





ACT Government

Annual Report 2025–26

Chief Minister, Treasury and Economic Development Directorate | Volume 2.2

The ACT Government acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region.

The Chief Minister, Treasury and Economic Development Directorate acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region.

We respect the Aboriginal and Torres Strait Islander people, particularly our Aboriginal and Torres Strait Islander staff, and their continuing culture and contribution they make to the Canberra region and the life of our city.

Contact for this report

General enquiries should be directed to:

CMTEDD Corporate
Governance, Reporting, Information and Facilities
CMTEDDCorporate@act.gov.au

Freedom of Information

Requests should be directed to:
CMTEDDFOI@act.gov.au OR
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Information about the directorate and an electronic version of this annual report can be found at: www.act.gov.au/open/chief-minister-treasury-and-economic-development-directorate-annual-reports

Summary of volumes

The 2025-26 CMTEDD Annual Report has two volumes.

Volume 1			
Contains all transmittal certificates and organisational overview and performance reporting for CMTEDD and all public sector bodies required to have their annual report annexed to the CMTEDD Annual Report. Each entity's reporting includes, where relevant:			
Organisational overview	Internal audit	Aboriginal and Torres Strait Islander reporting	Work health and safety
Performance analysis	Fraud prevention	*Multiculturalism Act 2023* reporting	Human resources management
Scrutiny	Freedom of information	*Disability Inclusion Act 2024* reporting	Ecological sustainability reporting
Risk management	Community engagement and support	*Period Product (Access) Act* reporting	Reporting by exception and annual report requirements for specific reporting entities
Volume 1 includes Annexed Reports of the following entities:			
ACT Executive	Default Insurance Fund	Lifetime Care and Support Fund	Office of the Nominal Defendant of the ACT
ACT Government Procurement Board	Director of Territory Records	Motor Accident Injuries Commission	Public Sector Workers Compensation Fund

Volumes 2.1 and 2.2		
Volume 2.1 contains all financial management reporting sections for the entities below, including where relevant the following sections:		
Chief Minister, Treasury and Economic Development Directorate	Territory Banking Account	Superannuation Provision Account
Financial management analysis (management discussion and analysis)	Capital Works	Government Contracting
Financial Statements	Asset Management	Statement of Performance
Volume 2.2 contains all financial management reporting sections (where relevant, as per the above) for:		
ACT Executive	Lifetime Care and Support Fund	Office of the Nominal Defendant of the ACT
Default Insurance Fund	Motor Accident Injuries Commission	Public Sector Workers Compensation Fund

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Financial Management Reporting

ACT Executive

Default Insurance Fund

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Office of the Nominal Defendant of the ACT

Public Sector Workers Compensation Fund

ACT Executive

Management Discussion and Analysis
ACT Executive
for the Year Ended 30 June 2026

General Overview

The ACT Executive consists of the Chief Minister and other Ministers appointed by the Chief Minister. The ACT Executive has powers under the *Australian Capital Territory (Self-Government) Act 1988* to govern the Territory and execute and maintain enactments and laws.

The ACT Executive makes payments to Ministers and their staff and provides administration services to support the operations of the ACT Executive.

Financial Performance

Commercial organisations will point to the Operating Result in their Financial Statements as the indicator of how well they have managed financial performance over the year. This measure is less useful for government entities where income recognised is primarily determined by the timing of cash drawdowns from the Territory Banking Account. A prudent approach to cash management, only drawing down cash as it is needed can reduce income recognised and lead to lower operating results.

Financial information is based on audited financial statements for 2025-26 and 2024-25, in addition to the forward estimates contained in the 2026-27 Budget Statements.

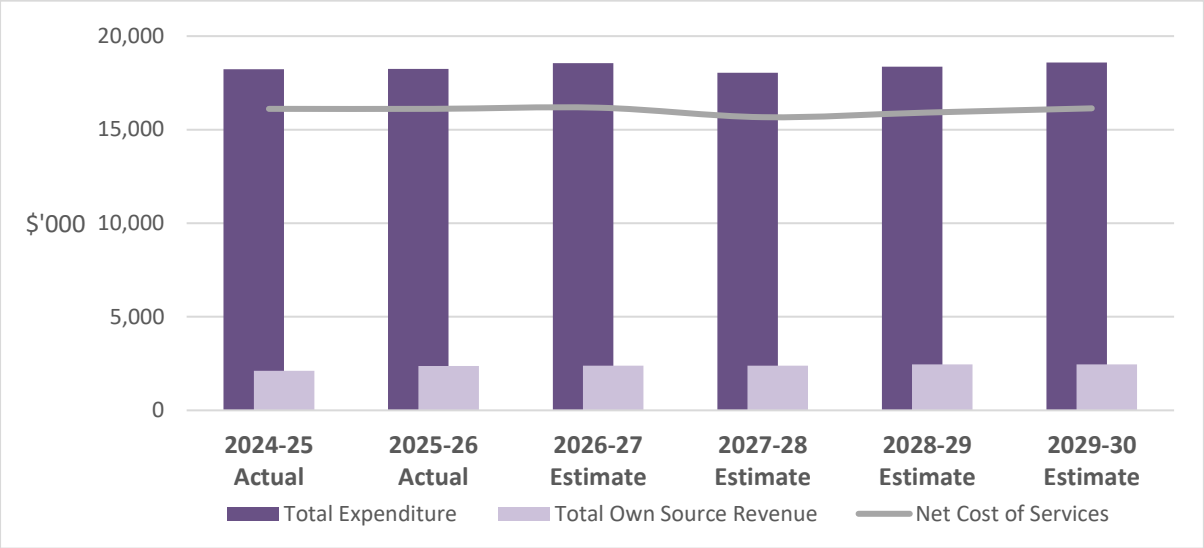
In the government context a better way to judge financial performance is to measure the net cost of services. Net cost of services facilitates the assessment of the full cost of resources consumed in conducting the operations of ACT Executive and the extent to which these costs were recovered through independent sources. This provides a clearer representation of the cost to the Territory and the call on the Territory's overall financial resources.

Table 1: Net Cost of Services

	Actual 2025-26 $'000	Original Budget 2025-26 $'000	Actual 2024-25 $'000	Budget to 2026 Actual Variance $'000	2025 Actual to 2026 Actual Variance $'000
Total Own Source Revenue	2,363	2,375	2,117	(12)	246
Total Expenditure	18,252	18,712	18,230	(460)	22
Net Cost of Services	**(15,889)**	**(16,337)**	**(16,113)**	**448**	**224**

Net cost of services for 2025-26 was **$15.889 million,** which was **$0.448 million** lower than the original budget, and **$0.224 million** lower than the 2024-25 result of **$16.113 million.** Compared with the budget, the lower actual expense was mainly reflecting lower FTE levels across most of the year as recruitment occurred progressively following the 2024 Election. In addition, superannuation costs were lower than budgeted, as the original budget did not fully reflect the reduction in FTE levels following the 2024 Election. Compared with the prior financial year, the increase in Own Source Revenue was mainly due to additional legal services provided by the ACT Government Solicitor's Office (GSO) and the ACT Parliamentary Counsel's Office (PCO).

Figure 1: Net Cost of Services, Including Future Trends



The activities of the ACT Executive are expected to remain consistent over the forward estimates. The growth in net cost of services set out in Table 1 and Figure 1 over that period primarily reflect expected increases in employee expenses for Ministers and Ministers' staff over that period.

Financial Position

Total liabilities of ACT Executive continue to exceed total assets. The net liability position is not considered a liquidity risk as ACT Executive cash requirements are funded through an appropriation from the ACT Government which is accessed on an as-needs basis.

Table 2 provides a high level summary of the net liability position.

Table 2: Net Assets/(Liabilities)

	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000	Budget to 2026 Actual Variance $'000	2025 Actual to 2026 Actual Variance $'000
Total Assets	1,153	1,003	477	150	676
Total Liabilities	4,508	4,425	3,174	83	1,334
Net Assets/(Liabilities)	**(3,355)**	**(3,422)**	**(2,697)**	**67**	**(658)**

Assets consist primarily of cash. The increase mainly reflects an additional capital injection, provided in accordance with ACT Government funding arrangements, to support cash flow requirements for the additional pay period in 2025-26. The funding was received in late June-26, with the related costs paid in early July-26.

Liabilities include provisions for employee entitlements including Annual leave, Long Service Leave, Termination Allowance and Resettlement Allowance. The increase in total liabilities primarily reflects a correction to previously understated long service leave and annual leave loading liabilities, higher accrued leave balances transferred in with newly appointed staff, and lower than anticipated utilisation of leave entitlements.

Risk Management

The primary business activity of the ACT Executive is the management of remuneration and other employment obligations for Ministers and their staff. There are no financial management or sustainability risks identified with respect to the operations of ACT Executive, because the ACT Executive is fully funded through Government appropriation, which ensures it has sufficient liquidity to meet its emerging financial liabilities. Risks actively monitored and managed by ACT Executive primarily relate to risks associated with the employment of staff, including work, health and safety and sustaining an appropriately skilled workforce. Where appropriate the ACT Executive maintains insurance relevant to its operations through the ACT Insurance Authority (ACTIA). Emergency Management is managed by the Office of the Legislative Assembly (OLA), while Business Continuity Arrangements have shared management between OLA and CMTEDD.

ACT Executive

Territorial Financial Statements for the year ended 30 June 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the ACT Executive for the year ended 30 June 2026 which comprise the statement of responsibility, statement by the chief finance officer, statement of income and expenses on behalf of the Territory, statement of assets and liabilities on behalf of the Territory, statement of changes in equity on behalf of the Territory, statement of cash flows on behalf of the Territory, Territorial statement of appropriation and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial statements:

(i) present fairly, in all material respects, the ACT Executive's financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended; and

(ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the ACT Executive in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the ACT Executive for the financial statements

The Director-General of the Chief Minister, Treasury and Economic Development Directorate is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996,* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the ACT Executive to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the ACT Executive.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the ACT Executive's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the ACT Executive;
- conclude on the appropriateness of the ACT Executive's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ACT Executive's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the ACT Executive to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director-General of the Chief Minister, Treasury and Economic Development Directorate regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

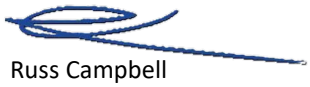


Clea Lewis
Assistant Auditor-General, Financial Audits
28 September 2026

ACT Executive
Financial Statements
For the Year Ended 30 June 2026

Statement of Responsibility

In my opinion, the ACT Executive's financial statements fairly reflect its financial operations for the year ended 30 June 2026 and its financial position on that date.



Russ Campbell
Acting Head of Service and Director-General
Chief Minister, Treasury and Economic Development Directorate

22 September 2026

ACT Executive
Financial Statements
For the Year Ended 30 June 2026

Statement by the Chief Finance Officer

In my opinion, the ACT Executive's financial statements have been prepared in accordance with the Australian Accounting Standards are in agreement with its accounts and records, and fairly reflect its financial operations for the year ended 30 June 2026 and the financial position on that date.



Dragana Cvetkovski
Acting Chief Finance Officer
Chief Minister, Treasury and Economic Development Directorate

22 September 2026

ACT Executive
Territorial Financial Statements
For the Year Ended 30 June 2026

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ACT Executive
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ACT Executive
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Income				
Payment for Expenses on Behalf of the Territory	#	14,612	16,001	16,474
Grants and Contributions Income	4	2,363	2,375	2,117
Total Income		**16,975**	**18,376**	**18,591**
Expenses				
Employee Expenses	5	15,160	15,389	14,418
Supplies and Services	6	3,059	3,271	2,727
Depreciation	9	33	52	33
Other Expenses	7	-	-	1,052
Total Expenses		**18,252**	**18,712**	**18,230**
Operating Result		**(1,277)**	**(336)**	**361**
Total Comprehensive Result		**(1,277)**	**(336)**	**361**

The above Statement of Income and Expenses on Behalf of the Territory should be read in conjunction with the accompanying notes.

Refer to the Statement of Appropriation.

ACT Executive
Statement of Assets and Liabilities on Behalf of the Territory
As at 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Current Assets				
Cash	8	1,012	911	322
Receivables		-	-	2
Other Assets		-	-	8
Total Current Assets		**1,012**	**911**	**332**
Non-Current Assets				
Plant and Equipment	9	124	92	145
Intangible Assets		17	-	-
Total Non-Current Assets		**141**	**92**	**145**
Total Assets		**1,153**	**1,003**	**477**
Current Liabilities				
Payables		178	161	133
Employee Benefits	10	4,296	4,195	3,030
Total Current Liabilities		**4,474**	**4,356**	**3,163**
Non-Current Liabilities				
Employee Benefits	10	34	69	11
Total Non-Current Liabilities		**34**	**69**	**11**
Total Liabilities		**4,508**	**4,425**	**3,174**
Net Liabilities		**(3,355)**	**(3,422)**	**(2,697)**
Equity				
Accumulated Funds		(3,355)	(3,422)	(2,697)
Total Equity		**(3,355)**	**(3,422)**	**(2,697)**

The above Statement of Assets and Liabilities on Behalf of the Territory should be read in conjunction with the accompanying notes.

ACT Executive
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2026

	Accumulated Funds Actual 2026 $'000	Total Equity Actual 2026 $'000	Original Budget 2026 $'000
Balance as at 1 July 2025	**(2,697)**	**(2,697)**	**(3,704)**
Comprehensive Income			
Operating Result	(1,277)	**(1,277)**	**(336)**
Total Comprehensive Result	**(1,277)**	**(1,277)**	**(336)**
Capital Injections	618	**618**	**618**
Balance as at 30 June 2026	**(3,355)**	**(3,355)**	**(3,422)**

	Accumulated Funds Actual 2025 $'000	Total Equity Actual 2025 $'000
Balance as at 1 July 2024	**(3,375)**	**(3,375)**
Comprehensive Income		
Operating Result	361	**361**
Total Comprehensive Result	**361**	**361**
Capital Injections	317	**317**
Balance as at 30 June 2025	**(2,697)**	**(2,697)**

The above Statements of Changes in Equity on Behalf of the Territory should be read in conjunction with the accompanying notes.

ACT Executive
Statement of Cash Flows on Behalf of the Territory
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Cash Flows from Operating Activities				
Receipts				
Payment for Expenses on Behalf of the Territory		14,612	16,001	16,474
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		42	103	29
Total Receipts from Operating Activities		**14,654**	**16,104**	**16,503**
Payments				
Employee		13,828	15,134	15,069
Supplies and Services		700	867	646
Goods and Services Tax Paid to Suppliers		43	103	24
Other [1]		-	-	1,052
Total Payments from Operating Activities		**14,571**	**16,104**	**16,791**
Net Cash Inflows/(Outflows) from Operating Activities	8	**83**	**-**	**(288)**
Cash Flows from Investing Activities				
Payments				
Purchase of Plant and Equipment		11	-	-
Net Cash (Outflows) from Investing Activities		**(11)**	**-**	**-**
Cash Flows from Financing Activities				
Receipts				
Capital Injections		618	618	317
Total Receipts from Financing Activities		**618**	**618**	**317**
Net Cash Inflows from Financing Activities		**618**	**618**	**317**
Net Increase in Cash		**690**	**618**	**29**
Cash at the Beginning of the Reporting Period		322	293	293
Cash at the End of the Reporting Period	8	**1,012**	**911**	**322**

The above Statement of Cash Flows on Behalf of the Territory should be read in conjunction with the accompanying notes.

[1] Other payment in 2024-25 relate to the cost recovery payment made to the Office of the Legislative Assembly (OLA) for staff transferred to the OLA as a result of changes in ministerial arrangements that were implemented following the 2024 Election.

ACT Executive
Territorial Statement of Appropriation
For the Year Ended 30 June 2026

Description and Material Accounting Policies relating to Payment for Expenses on Behalf of the Territory

Under the *Financial Management Act 1996* (FMA) funds can be appropriated for Expenses on Behalf of the Territory (EBT). EBT is recognised as revenue when the ACT Executive receives the cash.

The ACT Executive receives EBT appropriation to fund expenses incurred on behalf of the Territory relating to the provision of executive services to enable Ministers and their staff to undertake their duties. This includes the payment of employee related expenses.

Capital Injection appropriations are not recognised as income. Instead, they are treated as equity injections. Such injections are applied for a range of purposes, including funding the acquisition or construction of assets or reducing liabilities. For 2025-26, they are provided to support cash flow requirements arising from the anticipated additional pay period, in accordance with ACT Government funding arrangements.

Column Heading Explanations

In the following table the:

- *Original Budget* column shows the amounts that appear in the Changes to Appropriation table in the 2025-26 Budget Statements (this amount also appears in the Statement of Cash Flows on Behalf of the Territory);
- *Total Appropriated* column includes all appropriation variations occurring after the Original Budget; and
- *Appropriation Drawn* is the total amount of appropriation received during the year (these amounts also appear in the Statement of Cash Flows on Behalf of the Territory).

	Original Budget 2026 $'000	Total Appropriated 2026 $'000	Appropriation Drawn 2026 $'000	Appropriation Drawn 2025 $'000
Territorial				
Payment for Expenses on Behalf of the Territory [1]	16,001	16,001	14,612	16,474
Capital Injections	618	618	618	317
Total Territorial Appropriation	**16,619**	**16,619**	**15,230**	**16,791**

Reconciliation of Appropriation for 2025-26

The following table and associated footnotes explain the movements between the:

- Original Budget and the Total Appropriated; and
- Total Appropriated and the Appropriation Drawn.

	Payment for Expenses on Behalf of the Territory $'000	Capital Injections $'000
Original Appropriation	**16,001**	**618**
Total Change in Appropriation during 2025-26	**-**	-
Total Appropriated	**16,001**	**618**
Undrawn Funds [2]	(1,389)	-
Total Appropriation Drawn	**14,612**	**618**

ACT Executive
Territorial Statement of Appropriation
For the Year Ended 30 June 2026

[1] The decrease in Payments for Expenses on Behalf of the Territory compared with the prior year was primarily due to a reduction in full-time equivalent (FTE) positions following the 2024 Election. In addition, the prior year included additional appropriation funding to meet termination payment obligations arising from machinery-of-government and staffing changes associated with the 2024 Election.

[2] The undrawn funds are primarily driven by reduced cash requirements for employee expenses, reflecting lower FTE levels across most of the year as recruitment occurred progressively following the 2024 Election. In addition, superannuation costs were lower than budgeted, as the original budget did not fully reflect the reduction in FTE levels following the 2024 Election.

ACT Executive
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

NOTE 1. OBJECTIVES OF THE ACT EXECUTIVE

Operations and Principal Activities

The ACT Executive financial reporting entity is a not-for-profit ACT Government entity in the General Government Sector that makes payments to Ministers and their staff and provides administration services to support the operations of the ACT Executive.

The ACT Executive consists of the Chief Minister and other Ministers appointed by the Chief Minister, and is responsible for governing the Territory and executing and maintaining enactments and laws applicable to the Territory.

NOTE 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

Legislative Requirements

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government agencies.

The FMA and the *Financial Management Guidelines* issued under the FMA, requires the ACT Executive's financial statements to include:

i. a Statement of Income and Expenses on Behalf of the Territory for the year;

ii. a Statement of Assets and Liabilities on Behalf of the Territory at the end of the year;

iii. a Statement of Changes in Equity on Behalf of the Territory for the year;

iv. a Statement of Cash Flows on behalf of the Territory for the year;

v. a Territorial Statement of Appropriation for the year;

vi. the material accounting policies adopted for the year; and

vii. other statements as necessary to fairly reflect the financial operations of the ACT Executive during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards (as required by the FMA); supplemented by following the ACT Accounting and Disclosure Policies.

Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements have also been prepared according to the historical cost convention as applicable.

Material Accounting Policies and Explanatory Information

Material accounting policies and explanatory information is provided at the start of each of the notes included in these financial statements, where appropriate.

NOTE 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

Currency

These financial statements are presented in Australian dollars, which is the ACT Executive's functional currency.

Territorial Items

The ACT Executive only produces Territorial financial statements. The Territorial financial statements include income, expenses, assets and liabilities that the ACT Executive administers on behalf of the ACT Government, but does not control.

Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the ACT Executive for the year ended 30 June 2026 together with the financial position as at 30 June 2026.

Comparative Figures

To facilitate a comparison with the budget, as required by the FMA, budget information for 2025-26 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the 2025-26 Budget Statements.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the ACT Executive's 2024-25 financial statements.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000). Use of the "-" symbol represents zero amounts or amounts rounded up or down to zero. Some totals throughout these financial statements may not add due to rounding.

Going Concern

The 2025-26 financial statements have been prepared on a going concern basis as the ACT Executive has been funded in the ACT Government 2026-27 Budget and the Budget Statements include forward estimates for the ACT Executive.

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

All Australian Accounting Standards and Interpretations issued but yet to be applied are applicable to future reporting periods and will be adopted from their application date.

Standards and Interpretations issued but yet to be applied have been assessed as not being relevant to ACT Executive or will have an immaterial financial impact on ACT Executive. However, AASB 18 *Presentation and Disclosure in Financial Statements* (applicable 1 January 2027 for for-profit public sector agencies or applicable 1 January 2028 for not-for-profit public sector agencies) does contain some major presentation/disclosure changes that will impact on ACT Executive including:

- that operating, investing and financing categories as well as additional subtotals have to be included in ACT Executive operating statement;
- the disclosure of management-defined performance measures and reconciliations of these measures with the subtotals required by AASB Standards; and
- enhanced requirements for the grouping (aggregation and disaggregation) of information in the financial statements and in the notes.

The AASB has issued an exposure draft (ED 338 *Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*) that outlines modifications to AASB 18 for not-for-profit public sector entities. If these modifications in the exposure draft are adopted, they will effectively enable ACT Executive to continue to broadly apply the existing disclosure requirements contained in AASB 101 *Presentation of Financial Statements.* However, as this exposure draft is not yet finalised, the impact on ACT Executive's financial statements from the adoption of AASB 18 cannot be determined at this time.

ACT Executive
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

INCOME NOTES

Income Recognition

Income, excluding expenses on behalf of the Territory appropriation (refer Territorial Statement of Appropriation) is recognised within the scope of AASB 1058 *Income of Not-for-Profit Entities*. Specific recognition criteria are provided in the following Income note.

NOTE 4. GRANTS AND CONTRIBUTIONS INCOME

Description and Material Accounting Policies relating to Grants and Contributions Income

Where the ACT Executive receives an asset or services for significantly less than fair value then the transaction is within the scope of AASB 1058 *Income of Not-for-Profit Entities*, and income is recognised on receipt of the assets/services. Services that are received free of charge are only recognised in the Statement of Income and Expenses on Behalf of the Territory if they can be reliably measured and would have been purchased if not provided free of charge, and an expense is recognised in the line item to which it relates.

Goods and services received free of charge from ACT Government agencies are recognised as resources received free of charge, whereas goods and services received free of charge from entities external to the ACT Government are recognised as donations or contributions.

All services listed below are recognised in the Statement of Income and Expenses on Behalf of the Territory as appropriate as services received free of charge from respective Directorates and agencies, given they are reliably measurable and would have been purchased if not provided to the Agency free of charge.

Justice and Community Safety Directorate (JACSD)

Legal Services were received free of charge from the ACT Government Solicitor's Office (GSO) and the ACT Parliamentary Counsel's Office (PCO). The GSO and PCO provided the Directorate with the fair value of the services provided.

Office of the Legislative Assembly (OLA)

The Office of the Legislative Assembly provides accommodation rental and associated building management services to the ACT Executive. The OLA is directly funded through appropriation from the ACT Government to deliver these services.

Digital Canberra (DCBR)

DCBR provides information and communication technology (ICT) services to the ACT Executive. As DCBR is directly appropriated by the ACT Government to deliver these services to agencies, the ACT Executive receives them free of charge.

Chief Minister, Treasury and Economic Development Directorate (CMTEDD)

A range of services were received free of charge from the CMTEDD throughout the financial year.

Shared Services

The ACT Executive is required by the ACT Government to use Shared Services for its financial and HR processing. Shared Services is part of CMTEDD and is directly appropriated by the ACT Government to provide these services.

Corporate and Accounting Services

The ACT Executive also receives corporate and accounting services from CMTEDD. These services, provided by CMTEDD's Corporate and Strategic Finance teams, are directly funded through appropriations from the ACT Government and are provided to the ACT Executive free of charge.

NOTE 4. GRANTS AND CONTRIBUTIONS INCOME - CONTINUED

	2026 $'000	2025 $'000
Resources Received Free of Charge from ACT Government Entities		
Rent, Building Maintenance and Other Services Provided by the OLA	1,435	1,356
Corporate and Accounting Services Provided by the CMTEDD	297	257
Human Resources, Finance and Record Services Provided by the CMTEDD	243	240
Legal Services Provided by the JACSD	117	-
ICT Services Provided by DCBR	271	264
Total Resources Received Free of Charge	**2,363**	**2,117**
Total Grants and Contributions Income	**2,363**	**2,117**

ACT Executive
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

EXPENSE NOTES

NOTE 5. EMPLOYEE EXPENSES

Description and Material Accounting Policies Relating to Employee Expenses

Employees of the ACT Executive include Ministers, staff engaged under the *Legislative Assembly (Members' Staff) Act 1989* and ACT Public Sector employees. Employee expenses comprise all costs incurred in relation to employing staff including wages and salaries, fringe benefits tax, leave entitlements, annual leave loading, termination payments, termination allowance entitlements for Members' staff, resettlement allowance entitlements for Members of the Legislative Assembly (refer to Note 10 Employee Benefits), workers' compensation insurance premiums, non-monetary benefits, and other employee benefits and on-cost expenses.

Wages and salaries are recognised in the reporting period when the employee renders services to the ACT Executive. They are measured based on the amount paid to employees during the year as well as any wages and salaries due to employees that remain unpaid at the end of the financial year.

Superannuation Expense and Liability Recognition

The accruing liability for superannuation contributions are expensed as they are incurred and extinguished as they are paid. Superannuation liabilities are not recognised at an individual agency level. The ACT Executive's superannuation liability is recognised by:

- the Superannuation Provision Account (SPA) for liabilities under the Commonwealth Superannuation Scheme (CSS), Public Sector Superannuation Scheme (PSS) and the Defined Benefits Scheme (DB scheme) as prescribed under the *Legislative Assembly (Members' Superannuation) Act 1991*;
- the Commonwealth Superannuation Corporation (CSC) for the productivity component and Public Sector Superannuation Accumulation Plan (PSSap) liabilities; and
- external schemes for liabilities associated with fund of choice arrangements.

Employees of the ACT Executive

Employees of the ACT Executive have different superannuation arrangements depending on the type of superannuation schemes available at the time of commencing employment, including both *defined benefit* and *defined contribution* superannuation scheme arrangements.

For employees who are members of the CSS or PSS, the ACT Executive makes employer superannuation contribution payments to the Territory Banking Account (TBA) at a rate determined by the CMTEDD. The ACT Executive also makes productivity superannuation contribution payments on behalf of these employees to the CSC, which has responsibility for the administration of these schemes.

For employees who are members of PSSap and schemes of employee choice (fund of choice) the ACT Executive makes employer superannuation contribution payments directly to the employees' relevant superannuation fund.

For employees who were members of the PSSap prior to 6 October 2006 the employer contribution rate is 15.4% (2024-25 15.4%).

For all other employees, the employer contribution rate is 12.0% from 1 July 2025 to 31 December 2025, and 12.5% from 1 January 2026 (2024-25 11.5%). Where the employee voluntarily contributes at least 3% of the ordinary time earnings towards superannuation, the employer contribution increases by a further 1%.

NOTE 5. EMPLOYEE EXPENSES - CONTINUED

Members of the Legislative Assembly

There are two superannuation arrangements for Members of the Legislative Assembly (MLAs).

Members who were elected before the 2008 general election and have a relevant period of service, and no discontinuance, are members of a defined benefit superannuation arrangement (DB Scheme), prescribed under the *Legislative Assembly (Members' Superannuation) Act 1991*. This DB Scheme operates in the same manner to the PSS and CSS mentioned above.

Those Members elected at or after the 2008 general election, and who were not an existing member of the DB Scheme prior to the election, assume membership of a defined contribution fund of choice scheme. The Territory is required to contribute the equivalent of 14% of the Member's eligible salary, prescribed under the *Legislative Assembly (Members' Superannuation) Act 1991*. Other than the contribution rate, the Members' fund of choice arrangement operates in the same manner as the fund of choice arrangements mentioned above.

	2026	2025
	$'000	$'000
Wages and Salaries	11,725	11,387
Annual Leave Expenses [1]	887	180
Long Service Leave Expenses [1]	574	320
Termination and Resettlement Expenses [2]	154	729
Superannuation Contributions to the Territory Banking Account	215	268
Superannuation Contributions to the CSC	152	152
Superannuation Contributions to External Providers	1,271	1,202
Other Employee Expenses	182	180
Total Employee Expenses	**15,160**	**14,418**

[1] The increase primarily reflects lower-than-anticipated utilisation of leave entitlements during 2025-26, higher accrued leave balances transferred in with newly appointed staff, and a correction to previously understated long service leave and annual leave loading liabilities.

[2] Termination and Resettlement Expenses comprise of both the movement in the provision for termination and resettlement benefits, and payments made during the year. The decrease in 2025-26 was mainly due to termination and resettlement payments made to relevant Ministers and staff during 2024-25 following the 2024 Election.

NOTE 6. SUPPLIES AND SERVICES

Purchases of Supplies and Services generally represent the day-to-day running costs incurred in normal operations. These expenses are recognised in the reporting period in which they are incurred. Supplies and Services are measured at the amount paid or payable, or where Supplies and Services have been provided free of charge, they are measured at their fair value at the time they are provided.

	2026 $'000	2025 $'000
Audit Services [1]	59	57
Office and ICT Expenses [2]	540	478
Legal Services	117	-
Corporate and Accounting Services	297	257
Human Resource, Finance and Record Services	243	240
Accommodation and Building Maintenance	1,435	1,356
Travel	235	159
Other	132	180
Total Supplies and Services	**3,059**	**2,727**

[1] Audit fees are paid to the ACT Audit Office for the audit of the ACT Executive's financial statements. No other services were provided by the ACT Audit Office.

[2] ICT services provided by DCBR and external ICT providers are combined into a single category in the current year.

NOTE 7. OTHER EXPENSES

	2026 $'000	2025 $'000
Post-Election Ministerial Staffing Transfer Payment [1]	-	1,052
Total Other Expenses	**-**	**1,052**

[1] Expenses in 2024-25 relate to a one-off payment made to the Office of the Legislative Assembly (OLA) for staff that transferred to the OLA as a result of changes in ministerial arrangements following the 2024 Election.

ACT Executive
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

ASSET NOTES

NOTE 8. CASH

The ACT Executive holds one bank account with the Westpac Banking Corporation as part of the whole of government banking arrangements. As part of these arrangements, the ACT Executive does not receive any interest on this account.

	2026 $'000	2025 $'000
(a) Cash and Cash Equivalents Balances		
Cash and Cash Equivalents		
Cash at Bank [1]	1,012	322
Total Cash and Cash Equivalents	**1,012**	**322**
(b) Reconciliation of Cash at the End of the Reporting Period in the Statement of Cash Flows on Behalf of the Territory to Equivalent Items in the Statement of Assets and Liabilities on Behalf of the Territory		
Total Cash Recorded in the Statement of Assets and Liabilities on Behalf of the Territory	1,012	322
Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory	**1,012**	**322**
(c) Reconciliation of the Operating Result to Net Cash Inflows from Operating Activities		
Operating Result	(1,277)	361
Add/(Less) Non-Cash Items		
Depreciation	33	33
Acquisition of Work-in-Progress Intangible Assets	(17)	-
Cash Before Changes in Operating Assets and Liabilities	**(1,261)**	**394**
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	2	(2)
(Increase)/Decrease in Other Assets	8	(8)
Increase/(Decrease) in Payables	45	(21)
Increase/(Decrease) in Employee Benefits	1,289	(651)
Net Changes in Operating Assets and Liabilities	**1,345**	**(682)**
Net Cash Inflows/(Outflows) from Operating Activities	**83**	**(288)**

[1] The increase mainly reflects an additional capital injection, provided in accordance with ACT Government funding arrangements to support cash flow requirements for an additional pay period in 2025-26. The funding was received in late June 2026, with the related expenditure paid in early July 2026.

NOTE 9. PLANT AND EQUIPMENT

The ACT Executive has one class of Plant and Equipment:

Plant and Equipment are tangible assets used to produce goods or assist in providing services to the community. They are assets used directly by the agency rather than by the general community, such as furniture, fittings and computer equipment. Plant and equipment tend to be smaller and more mobile in nature than other types of property, plant and equipment, such as buildings, roads and land. Plant and equipment held by the ACT Executive mainly includes office furniture and fittings.

Acquisition and Recognition of Plant and Equipment

Plant and equipment is initially measured at cost.

Where plant and equipment is acquired at no cost, or nominal cost, cost is its fair value as at the date of acquisition.

Plant and Equipment with a value equal to or higher than the relevant thresholds are capitalised.

Asset Class	Capitalisation Threshold
Plant and Equipment	$5,000

Measurement of Plant and Equipment after Initial Recognition

Plant and equipment are measured at cost.

Significant Accounting Judgements and Estimates – Useful Lives of Plant and Equipment

The ACT Executive has made a significant estimate in determining the useful lives of its plant and equipment. The estimation of useful lives of plant and equipment is based on the historical experience of similar assets. The useful lives are assessed on an annual basis and adjustments are made when necessary.

Depreciation and Useful Life

Depreciation is the systematic allocation of the cost of an asset less its residual value over its useful life. Depreciation commences when plant and equipment is ready for its intended use and applies to physical assets such as furniture and fittings.

Class of Asset	Depreciation Method	Useful Life (Years)
Plant and Equipment	Straight Line Depreciation	5-10

NOTE 9. PLANT AND EQUIPMENT – CONTINUED

Impairment of Assets

At each reporting date, the ACT Executive assesses whether there is an indication of impairment for assets that are measured at cost subsequent to initial recognition. Plant and equipment is also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's 'fair value less cost of disposal' and its 'value in use'. An asset's 'value in use' is its current replacement cost, where the asset would be replaced if the ACT Executive were deprived of it.

Impairment losses for plant and equipment are recognised in the Statement of Income and Expenses on Behalf of the Territory (see Note 7 *Other Expenses*), as plant and equipment is carried at cost. The carrying amount of the asset is reduced to its recoverable amount.

Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

Valuation of Non-Current Assets

Plant and equipment are carried at cost less depreciation. The ACT Executive has no assets requiring revaluation.

Reconciliation of Plant and Equipment

The following tables show the movement of Plant and Equipment during 2025-26 and 2024-25.

2026	Plant and Equipment $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	**145**	**145**
Additions	11	**11**
Depreciation	(33)	**(33)**
Carrying Amount at the End of the Reporting Period	**124**	**124**
Carrying Amount at the End of the Reporting Period, is represented by:		
Gross Book Value	419	**419**
Accumulated Depreciation	(295)	**(295)**
Carrying Amount at the End of the Reporting Period	**124**	**124**

2025		
Carrying Amount at the Beginning of the Reporting Period	**178**	**178**
Depreciation	(33)	**(33)**
Carrying Amount at the End of the Reporting Period	**145**	**145**
Carrying Amount at the End of the Reporting Period, is represented by:		
Gross Book Value	408	**408**
Accumulated Depreciation	(263)	**(263)**
Carrying Amount at the End of the Reporting Period	**145**	**145**

LIABILITY NOTES

NOTE 10. EMPLOYEE BENEFITS

Description and Material Accounting Policies Relating to Employee Benefits

Accrued Wages, Salaries and Superannuation

Accrued wages, salaries and superannuation are measured at the amount that remains unpaid to employees at the end of the reporting period.

Annual and Long Service Leave

Annual and long service leave, including applicable on-costs, that are not expected to be wholly settled before 12 months after the end of the reporting period when the employees render the related service are measured at present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Annual leave liabilities have been estimated on the assumption they will be wholly settled within three years.

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 qualifying service (ie 7 years for employees under 55 years and 1 year for employees 55 years or older), the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs.

In 2025-26, the rate used to estimate the present value of future payments for:

- annual leave is 98.0% (99.5% in 2024-25); and
- long service leave is 95.5% (100.1% in 2024-25).

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.

Annual leave and long service leave liabilities are classified as current liabilities in the Statement of Assets and Liabilities on Behalf of the Territory where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the ACT Executive has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Members of the Legislative Assembly

Annual and long service leave liabilities are not applicable to Members of the Legislative Assembly (MLAs).

Employees of the ACT Executive

ACT Public Sector employees who commence employment with the ACT Executive are required to take leave without pay from their home directorate. Upon commencement of employment with the ACT Executive, their personal leave, annual leave and long service leave balances are transferred from their home directorate.

NOTE 10. EMPLOYEE BENEFITS – CONTINUED

At the commencement of their employment with the ACT Executive, employees may elect to receive an annual allowance equivalent of 2.5% of their salary in lieu of accruing long service leave. This election is usually taken by employees of the ACT Executive who do not have a position to return to in the ACT Public Sector. For employees who will return to their home directorate at the end of their contract with the ACT Executive, the employee normally elects to accrue the long service leave and not receive the 2.5% annual allowance. If an employee elects to receive an annual allowance instead of long service leave, the entitlement to accrue long service leave is forgone during the employee's period of employment.

Employee leave liabilities, including annual leave, personal leave and long service leave, are transferred back to the relevant home directorate when an ACT Public Sector employee's engagement with the ACT Executive ends and the employee returns to their home directorate.

Resettlement Allowance for Members of the Legislative Assembly (MLAs)

MLAs are entitled to the equivalent of two weeks' salary for each year of continuous service, or part thereof, capped at a maximum of 12 weeks' salary. The allowance becomes payable upon cessation of service, except where the MLA dies in office or ceases to hold office because of misconduct.

This entitlement is calculated using the base rate of pay without any extra loadings for office holders. At the end of each reporting period, the present value of future resettlement allowance payments is estimated using market yields on Commonwealth Government bonds, adjusted for wage inflation.

Resettlement payments related to the 2024 Election have been made in the 2024-25 financial year. The updated resettlement payment liabilities are not expected to be fully settled within 12 months after the end of the reporting period when the MLAs rendered the related service.

Termination Allowance for Members' Staff

Staff engaged under the *Legislative Assembly (Members' Staff) Act 1989* (not on leave from their home directorate) are generally entitled to a termination payment if their associated Assembly member leaves or their employment is terminated by written notice from the office-holder.

Eligible staff are entitled to be paid a sum equal to 4 weeks' salary irrespective of the length of services. In addition, eligible staff accrue two weeks' pay after completing one year of service, plus two weeks' pay (or a pro-rata amount) for each subsequent completed year, up to a maximum of 48 weeks.

The liability for the service-based entitlement is determined by reference to the proportion of the projected benefit that has accrued at the reporting date. The valuation considers the number of benefit weeks accrued relative to the total number of benefit weeks expected to have accrued at each projected date of cessation, weighted by the probability that a payment will be made.

At the end of each reporting period, the liability is measured as the present value of estimated future termination payments. Estimated future payments incorporate expected wage inflation and are discounted using market yields on Commonwealth Government bonds.

A Termination Payment becomes payable in the event of termination of service following the exit of their associated member of the Assembly at an election or following involuntary exit at any other time. If a contracted employee voluntarily exits, a termination payment is not payable.

Staff engaged under the *Legislative Assembly (Members' Staff) Act 1989* can be offered new contracts at their contract end date. If a new contract is provided and accepted by the employee, a termination payment is not payable.

Under the *Legislative Assembly (Members' Staff) Office-holders' Hiring Arrangements Approval 2021 (No 1)*, ministerial staff who receive a termination payment may be re-employed by a re-elected or new Minister; however, re-engagement is subject to an exclusion period equivalent to the length of the termination payment received. Employment arrangements may be negotiated during the exclusion period, provided that the commencement of employment occurs only after the exclusion period has expired. Compliance with the

re-engagement requirements is monitored and administered by Executive Support and Payroll through employment and payroll processes.

Termination payments related to the 2024 Election have been made in the 2024-25 financial year. Based on the nature of the underlying entitlements, the associated liability is not expected to be fully settled within 12 months after the end of the reporting period.

NOTE 10. EMPLOYEE BENEFITS – CONTINUED

Significant Accounting Judgements and Estimates

Significant judgements have been applied in estimating the annual and long service leave liabilities, given that the ACT Executive uses the Whole of Government present value, probability and on-cost factors. These factors are issued by ACT Treasury and apply to all ACT Government Agencies. ACT Treasury organises an actuarial review to be undertaken every three years by the Australian Government Actuary to estimate each of these factors. The latest assessment was undertaken in 2024-25, with the next review expected to be in late 2027.

Significant judgements have also been applied in estimating resettlement allowance and termination allowance. The ACT Executive uses an actuarial valuation model based on key assumptions, including involuntary exit rate, discount rate, wage inflation, voluntary exit rates and payment scales. An actuarial review was undertaken in 2025-26 by the Australian Government Actuary to provide a model for estimating these liabilities. Actuarial reviews are undertaken every three years, with the next review expected due in early 2029. This is consistent with the process for reviewing annual and long service leave liabilities.

The resettlement and termination allowance liability represents the estimated present value of payments attributable to employee service provided up to 30 June 2026. The recognised liability excludes any additional entitlements that are conditional on employee service after the reporting date. Such amounts will be recognised progressively as the relevant service is provided and a present obligation arises.

	2026 $'000	2025 $'000
Current Employee Benefits		
Accrued Salaries and Wages	486	394
Annual Leave [1]	2,387	1,766
Long Service Leave [1]	700	291
Termination Allowance	406	256
Resettlement Allowance	311	318
Other Benefits	7	5
Total Current Employee Benefits	**4,296**	**3,030**
Non-Current Employee Benefits		
Long Service Leave	34	11
Total Non-Current Employee Benefits	**34**	**11**
Total Employee Benefits	**4,330**	**3,041**
Estimate of when Benefits are Payable		
Estimated Amount Payable within 12 months		
Accrued Salaries and Wages	486	394
Annual Leave	552	663
Long Service Leave	82	104
Other Benefits	7	5
Total Employee Benefits Payable within 12 months	**1,126**	**1,166**
Estimated Amount Payable after 12 months		
Resettlement Allowance	311	318
Termination Allowance	406	256
Long Service Leave [1]	652	198
Annual Leave [1]	1,835	1,103
Total Employee Benefits Payable after 12 months	**3,204**	**1,875**
Total Employee Benefits	**4,330**	**3,041**

NOTE 10. EMPLOYEE BENEFITS – CONTINUED

[1] The increase primarily reflects a correction to previously understated long service leave and annual leave loading liabilities, higher accrued leave balances transferred in with newly appointed staff, and lower than anticipated utilisation of leave entitlements.

At the end of the 2025-26 financial year, the ACT Executive had 66.86 full-time equivalent (FTE) staff employed (62.7 FTE staff employed at the end of the 2024-25 financial year).

OTHER NOTES

NOTE 11. FINANCIAL INSTRUMENTS

Details of the material 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 and financial liability, are disclosed in the notes to which they relate.

Financial assets and liabilities for the ACT Executive include Accounts Receivable and Accounts Payable. These are measured at amortised cost and are non-interest bearing.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The ACT Executive is not subject to interest rate risk as all of its financial assets and financial liabilities are held in non-interest-bearing arrangements.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The ACT Executive expects to collect all financial assets and meet all financial liabilities that are not past due. Cash and cash equivalents are held with the Westpac Banking Corporation, in accordance with the whole of government banking arrangements. These arrangements minimise risk by ensuring that cash is held with high-quality financial institutions under whole of government banking arrangements.

Liquidity Risk

Liquidity risk is the risk that the ACT Executive will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The ACT Executive's main financial obligations relate to employee-related expenditure and the purchase of supplies and services. Employee related expenditure is paid fortnightly and other financial obligations are usually met within 30 days of receipt of a tax invoice or receipt of goods and services. Also, the ACT Executive is fully funded through EBT appropriation, which ensures it has sufficient liquidity to meet its emerging financial liabilities.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. The ACT Executive is not exposed to any price risk.

NOTE 12. RELATED PARTY DISCLOSURES

A related party is a person or entity that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of their reporting entity, directly or indirectly.

KMP of ACT Executive are the Cabinet Ministers, the Head of Service, the Chief Finance Officer (CFO) for the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) and the Executive Chief of Staff.

The ACT Executive is an ACT Government controlled entity.

Key Management Personnel

Compensation of Key Management Personnel

The Head of Service and CFO are employees of CMTEDD. The compensation related to these KMP is included in CMTEDD's financial statements for the year ended 30 June 2026, and as such, is not included in this note.

Compensation by the ACT Executive to the KMP is set out below:

	2026 $'000	2025 $'000
Short-term Employee Benefits	3,410	3,305
Post Employment Benefits	543	516
Other Long-term Benefits	10	8
Termination Benefits	-	237
Total Compensation by the ACT Executive to KMP	**3,964**	**4,066**

NOTE 12. RELATED PARTY DISCLOSURES - CONTINUED

Transactions with Key Management Personnel

No disclosure is required for typical citizen transactions between the KMP and ACT Executive that occur on terms and conditions no different to those applying to the general public, where no discretion is applied and no influences is exerted by the related parties over the terms and conditions of those transactions.

Transactions with parties related to Key Management Personnel

There were no transactions that were material to the financial statements of the ACT Executive that occurred with parties related to KMP, including transactions with KMP's close family members or other related entities.

Transactions with Other ACT Government Controlled Entities

The ACT Executive has entered into transactions with other ACT Government entities in 2024-25 and 2025-26 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government entities. Below is a summary of the material transactions with Other ACT Government Entities.

Revenue

- Appropriation (Statement of Appropriation) – the ACT Executives' main ongoing source of funding is received from the ACT Government through the Territory Banking Account. This funding is in the form of Payments for Expenses on Behalf of the Territory and Capital Injection appropriation.
- Resources Received Free of Charge (Note 4) – The ACT Executive received $2.363 million in 2025-26 ($2.117 million in 2024-25), including legal services from the ACT Government Solicitor's Office; a range of IT services from Digital Canberra; finance, human resources and records management services from CMTEDD; and accommodation rental and associated building management services from the Office of the Legislative Assembly (OLA).

