

2024-2025 REPORT TO MEMBERS

QUEENSLAND LOCAL GOVERNMENT
MUTUAL

QUEENSLAND LOCAL GOVERNMENT
WORKERS COMPENSATION
SELF-INSURANCE SCHEME

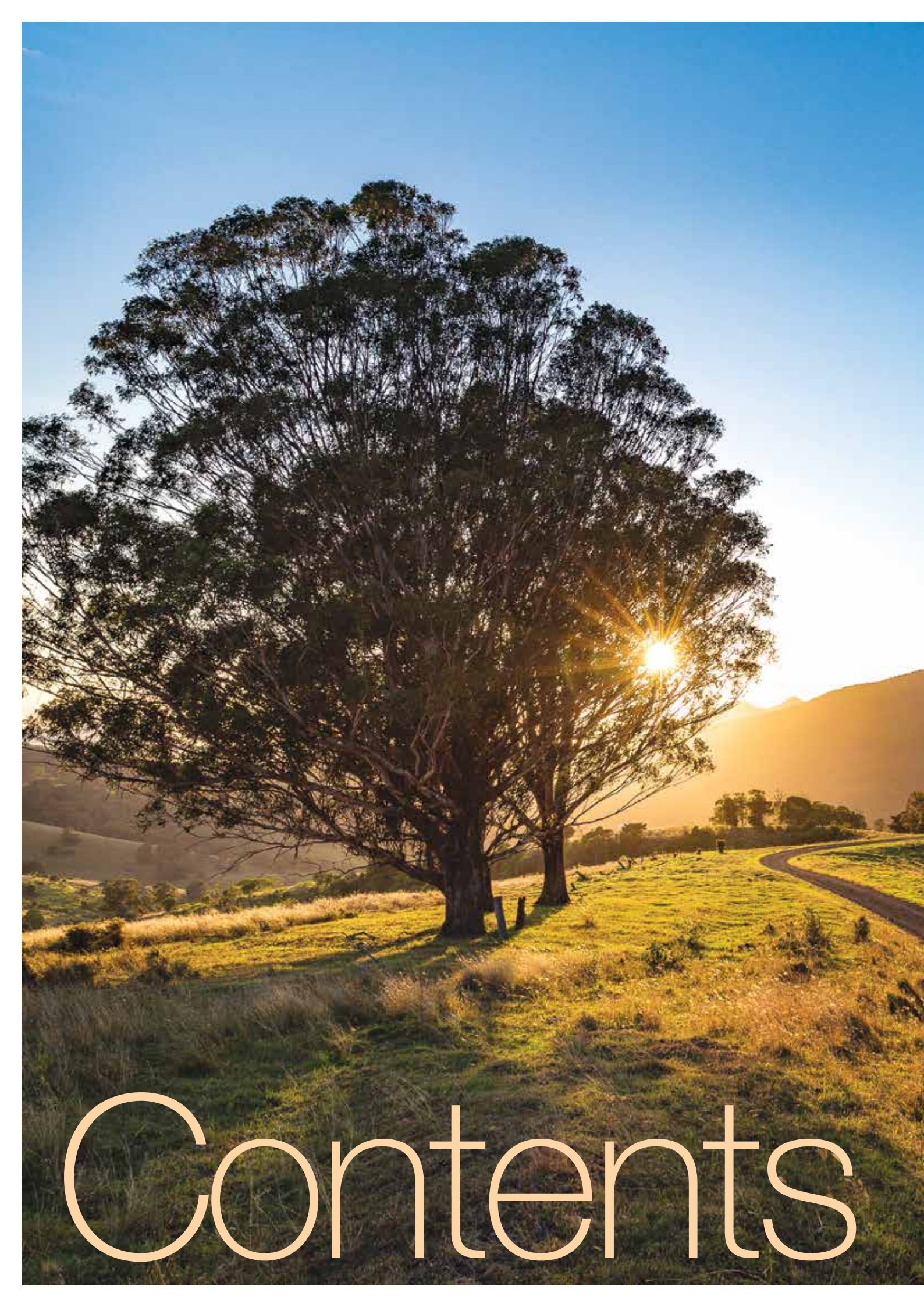
RegenAqua Macroalgal Bioremediation Facility, Burdekin Shire Council.
Photography: RegenAqua



RISK SPECIALISTS

UNRIVALLED VALUE

OWNED BY MEMBERS



Contents

2024-2025

REPORT TO MEMBERS

QUEENSLAND LOCAL GOVERNMENT MUTUAL (**LGM**)

QUEENSLAND LOCAL GOVERNMENT WORKERS COMPENSATION SELF-INSURANCE SCHEME (**LGW**)

Chairman’s Message	2
LGM Board of Management	4
LGW Management Committee	5
Manager’s Message.....	6
LGMS Member Impact.....	7
LGMS Member Engagement.....	8
LGM Liability and Claims Statistics	12
LGM Assets and Claims Statistics	14
LGW Workcare and Claims Statistics	16
LGMS Risk Excellence Awards 2025.....	20
Queensland Local Government Mutual Financial Statements.....	22
LGM Board of Management’s Certificate	41
Independent Auditor’s Report.....	42
Queensland Local Government Workers Compensation Self-Insurance Scheme Financial Statements.....	44
LGW Management Committee’s Certificate.....	59
Independent Auditor’s Report.....	60

Chairman's message



IAN LECKENBY

Chair, LGM Board of Management
Chair, LGW Management Committee



Despite these challenges the LGM Liability scheme was able to keep contributions relatively stable for members this year and was also able to return another \$4.45M distribution directly to LGM scheme members demonstrating both the benefits of working together to manage risk and the enduring strength of the mutual model for our members.

The 2024–2025 financial year has been a challenging one for Local Government Mutual Services (LGMS), however it has also been our stability and strength that has helped us to improve performance and achieve the outcomes required for the mutual schemes.

Despite rising claim costs and ongoing pressures on councils, the schemes have continued to provide stability and tailored support, helping councils manage the wide range of risks they face, from workplace safety and liability exposures to asset protection and emerging cyber threats.

LGMS has continued to see increasing premiums, claim costs and inflationary pressures over the past year that has impacted the schemes. Despite these challenges the LGM Liability scheme was able to keep contributions relatively stable for members this year and was also able to return another \$4.45M distribution directly to LGM scheme members demonstrating both the benefits of working together to manage risk and the enduring strength of the mutual model for our members.

