

**AUSTRALIAN CAPITAL TERRITORY  
COMPULSORY THIRD-PARTY  
INSURANCE REGULATOR (CTP  
REGULATOR)**

**STATEMENT OF INTENT**

**2014-15**

## **Australian Capital Territory Compulsory Third-Party Insurance Regulator (CTP regulator)**

The Australian Capital Territory Compulsory Third-Party Insurance Regulator (CTP regulator) is a Territory Authority established under section 14 of the *Road Transport (Third-Party Insurance) Act 2008* (CTP Act).

This Statement of Intent for 2014-15 has been prepared in accordance with section 61 of the *Financial Management Act 1996*.

The responsible Minister, the Treasurer, Mr Andrew Barr MLA, was consulted during the preparation of the Statement of Intent.

The Statement of Intent, which focuses on the 2014-15 Budget year, has been developed in the context of a four year forward planning horizon to be incorporated, as far as practicable, into the CTP regulator's strategic and business planning processes.

The CTP regulators 2014-15 Statement of Intent has been agreed between:



---

**Kathy Leigh**  
Director-General  
Chief Minister and Treasury Directorate  
CTP Regulator



---

**Andrew Barr MLA**  
Treasurer

## Contents

<b>Purpose</b> .....	<b>1</b>
<b>Nature and scope of activities</b> .....	<b>1</b>
<b>Performance measures and targets</b> .....	<b>4</b>
<b>Employment profile</b> .....	<b>6</b>
<b>Monitoring and reporting</b> .....	<b>6</b>
<b>Financial Arrangements</b> .....	<b>7</b>

## **PURPOSE**

The CTP regulator's functions are to be carried out in accordance with the objects of the CTP Act under Section 5A, which are:

- a) to continue and improve the system of compulsory third-party insurance (and the scheme of statutory insurance for uninsured and unidentified vehicles) operating in the ACT;
- b) to promote competition in setting premiums for compulsory third-party insurance policies;
- c) to keep the costs of insurance at an affordable level;
- d) to provide for the licensing and supervision of insurers providing insurance under policies of compulsory third-party insurance;
- e) to encourage the speedy resolution of personal injury claims resulting from motor accidents;
- f) to promote and encourage, as far as practicable, the rehabilitation of people who sustain personal injury because of motor accidents;
- g) to establish and keep a register of motor accident claims to help the administration of the statutory insurance scheme and the detection of fraud; and
- h) to promote measures directed at eliminating or reducing causes of motor accidents and mitigating their results.

## **NATURE AND SCOPE OF ACTIVITIES**

It is the responsibility of the CTP regulator to oversee and monitor the regulation, procedures, structure and transparency of the CTP scheme and ensure compliance with the obligations and procedures set out in the CTP Act.

The detail of the CTP regulator's functions are set out in section 14A of the CTP Act.

### **CTP Insurer Regulation and Viability of Scheme**

Key responsibilities of the CTP regulator include:

- licensing CTP insurers under Chapter 5 of the CTP Act;
- ensuring CTP insurers comply with their obligations under the CTP Act; and
- approving or rejecting CTP premium filings applied for by CTP insurers under part 2.6 of the CTP Act.

The CTP regulator may issue CTP guidelines in support of its regulation activities.

CTP premium filings are required to be submitted at least annually unless a longer period is permitted by the CTP regulator. A premium filing is a report provided by a CTP insurer to the CTP regulator containing a range of information in support of its annual CTP premium. The CTP insurance scheme actuary assesses the filing to ensure that the premium fully funds the insurer's present and likely future liability under the CTP Act and is not excessive.

CTP premium filings lodged with the CTP regulator are reviewed by the scheme's actuary in accordance with the CTP Act and Premium Guidelines. The Premium Guidelines became effective on 12 July 2013. The CTP regulator is currently reviewing the Premium Guidelines to provide greater clarity to all insurers and to provide guidance around how to factor the impact of the introduction of the *Lifetime Care and Support (Catastrophic Injuries) Act 2014* from 1 July 2014 into the premium filings. These changes will apply to premium filings in the 2014-15 financial year.

