

ACT Insurance Authority

Statement of Intent

2015-16

ACT Insurance Authority

The ACT Insurance Authority (the Authority) is a Territory Authority established under the *Insurance Authority Act 2005*.

This Statement of Intent for 2015-16 has been prepared in accordance with Section 61 of the *Financial Management Act 1996*.

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

The Statement of Intent, which focuses on the 2015-16 Budget year, has been developed in the context of a four year forward planning horizon to be incorporated, as far as practicable, into the Authority's strategic and business planning processes.

The Authority's 2015-16 Statement of Intent has been agreed between:

David Nicol
Under Treasurer

Andrew Barr MLA
Chief Minister & Treasurer

John Fletcher
General Manager

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Purpose

The Organisation

The Australian Capital Territory Insurance Authority (the Authority) is established under Section 7 of the *ACT Insurance Authority Act 2005*.

The Act establishes the Authority as the ACT Government's captive insurer providing advice to the Minister about insurance and the management of Territory risks.

The Authority works to protect the assets and services of the Territory by providing risk management support and insurance services to all ACT Government Directorates and Statutory Authorities: we meet the insurable claims and losses of ACT Government agencies.

The portfolio represents just over \$23 billion of insured assets, with forecast annual premium revenue in 2015-16 of \$56.9 million and \$354.4 million in investments and other assets.

The Authority reports to the Treasurer through the Under Treasurer, Chief Minister, Treasury and Economic Development Directorate and is financed through risk-based premiums that reflect the asset holdings and liability risks faced by each agency.

Principal Objectives

The objectives of the Authority are to:

- carry out the business of insurer of Territory risks;
- take out insurance of Territory risks with other entities;
- satisfy or settle claims in relation to Territory risks;
- with the Treasurer's approval take action, for the realising, enforcing, assigning or extinguishing rights against third parties arising out of or in relation to its business, including, for example:
 - taking possession of, dealing with or disposing of, property; or
 - carrying on a third party's business as a going concern;
- develop and promote good practices for the management of Territory risks;
- give advice to the Treasurer about insurance and the management of Territory risks;
- carry out the role of the Nominal Defendant of the ACT; and
- administer, on behalf of and under agreement with the Chief Minister, Treasury and Economic Development Directorate, the Default Insurance Fund.

Functions

The functions of the Authority are specified in Section 8 of the *ACT Insurance Authority Act 2005* and include:

- carry on the business of insurer of Territory risks;
- insuring of Territory risks with other entities;
- managing claims in relation to Territory risks;
- promoting good risk management practices; and
- giving advice to the Minister about insurance and the management of Territory risks.

The Authority's operational model is focused on satisfying these objectives and functions by taking a leadership role to reduce the total cost of risk to the Territory and individual agencies.

This focus leverages on the integration of core functions as the:

- Insurer and reinsurer of Territory risks;
- Manager of claims;
- Risk management advisor to Government; and
- Insurance advisor to Government.

Clients

The Authority provides advice to the Minister about insurance and management of Territory risks.