Expenses

- Employee Expenses (Note 5) – The ACT Executive recognised $0.215 million in 2025-26 ($0.268 million in 2024-25) to Territory Banking Account for superannuation contributions.
- Supplies and Services (Note 6) – The ACT Executive recognised $0.059 million in 2025-26 ($0.057 million in 2024-25) to the ACT Audit Office for audit services, $0.012 million in 2025-26 ($0.014 million in 2024-25) to the ACT Insurance Authority for insurance premiums, $0.101 million in 2025-26 ($0.106 million in 2024-25) to Digital Canberra for IT services.

Liabilities

- Employee Benefits (Note 10) – Superannuation liabilities of $0.008 million in 2025-26 ($0.005 million in 2024-25) for ACT Executive staff that are part of the CSS and PSS are held by the Superannuation Provision Account.

NOTE 13. BUDGETARY REPORTING

Significant Accounting Judgements and Estimates

Significant judgements have been applied in determining what variances are considered as 'major variances'. Variances are considered to be major variances if both of the following criteria are met:

- The line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated actual category amount (Income, Expenses, Assets, Liabilities and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- The variances (original budget to actual) are greater than plus (+) or minus (-) 10% and $500,000 for the financial statement line item.

Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Budget Statements. These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

	Actual 2026 $'000	Original Budget 2026 $'000	Variance $'000	Variance %
Statement of Income and Expenses on Behalf of the Territory Line Items				
Revenue				
Payment for Expenses on Behalf of the Territory [1]	14,612	16,001	(1,389)	(9%)

	Actual 2025-26 $'000	Original Budget 2025-26 $'000	Variance $'000	Variance %
Statement of Cash Flows on Behalf of the Territory Line Items				
Receipts from Operating Activities				
Payment for Expenses on Behalf of the Territory [1]	14,612	16,001	(1,389)	(9%)
Payments from Operating Activities				
Employee Expenses[1]	13,828	15,134	(1,306)	(9%)

[1] The variance primarily reflects lower FTE levels across most of the year, as recruitment occurred progressively following the 2024 Election. In addition, superannuation costs were lower than budgeted, as the original budget did not fully reflect the reduction in FTE Levels following the 2024 Election.

Default Insurance Fund

Default Insurance Fund (DIF)

Comprised of the Collapsed Insurer Fund (CIF) and the Uninsured Employer Fund (UEF)

Financial Statements for the year ended 30 June 2026

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Default Insurance Fund (Fund) for the year ended 30 June 2026 which comprise the statement of responsibility, statement by the fund manager, operating statement, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial statements:

(i) present fairly, in all material respects, the Fund's financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended; and

(ii) comply with Australian Accounting Standards.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Fund Manager for the financial statements

The Fund Manager is responsible for:

- preparing and fairly presenting the financial statements in accordance with Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Fund to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

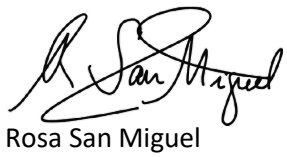
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Fund's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund;
- conclude on the appropriateness of the Fund's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Fund to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Fund Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Rosa San Miguel
Audit Principal, Financial Audits
25 September 2026

Default Insurance Fund
Financial Statements
For the Year Ended 30 June 2026

Statement of Responsibility

In my opinion, the Default Insurance Fund's financial statements fairly reflect the financial operations for the year ended 30 June 2026 and its financial position on that date.



Russ Campbell
Acting Head of Service and Director General
Chief Minister, Treasury and Economic Development Directorate
ACT Insurance Authority
23 September 2026

Default Insurance Fund
Financial Statements
For the Year Ended 30 June 2026

Statement by the Fund Manager

In my opinion, the Default Insurance Fund's financial statements have been prepared in accordance with Australian Accounting Standards, are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2026 and the financial position on that date.



Damian Black
Fund Manager
Default Insurance Fund
23 September 2026

Default Insurance Fund
Financial Statements
For the Year Ended 30 June 2026

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Default Insurance Fund
Operating Statement
For the Year Ended 30 June 2026

	Note No.	CIF Actual 2026 $'000	CIF Actual 2025 $'000	UEF Actual 2026 $'000	UEF Actual 2025 $'000	DIF Actual 2026 $'000	DIF Actual 2025 $'000
Income							
Interest	5	412	479	2,271	2,168	2,683	2,647
Levies	6	-	-	5,827	6,998	5,827	6,998
Recoveries	7	-	-	193	61	193	61
Other Revenue	8	-	-	159	88	159	88
Total Income		**412**	**479**	**8,450**	**9,315**	**8,862**	**9,794**
Expenses							
Claims Expenses excluding unwind of discount	9	(36)	2,039	1,932	(1,305)	1,896	734
Finance Costs – Unwind of discount on claims payable	9	62	31	989	1,397	1,051	1,428
Supplies and Services	10	25	28	615	603	640	631
Total Expenses		**51**	**2,098**	**3,536**	**695**	**3,587**	**2,793**
Operating Result		**361**	**(1,619)**	**4,914**	**8,620**	**5,275**	**7,001**
Total Comprehensive Result		**361**	**(1,619)**	**4,914**	**8,620**	**5,275**	**7,001**

The above Operating Statement is to be read in conjunction with the accompanying notes.

Default Insurance Fund
Balance Sheet
For the Year Ended 30 June 2026

	Note No.	CIF Actual 2026 $'000	CIF Actual 2025 $'000	UEF Actual 2026 $'000	UEF Actual 2025 $'000	DIF Actual 2026 $'000	DIF Actual 2025 $'000
Current Assets							
Cash and Cash Equivalents	11	9,601	9,248	55,286	49,608	64,887	58,855
Receivables	12	-	-	1,392	1,854	1,392	1,854
Total Current Assets		**9,601**	**9,248**	**56,678**	**51,462**	**66,279**	**60,709**
Non-Current Assets							
Receivables	12	-	-	1,411	1,325	1,411	1,325
Total Non-Current Assets		**-**	**-**	**1,411**	**1,325**	**1,411**	**1,325**
Total Assets		**9,601**	**9,248**	**58,089**	**52,787**	**67,690**	**62,034**
Current Liabilities							
Payables	13	14	13	555	73	569	86
Provision for Claims Payable	14	236	198	5,582	4,558	5,818	4,757
Total Current Liabilities		**250**	**211**	**6,137**	**4,631**	**6,387**	**4,843**
Non-Current Liabilities							
Provision for Claims Payable	14	2,156	2,200	30,857	31,976	33,013	34,176
Total Non-Current Liabilities		**2,156**	**2,200**	**30,857**	**31,976**	**33,013**	**34,176**
Total Liabilities		**2,406**	**2,412**	**36,994**	**36,607**	**39,400**	**39,019**
Net Assets		**7,195**	**6,837**	**21,095**	**16,180**	**28,290**	**23,015**
Equity							
Accumulated Funds		7,195	6,837	21,095	16,180	28,290	23,015
Total Equity		**7,195**	**6,837**	**21,095**	**16,180**	**28,290**	**23,015**

The above Balance Sheet is to be read in conjunction with the accompanying notes.

Default Insurance Fund
Statement of Changes in Equity
For the Year Ended 30 June 2026

	CIF Accumulated Funds Actual 2026 $'000	UEF Accumulated Funds Actual 2026 $'000	DIF Accumulated Funds Actual 2026 $'000
Balance at 1 July 2025	**6,834**	**16,181**	**23,015**
Comprehensive Income			
Operating Result	361	4,914	**5,275**
Total Comprehensive Income	**361**	**4,914**	**5,275**
Balance at 30 June 2026	**7,195**	**21,095**	**28,290**

	CIF Accumulated Funds Actual 2025 $'000	UEF Accumulated Funds Actual 2025 $'000	DIF Accumulated Funds Actual 2025 $'000
Balance at 1 July 2024	**8,452**	**7,562**	**16,014**
Comprehensive Income			
Operating Result	(1,618)	8,619	**7,001**
Total Comprehensive Income	**(1,618)**	**8,619**	**7,001**
Balance at 30 June 2025	**6,834**	**16,181**	**23,015**

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Default Insurance Fund
Statement of Cash Flows
For the Year Ended 30 June 2026

	Note No.	CIF Actual 2026 $'000	CIF Actual 2025 $'000	UEF Actual 2026 $'000	UEF Actual 2025 $'000	DIF Actual 2026 $'000	DIF Actual 2025 $'000
Cash Flows from Operating Activities							
Receipts							
Interest		412	479	2,271	2,168	2,683	2,647
Levies		-	-	5,866	6,501	5,866	6,501
Insurance Recoveries		-	-	199	178	199	178
Goods and Services Input Tax Credits from the Australian Taxation Office		-	-	102	99	102	99
Other Receipts		-	-	495	99	495	99
Total Receipts from Operating Activities		**412**	**479**	**8,933**	**9,045**	**9,345**	**9,524**
Payments							
Supplies and Services		26	23	130	594	156	617
Claims		33	883	3,016	1,437	3,049	2,320
Goods and Services Tax Paid to Suppliers		-	-	108	96	108	96
Total Payments from Operating Activities		**59**	**906**	**3,254**	**2,126**	**3,313**	**3,032**
Net Cash Inflows/(Outflows) from Operating Activities	11(c)	**353**	**(427)**	**5,679**	**6,918**	**6,032**	**6,492**
Net Increase/(Decrease) in Cash and Cash Equivalents		353	(427)	5,679	6,918	6,032	6,492
Cash and Cash Equivalents at the Beginning of the Reporting Period		9,248	9,674	49,607	42,688	58,855	52,363
Cash and Cash Equivalents at the End of the Reporting Period	11(a)	**9,601**	**9,248**	**55,286**	**49,607**	**64,887**	**58,855**

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Default Insurance Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

NOTE 1. OBJECTIVES OF THE DEFAULT INSURANCE FUND

Operations and Principal Activities of the Default Insurance Fund

The Default Insurance Fund (the Fund) is established under section 166 of the *Workers' Compensation Act 1951* (the Act). The purpose of the Fund is to:

- provide a safety net mechanism to meet the costs of workers' compensation claims made by workers in circumstances where:
  - (i) an employer does not have a compulsory workers' compensation insurance policy; or
  - (ii) an approved insurer is wound up under the *Corporations Act 2001* or cannot provide the indemnity required under a compulsory workers' compensation insurance policy; or
  - (iii) a worker is suffering from an imminently fatal asbestos-related disease (IFARD) as a result of exposure to asbestos fibres whilst employed as a worker in the Australian Capital Territory; or
  - (iv) an employer is an approved prescribed employer under Division 8.2.2A of the Act.
- make payment of statutory entitlements under the Act; and
- satisfy or settle claims.

The Fund keeps separate ledger accounts for the Uninsured Employer Fund (UEF) for claims made against employers without compulsory insurance policies and for the Collapsed Insurer Fund (CIF) for claims made against an insurer which cannot provide the indemnity.

Funds required to satisfy the cost of claims and other relevant expenses for the Fund are not guaranteed by the ACT Government. The Fund Manager determines the annual insurer contribution (as per the Act) based on:

- existing and expected liabilities and assets of the Fund;
- the gross written premiums for each licensed insurer or the notional gross written premium for each licensed self-insurer; and
- the amount required to be paid into the Fund to ensure the sustainable functioning of the Fund.

Further funding arrangements are explained in note 6 of these financial statements.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards (as required by the FMA) supplemented by following the ACT Accounting and Disclosure Policies.

The financial statements have been presented on an aggregate basis for the Fund as 'DIF', and also by CIF and UEF. The financial performance and financial position are allocated to each Fund to be transparent about amounts and balances relating to each Fund.

Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements have also been prepared according to the historical cost convention, except for assets such as those included in financial instruments which were measured at fair value during the reporting period.

Currency

These financial statements are presented in Australian dollars, which is the Fund's functional currency.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

Individual Reporting Entity

The Fund is an individual not-for-profit reporting entity.

Reporting Period

These financial statements state the operating statement, changes in equity and cash flows of the Fund for the year ended 30 June 2026 together with the balance sheet of the Fund as at 30 June 2026.

Comparative Figures

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where necessary, comparatives have been reclassified to conform to changes in presentation in the current year.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000). Use of "-" represents zero amounts or amounts rounded down to zero.

Going Concern

The 2025-26 financial statements have been prepared on a going concern basis as the Fund has sufficient current assets to meet its estimated current liabilities. This is achieved through the collection of levies.

Under Part 8.2, section 168A and section 168AA of the *Workers' Compensation Act 1951* (the Act), the Fund Manager may raise additional levies should there be a shortfall to meet current liabilities.

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

All Australian Accounting Standards and Interpretations issued but yet to be applied which are applicable to future reporting periods will be adopted from their application date.

Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) but yet to be applied have been assessed as not being relevant to the Fund or will have an immaterial financial impact.

The Fund has assessed whether AASB 2022-9 *Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector* will have a material financial impact on the Fund.

This standard makes key modifications to the requirements of AASB 17 *Insurance Contracts* specific to public sector entities. The modifications relate to providing public sector entities with:

a) pre-requisites, indicators and other considerations that need to be judged to identify arrangements that fall within the scope of AASB 17 in a public sector context;
b) an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition;
c) an exemption from sub-grouping contracts issued no more than a year apart;
d) an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous;
e) guidance on coverage periods in a public sector context, which has consequences for determining the cash flows used to measure insurance liabilities and the pattern of revenue recognition;

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED - CONTINUED

f) an accounting policy choice to measure liabilities for remaining coverage applying the premium allocation approach; and
g) a transition requirement grandfathering the existing classification of arrangements constituting a liability for settlement of claims incurred before the liability was acquired in a transfer as either a liability for incurred claims within the scope of AASB 17 or a provision within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

This Standard also amends AASB 1050 *Administered Items* to provide an accounting policy choice for the Fund to apply either AASB 17 or AASB 137 in determining the information to be disclosed. AASB 17 applies to all entities for annual periods beginning on or after 1 July 2026.

Public sector entities are required to apply AASB 17 to an insurance arrangement if, and only if, it is enforceable, has an identifiable coverage period and gives rise to insurance contracts based on certain indicators and considerations.

Based on a comprehensive assessment performed by the Fund, UEF and CIF do not meet the definition of an insurance contract, as defined by AASB 17, and are not within the scope of AASB 17 and AASB 2022-9. Therefore, when these amendments are applicable for the year ending 30 June 2027, there will be no material impact on the financial statements.

NOTE 4. CHANGE IN ACCOUNTING ESTIMATES

Changes in Accounting Estimates

Refer to Note 14 ‘Provision for Claims Payable’ for changes in accounting estimates for actuarial assumptions and sensitivity analysis on outstanding claims liabilities.

INCOME NOTES

Material Accounting Policies - Income

Income Recognition

Income is recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities* and is measured at the fair value of the consideration received or receivable in the Operating Statement.

NOTE 5. INTEREST

Description and Material Accounting Policies relating to Interest

Interest revenue relates to the variable interest earned in the operating bank account maintained with Westpac Bank and short-term investment held with the Public Trustee and Guardian in a Cash Trust Account. Interest is recognised using the effective interest method. Refer to Note 11 'Cash and Cash Equivalents' for further details.

	2026 $'000	2025 $'000
Interest		
Interest from the Cash Trust Account [a]	290	325
Interest from Bank [b]	122	153
Collapsed Insurer Fund	**412**	**478**
Interest from the Cash Trust Account [a]	733	821
Interest from Bank [b]	1,538	1,347
Uninsured Employer Fund	**2,271**	**2,168**
Total Interest	**2,683**	**2,646**

[a] *The decrease in interest earned from short term investments held with the Public Trustee and Guardian is mainly due to a decrease in floating interest rates. The average floating interest rate during 2025-26 was 4.43% compared to 4.95% interest earned for 2024-25.*

[b] *The increase in interest from bank is mainly due to the higher cash balance in the bank account.*

NOTE 6. LEVIES

Description and Material Accounting Policies relating to Levies

Monies required to satisfy UEF claims are funded by way of levies placed on ACT Workers' Compensation Insurers and self-insurers. The *Workers Compensation Act 1951* (the Act) provides the framework for the calculation of levies. Each year a review of the UEF is undertaken by the Fund Manager with the assistance of the Fund actuary, to determine an appropriate contribution, in the form of a levy, for approved workers' compensation insurers and self-insurers who are currently operating in the Territory. For 2025-26, the contribution from insurers and self-insurers was set at 1.8% of gross written premiums or notional premium based on industry rates for self-insurers (compared to 2.0% in 2024-25). Levies are recognised in the Operating Statement for the reporting period when they have been levied based on the quarterly declaration of the gross written premium and the total wages for self-insurers.

The Act provides the framework for levy contributions to be collected from approved insurers and self-insurers, as determined by the Fund Manager. The Fund Manager can raise the levies should there be a need to meet the cost of claims and expenses.

NOTE 6. LEVIES - CONTINUED

The CIF is not levying insurers or self-insurers for the CIF Fund at present. The Fund can manage appropriately and responsibly the impact of any future insurance collapses within the workers' compensation industry through the retention of its current reserve and the imposition of a tailored levy on employers in the event of a collapse.

	2026 $'000	2025 $'000
Levies [a]	5,827	6,998
Uninsured Employer Fund	**5,827**	**6,998**
Total Levies	**5,827**	**6,998**

[a] The decrease in the levies for 2025-26 is mainly due to a decrease in gross premiums written by the insurers, the total wages declared by the self-insurers and a reduction of the levy rate.

NOTE 7. RECOVERIES

Description and Material Accounting Policies relating to Recoveries

The CIF may receive recoveries from the administrators of failed insurance companies. The UEF may receive recoveries from other insurers due to third party arrangements. Both Funds may receive repayments by third parties and court associated recoveries.

	2026 $'000	2025 $'000
Employer and Other [a]	193	61
Uninsured Employer Fund	**193**	**61**
Total Recoveries	**193**	**61**

[a] The increase in UEF recoveries in 2025-26 is mainly due to a one-off large recovery receipt in 2025-26.

NOTE 8. OTHER REVENUE

Description and Material Accounting Policies relating to Other Revenue

Other revenue relates to revenue received that does not fall into revenue categories described above. Both Funds may receive other revenue.

	2026 $'000	2025 $'000
Prescribed employer fees [a]	122	-
Other	37	88
Total Other Revenue	**159**	**88**

[a] Prescribed employer fees are collected under Division 8.2.2A of the Act which commenced during 2025-26.

EXPENSE NOTES

NOTE 9. CLAIMS EXPENSES

Material Accounting Policies - Expenses

Description and Material Accounting Policies relating to Claims Expenses

Claims expenses for weekly compensation and medical rehabilitation cost are recognised in the operating statement based on the payments processed.

Settlements

Settlements are the payments processed in full or part for the settlement of claims by way of negotiation or through court proceedings.

Legal and Disbursement Costs

Legal and disbursement costs are costs related to the legal fees incurred by the Fund for its legal costs, the legal costs of claimants that are required to be reimbursed in accordance with settlement decisions or court orders, and any other relevant expenses incurred and passed on as part of legal proceedings.

Provision for Claims Payable

Provision for claims payable is recognised as the movement in the liability for claims provision. The provision covers claims reported but not yet paid; incurred but not yet reported (IBNR); incurred but not enough reported (IBNER); and the anticipated direct and indirect costs of settling those claims. The provision for claims payable is actuarially assessed by reviewing individual claim files and estimating changes in the ultimate cost of settling claims, IBNRs and associated settlement costs using statistics based on past experience and trends. The unwinding of the discount applied to future claims payments is recognised as a finance cost in the Operating Statement. Refer to Note 14: 'Provision for Claims Payable'.

	2026 $'000	2025 $'000
Settlements	-	849
Medical and Rehabilitation Costs	-	9
Weekly Compensation	24	24
Legal and Disbursements Costs	9	-
Provision for Claims Payable	**(7)**	**1,187**
- Movement in Provision for Claims Payable excluding Unwind of Discount	(69)	1,156
- Finance Costs - Unwind of Discount for Claims Payable	62	31
Collapsed Insurer Fund	**26**	**2,069**
Settlements [a]	1,569	303
Medical and Rehabilitation Costs	137	127
Weekly Compensation	104	203
Legal and Disbursements Costs	1,206	803
Provision for Claims Payable	**(95)**	**(1,344)**
- Movement in Provision for Claims Payable excluding Unwind of Discount	(1,084)	(2,741)
- Finance Costs - Unwind of Discount for Claims Payable	989	1,397
Uninsured Employer Fund	**2,921**	**92**
Total Claims Expenses and Finance Costs [b]	**2,947**	**2,161**

[a] *Higher settlement costs during 2025-26 were mainly due to more individual claims settling during the year, with higher average settlement amounts than in the previous year.*

[b] *Total Claims Expenses and Finance Costs comprise Claims Expenses excluding unwind of discount of $1.896 million (2025: $0.733 million) and Finance Costs relating to the unwind of discount on claims payable of $1.051 million (2025: $1.428 million) recognised in the Operating Statement.*

NOTE 10. SUPPLIES AND SERVICES

Description and Material Accounting Policies relating to Supplies and Services

Audit Service fees
Auditor's remuneration consists of services provided to the Fund by the ACT Audit Office to conduct the financial audit. The Fund allocates audit fees at the ratio of 90:10 to UEF and CIF Funds based on the estimated volume of transactions and activities. No other services were provided by the ACT Audit Office. The Funds' audit fees for the audit of its 2025-26 financial statements were $44,371 GST exclusive ($42,233 GST exclusive 2024-25).

Administration and Support Services
The Fund does not have any employees. Administration and support services are charged by ACT Insurance Authority (ACTIA) for the administration and management of the Fund. Administration and support services are charged to UEF only, noting there are only minimal regular administration and support efforts required for CIF. These charges are primarily represented by an allocation of ACTIA's employee costs (including on-costs), determined using estimated time spent by each employee category on activities associated with administering the Fund. The remaining costs charged are an estimated proportion of ACTIA's systems support costs.

Actuarial Costs
Actuarial costs include the fee for the valuation of outstanding claims liabilities for the end of financial year and annual UEF levy review. The Fund allocates the actuarial cost for annual valuation at the ratio of 90:10 to UEF and CIF based on the claims managed under each Fund.

Investment Commission Fees
Investment Commission fees are the monthly fees and charges from the Public Trustee and Guardian to manage the short-term investment in the Cash Trust Account.

	2026 $'000	2025 $'000
Actuarial Costs	4	3
Audit Fees	4	4
Consultants	-	1
Investment Commission Fees	17	20
Collapsed Insurer Fund	**25**	**28**
Actuarial Costs	34	34
Administration and Support Services [a]	482	470
Audit Fees	40	40
Consultants	15	10
Investment Commission Fees	44	50
Uninsured Employer Fund	**615**	**604**
Total Supplies and Services	**640**	**632**

[a] Higher administration and support services expenditure for UEF was mainly due to the allocation of administrative and support costs from ACT Insurance Authority. These include claims management system costs based on staffing structure and system inputs.

Default Insurance Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

ASSET NOTES

NOTE 11. CASH AND CASH EQUIVALENTS

Description and Material Accounting Policies relating to Cash and Cash Equivalents

Cash

The Fund holds one bank account with the Westpac Bank as part of the whole-of-government banking arrangements. As part of these arrangements, the Fund earns variable interest on credit balances (annual interest rate of 4.80% effective as at 30 June 2026 for balances up to $50 million).

Cash Equivalents

The Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The Fund holds short-term investments with the Public Trustee and Guardian in a Cash Trust Account. The investment earned a floating interest rate of 4.43% (4.95% in 2024-25). The investments held with the Public Trustee and Guardian Cash Trust Fund are classified as Cash Equivalents and are measured at amortised cost.

(a) Cash and Cash Equivalent Balances

	2026 $'000	2025 $'000
Current Cash and Cash Equivalents		
Current Cash and Cash Equivalents		
Cash at Bank	3,004	2,649
Cash Equivalents	6,597	6,598
Collapsed Insurer Fund	**9,601**	**9,248**
Cash at Bank [a]	38,631	32,950
Cash Equivalents	16,655	16,658
Uninsured Employer Fund	**55,286**	**49,608**
Total Current Cash and Cash Equivalents	64,887	58,855
Total Cash and Cash Equivalents	**64,887**	**58,855**

[a] *The increase in cash at bank is the result of net cash inflows from operating activities as well as a higher cash interest rate in 2025-26.*

NOTE 11. CASH AND CASH EQUIVALENTS - CONTINUED

Cash Flow Reconciliations

(b) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Statement of Cash Flows to the Equivalent Items in the Balance Sheet	2026 $'000	2025 $'000
Total Cash and Cash Equivalents Recorded in the Balance Sheet	64,887	58,855
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	**64,887**	**58,855**
(c) Reconciliation of the Operating Result to the Net Cash Inflows from Operating Activities		
Operating Result	**5,275**	**7,001**
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Receivables	376	(366)
Increase in Payables	483	14
(Decrease) in Provision for Claims Payable	(102)	(157)
Net Changes in Operating Assets and Liabilities	**757**	**(509)**
Net Cash Inflows from Operating Activities	**6,032**	**6,492**

NOTE 12. RECEIVABLES

Description and Material Accounting Policies relating to Receivables

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Levies receivable

Levies receivable are recognised for the amount of quarterly levies receivable from insurers and self-insurers based on the declared amount of gross written premium by the insurer and total wages declared by the self-insurers.

Claims Related Recoveries

Claims related recoveries are recognised based on the actuarial valuation of outstanding claims liabilities for any amount recoverable from employers and other insurers. Non-Current Claims Related Recoveries are the estimated future recoveries associated with the estimated future claims provisions. Refer to actuarial assumptions under Note 14: 'Provision for Claims Payable'.

	2026 $'000	2025 $'000
Uninsured Employer Fund		
Current Receivables		
Levies Receivable	1,220	1,600
Claims Related Recoveries	135	227
Other Receivables	3	-
Net GST Receivable	34	28
Total Current Receivables	**1,392**	**1,855**
Non-Current Receivables		
Claims Related Recoveries	1,411	1,325
Total Non-Current Receivables	**1,411**	**1,325**
Total Receivables [a]	**2,803**	**3,179**

[a] *No receivables are past due or impaired.*

LIABILITY NOTES

NOTE 13. PAYABLES

Description and Material Accounting Policies relating to Payables

Payables are recognised for audit fees, administration fees and support services provided by the ACT Insurance Authority.

	2026 $'000	2025 $'000
Audit Fees	4	4
Investment Commission Fees	2	2
Other	8	7
Collapsed Insurer Fund	**14**	**13**
Administration and Support Services [a]	482	-
Audit Fees	40	38
Consultants	11	11
Investment Commission Fees	4	4
Other	18	20
Uninsured Employer Fund	**555**	**73**
Total Payables	**569**	**86**

[a] The increase in Administration and Support Services payable in 2025-26 is mainly due to the unpaid full year support costs to ACTIA 2025-26.

NOTE 14. PROVISION FOR CLAIMS PAYABLE

Description and Material Accounting Policies relating to Provision for Claims Payable

An estimate of the provision for claims payable is completed annually by an independent actuary.

Taylor Fry Consulting Actuaries completed a full assessment of the provision for claims payable at 30 June 2026. The movement in outstanding claims liability can either reduce claims expense in the case of a reduction in liability or increase claims expense in the case of an increase in liability.

The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation and 'superimposed inflation'. Superimposed inflation refers to factors such as trends in court awards. The expected future payments are discounted to present value using the Commonwealth Government Bond risk-free rate.

Claims estimated to fall due within a twelve-month period are classified as a current liability and all other claims as a non-current liability.

Changes in Actuarial Assumptions

Actuarial assumptions are based on past claims experience, risk exposure and projections of economic variables. As a result of experience during the year and changes in valuation assumptions, the provision for claims payable decreased by $0.007 million for CIF ($1.187 million increase in 2024-25) and decreased by $0.095 million for UEF ($1.344 million decrease in 2024-25) (refer to Note 9: 'Claims Expense').

The Fund makes estimates and assumptions in respect of certain key amounts recorded in the financial statements. Estimates and judgements are regularly evaluated and are based on historical experience and other factors.

The key areas in which critical estimates are applied are described below.

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

Actuarial Assumptions

The actuarial process for estimating the provision for claims payable comprises:

- future compensation payments on open reported claims including, where appropriate, an incurred but not enough reported (IBNER) allowance for development in the case estimate prior to the settlement of those claims;
- future compensation payments for incurred but not yet reported (IBNR) claims;
- net apportionment and cross-claims (i.e. 'sharing') with other defendants, where identified;
- an estimate of the costs associated with managing the claims, such as the staff costs for employees managing the claims; and
- claims inflated and discounted to a 'present value' basis.

The approach used in calculating the provision for claims payable in the UEF was as follows:

- claims were subdivided into the following groups for analysis:
  - imminently fatal asbestos-related disease (IFARD) claims;
  - non-IFARD asbestos claims;
  - hearing loss claims; and
  - other claims (with an allowance for silicosis claims relating to claims reported 20+ years after the injury/exposure date).
- development of open claims (current value payments to date plus current case estimates) was analysed; and consideration was then given to the need to include an allowance for IBNER;
- an allowance was made for IBNR claims, based on projections of future claim reports and adopted average claim sizes;
- a pattern of future payments was applied to apportion the current value of the liability over future payment periods;
- an allowance was made for the effect of future recoveries, based on historic experience; and
- an allowance was made for the timing of benefit payments by adjusting for future claims inflation and discounting these payments to a present value.

The approach used to estimate the provision for claims payable in the CIF, excluding National Employers Mutual (NEM) related claims was as follows:

- historical claim payments gross of recoveries were inflated to 30 June 2026 values;
- future claims payments were projected, based on payment experience to date;
- development of open claims (current value payments to date plus current case estimates) was analysed and consideration was then given to the need to adjust the case estimates on the open claims for future case estimate developments;
- a further allowance was made for IBNR claims;
- a pattern of future payments was applied to apportion the current value of the liability over future payment periods; and
- an allowance was made for the timing of benefit payments by adjusting for future claims inflation and discounting these payments to a present value.

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

There is a single NEM claim that remains open, where the claimant will continue to receive periodic benefits for life. Therefore, to allow for their life expectancy a different approach has been taken for this claim type:

- future claim payments on the one open claim were projected, based on payments in 2025-26. For this type of claim, once weekly payments reach the claimant's equivalent weekly earnings as at the date of injury, no further allowance is made for future inflation;
- probability of survival factors were applied to each payment based on the claimant's age at 30 June 2026; and
- an allowance was made for the timing of benefit payments by adjusting for future claims inflation and discounting these payments to a present value.

Process Used to Determine Assumptions

A description of the processes used to determine these assumptions is provided in the following pages. Explicit assumptions for each of the IFARD, non-IFARD, hearing loss and non-IFARD asbestos related, and other claims have been used. Explanations for these assumptions in this table are provided below.

Table 1 – Main assumptions in determining the provision for claims payable

Assumption	Collapsed Insurer Fund		Uninsured Employer Fund	
	2026	2025	2026	2025
Projected IBNR claim numbers (non-IFARD)	2.54	2.75	38.6	40.3
Gross average IBNR claim size (non-IFARD)	$605,000	$565,000	$300,099	$267,874
Projected IBNR claim numbers (IFARD)	N/A	N/A	30.7	35.6
Gross average IBNR claim size (IFARD)	N/A	N/A	$455,000	$428,000
Claims Inflation rate per annum - Wage Inflation	4.08%	3.75%	4.08%	3.89%
Claims Inflation rate per annum - Superimposed inflation (UEF - other claims and CIF)	0.50%	0.50%	0.50%	0.50%
Discount rate per annum	4.59%	4.24%	4.93%	4.37%
Average weighted term to settlement	4.6 years	5.4 years	6.3 years	6.6 years
Recoveries (hearing loss and non-IFARD asbestos-related)	N/A	N/A	0%	0%
Recoveries (UEF - other claims and CIF)	0%	0%	7.5%	8.0%
Claims handling expenses (non-IFARD and CIF)	21%	20%	16.3%	18.2%
Claims handling expenses (IFARD)	N/A	N/A	3.0%	3.0%
Allowance for future case estimate development (% of case estimate)	N/A	N/A	66%	56%

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

Projected IBNR claim numbers

The projected non-IFARD claim numbers, excluding asbestos-related claims, have been determined based on an assumed pattern of claim emergence using average claim numbers for each development period. This projection estimates the number of IBNR claims that will receive a settlement in the future from a notional distribution of possible outcomes.

For IFARD and non-IFARD asbestos-related claims, an emergence pattern based on updated analysis performed by Taylor Fry Consulting Actuaries on other large asbestos portfolios, including Comcare, has been applied. The pattern is unchanged from that assumed in the previous valuation.

Gross average IBNR claim size

For hearing loss and other claims, the gross average claims size assumption is determined based on an average of past claim sizes (including any assumed level of future development). This varies by how long after the injury date it takes for the claim to receive its first payment.

For non-IFARD asbestos claims, average sizes are based on past average claim sizes estimated separately for mesothelioma, asbestosis and other asbestos-related claims. These sizes are weighted by proportions of these types of claims based on historical numbers.

For IFARD claims, the average size is higher than last year's estimate to allow for indexation.

Claims inflation rate

Future claims inflation is based on forecast Average Weekly Earnings (AWE). Forecast AWE is based on economic forecasts including from the Access Economics Business Outlook at 30 June 2026 and RBA's Statement of Monetary Policy, combined with a longer-term forecast of AWE adjusted for projected future interest rates. The CIF inflation rate excludes the NEM claim as these benefits are capped and will not be indexed in the future. As the CIF and UEF have different run-off patterns this leads to differences in the weighted average inflation rates. However, claim costs tend to increase above the rate of wage inflation over time. A rate of 0.5% per annum for additional (i.e. superimposed) inflation has been adopted for UEF other claims and CIF claims.

No superimposed inflation has been assumed for hearing loss and asbestos-related claims. For hearing loss, costs are expected to be unchanged or decrease as hearing aids become less expensive. For asbestos-related claims, common law settlements are likely to be unchanged or decrease as the affected population ages and statutory benefits will be limited to increases in line with inflation.

Discount rate

The estimate of the Fund's provision for claims payable is provided on both a discounted (i.e. allowing for future investment income) and undiscounted basis. To discount the liability, the market yields at 30 June 2026 on Commonwealth Government Bonds have been used. The two Funds have different projected payment patterns based on the nature of their claims. As the market yield of bonds varies by duration, this gives rise to the different average discount rates for the two Funds.

Average weighted term to settlement

The average weighted term to settlement is the number of years taken to finalise claims settlement and is based on historic settlement patterns. A decrease in the average weighted term to settlement would lead to more claims being paid sooner than previously projected.

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

Recoveries

The percentage of recoveries is based on historic recovery patterns for other claims. A decrease in the percentage of recoveries would lead to higher net claim payments. No recoveries have been received for hearing loss or asbestos claims, so their recoveries are assumed to be zero. No further recoveries are expected for CIF claims.

Claims handling expenses

For non-IFARD UEF claims, the allowance for claims handling expenses is calculated based on projected expenses and the run-off pattern of claim costs. This results in an implicit allowance of 16.3% of claim costs, whereas last year there was an explicit 18.2% loading. The reduction is due to lower software costs.

The IFARD expense allowance is lower than for non-IFARD claims as it only includes the additional marginal cost of managing IFARD claims (i.e. overheads and other fixed costs are already included in the non-IFARD allowance) and because IFARD claims have a higher average claim size which results in expenses being a smaller percentage loading. The 3% loading is unchanged from last year.

For the CIF, the expense allowance is based on the current level of administration costs applied until the NEM claim is expected to close with gradual reductions thereafter. This results in an implied 21% loading compared to 20% last year.

Allowance for future case estimate development

For asbestos and other claims, an allowance for future case estimate development on IBNER has been made based on models of claim development relative to when the claim received its first payment. This means that the amount of development as a percentage of case estimates will vary by accident year depending on the maturity mix of the open claims.

For each accepted hearing loss claim, hearing aid replacement costs are projected based on the age of the claimant.

Sensitivity Analysis

The Fund's provision for claims payable is calculated using methods that rely on certain assumptions about the experience of claims which are already incurred but not yet fully paid. To understand the impact of variations in these assumptions, changes were made to key assumptions and the impact on the outstanding claims result was quantified. This is referred to as a sensitivity analysis.

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

Each of the assumptions below has been considered in isolation. However, in reality, volatility in the net provision for claims payable is likely to be due to a number of these and other factors in combination.

Table 2 below shows a number of sensitivities on the UEF net liability. These indicate considerable sensitivity to the number and average size of future IFARD claims, as well as the risks related to silicosis claims.

Table 2 - Uninsured Employer Fund - Sensitivities of net liability to various model assumptions

Sensitivity	Change	Provision for claims payable $'000	Difference $'000	Difference %
Gross provision for claims payable		36,439		
Less current and non-current Recoveries		(1,546)		
Net provision for claims payable		**34,893**		
Case estimate development (IBNER)	Increase by 20%	35,626	733	2
Number of non-IFARD claims per annum	Increase by 3	35,681	788	2
Number of non-IFARD claims per annum	Decrease by 3	34,106	(788)	(2)
Size of average non-IFARD claim	Increase by 20%	36,962	2,069	6
Size of average non-IFARD claim	Decrease by 20%	32,824	(2,069)	(6)
Cost for silicosis claims	Increase 100%	39,485	4,592	13
Number of future IFARD claims per annum	Increase by 20	43,518	8,624	25
Number of future IFARD claims per annum	Decrease by 20	26,269	(8,624)	(25)
Size of average IFARD claim	Increase by 20%	37,541	2,648	8
Size of average IFARD claim	Decrease by 20%	32,245	(2,648)	(8)
Future inflation	Decrease by 0.5%	33,835	(1,058)	(3)
Future superimposed inflation	Increase by 0.5%	35,286	393	1
Future discount rate	Decrease by 0.25%	35,447	554	2

The net provision for claims payable refers to the provision for outstanding claims liability which is inclusive of claims handling expenses and is not intentionally over or underestimated (i.e. does not include a margin for uncertainty) and is reduced by expected recoveries.

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

Table 3 below shows a number of sensitivities on the CIF net liability. These indicate considerable sensitivity to the cost of IBNR claims.

Table 3 - Collapsed Insurance Fund - Sensitivities of net liability to various model assumptions

Sensitivity	Change	Provision for claims payable $'000	Difference $'000	Difference %
Gross provision for claims payable		2,392		
Less current and non-current Recoveries		-		
Net provision for claims payable		**2,392**		
IBNR claim cost	Increase by 100%	3,886	1,494	62
IBNR claim cost	Decrease by 50%	1,645	(747)	(31)
Future inflation	Decrease by 0.5%	2,327	(65)	(3)
Future superimposed inflation	Increase by 0.5%	2,434	43	2
Future discount rate	Decrease by 0.25%	2,425	33	1

The net provision for claims payable refers to the provision for outstanding claims liability which is inclusive of claims handling expenses and is not intentionally over or underestimated (i.e. does not include a margin for uncertainty).

Uncertainty

The estimates of provision for claims payable in this report rely on projections of future claim payment experience. As such, there is a significant degree of uncertainty associated with the estimates. This uncertainty mainly arises from the following general and Fund-specific sources.

General sources of uncertainty

- Data error – the base data can contain material errors.
- Model error – incorrect or inappropriate models may be used to project the future claims.
- Parameter error – the selected values for various assumptions within the valuation are in some cases based on judgement and may not accurately represent the future values for the parameters.
- Random error – claims development is, by its nature, subject to random variation.
- Unforeseen developments due to events including judicial decisions, legislative changes, public attitudes, potential sources of 'latent claims' (e.g. child claims in the context of compulsory third party), and social/economic conditions such as inflation.

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

Fund specific sources of uncertainty

- The Fund's data is sparse, and an actuary could reasonably select a wide range of assumptions.
- The provision for claims payable of the CIF is expected to reduce over time (unless another insurer collapses). As liabilities reduce, they are likely to become increasingly uncertain in percentage terms.
- On 1 July 2017, the *Workers Compensation Amendment Act 2016* (No 2) came into effect which required the Fund to meet the cost of claims made for IFARD. The amendment introduces the provision for statutory benefits to be made available to workers suffering from IFARD. The number, amount and timing of payments for such claims is highly uncertain.
- For both Funds, there are specific uncertainties relating to latent claims. To date, the main sources of latent claims are from asbestos diseases and silicosis diseases both of which are highly uncertain due to their very long reporting patterns. The liabilities for both Funds allow for all future asbestos claims caused by work-related exposures up to the valuation date.
- Case estimates have been relied upon when setting reserves for open claims. It is likely that when open claims are settled, they will be settled at a different value to the case estimate held, and this value may be significantly higher or lower than the case estimate.
- Since 1 July 2016, the Lifetime Care and Support Scheme (the Scheme) has covered private sector workers who are catastrophically injured in a workplace accident. This leads to uncertainty regarding the impact of the Scheme on the Fund. In principle, the introduction of the Scheme should reduce the risk of these claims coming into the Fund. However, as such claims are expected to be infrequent, the exact impact on any given year is unknown.
- From October 2025 prescribed employers operating within the Horse Racing Trainers and Attendance Activity are also covered by the UEF.

Although the estimates have been prepared in conformity with what is believed to be the likely future experience, the experience could differ considerably from the estimates. Deviations from estimates are normal and are to be expected.

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

	2026 $'000	2025 $'000
Total Provision for Claims Payable by Fund		
Current Provision for Claims Payable	236	198
Non-Current Provision for Claims Payable	2,156	2,200
Collapsed Insurer Fund	**2,392**	**2,399**
Current Provision for Claims Payable	5,582	4,558
Non-Current Provision for Claims Payable	30,857	31,976
Uninsured Employer Fund	**36,439**	**36,534**
Total Provision for Claims Payable	**38,831**	**38,933**
Funding of Provision for Claims Payable		
Funded Proportion of Provision for Claims Payable	2,392	2,399
Unfunded Proportion of Provision for Claims Payable	-	-
Total Provision for Claims Payable - CIF	**2,392**	**2,399**
Funded Proportion of Provision for Claims Payable	36,439	36,534
Unfunded Proportion of Provision for Claims Payable	-	-
Total Provision for Claims Payable - UEF	**36,439**	**36,534**
Total Provision for Claims Payable	**38,831**	**38,933**

Change in Basis - In the 12 months from 30 June 2025 to 30 June 2026

Inflated and Discounted Liability as at 30 June 2026 (Gross of Recoveries)

	CIF Component $'000	UEF Component $'000	Total DIF $'000
Reported	443	8,634	9,077
Incurred But Not Reported (IBNR)	1,538	24,228	25,766
Claims Handling Expense	411	3,577	3,988
Total Provision for Claims Payable	**2,392**	**36,439**	**38,831**

Inflated and Discounted Liability as at 30 June 2025 (Gross of Recoveries)

	CIF Component $'000	UEF Component $'000	Total DIF $'000
Reported	483	7,488	7,971
Incurred But Not Reported (IBNR)	1,508	25,281	26,790
Claims Handling Expense	408	3,765	4,172
Total Provision for Claims Payable	**2,399**	**36,534**	**38,933**

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

Reconciliation of movement in provision for claims payable

The table below compares the estimates as at 30 June 2026, gross liability of outstanding claims at 30 June 2026 compared with those projected from the 30 June 2025 valuation, expected gross liability of outstanding claims at 30 June 2026 thereby explaining the movement between the two estimates.

Movement in liability since 30 June 2025	CIF ($'000)	UEF ($'000)	Total ($'000)
Gross liability at 30 June 2025 (including claims handling expenses)	**2,399**	**36,534**	**38,933**
Remove the expected payments to 30 June 2026	(180)	(4,154)	(4,334)
Remove the claims handling expenses	(408)	(3,765)	(4,173)
Expected Interest to 30 June 2026	62	989	1,051
Expected gross liability of outstanding claims at 30 June 2026 (excluding claims handling expenses)	**1,873**	**29,604**	**31,477**
Change in general experience, assumptions, and modelling	149	51	200
Change in case estimate development assumptions	(36)	814	778
Change in IBNR numbers	-	(385)	(385)
Change in IBNR claim size	-	100	100
Change in number of future reported IFARD claims	-	(364)	(364)
Change in economic assumptions	(5)	(439)	(444)
Gross liability of outstanding claims at 30 June 2026 for prior accident years (excluding claims handling expenses)	**1,981**	**29,381**	**31,362**
Liability for new accidents	-	3,481	3,481
Add in claims handling expenses	411	3,577	3,988
Gross liability of outstanding claims at 30 June 2026 for all accident years (including claims handling expenses)	**2,392**	**36,439**	**38,831**

The gross liability of outstanding claims of $38.8 million at 30 June 2026 was lower than the gross liability of outstanding claims of $38.9 million at 30 June 2025. The decrease from experience mostly relates to the delay in payments that were expected to have been paid over the past year but which were not made. Experience for the UEF was also impacted by increases in the cost of open claims but a reduction from having no new asbestos claims reported.

There were increases to the allowance for ongoing development on open claims and a further decrease to the number of future IFARD claims.

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

The table below reconciles the movement in the Total Provision for Claims Payable set out above, as well as the Claims Expenses and Finance Costs recognised in the Operating Statement.

	2026 $'000	2025 $'000
Total Provision for Claims Payable at beginning of the year	**38,933**	**39,090**
Plus: additional provisions for new claims costs and expenses	**7,469**	**7,815**
Plus: finance costs change due to the passage of time (discount unwind)	**1,051**	**1,428**
Less: amounts used during the period (actual payments)	**(3,049)**	**(2,318)**
Less: impact of changes in actuarial assumptions:	**(5,573)**	**(7,082)**
- Actual vs expected claims payments (including claim handling expenses)	(4,680)	(6,764)
- Actual vs expected claims numbers	(649)	619
- Change in economic assumptions	(444)	349
- Change in actuarial assumptions and model change	200	(1,286)
Total Provision for Claims Payable at end of the year	**38,831**	**38,933**
Movement in Total Provision for Claims Payable	**(102)**	**(157)**
Actual claims costs amounts paid during the period	3,049	2,318
Total Claims and Finance Costs (Note 9)	**2,947**	**2,161**

NOTE 15. FINANCIAL INSTRUMENTS

Description and Material Accounting Policies relating to Financial Instruments

Details of the significant 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 and financial liability, are disclosed in relevant notes for asset classes.