The CTP regulator publishes a list of the applicable CTP premiums for all vehicle classes on the CTP website at <http://www.treasury.act.gov.au/compulsorytpi/Premiums.shtml>.

### **An efficient, effective and affordable CTP scheme**

An efficient, effective and affordable CTP scheme is considered to:

- facilitate the early resolution of claims;
- effectively rehabilitate claimants;
- ensure claims costs are reasonable and fair;
- compensate claimants appropriately; and
- provide affordable CTP premiums.

The introduction of competition to the ACT CTP insurance scheme beginning on 1 July 2013 successfully introduced a choice of providers and insurance products for motorists.

The CTP regulator monitors the efficiency and effectiveness of the CTP scheme's performance against the objectives of the CTP Act and provides advice to the Government on potential improvements.

The CTP regulator will meet regularly with the Insurance Council of Australia and the CTP insurers operating in the ACT to discuss topical issues. This assists the CTP regulator to refine and improve the operation of the ACT CTP scheme.

In addition, the CTP regulator receives feedback from the community regarding the CTP scheme through Canberra Connect, direct enquiries (both oral and written correspondence) and through the feedback link on the CTP website at <http://www.treasury.act.gov.au/compulsorytpi/CTPFeedback.shtml>.

The CTP regulator also participates in the inter-directorate Road Safety Task Force so that it is aware of the latest road safety strategies and how this dovetails with the ACT's *Road Safety Action Plan 2014-17* and *Road Safety Strategy 2011-20*. Based on this information the CTP regulator funds road safety initiatives to promote public awareness of the causes of motor accidents, with the aim of reducing motor vehicle accidents. A reduction in accidents assists in lowering CTP premiums.

### **Maintaining claims statistics for the CTP scheme**

The CTP regulator's Personal Injury Register (PIR) database went live from 12 April 2011. As claims data are progressively added to the PIR, this will allow data, scheme statistics and

trends to be interrogated and analysed. Data on the scheme's performance since 1 October 2008 is available.

### **REGULATOR'S PRIORITIES FOR 2014-15**

- establishing a framework to support increased competition;
- enhancing the policy and procedures of CTP insurance for vehicles in the ACT in conjunction with insurers; and
- promoting public awareness of the causes of motor accidents through funding measures directed at reducing motor vehicle accidents.

### **RISKS**

There are a number of risks for the CTP regulator including operational, financial, legal and reputational. In establishing the CTP regulator as a reputable and robust regulator of CTP in the ACT, independent of the Government, the biggest risk in the preliminary years is reputational. In this respect, developing the skills, understanding and capacity of the CTP regulator is critical and the experience and guidelines of regulators and CTP administrators in other jurisdictions provides useful guidance.

Other risks include funding for the CTP regulator's activities. A nominal levy is collected from every registration policy to fund and support the continued effective functioning of the CTP regulator.

The CTP regulator's revenues are thus dependent upon the number of registrations renewed. Higher revenues will be collected if there is a higher propensity of motorists to renew their registrations on a short term basis (3, 6 or 9 months) rather than a yearly basis. A move to yearly registration by individuals would see a fall in revenues received. The levy has been retained at \$1.00 per policy since 1 May 2013 given the current mix of short and longer term registrations is adequately funding the requirements of the CTP regulator.

The CTP regulator has developed and implemented a risk management plan to identify and address risks and continues to review and update this plan in line with identified issues.