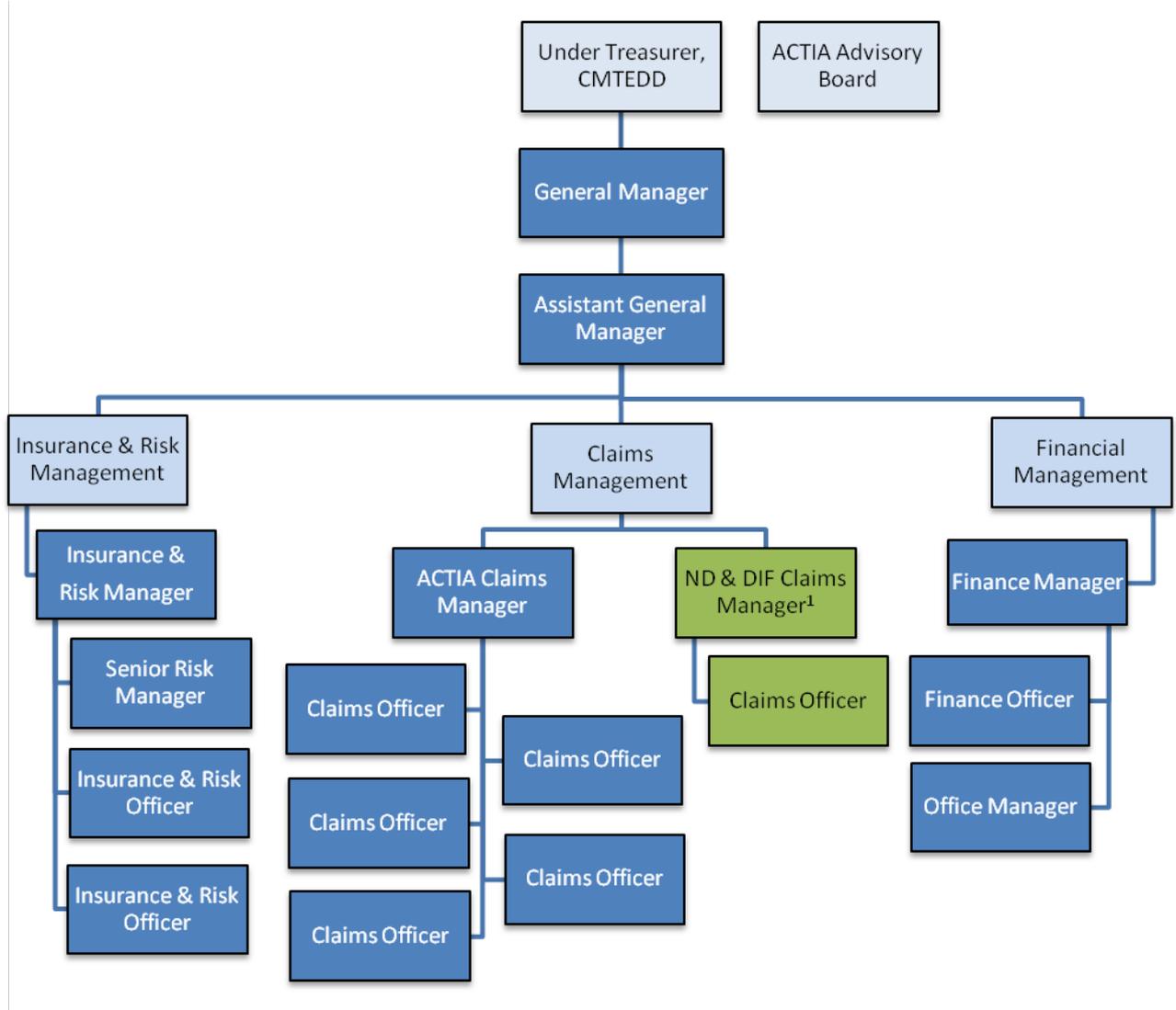
The Authority insures all ACT Government Directorates and Statutory Authorities. The core services provided to Directorates are insurance via indemnity agreements, claims and risk management services.

The insurance coverage provided is broad form cover that includes:

- public liability;
- medical malpractice;
- professional indemnity;
- property damage; and
- others including standing timber, specialised motor, overseas travel, directors and officers and financial crime.

Organisational Structure

The management structure of the Authority consists of 15 positions, structured as follows:



¹The Default Insurance Fund (DIF) for private Workers' Compensation is managed by ACTIA under a Memorandum of Understanding with the Chief Minister, Treasury and Economic Development Directorate. In addition, the Nominal Defendant Fund (ND) for the ACT is also managed by ACTIA fund management staff

Nature and scope of activities

The key strategies that the Authority intends to employ in achieving its objectives are to:

- provide professional advice to Government and Territory agencies on insurance and risk management issues;
- deliver a value for money reinsurance program to protect the Territory budget;
- continue to maximise reinsurance recoveries;
- review the Territory asset register as part of the insurance renewal process;
- develop business practices which will enable the Authority to achieve best practice results, and if feasible, reduced premiums for clients;
- proactively manage claims against the Territory in consultation with agency stakeholders and in accordance with the ACT model litigant requirements;
- conduct regular reviews of existing claims to ensure that appropriate management is being applied and that realistic claim estimates are included in financial statements;
- facilitate agency access to the claims reporting and data analysis to support a risk managed approach to operational and asset management;
- continue to assist agencies with the application of the ACT Government Risk Management Framework;
- work with agencies to reduce the number and severity of incidents and ultimate claims cost;
- deliver to agencies a program of general and targeted risk management training;
- administer the Office of the Nominal Defendant of the ACT; and
- administer the Default Insurance Fund on behalf of the Chief Minister, Treasury and Economic Development Directorate.

Business Priorities 2015-16

Strategic and operational issues to be pursued in 2015-16 include:

- implementing a program of reinsurance to protect the Territory budget based on an appropriate balance between risk transferred and risk retained;
- proactively managing claims against the Territory in consultation with agency stakeholders and in accordance with the ACT model litigant requirements;
- conducting regular reviews of existing claims to ensure that appropriate management is being applied and that realistic claim estimates are included in financial statements;

- facilitating agency access to the claims reporting and data analysis to support the risk managed approach to operational and asset management;
- delivering a program of general and targeted risk management training programmes for Territory agencies;
- implementing the outcome of the risk management and insurance services function review;
- conducting a review of ACTIA information management systems with a view to the development of an ICT strategic management plan; and
- delivering an upgrade of ACTIA office accommodation to meet modern office standards.

The Authority has developed and implemented a risk management plan in accordance with the Australian/New Zealand Standard on risk management AS/NZS ISO 31000:2009 and the ACT Government's Risk Management Framework. The Authority's plan identifies and details risks and control measures and treatment action plans for risks in the financial, business and information technology dependencies.

