability is subject to the outcomes of events yet to occur.

These include, but are not limited to, factors such as the improvement in the injury severity of participants, mortality assumptions, levels of future treatment, care and support provided to participants and uncertainty in discount rate assumptions.

	30 June 2022 Liability \$m	Effect on Liability \$m	Percentage Effect %
Central estimate of provisions	1,351.20		
Different long term economic gap assumptions:			
a. One per cent per annum lower for all future years	1,119.10	(232.10)	-17%
b. One per cent per annum higher for all future years	1,674.30	323.10	24%
Attendant Care Assumptions:			
a. Increase in Attendant Care Hourly Rates to match NDIS	1,402.90	51.70	4%
b. Increase in Superimposed inflation to 0.75%	1,368.10	16.80	1%
c. Supported accommodation (SA) for life and increased allowance for new SA participants	1,394.80	43.60	3%
Other Assumptions:			
a. Long term economic assumptions adopted (5.75% discounting and 3% inflation)	963.10	(388.10)	-29%

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8. Other disclosures

8.1. Cash flow

	2022	2021
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	2 970	3 548
Balance as per the Statement of Cash Flows	2 970	3 548
<u>Reconciliation of net cash provided by operating activities to net result</u>		
Net cash provided by operating activities	110 835	108 820
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(1 079)	(813)
Other expenses - write off	(24)	-
Gain/(losses) on financial assets designated at fair value through profit or loss	(17 724)	214 763
<u>Movement in assets and liabilities</u>		
Increase in receivables	41	421
Increase in payables	(920)	(1 845)
Decrease / (increase) in employee benefits	176	(560)
Increase in provisions	(155 043)	(590 820)
Net result	(63 738)	(270 034)

Total cash outflows for leases was \$546 000 (2021: \$407 005)

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9. Outlook

9.1. Unrecognised contractual commitments

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

Expenditure commitments

	2022	2021
	\$'000	\$'000
Within one year	3 063	1 599
Later than one year but no longer than five years	605	993
Total expenditure commitments	3 668	2 592

9.2. Contingent assets and liabilities

The LSA is not aware of any contingent assets or contingent liabilities as at 30 June 2022.

9.3. Impact of standards and statements not yet effective

The Authority continues to assess the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* will apply from 1 July 2023. The Authority continues to assess liabilities e.g. LSL and whether or not the Authority has a substantive right to defer settlement. Where applicable, these liabilities will be classified as current.

AASB 17 Insurance Contracts

The Australian Accounting Standards Board is currently consulting on expanding the scope of AASB 17 to include Government injury insurance schemes like the LSS. If this occurs, the LSA may have to comply with AASB 17 for the reporting period beginning 1 July 2025.

Assuming AASB 17 is implemented in its current form, the LSA would likely be required to:

- hold a liability for participants arising from future accidents that occur in the time period remaining on levies already collected.
- apply risk free economics to projected cash flows
- consider adopting a risk margin above the central estimate of liabilities

Adopting AASB 17 would increase LSA's liability for participant treatment care and support (including participant management expenses) as at 30 June 2022 to \$1 650.0 million at 75% probability of adequacy. This is made up of \$1 558.4 million for participant treatment, care and support (including participant management expenses) which includes a 15% risk adjustment, as well as \$91.6 million for unexpired levy liability which includes a 20% risk adjustment.

9.4. Events after the reporting period

LSA is not aware of any after balance date events.

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10. Measurement and risk

10.1. Fair value

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

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Revaluation

Revaluation of non-current assets other than ROU assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life exceeds three years.

Revaluation is undertaken on a regular cycle. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Fair value hierarchy

The LSA classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement, 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 LSA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

All non-financial assets are classified as Level 3 for fair value measurement, using significant unobservable inputs.

Plant and equipment

All items of plant and equipment owned by the authority had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

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10.2. Financial instruments

The LSA's 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 has approved policies for managing each of these risks. The LSA's *Investment Management Framework* describes the governance framework within which the LSA's investments are managed and monitored.

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).

All LSA's financial assets, consisting of investments managed by Funds SA, and measured and recognised at fair value.

All LSA's financial assets as at 30 June 2022 were categorised as level 2 using the above fair value measurement hierarchy, which is unchanged from the 2020-21 financial year.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

The LSA measures all financial instruments, other than the financial assets measured at fair value in note 6.3, at amortised cost.

Lifetime Support Authority of South Australia
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10.2. Financial instruments (continued)

Expected credit loss

The total outstanding debt for LSA is immaterial and there is no material credit loss risk. The majority of receivables are with government entities. The expected credit loss is considered to be nil based on the external credit ratings and nature of the counterparties.

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.

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 disclosure analysis

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 (that is, 95% probability). The 95% confidence interval for one year represents the expected range of return outcomes from 25.9% (2021: 23.7%) to -11.7% (2021: -11.5%) for the LSA strategy over a one year period. The impact of these expected range of returns on profit and loss and equity is demonstrated in the table below.

Change in unit price		Impact on profit and loss		Impact on equity	
2022	2021	2022	2021	2022	2021
%	%	\$'000	\$'000	\$'000	\$'000
25.90	23.70	328 471	278 700	328 471	278 700
(11.70)	(11.50)	(148 382)	(135 234)	(148 382)	(135 234)

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 of the LSS.

The LSA has adopted for the LSS a target solvency ratio range of between 80-120%. As at 30 June 2022, the reported solvency ratio for the LSS is 93% (2021: 98%) and is within the Board's target range.