## PERFORMANCE MEASURES AND TARGETS

### Key Performance Indicators for 2014-15 to 2017-18

Objective	Performance Indicator	Target Measure 2014-15	Target Measure 2015-16	Target Measure 2016-17	Target Measure 2017-18
<b>Insurer regulation and viability of scheme</b>	CTP premiums are approved in accordance with the Road Transport (Third-Party Insurance) Act 2008.	Review annual CTP premium filings			
	The scheme is fully funded.	Actuarial review of premium filing applications by 30/06/2015	Actuarial review of premium filing applications by 30/06/2016	Actuarial review of premium filing applications by 30/06/2017	Actuarial review of premium filing applications by 30/06/2018
	Make guidelines under the Act.	Monitor and revise premium guidelines and early payment guidelines by 30/06/2015 as necessary	Monitor and revise premium guidelines and early payment guidelines by 30/06/2016 as necessary	Monitor and revise premium guidelines and early payment guidelines by 30/06/2017 as necessary	Monitor and revise premium guidelines and early payment guidelines by 30/06/2018 as necessary
<b>An efficient, effective and affordable CTP scheme</b>	To continue to refine the system of CTP insurance for vehicles in the ACT in conjunction with insurers.	Participation at industry Council of Australia meetings			
	Promote public awareness of the causes of motor accidents through funding measures directed at reducing causes of motor vehicle accidents	Contributing to road safety strategies consistent with the CTP regulator's function to promote public awareness of the causes of motor accidents	Contributing to road safety strategies consistent with the CTP regulator's function to promote public awareness of the causes of motor accidents	Contributing to road safety strategies consistent with the CTP regulator's function to promote public awareness of the causes of motor accidents	Contributing to road safety strategies consistent with the CTP regulator's function to promote public awareness of the causes of motor accidents
<b>Customer service</b>	Complaints handling within 10 working days of receipt of the complaint <sup>1</sup>	85% compliance	85% compliance	85% compliance	85% compliance

<sup>1</sup> Responses to complaints within 10 working days of receipt of the complaint apply in cases where no other directorate is involved. Also refers to written correspondence only, not phone calls.

**Table Assessment of performance against 2013-14 objectives**

<b>Objective</b>	<b>Performance Indicator</b>	<b>Target Measures 2013-14</b>	<b>Estimated Performance</b>
<b>Insurer regulation</b>	CTP premiums are approved in accordance with the Road Transport (Third-Party Insurance) Act 2008.	Review annual CTP premium filings.	Premium filings were received from AAMI, GIO and APIA in July 2013. Premium submissions were assessed and approved in accordance with the Act. NRMA has been granted a premium filing extension until November 2014.
	Insurer's obligations under the Act are complied with. Industry deed.	Monitor and report by 30/06/2014. Monitor the operation of the deed during 2013-14.	No issues of non-compliance were identified. The Industry Deed was developed and agreed by insurers and was consequently signed by all insurers by September 2013.
<b>Viable CTP scheme</b>	The scheme is fully funded.	Actuarial review of premium filing applications by 30/06/2014.	An actuarial assessment was conducted to ensure each premium submission received from insurers would meet the fully funded test. As NRMA will not be submitting a premium application in the 2013-14 financial year, an independent actuarial assessment of NRMA's books has been requested by the CTP regulator to ensure the scheme remains fully funded.
	Assess satisfaction of claimants with insurers, medical professionals and lawyers.	Identify a 10% cohort of claimants, and review their satisfaction through a survey.	A risk analysis of the wording contained in the privacy statement of the CTP claim forms determined that conducting these assessments could potentially put the CTP regulator in breach of privacy laws. Hence assessments were not commenced and the performance indicator has been removed for 2014-15 and future years.
<b>Robust governance</b>	Make guidelines under the Act.	Implement new guidelines as required. Monitor the effectiveness of existing guidelines.	No revisions to the premium guidelines or early payment guidelines were required.
	Complaints handling within 10 working days of receipt of the complaint (if no other Directorate involved).	85% compliance.	For the period July 2013-April 2014, there has been 92% compliance with this performance indicator, provided further information was not required from another directorate.

## **EMPLOYMENT PROFILE**

Section 14 of the CTP Act defines the CTP regulator as the Director-General of the Chief Minister and Treasury Directorate (CMTD). Roles and responsibilities have been delegated by the CTP regulator to officers from CMTD. The CTP regulator does not employ staff. The Financial Framework Management and Insurance (FFMI) Branch of the Economic and Financial Group provides a supporting role to the CTP regulator by providing a number of staff to carry out the CTP regulator's functions. The CTP regulator reimburses the FFMI Branch for the salary and superannuation expenses associated with the FTE staff allocated to carrying out the CTP regulator's functions.

## **MONITORING AND REPORTING**

The CTP regulator shall satisfy the requirements of the Chief Minister's Annual Reports Directions. The CTP regulator's Annual Report will, amongst other things, report against the requirements of this Statement of Intent.