The Authority's two key risks are external insurance arrangements being unsatisfactory and annual premiums not geared to fully fund claims over the claim development period. In order to manage these risks the Authority uses skilled international brokers to access the world wide reinsurance market and actuaries who provide premium advice that align premiums with forecast claim costs.

Performance measures and targets

Key Performance Indicators for 2015-16 to 2018-19

The below Key Performance Indicators should be read in conjunction with the accompanying notes below.

Objective	Key Performance Indicator	Planned 2015-16	Planned 2016-17	Planned 2017-18	Planned 2018-19
Carry out the business of insurer of Territory risks	(a) Results from an annual customer satisfaction survey:				
	- Overall customer satisfaction with insurance management services	> 90%	> 90%	> 90%	> 90%
	- Overall customer satisfaction of Claims Management	> 80%	> 80%	> 80%	> 80%
	- Overall customer satisfaction of Annual Insurance Renewal	> 80%	> 80%	> 80%	> 80%
	- Overall customer satisfaction of Financial Management Services	> 90%	> 90%	> 90%	> 90%
	(b) Determine annual insurance premiums for Territory agencies that allow full funding of claim costs and associated expenses	Annual premium determination completed			
	(c) Maintain the ACTIA Funding Ratio within the targeted range of 100%-110% as outlined in the ACTIA Capital Management Plan	111%	109%	107%	105%
(d) General and administrative expense as a percentage of total Annual Premium revenue	5%	5%	5%	5%	
(e) The average number of days to reimburse agencies settlements from the day all required documents are received from the agency	30 days	30 days	30 days	30 days	
(f) Review the Territory's insurance and reinsurance programs to ensure they are appropriate for its needs	Annual review completed	Annual review completed	Annual review completed	Annual review completed	

Objective	Key Performance Indicator	Planned 2015-16	Planned 2016-17	Planned 2017-18	Planned 2018-19
Take out insurance of Territory risks with other entities	(g) Review the Territory property assets register to ensure that values provided by agencies reflect insurance replacement costs	Annual review completed	Annual review completed	Annual review completed	Annual review completed
	(h) Facilitate the implementation by Territory agencies of agreed recommendations from reinsurer's Property Asset Management Surveys	> 90% completed	> 90% completed	> 90% completed	> 90% completed
	(i) Hold quarterly reviews of all liability and medical malpractice claims to assess the claim management strategy and reserve for matters where the Territory's liability may exceed \$100,000 for Public Liability and exceeds \$250,000 for Medical Malpractice	Quarterly claims review meetings held			
Satisfy or settle claims in relation to Territory risks	(j) Insurance claims data: <u>Property & Motor</u> Discounted Mean Term (for Outstanding Claims)	0.66 Years	0.64 Years	0.64 Years	0.63 Years
	Ultimate Claim Numbers	58	58	58	58
	Average Small Claim (<\$1 m) Settlement Size	\$58,935	\$61,293	\$63,745	\$66,294
	<u>Public Liability</u> Discounted Mean Term (for Outstanding Claims)	5.01 Years	4.92 Years	4.83 Years	4.76 Years
	Ultimate Claim Numbers	123	126	128	131
	Average Small Claim (<\$1 m) Settlement Size	\$87,348	\$90,842	\$84,476	\$98,255
	Average Large Claim (≥\$1 m) Settlement Size	\$3,318,601	\$3,451,345	\$3,589,399	\$3,732,975
	<u>Medical Malpractice</u> Discounted Mean Term (for Outstanding Claims)	6.59 Years	6.47 Years	6.36 Years	6.27 Years
	Ultimate Claim Numbers	95	100	105	110
	Average Small Claim (<\$1 m) Settlement Size	\$300,000	\$312,000	\$324,480	\$337,459
	Average Large Claim (≥\$1 m) Settlement Size	\$5,000,000	\$5,200,000	\$5,408,000	\$5,624,320

Objective	Key Performance Indicator	Planned 2015-16	Planned 2016-17	Planned 2017-18	Planned 2018-19
Develop and promote good practices for the management of Territory risks	(k) Provide Risk Profile Reports to assist agencies by profiling and measuring their risk management progress	Bi-annual reports provided to agencies			
	(l) Deliver a program of general and targeted risk management training courses to Territory agencies				
	- Introduction to whole of Government Risk Management	7	10	10	10
	- Managing Risks in Events	2	0	0	0
	- Managing Risk in Projects	3	2	0	2
	(m) Overall participant satisfaction with introduction to risk management training sessions delivered to Agency staff members	> 90%	> 90%	> 90%	> 90%
	(n) Conduct Risk Management Performance and Improvement Reviews	4 Agencies	4 Agencies	4 Agencies	4 Agencies
Give advice to the Minister about insurance and the management of Territory Risk	(o) Provide briefing material on the agency Annual Insurance Premiums	Brief provided to Minister			
	(p) Provide briefing material on the Reinsurance Program	Brief provided to Minister			
	(q) Provide briefing material on the Authority's Annual Report	Brief provided to Minister			