This year the LGM Assets mutual scheme has continued to deliver positive outcomes for its members and provide them with comprehensive covers which are tailored for local government and their asset-based risk exposures at a sustainable cost.

During the period, several weather events affected our LGM Assets members. Despite this, the ongoing improvements in risk management by scheme members highlight the strength of the mutual model and have contributed to the scheme achieving a modest surplus once again this year.

The financial position of the LGW scheme has remained a challenge again this year. We have continued to see increasing claim costs for the scheme, and across the entire workers compensation sector which are primarily a result of psychological injury claims which are more expensive in nature and often hard to quantify from a claims perspective. The LGW Management Committee is closely monitoring increasing claim costs and working with its actuary to regularly analyse claims data and identify any emerging trends. LGW is committed to its members and to ensuring long term financial stability of the scheme. Our members can be confident that when the financial performance of the scheme improves, it's ultimately members who will benefit from any future surpluses.



This year, LGMS continued to engage with members across the state, delivering risk management assessments, safety compliance audits and guidance by participating in key sector events, ensuring councils have the information and oversight needed to manage their evolving risks effectively.

LGW continues to play a critical role in supporting councils to improve workplace health and safety (WHS). This year our LGW team delivered a range of People and Safety events, workshops and training programs, reaching council staff and leaders in local government across the state.

Our dedicated WHS Consultants also conducted on-site visits and helped members prepare for their compliance audits by providing tailored guidance to help councils strengthen their safety practices and meet our performance and compliance requirements. These initiatives, together with practical tools, technical guides and expert advice, gave councils the support and confidence to meet compliance obligations, protect their people and reduce the likelihood and cost of workplace injuries.

LGMS also continued to focus on emerging

risks for the mutual schemes, including cyber threats. Enhancements to LGM Cyber Liability covers, such as a higher aggregate limit and reduced waiting periods for business interruption claims, reflect member feedback and the changing risk environment. LGM's ongoing partnership with CI-ISAC provides councils with a funded support service that offers real-time threat intelligence, expert guidance and practical resources.

I would like to acknowledge and commend our members for their ongoing commitment to improving risk management practices. This collective focus is critical to maintaining the schemes in good stead, giving confidence to the insurance markets and ensuring councils can continue to have access to sustainable tailored cover for local government in Queensland.

The strength of the LGMS mutual schemes comes from shared commitment and practical support tailored to councils' needs.

On behalf of the Board and Management Committee, I thank our members for their ongoing support and engagement.

Together, we are stronger. ■



MR IAN LECKENBY
Chair



MS ANNE LENZ
*Divisional Manager,
Organisational Services
Brisbane City Council*



MR TERRY BRENNAN
*Former Chief Executive Officer
Burdekin Shire Council
LGMA Representative*



MS ALISON SMITH
*Chief Executive Officer,
LGAQ*



MR DARREN LECKENBY
*Chief Financial Officer and
Company Secretary LGAQ
is delegate for Chief Executive
Officer, LGAQ*



MAYOR SAMANTHA O'TOOLE
Balonne Shire Council



MS KAREN WILLIAMS
Former Mayor Redland City Council



MAYOR PETER FLANNERY
Moreton Bay City Council



MR JOHN SHARMAN
Legal Consultant



MR IAN LECKENBY
Chair



MAYOR SAMANTHA O'TOOLE
Balonne Shire Council



MR JOHN SHARMAN
Legal Consultant



MR TERRY BRENNAN
*Former Chief Executive Officer
Burdekin Shire Council*



MAYOR PETER FLANNERY
Moreton Bay City Council



MR DARREN LECKENBY
*Chief Financial Officer and
Company Secretary of the LGAQ
is delegate for the Chief Executive
Officer, LGAQ*



MS ALISON SMITH
Chief Executive Officer, LGAQ



NATHAN TURNER

General Manager Queensland
JLT Public Sector



Our local government members continue to operate in an environment that is not only demanding, but fundamentally different from the context their organisations were originally designed to manage.

Volatility, uncertainty, complexity and ambiguity are no longer episodic challenges, they are the backdrop against which decisions are made every day. Fiscal pressures, workforce constraints, heightened community expectations, accelerating technological change and the rise of AI and a more severe and unpredictable risk landscape are no longer discrete challenges to be managed in isolation. They are converging forces that shape how our members plan, prioritise and deliver essential services every day.

Against this backdrop, the role of the LGMS mutual schemes is clear. We exist not only to provide protection when things go wrong, but to help members build the capacity to withstand shocks, adapt to change and continue to deliver for their communities. Over the past year, our work has been guided by a simple but demanding question: *How do we strengthen the system around our members so they are better able to navigate uncertainty and still thrive?*

This has required us to look beyond traditional approaches and invest time and effort in finding novel solutions to persistent and emerging risks.

2024/25 saw broad parts of the state impacted by flooding, with 73 of 77 Council areas receiving disaster declarations. These experiences have reinforced an important shift in the risk environment facing our members. These events are occurring more frequently, with greater severity and less predictability than in the past, with the true impact of these events extending beyond physical damage to assets. Disruption to operations and essential services, pressure on cash flow, challenges in the timing and certainty of recovery and flow on effects for communities and local economies can often be as consequential as the direct cost of repair.

In response, we have been working to develop innovative and forward looking approaches to protection that respond more comprehensively to the full spectrum of financial risks our members face. This includes novel parametric style solutions designed to provide liquidity and support recovery following an event. While this work is still evolving, the intent is to complement existing coverage in ways that support operational continuity, community stability and informed decision making at the point it matters most.

This reflects a broader shift in how we think about protection – not simply as a mechanism for repairing damage after loss, but as a means of supporting resilience, stability and recovery in environments where disruption is becoming both more frequent and more severe – bringing together data and collective insights from both the local government and the insurance sectors we are currently exploring a novel parametric solution that aims to improve resilience and more comprehensively protect members.

2024/25 also saw a continued increase in workers' compensation claim frequency impacting LGW, including a sustained rise in psychological injury claims. This trend reflects broader changes in the nature of work, heightened complexity and pressure and evolving expectations around wellbeing and support. In response we have intensified our focus on prevention, early intervention and recovery. Through enhanced safety initiatives and more proactive and co-ordinated claims management, we are working to reduce injury duration, improve recovery outcomes and prevent claims from occurring. These efforts are designed to support injured workers while also sustaining workforce capacity, capability and productivity in environments where skilled people are increasingly scarce.