The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 *Financial Instruments: Disclosures*.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Most of the Fund's financial assets are held in floating interest rate arrangements, whereas the Fund's financial liabilities are not subject to floating interest rates.

Interest rate risk for financial assets is managed by only investing in floating interest rate investments that are low risk. There have been no changes in risk exposure or processes for managing risk since the last reporting period.

Sensitivity Analysis

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below is reasonably possible over the next twelve months if interest rates change by -/+ 1% per annum.

	Carrying Amount $'000	Profit/(Loss) Impact $'000	Profit/(Loss) Impact $'000
2026			
Financial Assets:		**(1%)**	**1%**
Cash and Cash Equivalents	**64,887**	**(649)**	**649**
2025			
Financial Assets:		**(1%)**	**1%**
Cash and Cash Equivalents	**58,855**	**(589)**	**589**

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment.

Credit risk is managed by the Fund for cash at bank by holding bank balances with the ACT Government's appointed transactional bank, Westpac. S&P Global Ratings has assigned an AA- issuer credit rating to Westpac. An 'AA' credit rating means the obligor has a 'very strong to strong capacity to meet its financial commitments'.

Credit risk is managed by the Fund for cash equivalents by only transferring surplus funds to the Public Trustee and Guardian. The Public Trustee and Guardian has set appropriate investment criteria to manage the surplus funds of agencies, resulting in an insignificant credit risk.

A large proportion of the Fund's receivables are from major Australian insurers or self-insurers of major Australian companies which means that the credit risk of these receivables going into default is low.

NOTE 15. FINANCIAL INSTRUMENTS – CONTINUED

Therefore, the Fund does not recognise any loss allowance for receivables collectible from other ACT Government agencies consolidated into the whole-of-government financial statements.

There have been no changes in credit risk exposure since the last reporting period.

(c) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the Fund ensures that it has sufficient cash and cash equivalents to meet its estimated current financial liabilities. The Fund may raise additional levies at any time to meet the cost of any unexpected increase in financial liabilities that may arise.

The Fund's exposure to liquidity risk in relation to its financial instruments and the management of this risk has not changed since the previous reporting period.

(d) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has units in the Cash Trust Account which do not fluctuate in value. The Fund's exposure to price risk and the management of this risk has not changed since the last reporting period.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the Fund as it does not have any exposure to price risk.

(e) Fair Values of Financial Assets and Liabilities

The carrying amounts for all financial assets and liabilities approximate their fair value.

(f) Carrying Amount of Each Category of Financial Asset and Financial Liability

	Note No	2026 $'000	2025 $'000
Financial Assets at Amortised Cost			
Cash and Cash Equivalents	11	64,887	58,855
Receivables	12	1,220	1,600
Financial Liabilities at Amortised Cost			
Liabilities		543	48

NOTE 16. RELATED PARTY DISCLOSURES

Description and Material Accounting Policies relating to Related Party Disclosures

A related party is a person that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly. The only KMP of the Fund is the Fund Manager. The Head of Service, the Under Treasurer, and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of the Fund.

This note does not include typical citizen transactions between the KMP and the Fund that occur on terms and conditions no different to those applying to the general public.

(a) Controlling Entity

The Default Insurance Fund is an ACT Government related entity.

(b) Key Management Personnel

Compensation of Key Management Personnel

Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2026.

Compensation of the Head of Service is included in the note on related party disclosures included in the Chief Minister, Treasury and Economic Development Directorate's (CMTEDD) financial statements for the year ended 30 June 2026.

The KMP of the Fund is an employee of the ACT Insurance Authority (ACTIA) and is compensated by ACTIA. Compensation by ACTIA to the KMP includes their roles as the General Manager of ACTIA and General Manager for the Office of the Nominal Defendant. This is set out below:

	2026 $'000	2025 $'000
Short-term employee benefits	264	236
Post-employment benefits	33	27
Other long-term benefits	(6)	13
Total Compensation by ACTIA to KMP	**291**	**276**

Compensation for the KMP of the Fund is reimbursed to ACTIA based on a cost allocation model that apportions employee expenses, administrative costs and ICT system support from ACTIA to the Fund. There were no other transactions between the Fund and the KMP and the KMP was not compensated by the Fund.

NOTE 16. RELATED PARTY DISCLOSURES – CONTINUED

(c) Transactions with other ACT Government Controlled Entities

The Fund has entered into transactions with other ACT Government entities in 2026 and 2025 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government entities. Below is a summary of the material transactions with other ACT Government entities.

Revenue

- Interest (Note: 5) – received $1.023 million interest from the Cash Trust Account from Public Trustee and Guardian, Justice and Community Safety Directorate.

Expenses

- Supplies and Services (Note: 10) – paid $44,371 for Audit Fees for the financial statements audit service provided by the ACT Audit Office in 2025-26.
- Supplies and Services (Note: 10) – paid $482,285 for Administration and Support Services for the provision of levies, claims and other services by the ACT Insurance Authority in 2025-26.

Lifetime Care and Support Fund

Lifetime Care and Support Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

General Overview

Objectives

The Lifetime Care and Support Fund (LTCS fund) was established under the *Lifetime Care and Support (Catastrophic Injuries) Act 2014* (LTCS Act) and commenced operation on 1 July 2014. The LTCS fund reflects the financial operations of the Lifetime Care and Support Scheme (LTCS Scheme).

The LTCS Scheme provides on-going reasonable and necessary treatment and care to people who have been catastrophically injured as a result of a motor accident or workplace accident in the course of private sector employment in the Australian Capital Territory.

The LTCS Scheme is funded by two levies. The LTCS Levy relating to motor accident injuries applies to all Motor Accident Injuries (MAI) policies issued under the *Motor Accident Injuries Act 2019*. The LTCS Levy relating to work injuries applies to each private sector workers' compensation insurer and self-insurer who writes workers compensation policies for the purposes of the *Workers Compensation Act 1951*.

Overview of the 2025-26 Financial Outcome

The LTCS fund is a Territorial reporting entity as it is administered on behalf of the ACT Government in accordance with the LTCS Act.

The LTCS fund's operating result for 2025-26 was a surplus of $56 million, compared to the budgeted surplus of $11 million. The better than budgeted result was mainly due to lower participants' treatment and care expenses ($38 million) associated with the decrease in provision for the lifetime treatment and care costs which mainly resulted from fewer than budgeted new participants entering the LTCS Scheme during 2025-26 and improvements in the injury severity of a number of existing participants, partially offset by increases resulting from changes in the economic assumptions. The higher operating surplus was also due to higher than budgeted returns (distributions and gains) on investments held with the Territory Banking Account ($6 million).

The balance sheet is in a net liability position with total liabilities ($286 million) greater than its total assets ($282 million) by $4 million. This is mainly due to the accumulated historical impact of increases in the provision for the participants' treatment and care costs resulting mainly from the higher number of participants and the higher than average estimated cost for a number of the participants (due to severity of injury and younger age) entering the LTCS Scheme in previous years.

The negative balance sheet position does not pose an immediate liquidity risk. At 30 June 2026, the LTCS fund's current assets ($27 million) exceeded its current liabilities ($14 million). The LTCS fund maintains a sufficient cash balance ($13 million) which will allow payment of all current liabilities when they fall due. Also, the investments made through the Territory Banking Account ($255 million) can be withdrawn upon request (convertible to cash), if required.

Sufficiency of the LTCS Levy to fund the scheme's estimated liabilities is reassessed each year by the LTCS Commissioner of the ACT based on advice of an independent actuary. Future levies are amended to cover the estimated lifetime treatment and care costs of the assumed average number of new participants expected to enter the scheme in the coming year. Levy increases also provide for balance sheet repair to secure the long-term financial sustainability of the scheme.

Lifetime Care and Support Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

For the 2026-27 contribution period the LTCS Commissioner determined that the LTCS Levies remain unchanged from the 2025-26 levels. The LTCS Levy relating to motor accident injuries is set at $110.40 for a 12-month ACT MAI policy charged proportionately and the total LTCS Levy relating to private sector work injuries is set at $8.1 million.

The LTCS fund aims to achieve a 100% funding ratio (total assets over total liabilities) in the medium term (projections based on a number of assumptions). The better than anticipated actual experience in the last couple of years has improved the balance sheet position from $99 million net liabilities (or 64% funding ratio) as at 30 June 2024 to $4 million net liabilities (or 99% funding ratio) as at 30 June 2026. Uncertainty exists due to the long-term nature of liabilities and volatility in the number of scheme participants and their injury severity. The actual result varies each year, depending on the number and estimated cost of new participants entering the scheme and the performance of the investment portfolio.

Risk Management

Although the LTCS fund is a separate reporting entity for the purposes of the *Financial Management Act 1996* and has an independent statutorily appointed Commissioner, the LTCS fund is part of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD). As such, the LTCS fund's risk management plan is incorporated within the risk management plan of the CMTEDD.

The LTCS fund has overall responsibility for risk management, and for ensuring compliance with the risk management plan.

The key risk for the LTCS fund is associated with the sufficiency of the LTCS Levy in relation to the anticipated lifetime treatment and care costs of participants in the LTCS Scheme. The LTCS fund expects variability in the actual costs compared with the average costs anticipated in the budget. It is envisaged that the LTCS Levy, reassessed every year together with the anticipated investment income, will be sufficient to meet the expected LTCS fund's liabilities when they become payable.

The investment returns that contribute towards the sufficiency of funds have exposure to market fluctuations. The associated risk is mitigated by ensuring funds are invested in multi-asset units in accordance with the LTCS fund's approved investment strategy that aims to achieve the long-term funding needs of the LTCS Scheme. The target long-term return on investments outlined in the LTCS fund's current Investment Plan is Consumer Price Index (CPI) +2.5%.

Transition to AASB 17 *Insurance Contracts*

Currently the LTCS fund estimates the provision for the future treatment and care costs of the LTCS Scheme participants based on the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.* From 1 July 2026 the LTCS fund will adopt AASB 17 *Insurance Contracts.* The application of AASB 17 changes measurement, recognition and disclosure, particularly of the expenses and provision associated with the costs of the LTCS Scheme participants. It also impacts the presentation of the financial statements. Although, the 2026-27 Budget reflects the 2026-27 and forward years estimates based on the requirements of AASB 17, the presentation continues to follow the existing budget framework.

The transition to AASB 17 does not impact the operation of the LTCS Scheme.

Further information is included under Note 3 *Impact of Accounting Standards Issued But Yet to be Applied* in the audited Financial Statements for 2025-26.

Lifetime Care and Support Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

Statement of Income and Expenses on Behalf of the Territory

The following financial information is based on the audited Financial Statements for 2025-26. Budget information presented below for 2025-26 is based on the 2025-26 Budget for the LTCS fund. Estimates presented below for 2026-27 through to 2029-30 are based on the 2026-27 Budget for the LTCS fund.

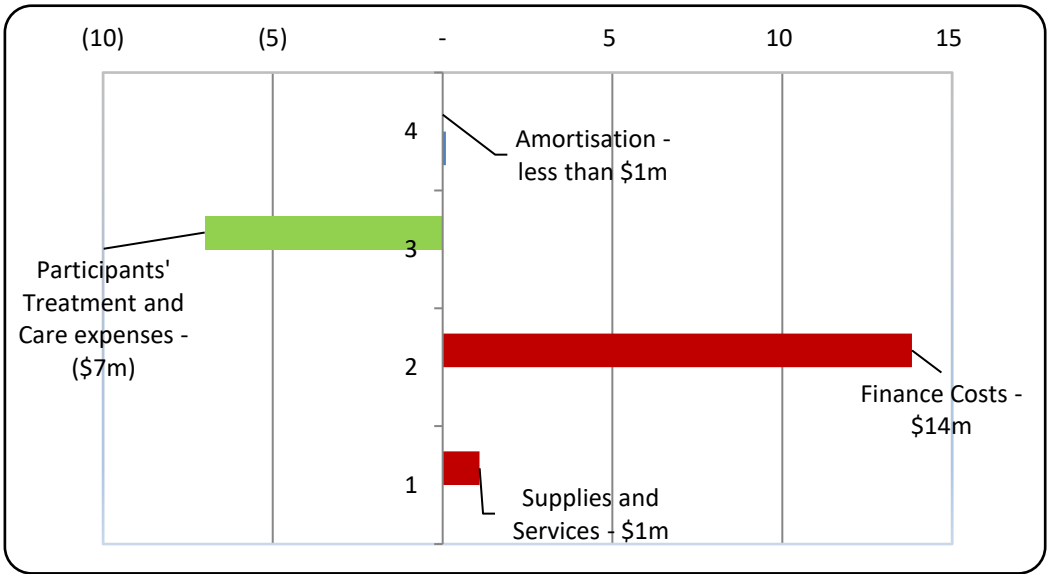
Total Expenses

1. Components of Total Expenses

For the financial year ended 30 June 2026, the LTCS fund recorded expenses mainly comprising finance costs ($14 million). The expenses were partially offset by the negative participants' treatment and care expenses ($7 million; reflected under Expenses), resulting in net expenses of $8 million.

The finance costs are associated with the unwinding of the discount rate on the provision for future treatment and care costs of the LTCS Scheme participants. The participants' treatment and care expenses include additions to the provision for the estimated future lifetime treatment and care costs of new LTCS Scheme participants as well as movements in the provision for existing participants.

Figure 1 – Components of Total Expenses ($ million)



2. Comparison to Original Budget

Total expenses were $39 million (or 83%) lower than 2025-26 Budget of $47 million. This was mainly due to the lower participants' treatment and care expenses ($38 million).

The lower participants' treatment and care expenses were mainly due to fewer than anticipated new participants entering the scheme in 2025-26, improvement in the injury levels of a number of existing participants; partially offset by the increase associated with changes in mortality and rehabilitation cost assumptions.

Injury levels are reassessed each year and may change over time depending on the stage of the participants' recovery and rehabilitation needs.

3. Comparison to 2024-25 Actual

Total expenses were $16 million (or 68%) lower than last year's actual expenses of $24 million. This was mainly due to the decrease in participants' treatment and care expenses ($17 million).

The decrease in participants' treatment and care expenses was mainly due to fewer new participants entering the scheme in 2025-26 and improvements in the injury levels of a number of existing participants; partially offset by the increase associated with the changes in the mortality and rehabilitation cost assumptions.

The 30 June 2026 figures reflect forty four participants comprising forty three current participants and one potential participant who was pending assessment for acceptance into the LTCS Scheme.

The 30 June 2025 figures reflect forty three participants comprising forty one current participants and two potential participants who were pending assessment for acceptance into the LTCS Scheme.

The potential participants are included on a partial basis taking into account the probability of their acceptance into the scheme.

4. Future Trends

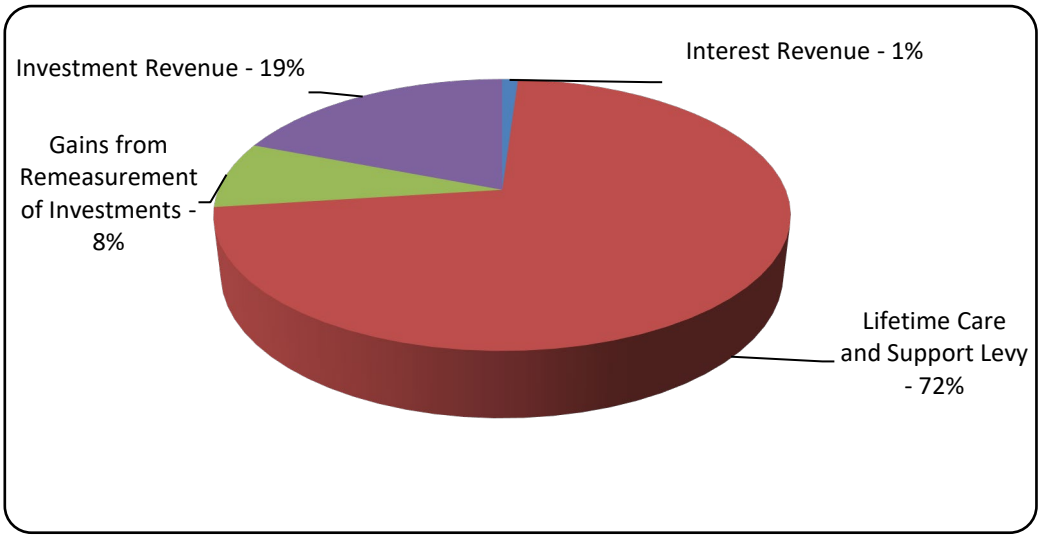
In the 2026-27 Budget, future expenses are estimated under the requirements of AASB 17 *Insurance Contracts* (as discussed previously) based on an actuarially assessed average number of new participants entering the LTCS Scheme each year. The treatment and care costs of the LTCS Scheme's future participants and the associated timing of payments are reassessed each year for the purposes of the Budget based on independent actuarial projections. It must be recognised that the actual number of new participants and their associated treatment and care expense profiles will be volatile, particularly in the early years of the scheme.

Total Income

1. Components of Total Income

For the financial year ended 30 June 2026, the LTCS fund recorded total income of $64 million, derived mainly from the LTCS Levy ($46 million or 72%).

Figure 2 – Components of Total Income (%)



Lifetime Care and Support Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

2. Comparison to Original Budget

Total income for the financial year was $6 million (or 10%) higher than the 2025-26 Budget of $58 million. This was mainly associated with the higher than budgeted investment revenue associated with distributions from investments held with the Territory Banking Account (TBA, $3 million) and higher than budgeted gains on investments held with the TBA ($2 million) mainly resulting from the increased market valuation of investments.

Distributions from investments fluctuate year on year. Gains/(losses) on investments result from changes in the fair value of investments. Gains/(losses) are at a point in time and fluctuate over time. The focus of the LTCS fund's investments is on achieving the long-term funding of the LTCS Scheme rather than the financial position over shorter periods, particularly in the early years.

3. Comparison to 2024-25 Actual

Total income was $1 million (or 2%) higher than last year's actual income of $63 million. This was mainly due to higher income from the LTCS levies ($2 million) and higher investment revenue ($7 million), partially offset by the lower gains from the remeasurement of investments held with the TBA ($8 million).

The increase in income from the levies was mainly due to an increase in the LTCS Levy relating to motor accident injuries to $110.40 in 2025-26 (2024-25: $105.40) for a 12-month ACT MAI policy charged proportionately and an increase in the LTCS Levy relating to private sector worker injuries to $8.1 million in 2025-26 (2024-25: $7.7 million).

In 2025-26 the investments gained $5 million from changes in the fair value, recording a positive return of 7.6% with market valuation gains on the investment portfolio contributing to the return. In comparison in 2024-25 investments recorded a positive return of $14 million or 10.5%.

The LTCS fund also purchased additional investments during 2025-26 ($40 million).

4. Future Trends

In the 2026-27 Budget, income is estimated to increase in the future mainly due to the returns associated with the continuing investment of funds not required in the short-term and the increase in income from LTCS Levy associated with an increase in levies to reflect the increase in estimated average costs per new participant and the expected growth in population. Future levies also include increases to address the LTCS fund's net liability financial position, informed by the framework developed by the scheme actuary. In accordance with the LTCS Act, the LTCS Levy will be reassessed each year.

Lifetime Care and Support Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

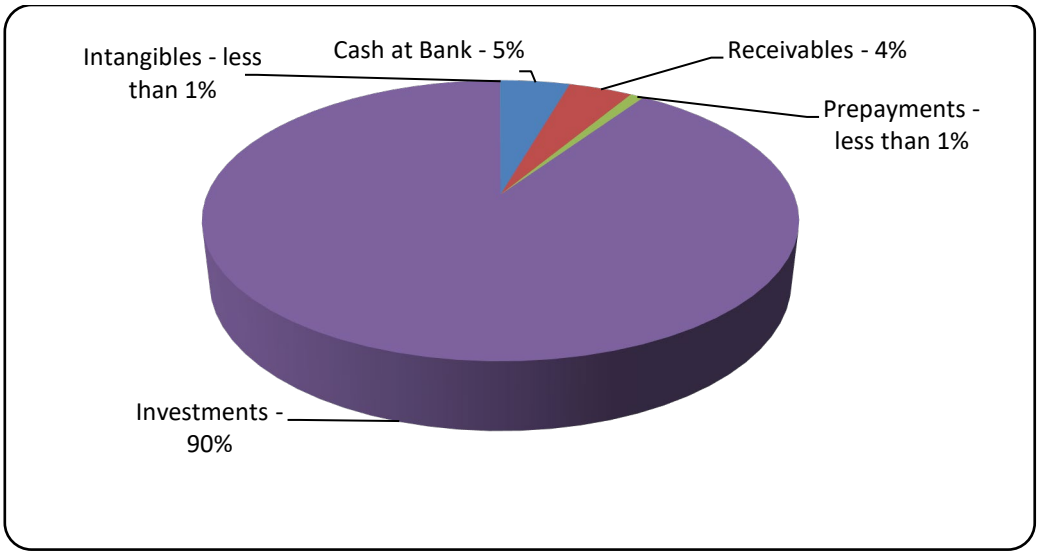
Statement of Assets and Liabilities on Behalf of the Territory

Total Assets

1. Components of Total Assets

The total asset position at 30 June 2026 was $282 million mainly comprising investments ($255 million or 90%).

Figure 3 – Components of Total Assets at 30 June 2026 (%)



2. Comparison to Original Budget

Total assets at 30 June 2026 were $15 million (or 6%) higher than the 2025-26 Budget of $267 million. This was mainly due to:

- $9 million higher than anticipated investments mainly due to the higher gains on investments associated with the remeasurement of investments at 30 June 2026; and
- $6 million higher receivables mainly associated with the higher distribution from investments with the TBA for the quarter ended 30 June 2026. Distributions fluctuate based on the amount of income available for distribution in the underlying asset class sector. The increase reflects the higher amount of distributable income available for the quarter ended 30 June 2026.

3. Comparison to 30 June 2025 Actual

Total assets were $52 million (or 23%) higher than the assets at 30 June 2025 of $230 million. This was mainly due to the increase in investments held with the TBA ($45 million), resulting from the additional $40 million invested from the year's LTCS Levy collections not needed in the short-term and gains of $5 million on the remeasurement of investments at 30 June 2026.

These assets, together with future investment income are required to fund the present and likely future treatment and care costs of participants in the LTCS Scheme (over their lifetime), when the liability becomes payable.

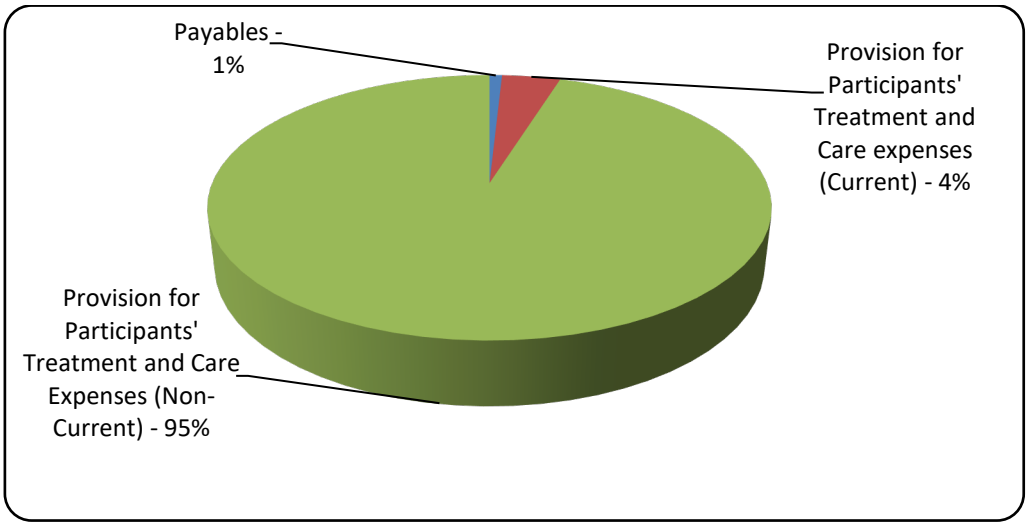
Lifetime Care and Support Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

Total Liabilities

1. Components of Total Liabilities

The LTCS fund's total liabilities of $286 million at 30 June 2026 largely relate to the provision for treatment and care costs of participants in the LTCS Scheme, of which the current component was $11 million (or 4%) and the non-current component was $272 million (or 95%). The provision reflects the present value of the participants' expected lifetime treatment and care costs.

Figure 4 – Components of Total Liabilities at 30 June 2026 (%)



2. Comparison to Original Budget

Total liabilities at 30 June 2026 were $43 million (or 13%), lower than the Budget of $328 million. This was mainly due to the lower than expected provision for participants' treatment and care costs as explained under Expenses.

3. Comparison to 30 June 2025 Actual

Total liabilities at 30 June 2026 were $4 million (or 2%) lower than the liabilities at 30 June 2025 of $290 million. This was mainly due to the decrease in the provision for the future treatment and care costs as explained under Expenses. The provision is based on an independent actuarial assessment.

Lifetime Care and Support Fund

Territorial Financial Statements for the year ended 30 June 2026

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Lifetime Care and Support Fund (Fund) for the year ended 30 June 2026 which comprise the statement of responsibility, statement by the chief finance officer, statement of income and expenses on behalf of the Territory, statement of assets and liabilities on behalf of the Territory, statement of changes in equity on behalf of the Territory, statement of cash flows on behalf of the Territory, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial statements:

(i) present fairly, in all material respects, the Fund's financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended; and

(ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

Emphasis of matter

Without modifying my opinion, I draw attention to the significant uncertainty associated with estimating the provision for future treatment and care costs of participants in the Fund and the related expenses due to the long-term nature of the provision and limited claims experience. This is disclosed in the financial statements in Note 14 'Provision for Participants' Treatment and Care Expenses: Description and Material Accounting Policies Relating to Provision for Participants' Treatment and Care Expenses'.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Under Treasurer and Commissioner for the financial statements

The Under Treasurer and Lifetime Care and Support Commissioner are responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Fund to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Nara Centre, Level 4 / 3 Constitution Ave
Canberra ACT 2601
PO Box 158
Canberra ACT 2601
(02) 6207 0833
actauditorgeneral@act.gov.au
audit.act.gov.au

Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Fund.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Fund's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund;
- conclude on the appropriateness of the Fund's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Fund to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Under Treasurer and Lifetime Care and Support Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Rosa San Miguel
Audit Principal, Financial Audit
28 September 2026

Lifetime Care and Support Fund
Financial Statements
For the Year Ended 30 June 2026

STATEMENT OF RESPONSIBILITY

In our opinion, the Lifetime Care and Support Fund's financial statements fairly reflect the financial operations for the year ended 30 June 2026 and its financial position on that date.



Russ Campbell
Acting Director-General
Chief Minister, Treasury and
Economic Development Directorate
23 September 2026



Nicola Clark
Lifetime Care and Support Commissioner
of the ACT

22 September 2026

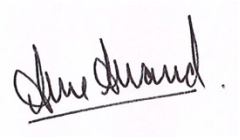
Lifetime Care and Support Fund

Financial Statements

For the Year Ended 30 June 2026

STATEMENT BY THE CHIEF FINANCE OFFICER

In my opinion, the Lifetime Care and Support Fund's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2026 and the financial position on that date.



Anne Anand
Chief Finance Officer Senior Director, Insurance
Chief Minister, Treasury and Economic Development Directorate
22 September 2026

Lifetime Care and Support Fund
Content of Territorial Financial Statements
For the Year Ended 30 June 2026

Financial Statements

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Statement of Assets and Liabilities on Behalf of the Territory
Statement of Changes in Equity on Behalf of the Territory
Statement of Cash Flows on Behalf of the Territory

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Note 2 Basis of Preparation of the Financial Statements
Note 3 Impact of Accounting Standards Issued but yet to be Applied

Income Notes

Note 4 Lifetime Care and Support Levy
Note 5 Investment and Interest Revenue
Note 6 Gains from Remeasurement of Investments

Expense Notes

Note 7 Supplies and Services
Note 8 Participants' Treatment and Care Expenses

Asset Notes

Note 9 Cash and Investments
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Note 11 Prepayments
Note 12 Intangible Assets

Liability Notes

Note 13 Payables
Note 14 Provision for Participants' Treatment and Care Expenses

Other Notes

Note 15 Financial Instruments
Note 16 Commitments
Note 17 Events After The Reporting Period
Note 18 Related Party Disclosures
Note 19 Budgetary Reporting

Lifetime Care and Support Fund
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Income				
Lifetime Care and Support Levy [1]	4	46,092	46,261	43,724
Investment Revenue	5	12,268	8,866	5,139
Interest Revenue	5	680	448	676
Gains from Remeasurement of Investments	6	5,074	2,752	13,509
Total Income		**64,114**	**58,327**	**63,048**
Expenses				
Supplies and Services	7	1,087	1,227	934
Finance Costs - Unwinding of Discount Rate [2]	14	13,820	14,373	13,585
Participants' Treatment and Care Expenses [2]	8	(7,007)	31,322	9,882
Amortisation	12	2	8	-
Total Expenses		**7,902**	**46,930**	**24,401**
Operating Result		**56,212**	**11,397**	**38,647**
Total Comprehensive Result		**56,212**	**11,397**	**38,647**

[1.] In the 2025-26 Budget Statement the Lifetime Care and Support Levy is reflected as 'Other Income' in the Statement of Income and Expenses on Behalf of the Territory.

[2.] In the 2025-26 Budget Statement the Finance Costs and Participants' Treatment and Care Expenses are reflected as 'Other Expenses' in the Statement of Income and Expenses on Behalf of the Territory.

The above Statement of Income and Expenses on Behalf of the Territory is to be read in conjunction with the accompanying notes.

Lifetime Care and Support Fund
Statement of Assets and Liabilities on Behalf of the Territory
As at 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Current Assets				
Cash at Bank	9	12,675	12,954	12,406
Receivables	10	11,640	5,421	5,364
Prepayments	11	2,500	2,270	2,270
Total Current Assets		**26,815**	**20,645**	**20,040**
Non-Current Assets				
Investments	9	255,165	246,101	210,090
Intangible Assets	12	48	70	-
Total Non-Current Assets		**255,213**	**246,171**	**210,090**
Total Assets		**282,028**	**266,816**	**230,130**
Current Liabilities				
Payables	13	2,452	3,635	2,719
Provision for Participants' Treatment and Care Expenses	14	11,444	15,184	11,048
Total Current Liabilities		**13,896**	**18,819**	**13,767**
Non-Current Liabilities				
Provision for Participants' Treatment and Care Expenses	14	271,952	309,645	276,395
Total Non-Current Liabilities		**271,952**	**309,645**	**276,395**
Total Liabilities		**285,848**	**328,464**	**290,162**
Net (Liabilities)		**(3,820)**	**(61,648)**	**(60,032)**
Equity				
Accumulated (Deficit)		(3,820)	(61,648)	(60,032)
Total Equity		**(3,820)**	**(61,648)**	**(60,032)**

The above Statement of Assets and Liabilities on Behalf of the Territory is to be read in conjunction with the accompanying notes.

Lifetime Care and Support Fund
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2026

	Accumulated Funds Actual 2026 $'000	Total Equity Actual 2026 $'000	Original Budget 2026 $'000
Balance at 30 June 2025	(60,032)	(60,032)	(73,045)
Comprehensive Income			
Operating Result	56,212	56,212	11,397
Total Comprehensive Result	**56,212**	**56,212**	**11,397**
Balance at 30 June 2026	**(3,820)**	**(3,820)**	**(61,648)**

	Accumulated Funds Actual 2025 $'000	Total Equity Actual 2025 $'000
Balance at 1 July 2024	(98,679)	(98,679)
Comprehensive Income		
Operating Result	38,647	38,647
Total Comprehensive Result	**38,647**	**38,647**
Balance at 30 June 2025	**(60,032)**	**(60,032)**

The above Statement of Changes in Equity on Behalf of the Territory is to be read in conjunction with the accompanying notes.

Lifetime Care and Support Fund
Statement of Cash Flows on Behalf of the Territory
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Cash Flows from Operating Activities				
Receipts				
Lifetime Care and Support Levy [1]		45,772	46,059	43,181
Investment Receipts (Distribution from Investments)		6,253	8,017	5,937
Interest Received		680	448	676
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		1,221	1,428	1,143
Total Receipts from Operating Activities		**53,926**	**55,952**	**50,937**
Payments				
Supplies and Services		1,071	1,223	913
Goods and Services Tax Paid to Suppliers		1,163	1,467	1,229
Participants' Treatment and Care [2]		11,373	13,985	12,322
Total Payments for Operating Activities		**13,607**	**16,675**	**14,464**
Net Cash Inflows from Operating Activities	9(c)	**40,319**	**39,277**	**36,473**
Cash Flows from Investing Activities				
Payments				
Purchase of Intangibles		50	-	-
Purchase of Investments		40,000	37,654	35,000
Total Payments for Investing Activities		**40,050**	**37,654**	**35,000**
Net Cash (Outflows) from Investing Activities		**(40,050)**	**(37,654)**	**(35,000)**
Net Increase in Cash at Bank		**269**	**1,623**	**1,473**
Cash at Bank at the Beginning of the Reporting Period		12,406	11,331	10,933
Cash at Bank at the End of the Reporting Period	9(b)	**12,675**	**12,954**	**12,406**

[1.] In the 2025-26 Budget Statement the Lifetime Care and Support Levy is reflected as 'Other' receipts in the Statement of Cash Flows on Behalf of the Territory.

[2.] In the 2025-26 Budget Statement Participants' Treatment and Care Payments are reflected as 'Other' payments in the Statement of Cash Flows on Behalf of the Territory. These include 'Claims Handling Costs' reflected under Note 8: *Participants' Treatment and Care Expenses.*

The above Statement of Cash Flows on Behalf of the Territory is to be read in conjunction with the accompanying notes.

Lifetime Care and Support Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

NOTE 1. OBJECTIVES OF THE LIFETIME CARE AND SUPPORT FUND

The Lifetime Care and Support Fund (LTCS fund) was established under the *Lifetime Care and Support (Catastrophic Injuries) Act 2014* (LTCS Act) and commenced operation on 1 July 2014.

The LTCS fund is a not-for-profit ACT Government entity in the General Government Sector that reflects the financial operations of the Lifetime Care and Support Scheme (LTCS Scheme). The LTCS Scheme provides on-going treatment and care to people who have been catastrophically injured as a result of a motor accident or a workplace accident in the course of the workers' private sector employment, in the Australian Capital Territory.

The LTCS Scheme is funded by two levies set under the LTCS Act:
- a levy on Motor Accident Injuries (MAI) policies issued under the *Motor Accident Injuries Act 2019;* and
- a levy on private workers' compensation insurers and self-insurers.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Legislative Requirement

The LTCS fund has been established as a separate directorate under the *Financial Management Act 1996* (FMA), in accordance with section 75 of the LTCS Act and the *Financial Management (Directorates) Guidelines 2019 (No 2).*

The FMA requires the preparation of annual financial statements for ACT Government agencies. The FMA and the *Financial Management Guidelines* issued under the Act, require the LTCS fund's financial statements to include:

(i) a Statement of Income and Expenses on Behalf of the Territory for the year;
(ii) a Statement of Assets and Liabilities on Behalf of the Territory at the end of the year;
(iii) a Statement of Changes in Equity on Behalf of the Territory for the year;
(iv) a Statement of Cash Flows on Behalf of the Territory for the year;
(v) the material accounting policies adopted for the year; and
(vi) other statements as necessary to fairly reflect the financial operations of the LTCS fund during the year and its financial position at the end of the year.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (as required by the FMA), supplemented by following the ACT Accounting and Disclosure Policies.

Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements have also been prepared according to the historical cost convention, except for financial instruments which are valued at fair value in accordance with the (re)valuation policies applicable to the LTCS fund during the reporting period.

Currency

These financial statements are presented in Australian dollars, which is the LTCS fund’s functional currency.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

Individual Not-for-Profit Reporting Entity

The LTCS fund is an individual not-for-profit reporting entity.

Territorial Items

The LTCS fund only prepares Territorial financial statements. The Territorial financial statements include income, expenses, assets, and liabilities that the LTCS fund administers on behalf of the ACT Government, but does not control. LTCS Levies are similar in nature to 'taxes, fees and fines'. Section 78 of the LTCS Act deems the levies, interest and all other money paid into the LTCS fund to be appropriated for the purposes of the LTCS fund. Payments from the LTCS fund are made in accordance with the LTCS Act.

Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the LTCS fund for the year ended 30 June 2026, together with the financial position of the LTCS fund as at 30 June 2026.

Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2025-26 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Papers.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000). Use of "-'' represents zero amounts or amounts rounded down to zero.

Going Concern

The 2025-26 financial statements have been prepared on a going concern basis.

As at 30 June 2026, the LTCS fund's current assets ($26.8 million) exceed its current liabilities ($13.9 million) by $12.9 million. This means that the LTCS fund has sufficient funds to meet its short-term liabilities.

Although the LTCS fund made an operating surplus during 2025-26, the balance sheet remains in a net liability position with total liabilities ($285.8 million) exceeding its total assets ($282.0 million). The net liability position mainly reflects increases in the provision for the participants' treatment and care costs resulting from the higher number of participants and the higher than average estimated cost for a number of the participants (due to severity of injury and younger age) entering the LTCS Scheme in previous years. The better than anticipated actual experience in the last couple of years has improved the balance sheet position from $99 million net liabilities as at 30 June 2024 to $4 million net liabilities as at 30 June 2026.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

Going Concern - Continued

This is not considered a liquidity risk. The LTCS fund maintains a sufficient cash balance which will allow payment of all current financial liabilities when they fall due. The investments made through the Territory Banking Account are intended to be held for a period longer than twelve months. However, the investments are redeemable and are able to be withdrawn upon request (convertible to cash), if required.

Under the LTCS Act, the LTCS Commissioner is required to assess the amount needed to be contributed to the LTCS fund in each contribution period that will fully fund the present and likely future liabilities relating to payments for new participants in the scheme for the financial year and meet any other payments needed to be made from the LTCS fund during the contribution period. The amount needed is an amount that together with the anticipated investment income is equal to the best estimate of the cost of meeting the liability (in inflated dollars) when the liability becomes payable.

For the 2026-27 contribution period the LTCS Commissioner set the LTCS Levy relating to motor accident injuries at $110.40 for a 12 month ACT MAI policy charged proportionately and the LTCS Levy relating to private sector work injuries at $8.1 million, both remaining unchanged from the previous contribution period 2025-26.

Uncertainty exists due to the long-term nature of liabilities and volatility in the number of scheme participants and their injury severity. The LTCS fund expects variability each year (unders and overs) compared with the average estimated costs used when setting the LTCS Levy each year.

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

The LTCS fund is currently assessing the impact of the following Standards. Other Standards and Interpretations issued but yet to be applied have been assessed as not being relevant to the LTCS fund or will have an immaterial financial impact.

AASB 17 *Insurance Contracts*

This Standard applies to public sector entities from reporting periods commencing on or after 1 July 2026. The modifications applicable to public sector entities outlined in AASB 2022-9 *Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector* have been incorporated into AASB 17.

The modifications relate to providing public sector entities with:

a) pre-requisites, indicators and other considerations that need to be judged to identify arrangements that fall within the scope of AASB 17 in a public sector context;
b) an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition;
c) an exemption from sub-grouping contracts issued no more than a year apart;
d) an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous;
e) guidance on coverage periods in a public sector context, which has consequences for determining the cash flows used to measure insurance liabilities and the pattern of revenue recognition;
f) an accounting policy choice to measure liabilities for remaining coverage applying the premium allocation approach; and

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED - CONTINUED

AASB 17 *Insurance Contracts* - Continued

g) a transition requirement grandfathering the existing classification of arrangements constituting a liability for settlement of claims incurred before the liability was acquired in a transfer as either a liability for incurred claims within the scope of AASB 17 or a provision within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

Public sector entities are required to apply AASB 17 to an insurance arrangement if, and only if, it is enforceable, has an identifiable coverage period and gives rise to insurance contracts based on certain indicators and other considerations.

The arrangements under the LTCS Scheme have been assessed to fall within the scope of the modified AASB 17 *Insurance Contracts.* The LTCS fund does not intend to adopt this Standard early. It will adopt AASB 17 from its application date and will apply the full retrospective approach under this standard.

The AASB 17 requirements are complex and the LTCS fund continues to develop and refine policies required under this standard, in consultation with an independent accounting firm and the scheme actuary.

Based on interim policies and assumptions the financial impact of this standard on transition is expected to be in the range of 4% - 5% increase in the provision for participants' treatment and care expenses. This is mainly driven by the increase associated with the application of a risk adjustment to the central estimate (based on an appropriate probability of sufficiency); partially offset by the decrease associated with a higher discount rate (based on a risk free rate adjusted for an illiquidity premium). These requirements differ from the methodology adopted under the current accounting standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.* The actual financial impact is subject to finalisation of key assumptions under AASB 17. Final policies and assumptions will be outlined in the 2026-27 financial statements.

AASB 18 *Presentation and Disclosure in Financial Statements*

This Standard applies to not-for-profit public sector entities from reporting periods commencing on or after 1 January 2028. It contains some major presentation/disclosure changes that may impact on the LTCS fund including:

a) that operating, investing and financing categories as well as additional subtotals have to be included in the LTCS fund's operating statement;
b) the disclosure of management-defined performance measures and reconciliations of these measures with the subtotals required by AASB Standards; and
c) enhanced requirements for the grouping (aggregation and disaggregation) of information in the financial statements and in the notes.

The AASB has issued an Exposure Draft (ED 338 *Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*) that outlines modifications to AASB 18 for not-for-profit public sector entities. If these modifications in the exposure draft are adopted, they will effectively enable the LTCS fund to continue to broadly apply the existing disclosure requirements contained in AASB 101 *Presentation of Financial Statements.* However, as this exposure draft is not yet finalised, the impact on the LTCS fund's financial statements from the adoption of AASB 18 cannot be determined at this time.

The LTCS fund does not intend to adopt this Standard early. It will be adopted from its application date.

Lifetime Care and Support Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

INCOME NOTES

NOTE 4. LIFETIME CARE AND SUPPORT LEVY

Description and Material Accounting Policies relating to Lifetime Care and Support (LTCS) Levy

The LTCS Scheme is funded by two levies: a levy on Motor Accident Injuries (MAI) policies and a levy on private sector workers' compensation insurers and self-insurers. Both the levies are statutory in nature (established by legislation) and are recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities.* The levy on MAI policies is applied when registering a vehicle and on workers compensation insurers and self insurers through a collection process of the declared levy amount. For the contribution period 2025-26 the LTCS Levy on MAI policies was collected under the *Lifetime Care and Support (Catastrophic Injuries) Motor Accident Injuries Levy Determination 2025 (No 1)* and the LTCS Levy on private sector workers' compensation insurers and self-insurers was collected under the *Lifetime Care and Support (Catastrophic Injuries) Work Injury Levy Determination 2025 (No 1).*

The LTCS Levy for the contribution period is determined each year by the LTCS Commissioner based on the report of an independent actuary (Finity Consulting Pty Limited). The LTCS Commissioner determined the LTCS Levy relating to motor accident injuries for the 2025-26 contribution period to be $110.40 (2024-25: $105.40) for a 12-month ACT MAI policy, charged proportionately based on the number of months a vehicle is registered. The LTCS Commissioner also determined that the LTCS Levy for vehicles registered under the ACT's Veteran, Vintage and Historic Registration Scheme, would continue at 20% of the unrestricted LTCS Levy. This equates to $22.00 (2024-25: $21.10) for a 12 month ACT MAI policy on these vehicles.

The LTCS Levy relating to motor accident injuries is collected by the Road Transport Authority (an ACT Government entity) on behalf of the LTCS Commissioner and remitted to the LTCS fund. The levy is recognised as revenue at the time when a motorist registers a motor vehicle and pays the levy. The LTCS fund recognises a receivable for the levy collected by the Road Transport Authority. The receivable is derecognised and cash is recognised when the levy collected is subsequently transferred by the Road Transport Authority to the LTCS fund.

The LTCS Commissioner determined the LTCS Levy relating to work injuries for the 2025-26 contribution period to be $8.1 million (2024-25: $7.7 million) apportioned across each private sector workers' compensation insurer and self-insurer who writes workers compensation policies for the purposes of the *Workers Compensation Act 1951* in the ACT. The allocation is based on their estimated market share. Control over this levy is established on the issue of the relevant invoice to the insurer or self-insurer setting out the details of the levy. The revenue and receivable is recognised on the issue of the invoice.

	2026 $'000	2025 $'000
Lifetime Care and Support Levy - Motor Accident Injuries [1]	37,850	36,024
Lifetime Care and Support Levy - Workers Injuries [2]	8,242	7,700
Total Lifetime Care and Support Levy	**46,092**	**43,724**

1. The increase was mainly due to an increase in the LTCS Levy relating to motor accident injuries.

2. The increase was mainly due to an increase in the LTCS Levy relating to private sector work injuries.

NOTE 5. INVESTMENT AND INTEREST REVENUE

Description and Material Accounting Policies Relating to Investment and Interest Revenue

Distribution from Investments

The LTCS fund has 'Investment Unit Holdings' with the Territory Banking Account (TBA) from which it receives a distribution. This is recognised when the LTCS fund's right to receive payment is established.

Interest from Cash at Bank

Interest revenue from cash at bank is recognised using the effective interest method.

	2026 $'000	2025 $'000
Distribution from Investments with the Territory Banking Account [1]	12,268	5,139
Interest from Cash at Bank	680	676
Total Investment and Interest Revenue	**12,948**	**5,815**

[1.] Distributions received from investments held with the TBA fluctuate year on year subject to the amount of income available for distribution from the underlying investment asset class sector exposures. The distribution revenue reflects the amount of available distributable income from the TBA. The increase in distribution income reflects the higher amount of income available for distribution.
Distributions were also impacted by the additional investments purchased during 2025-26 ($40 million).