Notes:

- a. Surveys are sent to the Directors-General and Chief Executive Officer's of all ACT Government Directorates and Statutory Authorities insured by ACTIA. Respondents are asked to rate performance against the ACTIA Customer Service Charter that details what agencies can expect when doing business with ACTIA.
- b. ACTIA completes an annual review of agency insurance premiums, with assistance from the fund actuary, PricewaterhouseCoopers Actuarial Pty Ltd. Premiums are determined based on agency claims history, asset ownership and risk profile.
- c. ACTIA has a funding target ratio as outlined in the ACTIA capital management plan of 100-110%. A funding ratio outside this range requires consideration of corrective action as per the agreed capital management plan.
- d. ACTIA general and administrative expenses as a percentage of Annual Premium revenue are measured against the Authority's average.
- e. ACTIA processes payments to insured Agencies as a priority. The number of days to reimburse agencies is measured from the date all required documentation is received and the date payment is made.
- f. ACTIA completes an annual review of the Territory's insurance arrangements. This includes a review of the Territory's reinsurance program structure, an analysis of market conditions and the suitability of policy terms and conditions.
- g. ACTIA completes a review of the replacement values detailed in the Territory's asset schedule as part of the property reinsurance renewal.
- h. An Annual Property Survey Program is undertaken by the Authority's reinsurers. Agreed recommendations are implemented by Territory agencies.
- i. Quarterly claims review meetings are held to review all claims with a reserve exceeding \$100,000 for public liability and exceeding \$250,000 for medical malpractice. Meetings are attended by representatives of the Government Solicitor's Office, ACTIA's insurance brokers, Marsh Pty Ltd, as well as external insurers and their solicitors.
- j. Ultimate insurance claims data is provided by the Authority's actuary, PricewaterhouseCoopers Actuarial Pty Ltd at the end of each financial year. The data displays an actuarial assessment of the mean time to finalise claims, ultimate claims numbers, and the average cost of large and small claims. The forward estimates include general actuarial assumptions of growth, for example, population and price indexation.
- k. Risk Profile Reports are provided to Directorates and the reports contain a detailed claims history, claims costs and provide a commentary on issues or trends, where identified, across classes of insurance. The reports also included suggested risk management actions for information and action. The reports are provided biannually.
- l. ACTIA delivers a program of risk management training courses that canvassed general introductory and intermediate level risk management and topic specific training sessions in the modification and use of risk management software tailored to meet agency requirements.
- m. ACTIA delivers introduction to risk management training courses where attendees are given feedback forms to complete.
- n. ACTIA conducts risk management performance reviews to measure the level of risk management maturity within Directorates and their associated Divisions or Business Units.
- o. ACTIA prepares a brief for decision by the Minister each year seeking agreement to premiums for inclusion in the ACTIA budget.
- p. ACTIA prepares a brief for decision by the Minister each year seeking agreement to proceed with renewal of the Territory's reinsurance program on the best available terms in the London and Australian insurance markets for the following insurance year.
- q. ACTIA prepares a brief for information to the Minister each year on the ACTIA Annual Report.

Note: ACTIA Performance Indicators for 2015-16 have been modified as per the following tables:

New Performance Indicators 2015-16	
2014-15 Indicator	2015-16 Indicator
N/A	Provide briefing material on the agency Annual Insurance Premiums
N/A	Provide briefing material on the Reinsurance Program
N/A	Provide briefing material on the Authority's Annual Report

Amended Performance Indicators	
The table below is a comparison between the 2014-15 description and the 2015-16 amendments	
2014-15 Indicator	2015-16 Indicator
Hold quarterly reviews of all liability and medical malpractice claims to assess the claim management strategy and reserve for matters where the Territory's liability may exceed \$100,000	Hold quarterly reviews of all liability and medical malpractice claims to assess the claim management strategy and reserve for matters where the Territory's liability may exceed \$100,000 for Public Liability and exceeds \$250,000 for Medical Malpractice