Cyber risk remains a rapidly evolving

threat, and one that continues to blur the line between operational disruption, financial loss and community trust. During the year, LGM Liability strengthened its approach to cyber protection by increasing coverage limits and broadening the cover provided to members as well as investing in a variety of risk management initiatives designed to improve preparedness, incident response and governance, recognising that cyber risk is not simply a technical issue but a core operational risk with the potential to disrupt service delivery and erode community trust and confidence if not actively managed.

We have also continued to evolve our approach to fleet risk management, increasingly conscious that fleet risk cannot be treated as a standalone issue. It touches people risk, operational efficiency, service delivery and motor claim prevention simultaneously. Our aim has been to support members in adopting a more integrated approach – one that recognises these interdependencies and seeks to reduce risk while improving outcomes across the system as a whole.

Underlying all of this has been an ongoing examination of how we deliver service as a mutual. Collective support, shared insight and long-term alignment with member needs remain central to our approach. At the same time, we continue to challenge ourselves on where we can simplify, where we can be more responsive and where deeper collaboration will deliver greater value for members.

While the uncertainty facing our members is unlikely to diminish, our responsibility is to ensure that the mutual continues to adapt – strengthening the protections, insights and collective resilience that enable our members to navigate uncertainty with confidence and continue delivering for their communities. ■

At LGMS, we know risk management is more than ticking boxes, it's about creating safer workplaces, protecting vital assets and building resilience across Queensland communities.

This year, we worked closely with our member councils to strengthen their risk frameworks, delivering 13 comprehensive Risk Maturity Assessments and tailored improvement roadmaps. These practical tools empowered members to enhance governance and manage risk with confidence.

Our teams were out in the field inspecting and valuing more than 10,000 assets, collecting comprehensive COPE data to develop a clearer picture of the risks being covered. Through the LGM Assets Risk Engineering Program, we provided targeted risk improvement recommendations to protect over \$300 million in assets while enhancing operational resilience.

Workplace health and safety remained a priority. This year, LGW:

- Visited 61 member councils
- Delivered 6 self-insurance mid-term Workplace Health and Safety (WHS) audits
- Completed 7 Mutual Risk Obligation Audits (NAT)
- Conducted 11 WHS audits for members as part of the Mutual Risk Safety Program
- Delivered 2 People & Safety Events (SEQ/ NQ) with specialist speakers and bespoke training
- Delivered 1 First Nations People & Safety Event with specialist speakers and bespoke training
- Ensured 92% of members received an accredited National Audit Tool (NAT) Audit which is free for members and can be used for councils TMR arrangements

Knowledge sharing continued to be a cornerstone of our support. Members benefited from five updated or newly developed WHS

guides, including the new Local Government Industry Blueprint for Ageing Workforce WHS Strategy and refreshed resources on psychological health and safety, management reviews, safety management planning and onboarding WHS support.

This was complemented by 10 tailored workshops, 3 webinars covering climate risk, fleet risk and artificial intelligence, 6 editions of LGMS e-news, and 5 episodes of the Risk Aware podcast, keeping risk management practical and relevant.

Our team also delivered insights at key forums and events, including HR masterclasses, First Nations safety forums, regional WHS events and LGMS Risk Management Focus Groups, covering topics such as psychosocial injury management, contractor management, emergency preparedness, systems simplification and Mutual Risk Safety Program (MRSP) outcomes.

We also celebrated innovation through the LGMS Risk Excellence Awards, delivering \$20,000 in value to each of the four winning councils.

Most importantly, we stayed connected. Every one of our 76 member councils was visited by an LGM or LGW representative, some virtually, some multiple times, because meaningful engagement is how we achieve better outcomes together.

This is the value of LGMS membership: expert guidance, practical support and a shared commitment to building safer, stronger communities.

Because together, we're stronger. ■

Most importantly, we stayed connected. Every one of our 76 member councils was visited by an LGM or LGW representative, some virtually, some multiple times, because meaningful engagement is how we achieve better outcomes together.



Inside the 2025 Cairns and Redcliffe LGW People and Safety Events

In late July and early August, local government people and safety professionals from across Queensland gathered in Cairns and Redcliffe for the 2025 LGW People and Safety Events. We were delighted to host two events which were bespoke and designed to tackle the complex challenges facing those working in People and Culture and Workplace Health and Safety at councils.

These events provided our attendees with a valuable opportunity to step away from the everyday and dive into practical learnings tailored to local government, share experiences and learnings and connect with their fellow peers. The program combined practical strategies with interactive discussions, creating an environment where participants could explore solutions, exchange ideas and strengthen their networks with their council colleagues.

A highlight of the program was keynote speaker Michelle McFadyen, a leadership and organisational wellbeing expert with more than 25 years' experience in local government. Her workshop, Leading from the Middle, addressed the realities of working in the "messy middle", the space where professionals are tasked with managing psychosocial risks and influencing organisational culture without formal authority. Participants left this session feeling empowered and equipped

with practical conversation frameworks, risk management strategies and tools to lead with confidence, clarity and impact, regardless of their position in council.

Other key highlights of these events included sessions on strategic risk management and leadership, WHS legislative updates and guidance on what constitutes 'reasonable management action.' These sessions gave attendees the actionable knowledge to enable them to navigate grey areas in compliance and culture and to implement meaningful change in their workplaces. It was this combination of expert speakers, real scenarios and interactive learnings that ensured that every session offered practical key takeaways for councils.

Each event also featured an evening networking function, providing a relaxed setting for attendees to continue conversations, exchange ideas and build relationships. These moments reinforced the value of connection within the sector and highlighted how working together helps make our member councils stronger.

We received great feedback from participants who highlighted the relevance of the content, the quality of the speakers and the interactive format that encouraged open conversations and practical outcomes. Our member councils left

LGW PEOPLE AND SAFETY EVENT - CAIRNS



feeling better prepared to address emerging risks, enhance workplace culture and lead effectively.

As councils face increasing pressures around compliance, wellbeing and performance, events like these are more than just beneficial, they are essential. They reinforce the idea that leadership is not about job titles or formal authority; it is about influence, clarity and care.