NOTE 6. GAINS FROM REMEASUREMENT OF INVESTMENTS

Description and Material Accounting Policies relating to Gains From Remeasurement of Investments

Gains/(Losses) from the remeasurement of investments held at fair value through Profit or Loss consist of unrealised amounts resulting from changes in the fair value of an investment. Gains at year end are reflected under Income (and losses are reflected under Expenses) in the Statement of Income and Expenses on Behalf of the Territory in the period in which they arise.

Gains from Remeasurement of Investments [1]	5,074	13,509
Total Gains From Remeasurement of Investments	**5,074**	**13,509**

[1.] The fair value of investments fluctuates year on year depending on the performance of the underlying financial investment exposures at the end of the reporting period. In 2025-26 the investments recorded a positive return of 7.6% with market valuation gains on the investment portfolio contributing to the return. In comparison in 2024-25 investments made a return of 10.5%.
The LTCS fund also purchased additional investments during 2025-26 ($40 million).

Lifetime Care and Support Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

EXPENSE NOTES

NOTE 7. SUPPLIES AND SERVICES

Description and Material Accounting Policies Relating to Supplies and Services

General - Supplies and Services

Purchases of Supplies and Services generally represent the day-to-day running costs incurred in normal operations, recognised in the reporting period in which these expenses are incurred. Supplies and Services are measured at the amount paid or payable, or where Supplies and Services have been provided free of charge, they are measured at their fair value at the time they are provided.

Administrative Support Expenses

The LTCS fund does not employ any staff. Its functions are performed by officers of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) and those employees are included in CMTEDD's Full Time Equivalent (FTE) staff numbers. The LTCS Commissioner determines the staffing resources required to undertake the Commission's functions and approves the reimbursement of associated costs. Administrative support expenses are associated with the reimbursement of salary and associated expenses (such as, superannuation, allowances and ICT costs) for the CMTEDD staff allocated to carry out the Scheme's functions.

Audit Fees

Auditor's remuneration consists of financial audit services provided to the LTCS fund by the ACT Audit Office. LTCS fund's audit fees for the audit of its 2025-26 financial statements and review of its statement of performance was $77,113 (2024-25: $74,725; an additional $1,454 was charged in relation to the peer review of the provision for participants' treatment and care costs). No other services were provided by the ACT Audit

Claims Handling Costs

Claims handling costs are associated with the charge from the New South Wales Lifetime Care and Support Authority (NSW LTCSA) for the administrative services provided to the LTCS fund. The total cost $1.223 million (2024-25: $1.159 million) is split between supplies and services (30% for enabling support services and business processes) and claims handling services (70% for direct services to participants reflected in 'Claims Handling Costs' under Note 8: *Participants' Treatment and Care Expenses).*

Consultants Expenses

Consultants expenses include fees for actuarial services, accounting advice associated with the new requirements under AASB 17 *Insurance Contracts* and the annual survey of the LTCS Scheme's participants.

	2026 $'000	2025 $'000
Administrative Support Expenses [1]	472	369
Audit Fees	77	76
Claims Handling Costs - Support Services	367	348
Consultants Expenses [2]	170	139
Other	1	2
Total Supplies and Services	**1,087**	**934**

1. The increase was mainly due to higher salaries and associated expenses for the CMTEDD staff allocated to undertake the LTCS fund's functions resulting mainly from staff movements, pay increases under the Enterprise Bargaining Agreement and also reflecting the increasing number of scheme participants.

2. The increase was mainly associated with the advice sought in relation to the application of the AASB 17 *Insurance Contracts,* including the relevant public sector amendments, to the LTCS fund.

NOTE 8. PARTICIPANTS' TREATMENT AND CARE EXPENSES

Description and Material Accounting Policies Relating to Participants' Treatment and Care Expenses

Participants' treatment and care expenses are associated with the provision of treatment and care to the scheme's participants during the financial year, depending on the type, severity and complexity of their injury.

	2026 $'000	2025 $'000
Assessment and Review	105	127
Attendant Care [1]	6,638	7,460
Case Management	447	443
Education and Vocation Support Services	39	52
Equipment [2]	631	511
Home Modifications [3]	5	111
Hospital [4]	300	765
Medical	414	469
Rehabilitation	575	675
Support Services	282	197
Travel	565	555
Other	3	-
	10,004	11,365
Claims Handling Costs - Direct Services to Participants [5]	856	811
Movement in Provision for Participants' Treatment and Care Expenses [6]	(17,867)	(2,294)
Total Participants' Treatment and Care Expenses	**(7,007)**	**9,882**

During 2025-26 two new participants entered the LTCS Scheme.

[1.] The decrease in attendant care costs was mainly due to a reduction in the care requirements of some of the existing participants.

[2.] The equipment costs tend to vary each year depending on the participants' requirements and their need for purchase or replacement of equipment.

[3.] The decrease in home modification costs reflects modifications completed for a number of participants in 2024-25. These costs tend to vary each year depending on the participants' requirements and complexity of injuries.

[4.] The decrease in hospital costs was mainly associated with the lower level of hospital services required by some of the participants in 2025-26 due to injury severity and medical issues.

[5.] Claims handling costs are associated with the charge from the NSW LTCSA for the administrative services provided to the LTCS fund. Also, refer to Note 7: *Supplies and Services.*

[6.] The decrease was mainly due to fewer new participants (including potential participants) included in the provision at 30 June 2026 and improvements in the injury status of some of the existing participants in 2025-26. The decrease was partially offset by the increase resulting from updated mortality and rehabilitation cost assumptions.
Also, refer to Note 14: *Provision for Participants' Treatment and Care Expenses.*

Lifetime Care and Support Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

ASSET NOTES

NOTE 9. CASH AND INVESTMENTS

Description and Material Accounting Policies Relating to Cash and Investments

Cash at Bank

The LTCS fund holds one bank account with the Westpac Banking Corporation as part of the whole-of-government banking arrangements. As part of these arrangements, the LTCS fund receives interest calculated daily on the applicable daily interest rate on the daily balance of the bank account.

Investments with the Territory Banking Account

Investments by the LTCS fund are made in accordance with the Treasurer's approved Investment Plan. The Investment Plan outlines the LTCS fund's investment strategy and objectives in relation to investing its funds with the Territory Banking Account. The investment return objective for the LTCS fund's financial investments is Consumer Price Index (CPI) + 2.5% per annum. To achieve the long-term target, the underlying investment asset class exposures, implemented in line with an approved strategic asset class allocation policy, include cash, money market securities, credit securities, domestic and international bonds, domestic and international listed equities, property and infrastructure.

The LTCS fund makes investments with the Territory Banking Account by acquiring units in the Territory Banking Account's financial investments portfolio. The unit value changes in response to the underlying market value of the financial investments held by the Territory Banking Account. All unitised investments are designated at Fair Value through Profit or Loss with the carrying amount measured at fair value.

Fair value is the price that would be received to sell the units in an orderly transaction between market participants at the measurement date and reflects the best available prices of the underlying financial investments. Subsequent to initial measurement, investments are re-measured to fair value with changes in their fair value (gains/loss) recognised in the Statement of Income and Expenses on Behalf of the Territory (see Note 6: *Gains From Remeasurement of Investments).* Distributions earned on these investments are disclosed in Note 5: *Investment and Interest Revenue.*

The investments that are not expected to be realised or sold in the normal operating cycle are classified as non-current investments with the Territory Banking Account. However, the invested funds are able to be withdrawn upon request, if required.

The long-term strategic asset allocation of investments aims to achieve the investment objectives outlined in the LTCS fund's Investment Plan. The investment strategy is on achieving the long-term funding of the LTCS Scheme, rather than focusing on the financial position over shorter periods.

NOTE 9. CASH AND INVESTMENTS - CONTINUED

(a) Cash and Investment Balances

	2026 $'000	2025 $'000
Current Cash		
Cash at Bank	12,675	12,406
Total Current Cash	**12,675**	**12,406**
Non-Current Investments		
Investments with the Territory Banking Account [1]	255,165	210,090
Total Non-Current Investments	**255,165**	**210,090**
Total Cash and Investments	**267,840**	**222,496**

[1.] The increase in the net value of investments reflects additional investments purchased during 2025-26 ($40 million) and the gains from the remeasurement associated with the performance of the underlying financial investment exposures. In 2025-26 investments recorded a positive return of $5.1 million or 7.6% driven primarily by share market gains in the investment portfolio valuation. (2024-25: gain $13.5 million or 10.5%).
Also, refer to Note 6: Gains *from Remeasurement of Investments.*

(b) Reconciliation of Cash at Bank at the End of the Reporting Period in the Statement of Cash Flows on Behalf of the Territory to the Equivalent Items in the Statement of Assets and Liabilities on Behalf of the Territory

Total Cash at Bank Disclosed in the Statement of Assets and Liabilities on Behalf of the Territory	12,675	12,406
Cash at Bank at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory	**12,675**	**12,406**

(c) Reconciliation of the Operating Result to Net Cash Inflows from Operating Activities

Operating Result	56,212	38,647
Non-Cash Items		
(Gains) from Remeasurement of Investments	(5,074)	(13,509)
Amortisation	2	-
Cash Before Changes in Operating Assets and Liabilities	**51,140**	**25,138**
Changes in Operating Assets and Liabilities		
(Increase) /Decrease in Receivables	(6,277)	169
(Increase) in Prepayments	(230)	(495)
(Decrease)/Increase in Payables	(267)	370
(Decrease)/Increase in Provision for Participants' Treatment and Care Expenses	(4,047)	11,291
Net Changes in Operating Assets and Liabilities	**(10,821)**	**11,335**
Net Cash Inflows from Operating Activities	**40,319**	**36,473**

NOTE 10. RECEIVABLES

Description and Material Accounting Policies Relating to Receivables

Accounts receivable are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Statement of Income and Expenses on Behalf of the Territory.

LTCS Levy - Motor Accident Injuries Receivable

The receivable relates to the LTCS Levy collected by the Road Transport Authority (an ACT Government entity) on behalf of the LTCS fund during June. The money is subsequently remitted to the LTCS fund in July. At this time the LTCS fund derecognises the receivable and recognises the cash.

Distribution from Investments Receivable

The receivable is associated with the distribution from investments held with the Territory Banking Account for the quarter ended 30 June, received in July and August. The receivable is derecognised once cash is received.

No receivables are past due or impaired. Based on historical experience and expected changes to the future recovery of these receivables, no provision has been made for expected credit losses for 2025-26 (2024-25: Nil). No bad debts were written off during the year 2025-26 (2024-25: Nil).

	2026 $'000	2025 $'000
Current Receivables		
LTCS Levy - Motor Accident Injuries Receivable [1]	3,619	3,300
Net Goods and Services Tax Receivable	290	348
Distribution from Investments Receivable [2]	7,731	1,716
Total Current Receivables	**11,640**	**5,364**

[1.] The increase was mainly due to the higher amount of levy revenue for June 2026 compared to June 2025 resulting mainly from an increase in the LTCS Levy rate relating to motor accident injuries in 2025-26.
Also, refer to Note 4: *Lifetime Care and Support Levy.*

[2.] Distributions fluctuate based on the amount of income available for distribution in the underlying asset class sector. The increase reflects the higher amount of distributable income available for the quarter ended 30 June 2026.
Also, refer to Note 5: *Investment and Interest Revenue.*

NOTE 11. PREPAYMENTS

Description and Material Accounting Policies Relating to Prepayments

Prepayments are associated with the advance payment to the New South Wales Lifetime Care and Support Authority (NSW LTCSA) for ACT LTCS Scheme participants' treatment and care costs for the next quarter. This is under the arrangement for NSW LTCSA to administer the ACT LTCS Scheme. The participants' treatment and care costs accrued for the quarter ended 30 June are reflected in accrued expenses under Note 13: *Payables.*

Total Prepayments [1]	**2,500**	**2,270**

[1.] In 2025-26 the LTCS fund paid an additional $0.230m to NSW LTCSA due to an increase in the participants' quarterly costs.

NOTE 12. INTANGIBLE ASSETS

Description and Material Accounting Policies Relating to Intangible Assets

The LTCS fund has internally generated Data System for the storage and analytics of data related to the LTCS Scheme participants. The Data System has two components, a warehouse of participant and scheme information with a user portal and a processing tool for financial reporting and advanced analytics for patient care and scheme finances. The first component was developed by the CMTEDD and transferred to the LTCS fund in February 2026. Amortisation of the completed component of the Data System commenced in February 2026.

Recognition

Internally generated software is recognised and capitalised when:

(a) it is probable that the expected future economic benefits attributable to the software will flow to the LTCS fund;

(b) the cost of the software can be measured reliably;

(c) the acquisition cost is equal to or exceeds $50,000; and

(d) it meets the specific recognition criteria relating to intangible assets arising from the development phase of an internal project.

Measurement

Intangible Assets are measured at cost, which comprises its purchase price and any directly attributable costs of preparing the asset for its intended use.

Amortisation

Capitalised software has a finite useful life. Software is amortised on a straight-line basis over its useful life, over a period not exceeding 10 years. Amortisation commences when intangible assets are ready for their intended use.

Impairment

The LTCS fund assesses, at each reporting date, whether there is no indication that an intangible asset may be impaired. Intangible assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At 30 June 2026 there was no indication of impairment and no events or changes in circumstances that would indicate that the carrying amount of the intangible assets may not be recoverable.

Amortisation for intangible assets is determined as follows:

Class of Intangible Asset	**Amortisation Method**	**Useful Life (Years)**
Internally Generated Software	Straight-line	10

Reconciliation of Intangible Assets 2025-26

Internally Generated Software	**2026 $'000**	**2025 $'000**
Carrying Amount at the Beginning of the Reporting Period	**-**	**-**
Additions	50	-
Amortisation	(2)	-
Carrying Amount at the End of the Reporting Period	**48**	**-**
Carrying Amount at the End of the Reporting Period, represented by:		
Gross Book Value	50	-
Accumulated Amortisation	(2)	-
Carrying Amount at the End of the Reporting Period	**48**	**-**

Lifetime Care and Support Fund
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LIABILITY NOTES

NOTE 13. PAYABLES

Description and Material Accounting Policies Relating to Payables

Payables include Trade Payables and Accrued Expenses.

Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Statement of Assets and liabilities on behalf of the Territory. All amounts are normally settled within 14 days after the invoice date.

Accrued expenses are mainly associated with the actuary's fees, audit fees and treatment and care costs of the LTCS Scheme participants during the reporting period for which invoices were received after the end of the reporting period.

No payables are overdue.

	2026 $'000	2025 $'000
Current Payables		
Accrued Expenses [1]	2,452	2,719
Total Current Payables	**2,452**	**2,719**
Total Payables	**2,452**	**2,719**

[1.] The decrease was mainly associated with the invoice from NSW LTCSA for the reimbursement of payments made to the ACT participants for the quarter ended 30 June 2026. The amount for the quarter April-June 2026 was lower compared to the amount for the quarter April-June 2025 mainly due to the lower treatment and care requirements of some of the existing participants and the timing of treatment and care needs of the scheme participants.

NOTE 14. PROVISION FOR PARTICIPANTS' TREATMENT AND CARE EXPENSES

Description and Material Accounting Policies Relating to Provision for Participants' Treatment and Care Expenses

Provisions are recognised when the LTCS fund has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Provision for Participants' Treatment and Care Expenses relates to the estimated future treatment and care costs of LTCS Scheme participants in the ACT and is based on independent actuarial projections.

The LTCS fund has made a significant estimate in determining its liability for future treatment and care costs of LTCS Scheme participants in the ACT. At 30 June 2026, the liabilities for all claims incurred up to this date under the LTCS Scheme were estimated by the actuaries at Finity Consulting Pty Ltd. The liability for the participants' treatment and care expenses is estimated by the actuary on an inflated and discounted central estimate basis. It is measured as the present value of the expected future payments for all claims incurred to the valuation date. Claims incurred include accepted participants as well as an estimate for claims incurred but not reported. The estimate is based on a number of assumptions including the underlying cost of the claim, payment pattern, term of the claim, and inflation and discount rates.

The 30 June 2026 actuarial valuation used a long-term economic gap assumption of 2% per annum (30 June 2025: 2% per annum) based on the difference between an inflation rate of 3% per annum (30 June 2025: 3% per annum) and a discount rate of 5% per annum (30 June 2025: 5% per annum).

Inflation is expected to remain elevated in the near term due to global geopolitical uncertainty. However, the actuary considers inflation rate at 3% per annum to remain appropriate over the longer-term.

The discount rate adopted reflects the current market assessment of the time value of money. It represents the expected future investment returns, with any short-term changes not considered material to the long-term return. The discount rate is based on the target long-term return on investments, CPI+2.5% outlined in the LTCS fund's Investment Plan and expected returns on the underlying asset allocations. The actuary's long-term view of the CPI at 2.5% per annum aligns with the Reserve Bank of Australia's expectation for CPI. The 2.5% margin above CPI for investment returns has been maintained for discounting purposes.

At the 30 June 2026 valuation, the actuary removed the allowance for future mortality improvement to reflect the findings of a recent study that long-term mortality improvements observed in the general population are not evident for catastrophically injured persons.

The provision represents the best estimate of the scheme's future payments, taking into consideration the considerable uncertainties that will exist during the early years of the scheme's operation until more data becomes available. Uncertainty exists due to the long-term nature of liabilities and volatility in the number of scheme participants and their injury severity. Further, given that the LTCS Scheme has only been in operation for twelve years, there is limited experience of claim payments to date upon which to base the estimate.

Finance costs reflect the increase in the provision from the end of the previous reporting period to the end of the current reporting period due to discounted claims not settled, becoming effectively one year closer to settlement.

NOTE 14. PROVISION FOR PARTICIPANTS' TREATMENT AND CARE EXPENSES - CONTINUED

	2026 $'000	2025 $'000
Current Provision for Participants' Treatment and Care Expenses	11,444	11,048
Non-Current Provision for Participants' Treatment and Care Expenses	271,952	276,395
Total Provision for Participants' Treatment and Care Expenses [1]	**283,396**	**287,443**
Reconciliation of the Provision for Participants' Treatment and Care Expenses:		
Provision at the Beginning of the Reporting Period	287,443	276,152
Additional Provision Recognised for New Participants [2]	3,036	16,116
Finance Costs - Unwinding of Discount Rate [3]	13,820	13,585
Treatment and Care Payments [4]	(10,288)	(11,015)
Other Movements in the Provision for Existing Participants [5]	(10,615)	(7,395)
Provision at the End of the Reporting Period [1]	**283,396**	**287,443**

[1.] The decrease was mainly associated with fewer participants entering the LTCS Scheme and improvements in the injury status of some of the existing participants in 2025-26. The decrease was partially offset by the increase in the provision resulting from updated mortality and rehabilitation cost assumptions and the provision for the estimated treatment and care costs of:

- one of the two new participants who entered the LTCS Scheme during 2025-26 (the provision for the other new participant was included in the provision at 30 June 2025; was pending assessment at 30 June 2025 and was subsequently accepted as an interim participant in 2025-26); and
- one potential participant pending assessment at 30 June 2026.

The 30 June 2026 figures reflect forty four participants comprising forty three current participants and one potential participant.

The 30 June 2025 figures reflect forty three participants comprising forty one current participants and two potential participants.

Potential participants are included on a partial basis taking into account the probability of their acceptance into the scheme.

[2.] The additional provision relates to the cost of one potential participant included in the provision at 30 June 2026. The decrease was due to fewer new participants (including potential participants) included in the provision at 30 June 2026 compared to 2025.

[3.] The finance costs relate to the opening liability at 1 July 2025 (becoming effectively one year closer to settlement).

[4.] The variance was mainly due to the lower treatment and care requirements of some of the existing participants and the timing of treatment and care needs of the scheme participants.

[5.] Other movements include adjustments for changes in the participants' injury severity scores, changes in the discount rate, changes in inflation, attendant care rates and bed day rates, changes in mortality assumptions etc. It also includes adjustments to the allowance for 'Incurred But Not Yet Reported' (IBNR) claims. Injury levels are reassessed each year and may change over time depending on the stage of the participants' recovery and rehabilitation needs.

The decrease in 2025-26 was mainly associated with the improvement in the injury status of some of the existing participants in the LTCS Scheme, partially offset by the increase mainly associated with the changes in the mortality assumptions (to reflect evidence from a recent study) and rehabilitation cost assumptions (to reflect the higher than benchmark actual payments).

Also, refer to Note 17: *Events After The Reporting Period.*

NOTE 14. PROVISION FOR PARTICIPANTS' TREATMENT AND CARE EXPENSES - CONTINUED

	2026 $'000	2025 $'000
The present values of the minimum payments after discounting and the periods in which the LTCS fund expects the provisions to be settled are:		
Within one year	11,444	11,048
Later than one year but not later than five years	53,182	53,340
Later than five years	218,770	223,055
Total Provision for Participants' Treatment and Care Expenses	**283,396**	**287,443**

The weighted mean term of the liabilities is as follows:		
Uninflated, undiscounted	17.1 years	17.9 years
Inflated, discounted	15.6 years	16.4 years

The weighted mean term of liabilities is the weighted average time (in years) to payments for the scheme participants. It is influenced by the age, injury type and injury severity of existing participants, and new participants entering the LTCS Scheme each year. All else being equal, the addition of a participant with a higher age to the scheme or with high acute care costs (higher costs in the short-term) lowers the weighted mean term of the liabilities.

The decrease in the average payment period (i.e. the weighted mean term) was mainly due to changes in the mortality assumptions that vary by age, injury type and severity of injury.

NOTE 14. PROVISION FOR PARTICIPANTS' TREATMENT AND CARE EXPENSES - CONTINUED

Sensitivity Analysis for the Estimate of the Provision for Participants' Treatment and Care Expenses

While uncertainty has been taken into account in estimating the provision (based on standard actuarial assessment), the following analysis provides the impact on the provision that would result from changing each assumption whilst holding all other variables constant.

Scenario	Provision $'000	Difference $'000	Difference %
Base Provision	**283,396**		
Increase in investment earning rate from 5.00% to 5.25%	266,302	(17,094)	(6%)
Reduction in investment earning rate from 5.00% to 4.75%	303,172	19,776	7%
Additional IBNR claims (0.75 for motor accident injuries and 0.5 for workers injuries) [1]	290,168	6,772	2%
No IBNR claims [1]	278,247	(5,149)	(2%)
Attendant care costs increase by 10%	305,627	22,231	8%
Attendant care costs decrease by 10%	261,165	(22,231)	(8%)
Zero superimposed inflation	222,351	(61,045)	(22%)
Death of the participant with the highest estimated treatment and care costs after five years	262,615	(20,781)	(7%)

[1.] IBNR represents 'Incurred But Not yet Reported' claims associated with potential claimants reported late.

The provision for estimated future treatment and care costs of LTCS Scheme participants is based on AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.* AASB 137 requires projected future payments to be discounted to allow for the time value of money. There is no requirement for the discount rate to be based on risk-free rates.

The LTCS fund will adopt AASB 17 *Insurance Contracts* from 1 July 2026. The Australian Accounting Standards Board has made key modifications to the requirements of AASB 17 specific to public sector entities that apply from reporting periods commencing on or after 1 July 2026. It has been assessed that the LTCS fund falls within the scope of this standard. The application of AASB 17 will impact the measurement, recognition and disclosure of the insurance contracts. However, this will not have any impact on the operations of the LTCS Scheme.
Also, refer to Note 3: *Impact of Accounting Standards Issued but yet to be Applied.*

OTHER NOTES

NOTE 15. FINANCIAL INSTRUMENTS

Material Accounting Policies Relating to Financial Instruments

Details of the material 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 and financial liability are disclosed in the note to which they relate. In addition to these policies, the following are also accounting policies relating to financial assets and liabilities.

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss (FVTPL) on the basis of both:

a) the business model for managing the financial assets; and
b) the contractual cash flow characteristics of the financial assets.

The following are the classification of LTCS fund's financial assets under AASB 9 *Financial Instruments:*

Items	Business Model Held to collect principal and interest/sell	Solely for payment of Principal and Interest SPPI Test (basic lending characteristics)	Classification
Cash at Bank	Held to collect	Yes	Amortised cost
Receivables - Distribution from Investments	Held to collect	Yes	Amortised cost
Investments with the Territory Banking Account	Held to collect/ and sell	No	FVTPL

Financial liabilities are measured at amortised cost.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in market interest rates. The LTCS fund's exposure to market interest rates relates only to cash at bank which is held in an interest bearing account with a variable interest rate that changes when the Reserve Bank of Australia adjusts the Cash Rate Target. The Cash Rate Target was adjusted (decreased and increased) several times in 2025-26 but the impact on the amount of interest received was not material.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the LTCS fund, as it has been determined that the possible impact on income and expenses or total equity from interest rate fluctuations is immaterial.

NOTE 15. FINANCIAL INSTRUMENTS - CONTINUED

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The LTCS fund's credit risk is limited to the amount of the financial assets it holds less any allowance for impairment losses. The receivable at 30 June 2026 was mainly associated with the distribution from investments with the Territory Banking Account (TBA, investment revenue). The distribution from investments receivable is in relation to the quarter ended 30 June 2026, and was received in July and August 2026. As a result, the LTCS fund's exposure to bad debts is not significant.

The LTCS fund's investments with the TBA are expected to have a low credit risk under Treasury's whole-of-Government accounting policy (being inter-ACT Government agency receivables). Information on TBA's credit risk exposure to investments is included in its financial statements for the year ended 30 June 2026.

Credit risk is managed by the LTCS fund for cash at bank by holding bank balances with the ACT Government's appointed transactional bank, Westpac Banking Corporation (Westpac). S&P Global Ratings has assigned a AA-issuer credit rating to Westpac. A 'AA-' credit rating means the obligor has a 'very strong to strong capacity to meet its financial commitments'.

There have been no significant changes in credit risk exposure since last reporting period.

Liquidity Risk

Liquidity risk is the risk that the LTCS fund will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the LTCS fund ensures that at any particular point in time it has a sufficient amount of current financial assets to meet its current financial liabilities. The LTCS fund manages this risk by maintaining a sufficient cash balance which will allow payment of all current liabilities when they fall due. The investments made through the TBA are intended to be held for a period longer than twelve months. However, the investments are redeemable and are able to be withdrawn upon request (convertible to cash), if required.

It is expected that the LTCS Levy, which is reassessed every year, together with the anticipated investment income will be sufficient to meet the expected LTCS fund's liabilities when they become payable. At the reporting date, the LTCS fund has enough liquidity to meet its current financial liabilities.

The LTCS Commissioner set the levies for the 2026-27 contribution period based on the recommendations made in an independent actuary's report. In view of the LTCS fund's recent positive experience, the LTCS Levies for 2026-27 remain unchanged from the 2025-26 contribution period, at $110.40 for a 12-month ACT MAI policy charged proportionately and at $8.1 million for private sector work injuries.

NOTE 15. FINANCIAL INSTRUMENTS - CONTINUED

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The LTCS fund's price risk exposure results from its investments with the Territory Banking Account (TBA). The LTCS fund has investments consisting of unit holdings with the TBA that fluctuate in value. The fluctuations in the value of unit holdings are caused by movements in the market prices of the underlying investment portfolio.

The underlying investment portfolio exposures include the financial risks associated with cash, money market securities, fixed rate bonds (domestic and international) and equities (domestic and international), private equity, property and infrastructure. Investment exposures are maintained in line with a strategic asset allocation structured to achieve the LTCS fund's long-term investment objective within acceptable risk tolerances. Under the investment structure, investments are diversified by geography, sector, financial instrument type in order to manage the risks associated with changing financial and economic conditions. More detail can be found in the financial statements of the TBA.

LTCS fund's exposure to price risk and the management of this risk has not changed since the last reporting period.

Sensitivity Analysis

The following table summarises the sensitivity of the LTCS fund's operating result and equity to price risk.

2026	Volatility Factor	Profit/(loss) Impact $'000	Equity Impact $'000	Profit/(loss) Impact $'000	Equity Impact $'000
Investment Assets					
Investments with the Territory Banking Account	+/-7.2%	18,372	18,372	(18,372)	(18,372)
Total Increase/(Decrease)		**18,372**	**18,372**	**(18,372)**	**(18,372)**

The expected volatility factor represents the estimated variance in return for the LTCS fund's investment strategy. The volatility of returns reflects the inherent risk in the investments. The reasonably possible movements in risk variables are continually assessed and have been determined based on best estimates, having regard to a number of factors including historical correlation of the investment strategy with relevant benchmarks and market volatility.

Actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the underlying investments are invested.

NOTE 15. FINANCIAL INSTRUMENTS - CONTINUED

Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities approximate their fair value with the exception of Investments with the Territory Banking Account, which are carried at fair value. The below table shows the carrying amount and fair value of these investments:

	Note No.	Carrying Amount 2026 $'000	Fair Value 2026 $'000	Carrying Amount 2025 $'000	Fair Value 2025 $'000
Financial Assets					
Investments	9	255,165	255,165	210,090	210,090
Total Financial Assets		**255,165**	**255,165**	**210,090**	**210,090**

Carrying Amount of Each Category of Financial Asset and Financial Liability	**2026 $'000**	**2025 $'000**
Financial Assets		
Financial Assets Measured at Fair Value through the Profit and Loss		
- Designated upon Initial Recognition	255,165	210,090
Financial Assets Measured at Amortised Cost	7,731	1,716
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	2,452	2,719

The LTCS fund does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and, as such, this category is not included above.

Gains/(Losses) on Each Category of Financial Asset and Financial Liability		
Financial Assets Measured at Fair Value through the Profit and Loss		
- Designated upon Initial Recognition	5,074	13,509

Fair Value Hierarchy

The LTCS fund has investment assets whose carrying amount is measured at fair value. LTCS fund's investments are measured using the Level 2 classification in the Fair Value Hierarchy. This classification is based on the degree to which the fair value is observable considering the lowest level input that is significant to the fair value measurement as a whole. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The LTCS fund's investments held within the Territory Banking Account are fair valued at redemption price on a daily basis reflecting the best available prices and valuation of the underlying investments and are considered Level 2 Investments.

All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost.

Maturity Analysis

The LTCS fund does not have any financial assets or liabilities which mature outside the following financial year. The investments with the Territory Banking Account do not have a defined term, they are intended to continue over the longer-term.

NOTE 16. COMMITMENTS

Description and Material Accounting Policies Relating to Commitments
Commitments are a firm intention, but not a present obligation, at the end of the reporting period to incur future expenditure. As such, commitments do not constitute a liability. Commitments usually arise from contracts, but can arise from other things like placing an order.

Commitments are measured at their nominal value and are inclusive of GST, where applicable.

Capital Commitments
The LTCS fund engaged the ACT Revenue Office (CMTEDD) to build an in-house ICT solution (Data System) for the secure storage and robust analytics of the health and care data of the participants in the LTCS Scheme. The Data System has two components, a warehouse of participant and scheme information with a user portal and a processing tool for financial reporting and advanced analytics for patient care and scheme finances. The first component was completed and transferred to the LTCS fund in February 2026. The second component build is expected to be completed in 2026-27.

Capital commitments contracted at reporting date that have not been recognised as liabilities are:

	2026 $'000	2025 $'000
Payable within one year	**30**	**80**

Other Commitments
During 2022-23 the LTCS fund entered into a 5-years contract (expiring in 2027) for the provision of actuarial services and a 3-years contract (expiring in 2025) for the provision of the annual survey of the LTCS Scheme participants. During 2025-26 the contract for the annual survey was extended for two years under the terms of the agreement.

Other commitments contracted at reporting date but not recognised as liabilities, are payable as follows:

Within one year	93	66
Later than one year but not later than five years	-	69
Total Other Commitments	**93**	**135**

NOTE 17. EVENTS AFTER THE REPORTING PERIOD

There was one potential participant who had not yet been assessed for acceptance into the LTCS Scheme as at 30 June 2026. At the date of signing of the financial statements this person's eligibility was still being assessed.

An estimated average cost for the relevant injury and age of the potential participant is included (on a proportionate basis to allow for the probability of their acceptance into the LTCS Scheme) in the provision for treatment and care costs at 30 June 2026. The estimate is based on the same economic assumptions applied by the actuary in estimating the provision for the current scheme participants as at 30 June 2026. Also, refer to Note 14: *Provision for Participants' Treatment and Care Expenses.*

Lifetime Care and Support Fund
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NOTE 18. RELATED PARTY DISCLOSURES

Description and Material Accounting Policies Relating to Related Party Disclosures

A related party is a person that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the LTCS fund, directly or indirectly.

KMP of the LTCS fund are the Portfolio Minister, the Under Treasurer, the LTCS Commissioner and certain senior officers of the Economic and Financial Group, Chief Minister, Treasury and Economic Development Directorate (CMTEDD) allocated to carry out the functions of the LTCS Scheme for a proportion of their time (the Senior Management Team). The LTCS fund does not employ any staff. The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of the LTCS fund.

This note does not include typical citizen transactions between the KMP and the LTCS fund that occur on terms and conditions no different to those applying to the general public.

(A) CONTROLLING ENTITY

The LTCS fund is an ACT Government controlled entity.

(B) KEY MANAGEMENT PERSONNEL

B.1 Compensation of Key Management Personnel

Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the financial year ended 30 June 2026.

Compensation of the Head of Service and the Under Treasurer is included in the note on related party disclosures included in the CMTEDD's financial statements for the year ended 30 June 2026.

(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES

The LTCS fund has entered into transactions with other ACT Government entities in 2025-26 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government Entities. Below is a summary of the material transactions with other ACT Government Entities.

NOTE 18. RELATED PARTY DISCLOSURES - CONTINUED

(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES - CONTINUED

2026 $'000	Note	
		Revenue
37,850	4	LTCS Levy - Motor Accident Injuries - The levy is collected by the Road Transport Authority (an ACT Government entity) on behalf of the LTCS Commissioner.
12,268	5	Distribution from Investments - The LTCS fund received distributions on its investments held with the Territory Banking Account (TBA).
		Expenses
472	7	Administrative Support Expenses - The LTCS fund reimbursed CMTEDD for the salary and other associated expenses for the CMTEDD staff allocated to carry out its functions.
77	7	Audit Fees - The LTCS fund paid financial audit fees to the ACT Audit Office.
		Assets
3,619	11	LTCS Levy - Motor Accident Injuries Receivable - The levy receivable for June 2026 collected by the Road Transport Authority (an ACT Government entity) on behalf of the LTCS Commissioner.
255,165	9	Investments with the TBA - The LTCS fund held investments with the TBA at 30 June 2026.
7,731	10	Distribution from Investments Receivable - The LTCS fund had a receivable for distribution from investments with the TBA for the quarter ended 30 June 2026.
50	12	Intangible Assets - The internally generated software, Data System, developed by the CMTEDD and transferred to the LTCS fund in February 2026.
		Liabilities
77	13	Accrued Audit Fees - The LTCS fund had fees payable to the ACT Audit Office for the financial audit for the year 2025-26.

Key Management Personnel (KMP) Services

The LTCS fund reimbursed $0.162 million to CMTEDD for the proportionate cost of KMP Services received during 2025-26 (2024-25: $0.112 million). The amount paid in KMP Services was included in B.1 *Compensation of Key Management Personnel* last year but has been included here in this year's financial statements to better reflect the nature of these payments.

Compensation by the LTCS fund directly to its KMP in 2025-26 was Nil (2024-25: Nil).

The KMP Services relate to three KMP of the LTCS fund. The first KMP is an executive in CMTEDD appointed as the LTCS Commissioner. The other two KMPs are also employees of the CMTEDD. There is a standing arrangement where the LTCS fund reimburses the CMTEDD for the proportionate salary and superannuation costs of these KMP, on a monthly basis. These KMPs are not KMP of CMTEDD or any other ACT Government

The Under Treasurer who is an employee of the CMTEDD was also KMP of CMTEDD simultaneously throughout the current financial year. The LTCS fund did not reimburse CMTEDD for this KMP and therefore the KMP Services figure above does not include any amounts for this KMP.

Lifetime Care and Support Fund
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NOTE 19. BUDGETARY REPORTING

Significant Accounting Judgements and Estimates – Budgetary Reporting

Significant judgements have been applied in determining what variances are considered 'major variances'. Variances are considered major if both of the following criteria are met:

- The line item is a significant line item: where either the line item's actual amount accounts for more than 10% of the relevant associated actual category amount (Income, Expenses, Assets, liabilities and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- The variances (original budget to actual) are greater than plus (+) or minus (-) 10% and $500,000 for the financial statement line item.

Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Budget Statements.

Note: # in the 'Variance %' column represents a variance that is greater than 999 per cent or less than -999 per cent.

The following are brief explanations of major line item variances between budget estimates and actual outcomes.

Statement of Income and Expenses on Behalf of the Territory Line Items	Variance Explanation	Actual 2026 $'000	Original Budget 2026 $'000	Variance $'000	Variance %
Investment Revenue	1	12,268	8,866	3,402	38%
Participants' Treatment and Care Expenses	2	(7,007)	31,322	(38,329)	(122%)

Variance Explanations

1 Mainly due to the higher than budgeted distributions from the investment unit holdings with the Territory Banking Account (TBA), primarily in the quarter ended 30 June 2026.

2 Mainly due to the decrease in the provision for participants' future lifetime treatment and care expenses resulting mainly from fewer new participants (including potential participants) included in the provision, and improvement in the assessed injury levels of existing participants, partially offset by the increase associated with changes in mortality assumptions and rehabilitation cost assumptions.

In the 2025-26 Budget Statement the Finance Costs and Participants' Treatment and Care Expenses are reflected under Other Expenses in the Statement of Income and Expenses on Behalf of the Territory.

NOTE 19. BUDGETARY REPORTING - CONTINUED

Statement of Assets and Liabilities on Behalf of the Territory Line Items	Variance Explanation	Actual 2026 $'000	Original Budget 2026 $'000	Variance $'000	Variance %
Receivables	4	11,640	5,421	6,219	115%
Payables	5	2,452	3,635	(1,183)	(33%)
Current Provision for Participants' Treatment and Care Expenses	6	11,444	15,184	(3,740)	(25%)
Non-Current Provision for Participants' Treatment and Care Expenses	6	271,952	309,645	(37,693)	(12%)

Variance Explanations

4 Mainly due to the higher distribution from investments with the TBA for the quarter ended 30 June 2026. Distributions fluctuate based on the amount of income available for distribution in the underlying asset class sector.

5 Mainly associated with the invoice from NSW LTCSA for the reimbursement of payments made to the ACT participants for the quarter ended 30 June 2026. The amount for the quarter April-June 2026 was lower compared to the budgeted amount mainly due to the lower treatment and care requirements of some of the existing participants and the timing of treatment and care needs of the scheme participants.

6 Mainly due to fewer new participants (including potential participants) included in the provision, and improvement in the assessed injury levels of some of the existing participants, partially offset by the increase associated with changes in mortality and rehabilitation cost assumptions.

Statement of Changes in Equity on Behalf of the Territory

These line items are covered in other financial statements.

Statement of Cash Flows on Behalf of the Territory Line Items

Investment Receipts (Distribution from Investments)	7	6,253	8,017	(1,764)	(22%)
Participants' Treatment and Care Payments	8	11,373	13,985	(2,612)	(19%)

Variance Explanations

7 Mainly due to the timing of the cash receipt of distributions during the financial year from investments with the TBA. Distributions fluctuate based on the amount of income available for distribution in the underlying asset class sector.

8 Mainly due to fewer than budgeted new participants entering the LTCS Scheme in 2025-26 and the lower than expected treatment and care requirements of some of the existing participants.

Lifetime Care and Support Fund

Statement of Performance for the year ended 30 June 2026

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

INDEPENDENT LIMITED ASSURANCE REPORT

To the Members of the ACT Legislative Assembly

Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Lifetime Care and Support Fund (Fund) for the year ended 30 June 2026.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2026 are not in agreement with the Fund's records or do not fairly reflect, in all material respects, the performance of the Fund, in accordance with the *Financial Management Act 1996*.

Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements.*

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

Under Treasurer and Commissioner's responsibilities for the statement of performance

The Under Treasurer and Lifetime Care and Support Commissioner are responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Fund.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Fund's records or do not fairly reflect, in all material respects, the performance of the Fund, in accordance with the *Financial Management Act 1996*.

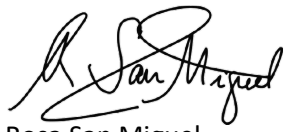
In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Fund, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

Limitations on the scope

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the Fund.



Rosa San Miguel
Audit Principal, Financial Audit
28 September 2026

Lifetime Care and Support Fund
Statement of Performance
For the Year Ended 30 June 2026

Statement of Responsibility

In our opinion, the Statement of Performance is in agreement with the Lifetime Care and Support Fund's (LTCS fund) records and fairly reflects the service performance of the LTCS fund for the financial year ended 30 June 2026, and also fairly reflects the judgements exercised in preparing it.

Russ Campbell
Acting Director-General
Chief Minister, Treasury and
Economic Development Directorate
23 September 2026

Nicola Clark
Lifetime Care and Support Commissioner
of the ACT
22 September 2026

Lifetime Care and Support Fund
Statement of Performance
For the Year Ended 30 June 2026

EBT Class 1: LIFETIME CARE AND SUPPORT FUND

EBT1.1: Lifetime Care and Support Fund

Description: The Lifetime Care and Support Fund (LTCS fund) reflects the operation of the LTCS Scheme to provide on-going treatment and care to people who have been catastrophically injured as a result of a motor accident in the ACT or workplace accident in the course of private sector employment in the ACT. The key outputs delivered in 2025-26 included:

a. deciding the eligibility of applicants to the LTCS Scheme in accordance with Part 4 of the *Lifetime Care and Support (Catastrophic Injuries) Act 2014* (LTCS Act) and the LTCS Guidelines;
b. assessing the treatment and care needs of participants in the LTCS Scheme in accordance with Part 5 of the LTCS Act;
c. paying all reasonable expenses incurred by or on behalf of an injured person in relation to the injured person's assessed treatment and care needs in accordance with Part 6 and Part 9 of the LTCS Act;
d. monitoring service delivery and participant outcomes, including collecting feedback from participants on their expectations and experience with the LTCS Scheme;
e. assessing future funding requirements and levy setting;
f. reviewing and updating the LTCS Guidelines;
g. undertaking investments in accordance with the fund's Investment Strategy; and
h. determining LTCS levies in accordance with Part 10 of the LTCS Act.

	Original Target 2025-26	Actual Result 2025-26	% Variance from Original Target	Explanation of Material Variances (+/-5%)
TOTAL COST ($'000)	$46,930	$7,902	(83%)	The lower than budgeted actual cost was mainly due to a decrease in the provision for participants' lifetime treatment and care expenses resulting from a fewer than budgeted number of new participants entering the scheme in 2025-26 and improvements in the assessed injury levels of some of the existing participants. This was partially offset by increases associated with changes in economic assumptions.
PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY ($'000)	$0	$0	0%	The LTCS fund is funded through LTCS levies and does not receive ACT Government appropriation funding. Accordingly, the LTCS fund did not budget or receive appropriation from the ACT Government in 2025-26.

Lifetime Care and Support Fund
Statement of Performance
For the Year Ended 30 June 2026

	Original Target 2025-26	Actual Result 2025-26	% Variance from Original Target	Explanation of Material Variances (+/-5%)
Accountability Indicators				
Provision of LTCS Scheme in the ACT				
a. LTCS Levies determined during the fourth quarter	2	2	0%	
b. Decision on applicant eligibility for participation in LTCS Scheme within 10 business days of receiving all relevant information.	85%	100%	18%	Actual result was better than the target because all decisions on (interim and lifetime) applicant eligibility for participation in the LTCS Scheme were made within 10 business days of receiving all relevant information in 2025-26. This reflects the LTCS fund's streamlined processes, and provision of timely and effective support. This was also due to the receipt of all relevant accident and medical information in a timely manner.

Notes:

a. The levy determinations must be made in accordance with section 84 of the LTCS Act. The determinations need to occur during the fourth quarter of the financial year so that they are available for commencement on 1 July.
The levy determination for the 2026-27 contribution period for motor vehicles was notified on the Legislation Register on 28 April 2026 and for private workers' compensation insurers and self-insurers on 28 May 2026.

b. This indicator requires the LTCS Commission from 2025-26 to assess and report on its performance against the target that 85 per cent of decisions on (interim and lifetime) applicant eligibility for participation in the LTCS Scheme are made within 10 business days of receiving all relevant information. Relevant information is all information required to assess the eligibility and includes accident and medical information.
All participants are initially accepted as 'interim participants'. After two years, an interim participant may apply to become a 'lifetime participant.' Children cannot apply for lifetime eligibility until they are at least five years old.

The above Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996.* The Total Cost and Payment for Expenses on Behalf of the Territory measures were not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2019.*

Motor Accident Injuries Commission

Motor Accident Injuries Commission
Management Discussion and Analysis
For the Year Ended 30 June 2026

General Overview

Objectives

The Motor Accident Injuries Commission (MAI Commission) was established under the *Motor Accident Injuries Act 2019* (MAI Act) and commenced operating on 1 February 2020.

The functions of the MAI Commission are extensive with functions such as providing information and assistance on the Motor Accident Injuries (MAI) Scheme. The MAI Commission has a strong monitoring and regulatory role in relation to the provision of defined benefits by insurers. The MAI Commission's functions are detailed in section 25 of the MAI Act. Its responsibilities include:

- regulating the licensing of insurers under the Motor Accident Injuries Scheme (MAI Scheme);
- reviewing premiums to ensure they fully fund the present and likely future costs of the scheme but are not excessive;
- monitoring insurers' compliance with their obligations under the MAI Act;
- providing information to the public about the MAI Scheme;
- managing complaints about the market practices of licensed insurers and the handling practices of insurers under the MAI Scheme;
- issuing, monitoring and reviewing the MAI guidelines and other statutory instruments under the MAI Act; and
- monitoring and advising the Minister about the administration, efficiency and effectiveness of the MAI Scheme.

The functions of the MAI Commission are funded by a levy applied on every ACT motor vehicle registration with a MAI policy on a per annum basis.

In accordance with section 331 of the MAI Act, the MAI Commission collects an amount for the Nominal Defendant Fund from each licensed MAI insurer in the Territory, as well as the Commonwealth and ACT Governments, that covers the claims against uninsured or unidentified motor vehicles for which the Nominal Defendant has responsibility. The amount collected by the MAI Commission is transferred to the Office of the Nominal Defendant.