Assessment of performance against 2014-15 objectives

Objective	Indicator	Planned 2014-15	Est. Outcome 2014-15	Explanation of Variance
Carry out the business of insurer of Territory risks	Results from an annual customer satisfaction survey:			
	- Overall customer satisfaction with insurance management services	> 90%	> 90%	Nil
	- Overall customer satisfaction of Claims Management	> 80%	> 80%	Nil
	- Overall customer satisfaction of Annual Insurance Renewal	>80%	> 80%	Nil
	- Overall customer satisfaction of Financial Management Services	>90%	> 90%	Nil
	Determine annual insurance premiums for Territory agencies that allow full funding of claim costs and associated expenses	Annual premium determination completed	Annual premium determination completed	Completed
	Maintain the ACTIA Funding Ratio within the targeted range stated in the ACTIA Capital Management Plan	100%-110%	139%	The outcome is consistent with the ACTIA Capital Management Plan
General and administrative expense as a percentage of total annual premium revenue	5%	5%	Nil	
The average number of days to reimburse agencies settlements from the day all required documents are received from the agency	30 days	20 days	Agency payments are processed as a priority.	
Review the Territory's insurance and reinsurance programs to ensure they are appropriate for its needs	Annual review completed	Annual review completed	Completed	
Take out insurance of Territory risks with other entities	Review the Territory property assets register to ensure that values provided by agencies reflect insurance replacement costs	Annual review completed	Annual review completed	Completed
	Facilitate the implementation by Territory agencies of agreed recommendations from reinsurer's Property Asset Management Surveys	> 90% Completed	> 90 % Completed	Nil

Objective	Indicator	Planned 2014-15	Est. Outcome 2014-15	Explanation of Variance
Take out insurance of Territory risks with other entities (cont)	Hold quarterly reviews of all liability and medical malpractice claims to assess the claim management strategy and reserve for matters where the Territory's liability may exceed \$100,000	Quarterly claims review meetings held	Quarterly claims review meetings held	Completed
Satisfy or settle claims in relation to Territory risks	Insurance claims data: <u>Property & Motor</u> Discounted Mean Term (for Outstanding Claims) Ultimate Claim Numbers Average Small Claim (<\$1 m) Settlement Size	1.12 Years 58 \$62,158	1.07 Years 58 \$58,935	Nil
	<u>Public Liability</u> Discounted Mean Term (for Outstanding Claims) Ultimate Claim Numbers Average Small Claim (<\$1 m) Settlement Size Average Large Claim (≥\$1 m) Settlement Size	5.35 Years 113 \$88,519 \$3,334,851	5.43 Years 124 \$87,348 \$3,318,601	The variation in claim numbers results from an increase in the forecast number of reported claims and incidents The variation in the average small and large claim sizes reflects improved claims experience
	<u>Medical Malpractice</u> Discounted Mean Term (for Outstanding Claims) Ultimate Claim Numbers Average Small Claim (<\$1 m) Settlement Size Average Large Claim (≥\$1 m) Settlement Size	6.57 Years 101 \$300,000 \$5,000,000	6.92 Years 90 \$300,000 \$5,000,000	Nil
	Develop and promote good practices for the management of Territory risks	Provide Risk Profile Reports to assist agencies by profiling and measuring their risk management progress	Bi-annual reports provided to agencies	Bi-annual reports provided to agencies

Objective	Indicator	Planned 2014-15	Est. Outcome 2014-15	Explanation of Variance
Develop and promote good practices for the management of Territory risks (cont)	Deliver a program of general and targeted risk management training courses to Territory agencies.			
	- Introduction to whole of Government Risk Management	7	11	There was demand for 4 more courses than planned
	- Managing Risks in Events	2	0	There was no demand for this course
	- Managing Risk in Projects	3	0	There was no demand for this course
	Overall participant satisfaction with risk management training sessions delivered to Agency staff members	> 90%	> 90%	Nil
	Conduct Risk Management Performance and Improvement Reviews	4 Agencies	4 Agencies	Completed

Employment profile

Classification	FTE	FTE	Staff 2014-15	
	2014-15	2015-16	Gender	
	Actual	Estimate	M	F
General Manager – Senior Executive	1	1	1	-
Assistant General Manager - SOGA	1	1	1	-
Senior Risk Manager - SOGB	1	2	1	-
Claims Manager - SOGB	-	1	-	-
Underwriting Manager – SOGB	1	1	-	1
Finance Manager - SOGB	1	1	-	1
Risk Manager - SOGC	1	1	1	-
Finance Officer – ASO6	1	1	-	1
Claims Officer – ASO6	2	2	-	2
Claims Officer – ASO5	3	3	2	1
Office Manager – ASO5	1	1	-	1
TOTAL	13	15	6	7

Age of workforce

Under 35 years	2
35 – 55 years	9
Over 55 years	2

Monitoring and reporting

The Authority shall satisfy the requirements of the Chief Minister's Annual Reports Directions. The Authority'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 Authority 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 Authority will ensure the availability to the Treasurer, through the Chief Minister, Treasury and Economic Development 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).
- g) Management Discussion and Analysis of the Authority 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, Treasury and Economic Development 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, Treasury and Economic Development Directorate will advise the dates when the following documents are required at the Chief Minister, Treasury and Economic Development Directorate and at the Auditor-General's Office:

- h) Certified financial statements.
- i) Management discussion and analysis.
- j) A full and accurate set of audited financial records for the preceding financial year in the form requested.
- k) Consolidation packs relating to the annual financial statements, draft and final.

Financial Arrangements

The Authority estimates an operating profit of \$41.791 million in 2014-15. The result is a \$36.83 million increase on the original budget forecast in the 2014-15 Budget.