By bringing people together, sharing expertise and providing practical strategies for action, the 2025 LGW People and Safety Events strengthened the skills and confidence of those leading the way in People and Culture and Workplace Health and Safety, helping our member councils across Queensland to navigate challenges and deliver meaningful outcomes for their teams and communities. ■

In 2024–2025, LGMS continued to strengthen its connection with member councils across Queensland through a wide range of in-person events, forums and collaborative initiatives. These engagements are central to our commitment to transparency, shared learning and supporting councils in managing risk effectively. Over the past year, LGMS participated in and supported key sector events including:

LGW PEOPLE AND SAFETY EVENT - REDCLIFFE



LGAQ Annual Conference

6 x Risk Aware Podcast episodes

LGAQ Indigenous Leaders Forum (ILF)

LGMA Annual Conference

6 x LGMS eNews Editions

Disaster Management Conference

4 x LGMS Council Leader Articles

LGAQ Civic Leaders

LGFP Annual Conference

Queensland Climate Resilient Council Forum

3 x LGM Local Government Risk Management Focus Group (LGRMFG) Sessions

LGMS and LGAQ First Nations People and Safety Forum

2 x LGW People and Safety Events

Western Queensland Alliance of Councils (WQAC) Assembly

LGMS Member Engagement

LGQA CIVIC LEADERS FORUM 2025 (BRISBANE)



INDIGENOUS LEADERS FORUM (CHERBOURG & SUNSHINE COAST)



DISASTER MANAGEMENT CONFERENCE (BRISBANE)



QUEENSLAND CLIMATE RESILIENT COUNCILS FORUM (CAIRNS)



WESTERN QUEENSLAND ALLIANCE OF COUNCILS ASSEMBLY 2025 (ST GEORGE)

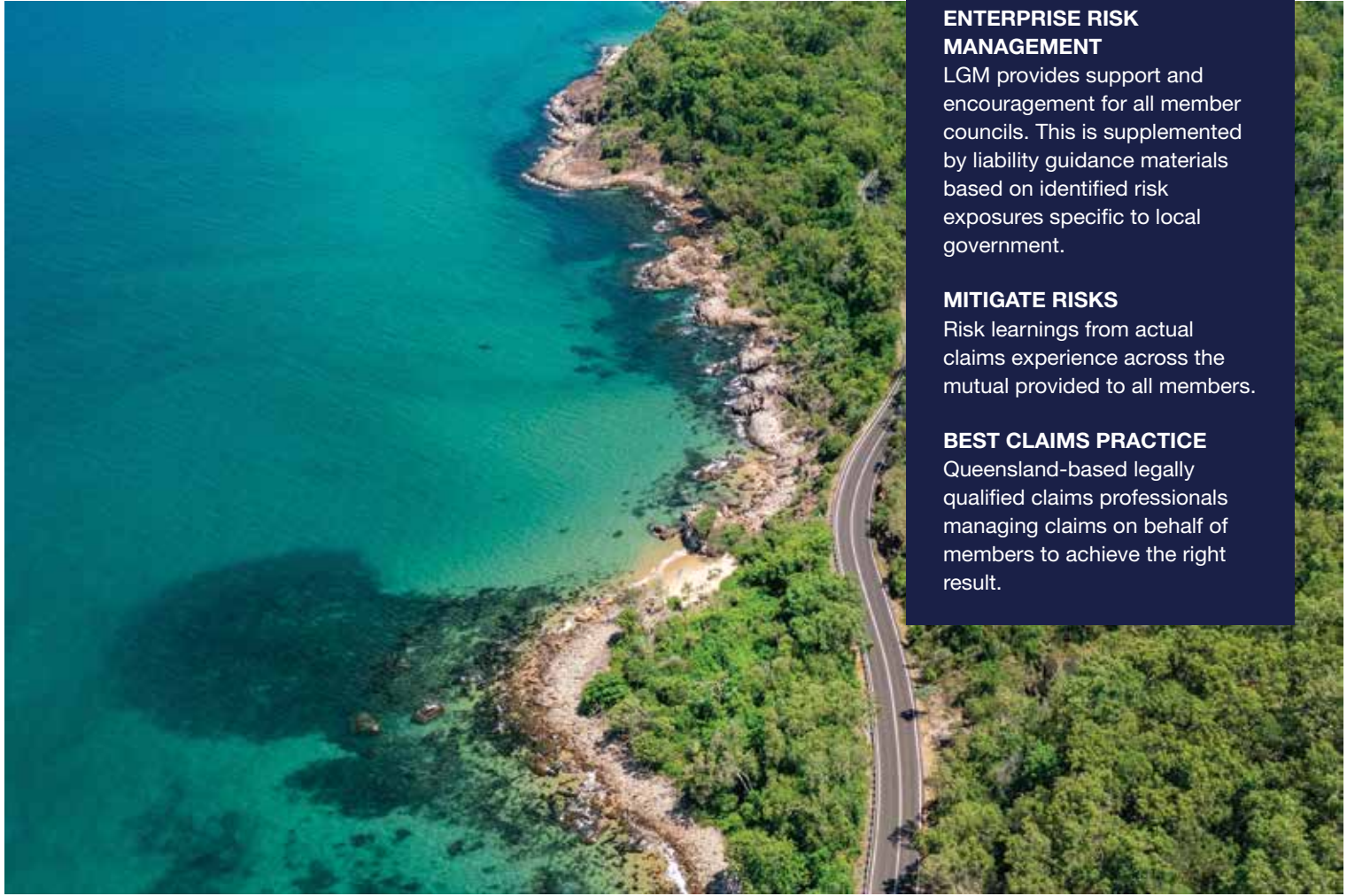


LGQA ANNUAL CONFERENCE 2025 (GOLD COAST)



LOCAL GOVERNMENT RISK MANAGEMENT FOCUS GROUPS 2025 (BRISBANE & GLADSTONE)





ENTERPRISE RISK MANAGEMENT

LGM provides support and encouragement for all member councils. This is supplemented by liability guidance materials based on identified risk exposures specific to local government.