Overview of the Financial Outcome

The MAI Commission is a not-for-profit territory authority.

The MAI Commission's operating result for the financial year 2025-26 was a surplus of $0.8 million, compared to the budgeted break-even position. This operating surplus was mainly due to the lower than anticipated supplies and services expenses, explained in this document under Total Expenses – Comparison to Budget.

Risk Management

The MAI Commission has a risk management plan. The MAI Commission has overall responsibility for risk management, and for ensuring compliance with the risk management plan.

The key risks for the MAI Commission are reputational risks of the MAI Commission as a robust regulator of the MAI Scheme in the ACT and operational risks in delivering an ICT capability to support the reporting requirements of the MAI Scheme.

The other key risk is related to whether the MAI Commission has sufficient resources, both in terms of financial and staffing capacity (including the number of staff as well as staff experience and

expertise), to fulfil its obligations and operate effectively. The risks are mitigated through the use of appropriate governance structures, application of risk based management strategies and financial reporting processes.

The MAI Commission's operations are funded by a levy of $14.00 per annum collected from every motor vehicle registration. The levy for vehicles registered under the ACT's Veteran, Vintage and Historic Registration is $3.50 per annum. The total revenue from the levy is mainly dependent upon the number of registrations and renewals. Although the MAI Commission is reliant on the levy revenue, it maintains a sufficient cash balance ($11.7 million) to meet its expected liabilities when they become payable. This mitigates any potential financial risk associated with adequacy of funding for activities.

Financial Performance

The following financial information is based on the audited Financial Statements for the financial year 2025-26 and the previous financial year 2024-25.

Budget information presented below for 2025-26 is based on the 2025-26 Statement of Intent for the MAI Commission. Estimates presented below for 2026-27 through to 2029-30 are based on the 2026-27 Statement of Intent for the MAI Commission.

The percentages presented below are based on amounts rounded to the nearest thousand dollars (not the presented amounts that have been rounded to the nearest million dollars).

Total Expenses

1. Components of Total Expenses

For the financial year ended 30 June 2026, the MAI Commission recorded total expenses of $4.5 million. The expenses comprised of supplies and services expenses (64 per cent), transfer expenses (32 per cent) and amortisation of the ICT system (4 per cent).

Supplies and services expenses mainly include:

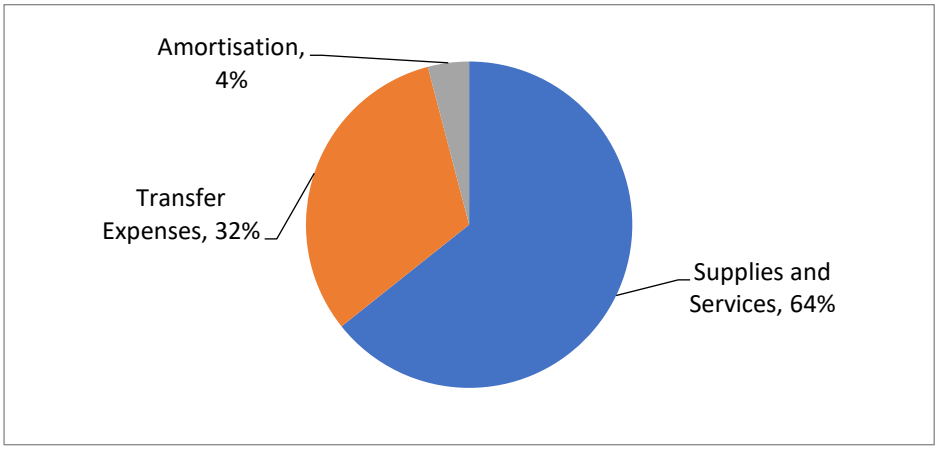
- administration support expenses ($1.9 million or 64 per cent) related to the reimbursement of salary and associated expenses for the Chief Minister, Treasury and Economic Development Directorate's (CMTEDD) staff allocated to undertake the MAI Commission's functions, as the MAI Commission does not employ any staff;
- ICT support and maintenance expenses associated with the MAI Register ICT system;
- consultants expenses mainly associated with actuarial services (including analysing scheme costs, reviewing premium filings and calculating various premiums loadings and subsidies) and the delivery of an information service relating to the defined benefits available under the MAI Scheme; and
- contributions towards road safety strategies developed and undertaken by the City and Environment Directorate to support and promote the prevention of motor accidents and safe use of motor vehicles.

The amortisation expense is associated with the MAI Register ICT system.

Transfer expenses reflect the payment to the ACT Government (Territory Banking Account) to provide funding for the ACT Civil and Administrative Tribunal (ACAT) defined benefit dispute mechanism for the MAI Scheme.

Figure 1 indicates the components of the MAI Commission's expenses for 2025-26.

Figure 1 – Components of Total Expenses



2. Comparison to Original Budget

Total actual expenses were lower than the Budget of $5.3 million by $0.8 million (or 15 per cent) mainly due to lower supplies and services expenses comprising:

- $0.6 million lower administration support expenses mainly due to lower reimbursement of salary and associated expenses for the CMTEDD staff allocated to undertake the MAI Commission's functions mainly resulting from vacancies in relevant positions; and
- $0.2 million lower road safety initiative expenses which tend to vary each year depending on the nature and timing of strategies funded.

3. Comparison to 2025 Actual

Total actual expenses in 2025-26 were largely in line with the 2024-25 actual of $4.3 million.

4. Future Trends

The budgeted supplies and services expenses are expected to increase in 2026-27 due to the increased services required as the scheme matures and due to indexation. However, transfer expenses will cease from 2026-27 following a review of the funding. The Justice and Community Safety Directorate (of which the ACAT is part of) is directly appropriated by the ACT Government for the provision of ACAT's services.

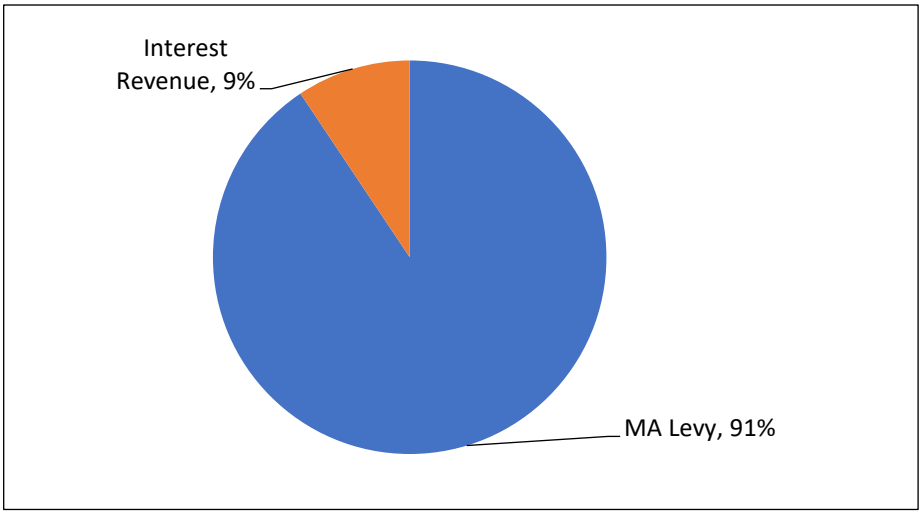
Total Income

1. Components of Total Income

For the financial year ended 30 June 2026, the MAI Commission recorded a total income of $5.3 million. The MAI Commission's income was mainly derived from the levy on ACT MAI vehicle registrations (91 per cent).

Figure 2 indicates the components of the MAI Commission's income for 2025-26.

Figure 2 – Components of Total Income



2. Comparison to Original Budget

Total income was largely in line with the Budget of $5.3 million.

3. Comparison to 2025 Actual

Total actual 2025-26 income was also largely in line with the 2024-25 actual of $5.3 million.

4. Future Trends

The budgeted income is expected to increase mainly due to the expected increase in motor vehicle registrations due to projected ACT population growth.

Financial Position

Total Assets

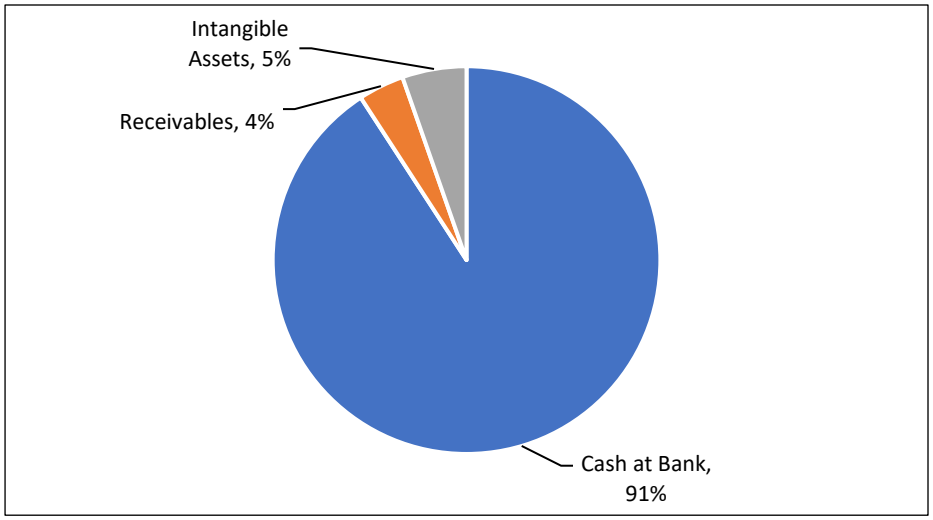
1. Components of Total Assets

The MAI Commission's total assets of $12.9 million as at 30 June 2026 comprised of cash at bank (91 per cent), intangible assets (5 per cent) and receivables (4 per cent).

The intangible asset relates to the ICT system, the MAI Register. The receivable is mainly associated with the MA Levy collected by the Road Transport Authority (an ACT Government entity) on behalf of the MAI Commission during June 2026.

Figure 3 indicates the components of the MAI Commission's total assets as at 30 June 2026.

Figure 3 – Total Assets as at 30 June 2026



2. Comparison to Original Budget

Total assets at 30 June 2026 were $1.1 million (or 10 per cent) higher than the Budget of $11.8 million mainly due to the higher cash at bank balance ($1.1 million) resulting largely from lower than budgeted supplies and services expense payments, as explained in the Total Expenses section above.

3. Comparison to 30 June 2025 Actual

Total assets at 30 June 2026 were $0.8 million (or 7 per cent) higher than the assets at 30 June 2025 ($12.1million). The increase was mainly associated with a higher cash at bank balance ($1.0 million) resulting from higher revenue received compared to the expense payments in 2025-26.

Total Liabilities

1. Components of Total Liabilities

The MAI Commission's total liabilities at 30 June 2026 ($0.1 million) mainly relate to accrued expenses for the 2025-26 financial audit, ICT support and maintenance expenses for the quarter ended 30 June 2026 and actuarial services.

Total liabilities were largely in line with the Budget and the liabilities at 30 June 2025.

Liquidity

'Liquidity' is the ability of the MAI Commission to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. A ratio of less than 1-to-1 may indicate a reliance on the next financial year's MA levy to meet short-term debts.

Table 1 indicates the liquidity position of the MAI Commission.

Table 1 – Current Ratio

Description At 30 June	Prior Period Actual 2025 $'000s	Current Year Budget 2026 $'000s	Current Year Actual 2026 $'000s	Forward Year Budget 2027 $'000s	Forward Year Budget 2028 $'000s	Forward Year Budget 2029 $'000s	Forward Year Budget 2030 $'000s
Current Assets	11,224	11,072	12,229	12,455	12,641	12,829	12,974
Current Liabilities	108	102	137	166	168	172	177
Current Ratio	104:1	109:1	89:1	75:1	75:1	75:1	73:1

The MAI Commission's current ratio as at 30 June 2026 was 89:1, which is more than sufficient to pay its liabilities as they fall due. The lower than budgeted ratio reflects higher current liabilities associated with accrued expenses; partially offset by higher current assets associated mainly with the cash at bank balance (explained above under Total Assets).

The MAI Commission is budgeted to maintain a strong level of liquidity for future years.

Motor Accident Injuries Commission

Financial Statements for the year ended 30 June 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Motor Accident Injuries Commission (Commission) for the year ended 30 June 2026 which comprise the statement of responsibility, statement by the chief finance officer, operating statement, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial statements:

(i) present fairly, in all material respects, the Commission's financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended; and

(ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Commissioner for the financial statements

The Motor Accident Injuries Commissioner is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996,* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Commission to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Commission.

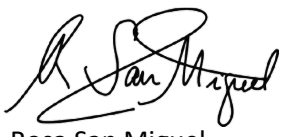
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Commission's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commission;
- conclude on the appropriateness of the Commission's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Commission to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Motor Accident Injuries Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Rosa San Miguel
Audit Principal, Financial Audits
18 September 2026

Motor Accident Injuries Commission
Financial Statements
For the Year Ended 30 June 2026

Statement of Responsibility

As the Commissioner of the Motor Accident Injuries (MAI) Commission, I am responsible for the preparation of the annual financial report as well as the judgements exercised in preparing it. In my opinion, the MAI Commission's financial statements fairly reflect the financial operations for the year ended 30 June 2026 and the financial position on that date.



Nicola Clark
Motor Accident Injuries Commissioner
17 September 2026

Motor Accident Injuries Commission
Financial Statements
For the Year Ended 30 June 2026

Statement by the Chief Finance Officer

In my opinion, the Motor Accident Injuries Commission's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2026 and the financial position on that date.



Anne Anand
Chief Finance Officer
Senior Director, Insurance
Chief Minister, Treasury and Economic Development Directorate
16 September 2026

Motor Accident Injuries Commission
Financial Statements
For the Year Ended 30 June 2026

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Motor Accident Injuries Commission
Operating Statement
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Income				
Motor Accident Levy	4	4,807	4,843	4,787
Interest Revenue		497	458	486
Other Income		-	-	20
Total Income		**5,304**	**5,301**	**5,293**
Expenses				
Supplies and Services	5	2,901	3,690	2,739
Transfer Expenses	6	1,427	1,427	1,389
Amortisation	9	184	184	184
Total Expenses		**4,512**	**5,301**	**4,312**
Operating Result		**792**	**-**	**981**
Total Comprehensive Result		**792**	**-**	**981**

The above Operating Statement is to be read in conjunction with the accompanying notes.

Motor Accident Injuries Commission
Balance Sheet
As at 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Current Assets				
Cash at Bank	7	11,735	10,638	10,760
Receivables	8	494	434	464
Total Current Assets		**12,229**	**11,072**	**11,224**
Non-Current Assets				
Intangible Assets	9	693	692	877
Total Non-Current Assets		**693**	**692**	**877**
Total Assets		**12,922**	**11,764**	**12,101**
Current Liabilities				
Payables	10	137	102	108
Total Current Liabilities		**137**	**102**	**108**
Total Liabilities		**137**	**102**	**108**
Net Assets		**12,785**	**11,662**	**11,993**
Equity				
Accumulated Funds		12,785	11,662	11,993
Total Equity		**12,785**	**11,662**	**11,993**

The above Balance Sheet is to be read in conjunction with the accompanying notes.

Motor Accident Injuries Commission
Statement of Changes in Equity
For the Year Ended 30 June 2026

	Accumulated Funds Actual 2026 $'000	Total Equity Actual 2026 $'000	Original Budget 2026 $'000
Balance at 1 July 2025	11,993	11,993	11,662
Comprehensive Income			
Operating Result	792	792	-
Total Comprehensive Result			-
Balance at 30 June 2026	**12,785**	**12,785**	**11,662**

	Accumulated Funds Actual 2025 $'000	Total Equity Actual 2025 $'000
Balance at 1 July 2024	11,012	11,012
Comprehensive Income		
Operating Result	981	981
Total Comprehensive Result	**981**	**981**
Balance at 30 June 2025	**11,993**	**11,993**

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Motor Accident Injuries Commission
Statement of Cash Flows
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Cash Flows from Operating Activities				
Receipts				
Motor Accident Levy		4,782	4,835	4,767
Interest Received		497	458	486
Other		-	-	20
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		97	122	144
Total Receipts from Operating Activities		**5,376**	**5,415**	**5,417**
Payments				
Supplies and Services		2,871	3,688	2,666
Transfer Expenses		1,427	1,427	1,389
Goods and Services Tax Paid to Suppliers		103	124	93
Total Payments for Operating Activities		**4,401**	**5,239**	**4,148**
Net Cash Inflows from Operating Activities	7	**975**	**176**	**1,269**
Net Increase in Cash at Bank		**975**	**176**	**1,269**
Cash at Bank at the Beginning of the Reporting Period		10,760	10,462	9,491
Cash at Bank at the End of the Reporting Period	7	**11,735**	**10,638**	**10,760**

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Motor Accident Injuries Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

NOTE 1. OBJECTIVES OF THE MOTOR ACCIDENT INJURIES COMMISSION

The Motor Accident Injuries Commission (MAI Commission) is a not-for-profit ACT Government entity in the General Government Sector which was established under the *Motor Accident Injuries Act 2019* (MAI Act) and commenced operating on 1 February 2020.

The MAI Commission's functions are detailed in section 25 of the MAI Act. Its responsibilities include:

- regulating the licensing of insurers under the Motor Accident Injuries Scheme (MAI Scheme);
- reviewing premiums to ensure they fully fund the present and likely future costs of the scheme but are not excessive;
- monitoring insurers' compliance with their obligations under the MAI Act;
- providing information to the public about the MAI Scheme;
- managing complaints about the market practices of licensed insurers and the handling practices of insurers under the MAI Scheme;
- issuing, monitoring and reviewing the MAI guidelines and other statutory instruments under the MAI Act; and
- monitoring and advising the Minister about the administration, efficiency and effectiveness of the MAI Scheme.

The functions of the MAI Commission are funded by a levy applied on every ACT motor vehicle registration with a MAI policy on a per annum basis.

In accordance with section 331 of the MAI Act, the MAI Commission collects an amount for the Nominal Defendant Fund from each licensed MAI insurer in the Territory, as well as the Commonwealth and ACT Governments, that covers the claims against uninsured or unidentified motor vehicles for which the Nominal Defendant has responsibility. The amount collected by the MAI Commission is transferred to the Office of the Nominal Defendant. For details refer to Note 13: *Third Party Monies.*

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

LEGISLATIVE REQUIREMENT

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government territory authorities. The FMA and the *Financial Management Guidelines* issued under the Act, requires the MAI Commission's financial statements to include:

(i) an Operating Statement for the year;

(ii) a Balance Sheet at the end of the year;

(iii) a Statement of Changes in Equity for the year;

(iv) a Statement of Cash Flows for the year; and

(v) other statements as necessary to fairly reflect the financial operations of the MAI Commission during the year and its financial position at the end of the year.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (as required by the FMA), supplemented by following the ACT Accounting and Disclosure Policies.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENT (CONTINUED)

ACCRUAL ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The financial statements have also been prepared according to the historical cost convention.

CURRENCY

These financial statements are presented in Australian dollars, which is the MAI Commission's functional currency.

INDIVIDUAL NOT-FOR-PROFIT REPORTING ENTITY

The MAI Commission is an individual not-for-profit reporting entity.

REPORTING PERIOD

These financial statements state the financial performance, changes in equity and cash flows of the MAI Commission for the year ended 30 June 2026, together with the financial position of the MAI Commission as at 30 June 2026.

COMPARATIVE FIGURES

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2025-26 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Statement of Intent.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000). Use of "-" represents zero amounts or amounts rounded down to zero.

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

Other than AASB 18 *Presentation and Disclosure in Financial Statements* Standards, Standards and Interpretations issued but yet to be applied have been assessed as not being relevant to or will have an immaterial financial impact on the MAI Commission.

AASB 18 *Presentation and Disclosure in Financial Statements*

This Standard applies to not-for-profit public sector entities from reporting periods commencing on or after 1 January 2028. It contains some major presentation/disclosure changes that may impact on the MAI Commission including:

(i) that operating, investing and financing categories as well as additional subtotals have to be included in the MAI Commission's operating statement;

(ii) the disclosure of management-defined performance measures and reconciliations of these measures with the subtotals required by AASB Standards; and

(iii) enhanced requirements for the grouping (aggregation and disaggregation) of information in the financial statements and in the notes.

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED (CONTINUED)

The AASB has issued an Exposure Draft (ED 338 *Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*) that outlines modifications to AASB 18 for not-for-profit public sector entities. If these modifications in the exposure draft are adopted, they will effectively enable the MAI Commission to continue to broadly apply the existing disclosure requirements contained in AASB 101 *Presentation of Financial Statements.* However, as this exposure draft is not yet finalised, the impact on the MAI Commission's financial statements from the adoption of AASB 18 cannot be determined at this time.

The MAI Commission does not intend to adopt this Standard early. It will be adopted from its application date.

INCOME NOTES

NOTE 4. MOTOR ACCIDENT LEVY

Description and Material Accounting Policies relating to the Motor Accident Levy (MA Levy)

The MA Levy is a statutory levy collected under the *Motor Accident Injuries Levy Determination 2023 (No 1).* The MA Levy is determined by the Minister responsible for administering the MAI Act. The MA Levy applies in respect of a Motor Accident Injuries (MAI) policy issued under the MAI Act and is paid when a person purchases a MAI policy as part of a vehicle registration.

The MA Levy is collected by the Road Transport Authority (an ACT Government entity) on behalf of the MAI Commissioner. The MA Levy is statutory in nature and is recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities*. The MAI Commission recognises the revenue when the motorist registers a motor vehicle and pays their MAI insurance premium. The MAI Commission recognises a receivable for the levy collected by the Road Transport Authority. The receivable is derecognised and cash is recognised when the money collected and held by the Road Transport Authority is subsequently transferred to the MAI Commission.

The MA Levy of $14.00 per annum (2024-25: $14.00 per annum) is payable in relation to a MAI policy, except for veteran, vintage and historic registration scheme vehicles that have a $3.50 levy per annum (2024-25: $3.50 per annum) per MAI policy. The MA Levy applies for a full year policy and is pro-rated for shorter registration periods (6 or 3 months). The MAI Act allows refunds on a proportionate basis according to the number of whole months remaining on the MAI Policy at the date of cancellation.

	2026	2025
	$'000	$'000
Total Motor Accident Levy	**4,807**	**4,787**

EXPENSE NOTES

NOTE 5. SUPPLIES AND SERVICES

Description and Material Accounting Policies relating to the Supplies and Services

General – Supplies and Services

Purchases of Supplies and Services generally represent the day to day running costs incurred in normal operations. They are recognised in the reporting period in which the expenses are incurred. Supplies and Services are measured at the amount paid or payable, or where Supplies and Services have been provided free of charge, they are measured at their fair value at the time they are provided.

Consultants Expenses

Consultants Expenses mainly include fees for actuarial services and for information services.

Actuarial services are mainly associated with the work undertaken for analysing scheme costs, reviewing premium filings and calculating various premiums loadings and subsidies.

Information services are associated with the defined benefits which include treatment and care, income replacement, funeral and dependent benefits, and quality of life benefits available under the MAI Scheme.

Administration Support Expenses

The MAI Commission does not employ any staff. The functions of the MAI Commission are performed by officers of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) and those employees are included in CMTEDD's Full Time Equivalent (FTE) staff numbers. The MAI Commissioner determines the staffing resources required to undertake the Commission's functions and approves the reimbursement of associated costs. Administration support expenses mainly relate to the reimbursement of salary and associated expenses for the CMTEDD staff allocated to undertake the MAI Commission's functions.

Advertising Expenses

These expenses are associated with the Search Terms campaign and booklets to promote the MAI Scheme and increase public awareness.

Audit Fees

Auditor's remuneration consists of financial audit services provided to the MAI Commission by the ACT Audit Office. MAI Commission's audit fees for the audit of its 2025-26 financial statements and review of its statement of performance was $41,525 (2024-25: $39,547; an additional $2,000 was charged for the accounting advice sought externally by Audit Office on Third Party Monies). No other services were provided by the ACT Audit Office.

ICT Support and Maintenance Expenses

These expenses are associated with supporting and maintaining the MAI Register ICT system.

Road Safety Initiatives

The MAI Commission contributes towards road safety strategies developed and undertaken by the City and Environment Directorate to support and promote the prevention of motor accidents and safe use of motor vehicles. These are pertinent to the MAI Commission's objectives under the MAI Act of reducing the number and/or severity of injuries arising from these accidents. The expense is recognised at the time the invoice is received for the agreed contribution.

NOTE 5. SUPPLIES AND SERVICES (CONTINUED)

	2026	2025
	$'000	$'000
Consultants Expenses [1]	512	283
Administration Support Expenses	1,870	1,815
Advertising Expenses	26	14
Audit Fees	42	42
ICT Support and Maintenance Expenses [2]	324	147
Road Safety Initiatives [3]	127	438
Total Supplies and Services	**2,901**	**2,739**

[1.] The increase was mainly due to higher fees associated with the provision of enhanced information services funded by the MAI Commission and increase in actuarial services associated with the analysis of scheme costs, plus other regulatory projects in 2025-26.

[2.] The increase was mainly associated with the infrastructure charges in 2025-26. In 2024-25 there were nil infrastructure charges along with a credit for the estimated costs invoiced in 2023-24 that did not eventuate.

[3.] The road safety initiative costs tend to vary each year depending on the nature and timing of strategies funded. During 2025-26 the MAI Commission mainly contributed towards initiatives targeting drink and drug driving and digital road safety signage at petrol stations.

NOTE 6. TRANSFER EXPENSES

Description and Material Accounting Policies relating to the Transfer Expenses

Transfer expenses reflect the payment to the ACT Government (Territory Banking Account) to provide funding for the ACT Civil and Administrative Tribunal (ACAT) external review function under the MAI Scheme. The MAI Scheme provides for treatment and care, income replacement, funeral and dependent benefits, and a quality of life benefit (collectively referred to as 'defined benefits'). The ACAT is the forum for disputes that arise in relation to the provision of defined benefits by the MAI insurers.

The payments are made on a quarterly basis. The total amount paid during the financial year is based on the amount budgeted in the Statement of Intent for the MAI Commission. The expense is recognised at the time of payment to the Territory Banking Account.

As reflected in the MAI Commission's 2026-27 Statement of Intent, these payments will cease from the 2026-27 financial year following a review of the funding. The Justice and Community Safety Directorate (of which the ACAT is part of) is directly appropriated by the ACT Government for the provision of ACAT's services.

Transfer Expenses	1,427	1,389
Total Transfer Expenses	**1,427**	**1,389**

ASSET NOTES

NOTE 7. CASH AT BANK

Description and Material Accounting Policies relating to Cash at Bank

The MAI Commission holds one bank account with Westpac Banking Corporation as part of the whole-of-government banking arrangements. As part of this arrangement, the MAI Commission receives interest calculated daily on the applicable daily interest rate on the daily balance of the bank account.

a) Reconciliation of Cash at Bank at the End of the Reporting Period in the Statement of Cash Flows to the Equivalent Items in the Balance Sheet

	2026	2025
	$'000	$'000
Total Cash at Bank recorded in the Balance Sheet [1]	11,735	10,760
Cash at Bank at the End of the Reporting Period as recorded in the Statement of Cash Flows	**11,735**	**10,760**

[1.] The increase was mainly due to the MA Levy collections and interest from cash at bank exceeding the supplies and services expense payments.

The MAI Commission is funded through the MA Levy and holds sufficient cash at bank for any future ICT upgrade and other unforeseen costs.

b) Reconciliation of the Operating Result to Net Cash Inflows from Operating Activities

Operating Result	792	981
Add Non-Cash Items		
Amortisation	184	184
Cash Before Changes in Operating Assets and Liabilities	**976**	**1165**
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(31)	31
Increase in Payables	30	73
Net Changes in Operating Assets and Liabilities	**(1)**	**104**
Net Cash Inflows from Operating Activities	**975**	**1,269**

NOTE 8. RECEIVABLES

Description and Material Accounting Policies relating to Receivables

The Motor Accident Levy receivable is associated with the levy collected by the Road Transport Authority (an ACT Government entity) on behalf of the MAI Commissioner during June. The money is subsequently remitted to the MAI Commission in July, at which point in time the MAI Commission derecognises the receivable and recognises the cash.

Accounts receivable are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Based on an assessment of receivables and expected changes to the future recovery of these receivables no expected credit losses were recognised in the Operating Statement for the financial year ended 30 June 2026. No bad debts were written off during the financial year ended 30 June 2026. No receivables are past due or impaired.

	2026	2025
	$'000	$'000
Current Receivables		
Motor Accident Levy Receivable	459	434
Net Goods and Services Tax Receivable	35	30
Total Current Receivables	**494**	**464**

NOTE 9. INTANGIBLE ASSETS

Description and Material Accounting Policies relating to Intangible Assets

The MAI Commission has internally generated software consisting of one system, the Motor Accident Injury Register (MAIR). The MAIR was developed and transferred from the CMTEDD to the MAI Commission during 2019-20. Amortisation of the MAIR commenced in March 2020.

Recognition

Internally generated software is recognised and capitalised when:

(a) it is probable that the expected future economic benefits attributable to the software will flow to the MAI Commission;

(b) the cost of the software can be measured reliably;

(c) the acquisition cost is equal to or exceeds $50,000; and

(d) it meets the specific recognition criteria relating to intangible assets arising from the development phase of an internal project.

Measurement

Intangible Assets are measured at cost, which comprises its purchase price and any directly attributable costs of preparing the asset for its intended use.

NOTE 9. INTANGIBLE ASSETS (CONTINUED)

Amortisation

Capitalised software has a finite useful life. Software is amortised on a straight-line basis over its useful life, over a period not exceeding 10 years. Amortisation commences when intangible assets are ready for their intended use.

Impairment

The MAI Commission undertakes an annual impairment assessment of its intangible assets. At 30 June 2026 there was no indication of impairment and no events or changes in circumstances that would indicate that the carrying amount of the intangible assets may not be recoverable.

Reconciliation of Intangible Assets 2025-26 and 2024-25

	2026	2025
	$'000	$'000
Carrying Amount at the Beginning of the Report Period	**877**	**1,061**
Amortisation	(184)	(184)
Carrying Amount at the End of the Reporting Period	**693**	**877**
Carrying Amount at the End of the Reporting Period, represented by:		
Gross Book Value	2,940	2,940
Accumulated Amortisation	2,247	2,063

LIABILITY NOTE

NOTE 10. PAYABLES

Description and Material Accounting Relating to Payables

Payables include Trade Payables and Accrued Expenses.

Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 14 days after the invoice date.

Accrued expenses are mainly associated with the ICT support costs for the quarter ended 30 June, audit fees and actuary's fees for which invoices will be received after the end of the reporting period.

Current Payables		
Accrued Expenses	137	108
Total Current Payables	**137**	**108**
Total Payables	**137**	**108**

OTHER NOTES

NOTE 11. FINANCIAL INSTRUMENTS

Material Accounting Policies Relating to Financial Instruments

Details of the material 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 and financial liability are disclosed in the note to which they relate. In addition to these policies, the following are also accounting policies relating to financial assets and liabilities.

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

a) the business model for managing the financial assets; and
b) the contractual cash flow characteristics of the financial assets.

The following are the classification of the MAI Commission's financial assets under AASB 9 *Financial Instruments:*

Items	Business Model Held to collect principal and interest/sell	Solely for payment of Principal and Interest (basic lending characteristics)	Classification
Cash at Bank	Held to collect	Yes	Amortised cost

Financial liabilities are measured at amortised cost.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The MAI Commission's exposure to market interest rates relates only to cash at bank which is held in an interest bearing account with a variable interest rate that changes when the Reserve Bank of Australia adjusts the Cash Rate Target. The Cash Rate Target was adjusted (decreased and increased) several times in 2025-26 but the impact on the amount of interest received was not material.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the MAI Commission, as its operations are not dependant on the interest earned and it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is not significant.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The MAI Commission's credit risk is limited to the amount of the financial assets it holds less any allowance for impairment losses. Receivables between ACT Government agencies are generally expected to have low credit risks.

Credit risk is managed by the MAI Commission for cash at bank by holding bank balances with the ACT Government's appointed transactional bank, Westpac Banking Corporation (Westpac). S&P Global Ratings has assigned a AA- issuer credit rating to Westpac. A 'AA-' credit rating means the obligor has a 'very strong to strong capacity to meet its financial commitments'.

The MAI Commission expects to collect all financial assets that are not past due or impaired.

NOTE 11. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that the MAI Commission will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the MAI Commission ensures that it does not have a large portion of its financial liabilities maturing in any one reporting period and that, at any particular point in time, it has a sufficient amount of current financial assets to meet its current financial liabilities.

The MAI Commission manages this risk by maintaining a cash balance which will allow payment of all current financial liabilities when they fall due.

Fair Value of Financial Assets and Liabilities

The carrying amount for all financial assets other than cash at bank which is held in an interest bearing account and liabilities reflect their fair value and are non interest bearing.

Maturity Analysis

The MAI Commission does not have any financial assets or liabilities which mature after the following financial year.

NOTE 12. COMMITMENTS

Description and Material Accounting Policies Relating to Commitments

Commitments are a firm intention, but not a present obligation, at the end of the reporting period to incur future expenditure. As such, commitments do not constitute a liability. Commitments usually arise from contracts, but can arise from other things like placing an order.

Commitments are measured at their nominal value and are inclusive of GST.

Other Commitments

Other commitments include costs associated with the delivery of an information service relating to the defined benefits available under the MAI Scheme, costs associated with the support arrangement for the MAIR ICT System, and costs associated with the actuarial services.

Other commitments contracted at reporting date but not recognised as liabilities, are payable as follows:

	2026	2025
	$'000	$'000
Within one year	1,070	770
Later than one year but not later than five years [1]	2,232	2,379
Total Other Commitments	**3,302**	**3,149**

[1.] The increase was mainly associated with the new contract for the provision of information services relating to the defined benefits available under the MAI Scheme. The new contract provides for expanded services.

NOTE 13. THIRD PARTY MONIES

Description and Material Accounting Policies Relating to Third Party Monies

The MAI Commission held cash balances on behalf of third parties at 30 June 2026. There were no additional assets and liabilities other than cash in relation to these monies. Therefore, the below information provides cash disclosures of the third party monies during the year, and financial position at the reporting date.

Third Party Monies Collected on Behalf of the Nominal Defendant Fund

Claims and administrative costs of the Nominal Defendant Fund are paid by raising a levy.

In accordance with section 331 of the MAI Act, the MAI Commission collects an amount for the Nominal Defendant Fund from each licensed MAI insurer in the Territory, as well as the Commonwealth and ACT Governments, that covers the claims against uninsured or unidentified motor vehicles for which the Nominal Defendant has responsibility. Under section 330 of the MAI Act the MAI Commission must pay the amount of cash collected to the Office of the Nominal Defendant.

The levy collected by the MAI Commission meets the FMA definition of 'trusts' and is considered third party monies.

Third Party Monies Held for Premium Surplus Refund (PSR)

A portion of the PSR Pool for identified eligible vehicle owners to receive top-up payments directly to their bank accounts, remains unpaid pending receipt of the owners' bank account details. The amount as at 30 June 2026 was $0.023 million. This is managed in accordance with relevant FMA provisions relating to unclaimed trust money.

Third Party Monies Collected on Behalf of the Nominal Defendant Fund

	2026	2025
	$'000	$'000
Levies from insurers	5,511	5,908
Levies from the Commonwealth Government	19	20
Levies from the ACT Government	51	54
Total Levy Collected [1]	**5,581**	**5,982**

[1.] The decrease was mainly due to the lower Nominal Defendant Levy (ND Levy) rate applicable during 2025-26. The ND Levy rate reduced from 5.0% effective 1 February 2024 to 4.6% effective 1 February 2025 and then increased to 4.7% effective from 1 April 2026.

Balance at the Beginning of the Reporting Period	-	-
Cash Receipts	5,581	5,982
Cash Payments	(5,581)	(5,982)
Balance at the End of the Reporting Period	-	-

NOTE 14. RELATED PARTY DISCLOSURES

Description and Material Accounting Policies Relating to Related Party Disclosures

A related party is a person that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the MAI Commission, directly or indirectly.

KMP of MAI Commission are the Portfolio Minister, the MAI Commissioner, and certain senior officers of the Economic and Financial Group of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) allocated to carry out the functions of the MAI Commission for a proportion of their time (the Senior Management Team). The MAI Commission does not employ any staff.

The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of the MAI Commission.

This note does not include typical citizen transactions between the KMP and the MAI Commission that occur on terms and conditions no different to those applying to the general public.

(A) CONTROLLING ENTITY

The MAI Commission is an ACT Government controlled entity.

(B) KEY MANAGEMENT PERSONNEL

B.1 Compensation of Key Management Personnel

Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2026.

Compensation of the Head of Service is included in the note on related party disclosures included in the CMTEDD's financial statements for the year ended 30 June 2026.

(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES

The MAI Commission has entered into transactions with other ACT Government entities in 2025-26 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government Entities. Below is a summary of the Material transactions with other ACT Government Entities.

Revenue

- Motor Accident Levy (Note 4) - the Road Transport Authority (an ACT Government entity) collected $4.807 million levy on behalf of the MAI Commissioner.

NOTE 14. RELATED PARTY DISCLOSURES (CONTINUED)

(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES (CONTINUED)

Expenses

- Supplies and Services (Note 5) - the MAI Commission incurred expenses of $1.839 million for the reimbursement to the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) of the salary and associated expenses of its staff allocated to undertake the MAI Commission's functions and $0.014 million for ICT services and equipment to CMTEDD (both included in Administration Support expenses); $0.042 million to the ACT Audit Office for financial audit services; $0.324 million to the ACT Revenue Office, CMTEDD for the maintenance of the MAIR ICT System; and $0.127 million to the City and Environment Directorate for Road Safety Initiatives.
- Transfer Expenses (Note 6) - the MAI Commission paid $1.427 million to the Territory Banking Account to provide funding for the ACT Civil and Administrative Tribunal (external review function).

Assets

- Motor Accident Levy Receivable (Note 8) - the Road Transport Authority (an ACT Government entity) collected $0.459 million levy for June 2026 on behalf of the MAI Commissioner.

Liabilities

- Accrued Expenses (Note 10) - the MAI Commission accrued $0.042 million payable to the ACT Audit Office for the 2025-26 financial audit and $0.083 million payable to the ACT Revenue Office, CMTEDD for charges associated with the maintenance of the MAIR ICT System.

Key Management Personnel (KMP) Services

The MAI Commission reimbursed $0.551 million to CMTEDD for the proportionate cost of KMP Services received during 2025-26 (2024-25: $0.491 million). The amount paid in KMP Services was included in B.1 *Compensation of Key Management Personnel* last year but has been included here in this year's financial statements to better reflect the nature of these payments.

Compensation by the MAI Commission directly to its KMP was Nil (2024-25: Nil).

The KMP Services relate to four KMP of the MAI Commission. The first KMP is an executive in CMTEDD appointed as the MAI Commissioner. The other three KMPs are also employees of the CMTEDD. There is a standing arrangement where the MAI Commission reimburses the CMTEDD for the proportionate salary and superannuation costs of these KMP, on a monthly basis. These KMPs are not KMP of CMTEDD or any other ACT Government Agency.

NOTE 15. BUDGETARY REPORTING

Significant Accounting Judgements and Estimates - Budgetary Reporting

Significant judgements have been applied in determining what variances are considered 'major variances'. Variances are considered major if both of the following criteria are met:

- the line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated actual category amount (Income, Expenses, Assets, Liabilities and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- the variances (original budget to actual) are greater than plus (+) or minus (-) 10% and $500,000 of the budget for the financial statement line item.

Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Statement of Intent.

Note: # in the 'Variance %' column represents a variance that is greater than 999 per cent or less than -999 per cent.

The following are brief explanations of major line item variances between budget estimates and actual outcomes.

	Variance Explanation	Actual	Original Budget	Variance	Variance
		2026	2026		
		$'000	$'000	$'000	%
Operating Statement Line Items					
Supplies and Services	1	2,901	3,690	(789)	(21)

Variance Explanations

1. Actual expenses were lower mainly due to lower reimbursement of salary and associated expenses for the CMTEDD staff allocated to undertake the MAI Commission's functions mainly resulting from vacancies in relevant positions. The lower expenses were also associated with lower contributions towards road safety initiatives due to the timing of strategies funded during the year.

Balance Sheet Line Items					
Cash at Bank	2	11,735	10,638	1,097	10

Variance Explanations

2. Actual balance was higher mainly due to lower than anticipated supplies and services expense payments, as explained above.

Statement of Changes in Equity - These line items are covered in other financial statements.

Statement of Cash Flows Line Items					
Supplies and Services	3	2,871	3,688	(817)	(22)

Variance Explanations

3. Actual payments were lower due to reasons explained above under the Operating Statement Line Item.

Motor Accident Injuries Commission

Statement of Performance for the year ended 30 June 2026

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

INDEPENDENT LIMITED ASSURANCE REPORT

To the Members of the ACT Legislative Assembly

Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Motor Accident Injuries Commission (Commission) for the year ended 30 June 2026.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2026 are not in agreement with the Commission's records or do not fairly reflect, in all material respects, the performance of the Commission, in accordance with the *Financial Management Act 1996*.

Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements.*

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

Commissioner's responsibilities for the statement of performance

The Motor Accident Injuries Commissioner is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Commission.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Commission's records or do not fairly reflect, in all material respects, the performance of the Commission, in accordance with the *Financial Management Act 1996*.

In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Commission, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

Limitations on the scope

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the Commission.



Rosa San Miguel
Audit Principal, Financial Audits
21 September 2026

Motor Accident Injuries Commission
Statement of Performance
For the Year Ended 30 June 2026

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Motor Accident Injuries Commission's records, and fairly reflects the service performance of the Motor Accident Injuries Commission for the financial year ended 30 June 2026, and also fairly reflects the judgements exercised in preparing it.



Nicola Clark
Motor Accident Injuries Commissioner
17 September 2026

Motor Accident Injuries Commission
Statement of Performance
For the Year Ended 30 June 2026

	2025-26 Original Target	2025-26 Actual Result	(%) Variance from Original Target	Explanation of Material Variances
TOTAL COST ($'000)	5,301	4,512	(15%)	Actual cost was lower mainly due to lower supplies and services expenses. This was primarily due to a decrease in the reimbursement of salary and associated expenses for the CMTEDD staff allocated to undertake the MAI Commission's functions resulting largely from vacancies in relevant positions. The lower expenses were also associated with reduced contributions towards road safety initiatives, reflecting the timing of strategies funded during the year.
Accountability Indicators				
a. MAI Premium filings are reviewed by the scheme actuary and are approved in accordance with the MAI Act, including fully funding the scheme. **(Notes 1,2)**	Actuarial review of annual MAI premium filings by 30/6/2026.	Annual MAI premium filings received by the MAI Commission were reviewed by the scheme actuary and approved in accordance with the MAI Act by 30/6/2026.	-	
b. Insurer MAI premiums for all vehicle classes are published on the MAI Commission's website. **(Note 3)**	Insurer MAI premiums for all vehicle classes published on the MAI Commission's website on the public release date.	All insurer MAI premiums for all vehicle classes were published on the MAI Commission's website on the public release date.	-	

Motor Accident Injuries Commission
Statement of Performance
For the Year Ended 30 June 2026

	2025-26 Original Target	2025-26 Actual Result	(%) Variance from Original Target	Explanation of Material Variances
c. Promote public awareness of the causes of motor accidents through funding measures directed at reducing causes of motor vehicle accidents. **(Note 4)**	Contribute minimum $50,000 to road safety strategies consistent with the MAI Commission's function to promote public awareness of the causes of motor accidents.	The MAI Commission contributed $127,000 (excl GST) towards road safety strategies in 2025-26.	-	The $50,000 contribution is the minimum target. Actual contribution tends to vary each year depending on the nature and timing of road safety strategies funded.
d. Reporting on the scheme's statistics. **(Note 5)**	Within six weeks after the end of each quarter on MAI Commission website.	All reports were published within six weeks after the end of each quarter on the MAI Commission website.	-	
e. Queries handling within 10 working days of receipt of the query. **(Note 6)**	85% compliance.	100% compliance.	18%	The better than target result was achieved due to no significant issues being raised that needed more than 10 working days to resolve.
f. Complaints handling within 20 working days of receipt of all the required information. (**Note 7)**	85% compliance.	100% compliance.	18%	The better than target result was achieved due to full and detailed responses being received from parties to the questions posed on complaint issues, in a timely manner.

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

The above Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*. The Total Cost was not examined by ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2019.*

Motor Accident Injuries Commission
Statement of Performance
For the Year Ended 30 June 2026

Notes:

1. A full de novo premium filing is one in which all evidence in support of a filed premium including assumptions and statistical data, are considered anew. All of the premium filings are assessed and approved in accordance with the MAI Act.

   - A premium filing is a report provided by a MAI insurer to the MAI Commissioner containing a range of information in support of its MAI premium submissions. Consistent with the MAI Act, each filing is assessed by the scheme actuary to ensure the MAI insurance scheme remains fully funded and that the premium is not excessive. The MAI Commissioner must then approve or reject the premium, and no later than six weeks after the day of receiving the premium application from the licensed insurer, advise the insurer about the decision and the reasons for the decision. Premiums can be rejected if they will not fully fund the present and likely future liabilities of the insurer; or the premiums are excessive; or the premium does not comply with the MAI premium guidelines.

2. An actuarial assessment is conducted in respect of each premium filing to ensure each met the fully funded test, that is, the premium meets the present and likely future liabilities of the insurer under the MAI Scheme and that the premium is not excessive. Consistent with the streamlining arrangements, the MAI Commissioner approves partial premium filings if the change in premiums is within the permitted actuarially set bands, and is equal to or above the agreed minimum amount.

3. The MAI Commission publishes the new MAI premiums for all vehicle classes on the MAI Commission's website at www.treasury.act.gov.au/maic on the public release date. The 'public release date' is the date from which motorists are able to electronically renew their MAI policies using the new premiums on the Access Canberra website. This date is stated in the letter from the MAI Commission to the insurer approving their premium filing.

4. The MAI Commission contributes a minimum of $50,000 towards road safety strategies targeted at supporting and promoting the prevention of motor accidents and the safe use of motor vehicles, with the aim of reducing the number and/or severity of injuries arising from these accidents (consistent with the pertinent MAI Commission's objective under the MAI Act).