The Default Insurance Fund (DIF) for private Workers' Compensation is managed by the Authority under a Memorandum of Understanding with the Chief Minister, Treasury and Economic Development Directorate. In addition, the Nominal Defendant Fund (ND) for the ACT is also managed by the Authority.

The Authority recovers the cost of its services from DIF and ND on a 6-monthly basis.

Financial Statements

Budgeted financial statements for the 2015-16 Budget year, as well as forward estimates for the three financial years commencing 2016-17 appear below. These general purpose financial statements have been prepared in accordance with the ACT's Model Financial Statements and include:

- l) Operating Statement
- m) Balance Sheet
- n) Statement of Changes in Equity
- o) Cash Flow Statement
- p) Notes to the Financial Statements as appropriate.

ACT Insurance Authority Operating Statement

2014-15 Budget \$'000		2014-15 Est'd Outcome \$'000	2015-16 Budget \$'000	Var %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
Income							
Revenue							
0	User Charges - Non ACT Government	2	2	-	2	2	2
57,000	User Charges - ACT Government	56,520	56,910	1	58,902	60,964	63,097
395	Interest	338	340	1	351	363	376
10,773	Distribution from Investments with the Territory Banking Account	8,532	7,896	-7	8,163	8,439	8,744
2,181	Other Revenue	-2,450	2,013	182	2,065	2,117	2,173
70,349	Total Revenue	62,942	67,161	7	69,483	71,885	74,392
Gains							
0	Other Gains	5,000	0	-100	0	0	0
0	Total Gains	5,000	0	-100	0	0	0
70,349	Total Income	67,942	67,161	-1	69,483	71,885	74,392
Expenses							
1,593	Employee Expenses	1,665	1,720	3	1,772	1,795	1,818
231	Superannuation Expenses	251	273	9	281	285	289
1,213	Supplies and Services	911	926	2	957	982	1,007
0	Depreciation and Amortisation	0	29	#	29	29	29
1,529	Other Expenses	1,683	1,889	12	1,937	1,985	2,035
12,548	Outward Reinsurance Expense	11,267	11,549	3	11,837	12,133	12,437
48,274	Claims Expense	10,374	64,327	520	56,741	59,159	62,572
65,388	Total Expenses	26,151	80,713	209	73,554	76,368	80,187
4,961	Operating Result	41,791	-13,552	-132	-4,071	-4,483	-5,795
Other Comprehensive Income							
4,961	Total Comprehensive Income	41,791	-13,552	-132	-4,071	-4,483	-5,795

ACT Insurance Authority Balance Sheet

2014-15 Budget \$'000		2014-15 Est'd Outcome \$'000	2015-16 Budget \$'000	%	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
Current Assets							
6,446	Cash and Cash Equivalents	1,247	3,363	170	4,120	3,606	1,900
8,401	Receivables	5,024	5,024	-	5,024	5,024	5,024
357,185	Investments	318,231	283,233	-11	308,232	333,232	358,232
420	Other Current Assets	250	250	-	250	250	250
372,452	Total Current Assets	324,752	291,870	-10	317,626	342,112	365,406
Non Current Assets							
7,824	Receivables	0	0	-	0	0	0
11,389	Investments	62,114	62,114	-	62,114	62,114	62,114
0	Property, Plant and Equipment	20	96	380	72	48	24
0	Intangibles	0	45	#	40	35	30
276	Other Non-Current Assets	276	276	-	276	276	276
19,489	Total Non Current Assets	62,410	62,531	..	62,502	62,473	62,444
391,941	TOTAL ASSETS	387,162	354,401	-8	380,128	404,585	427,850
Current Liabilities							
32,297	Payables	27,045	30,692	13	33,356	35,944	38,542
416	Employee Benefits	490	490	-	485	485	480
420	Other Liabilities	250	250	-	250	250	250
33,133	Total Current Liabilities	27,785	31,432	13	34,091	36,679	39,272
Non Current Liabilities							
297,054	Payables	250,969	288,113	15	315,252	341,604	368,071
60	Employee Benefits	65	65	-	65	65	65
297,114	Total Non Current Liabilities	251,034	288,178	15	315,317	341,669	368,136
330,247	TOTAL LIABILITIES	278,819	319,610	15	349,408	378,348	407,408
61,694	NET ASSETS	108,343	34,791	-68	30,720	26,237	20,442
REPRESENTED BY FUNDS EMPLOYED							
61,694	Accumulated Funds	108,343	34,791	-68	30,720	26,237	20,442
61,694	TOTAL FUNDS EMPLOYED	108,343	34,791	-68	30,720	26,237	20,442