MITIGATE RISKS

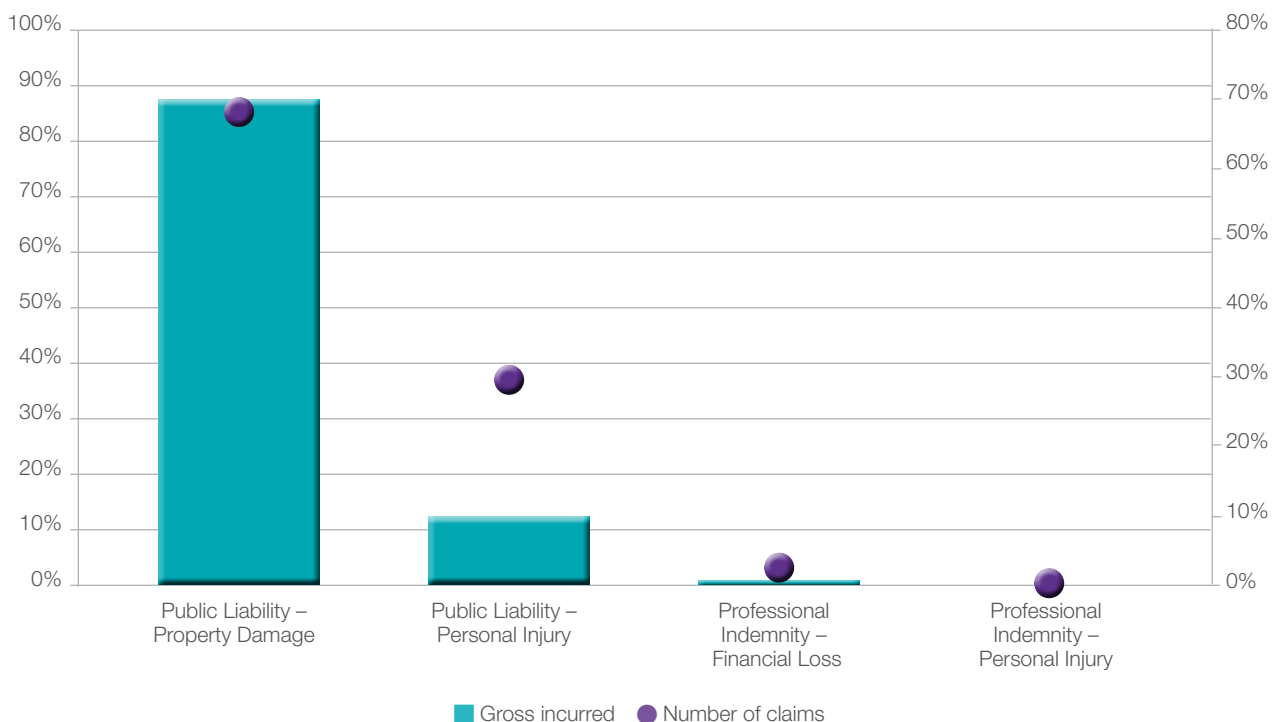
Risk learnings from actual claims experience across the mutual provided to all members.

BEST CLAIMS PRACTICE

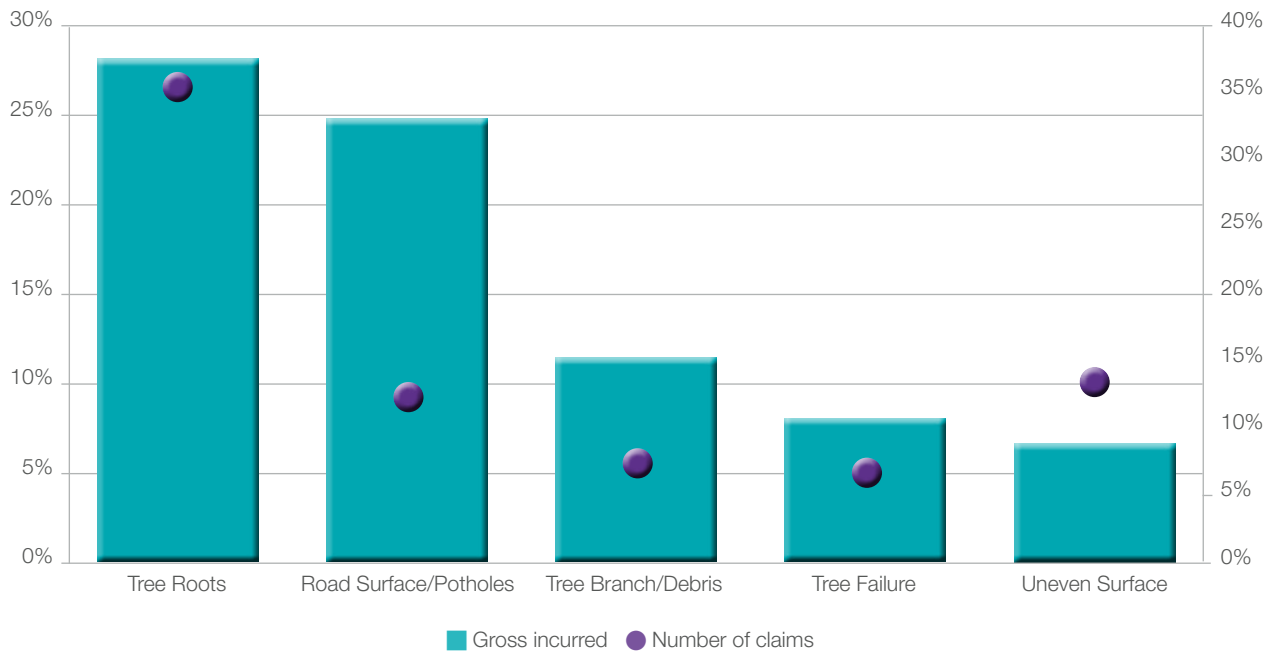
Queensland-based legally qualified claims professionals managing claims on behalf of members to achieve the right result.

What were the top causes of council claims?