The *Financial Management Act 1996* authorises the Treasurer to obtain financial and other statements from the CTP regulator for a stated period including annual, quarterly and monthly reporting.

### **QUARTERLY REPORTING**

To enable consolidated whole of Government reporting requirements to be met on a quarterly basis, the CTP regulator will ensure the availability to the Treasurer, through the Chief Minister and Treasury Directorate (by the eighth working day of each quarter), information, in the prescribed form and detail, in respect of the previous quarter:

- a) Operating Statement;
- b) Balance Sheet;
- c) Statement of Changes in Equity;
- d) Cash Flow Statement;
- e) Operating Statement material variance explanations against seasonal budget provided by the Authority (by the eighth working day of each quarter);
- f) Status Report to supplement performance reporting to the Assembly and provide stakeholders with a summary on progress against budget highlights, significant initiatives and major projects (by the tenth working day of each quarter); and
- g) Management Discussion and Analysis of the CTP regulator results to date, forecast results and related issues that may impact on the financial condition of the Authority (by the tenth working day of each quarter).

### **MONTHLY REPORTING**

In addition to the quarterly information required as identified above, on a monthly basis the Authority will ensure the availability to the Treasurer through the Chief Minister and

Treasury Directorate (by the eighth working day of each month) the financial statements, in the prescribed form and required detail, in respect of the previous calendar month.

### **ANNUAL REPORTING**

As part of preparations for end of year reporting the Chief Minister and Treasury Directorate will advise the dates when the following documents are required at the Chief Minister and Treasury Directorate and at the Auditor-General's Office:

- a) Certified financial statements;
- b) Management discussion and analysis;
- c) A full and accurate set of audited financial records for the preceding financial year in the form requested; and
- d) Consolidation packs relating to the annual financial statements, draft and final.

### **FINANCIAL ARRANGEMENTS**

From 1 May 2013 the levy increased to \$1.00 per CTP policy. This levy increase covers the costs of the operations of the CTP regulator, including costs associated with necessary actuarial advice.

### **FINANCIAL STATEMENTS**

Budgeted financial statements for the 2014-15 Budget year, as well as forward estimates for the three financial years commencing 2015-16 appear below. These general purpose financial statements have been prepared in accordance with the ACT's Model Financial Statements and include:

- a) Operating Statement;
- b) Balance Sheet;
- c) Statement of Changes in Equity;
- d) Cash Flow Statement; and
- e) Notes to the Financial Statements as appropriate.

## FINANCIAL STATEMENTS

Table 1: ACT Compulsory Third-Party Insurance Regulator: Operating Statement

2013-14 Budget	Account	2013-14 Est.Outcome	2014-15 Budget	Var	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
\$'000		\$'000	\$'000	%	\$'000	\$'000	\$'000
	<b>Revenue</b>						
256	Taxes, Fees and Fines	468	475	1	481	488	495
0	Interest	17	17	-	17	18	18
<b>256</b>	<b>Total Revenue</b>	<b>485</b>	<b>492</b>	<b>1</b>	<b>498</b>	<b>506</b>	<b>513</b>
	<b>Expenses</b>						
0	Employee Expenses	152	152	-	156	159	165
256	Supplies and Services	162	285	76	244	207	215
0	Other Expenses	64	75	17	98	140	133
<b>256</b>	<b>Total Expenses</b>	<b>378</b>	<b>512</b>	<b>35</b>	<b>498</b>	<b>506</b>	<b>513</b>
<b>0</b>	<b>Operating Result</b>	<b>107</b>	<b>-20</b>	<b>-119</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>Total Comprehensive Income</b>	<b>107</b>	<b>-20</b>	<b>-119</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 2: ACT Compulsory Third-Party Insurance Regulator: Balance Sheet