ACT Insurance Authority Statement of Changes in Equity

2014-15		2014-15 Est'd Outcome \$'000	2015-16 Budget \$'000	%	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
Opening Equity							
56,733	Opening Accumulated Funds	66,552	108,343	63	34,791	30,720	26,237
56,733	Balance at the Start of the Reporting Period	66,552	108,343	63	34,791	30,720	26,237
Comprehensive Income							
4,961	Operating Result for the Period	41,791	-13,552	-132	-4,071	-4,483	-5,795
4,961	Total Comprehensive Income	41,791	-13,552	-132	-4,071	-4,483	-5,795
0	Total Movement in Reserves	0	0	-	0	0	0
Transactions Involving Owners Affecting Accumulated Funds							
0	Return of Capital	0	-60,000	#	0	0	0
0	Total Transactions Involving Owners Affecting Accumulated Funds	0	-60,000	#	0	0	0
Closing Equity							
61,694	Closing Accumulated Funds	108,343	34,791	-68	30,720	26,237	20,442
61,694	Balance at the End of the Reporting Period	108,343	34,791	-68	30,720	26,237	20,442

ACT Insurance Authority Cash Flow Statement

2014-15 Budget \$'000		2014-15 Est'd Outcome \$'000	2015-16 Budget \$'000	Var %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
57,000	User Charges	56,522	56,912	1	58,904	60,966	63,099
395	Interest Received	338	340	1	351	363	376
10,773	Distribution from Investments with the Territory Banking Account	10,773	7,896	-27	8,163	8,439	8,744
26,796	Other Receipts	28,404	28,219	-1	28,983	29,772	30,601
76,453	Workers Compensation Receipts	87,942	90,141	3	92,394	94,704	97,071
171,417	Operating Receipts	183,979	183,508	..	188,795	194,244	199,891
Payments							
1,572	Related to Employees	1,548	1,720	11	1,740	1,790	1,818
231	Related to Superannuation	251	273	9	281	285	289
1,574	Related to Supplies and Services	936	926	-1	957	981	1,006
24,747	Other	26,920	28,094	4	28,855	29,639	30,528
76,452	Workers Compensation Payments	85,013	90,143	6	92,430	94,711	97,012
12,548	Outward Reinsurance Payments	11,267	11,549	3	11,837	12,133	12,437
27,022	Claims Payments	30,355	23,537	-22	26,938	30,219	33,507
144,146	Operating Payments	156,290	156,242	..	163,038	169,758	176,597
27,271	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	27,689	27,266	-2	25,757	24,486	23,294
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
25,000	Proceeds from Sale/Maturity of Investments	97,000	85,000	-12	25,000	25,000	25,000
25,000	Investing Receipts	97,000	85,000	-12	25,000	25,000	25,000
Payments							
50,000	Purchase of Investments	130,000	50,000	-62	50,000	50,000	50,000
0	Purchase of Property, Plant and Equipment and Capital Works	20	100	400	0	0	0
0	Purchase of Land and Intangibles	0	50	#	0	0	0
50,000	Investing Payments	130,020	50,150	-61	50,000	50,000	50,000
-25,000	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-33,020	34,850	206	-25,000	-25,000	-25,000

ACT Insurance Authority Cash Flow Statement

2014-15 Budget \$'000	2014-15 Est'd Outcome \$'000	2015-16 Budget \$'000	Var %	2016-17 Estimate \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
0	0	60,000	#	0	0	0
0	0	60,000	#	0	0	0
0	0	-60,000	#	0	0	0
2,271	-5,331	2,116	140	757	-514	-1,706
4,175	6,578	1,247	-81	3,363	4,120	3,606
6,446	1,247	3,363	170	4,120	3,606	1,900

Notes to the Financial Statements

Significant variations are as follows:

Operating Statement

- distribution from investments with the Territory Banking Account: the decrease of \$2.241 million in the 2014-15 estimated outcome from the original budget is due to receiving lower returns on investments than budgeted.
- other revenue:
 - the decrease of \$4.631 million in the 2014-15 estimated outcome from the original budget is due to a decrease in actuarial forecasts for re-insurance recoveries; and
 - the increase of \$4.463 million in the 2015-16 budget from the 2014-15 estimated outcome is due to the one-off write back of re-insurance recoveries in 2014-15.
- other gains:
 - the increase of \$5 million in the 2014-15 estimated outcome from the original budget is the result of an unrealised gain on investments due to an increase in market value of investment funds; and
 - the decrease of \$5 million in the 2015-16 budget from the 2014-15 estimated outcome is due to unrealised gains from investments are volatile and therefore not budgeted for in the out years.
- outward reinsurance expense: the decrease of \$1.281 million in the 2014-15 estimated outcome from the original budget is due to a reduction in the reinsurance expense.
- claims expense:
 - the decrease of \$37.9 million in the 2014-15 estimated outcome from the original budget is due to the movement in actuarial forecasts for the claim expenses. The movement is due to a reduction of the outstanding claims liabilities which impacts the expense. This reduction in liabilities is the result of:
 - favourable claims experience in Medical Malpractice and Public Liability insurance classes which results in a change in actuarial assumptions;
 - a significant decrease in the applied discount rate; and
 - claims payments have been much higher than anticipated.
 - the increase of \$53.953 million in the 2015-16 budget from the 2014-15 estimated outcome is due to the claims expense returning to normal actuarial calculated levels for the cost of future claims.