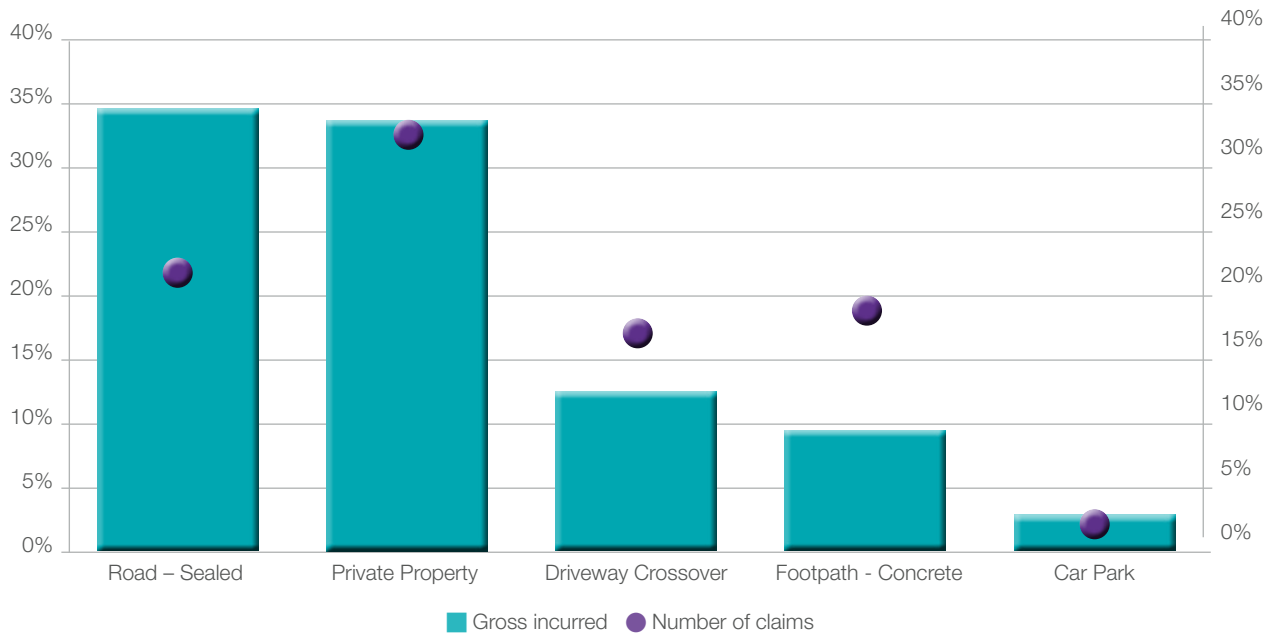
Types of cover 2024-2025 by number of claims and claims cost



Top 5 liability claim causes 2024-2025 by number of claims and claims cost



Top 5 liability claim locations 2024-2025 by number of claims and claims cost



CONVENIENCE:

Dedicated account managers make it easier to assist members to maintain their membership with the mutuals' services and support.

SUSTAINABILITY

Supporting members to continue to preserve cover, contain pricing and maintain deductibles by undertaking valuations and gathering asset information on their behalf.

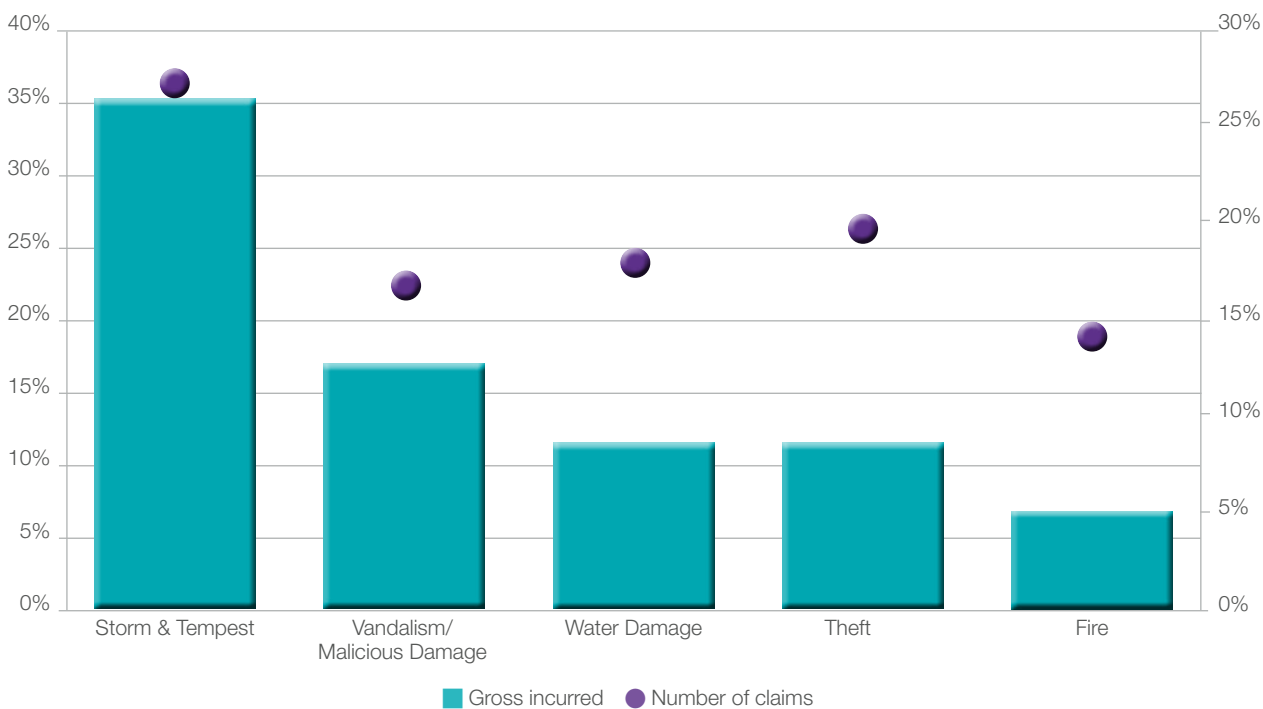
OWNERSHIP

Member owned with all the benefits going back to you and the opportunity for your council to shape the direction of the mutuals.