   In 2025-26, the MAI Commission contributed $127,000 (excl GST) towards the following road safety strategies:

   - $38,000 for the 'Stop it or Cop it' drink and drug driving campaign;
   - $80,000 for the 'Always on' campaign for digital road safety signage at petrol stations; and
   - $9,000 for an extension of the Dangerous Driving Initiative for targeted school facilitation.

5. Reports are published within six weeks after the end of each quarter. All scheme statistics reports are published on the MAI Commission website – see the Scheme Knowledge Centre at www.treasury.act.gov.au/maic.

6. Responses to queries directed to the MAI Commission within ten working days of receipt of the queries apply in cases where the MAI Commission does not need to liaise with another area of government or external entity. Queries do not include responses received as part of a consultation process. Also refers to written correspondence only, not phone calls.

7. Responses to complaints directed to the MAI Commission within twenty working days of receipt of all the details of the complaint, including any clarifications and data from the complainant and/or insurers or another external entity required by the MAI Commission to be able to review issues with an insurer's handling of the claim.

   If the MAI Commission has previously advised a complainant that it will not respond to any further complaints that are considered unreasonable complaint conduct, then subsequent complaints of this type from the complainant will not be regarded as a complaint for the purposes of this indicator. Examples of unreasonable complaint conduct are unsubstantiated complaints and / or complaints restating issues with no new evidence provided.

Complaints do not include responses received as part of a consultation process. Also refers to written correspondence only, not phone calls. This indicator does not apply to a complaint relating to multiple injured people as such complaints are likely to require more liaison with insurers or other service providers and take longer to finalise.

The MAI Commission can review the decision making process of an insurer but cannot change the insurer's actual decision. An injured person has review avenues under the MAI Scheme in relation to insurer decisions, such as requesting an internal review or lodging an external review application with the ACT Civil and Administrative Tribunal.

Office of the Nominal Defendant of the ACT

Office of the Nominal Defendant of the ACT

Financial Statements for the year ended 30 June 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Office of the Nominal Defendant of the ACT (Nominal Defendant) for the period ended 30 June 2026 which comprise the statement of responsibility, statement by the general manager, operating statement, balance sheet, statement of changes in equity, statement of cash flows, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial statements:

(i) present fairly, in all material respects, the Nominal Defendant's financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended; and

(ii) comply with Australian Accounting Standards.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Nominal Defendant in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Nominal Defendant for the financial statements

The Under Treasurer is responsible for:

- preparing and fairly presenting the financial statements in accordance with Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Nominal Defendant to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Nominal Defendant's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Nominal Defendant;
- conclude on the appropriateness of the Nominal Defendant's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nominal Defendant's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Nominal Defendant to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Under Treasurer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Rosa San Miguel
Audit Principal, Financial Audits
25 September 2026

Office of the Nominal Defendant of the ACT
Financial Statements
For the Year Ended 30 June 2026

Statement of Responsibility

In my opinion, the Office of the Nominal Defendant of the ACT's financial statements fairly reflect the financial operations for the year ended 30 June 2026 and its financial position on that date.



Russ Campbell
Acting Head of Service and Director General
Chief Minister, Treasury and Economic Development Directorate
ACT Insurance Authority
23 September 2026

Office of the Nominal Defendant of the ACT
Financial Statements
For the Year Ended 30 June 2026

Statement by the General Manager

In my opinion, the Office of the Nominal Defendant of the ACT's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records, and fairly reflect its financial operations for the year ended 30 June 2026 and the financial position on that date.



Damian Black
General Manager
ACT Insurance Authority
23 September 2026

Office of the Nominal Defendant of the ACT
Financial Statements
For the Year Ended 30 June 2026

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Office of the Nominal Defendant of the ACT
Operating Statement
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Actual 2025 $'000
Income			
Interest and Distributions	5	2,186	2,134
Levies	6	5,623	5,912
Fees and Recoveries	7	1,788	1,116
Total Revenue		**9,597**	**9,162**
Gain on Investments	8	-	192
Total Income		**9,597**	**9,354**
Expenses			
Claims Expenses excluding unwind of discount	9	3,836	5,986
Finance Costs – Unwind of discount on claims payable	9	635	768
Supplies and Services	10	811	834
Loss on Investments	8	99	-
Total Expenses		**5,381**	**7,588**
Operating Result		**4,216**	**1,765**
Total Comprehensive Income		**4,216**	**1,765**

The above Operating Statement is to be read in conjunction with the accompanying notes.

Office of the Nominal Defendant of the ACT
Balance Sheet
As at 30 June 2026

	Note No.	Actual 2026 $'000	Actual 2025 $'000
Current Assets			
Cash and Cash Equivalents	11	49,266	43,457
Receivables	12	1,915	1,580
Total Current Assets		**51,181**	**45,037**
Non-Current Assets			
Investments	11	5,689	5,788
Total Non-Current Assets		**5,689**	**5,788**
Total Assets		**56,870**	**50,825**
Current Liabilities			
Payables	13	799	101
Provision for Claims Payable	14	3,575	3,365
Total Current Liabilities		**4,374**	**3,466**
Non-Current Liabilities			
Provision for Claims Payable	14	21,443	20,522
Total Non-Current Liabilities		**21,443**	**20,522**
Total Liabilities		**25,817**	**23,987**
Net Assets		**31,053**	**26,837**
Equity			
Accumulated Funds		31,053	26,837
Total Equity		**31,053**	**26,837**

The above Balance Sheet is to be read in conjunction with the accompanying notes.

Office of the Nominal Defendant of the ACT
Statement of Changes in Equity
For the Year Ended 30 June 2026

	Accumulated Funds Actual 2026 $'000	Total Equity Actual 2026 $'000
Balance at 1 July 2025	**26,837**	**26,837**
Comprehensive Income		
Operating Result	4,216	4,216
Total Comprehensive Income	**4,216**	**4,216**
Balance at 30 June 2026	**31,053**	**31,053**

	Accumulated Funds Actual 2025 $'000	Total Equity Actual 2025 $'000
Balance at 1 July 2024	**25,072**	**25,072**
Comprehensive Income		
Operating Result	1,765	1,765
Total Comprehensive Income	**1,765**	**1,765**
Balance at 30 June 2025	**26,837**	**26,837**

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Office of the Nominal Defendant of the ACT
Statement of Cash Flows
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Actual 2025 $'000
Cash Flows from Operating Activities			
Receipts			
Interest and Distributions		2,186	2,172
Insurance Recoveries		1,137	572
Fees, Fines and Other Receipts		362	532
Levies		5,581	5,982
Goods and Services Input Tax Credits from the Australian Taxation Office		52	264
Goods and Services Tax Collected from Customers		4	5
Total Receipts from Operating Activities		**9,322**	**9,528**
Payments			
Supplies and Services		136	831
Insurance Claims		3,249	3,847
Goods and Services Tax Remitted to the Australian Taxation Office		-	3
Goods and Services Tax Paid to Suppliers		128	239
Total Payments from Operating Activities		**3,513**	**4,920**
Net Cash Inflows from Operating Activities	11(c)	**5,809**	**4,608**
Net Increase in Cash and Cash Equivalents		**5,809**	**4,608**
Cash and Cash Equivalents at the Beginning of the Reporting Period		43,457	38,849
Cash and Cash Equivalents at the end of the Reporting Period	11(a)	**49,266**	**43,457**

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Office of the Nominal Defendant of the ACT
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

NOTE 1. OBJECTIVES OF THE OFFICE OF THE NOMINAL DEFENDANT OF THE ACT

Operations and Principal Activities of the Office of the Nominal Defendant of the ACT

The ACT Insurance Authority (ACTIA) is the Nominal Defendant of the ACT as defined under section 16 of the *Motor Accident Injuries Act 2019* (the Act). Under section 330(1) of the Act, the Motor Accident Injuries Commission (the MAI Commission) has established the Nominal Defendant Fund (the Fund). The purpose of the Fund is to:

- provide a safety net mechanism to pay defined benefits and motor accident injury claims made by injured parties where:
  (i) the vehicle involved does not have a motor accident insurance policy; or
  (ii) the injured person is unable to identify the driver and/or vehicle;
- ensure that persons who are injured in the circumstances listed above receive the same entitlements as an injured person would receive where the vehicle did have motor accident insurance;
- collect recoveries from uninsured drivers at fault up to the sum paid out by the Fund; and
- receive levies collected from licensed insurers for the MAI Scheme in the Territory as well as the Commonwealth and ACT Government entities self-insuring vehicles in the ACT.

Funds required to satisfy the cost of claims and other relevant expenses for the Fund are not guaranteed by the ACT Government; however, Part 6.9 of the Act requires the MAI Commission to collect amounts from licensed insurers and recognised self-insurers to meet the cost of nominal defendant claims.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards (as required by the FMA), supplemented by following the ACT Accounting and Disclosure Policies.

Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for assets such as those included in financial instruments which were measured at fair value during the reporting period.

Currency

These financial statements are presented in Australian dollars, which is the Fund's functional currency.

Individual Reporting Entity

The Fund is an individual not-for-profit reporting entity.

Reporting Period

These financial statements state the operating statement, changes in equity and cash flows of the Fund for the year ended 30 June 2026 together with the balance sheet of the Fund as at 30 June 2026.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

Comparative Figures

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where necessary, comparatives have been reclassified to conform to changes in presentation in the current year.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000). Use of "-" represents zero amounts or amounts rounded down to zero.

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

All Australian Accounting Standards and Interpretations issued but yet to be applied which are applicable to future reporting periods will be adopted from their application date.

AASB 18 *Presentation and Disclosure in Financial Statements* replaces AASB 101 *Presentation of Financial Statements* and introduces new presentation and disclosure requirements. The standard is not expected to have a material impact on the recognition or measurement of the Fund's assets, liabilities, income or expenses. The principal impact is expected to relate to the presentation and disclosure of information within the financial statements. The full impact is still being assessed and will be effective from 1 July 2028.

All other Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) but yet to be applied have been assessed as not being relevant to the Fund or will have an immaterial financial impact.

The Fund has assessed whether AASB 2022-9 *Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector* will have a material financial impact on the Fund.

This standard makes key modifications to the requirements of AASB 17 *Insurance Contracts* specific to public sector entities. The modifications relate to providing public sector entities with:

a) pre-requisites, indicators and other considerations that need to be judged to identify arrangements that fall within the scope of AASB 17 in a public sector context;
b) an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition;
c) an exemption from sub-grouping contracts issued no more than a year apart;
d) an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous;
e) guidance on coverage periods in a public sector context, which has consequences for determining the cash flows used to measure insurance liabilities and the pattern of revenue recognition;
f) an accounting policy choice to measure liabilities for remaining coverage applying the premium allocation approach; and
g) a transition requirement grandfathering the existing classification of arrangements constituting a liability for settlement of claims incurred before the liability was acquired in a transfer as either a liability for incurred claims within the scope of AASB 17 or a provision within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED - CONTINUED

This Standard also amends AASB 1050 *Administered Items* to provide an accounting policy choice for the Fund to apply either AASB 17 or AASB 137 in determining the information to be disclosed.

Public sector entities are required to apply AASB 17 to an insurance arrangement if, and only if, it is enforceable, has an identifiable coverage period and gives rise to insurance contracts based on certain indicators and considerations.

Based on a comprehensive assessment performed by the Fund, the Fund does not meet the definition of an insurance contract, as defined by AASB 17, and is within the scope of neither AASB 17 nor AASB 2022-9. Therefore, when these amendments are applicable from 1 July 2026, there will be no material impact on the financial statements.

NOTE 4. CHANGE IN ACCOUNTING ESTIMATES

Changes in Accounting Estimates

Refer to Note 14 'Provision for Claims Payable' for changes in accounting estimates for actuarial assumptions and sensitivity analysis on outstanding claims liabilities.

INCOME NOTES

Material Accounting Policies – Income

Income Recognition

Revenue is recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities* and is measured at the fair value of the consideration received or receivable in the Operating Statement.

NOTE 5. INTEREST AND DISTRIBUTIONS

Description and Material Accounting Policies relating to Interest and Distributions

Interest and Distribution Revenue Recognition

Interest from Westpac and Cash Trust Account

Interest revenue relates to the variable interest earned in the operating bank account maintained with Westpac Bank and short-term investments held with the Public Trustee and Guardian in a Cash Trust Account. Interest is recognised using the effective interest method.

NOTE 5. INTEREST AND DISTRIBUTIONS - CONTINUED

Distribution from Investments

Distribution revenue is received from investments held with the Public Trustee and Guardian ACT in a unit trust called the Fixed Interest Portfolio Investments.

	2026 $'000	2025 $'000
Interest from Cash Trust Account [a]	774	867
Interest from Banks [b]	1,232	1,113
Distributions from Investments - Fixed Interest [c,d]	180	154
Total Interest and Distributions	**2,186**	**2,134**

[a] The decrease in interest earned from short term investments held with the Public Trustee and Guardian is mainly due to a decrease in floating interest rates. The average floating interest rate during 2025-26 was 4.43% compared to 4.95% for 2024-25.

[b] The increase in interest from the bank is mainly due to an increase in the bank balance with positive operating cash flows during the 2025-26 financial year.

[c] The distribution from investments held in the fixed interest unit trust portfolio with Public Trustee and Guardian fluctuates every quarter subject to the amount of income available for distribution. The weighted average interest rate earned during 2025-26 was 0.79% compared to 2.97% during 2024-25 due to the weakening investment market for a longer-term fixed interest portfolio.

[d] Comparative information for Distributions from Investments has been restated (from $220K to $154K). The restatement does not have any impact on the financial position, financial performance or cash flows of the Office of the Nominal Defendant of the ACT.

NOTE 6. LEVIES

Description and Material Accounting Policies relating to Levies

Levies are placed on all licensed MAI Scheme insurers and self-insurers (Commonwealth and ACT Government entities) operating in the ACT by the MAI Commission to ensure that the Fund has sufficient monies to satisfy claims and its functions as outlined under section 331 of the Act. The MAI Commission annually reviews and determines the levy rates and collects quarterly levies on behalf of the Fund and then remits to the Fund. The Levy rate increased from 4.6% to 4.7% during 2025-26.

Levies are recognised in the Operating Statement based on the reporting period for which they have been levied on an accruals basis.

	2026 $'000	2025 $'000
Levies from Insurers	5,552	5,839
Levies from the Commonwealth Government	19	19
Levies from the ACT Government	52	54
Total Levies	**5,623**	**5,912**

NOTE 7. FEES AND RECOVERIES

Description and Material Accounting Policies relating to Fees and Recoveries

Unregistered vehicle permits and unregistered vehicle fines are collected by Access Canberra under the City and Environment Directorate (CED) and remitted to the Fund on a monthly basis. These permits and fines remitted to the Fund partially reimburse the Fund for levies not collected on unregistered vehicles. The revenue are recognised in the Operating Statement based on the reporting period for which they have been levied on an accruals basis.

The Fund recovers costs associated with claims from liable insurers and uninsured owners and drivers. The recovery revenue in relation to those insurers and uninsured owners is recognised on receipt of the funds.

With the introduction of the MAI Scheme in 2020, the Fund manages and recovers any legitimate claims relating to accidents of vehicles registered in other jurisdictions. The Fund works with interstate insurers to determine any recoveries receivable under the MAI Scheme legislation and then invoices the relevant parties once a recovery has been identified. The Fund began recovery of interstate claim payments in 2021-22 and the revenue is recognised in the operating statement on an accrual basis once an invoice is raised.

	2026 $'000	2025 $'000
Unregistered Vehicle Permits	241	289
Unregistered Vehicle Fines	66	241
Insured Recoveries	-	12
Uninsured Owner/Driver Recoveries	10	10
Interstate MAI Scheme Recoveries	1,435	538
Claims Management Fee – Interstate MAI Scheme	36	26
Total Other Revenue [a]	**1,788**	**1,116**

[a] Total other revenue can fluctuate significantly and is subject to several variables each year. Recoveries from insurers, uninsured owners/drivers and interstate MAI Scheme insurers are subject to the nature, context and occurrence of the claims and can vary significantly for each reporting period.

NOTE 8. GAIN/(LOSS) ON INVESTMENTS

Description and Material Accounting Policies relating to Gain/(Loss) on Investments

The Fund holds investments with the Public Trustee and Guardian ACT in a unit trust called the fixed interest portfolio. All unitised investments are designated at fair value through profit or loss with any adjustments to the carrying amount being recorded as gain or loss on investments in the operating statement. Fair value is based on an underlying pool of investments which have a quoted market price at the reporting date. Refer to non-current investment under Note 11: 'Cash and Investments' and price risk, sensitivity analysis under Note 15: 'Financial Instruments'.

The gains or losses do not include distribution income from the investments.

	2026 $'000	2025 $'000
(Loss)/Gain on Investments	(99)	192
Total (Loss)/Gain on Investments [a]	**(99)**	**192**

[a] The loss on investments is due to a decrease in the market value of the investments held with the Public Trustee and Guardian. The unit price of the investment decreased from $0.9794 at 30 June 2025 to $0.9627 at 30 June 2026. The decrease in unit price is due to volatility in the investment market.

EXPENSE NOTE

Material Accounting Policies – Expenses

NOTE 9. CLAIMS EXPENSES

Description and Material Accounting Policies relating to Claims Expenses

Claims Expenses include the movement in the provision for claims payable and other related claims expenses and are recognised in the financial statements. The provision covers claims reported but not yet paid; incurred but not yet reported (IBNR); incurred but not enough reported (IBNER) and the anticipated direct and indirect costs of settling those claims. The provision for claims payable is actuarially assessed by reviewing individual claim files and estimating changes in the ultimate cost of settling claims, IBNRs and associated settlement costs using statistics based on past experience and trends. The unwinding of the discount applied to future claims payments is recognised as a finance cost in the Operating Statement.

The *Motor Accident Injuries (MAI) Act 2019* came into effect on 1 February 2020 and applies to all ACT motor accidents occurring on or after this date. This scheme covers anyone who is injured in a motor vehicle accident in the ACT and individuals are entitled to claims expenses to be paid to them for treatment, care and lost income benefits for up to five years – no matter who was at fault. This legislation replaced the previous at fault Compulsory Third Party (CTP) insurance scheme. Claims expenses relating to accidents that happened before 1 February 2020 continue to be managed by the Fund under the previous scheme.

NOTE 9. CLAIMS EXPENSES - CONTINUED

	2026 $'000	2025 $'000
Settlements [a]	504	1,948
Medical and Investigation Costs	1,201	921
Income Replacement	1,040	473
Legal Costs	594	525
Provision for Claims Payable [b]	**1,132**	**2,887**
- Movement in Provision for Claims Payable excluding Unwind of Discount	497	2,119
- Finance Costs - Unwind of Discount for Claims Payable	635	768
Total Claims Expenses and Finance Costs [c]	**4,471**	**6,754**

[a] Lower settlement costs compared to the previous year were mainly due to longer processing times for settlements than anticipated, and lower claims frequency during 2025-26.

[b] The estimate of the provision for claims payable will change each time the provision is assessed by the actuaries. As a result of experience during the year and changes in valuation assumptions, the provision for claims payable at the end of 2026 has increased, when compared to the closing provision from the prior period. Refer to actuarial assumptions and reconciliations of gross outstanding claims under Note 14 'Provisions for Claims Payable.'

[c] Total Claims Expenses and Finance Costs comprise Claims Expenses excluding unwind of discount of $3.836 million (2025: $5.986 million) and Finance Costs relating to the unwind of discount on claims payable of $0.635 million (2025: $0.768 million) recognised in the Operating Statement.

NOTE 10. SUPPLIES AND SERVICES

Description and Material Accounting Policies relating to Supplies and Services

Audit Service Fees
Auditor's remuneration consists of financial statements audit services provided to the Fund by the ACT Audit Office. No other services were provided by the ACT Audit Office. The Authority's audit fees for the audit of its 2025-26 financial statements was $44,371 GST exclusive. The cost for 2024-25 was $42,233 GST exclusive.

Administration Expenses
Administration expenses include actuarial fees, Public Trustee and Guardian fees for investment, bank charges, and the Fund's claims management system.

Support Services
The Fund does not have any employees. Support services are charged by ACT Insurance Authority (ACTIA) for the administration and management of the Fund. These charges are primarily represented by an allocation of ACTIA's employee costs (including on-costs), determined using estimated time spent by each employee category on activities associated with administering the Fund.

All supplies and services expenses are recognised in the operating statement based on accrual basis in the relevant reporting period.

	2026 $'000	2025 $'000
Administration Expenses	135	247
Audit Fees	44	42
Support Services	632	545
Total Supplies and Services	**811**	**834**

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ASSET NOTES

NOTE 11. CASH AND INVESTMENTS

Description and Material Accounting Policies relating to Cash and Investments

Cash and Cash Equivalents

The Fund holds one bank account with Westpac Banking Corporation as part of the whole-of-government banking arrangements. As part of these arrangements, the Fund earns variable interest on credit balances (4.80% annual interest rate effective as at 30 June 2026 for balances up to $50 million).

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The Fund holds a short-term investment with the Public Trustee and Guardian in a Cash Trust Account. The investment earned a floating interest rate of 4.43% (4.95% in 2024-25). The investments held with the Public Trustee and Guardian Cash Trust Account are classified as cash equivalents and are measured at amortised cost.

Investment

The fixed interest investment is held with the Public Trustee and Guardian and is measured at fair value with any adjustments to the carrying amount being recorded in the operating statement. Fair value is based on an underlying pool of investments which have a quoted market price at the reporting date.

The investments are held in a unit trust called the Fixed Interest Portfolio. The prices of units in the Fixed Interest Portfolio fluctuate in value. The net gain or loss on investments (Refer to Note 8 'Gain/(Loss) on Investment' for details) consists of the fluctuation in price of the units held in the investment between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trust. The gain or loss being the difference between the price at the end of the last reporting period and the sale price. The net gain or loss does not include interest or dividend income.

Distributions from investments with the Public Trustee and Guardian are paid quarterly.

NOTE 11. CASH AND INVESTMENTS - CONTINUED

(a) Cash and Investment Balances

	2026 $'000	2025 $'000
Current Cash and Investments		
Current Cash and Cash Equivalents		
Cash at Bank [a]	31,675	25,864
Short-term investments - Government Cash Trust [c]	17,591	17,593
Total Current Cash and Investments	**49,266**	**43,457**
Non-Current Investments		
Investment - Fixed Interest [b]	5,689	5,788
Total Non-Current Investments	**5,689**	**5,788**
Total Cash and Investments	**54,955**	**49,244**

[a] The increase in cash at bank is the result of net cash inflows from operating activities.

[b] The decrease in investments is due to a change in the unit price of the Fixed Interest Fund, which slightly decreased from $0.9794 at 30 June 2025 to $0.9627 at 30 June 2026. The decrease in unit price is due to volatility in the investment market.

[c] Comparative information for Short-term investments – Government Cash Trust has been restated (from $17,893K to $17,593K). The restatement does not have any impact on the financial position, financial performance or cash flows of the Office of the Nominal Defendant of the ACT.

Cash Flow Reconciliation

(b) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Statement of Cash Flows to the Equivalent Items in the Balance Sheet	2026 $'000	2025 $'000
Total Cash and Cash Equivalents Recorded in the Balance Sheet	49,266	43,457
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	**49,266**	**43,457**

(c) Reconciliation of the Operating Surplus to the Net Cash Inflows from Operating Activities	2026 $'000	2025 $'000
Operating Result	4,216	1,765
Items Classified as Investing or Financing		
Loss/(Gain) on Investments	99	(192)
Cash before Changes in Operating Assets and Liabilities	**4,315**	**1,573**
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(335)	135
Increase in Payables	698	12
Increase in the Provision for Claims Payable	1,131	2,887
Net Changes in Operating Assets and Liabilities	**1,494**	**3,035**
Net Cash Inflows from Operating Activities	**5,809**	**4,608**

NOTE 12. RECEIVABLES

Description and Material Accounting Policies relating to Receivables

Accounts receivables are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. The Fund's territorial receivables arise from the collection of fees and fines. Receivables relating to the fees are recognised when the fee is incurred and receivables relating to fines are recognised when the infringement notice is issued.

Receivables include:

- unpaid fees and fines relating to unregistered vehicle permits and unregistered vehicle fines. These are collected by Access Canberra under CED (Refer to Note 7 'Fees and Recoveries');
- unpaid levies which are placed on all licensed MAI Scheme insurers and self-insurers (Commonwealth and ACT Government entities) operating in the ACT by the MAI Commission (Refer to Note 6 'Levies'); and
- goods and services taxation (GST) receivable.

	2026 $'000	2025 $'000
Current Receivables		
Goods and Services Tax Receivable	26	21
Fees and Fines for Unregistered Vehicles and Unregistered Vehicle Permits Receivable	36	42
Levies Receivable	1,853	1,516
Total Receivables [a]	**1,915**	**1,580**

[a] No receivables are past due or impaired.

LIABILITY NOTES

NOTE 13. PAYABLES

Description and Material Accounting Policies relating to Payables

Payables include audit fees, administration fees and support services provided by the ACT Insurance Authority. Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

	2026 $'000	2025 $'000
Administration and Support Services [a]	673	-
Audit Fees	44	42
Consultants	48	47
GST and PAYG payable	26	8
Investment Commission Fees	4	8
Other	4	4
Total Payables	**799**	**101**

[a] The increase in Administration and Support Services payable in 2025-26 is mainly due to the unpaid full year support costs to ACTIA 2025-26.

No payables are overdue.

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NOTE 14. PROVISION FOR CLAIMS PAYABLE

Description and Material Accounting Policies relating to Provision for Claims Payable

Recoveries

The Fund may receive recoveries from uninsured drivers, third parties, interstate insurers and court ordered associated recoveries. The recoveries included in the actuarial calculations are where the recovery relates to Authority-liable claims and are netted off from the value of outstanding claims.

Measurement of the Provision for Outstanding Claims

Liabilities are reported under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The measurement of liabilities under AASB 137 is based on an actuarial assessment, in the context of the Fund's claims, equating to the central estimate of claim liabilities without an explicit risk margin.

Provision for Claims Payable

An estimate of the provision for claims payable is completed annually by an independent actuary. The Fund has used the services of EY to provide a full assessment of the provision for claims payable at 30 June 2026. The movement in the provision for claims payable can either reduce claims expense in the case of a reduction in liability or increase claims expense in the case of an increase in liability. The valuation is based on an Authority-liable only basis and excludes claims which are managed on behalf of another insurer on a full indemnity basis or transferred to another insurer.

The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as road users' propensity to claim, injury severity, utilisation of treatment, wage inflation and 'superimposed inflation'. Superimposed inflation refers to factors such as legal precedents and advancements in medical treatment that may increase the level of compensation for an injury. The expected future payments are then discounted to present value using a yield curve as at 30 June 2026 derived from Commonwealth Government bonds as a proxy for risk-free rates.

Changes in Actuarial Assumptions

Assumptions are based on past claims experience, risk exposure and projections of economic variables. The estimate of the provision for claims payable will change each time the provision is assessed by the actuaries. As a result of experience during the year and changes in valuation assumptions, the provision for claims payable has increased by $1.131 million. In comparison, in 2024-25, the provision increased by $2.887 million (refer to Note 9: 'Claims Expense').

Actuarial Assumptions

The actuarial process for estimating the provision for claims payable comprises:

- future compensation payments on open reported claims;
- future compensation payments for claims that have been incurred but not reported (IBNR) and for claims that have been incurred where not enough is reported (IBNER);
- any recoveries, including input tax credits, recoveries from owners of unregistered vehicles and sharing recoveries, where relevant;

NOTE 14. PROVISION FOR CLAIMS PAYABLE - CONTINUED

- an estimate of the costs associated with managing the claims, such as the staff costs for employees managing the claims; and
- claims inflated and discounted to a 'present value' basis.

Analysis and estimates are considered in aggregate, without being subdivided by claim types. However, there has been explicit consideration of claims under the *Motor Accident Injuries Act 2019* and those under the *Road Transport (Third Party Insurance) Act 2008*.

The approaches used to estimate the liability for all claims were as follows:

Method 1 Payment per Claim Incurred

- The total number of claims that will ultimately be reported for each accident period (i.e. including the number of IBNR claims) in respect of accidents up to the balance date is first estimated, based on historical patterns of claim reporting;
- An average payment pattern is then estimated and multiplied by the projected ultimate number of claims to arrive at an estimate of the outstanding claims liability; and
- Inflation and discounting are applied to the projected outstanding claim payments.

Method 2 Paid Chain Ladder

- The historical ratio of how cumulative claim payments (in current values) grow over successive development periods (i.e. cumulative payments from a development period divided by the cumulative payments from the previous development period) is first considered;
- These ratios are used to set assumptions about the payment ratio for future development years which are then used to project ultimate claim payments for each accident year; and
- Inflation and discounting are then applied to the projected outstanding claim payments.

Method 3 Bornhuetter-Ferguson / Cost Per Vehicle

- This method blends the emerging experience for a given accident period with an initial estimate based on an assumed claims ratio.
- The claims ratio is defined as the cost of claims for the Fund for a given accident period divided by total registered vehicles in the ACT (i.e. cost per vehicle). The outstanding claims liability for each accident period is estimated as the product of:
    - Registered vehicles in the ACT for that corresponding accident year;
    - The assumed cost per vehicle; and
    - A proportion of ultimate claims cost assumed not yet reported.
- Inflation and discounting are then applied to the projected outstanding claim payments.

The estimate of the outstanding claims liability is calculated using a blended result from the three models. The weight given to each method varies by accident period and reflects our assessment of the relative reliability of each method at different stages of claim maturity.

NOTE 14. PROVISION FOR CLAIMS PAYABLE - CONTINUED

Table 1 – Selected Actuarial Assumptions – outlines the main assumptions that were made in estimating the provision for claims payable.

Assumption	2026	2025
Gross average claim size current year values (Method 1)	$133,735	$123,683
Paid development factors (Method 2)	For the most recent accident year, 92% of payments are assumed to be outstanding. This reduces to 50% outstanding after the 6th development year. For claims under the previous Act, 50% of payments are to be outstanding after the 4th development year.	For the most recent accident year, 92% of payments are assumed to be outstanding. This reduces to 50% outstanding after the 6th development year. For claims under the previous Act, 50% of payments are to be outstanding after the 4th development year.
Cost per vehicle (Method 3)	Initial assumption of $17 for accident periods under the current Act. Initial assumption of $25 for accident periods under the previous Act.	Initial assumption of $17 for accident periods under the current Act. Initial assumption of $23 for accident periods under the previous Act.
Claims inflation – wage inflation	3.3% pa in year 1 to 2 3.0% pa thereafter	3.3% pa in year 1 to 3 3.0% pa thereafter
Claims inflation – superimposed inflation	Implicit under Methods 2 and 3 0% pa under Method 1	Implicit under Methods 2 and 3 0% pa under Method 1
Discount rate	4.81% pa	4.00% pa
Discounted average term to settlement	3.87 years	4.06 years
Claims handling expenses	20% of gross payments	20% of gross payments

Gross Average Claim Size

The gross average claim size is the sum of the selected average payment per incurred claim at each development period. The average claim size was determined through analysis on historical payments at each stage of development divided by the ultimate number of claims incurred. The resulting values are then inflated to the expected payment date and discounted to reflect the time value of money.

Paid Development Factors

The cumulative payments are projected to increase by a factor in each development year. This method results in a payment pattern that assumes that 92% of payments remain outstanding after the first development year, with 50% outstanding after the sixth development year, for claims under the current Act. For claims under the previous Act, 50% of payments are assumed to be outstanding after the fourth development year.

NOTE 14. PROVISION FOR CLAIMS PAYABLE - CONTINUED

Cost Per Vehicle

The initial assumption for the cost per vehicle considers the historical cost per vehicle under the previous Act, the cost savings expected to arise from the introduction of the current Act and the cost per vehicle implied by the levies collected by the Nominal Defendant. This initial assumption is blended with the emerging claims experience under the current Act.

Claims Inflation Rate

An inflation rate of 3.3% p.a. for 2026-27 and 2027-28, and 3.0% p.a. thereafter has been selected. Superimposed inflation is implicitly captured within the Paid Chain Ladder and Cost per Vehicle model. No explicit adjustment has been made for superimposed inflation within the Payment per Claims Incurred method given the substantial uncertainty that remains around emergence of costs under the current Act.

Discount Rate

The outstanding claims liability has been calculated on a discounted (i.e. allowance for future investment income on a risk-free basis) and undiscounted basis. The discount rates adopted by the Fund as at 30 June 2026 are based on the yield curve derived from Australian Government bonds. The yield curve adopted gives a single equivalent discount rate of 4.81% p.a.

Discounted Average Term to Settlement

The discounted average term to settlement has been calculated based on the weighted average of the outstanding claim payments by payment year.

Claims Handling Expenses

Based on a review of the Fund's expenses in recent years, a claims handling expenses rate of 20.0% of the gross provision for claims payable has been adopted.

Sensitivity Analysis

The provision for outstanding claims liabilities relies on three key methods, each of which relies on certain assumptions about the future development of claims which are already incurred, but not yet fully paid. To understand the impact of variations in these assumptions, the Fund made changes to each assumption and quantified the impact on the outstanding claims result for the Fund.

NOTE 14. PROVISION FOR CLAIMS PAYABLE - CONTINUED

Table 2 – Selected Assumption Sensitivity

Assumption Sensitivity	Change	Provision for claims payable $'000	Difference from net provision for claims payable $'000	Difference %
Net provision for claims payable		**25,018**		
Payment development – first factor	+10%	25,037	19	0.1
Payment per claim incurred – average claim size	+5%	25,480	462	1.8
Cost per vehicle – latest accident year	+5%	25,161	143	0.6
Claims inflation rate	+1%	25,962	944	3.8
Discount rate	-1%	25,976	958	3.8

Explanation of Scenario Assumptions:

- The provision for claims payable is net of any recoveries, inclusive of claims handling expenses and 'central' in the sense that it is not intentionally over or underestimated (i.e. the estimate does not include a margin for uncertainty).
- 'Development factors' used in the paid chain ladder method represent the expected development in reported claim payments each future period. An increase to this assumption reflects a higher proportion remaining outstanding resulting in an increased liability estimate.
- The payment per claim incurred method is based on an assumed average payment in each period for each claim incurred. An increase to this assumption reflects a higher average cost per claim resulting in an increased liability estimate.
- The cost per vehicle method relies on the number of registered vehicles in each accident period, a development pattern of costs and a cost per vehicle assumption. An increase in the cost per vehicle assumption implies a higher cost and hence an increased liability estimate.
- The inflation and discounting scenarios reflect the impact that a deviation of economic assumptions from current forecasts has on the liability.

NOTE 14. PROVISION FOR CLAIMS PAYABLE - CONTINUED

Uncertainty

General sources of uncertainty

General areas of uncertainty include:

- data error – the underlying data may be distorted by material errors or may not adequately reflect the characteristics of the current claims portfolio;
- model error – adopted models are a simplification of the claims process, and may not be an entirely accurate representation of reality;
- parameter error – valuation assumptions by their nature rely on judgement which is subject to interpretation and biases;
- random error – claims development is, by its nature, subject to random variation; and
- systemic changes – unforeseen developments that impact future claim experience such as court decisions, legislative changes, changes in public attitudes, new sources of latent claims, and economic conditions such as inflation.

Fund specific sources of uncertainty

Specific sources of uncertainty of note include:

- The MAI scheme was introduced effective 1 February 2020 in the ACT. There is uncertainty in how claims will ultimately emerge given its dependence on road user behaviours, propensity to claim and claims management approach following the changes in benefit structure;
- The small number of claims relating to the Fund each year means the presence or absence of a few large claims can lead to significant variation in costs for the portfolio;
- The long tail nature of injury claims means it is exposed to any future changes in claims administration, scheme operation and claimant behaviours as these may impact the value of future payments on claims being reserved for at this balance date; and
- Data delays, data errors and changes in data definitions will affect the reliability of claim patterns derived for our analysis. There have been a number of data system changes including data migration activities over the last few years which have introduced inconsistencies and a need for manual adjustments by the Fund to the data. While sufficient data queries and discussions, along with adjustments to the actuarial methodology and data reliance have taken place to address these limitations, this adds to the uncertainty surrounding the estimate of liability.

NOTE 14. PROVISION FOR CLAIMS PAYABLE - CONTINUED

	2026 $'000	2025 $'000
Inflated and Discounted Liability		
Gross Central Estimate	21,568	20,592
Recoveries	(863)	(824)
Claims Handling Expense	4,313	4,118
Net Central Estimate	**25,018**	**23,887**
Current Provision for Claims Payable		
Provision for Claims Payable	3,575	3,365
Non-Current Provision for Claims Payable		
Provision for Claims Payable	21,443	20,522
Total Provision for Claims Payable	**25,018**	**23,887**

The table below compares the estimate as at 30 June 2026, with that projected from the 30 June 2025 valuation, thereby explaining the movement between the two estimates.

Reconciliation to 30 June 2026 Gross Outstanding Claims	**$'000**
Net central estimate including claims handling expenses at 30 June 2025	**23,887**
Adjustment to claims handling expenses, input tax credit and recoveries	(3,295)
Gross central estimate at 30 June 2025	**20,592**
Less expected payments	(3,002)
Plus unwind of discount	635
Expected gross central estimate at 30 June 2026 for claims incurred up to 30 June 2025	**18,225**
Movement due to actual payments being lower than expected	1,257
Roll forward gross central estimate at 30 June 2026 for claims incurred up to 30 June 2025	**19,482**
Add/(Less) impact of:	
- impact of experience [a]	(526)
- impact of actuarial assumptions and model change [b]	(615)
- change in economic assumptions [c]	(447)
Revised gross central estimate at 30 June 2026 for claims incurred up to 30 June 2025	**17,894**
Plus gross central estimate for new accident year 2026 [d]	3,674
Gross central estimate at 30 June 2026	**21,568**
Adjustment to claims handling expenses, input tax credit and recoveries	3,450
Net central estimate including claims handling expenses at 30 June 2026	**25,018**

The expected net central estimate as at 30 June 2025 of $23.9 million compares to the net central estimate as at 30 June 2026 of $25.0 million, indicating a total increase of $1.1 million.

The increase in the gross central estimate is the result of the following changes:

[a] $0.5 million release due to claims experience (namely actual claims payments) being lower than expected over the year;

[b] $0.6 million release in the liability due to changes in actuarial assumptions, primarily assuming a reduced cost per vehicle assumption (real reduction on an inflation adjusted basis) partially offset by slower IBNR recognition/payment pattern assumptions for claims under the current Act, recognising the ongoing uncertainty around common law behaviours under MAI Scheme;

[c] $0.4 million release due to economic assumptions as a result of increases in discount rates; and

[d] $3.7 million increase as the result of new incurred claims from the 2025-26 accident year.

NOTE 14. PROVISION FOR CLAIMS PAYABLE – CONTINUED

The table below reconciles the movement in the Total Provision for Claims Payable set out above, as well as the Claims Expenses and Finance Costs recognised in the Operating Statement.

	2026 $'000	2025 $'000
Total Provision for Claims Payable at beginning of the year	**23,887**	**21,000**
Plus: additional provisions for new claims costs and expenses	**7,124**	**7,558**
Plus: finance costs change due to the passage of time (discount unwind)	**635**	**768**
Less: amounts used during the period (actual payments)	**(3,340)**	**(3,867)**
Less: impact of changes in actuarial assumptions:	**(3,288)**	**(1,572)**
- Actual vs expected claims payments (including claim handling expenses)	(1,700)	(833)
- Actual vs expected claim numbers and size	(526)	(2,517)
- Change in economic assumptions	(447)	104
- Change in actuarial assumptions and model change	(615)	1,674
Total Provision for Claims Payable at end of the year	**25,018**	**23,887**
Movement in Total Provision for Claims Payable	**1,131**	**2,887**
Actual claims costs amounts paid during the period	3,340	3,867
Total Claims Expenses and Finance Costs (Note 9)	**4,471**	**6,754**

NOTE 15. FINANCIAL INSTRUMENTS

Material Accounting Policies relating to Financial Instruments

Details of the significant 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 and financial liability are disclosed in relevant notes for asset classes.

The analysis excludes statutory receivables and prepayments as these are not financial assets and therefore are not within the scope of AASB 7 *Financial Instruments: Disclosures*.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Most of the Fund's financial assets are held in floating interest rate arrangements and all of its financial liabilities are non-interest bearing. This means that the Fund is not exposed to movements in interest payable, however, it is exposed to movements in interest receivable.

Interest rate risk for financial assets is managed by only investing in floating interest rate investments that are low risk. There have been no changes in risk exposure or processes for managing risk since the last reporting period.

Sensitivity Analysis

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below is reasonably possible over the next twelve months if interest rates change by -/+ 1% per annum.

	Carrying Amount $'000	Profit/(Loss) Impact $'000	Profit/(Loss) Impact $'000
2026		(1%)	1%
Financial Assets held at amortised cost:			
Cash and Cash Equivalents	**49,266**	**(493)**	**493**
2025		(1%)	1%
Financial Assets held at amortised cost:			
Cash and Cash Equivalents	**43,457**	**(435)**	**435**

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment.

Credit risk is managed by the Fund for cash at bank by holding bank balances with the ACT Government's appointed transactional bank, Westpac Banking Corporation (Westpac). S&P Global Ratings has assigned an AA- issuer credit rating to Westpac. An 'AA' credit rating means the obligor has a 'very strong to strong capacity to meet its financial commitments'.

Credit risk for cash and investments is managed by only investing surplus funds with the Public Trustee and Guardian. The Public Trustee and Guardian has set appropriate investment criteria for the external fund manager it has engaged to manage the funds of agencies, resulting in an insignificant credit risk.

NOTE 15. FINANCIAL INSTRUMENTS – CONTINUED

(b) Credit Risk - continued

The Fund also manages the credit risk for receivables by undertaking an assessment of the creditworthiness of debtors. A large proportion of the Fund's receivables are from major Australian insurers, the ACT and Commonwealth Governments, which means that the credit risk of these receivables going into default is low.

There have been no changes in credit risk exposure since the last reporting period.

(c) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the Fund ensures that it has sufficient cash and cash equivalents to meet its estimated financial liabilities. The MAI Commission may raise additional levies at any time to meet the cost of any unexpected increase in the Fund's financial liabilities that may arise.

The Fund's exposure to liquidity risk in relation to its financial instruments and the management of this risk has not changed since the previous reporting period.

(d) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to individual financial instruments or their issuer, or factors affecting all similar financial instruments traded in the market.

The price risk to which the Fund is exposed results from its investment with the Public Trustee and Guardian. The Fund has units in the Government Fixed Interest Trust Fund which fluctuate in value. The price fluctuations in the units of the Government Fixed Interest Trust Fund are caused by movements in the underlying investments of the Fund. The underlying investments are managed by an external fund manager who invests in a variety of different bonds, including bonds issued by the Commonwealth Government, the State Government guaranteed Treasury corporations and semi-government authorities, as well as investment-grade corporate issues. To limit price risk, all bonds that make up the underlying investments of the fixed interest fund must have a long-term credit rating of BBB- or greater. Anything rated BBB- or greater is considered investment grade.

The Public Trustee and Guardian aims to manage the Fund's investments to match the total return of the UBS Australian Composite Bond Index before taking into account fund fees and expenses. The Fund's exposure to price risk and the management of this risk has not changed since the last reporting period.

NOTE 15. FINANCIAL INSTRUMENTS – CONTINUED

Sensitivity Analysis

Taking into account past performance, future expectations and economic forecasts, the estimated impact on profit or loss and the impact on equity in the table below is reasonably possible over the next twelve months if unit values change by +/- 7.2% per annum (+/-5.9% in 2024-25) for investments with the Public Trustee and Guardian.

	Number of Units Held	Unit Value $	Carrying Amount $'000	Profit/(Loss) Impact $'000	Profit/(Loss) Impact $'000
2026				(7.20%)	7.20%
Financial Assets:					
Investments with the Public Trustee and Guardian	5,909,583.37	0.9627	5,689	(410)	410
2025				(5.88%)	5.88%
Financial Assets:					
Investments with the Public Trustee and Guardian	5,909,583.37	0.9794	5,788	(341)	341

(e) Fair Values of Financial Assets and Liabilities

The carrying amounts for all financial assets and liabilities approximate their fair value. The Fund's investments are held within the Territory Banking Account financial investments and are fair valued at redemption price on a daily basis reflecting the best available prices and valuation of the underlying investments and are considered Level 2 Investments.

(f) Carrying Amount of Each Category of Financial Asset and Financial Liability

	2026 $'000	2025 $'000
Carrying Amount of Each Category of Financial Assets		
Financial Assets		
Financial Assets at Fair Value through Operating Statement Designated upon Initial Recognition	5,689	5,788
Financial Assets Measured at Amortised Cost	49,266	43,457
Receivables Measured at Amortised Cost	1,889	1,559
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	773	97
(Loss)/Gain on Each Category of Financial Asset		
Financial Assets at Fair Value through Operating Statement Designated upon Initial Recognition	(99)	192

Office of the Nominal Defendant of the ACT
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

NOTE 16. RELATED PARTY DISCLOSURES

Description and Material Accounting Policies Relating to Related Party Disclosures

A related party is a person that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly.

KMP of the Fund are the Under Treasurer, the Executive General Manager, Strategic Policy and Finance and the General Manager of the ACT Insurance Authority.

The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of the Fund.

This note does not include typical citizen transactions between the KMP and the Fund that occur on terms and conditions no different to those applying to the general public.

(a) Controlling Entity

The Fund is an ACT Government related entity.

(b) Key Management Personnel

Compensation of Key Management Personnel

Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2026.

Compensation of the Head of Service is included in the note on related party disclosures included in the Chief Minister, Treasury and Economic Development Directorate's (CMTEDD) financial statements for the year ended 30 June 2026.

Two of the KMP of the Fund are employees of CMTEDD and are compensated by CMTEDD. This information is disclosed in CMTEDD's financial statements. The third KMP of the Fund is an employee of the ACT Insurance Authority and is compensated by the ACT Insurance Authority. The compensation of this KMP includes their roles as the Fund Manager of the Default Insurance Fund and the General Manager for the Office of the Nominal Defendant.