Balance Sheet

- cash and cash equivalents:
 - the decrease of \$5.199 million in the 2014-15 estimated outcome from the original budget is primarily due to the increase of surplus funds moved to the Authority's investments; and
 - the increase of \$2.116 million in the 2015-16 Budget from the 2014-15 estimated outcome is due to less funds being advanced to the Authority's investment fund.
- current receivables: the decrease of \$3.377 million in the 2014-15 estimated outcome from the original budget is due to the release of the provision for reinsurance recoveries and a reduction in the accrual for distribution receivable.
- current investments:
 - the decrease of \$38.954 million in the 2014-15 estimated outcome from the original budget is predominately due to the transfer of \$50 million from current to non-current investments this is offset by an increase of surplus funds moved from cash at bank; and
 - the decrease of \$34.998 million in the 2015-16 Budget from the 2014-15 estimated outcome is due to the return of \$60 million capital. This is offset by a \$25 million investment of funds from premium income.
- non-current receivables: the decrease of \$7.824 million in the 2014-15 estimated outcome from the original budget is due to the release of the provision for reinsurance recoveries.
- non-current investments: the increase of \$50.725 million in the 2014-15 estimated outcome from the original budget is predominately due to the corresponding transfer of \$50 million from current investments.
- current payables:
 - the decrease of \$5.252 million in the 2014-15 estimated outcome from the original budget is due to the revised economic assumptions of claim settlements; and
 - the increase of \$3.647 million in the 2015-16 Budget from the 2014-15 estimated outcome is due to the actuarial calculation for outstanding claims liabilities.
- non-current payables:
 - the decrease of \$46.085 million in the 2014-15 estimated outcome from the original budget is due to a release of the provision for outstanding claims liabilities based on changes in actuarial assumption of the expected claim expenses in future years; and
 - the increase of \$37.144 million in the 2015-16 Budget from the 2014-15 estimated outcome is due to the outstanding claims liabilities returning to normal actuarial calculated levels and the anticipated growth in the cost of future claims.

Statement of Changes in Equity

- operating result for the period:
 - the increase of \$36.83 million in the 2014-15 estimated outcome from the original budget is predominately due to the decrease in the claims expense; and
 - the decrease of \$55.343 million in the 2015-16 Budget from the 2014-15 estimated outcome is due the claims expense returning to normal actuarial calculated levels for the cost of future claims.
- return of capital: the increase of \$60.0 million in the 2015-16 Budget from the 2014-15 estimated outcome is due the return of \$60.0 million capital.

Cash Flow Statement

- other receipts: the increase of \$1.608 million in the 2014-15 estimated outcome from the original budget is predominately due to an increase to GST collected from an increase to the workers' compensation receipts.
- workers' compensation receipts: the increase of \$11.489 million in the 2014-15 estimated outcome from the original budget is mainly due to an increase in workers' compensation premiums set by Comcare.
- other payments: the increase of \$2.173 million in the 2014-15 estimated outcome from the original budget is predominately due to an increase to GST paid from an increase to the workers' compensation payments.
- workers' compensation payments: the increase of \$8.561 million in the 2014-15 estimated outcome from the original budget is mainly due an increase in workers' compensation premiums paid.
- outward reinsurance payments: the decrease of \$1.281 million in the 2014-15 estimated outcome from the original budget is due to a reduction in the reinsurance expense.
- claims payments:
 - the increase of \$3.333 million in the 2014-15 estimated outcome from the original budget is predominately due to actual claim payments being more than expected; and
 - the decrease of \$6.818 million in the 2015-16 Budget from the 2014-15 estimated outcome is due to the anticipated decrease in claims expense.
- proceeds from sale/maturity of investments:
 - the increase of \$72 million in the 2014-15 estimated outcome from the original budget is due to an increase in required funds to finance the workers' compensation premiums while awaiting the agencies receipts as well as moving funds between current and non-current investments; and

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- the decrease of \$12 million in the 2015-16 Budget from the 2014-15 estimated outcome is due to not requiring the funds for the agencies workers' compensation premium. This is offset by an increase of funds required for the return of capital.
 - purchase of investments:
 - the increase of \$80 million in the 2014-15 estimated outcome from the original budget is due to the investment of funds received from agencies for the workers' compensation premiums and the movement of funds between current and non-current investment; and
 - the decrease of \$80 million in the 2015-16 Budget from the 2014-15 estimated outcome is due to not requiring the funds for the agencies workers' compensation premium nor the movement of funds between investments.
 - return of capital: the increase of \$60 million in the 2015-16 Budget from the 2014-15 estimated outcome is due to the anticipated return of capital from surplus equity.