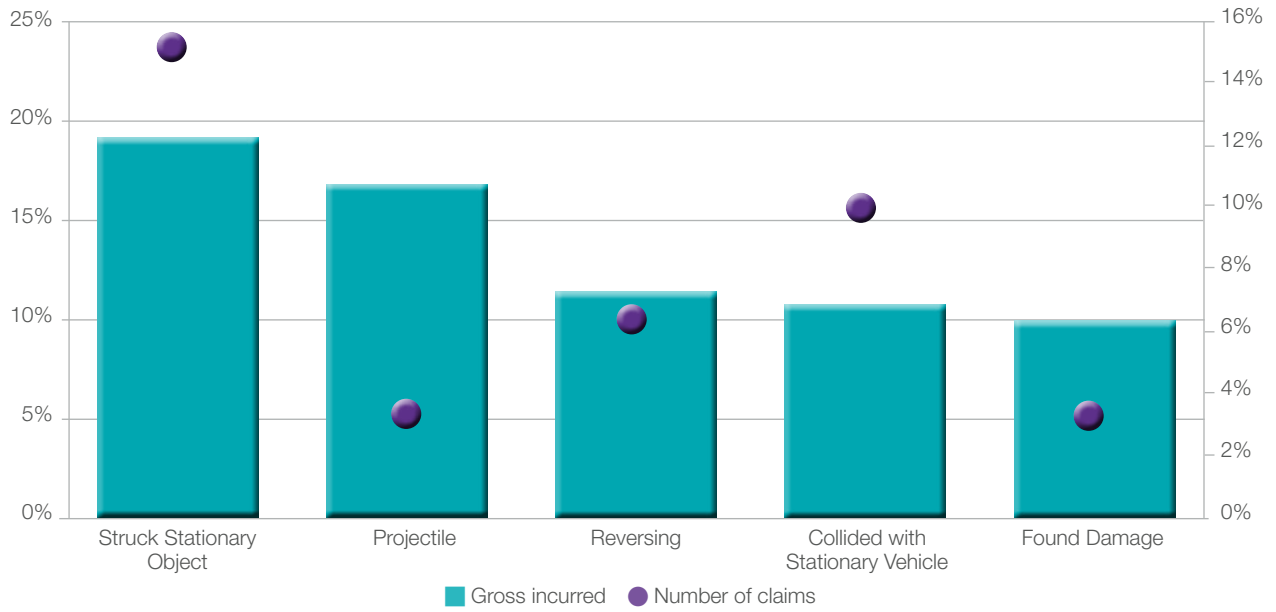


What were the top causes for council claims?

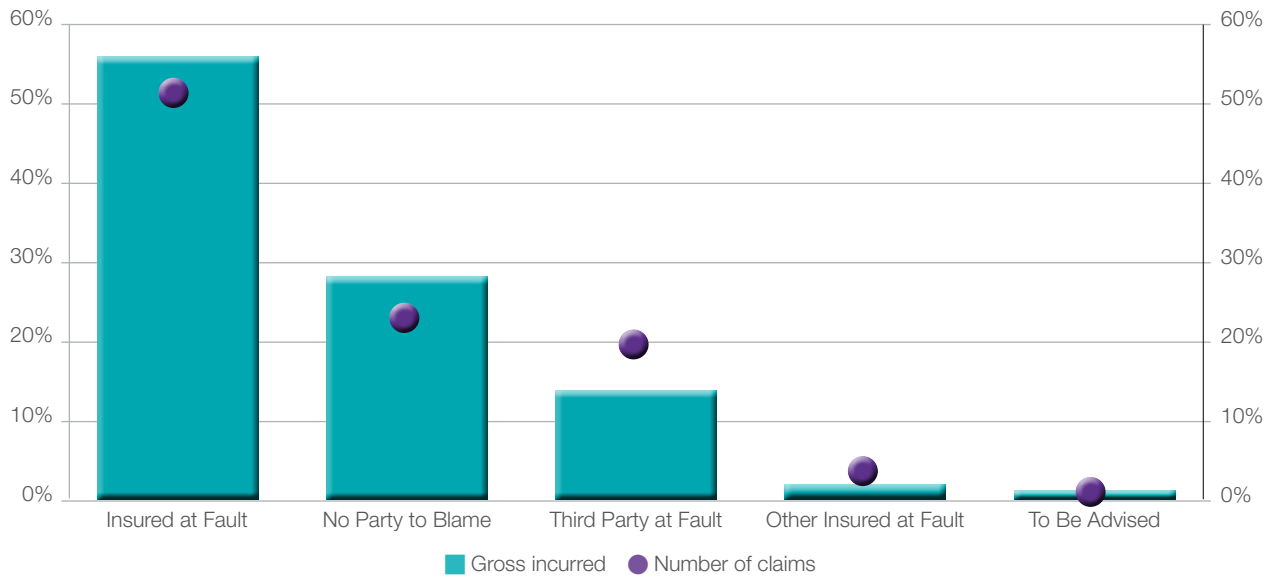
Top 5 general property claim causes 2024-2025 by claims cost and number of claims