This information is disclosed in the ACT Insurance Authority's financial statements contained in its Annual Report. Compensation for the KMP's role as the General Manager for the Office of the Nominal Defendant is reimbursed to ACTIA based on a cost allocation model that apportions employee expenses, administrative costs and ICT system support from the Authority to the Fund (refer Note 10 Suppliers and Services). There were no other transactions between the Fund and its KMP and no KMP were compensated by the Fund.

(c) Transactions with other ACT Government Controlled Entities

The Fund has entered into transactions with other ACT Government entities in 2026 and 2025 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government Entities. Below is a summary of the material transactions with other ACT Government entities.

NOTE 16. RELATED PARTY DISCLOSURES - CONTINUED

Revenue

- Levies (Note: 6) – The Fund received $51,672 in 2025-26 for MAI Scheme levies against self-insured vehicles from ACT Government entities , City and Environment Directorate, and the Justice and Community Safety Directorate.
- Fees and Recoveries (Note: 7) – The Fund received $240,523 for Unregistered Vehicle Permits and $60,671 for Unregistered Vehicle Fines in 2025-26 collected and remitted by Access Canberra, City and Environment Directorate, and $5,585 in fines from the Justice and Community Safety Directorate.
- The Fund received $953,419 for investment interest and distributions (Note: 5) in 2025-26 from the Public Trustee and Guardian.

Expenses

- Supplies and Services (Note: 10) – The Fund incurred $44,371 for Audit Fees for the financial statements audit service provided by the ACT Audit Office in 2025-26.
- Supplies and Services (Note: 10) – paid $672,871 for Administration and Support Services for the provision of levies, claims, fees and other services by the ACT Insurance Authority in 2025-26.

Public Sector Workers Compensation Fund

Public Sector Workers Compensation Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

General Overview

The Public Sector Workers Compensation Fund (PSWC fund) was established under the *Public Sector Workers Compensation Fund Act 2018* (PSWCF Act) and commenced operations on 1 March 2019.

The Territory holds a self-insurance licence issued by the Safety, Rehabilitation and Compensation Commission (SRCC) under the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act). The PSWCF Act establishes financial and prudential governance in relation to the Territory's obligations as a self-insured licensee under the SRC Act to ensure the effective management of appropriations made for the purposes of the PSWC fund and features management arrangements in relation to the Territory's workers compensation assets and liabilities.

The PSWC fund is administered by the Public Sector Workers Compensation Commissioner (PSWC commissioner) who has the following functions:

- managing the PSWC fund
- advising the Minister about the administration, efficiency and effectiveness of the PSWC fund; and
- in relation to a licence granted to the Territory under section 103 of the SRC Act:
  - managing the Territory's liability under the SRC Act; and
  - managing claims under the SRC Act; and
- conducting and supporting initiatives and activities to prevent and reduce the risk of injury to employees of the Territory.

The PSWC commissioner is a public servant appointed by the Minister in accordance with the PSWCF Act.

The PSWC fund is funded by the Territory, including from premium contributions apportioned by the PSWC commissioner amongst Territory agencies (directorates and entities) in accordance with the PSWCF Act. Assets are invested, with earnings retained to help meet workers' compensation costs including costs relating to managing of the PSWC fund and providing associated injury management and vocational rehabilitation services.

The PSWC fund does not employ any staff. The PSWC commissioner is an employee of the CMTEDD (Executive Group Manager, Work Safety Group) and is compensated by CMTEDD without recovery from the PSWC fund.

The PSWC fund reimburses CMTEDD for staff and service costs associated with supporting the performance of the PSWC commissioner's functions under the PSWCF Act. This includes costs associated with injury management and vocational rehabilitation services (including in-house workplace rehabilitation services), payroll, redeployment and other workers compensation claims management support services provided by CMTEDD staff. It also includes costs associated with conducting and supporting initiatives and activities to prevent and reduce the risk of injury to employees of the Territory; and self-insurance licence and other PSWC fund administration and support services provided by CMTEDD staff.

Claims Administration

Public sector workers' compensation claims are administered by EML Solutions Pty LTD (previously Employers Mutual Limited) (EML) under a Third Party-Administrator (TPA) Agreement. The TPA agreement requires EML to provide public sector workers' compensation claims administration services, from 1 March 2019 in line with the Territory's self-insurance licence commencement and conditions.

Service and performance remuneration are paid to EML for each year in the period of services. Currently, the term of the agreement is eight years, until 28 February 2027 with a total contract value of $91.8 million.

A bank account is held by EML to enable payments to be made on behalf of the PSWC fund to injured workers and entities who provide services to injured workers. This account is replenished weekly as claims costs are paid. These monies are held with the ANZ bank and are recorded as cash under the control of the PSWC fund.

Public Sector Workers Compensation Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

Investment through Territory Banking Account

In January 2022, the PSWC fund commenced investment through the Territory Banking Account with a target return of Consumer Price Index (CPI) plus 1.5 per cent in accordance with the investment and funding ratio management guidelines issued under the PSWCF Act.

Risk Management

The PSWC fund has developed, and implements, a risk management plan in accordance with the ACT Government's Risk Management Framework. The PSWC fund's plan takes into consideration the variability of the PSWC fund's capital position that may result from changes in claims experience, actuarial assessment of claim liabilities, movement in investment returns and changes in the market value of investments. The PSWC fund's plan also identifies and details risks in financial, business and information technology dependencies.

The PSWC fund's key risks are the impact of adverse movements in inflation and discount factors on long-tail claim liabilities and claim continuance rates moving adversely to actuarial projections. A proportion of the PSWC fund's surplus assets are invested with the Territory Banking Account, as such, the PSWC fund is also subject to potentially adverse movements in market conditions.

To manage these risks, the PSWC fund uses professional actuarial services to provide support and advice that aligns premium contributions with claims experience and actively monitors the performance of the TPA. In addition, the PSWC fund invests in a relatively low volatility profile of assets and active monitors market positions and the investment portfolio performance.

Financial Performance

The following financial information is based on the audited Financial Statements for 2025-26.

Current Year Operating Result

For the year ending 30 June 2026, the PSWC fund's operating result is a surplus of $2.9 million.

The current year operating result reflects underwriting loss of $27.1 million, investment and interest revenue of $29.0 million, net gains (from fair value revaluations) on investments held with the Territory Banking Account of $5.7 million, and supplies and services expense of $4.7 million.

The current year underwriting loss consists of underwriting revenue of $69.9 million in earned premium contributions (the total premium collected) for the year less underwriting expenses of $97.0 million for the year. The current year underwriting expenses consist of net incurred claims expense of $83.0 million and claims handling expenses of $14.0 million ($12.0 million claims administrator remuneration for managing claims and $2.0 million CMTEDD recovered costs attributed to claims management). The net incurred claims expense reflects worse than expected actual claims actives (the number of claims under management) and payments experience during the year and the impact of corresponding changes in actuarial assumptions in the valuation of outstanding claims liabilities at 30 June 2026.

The total return on investment of 6.9 per cent is 1.2 per cent above the 2025-26 annual investment return objective (CPI plus 1.5 per cent) of 5.7 percent. While there were significant volatility in financial markets during the year, the portfolio achieved a positive return for the 2025-26 financial year, benefiting from overall favourable investment outcomes across all major asset classes.

Public Sector Workers Compensation Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

Comparison to Prior Year

The current year operating result represents a $28.1 million decrease compared to a surplus of $31.0 million for the prior year.

The current year underwriting result is $20.8 million poorer compared to the prior year mainly due to the worse-than-expected actual claims actives and payments experience noted above.

The current year investment and interest revenue was $9.9 million higher compared to the same period in the prior year mainly due to higher distributions from investments with the Territory Banking Account for the June 2026 quarter.

The current year supplies and services represent a $1.8 million increase compared to the prior year, after allowing for the reclassification of CMTEDD recovered costs attributed to claims management of $3.4 million from supplies and services to claims handling expenses included in underwriting expenses. The increase mainly due to higher CMTEDD recovered service costs associated with prevention initiatives and CMTEDD recovered staff costs associated with self-insurance and PSWC fund administration support services provided by CMTEDD staff.

Net gains (from fair value revaluations) on investments held with the Territory Banking Account were $15.4 million lower compared to the same period in the prior year. Investments generated a total return of 6.9 per cent in the current year compared to 9.2 per cent in the prior year.

Comparison to Original Budget

The current year operating result represents a $7.9 million decrease compared to a surplus of $10.7 million projected in the Original Budget.

The current year underwriting loss represents a $28.3 million decrease compared to the Original Budget attributed to the worse than expected actual claims experience during the year and the impact of changes in actuarial assumptions. For budgetary purposes, net incurred claims are assumed to be equal to actuarial estimates of the expected net lifetime costs of new claims at the time of setting premiums. That is assuming a breakeven underwriting result with no deterioration or improvement in the expectations for prior years' claims.

CMTEDD recovered costs in the Original Budget were estimated at a total level. It is not possible to reflect the reclassification and allocation of CMTEDD recovered costs relating to claims management to claims handling expenses that occurred during the year in the Original Budget now. Comparison of current year Supplies and Services plus CMTEDD recovered costs relating to claims management indicates the actual current year result largely inline with the Original Budget.

In the Original Budget, an allowance for investment and interest revenue is made assuming 1.5 per cent interest rate on cash at bank (baseline Treasury assumption) and a 97.4 per cent investment distribution rate as advised by the Territory Banking Account. Overall actual investment and interest revenue for the current year is $12.4 million higher than allowed for in the Original Budget due to $7.1 million higher than expected interest revenue plus $5.3 million higher than expected distributions on investments held with the Territory Banking Account.

The current year net gains on investments represents a $5.3 million increase compared to the Original Budget. Investments generated a total return of 6.9 per cent in the current year which is above the expected annual long-term 4.3 per cent return used in the Original Budget.

Public Sector Workers Compensation Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

Financial Position

The following financial information is based on the audited Financial Statements for 2025-26.

Position at 30 June 2026

Assets and Liabilities

At 30 June 2026, the PSWC fund held a total equity (net assets) position of $277.9 million with total assets of $580.6 million and total liabilities of $302.7 million.

The PSWC fund held $180.3 million in cash, $386.5 million in investments held with the Territory Banking Account, and $12.5 million in current receivables. The PSWC fund also held $1.3 million in claims related recoveries ($0.3 million current and $1.0 million non-current).

The PSWC fund held gross outstanding claims liabilities of $290.4 million ($60.7 million current and $229.7 million non-current). The PSWC fund also held current payables of $9.4 million in accrued expenses and other liabilities of $2.8 in claims payments not yet settled.

Capital Funding and Liquidity

New investments with the Territory Banking Account of $20 million were made as planned during the current year.

At 30 June 2026, the ratio of total assets to total liabilities is 192 per cent, and the ratio of cash and cash equivalents to total current liabilities is 247 per cent. That is, the PSWC fund holds sufficient assets to meet its liabilities and sufficient liquid assets to make payments expected over the next 12 months.

Comparison to Prior Year

Assets and Liabilities

The total asset position at 30 June 2026 is $36.4 million higher compared to at 30 June 2025. Overall, cash holdings increased by $1.8 million and investment holdings increased by $25.7 million compared to at 30 June 2025. Claims related recoveries are largely on level compared to at 30 June 2025 while current receivables are increased by $9.0 million due to the higher distributions receivable from the Territory Banking Account for the June quarter.

The total liabilities position at 30 June 2026 is $33.6 million higher compared to at 30 June 2025. Overall, total gross outstanding claims liabilities increased by $27.0 million. Current payables and liabilities increased by $6.6 million largely relating to TPA remuneration and CMTEDD cost recoveries accrued but not yet paid.

Comparison to Original Budget

Assets and Liabilities

The total asset position at 30 June 2026 is $36.5 million higher compared to the Original Budget. Overall, cash holdings and investment holdings are $11.8 million and $7.2 million, respectively, higher than anticipated.

The total liabilities position at 30 June 2026 is $40.6 million higher compared to the Original Budget largely due to higher-than-expected gross outstanding liabilities.

Public Sector Workers Compensation Fund
Management Discussion and Analysis
For the Year Ended 30 June 2026

Capital Funding and Liquidity

Funding Ratio

Under the under the *Public Sector Workers Compensation Fund (Investment and Funding Ratio) Management Guidelines 2025* the PSWC fund is required to maintain funding ratio of at least 100 per cent. The table below indicates the PSWC funds' funding ratio at 30 June 2026 in comparison to the prior year and the original budget.

Description At 30 June	Prior Year Actual 2025 $'000s	Current Year Budget 2026 $'000s	Current Year Actual 2026 $'000s
Total Assets	544,180	544,111	580,599
Total Liabilities	269,106	262,036	302,669
Ratio	202%	208%	192%

The ratio of assets to liabilities decreased relative to both the prior year and the original budget; however, it remains significantly above 100 per cent. An asset to liability ratio greater than 100 per cent indicates that the PSWC fund holds sufficient assets to meet the expected lifetime costs of public sector workers' compensation claims and other liabilities.

Liquidity

Liquidity is the ability of the PSWC fund to satisfy its short-term obligations as they fall due. The ratio of cash to current liabilities is shown in the table below.

Description At 30 June	Prior Year Actual 2025 $'000s	Current Year Budget 2026 $'000s	Current Year Actual 2026 $'000s
Cash	178,485	168,477	180,280
Current Liabilities	54,169	59,053	72,996
Ratio	329%	285%	247%

Despite a decline from the prior year and budgeted position, the liquidity ratio remained strong at 247 per cent, demonstrating the PSWC fund's continued capacity to meet its short-term liabilities as they become due.

Future Trends

The ongoing long-term expectation for the PSWC fund operating result continues to be primarily from return on investments held with the Territory Banking Account with a breakeven underwriting result.

The proportion of surplus assets invested with the Territory Banking Account will continue to take into consideration actuarial projections of future claims payments and liquidity requirements, total outstanding claims liabilities and capital funding requirements, and the monitoring of market conditions.

Total equity would be expected to accumulate in line with the CPI plus 1.5 per cent target return for the investments. However, variations may arise due to volatility in claims experience and economic conditions.

Self-Insurance Licence and Claims Administration Arrangements

The Territory's self-insurance licence, issued by the SRCC under the SRC Act, and the associated TPA agreement with EML are due to expire on 28 February 2027.

The Territory has applied for an extension of its self-insurance licence and has engaged EML to deliver public sector workers' compensation claim administration services from 1 March 2027, subject to the extension outcome. The SRCC considered the extension against the endorsed timeframes and protocols at its meeting on 17 September 2026.

Based on the Territory's history of compliance with its licence conditions and ongoing engagement with Comcare, there are currently no concerns regarding the extension outcome or the continuity of the Territory's self-insurance licence and claims administration arrangements post 28 February 2027.

It is expected that outcomes from the SRCC's meeting on 17 September 2026 will be announced in October 2026.

AASB 17 Insurance Contracts

From 1 July 2026 the PSWC fund will adopt AASB 17 *Insurance Contracts* as amended by AASB 2022-09 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*. The application of AASB 17 will change the measurement, recognition and disclosure of transactions currently presented in underwriting revenue and expenses in the Statement of Income and Expense on Behalf of the Territory and claims related expected recoveries and outstanding claims provisions in the Statement of Assets and Liabilities on Behalf of the Territory. The PSWC fund will adopt the full retrospective approach on transition.

The estimated accounting impact on transition to AASB 17 at 1 July 2026 is $42.7 million based on the actual closing total net outstanding claims liabilities of $289.1 million as at 30 June 2026 as estimated by the PSWC fund actuary. The estimated 14.8 per cent increase in outstanding claims liabilities on transition reflects the addition of a 75 per cent level of confidence risk adjustment for non-financial risks, partially offset by higher discounting effect from the use of risk-free rates plus an illiquidity premium (the bottom-up approach), which are the key measurement changes under AASB 17.

While the transition to AASB 17 will impact the claims liabilities and funding position, the PSWC fund will continue to meet the acceptable funding ratio for the PSWC fund in accordance with the investment and funding ratio management guidelines issued under the PSWCF Act. Given the value of claims liabilities under AASB 17 will include a risk adjustment, the PSWC fund's funding surplus reflects a stronger buffer against adverse claims experience.

The transition to AASB 17 does not impact the operation of the PSWC fund. New disclosures required under AASB 17 are expected to improve transparency to readers of the financial statements by providing clear distinction between insurance operating results (fulfilment cashflows and claims development) and financial results (discounting).

Public Sector Workers Compensation Fund

Financial Statements for the year ended 30 June 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Public Sector Workers Compensation Fund (Fund) for the year ended 30 June 2026 which comprise the statement of responsibility, statement by the commissioner, the statement of income and expenses on behalf of the Territory, statement of assets and liabilities on behalf of the Territory, statement of changes in equity on behalf of the Territory, statement of cash flows on behalf of the Territory, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial statements:

(i) present fairly, in all material respects, the Fund's financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended; and

(ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Fund for the financial statements

The Deputy Director-General of the Chief Minister, Treasury and Economic Development Directorate, and Public Sector Workers Compensation Commissioner are responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996*, and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Fund to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Fund.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Fund's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund;
- conclude on the appropriateness of the Fund's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Fund to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Deputy Director-General and the Public Sector Workers Compensation Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

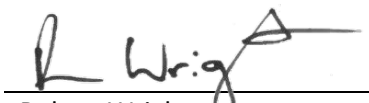


Clea Lewis
Assistant Auditor-General, Financial Audit
28 September 2026

Public Sector Workers Compensation Fund
Financial Statements
For the Year Ended 30 June 2026

Statement of Responsibility

In our opinion, the Public Sector Workers Compensation Fund's financial statements fairly reflect the financial operations for the year ended 30 June 2026 and its financial position on that date.



Robert Wright
Deputy Director-General
Chief Minister, Treasury and
Economic Development Directorate

24 September 2026



Rebecca Parton
Public Sector Workers
Compensation Commissioner

24 September 2026

Public Sector Workers Compensation Fund
Financial Statements
For the Year Ended 30 June 2026

Statement by the Chief Finance Officer

In my opinion, the Public Sector Workers Compensation Fund's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2026 and the financial position on that date.

Hana R. Alnajjab

Hana Alnajjab
Chief Finance Officer
Public Sector Workers Compensation Fund
24 September 2026

Public Sector Workers Compensation Fund
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Public Sector Workers Compensation Fund
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Income				
Underwriting Result				
Underwriting Income	5	69,908	69,908	71,702
Less: Underwriting Expenses [1]	5	97,026	68,726	77,984
Underwriting (Losses)/Gains	**5**	**(27,118)**	**1,182**	**(6,282)**
Investment and Interest Revenue	7	28,963	16,563	19,056
Total Income		**1,845**	**17,745**	**12,774**
General and Administrative Expenses				
Supplies and Services [1]	9	4,667	7,405	2,910
Total General and Administrative Expenses		**4,667**	**7,405**	**2,910**
Net Gains from Remeasurement of Assets	10	5,678	388	21,119
Operating Result		**2,856**	**10,728**	**30,983**

The above Statement of Income and Expenses on Behalf of the Territory is to be read in conjunction with the accompanying notes.

1. The PSWC fund has made changes in the allocation and classification of certain costs from Supplies and Services (Note 9) to Underwriting Expenses (Note 5). The reclassification has no impact on the Operating Result. Actual 2025 figures have been restated to reflect the reclassification made in the current reporting period. Further details are provided in Note 4. Change in Accounting Policy, Accounting Estimates and Reclassifications.

Public Sector Workers Compensation Fund
Statement of Assets and Liabilities on Behalf of the Territory
As at 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Assets				
Current Assets				
Cash	11	180,280	168,477	178,485
Receivables	12	12,480	5,239	3,479
Claims Related Recoveries	13	317	581	253
Total Current Assets		**193,077**	**174,297**	**182,217**
Non-Current Assets				
Investments	11	386,519	368,750	360,841
Claims Related Recoveries	13	1,003	1,064	1,122
Total Non-Current Assets		**387,522**	**369,814**	**361,963**
Total Assets		**580,599**	**544,111**	**544,180**
Liabilities				
Current Liabilities				
Gross Outstanding Claims	14	60,767	53,113	48,498
Payables	15	9,448	2,572	3,277
Other Liabilities	15	2,781	3,368	2,394
Total Current Liabilities		**72,996**	**59,053**	**54,169**
Non-Current Liabilities				
Gross Outstanding Claims	14	229,673	202,983	214,937
Total Non-Current Liabilities		**229,673**	**202,983**	**214,937**
Total Liabilities		**302,669**	**262,036**	**269,106**
Net Assets		**277,930**	**282,075**	**275,074**
Equity				
Accumulated Funds		277,930	282,075	275,074
Total Equity		**277,930**	**282,075**	**275,074**

The above Statement of Assets and Liabilities on Behalf of the Territory is to be read in conjunction with the accompanying notes.

Public Sector Workers Compensation Fund
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2026

	Accumulated Funds Actual 2026 $'000	Total Equity Actual 2026 $'000	Original Budget 2026 $'000
Balance at 1 July 2025	**275,074**	**275,074**	**271,347**
Comprehensive Result			
Operating Result	2,856	2,856	10,728
Total Comprehensive Result	**2,856**	**2,856**	**10,728**
Balance at 30 June 2026	**277,930**	**277,930**	**282,075**

	Accumulated Funds Actual 2025 $'000	Total Equity Actual 2025 $'000
Balance at 1 July 2024	**244,091**	**244,091**
Comprehensive Result		
Operating Result	30,983	30,983
Total Comprehensive Result	**30,983**	**30,983**
Balance at 30 June 2025	**275,074**	**275,074**

The above Statement of Changes in Equity on Behalf of the Territory is to be read in conjunction with the accompanying notes.

Public Sector Workers Compensation Fund
Statement of Cash Flows on Behalf of the Territory
For the Year Ended 30 June 2026

	Note No.	Actual 2026 $'000	Original Budget 2026 $'000	Actual 2025 $'000
Cash Flows from Operating Activities				
Receipts				
Contributions from Territory Entities for Claim Costs		69,908	69,908	71,722
Interest Received		9,085	2,007	9,836
Investment Receipts		10,654	14,556	11,350
Goods and Services Tax Collected from Customers		422	422	432
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		1,468	824	1,420
Total Receipts from Operating Activities		**91,537**	**87,717**	**94,760**
Payments				
Workers' Compensation Claims Payments		55,539	57,685	47,733
Third Party Administrator Claim Management Fees		8,762	11,041	10,813
Supplies and Services [1]		3,774	7,405	6,310
Goods and Services Tax Paid to Suppliers		1,667	1,243	1,835
Goods and Services Tax Remitted to the Australian Taxation Office		-	353	-
Total Payments from Operating Activities		**69,742**	**77,727**	**66,691**
Net Cash Inflows from Operating Activities	**11(c)**	**21,795**	**9,990**	**28,069**
Cash Flows from Investing Activities				
Payments				
Purchase of Investments		20,000	20,000	20,000
Total Payments from Investing Activities		**20,000**	**20,000**	**20,000**
Net Cash (Outflows) from Investing Activities		**(20,000)**	**(20,000)**	**(20,000)**
Net Cashflows from Financing Activities		**-**	-	**-**
Net Increase/(Decrease) in Cash		**1,795**	**(10,010)**	**8,069**
Cash at the Beginning of the Reporting Period		178,485	178,487	170,416
Cash at the End of the Reporting Period	**11(a)**	**180,280**	**168,477**	**178,485**

The above Statement of Cash Flows on Behalf of the Territory is to be read in conjunction with the accompanying notes.

1. Supplies and Services include all CMTEDD recovered costs, including CMTEDD recovered costs attributed to claims management.

Public Sector Workers Compensation Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

General Notes

Note 1. Objectives of the PSWC fund

Operations and Principal Activities

The Public Sector Workers Compensation Fund (PSWC fund) is established by the *Public Sector Workers Compensation Fund Act 2018* (PSWCF Act) and commenced operations on 1 March 2019.

The PSWC fund is a not-for-profit ACT Government entity in the General Government Sector designed to support the workers' compensation self-insurance arrangements for the Territory's public sector employees, which are delivered under a licence issued by the Safety, Rehabilitation and Compensation Commission (SRCC) in accordance with the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act).

The PSWCF Act establishes financial and prudential governance in relation to the Territory's obligations as a self-insured licensee under the SRC Act to ensure the effective management of appropriations made for the purposes of the PSWC fund and features management arrangements in relation to the Territory's workers compensation assets and liabilities.

The PSWC fund is administered by the Public Sector Workers Compensation Commissioner (PSWC commissioner) who has the following functions:

- managing the PSWC fund;
- advising the Minister about the administration, efficiency and effectiveness of the PSWC fund; and
- in relation to a licence granted to the Territory under section 103 of the SRC Act:
  - managing the Territory's liability under the SRC Act; and
  - managing claims under the SRC Act; and
- conducting and supporting initiatives and activities to prevent and reduce the risk of injury to employees of the Territory.

The PSWC commissioner is a public servant appointed by the Minister in accordance with the PSWCF Act.

The PSWC fund is funded by the Territory, including from premium contributions apportioned by the PSWC commissioner amongst Territory agencies (directorates and entities) in accordance with the PSWCF Act. Assets are invested, with earnings retained to help meet workers' compensation costs including costs relating to managing the PSWC fund and providing associated injury management and vocational rehabilitation services.

Note 2. Basis of Preparation of the Financial Statements

Legislative Requirements

The PSWC fund is prescribed as a separate directorate under the *Financial Management Act 1996* (FMA), in accordance with section 8 of the PSWCF Act and the *Financial Management (Directorates) Guidelines 2019 (No 2)*.

The FMA requires the preparation of annual financial statements for ACT Government directorates. The FMA and the Financial Management Guidelines issued under the FMA require the PSWC fund's financial statements to include:

(i) a Statement of Income and Expenses on Behalf of the Territory for the year;

(ii) a Statement of Assets and Liabilities on Behalf of the Territory at the end of the year;

(iii) a Statement of Changes in Equity on Behalf of the Territory for the year;

(iv) a Statement of Cash Flows on Behalf of the Territory for the year;

(v) the significant accounting policies adopted for the year; and

Note 2. Basis of Preparation of the Financial Statements - Continued

Legislative Requirements – Continued

(vi) other statements as necessary to fairly reflect the financial operations of the PSWC fund during the year and its financial position at the end of the year.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (as required by the FMA), supplemented by following the ACT Accounting and Disclosure Policies.

Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements are prepared according to historical cost convention, except for financial instruments which are valued at fair value in accordance with (re)valuation policies applicable to the PSWC fund during the reporting period.

Significant Accounting Judgements and Estimates

The PSWC fund recognises Gross Outstanding Claims Liabilities based on an assessment performed by an independent actuary – Finity Consulting Pty Limited. The actuary estimates the liabilities using a complex model and multiple assumptions that are based on historical experience and factors that may cause changes in claims patterns. A separate estimate is made of the amounts that may be recoverable from third parties. The estimation technics and assumptions used in the valuation are disclosed in Note 13 Claims Related Recoveries and Note 14 Gross Outstanding Claims Liabilities.

Currency

These financial statements are presented in Australian dollars, which is the PSWC fund's functional currency.

Individual Not-for-Profit Reporting Entity

The PSWC fund is an individual not-for-profit reporting entity.

Territorial Items

Administrative arrangements, made under the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)* and the *Public Sector Management Act 1994*, allocate responsibility for the Territory's workers' compensation self-arrangements and the PSWCF Act to the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) administrative unit.

The PSWC fund is prescribed as a separate directorate under the FMA and itself is the only output attributed to the PSWC fund Directorate, as an expense on behalf of the Territory (EBT) output. Accordingly, the PSWC fund only produces Territorial financial statements including income, expenses, assets and liabilities on behalf of the ACT Government in line with the ACT Model Financial Statements.

Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the PSWC fund for the year ended 30 June 2026 together with the financial position of the PSWC fund as at 30 June 2026.

Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2025-26 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Papers.

Note 2. Basis of Preparation of the Financial Statements - Continued

Comparative Figures – Continued

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed. Comparative information may include immaterial restatements.

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000). Use of "-" represents zero amounts or amounts rounded down to zero.

Going Concern

The 2025-26 financial statements have been prepared on a going concern basis.

The Territory has applied for an extension of its self-insurance licence, which is due to expire on 28 February 2027. The SRCC considered the extension against the endorsed timeframes and protocols at its meeting on 17 September 2026. While outcomes from the SRCC's meeting on 17 September 2026 have not been announced at the reporting date, there are currently no matters indicating that the extension may not be granted based on the Territory's history of compliance with its licence conditions and ongoing engagement with Comcare.

The PSWC fund has sufficient assets to fully meet its current and non-current liabilities, considering its financial position at 30 June 2026 and the forward estimates included for the PSWC fund in the 2026 27 Budget Papers.

Accordingly, no material uncertainty relating to going concern has been identified.

Note 3. Impact of accounting standards issued but yet to be applied

All Australian Accounting Standards and Interpretations issued but yet to be applied are applicable to future reporting periods and will be adopted from their application date.

From 1 July 2026 the PSWC fund will apply AASB 17 *Insurance Contracts* as amended by AASB 2022-09 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*. The application of AASB 17 will change the measurement, recognition and disclosure of transactions relating to the Territory's worker's compensation self-insurance arrangements that are supported by the PSWC fund. More information about the transition to AASB 17 is provided below.

Other Standards and Interpretations issued but yet to be applied have been assessed as not being relevant to PSWC fund or will have an immaterial financial impact on the PSWC fund. However, AASB 18 Presentation and Disclosure in Financial Statements applicable 1 January 2028 for not-for-profit public sector agencies does contain some major presentation/disclosure changes that may impact on the PSWC fund including:

- that operating, investing and financing categories as well as additional subtotals have to be included in the agency's operating statement;
- the disclosure of management-defined performance measures and reconciliations of these measures with the subtotals required by AASB Standards; and
- enhanced requirements for the grouping (aggregation and disaggregation) of information in the financial statements and in the notes.

The AASB has issued an exposure draft (ED 338 *Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*) that outlines modifications to AASB 18 for not-for-profit public

Note 3. Impact of accounting standards issued but yet to be applied – Continued

sector entities. If these modifications in the exposure draft are adopted, they will effectively enable the PSWC fund to continue to broadly apply the existing disclosure requirements contained in AASB 101 *Presentation of Financial Statements*. However, as this exposure draft is not yet finalised, the impact on the PSWC fund's financial statements from the adoption of AASB 18 cannot be determined at this time.

Transition to AASB 17

The application of AASB 17 will change the measurement, recognition and disclosure of transactions currently presented in underwriting revenue and expenses in the Statement of Income and Expense on Behalf of the Territory and claims related expected recoveries and outstanding claims provisions in the Statement of Assets and Liabilities on Behalf of the Territory. The PSWC fund will adopt the full retrospective approach on transition.

The accounting impact arising on transition will be reflected as a reduction in the opening accumulated funds as at 1 July 2026 in the PSWC fund's Statement of Changes in Equity on Behalf of the Territory reflecting the changes in measurement and corresponding increase in the outstanding claims liabilities as at 1 July 2026.

The estimated accounting impact on transition to AASB 17 at 1 July 2026 is $42.7 million based on the actual closing total net outstanding claims liabilities of $289.1 million as at 30 June 2026 as estimated by the PSWC fund actuary. The estimated 14.8 per cent increase in outstanding claims liabilities on transition reflects the addition of a 75 per cent level of confidence risk adjustment for non-financial risks, partially offset by higher discounting effect from the use of risk-free rates plus an illiquidity premium (the bottom-up approach), which are the key measurement changes under AASB 17.

A full revaluation of the outstanding claims liabilities as at 1 July 2026 under AASB 17 will be performed by the PSWC fund actuary and inform the relevant comparative balances and disclosures that will be included in the 2026-27 financial statements. The 2026-27 financial statements will include disclosures on key accounting positions relating to the application of AASB 17 and new disclosures required under AASB 17 including disclosures relating to claims development, discounting and the illiquidity premium, the risk adjustment level of confidence and the related methods and assumptions used by the PSWC fund actuary.

While the transition to AASB 17 will impact the claims liabilities and funding position, the PSWC fund will continue to meet the acceptable funding ratio for the PSWC fund in accordance with the investment and funding ratio management guidelines issued under the PSWCF Act. Given the value of claims liabilities under AASB 17 will include a 75 per cent level of confidence risk adjustment, the PSWC fund's funding surplus reflects a stronger buffer against adverse claims experience.

The transition to AASB 17 does not impact the operation of the PSWC fund. New disclosures required under AASB 17 are expected to improve transparency to readers of the financial statements by providing clear distinction between insurance operating results (fulfilment cashflows and claims development) and financial results (discounting).

Note 4. Change in Accounting Policy, Accounting Estimates and Reclassifications

Change in Accounting Policy

The PSWC fund had no other material changes in accounting policy in 2025-26.

Change in Accounting Estimates

Changes in actuarial assumptions for estimating Gross Outstanding Claims Liabilities and Expected Claims Related Recoveries comprise changes in accounting estimates. Changes in actuarial assumptions are shown in Note 13 Claims Related Recoveries and Note 14 Gross Outstanding Claims Liabilities.

Note 4. Change in Accounting Policy, Accounting Estimates and Reclassifications – Continued

Material Reclassifications

The PSWC fund has made changes in the allocation and classification of staff and service costs recovered by CMTEDD in association with support services provided to the PSWC fund by CMTEDD Staff. In 2024-25, all CMTEDD recovered costs were included in Note 9. Supplies and Services. In 2025-26, CMTEDD recovered costs attributed to claims management are allocated to claims handling expenses and included in underwriting expenses in Note 5. Underwriting Result. All other CMTEDD recovered costs are attributed to PSWC fund management and remain in Note 9. Supplies and Services. The reclassification has no impact on the Operating Result, Equity or Cash Flows.

CMTEDD recovered costs attributed to claims management of $3.374 million for 2024-25 have been reclassified from Note 9. Supplies and Services to Note 5. Underwriting Result, restating comparative information to reflect the changes made in the current report period.

Income Notes

Note 5. Underwriting Result

Description and Material Accounting Policies relating to the Underwriting Result

The PSWC fund's obligations under the PSWCF Act and under the requirements of the self-insurance licence issued by the SRCC in accordance with the SRC Act, outlined in Note 1 Objectives of the PSWC fund, exhibit some characteristics of an insurance business. However, the PSWC fund funding arrangements and relationship with Territory agencies is not of the nature of an insurance contract as defined under AASB 1023 *General Insurance Contracts*.

The PSWC Commissioner determines and apportions premium contributions among Territory agencies on an annual basis in accordance with the PSWCF Act. The premium contributions amount must be an amount that the PSWC commissioner reasonably believes will result in the acceptable funding ratio for the PSWC fund in accordance with the investment and funding ratio management guidelines issued under the PSWCF Act.

The PSWC commissioner determines the premium contributions as the amount needed to fully fund the Territory's liabilities under the SRC Act and to meet payments to be made from the PSWC fund (other than under the SRC Act) during the contribution period based on actuarial advice, with consideration for expected investment earnings that will be retained in the PSWC fund.

A key area of risk identified by the PSWC fund is that annual premium contributions are not geared to fully fund the present and likely future claims liability under the SRC Act and to meet payments that need to be made from the PSWC fund over the claim development period.

The PSWC fund presents an underwriting result comprising underwriting income less underwriting expenses, to reflect the current financial performance of these risk-bearing activities. All underwriting income and expenses relate to operating activities.

Underwriting Income

The PSWC fund applies AASB 1058 *Income for Not-for-Profit Entities* to recognise income from premium contributions apportioned by the PSWC commissioner among Territory agencies (directorates and entities). Underwriting income from earned premium contributions is shown in Note 6. Contributions Income.

Underwriting Expenses

The PSWC fund applies AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to value claims provisions and associated claims expense. Claims provisions are presented in Note 14. Gross Outstanding Claims Liabilities and Note 13. Claims recoveries and the associated claims expense is presented on a net basis, in accordance with AASB 137, in Note 8. Net Incurred Claims.

Note 5. Underwriting Result – Continued

Description and Material Accounting Policies relating to the Underwriting Result – Continued

Underwriting Expenses - Continued

Underwriting expenses include the claim expense associated with the Territory's workers' compensation claims liability under the SRC Act as a self-insured licensee and claims handling expenses. Claims handling expenses are costs (directly or indirectly) attributable to claims management or the settlement of claims liability.

Public sector workers' compensation claims are administered by EML Solutions Pty LTD (previously Employers Mutual Limited) (EML) under a Third Party-Administrator (TPA) Agreement. Service and performance remuneration are paid to EML for each year in the period of services under the TPA Agreement.

The PSWC fund reimburses CMTEDD for staff and service costs associated with supporting the performance of the Commissioner's functions under the PSWCF Act.

Claims handling expenses included in underwriting expenses consist of claims administrator (EML) remuneration for managing claims and CMTEDD recovered costs attributed to claims management.

CMTEDD recovered costs attributed to claims management include directly attributed costs such costs associated with injury management and vocational rehabilitation services (including in-house workplace rehabilitation services), payroll and other services required for workers compensation claims management provided by CMTEDD staff and indirectly attributed costs such as costs associated with redeployment and other support services related to claims management provided by CMTEDD staff.

Other CMTEDD recovered costs are attributed to PSWC fund management and included in Note 9. Supplies and Services.

Underwriting Result

	Note No.	2026 $'000	2025 $'000
Underwriting income			
Earned premium contributions	6	69,908	71,702
Total Underwriting Income		**69,908**	**71,702**
Underwriting Expenses			
Total net incurred claims [1]	8(b)	82,986	63,476
Claims administrator remuneration for managing claims		12,057	11,134
CMTEDD recovered costs attributed to claims management [2, 3]		1,983	3,374
Total Underwriting Expenses		**97,026**	**77,984**
Underwriting Result			
Underwriting Income		69,908	71,702
Less: Underwriting Expenses		97,026	77,984
Underwriting (Losses)/Gains		**(27,118)**	**(6,282)**

1. *In 2025-26, new claims experience and the development of prior years' claims were worse than expected by the PSWC fund actuary resulting in an increase in the total net incurred claims cost for the year. More information about the undiscounted and discounted net incurred claims cost for current year and prior years' claims is provided in Note 8. Net Incurred Claims.*
2. *In 2024-25, all CMTEDD recovered costs were included in Note 9. Supplies and Services as CMTEDD staff costs. In 2025-26, CMTEDD recovered costs attributed to claims management are allocated to claims handling expenses and included in underwriting expenses. CMTEDD recovered costs attributed to claims management of $3.374 million for 2024-25 have been reclassified from Note 9. Supplies and Services to Note 5 Underwriting Result, restating comparative figures to reflect the allocation and classification changes made in the current reporting period.*
3. *CMTEDD recovered costs attributed to claims management of $1.983 million for 2025-26 (2024-25: $3.374 million) are lower mainly due to a decrease in costs recovered in association with the injury management and vocational rehabilitation services.*

Note 6. Contributions Income

Description and Material Accounting Policies relating to Contribution Income

The PSWC fund applies AASB 1058 *Income for Not-for-Profit Entities* to recognise income from premium contributions apportioned by the PSWC commissioner among Territory agencies (directorates and entities).

Premium contributions are normally determined annually and cover the period from 1 July to 30 June each year. No hindsight adjustments are made to the contribution. They are fully earned in the year that they are raised and no allowance for unearned contributions is required to be made. Earned premium contributions comprise amounts charged to Territory agencies exclusive of Goods and Services Tax (GST).

Earned Premium Contributions

All premium contributions were written and earned in the current reporting period as all premium contributions cover the period from 1 July 2025 to 30 June 2026.

	Note No.	2026 $'000	2025 $'000
Premium contributions (Territory agencies)		69,908	71,702
Total Premium Contributions		**69,908**	**71,702**
Total Earned Premium Contributions	**5**	**69,908**	**71,702**

Note 7. Investment and Interest Revenue

Description and Material Accounting Policies relating to Investment and Interest Revenue

Interest revenue

The PSWC fund receives interest revenue on Cash at Bank, which is recognised using the effective interest method.

Distribution revenue

Distributions on investments with the Territory Banking Account are normally determined and distributed on a quarterly in arrears basis following each quarter end (September, December, March and June). Distributions are determined by the level of distributable income and will vary from period to period and there may be periods in which no distribution is made.

Distribution revenue is recognised when the distributions are confirmed by the Territory Banking Account and PSWC fund's right to receive payment is established.

Investment and Interest Revenue

	2026 $'000	2025 $'000
Interest on Cash at bank [1]	9,085	9,836
Distribution from investments with the Territory Banking Account [2]	19,878	9,220
Total Investment and Interest Revenue	**28,963**	**19,056**

1. The PSWC fund maintains a sufficient balance of Cash at Bank to meet current liabilities when they fall due. The interest rates earned on Cash at Bank are linked to the RBA cash rate. In 2025-26, the average carrying balance was $209 million (2024-25: $207 million).

2. Distributions from investments with the Territory Banking Account fluctuate year on year subject to the amount of income available for distribution from the underlying investment assets. Distributions for the June 2026 quarter alone were $12.4 million with on average distributions of $2.5 million per quarter for the other first three quarters in 2025-26 (2024-25: on average distributions of $2.3 million per quarter).

Public Sector Workers Compensation Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

Expenses Notes

Note 8. Net Incurred Claims

Description and Material Accounting Policies Relating to Incurred Claims

Gross incurred claims

Gross incurred claims consist of the change in the provision for gross outstanding claims liabilities and are recognised in the Statement of Income and Expenses on Behalf of the Territory.

Both undiscounted and discounted gross incurred claims are presented and are separated into those contributed from claims occurring in the most recent financial insurance year (current year) and those contributed from claims occurring in prior financial insurance years (prior years), which are impacted by changes in economic factors and the assumptions used to derive the outstanding claims liabilities in the actuarial valuation.

The change in the outstanding claims liabilities is presented in Note 14. Gross Outstanding Claims Liabilities.

Claims related recoveries

Claims related recoveries consist of the change in the expected recoveries from third parties, reducing gross incurred claims.

Both undiscounted and discounted claims related recoveries are presented and are separated into those related to claims occurring in the most recent financial insurance year (current year) and those related to claims occurring in prior financial insurance years (prior years), which are impacted by changes in economic factors and the assumptions used to derive the expected recoveries in the actuarial valuation.

The change in the expected claims related recoveries is presented in Note 13. Claims Related Recoveries.

Movement in claims costs other liabilities

The gross incurred claims and claims related recoveries include actual payments recorded by the claims administrator in relation to known claims costs and payments to be made directly from the monies held by the claims administrator with the ANZ bank on behalf of the PSWC fund and reimbursement to be made by the PSWC fund. The monies held by the claims administrator are recognised as cash under the control of the PSWC fund.

The actuarial valuation assumes that all these payments are made, and they are not included in outstanding claims liability. Accordingly, amounts yet to be settled are included in the accounts as other current liabilities. The movement in claims costs other liabilities is a claims expense recognised in the current period for any actual payments not recognised in the period in which they are recorded.

Total net incurred claims

The total expense relating to incurred claims on a discounted basis, net of the claims related recoveries plus any movement in claims costs other liabilities is presented in Note 5. Underwriting Result.

(a) Discounted net incurred claims

2026	Note No.	Current Year $'000	Prior Years $'000	Total $'000
Undiscounted gross incurred claims		109,839	(10,124)	99,715
Less: Undiscounted claims related recoveries (incurred)		428	(451)	(23)
Undiscounted Net Incurred Claims		**109,411**	**(9,673)**	**99,738**
Discounted gross incurred claims	14(b)	86,344	(3,413)	82,931
Less: Discounted claims related recoveries (incurred)	13(b)	368	(423)	(55)
Discounted Net Incurred Claims	**8(b)**	**85,976**	**(2,990)**	**82,986**

Note 8. Net Incurred Claims – Continued

(a) Discounted net incurred claims – Continued

2025	Note No.	Current Year $'000	Prior Years $'000	Total $'000
Undiscounted gross incurred claims		74,751	(10,617)	64,134
Less: Undiscounted claims related recoveries (incurred)		403	199	602
Undiscounted Net Incurred Claims		**74,348**	**(10,816)**	**63,532**
Discounted gross incurred claims	14(b)	59,952	4,145	64,097
Less: Discounted claims related recoveries (incurred)	13(b)	357	264	621
Discounted Net Incurred Claims	**8(b)**	**59,595**	**3,881**	**63,476**

(b) Total net incurred claims

	Note No.	2026 $'000	2025 $'000
Discounted Net Incurred Claims [1]	8(a)	82,986	63,476
Total Net Incurred Claims[2]	**5**	**82,986**	**63,476**

1. In 2025-26, new (current year) claims experience and recent prior year's development was overall worse than expected by the PSWC fund actuary resulting in higher discounted net incurred claims. Older prior years' claims development was overall better than expected by the PSWC fund actuary for more recent year resulting in lower discounted net incurred claims. More information about the actual vs expected claims experience and the impact of associated changes in actuarial assumptions is included in Note 14. Outstanding Claims Liabilities.

2. There were $nil claims expense recognised from movement in claims costs other liabilities in both current and previous periods.

Note 9. Supplies and Services

Description and Material Accounting Policies Relating to Supplies and Services

General - Supplies and Services

Purchases of Supplies and Services generally represent the day-to-day running costs incurred in normal operations, recognised in the reporting period in which these expenses are incurred. Supplies and Services are measured at the amount paid or payable, or where Supplies and Services have been provided free of charge, they are measured at their fair value at the time they are provided.

Audit Fees

Auditor remuneration consists of financial audit services provided to the PSWC fund by the ACT Audit Office. The PSWC fund's audit fees for the audit of its 2025-26 financial statements and the limited assurance review of its 2025-26 statement of performance were $83,254 (2024-25: $80,439). No other services were provided by the ACT Audit Office.

Licence Fees

Licence fees are the fees paid each year to Comcare in relation to the self-insurance licence that the Territory holds under the SRC Act.

CMTEDD Recovered Costs Attributed to PSWC fund Management

The PSWC fund reimburses CMTEDD for staff and service costs associated with supporting the performance of the Commissioner's functions under the PSWCF Act. CMTEDD recovered costs (directly or indirectly) attributed to claims management are allocated to claims handling expenses and included in underwriting expenses in Note 5. Underwriting Result. CMTEDD recovered costs attributed to PSWC fund management are included in supplies and services.