Budget as at 30/6/14 \$'000	Account	Est. Outcome as at 30/6/14 \$'000	Budget as at 30/6/15 \$'000	Var	Estimate as at 30/6/16 \$'000	Estimate as at 30/6/17 \$'000	Estimate as at 30/6/18 \$'000
	<b>Current Assets</b>						
20	Cash and Cash	275	255	-7	255	255	255
	<b>Equivalents</b>						
16	Receivables	45	45	-	45	45	45
36	<b>Total Current Assets</b>	<b>320</b>	<b>300</b>	<b>-6</b>	<b>300</b>	<b>300</b>	<b>300</b>
<b>36</b>	<b>TOTAL ASSETS</b>	<b>320</b>	<b>300</b>	<b>-6</b>	<b>300</b>	<b>300</b>	<b>300</b>
	<b>Current Liabilities</b>						
55	Payables	70	70	-	70	70	70
55	<b>Total Current Liabilities</b>	<b>70</b>	<b>70</b>	<b>-</b>	<b>70</b>	<b>70</b>	<b>70</b>
55	<b>TOTAL LIABILITIES</b>	<b>70</b>	<b>70</b>	<b>-</b>	<b>70</b>	<b>70</b>	<b>70</b>
<b>-19</b>	<b>NET ASSETS</b>	<b>250</b>	<b>230</b>	<b>-8</b>	<b>230</b>	<b>230</b>	<b>230</b>
	<b>REPRESENTED BY FUNDS EMPLOYED</b>						
-19	Accumulated Funds	250	230	-8	230	230	230
<b>-19</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>250</b>	<b>230</b>	<b>-8</b>	<b>230</b>	<b>230</b>	<b>230</b>

**Table 3: ACT Compulsory Third-Party Insurance Regulator: Statement of Changes in Equity**

Budget as at 30/6/14 \$'000	Account	Est. Outcome as at 30/6/14 \$'000	Budget as at 30/6/15 \$'000	Var	Estimate as at 30/6/16 \$'000	Estimate as at 30/6/17 \$'000	Estimate as at 30/6/18 \$'000
-19	<b>Opening Equity</b>						
	Opening Accumulated Funds	143	250	75	230	230	230
-19	<b>Balance at the Start of the Reporting Period</b>	143	250	75	230	230	230
0	<b>Comprehensive Income</b>						
	Operating Result for the Period	107	-20	-119	0	0	0
0	<b>Total Comprehensive Income</b>	107	-20	-119	0	0	0
0	<b>Total Movement in Reserves</b>	0	0	-	0	0	0
-19	<b>Closing Equity</b>						
	Closing Accumulated Funds	250	230	-8	230	230	230
-19	<b>Balance at the End of the Reporting Period</b>	250	230	-8	230	230	230

**Table 4: ACT Compulsory Third-Party Insurance Regulator: Cash Flow Statement**

2013-14 Budget \$'000	Account	2013-14 Est. Outcome \$'000	2014-15 Budget \$'000	Vari %	2015-16 Estimate \$'000	2016-17 Estimate \$'000	2017-18 Estimate \$'000
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
256	Taxes, Fees and Fines	468	475	1	481	488	495
1	User Charges	0	0	-	0	0	0
0	Interest Received	17	17	-	17	18	18
257	<b>Operating Receipts</b>	485	492	1	498	506	513
	<b>Payments</b>						
0	Related to Employees	152	152	-	156	159	165
256	Related to Supplies and Services	162	285	76	244	207	215
0	Other	64	75	17	98	140	133
256	<b>Operating Payments</b>	378	512	35	498	506	513
1	<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	107	-20	-119	0	0	0
1	<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	107	-20	-119	0	0	0
19	<b>CASH AT THE BEGINNING OF REPORTING PERIOD</b>	168	275	64	255	255	255
20	<b>CASH AT THE END OF REPORTING PERIOD</b>	275	255	-7	255	255	255

## **NOTES TO THE FINANCIAL STATEMENTS**

Significant variations are as follows:

### **Operating Statement**

- Taxes, Fees and Fines:
  - the increase of \$0.212 million in the 2013-14 estimated outcome from the original budget arises from a higher incidence of short term vehicle registrations in the financial year. The levy applies per vehicle registration.
- Supplies and Services:
  - the increase of \$0.123 million in the 2014-15 budget from the 2013-14 estimated outcome predominately relates to an increase in actuarial, information technology and arbitration costs.

### **Balance Sheet**

There are no significant variations in the Balance Sheet.

### **Statement of Changes in Equity**

There are no significant variations in the Statement of Changes in Equity.

### **Cash Flow Statement**

Variations in the statement are explained in the notes above.