Note 9. Supplies and Services – Continued

Description and Material Accounting Policies Relating to Supplies and Services - Continued

CMTEDD Recovered Costs Attributed to PSWC fund Management – Continued

CMTEDD recovered costs attributed to PSWC fund management include staff and service costs associated with conducting and supporting initiatives and activities to prevent and reduce the risk of injury to employees of the Territory, self-insurance licence and other PSWC fund administration and support services provided by CMTEDD staff.

Other supplies and services

Other supplies and services include costs associated with audit and assurance activities, consulting and professional fees, bank fees and charges, membership fees and all other costs associated with PSWC fund administration.

Supplies and Services

	2026 $'000	2025 $'000
Actuarial costs	194	253
Audit fees	83	80
Licence fees	685	657
CMTEDD recovered costs attributed to PSWC fund management [1,2]	3,360	1,561
Other	345	359
Total Supplies and Services	**4,667**	**2,910**

1. In 2024-25, all CMTEDD recovered costs were included in Note 9. Supplies and Services as CMTEDD staff costs. In 2025-26, CMTEDD recovered costs attributed to claims management are allocated to claims handling expenses and included in underwriting expenses. All other CMTEDD recovered costs are attributed to PSWC fund management and remain in Note 9. Supplies and Services. CMTEDD recovered costs attributed to claims management of $3.374 million for 2024-25 have been reclassified from Note 9. Supplies and Services to Note 5 Underwriting Result, restating comparative figures to reflect the allocation and classification changes made in the current reporting period.

2. CMTEDD recovered costs attributed to PSWC fund management of $3.360 million for 2025-26 (2024-25: $1.561 million) were higher mainly due to an increase in recovered service costs associated with prevention initiatives and recovered staff costs associated with self-insurance and PSWC fund administration support services provided by CMTEDD staff.

Other Gains Notes

Note 10. Net Gains from Remeasurement of Assets

Description and Material Accounting Policies relating to Gains/Losses from Remeasurement of Assets

Gains/Losses on Investments

PSWC fund investments with the Territory Banking Account are held at fair value through profit and loss (FVTPL). The fair value of these investments is remeasured at the end of each reporting period. Net Gain/Loss from any increase/decrease in fair value is shown in the Statement of Income and Expenses on Behalf of the Territory for that reporting period. For more details about accounting policy relating investments refer to Note 11. Cash and Investments.

Note 10. Net Gains from Remeasurement of Assets – Continued

Net Gains from Remeasurement of Assets

	2026	2025
	$'000	$'000
Net Gains on Investments Held at Fair Value Through Profit and Loss[1]	5,678	21,119
Total Net Gains from Remeasurement of Assets	**5,678**	**21,119**

1. In 2025-26, investment held with the Territory Banking Account generated total returns (including capital returns and returns from distributions) of 6.9 per cent (2024-25: 9.2 per cent) outperforming the investment return objective (CPI+1.5%) of 5.74%.. Lower Gains on Investments in 2025-26 were caused by increased market volatility between November 2025 and March 2026, driven by geopolitical tensions in the Middle East, higher energy prices, and changes in interest rate expectations. The final quarter of the 2025-26 financial year delivered positive portfolio returns, underpinned by a strong rebound in US equity markets, supported by robust corporate earnings, continued enthusiasm for artificial intelligence-related investments and easing concerns that Middle East tensions would lead to sustained increases in oil prices and inflation.

Asset Notes

Material Accounting Policies – Assets

Assets – Current and Non-Current

Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Assets, which do not fall within the current classification, are classified as non-current.

Note 11. Cash and Investments

Description and Material Accounting Policies Relating to Cash and Investments

Cash

The PSWC fund holds a general operating bank account and a claim payments bank account which is used to pay claims costs. Both of these accounts are held with Westpac Banking Corporation as part of the whole-of-government banking arrangements. As part of these arrangements, the PSWC fund receives variable interest on credit balances.

A bank account is held by the PSWC fund's third party claims administrator to enable payments to be made on behalf of the PSWC fund to injured workers and entities who provide services to injured workers. This account is replenished weekly as claims costs are paid by the claims administrator. These monies are held by the claims administrator with the ANZ bank and are recorded as cash under the control of the PSWC fund.

Investments

Investments by the PSWC fund are made with Territory Banking Account in accordance with the Treasurer's approved investment plan for the PSWC fund.

The PSWC fund Investment Plan outlines the PSWC fund's investment strategy and objectives in relation to investing its funds with the Territory Banking Account. The long-term investment return objective for the PSWC fund's financial investments is Consumer Price Index (CPI) plus 1.5 per cent per annum. Over the last 5 financial years to 30 June 2026 the PSWC fund portfolio has achieved an average investment return of 5.31 per cent per annum against the target nominal return objective of 6.07 per cent per annum, noting the portfolio was implemented in January 2022.The PSWC fund makes investments with the Territory Banking Account by acquiring units in the Territory Banking Account's financial investments portfolio. The unit value changes in response to the underlying market value of the financial investments held by the Territory Banking Account. All unitised investments are designated at fair value through profit or loss with the carrying amount measured at fair value.

Note 11. Cash and Investments – Continued

Description and Material Accounting Policies Relating to Cash and Investments – Continued

Investments – Continued

Fair value is the price that would be received to sell the units in an orderly transaction between market participants at the measurement date and reflects the best available prices of the underlying financial investments. Subsequent to initial measurement, investments are re-measured to fair value with changes in their fair value (gains/loss) recognised in the Statement of Income and Expenses on Behalf of the Territory.

PSWC fund investments with Territory Banking Account can be decreased by redeeming units, if required. All PSWC fund investments with Territory Banking Account are classified as non-current investments as funds invested are intended to be held strategically over the long term and the PSWC fund does not expect any redemptions to be realised on the normal operating cycle.

(a) Cash and Investment Balances

	2026 $'000	2025 $'000
Current Cash		
Cash at Bank	180,280	178,485
Total Current Cash	**180,280**	**178,485**
Non-Current Investments		
Investments with the Territory Banking Account [1]	386,519	360,841
Total Non-Current Investments	**386,519**	**360,841**
Total Cash and Investments	**566,799**	**539,326**

1. The total value of investments reflects investment deposit or redemption transactions during the year as well as the movement in the fair value of the underlying financial investment exposures in the market. In 2025-26 the PSWC fund added $20 million to the investments with Territory Banking Account. The net gains from the movement in the fair value of the investments is presented in Note 10. Net Gains from Remeasurement of Assets.

(b) Reconciliation of Cash at the End of the Reporting Period in the Statement of Cash Flows on Behalf of the Territory to the related Statement of Assets and Liabilities on Behalf of the Territory

	2026 $'000	2025 $'000
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	180,280	178,485
Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory	**180,280**	**178,485**

(c) Reconciliation of the Operating Result to Net Cash Inflows from Operating Activities

	2026 $'000	2025 $'000
Operating Result	**2,856**	**30,983**
Add/(Less) Non-Cash Items		
(Gain) from remeasurement of investments held at fair value through profit and loss	(5,678)	(21,119)
Movement in Outstanding Claims Liabilities (net) recognised in the Statement of Income and Expenses on Behalf of the Territory [1]	27,060	15,448
Cash Before Changes in Operating Assets and Liabilities	**24,238**	**25,312**

Note 11. Cash and Investments – Continued

(c) Reconciliation of the Operating Result to Net Cash Inflows from Operating Activities – Continued

	2026 $'000	2025 $'000
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables [2]	(9,001)	2,167
Increase in Payables	6,171	295
Increase in Other Liabilities	387	295
Net Changes in Operating Assets and Liabilities	**(2,443)**	**2,757**
Net Cash Inflows from Operating Activities	**21,795**	**28,069**

1. *The movement in Outstanding Claim Liabilities (net) consists of the movement in gross outstanding claim liabilities less the movement in claim-related expected recoveries covered as non-cash items as opposed to changes in operating assets/liabilities to provide improved information to users.*
2. *The increase in Receivables is associated with higher distributions receivable from the Territory Banking Account for the June 2026 quarter.*

Note 12. Receivables

Description and Material Accounting Policies Relating to Receivables

Accounts receivables are measured at amortised cost, with any adjustments to the carrying amount recorded in the Statement of Income and Expenses on Behalf of the Territory.

Distributions Receivable from Territory Banking Account

Distributions on investments with the Territory Banking Account are normally determined and distributed on a quarterly in arrears basis following each quarter end (September, December, March and June). Distributions are determined by the level of distributable income and will vary from period to period and there may be periods in which no distribution is made.

A receivable is recognised when distributions are confirmed by the Territory Banking Account and the PSWC fund's right to receive payment is established. Distributions receivable from the Territory Banking Account are generally due within 30 days.

Other Receivables

Receivables may arise from other operating activities including Goods and Services Tax (GST) Receivable from the Australian Taxation Office and are generally due within 30 days.

Receivables

At 30 June 2026, no receivables are past due or impaired. No provision has been made for expected credit losses for 2025-26 (2024-25: Nil).

	2026 $'000	2025 $'000
Current Receivables		
Goods and Services Tax Receivable	81	304
Distributions receivable from Territory Banking Account[1]	12,398	3,174
Other receivables	1	1
Total Current Receivables	**12,480**	**3,479**
Total Receivables	**12,480**	**3,479**

1. *Distributions receivable from the Territory Banking Account may vary from period to period reflecting the distributions determined by the level of distributable income. Distributions receivable for the Territory banking Account at 30 June 2026 related to the June 2026 quarter and are expected to be fully received in July and August 2026.*

Note 13. Claims Related Recoveries

Description and Material Accounting Policies Relating to Expected Claims Related Recoveries

The PSWC fund does not reinsure its liabilities and the Safety, Rehabilitation and Compensation Commission has confirmed that reinsurance is not required for the PSWC fund to meet financial obligations under the SRC Act.

Claims related recoveries include the amounts that may be recoverable from third parties, such as Medicare, Centrelink and other injury schemes, in relation to the provisions shown in Note 14. Gross Outstanding Claims Liabilities. In accordance with *AASB 137, the v*alue of these amounts is treated as a separate asset and does not exceed the amount of the gross provision.

The value of claims related recoveries is estimated by the independent actuary based on the underlying estimated future gross claims payments and historical recoveries. The recoveries are assumed to be received in the period when the related claims payments are made. That is changes in the outstanding claims liabilities also result in corresponding changes in the claims related recoveries.

Claims related recoveries are split into current and non-current assets based on the actuarial assessment of expected claims payments over the next 12 months, in accordance with AASB 101 *Presentation of Financial Statements* and the conditions of the self-insurance licence.

The overall movement in claims related recoveries reduces the gross incurred claims expense during the reporting period recognised in the Statement of Income and Expenses on Behalf of the Territory and is presented as claims related recoveries in Note 8 Net Incurred Claims.

(a) Claims Related Recoveries Balances

The Claims Related Recoveries are a best estimate of the present value of amounts that may be recoverable from third parties for events occurring before 30 June 2026.

	Note No.	2026 $'000	2025 $'000
Undiscounted estimate of expected recoveries from third parties		1,466	1,488
Total undiscounted claims related recoveries		**1,466**	**1,488**
Less: Discount to present value		146	113
Total discounted claims related recoveries	**13(b)**	**1,320**	**1,375**
Split between current and non-current assets			
Current		317	253
Non-Current		1,003	1,122
Total discounted claims related recoveries	**13(b)**	**1,320**	**1,375**

(b) Reconciliation of Movement in Claims Related Recoveries

	Note No.	2026 $'000	2025 $'000
Claims related recoveries at the beginning of the year	**13(a)**	**1,375**	**1,299**
Plus: additional provisions for new claims costs and expenses		367	346
Plus: change due to the passage of time (discount unwind)		53	66
(Less): amounts used during the period (actual recoveries)		-	(545)
(Less)/Plus: impact of change in actuarial assumptions		(475)	209
Claims related recoveries at the end of the year	**13(a)**	**1,320**	**1,375**

Note 13. Claims Related Recoveries – Continued

(b) Reconciliation of Movement in Claims Related Recoveries – Continued

	Note No.	2026 $'000	2025 $'000
Movement in claims related recoveries		(55)	76
(Plus): actual amounts recovered during the period		-	545
Discounted claims related recoveries (incurred)	**8(a)**	**(55)**	**621**

(c) Actuarial Assumptions

As the claims related recoveries are estimated by the actuary based on the underlying estimated gross claims payments, the discounted mean term to settlement, inflation and discount rates, and other actuarial assumptions shown in Note 14. Gross Outstanding Claims Liabilities also apply to the expected claims recoveries.

Liabilities Notes

Material Accounting Policies – Liabilities

Liabilities – Current and Non-Current

Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the PSWC fund does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Liabilities that do not fall within the current classification are classified as non-current.

Note 14. Gross Outstanding Claims Liabilities

Description and Material Accounting Policies Relating to Gross Outstanding Claims Liabilities

General Provisions Accounting Policy

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

The expense relating to changes in provisions includes:

- additional provisions made in the period, including increases to existing provisions;
- amounts used (i.e. incurred and charged against the provision) during the period;
- unused amounts reversed during the period; and
- the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

Gross Outstanding Claims Liabilities

The PSWC fund applies AASB 137 to value claims provisions. The Gross outstanding claims liabilities provision covers claims reported but not yet paid; incurred but not yet reported (IBNR); incurred but not enough reported (IBNER) and an allowance for future claims handling expenses. Gross outstanding claims liabilities are actuarially assessed by reviewing claim data and estimating changes in the ultimate cost of settling claims, IBNRs and associated settlement costs using statistics based on past experience and trends. The estimation of IBNR and IBNER are subject to a greater degree of uncertainty than the estimation of the cost of settling claims already reported, as the cost of these claims may often not be apparent until many years after the claim occurs.

Note 14. Gross Outstanding Claims Liabilities – Continued

Description and Material Accounting Policies Relating to Gross Outstanding Claims Liabilities – Continued

Gross Outstanding Claims Liabilities – Continued

The PSWC fund engages an actuary, Finity Consulting Pty Limited (Finity), to independently determine the estimate of outstanding claims liabilities (cost of unpaid claims). Finity uses a variety of estimation techniques, generally based upon analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowances are made for factors that may cause these to change, including:

- changes in the PSWC fund's processes that might accelerate or slow down the development and/or recording of paid or incurred claims, compared with previous periods;
- changes in the claims management model, particularly where this has impacted claim reporting patterns, claim acceptance rates, the levels of disputation or continuance rates;
- changes in the legal environment;
- the effects of inflation;
- movements in industry benchmarks;
- medical and technological developments; and
- the impact of any other circumstances on claim numbers and duration.

The PSWC fund takes all reasonable steps to ensure that it has appropriate information regarding its claim exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original estimate of the liability.

Provisions for outstanding claims liabilities are calculated on a best estimate basis, gross of any recoveries. A separate estimate is made of the amounts that may be recoverable based upon the gross provisions.

Outstanding claims liabilities are split into current and non-current liabilities based on the actuarial assessment of expected claims payments over the next 12 months, in accordance with AASB 101 *Presentation of Financial Statements* and the conditions of the self-insurance licence.

The overall movement in outstanding claims liabilities represents the gross incurred claims expense during the reporting period recognised in the Statement of Income and Expenses on Behalf of the Territory and is presented in Note 8 Net Incurred Claims.

(a) Gross Outstanding Claims Liabilities Balances

The Gross Outstanding Claims Liabilities are a best estimate of the present value of future payments in respect of gross claims costs and related expenses for events occurring before 30 June 2026.

	Note No.	2026 $'000	2025 $'000
Undiscounted estimate of expected future gross claims payments		352,449	321,427
Undiscounted estimate of expected claims handling costs		53,749	40,982
Total Undiscounted Gross Outstanding Claims Liabilities		**406,198**	**362,409**
Less: Discount to present value		115,758	98,974
Total Discounted Gross Outstanding Claims Liabilities	**14(b)**	**290,440**	**263,435**
Split between current and non-current liabilities			
Current		60,767	48,498
Non-Current		229,673	214,937
Total Discounted Gross Outstanding Claims Liabilities	**14(b)**	**290,440**	**263,435**

Note 14. Gross Outstanding Claims Liabilities – Continued

(b) Reconciliation of Movement in Gross Outstanding Claims Liability

	Note No.	2026 $'000	2025 $'000
Gross outstanding claims liabilities at the beginning of the year	**14(a)**	**263,435**	**247,911**
Plus: additional provisions for new claims costs and expenses		**58,520**	**55,790**
Plus: change due to the passage of time (discount unwind)		**9,804**	**11,896**
(Less): amounts used during the period (actual payments)[1]		***(55,926)***	**(48,573)**
Plus/(Less): impact of changes in actuarial assumptions[1]:		***14,607***	***(3,589)***
- Actual vs expected claims payments (including Claims Handling Expenses)		(2,598)	(6,801)
- Actual vs expected claims numbers and continuance rates		33,955	7,986
- Change in discount assumptions		(8,082)	3,529
- Change in inflation assumptions (including actual vs expected inflation)		(1,335)	(195)
- Change in other actuarial assumptions (including the expense rate)		(7,333)	(8,108)
Gross outstanding claims liabilities at end of the year	**14(a)**	**290,440**	**263,435**
Movement in gross outstanding claims liabilities[1]		**27,005**	**15,524**
Actual gross claims costs amounts paid during the period		55,926	48,573
Discounted gross incurred claims[1]	**8(a)**	**82,931**	**64,097**

1. In 2025-26, actual claim numbers, continuance rates and payments during the year were overall worse than expected by the PSWC fund actuary resulting in changes in the actuarial assumptions used in valuation of provisions at the end of the year and an increase in the discounted gross incurred claims. The overall $27.0 million increase in the outstanding claims liabilities over the year, reflects the addition of $34.0 million to the outstanding claims liabilities from changes in actuarial assumptions relating to claim numbers and continuance rates, partially offset by changes in discount, inflation and other actuarial assumptions (including the expense rate).

(c) Inflation and Discount Rates

For the succeeding and subsequent years, inflation assumptions are set with reference to economic forecasts (short-term inflation assumptions). The long-term assumption is set using a methodology, which assumes a constant gap of adopted future inflation to the long-term discount rates and will increase or decrease as discount rates increase and decrease. Inflation rates in 2025-26 and 2026-27 reflect wage increases as a result of approved enterprise agreements. The long term assumptions reflect actuarial assumptions with respect to long term forecasts beyond 2026-27.

The following average inflation (normal and superimposed) rates and discount rates were used in the measurement of outstanding claims:

	2026 (%)	2025 (%)
For the succeeding year [1]		
Inflation rate	2.94%	2.89%
Discount rate	4.55%	3.35%
For the subsequent year [2]		
Inflation rate	3.00%	3.08%
Discount rate	4.35%	3.12%
For long term assumptions		
Inflation rate	3.75%	3.75%
Discount rate	4.50%	4.50%

1. For 2026: the year ending 30 June 2027; and for 2025: the year ending 30 June 2026

2. For 2025: the year ending 30 June 2027; and for 2024: the year ending 30 June 2026

Note 14. Gross Outstanding Claims Liabilities – Continued

(d) Discounted Mean Term to Settlement

The discounted mean term to settle outstanding claims from the balance date is estimated to be 5.62 years in 2025-26 (6.15 years in 2024-25). The discounted mean term to settlement has been calculated using the projected cash flows from the valuation.

(e) Actuarial Assumptions

As the claims related recoveries are estimated by the actuary based on the underlying estimated gross claims payments, the discounted mean term to settlement, inflation and discount rates, and other actuarial assumptions also apply to the expected claims recoveries shown in Note 13. Claims Related Recoveries.

As the claims related recoveries are estimated by the actuary based on the underlying estimated gross claims payments, the discounted mean term to settlement, inflation and discount rates, and other actuarial assumptions also apply to the expected claims recoveries shown in Note 13. Claims Related Recoveries.

The actuarial process for estimating the net outstanding claims liabilities is:

- estimates of claims the PSWC fund is liable for but not yet reported at the balance date (IBNR claims) are made by analysing past reporting patterns and applying assumed development patterns to numbers of claims already reported to the PSWC fund;
- past numbers of claims in receipt of payment sizes, payment types and claim duration are analysed and used to form a basis for projection of future payments;
- allowances are made for all future claims' escalation, whether from external inflation or superimposed inflation;
- allowances are made for amounts that may be recoverable from third parties; and
- projected payments are discounted to present values to reflect the time value of money.

The following describe the assumptions used and how they are determined, and analyse sensitivity to their variability.

Assumptions Used

Key assumptions

The estimates of outstanding claims liabilities and expected claims related recoveries are based on actuarial assumptions and methods that consider past claims experience, risk exposure and projections of economic variables. The estimate of the net outstanding claims liabilities can change over time.

The following assumptions have been made in estimating the net outstanding claims liabilities.

	2026	2025
Discounted Mean Term (for Outstanding Claims)	5.62 years	6.15 years
Ultimate Claim Numbers [1]	755 ultimate reported	675 ultimate reported
Average Claim Size [2]	$98,676	$76,874
Expense Rate	15.25%	12.75%
Discount Rate [3]	4.87%	4.26%
Inflation and Superimposed Inflation [3]	4.10%	4.04%

1. *Ultimate claims reported are the assumed number of claims incurred in the insurance year.*
2. *Changes in Claim continuance rates are allowed for in the average claim size and discounted mean term assumptions.*
3. *Inflation and discount rates are based on the payment pattern and the inflation/discount rate at the corresponding period of time.*

Overall, the changes in actuarial assumptions resulted in an increase in the net outstanding claims liabilities and the net incurred claims expense in the current reporting period.

Note 14. Gross Outstanding Claims Liabilities – Continued

(e) Actuarial Assumptions – Continued

Assumptions Used - Continued

Discounted mean term

The projected cashflows are estimated based on historic settlement patterns. The discounted mean term to settlement is a weighted average term, the weights being the present values of the cash flows.

All else being equal, a decrease in the discounted mean term to settlement would indicate an expectation that more claims will be paid sooner than in previous estimates.

Claim numbers and continuance rate

The ultimate number of claims is the estimated total number of claims expected to emerge from each insurance year. The ultimate number of claims is estimated by analysing historical claim reporting rates and applying them to the observed claims reported to date to project the timing and number of future claims reported. All else being equal, an increase in the ultimate number of claims will increase the liability.

The projected numbers of claims receiving payments (active claims) are similarly estimated by analysing historical numbers of such claims and the proportions of those claims which continue to receive payments over time (continuance rate). All else being equal, an increase in the projected number of active claims will increase the liability.

Average claim size

The average payments made per claim is based on past claims experience. Changes to the overall average claim size in 2025-26 were almost fully driven by changes to continuance rates, reflecting a lengthening claim duration.

Expense rate

The outstanding claims liability includes an allowance for future claims handling expenses required for the settlement of the liability. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.

The expense rate used to estimate the future claims handling expenses allowance is based on the PSWC fund's actual (past) claims handling expenses included in underwriting expenses in Note 5. Underwriting result. That is, expense rate used reflects the expected future payments to the PSWC fund claims administrator and to CMTEDD to reimburse for staff and service costs associated with managing and settling the outstanding claims liabilities.

In 2025-26, the expense rate was increased to 15.25% (2024:25 12.75%) reflecting the improvement in information available with respect to CMTEDD recovered costs attributed to claims management.

Discount rate

The outstanding claims liability is discounted to adjust for the time value of money. Discount rates are derived from market yields on Commonwealth Government Bonds at the balance date.

All else being equal, an increase (or decrease) in the discount rate would have a corresponding change on claims expenses.

Inflation

Economic inflation assumptions are set by reference to current economic indicators. An increase or decrease in the assumed levels of economic inflation would have a corresponding increase or decrease on claims expense.

Superimposed inflation

Superimposed inflation is the tendency for certain payments to increase over time at a faster rate than a suitable standard measure of inflation. For example, medical cost superimposed inflation trends may be driven by factors such as changes in medical technology and treatments.

Note 14. Gross Outstanding Claims Liabilities – Continued

(e) Actuarial Assumptions – Continued

Sensitivity Analysis

The PSWC fund's actuaries conducted a sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed above. Movement in any key variable will impact the gross outstanding claims liabilities, the expected claims related recoveries, the net incurred claims, and accordingly the financial performance and equity position of the PSWC fund.

2026	**Note No.**	**Provision $'000**	**Difference $'000**	**%**
Gross Outstanding Claims Liabilities	14(a)	290,440		
Less: Expected Claims Related Recoveries	13(a)	1,320		
Net Outstanding Claims Liabilities		**289,120**		
Assumptions				
Discount rates increased by 1% [1]		274,595	(14,525)	(5%)
Discount rates decreased by 1% [1]		305,692	16,572	6%
Wage inflation rates increase by 1%		300,365	11,245	4%
Wage inflation rates decrease by 1%		278,890	(10,230)	(4%)
Medical inflation rates increase by 1%		295,183	6,063	2%
Increase in continuance rates [2]		317,709	28,589	10%
Decrease in continuance rates [2]		265,024	(24,096)	(8%)

2025	**Note No.**	**Provision $'000**	**Difference $'000**	**%**
Gross Outstanding Claims Liabilities	14(a)	263,435		
Less: Expected Claims Related Recoveries	13(a)	1,375		
Net Outstanding Claims Liabilities		**262,060**		
Discount rates increased by 1% [1]		247,593	(14,467)	(6%)
Discount rates decreased by 1% [1]		278,645	16,585	6%
Wage inflation rates increase by 1%		273,808	11,748	4%
Wage inflation rates decrease by 1%		251,455	(10,605)	(4%)
Medical inflation rates increase by 1%		267,472	5,412	2%
Increase in continuance rates [2]		287,249	25,189	10%
Decrease in continuance rates [2]		240,822	(21,238)	(8%)

1. *A floor of 0% has been applied to forward discount rates.*
2. *The continuance rates assumption represents the rate at which claims persist in receiving incapacity and medical benefits over time. For early to mid-durations where the selected continuance rates reflect the recent experience, a 1% change to the continuance rates was applied. For later durations where the selected continuance rates were slower to react to the recent experience, a 0.25% change to the continuance rates was applied.*

Note 15. Payables and Other Liabilities

Description and Material Accounting Policies Relating to Payables and Other Liabilities

Payables

Payables are initially recognised at fair value based on the transaction cost, with any adjustments to the carrying amount being recorded in the Statement of Income and Expenses on Behalf of the Territory. All amounts are normally settled within 30 days after the invoice date.

Note 15. Payables and Other Liabilities – Continued

Description and Material Accounting Policies Relating to Payables and Other Liabilities – Continued

Payables – Continued

The PSWC fund accrues expenses in relation to the Third Party-Administrator annual service and performance fees including the tail claim fee and in relation to supplies and services expenses including audit fees, actuarial fees and licence fees.

Other Liabilities

Claims payments yet to be settled

Where an injured worker remains employed by a Territory agency, that agency makes income replacement payments to the injured worker utilising advice from the claims administrator in determining the appropriate amount. The PSWC fund then makes payments direct to the Territory agency to reimburse them for the payment they made to the injured worker and amounts are removed from the outstanding claims liability. Accordingly, amounts yet to be reimbursed are included in the accounts as other current liabilities.

Where an injured worker is no longer employed by the Territory agency, the income replacement payment is made direct to the injured worker using the monies held by the claims administrator. Payments for other claims costs such as medical, rehabilitation and legal benefits are also made directly using the monies held by the claims administrator with the ANZ bank. Other liabilities are recognised for items such as timing differences arising at the end of the reporting period.

The PSWC fund pays PAYG withholding tax direct to the Australian Taxation Office on a fortnightly basis in relation to any income replacement paid to injured workers no longer employed by the Territory. A liability is recognised for any amounts payable at the end of the reporting period.

(a) Payables

	2026 $'000	2025 $'000
Current Payables		
Accrued expenses [1]	9,448	3,277
Total Current Payables	**9,448**	**3,277**
Total Payables	**9,448**	**3,277**

1. In 2025-26, accrued expenses mainly consisted of $6.1 million (2024-25: $2.8 million) relating to Third Party-Administrator (EML) fees including estimated performance-linked fees and $2.9 million (2024-25: $nil) relating to expected CMTEDD costs recoveries.

(b) Other Liabilities

	2026 $'000	2025 $'000
Current Other Liabilities		
Claims payments yet to be settled	2,781	2,394
Total Current Other Liabilities	**2,781**	**2,394**
Total Other Liabilities	**2,781**	**2,394**

Other Notes

Note 16. Financial Instruments

Material Accounting Policies Relating to Financial Instruments

Details of the material 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 and financial liability are disclosed in the note to which they relate. In addition to these policies, the following are also accounting policies relating to financial assets and liabilities.

Financial assets are subsequently measured at 'amortised cost', 'fair value through other comprehensive income' or 'fair value through profit or loss (FVTPL)' on the basis of both:

(a) the business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial assets.

The following are classifications of the PSWC fund's financial assets under AASB 9 *Financial Instruments*:

Items	Business Model Held to collect principal and interest/sell	Solely for payment of Principal and Interest SPPI Test (basic lending characteristics)	Classification
Cash	Held to collect	Yes	Amortised cost
Receivables	Held to collect	Yes	Amortised cost
Investments with the Territory Banking Account	Held to collect/&sell	No	Fair value through profit and loss

Financial liabilities are measured at amortised cost.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The PSWC fund is exposed to interest rate risk as a result of Cash at Bank. Mainly the PSWC fund receives a variable interest on credit balances on cash held with Westpac Banking Corporation as part of the whole-of-government banking arrangements. The level of cash held at bank is impacted by considerations for the management of liquidity, credit and price risks described below.

There have been no changes in the processes for managing interest rate risk since the last financial reporting period.

Sensitivity Analysis

The following table summarises the sensitivity of the PSWC fund's operating result and equity to interest risk.

		Profit/(Loss) Impact $'000	Equity Impact $'000	Profit/(Loss) Impact $'000	Equity Impact $'000
Cash Assets					
Cash at Bank	(+/- 1%)	1,803	1,803	(1,803)	(1,803)
Total Increase / (Decrease)		**1,803**	**1,803**	**(1,803)**	**(1,803)**

The expected volatility factor represents the estimated variance in Reserve Bank of Australia (RBA) cash rate.

The reasonably possible movements in the RBA cash rate are continually assessed and have been determined based on best estimates, having regard to a number of factors including RBA monetary policy and market expectations.

Actual movements in the RBA cash rate may be greater or less than anticipated due to a number of factors, including unusually large movements resulting from changes in economic and sociopolitical conditions.

Note 16. Financial Instruments – Continued

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The PSWC fund's credit risk is limited to the amount of the financial assets held less any provision for impairment.

Inter-ACT Government agency receivables between ACT Government agencies are expected to have low credit risks. Treasury's whole-of-Government accounting policy is that directorates, Territory authorities and Territory-owned corporations that consolidate into the whole-of-Government financial statements will not measure any loss allowance for receivables collectible from other ACT Government agencies consolidated into the whole-of-Government financial statements.

The maximum exposure to credit risk is limited to the carrying amount of the cash and cash equivalents, receivables and investments with the Territory Banking Account.

Cash is held with the Westpac Banking Corporation (Westpac), under the whole of government banking arrangements managed by CMTEDD. A bank account with the ANZ bank is held by the PSWC fund's third party claims administrator to enable payments to be made on behalf of the PSWC fund to injured workers and entities who provide services to injured workers. These arrangements minimise risk by ensuring that cash is held with quality financial institutions that have strong capacity to meet financial commitments.

PSWC fund's receivables at 30 June 2026 predominantly consisted of distributions receivable from the Territory Banking Account is relation to the quarter ended 30 June 2026 and are expected to be fully received in July and August 2026.

CMTEDD and the Territory Banking Account are responsible for the overall setting, identification and control of credit risks undertaken in the management of the aggregate investment portfolios. Information on credit risk exposure to investments with the Territory Banking Account is included in its financial statements for the year ended 30 June 2026.

The PSWC fund expects to collect all financial assets that are not past due or impaired, noting that no loss allowance is recognised for receivables collectible from the Territory Banking Account.

There have been no significant changes in credit risk exposure and management of the risk since last reporting period.

Liquidity Risk

Liquidity risk is the risk that the PSWC fund will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the PSWC fund ensures that at any particular point in time it has a sufficient amount of current financial assets to meet its current financial liabilities. The PSWC fund manages this risk by maintaining a sufficient cash balance which will allow payment of all current liabilities when they fall due.

The investments made through the Territory Banking Account are intended to be held for a period longer than 12 months. However, the investments are redeemable and can be withdrawn upon request (convertible to cash), if required.

It is expected that the premium contributions from Territory agencies, which are determined every year by an independent actuary, together with the anticipated investment income will be sufficient to meet the expected PSWC fund's liabilities when they become payable.

At the reporting date, the PSWC fund has enough liquidity to meet its emerging financial liabilities.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The PSWC fund is exposed to price risk as a result of its investment unit holdings in the Territory Banking Account. The investment unit price fluctuates as a result of changes in value in the underlying investment portfolio exposures.

Note 16. Financial Instruments – Continued

Price Risk - Continued

The Territory Banking Account manages the price risk arising from these investments by diversifying the portfolio in accordance with the PSWC fund's investment plan. Exposures to asset class sectors comprising cash, money market securities, fixed income bonds (domestic and international), equities (domestic and international), property and infrastructure are maintained in line with the strategic asset allocation that has been structured to achieve the PSWC fund's long term investment objective within acceptable risk tolerances. Under the investment structure, investments are diversified by geography, sector and financial instrument type to manage the risks associated with changing financial and economic conditions. More detail can be found in the financial statements of the Territory Banking Account.

The PSWC fund's exposure to price risk and management of the risk has not changed since the last reporting year.

Sensitivity Analysis

The following table summarises the sensitivity of the PSWC fund's operating result and equity to price risk.

		Profit/(Loss) Impact $'000	Equity Impact $'000	Profit/(Loss) Impact $'000	Equity Impact $'000
Investment Assets					
Investments with the Territory Banking Account	(+/- 6.2%)	23,964	23,964	(23,964)	(23,964)
Total Increase / (Decrease)		**23,964**	**23,964**	**(23,964)**	**(23,964)**

The expected volatility factor represents the estimated variance in return for the PSWC fund's investment strategy.

The volatility of returns reflects the inherent risk in the investments. The reasonably possible movements in risk variables are continually assessed and have been determined based on best estimates, having regard to a number of factors including historical correlation of the investment strategy with relevant benchmarks and market volatility.

Actual movements in the price risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the underlying investments are invested.

Maturity Analysis

The PSWC fund does not have any financial assets or liabilities which mature outside the following financial year. The investments with the Territory Banking Account do not have a defined term, they are intended to continue over the longer-term.

Fair Value of Financial Assets

The carrying amounts for all financial assets reflect their fair value. The carrying amounts of each category of financial assets at balance date are:

	Note No.	2026 $'000	2025 $'000
Financial Assets Measured at Amortised Cost			
Cash	11	180,280	178,485
Receivables	12	12,399	3,175
Financial Assets Measured at Amortised Cost		**192,679**	**181,660**
Financial Assets Measured at fair value through profit and loss - Designated upon Initial Recognition			
Investments with the Territory Banking Account	11	386,519	360,841
Total Financial Assets Measured at fair value through profit and loss - Designated upon Initial Recognition		**386,519**	**360,841**

Note 16. Financial Instruments – Continued

Fair Value of Financial Assets – Continued

	Note No.	2026 $'000	2025 $'000
Total Financial Assets		**579,198**	**542,501**
Gains on Each Category of Financial Asset			
Financial Assets Measured at fair value through profit and loss - Designated upon Initial Recognition	10	5,678	21,119

Fair Value of Financial Liabilities

The carrying amounts for all financial liabilities reflect their fair value. The carrying amounts of each category of financial liabilities at balance date are:

	Note No.	2026 $'000	2025 $'000
Financial Liabilities Measured at Amortised Cost			
Payables	15	9,448	3,277
Other Liabilities	15	2,781	2,394
Total Financial Liabilities Measured at Amortised Cost		**12,229**	**5,671**
Total Financial Liabilities		**12,229**	**5,671**

Fair Value Hierarchy

This classification of assets and liabilities in the Fair Value Hierarchy is based on the degree to which the fair value is observable considering the lowest level input that is significant to the fair value measurement as a whole. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The PSWC fund has investment assets with the Territory Banking Account whose carrying amount is measured at fair value through profit and loss. The fair value of the PSWC fund's investments is measured at redemption price on a monthly basis reflecting the best available prices and valuation of the underlying investments and are classified as Level 2 Investments in the Fair Value Hierarchy.

All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost.

Note 17. Related Party Disclosures

Description and Material Accounting Policies Relating to Related Party Disclosures

A related party is a person that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the PSWC fund, directly or indirectly.

The PSWC fund KMP are its Portfolio Minister and the following certain employees of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD):

- CMTEDD's Director-General (who is also the Head of Service) as the PSWC fund Directorate Director-General;
- Deputy Director-General, Office of Industrial Relations and Workforce Strategy as delegated by CMTEDD's Director-General; and

Note 17. Related Party Disclosures – Continued

Description and Material Accounting Policies Relating to Related Party Disclosures – Continued

- Executive Group Manager, Work Safety Group as the Public Sector Workers Compensation Commissioner.

The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of the PSWC fund.

This note does not include typical citizen transactions between the KMP and the PSWC fund that occur on terms and conditions no different to those applying to the general public.

(a) Controlling Entity

The PSWC fund is an ACT Government controlled entity.

(b) Key Management Personnel

Compensation of Key Management Personnel

Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2026.

Compensation of the Director-General of CMTEDD (Head of Service) is included in the note on related party disclosures included in the CMTEDD's financial statements for the year ended 30 June 2026.

Compensation by the PSWC fund directly to its KMP was Nil (2024-25: Nil). The PSWC fund does not employ any staff. The PSWC Commissioner is an employee of the CMTEDD (Executive Group Manager, Work Safety Group) and is compensated by CMTEDD without recovery from the PSWC fund.

(c) Transactions with Other ACT Government Controlled Entities

The PSWC fund has entered into transactions with other ACT Government entities in 2025-26 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of all transactions with other ACT Government Entities. Below is a summary of the Material transactions with Other ACT Government Entities.

Income

- Earned Premium Contributions (Note 5) – The PSWC fund's main ongoing source of funding is in the form of premium contributions apportioned by the PSWC commissioner amongst and received from Territory agencies; and
- Distribution Revenue from TBA (Note 7) – The PSWC fund received $19.9 million in 2025-26 for investment distributions from the Territory Banking Account.

Expenses

- Net incurred claims (Note 8) – The PSWC fund paid $29.2 million in 2025-26 to Territory directorates and agencies in worker's compensation claims costs, namely reimbursements for incapacity income replacement benefits paid to injured workers still employed with the Territory agencies.

Assets

- Cash and Investments (Note 11) – The PSWC fund holds $386.5 million in investment unit holdings with the Territory Banking Account at 30 June 2026.

Liabilities

- Other Liabilities (Note 15) – The PSWC fund holds $2.7 million in claims costs yet to be reimbursed to Territory agencies at 30 June 2026.

Public Sector Workers Compensation Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2026

Note 18. Budgetary Reporting

Significant Accounting Judgements and Estimates – Budgetary Reporting

Significant judgements have been applied in determining what variances are considered 'major variances. Variances are considered major if both of the following criteria are met:

- the line item is a significant line item: where either the line-item actual amount accounts for more than 10% of the relevant associated actual category amount (Income, Expenses, Assets, liabilities and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- the variances (original budget to actual) are greater than plus (+) or minus (-) 10% and $15 million for the financial statement line item.

Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Budget Statements.

	Variance Explanation	Actual 2026 $'000	Original Budget 2026 $'000	Variance $'000	Variance %
Statement of Income and Expenses on Behalf of the Territory Line Items					
Underwriting Expenses	1	97,026	68,726	28,300	41%
Statement of Assets and Liabilities on Behalf of the Territory Line Items					
Gross Outstanding Claims	2	290,440	256,096	34,344	13%
Current	2	60,767	53,113	7,654	14%
Non-Current	2	229,673	202,983	26,690	13%

Statement of Changes in Equity on Behalf of the Territory - these line items are covered in other financial statements.

Statement of Cash Flows on Behalf of the Territory Line Items - these line items are covered in other financial statements

Variance Explanations

1. In the Original Budget reflects best estimate expectations for underwriting expenses based on the premium for the year including total incurred claims expense and claims handling expenses. The actual result reflects the higher-than-expected claims expense due to actual claim numbers, continuance rates and payments experience for recent years being higher than actuarial expectations. Also the Original Budget did not include an allowance for CMTEDD staff costs attributed to claims management which are now allocated to the claims handling expenses included in Underwriting Expense.
2. The Original Budget reflects the best estimate expected projection of outstanding claims liabilities based on the actuarial valuation as at 30 June 2025. The actual results are based on the actuarial valuation as at 30 June 2026. The variance reflects the actual vs expected claims experience during the year and the impact of changes in actuarial assumptions based on the observed worse than expected actual claim numbers, continuance rates and payments experience for recent years.

Note: # in the Line-Item Variance % column represents a variance that is greater than 999 per cent or less than -999 per cent.

Public Sector Workers Compensation Fund

Statement of Performance for the year ended 30 June 2026

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

INDEPENDENT LIMITED ASSURANCE REPORT

To the Members of the ACT Legislative Assembly

Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Public Sector Workers Compensation Fund (Fund) for the year ended 30 June 2026.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2026 are not in agreement with the Fund's records or do not fairly reflect, in all material respects, the performance of the Fund, in accordance with the *Financial Management Act 1996*.

Basis for conclusion

I have conducted the engagement in accordance with the Australian Auditing Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements.*

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

Fund's responsibilities for the statement of performance

The Acting Deputy Director-General of the Chief Minister, Treasury and Economic Development Directorate and Public Sector Workers Compensation Commissioner are responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and

- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Fund.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Fund's records or do not fairly reflect, in all material respects, the performance of the Fund, in accordance with the *Financial Management Act 1996*.

In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Fund, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

Limitations on the scope

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the Fund.

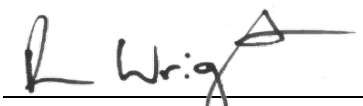


Clea Lewis
Assistant Auditor-General, Financial Audits
28 September 2026

Public Sector Workers Compensation Fund
Statement of Performance
for the Year Ended 30 June 2026

Statement of Responsibility

In our opinion, the Statement of Performance is in agreement with the Public Sector Workers Compensation Fund's records and fairly reflects the service performance of the Public Sector Workers Compensation Fund during the period 1 July 2025 to 30 June 2026 and fairly reflects the judgements exercised in preparing it.



Robert Wright
Deputy Director-General
Chief Minister, Treasury and
Economic Development Directorate

24 September 2026



Rebecca Parton
Public Sector Workers
Compensation Commissioner

24 September 2026

Public Sector Workers Compensation Fund
Statement of Performance
For the Year Ended 30 June 2026

The Public Sector Workers Compensation Fund (PSWC fund) was established under the *Public Sector Workers Compensation Fund Act 2018* to enhance public sector injury prevention and workers' compensation arrangements. It commenced on 1 March 2019.

The functions of the PSWC fund are supported by the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) Work Safety Group.

	Original Target 2025-26	Actual Result 2025-26	Variance from Original Target (%)	Explanation of Material Variances (+/- 5%)
TOTAL COST ($'000)	69,908	69,908	0	N/A
Accountability Indicator				
a. Reduce the ACT public sector incidence rate of serious workplace injury	12.7	11.7	(8)	The current year result is based on the result measured by Comcare as at 30 June 2026. The incidence rate of serious workplace injuries was 11.7 per 1,000 full-time employees, compared with the target of 12.7. This result exceeded the targeted reduction by 8 per cent and is equivalent to approximately 30 fewer claims resulting in absences of one week or more than the target outcome.
b. Achieve a conformance rating of 85 per cent or higher in the annual audit of the ACT workers compensation self- insurance rehabilitation management system	≥85%	≥85%	-	N/A
c. Maintain a PSWC Fund asset to liability ratio greater than or equal to 100 per cent	≥100%	≥100%	-	N/A
d. Achieve a conformance rating of 85 per cent or higher in the annual audit of the ACT workers compensation self- insurance claims management system	≥85%	≥85%	-	N/A

The above Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*.

The Total Cost measure was not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*.

Public Sector Workers Compensation Fund
Statement of Performance
For the Year Ended 30 June 2026

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

Notes to Accountability Indicators

a. This accountability indicator covers public sector injury prevention activities and aligns with targets from national and ACT Public Service workplace health and safety strategies. This accountability indicator measures the number of ACT public servant workers' compensation claims resulting in absence from the workplace of one week or more, expressed as a rate per 1,000 full time employees. A lower rate is a positive result. The measurement methodology is in line with the ACT Government's self-insurance licence and the Safety Rehabilitation and Compensation Commission's Licensee Compliance and Performance model. The 2025-26 target aims to achieve 10 per cent reduction in the incidence rate of serious workplace injuries over five years (to 2028-29). This target level of improvement is informed by national Safe Work Australia work injury reduction targets.

b. It is a condition of the ACT Government's self-insurance licence under the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) that the Territory maintains a rehabilitation management system that complies with the Commonwealth guidelines and that conformance be audited annually. The target was exceeded in 2025-26 utilising outcomes of a self-administered audit in Year 7 of the self-insurance licence recording 100 per cent compliance with the relevant rehabilitation standards and associated audit criteria.

c. This accountability indicator aligns with requirements under the Public Sector Workers Compensation Fund (Investment and Funding Ratio) Management Guidelines. An asset to liability ratio greater than 100 per cent indicates that the PSWC Fund has sufficient assets to be able to cover the expected lifetime costs of public sector workers' compensation claims and other liabilities it owes. As of 30 June 2026, the ratio of PSWC Fund total assets to total liabilities was 192 per cent.

d. It is a condition of the ACT Government's self-insurance licence under the SRC Act that the Territory maintains a claims management system that complies with the Commonwealth guidelines and that conformance be audited annually. The target was met in 2025-26 utilising outcomes of a self-administered audit conducted in Year 7 of the self-insurance licence recording 86 per cent compliance with the relevant claim management standards and associated audit criteria.