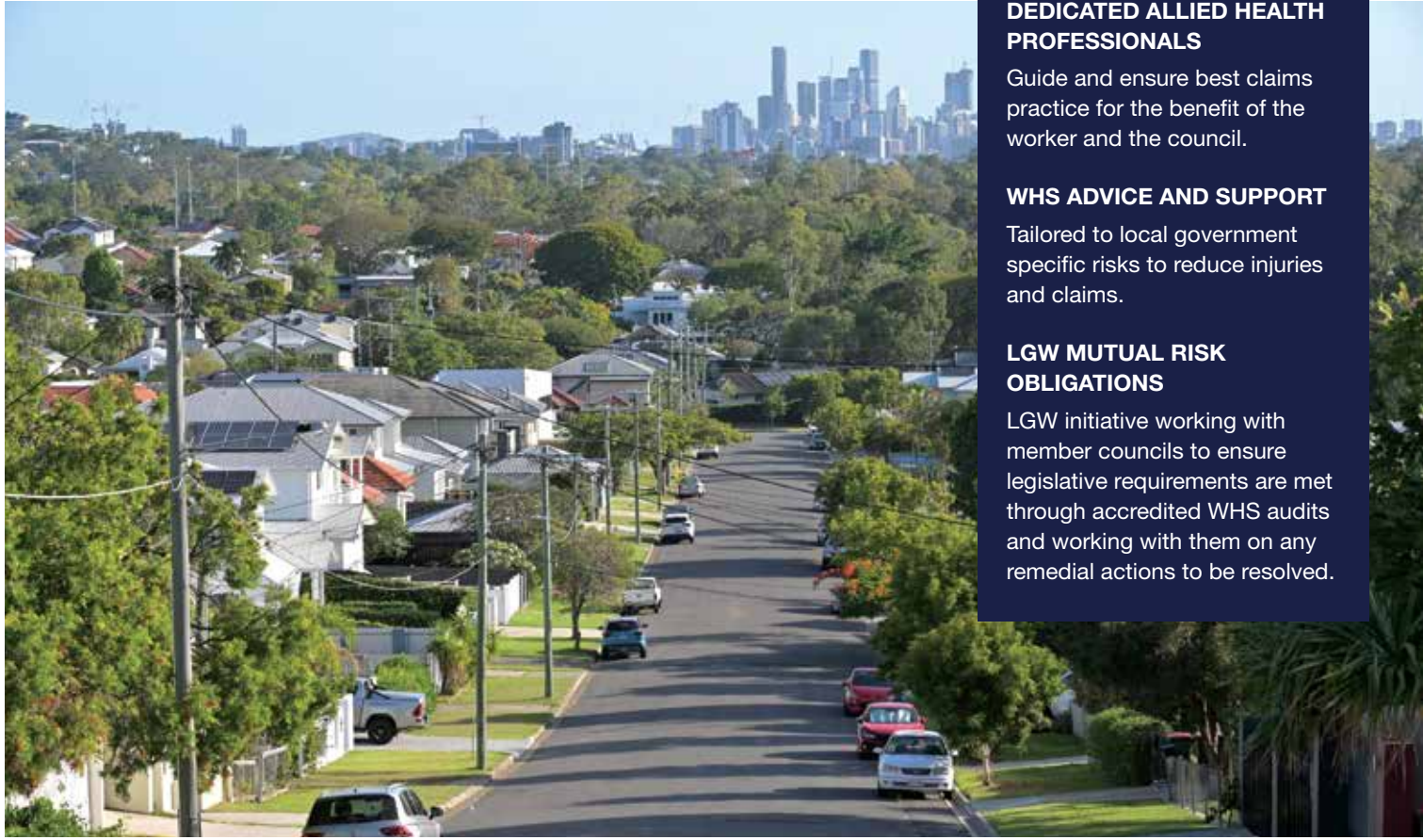


Top 5 motor claim causes 2024-2025 by number of claims and claims cost



2024-2025 Top 5 party responsible for motor vehicle claims by number of claims and claims cost





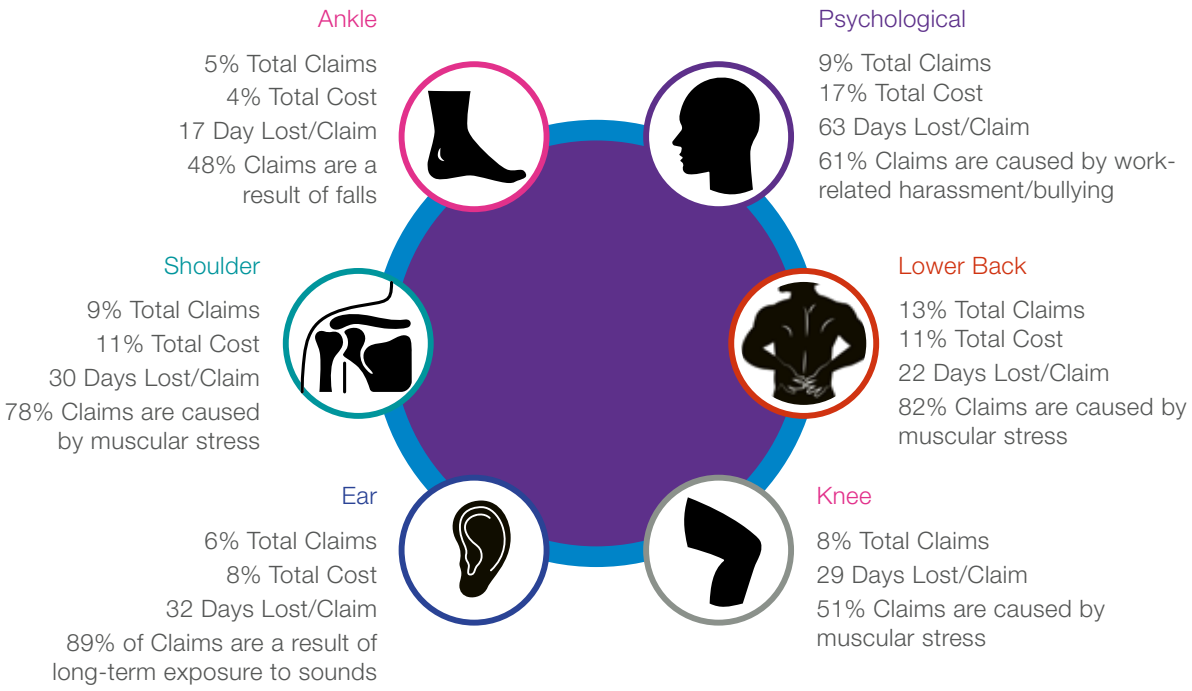
DEDICATED ALLIED HEALTH PROFESSIONALS
 Guide and ensure best claims practice for the benefit of the worker and the council.

WHS ADVICE AND SUPPORT
 Tailored to local government specific risks to reduce injuries and claims.

LGW MUTUAL RISK OBLIGATIONS
 LGW initiative working with member councils to ensure legislative requirements are met through accredited WHS audits and working with them on any remedial actions to be resolved.

What were the injuries sustained by council workers?

Most common injuries 2024-2025 by claims, cost, and days lost per claims



Data is based on claims incurred within the 2024/2025 financial period.
 Psychological, Lower Back, Shoulder, Knee, Ear and Ankle related injuries make up 58% of the total cost of claims
 Psychological, Lower Back, Shoulder, Knee, Ear and Ankle related injuries make up 51% of the total number of claims
 Average Days Lost/Claim is sourced from Finalised Claims only

Most common causes 2024-2025 by claims, cost, and days lost per claim



Muscular Stress
 41% Total Claims
 36% Total Cost
 25 Days Lost/Claim



Sound and Pressure
 5% Total Claims
 7% Total Cost
 0 Days Lost/Claim



Vehicle Accident
 4% Total Claims
 11% Total Cost
 53 Days Lost/Claim



Hit by Moving Object
 8% Total Claims
 3% Total Cost
 14 Days Lost/Claim



Falls
 16% Total Claims
 16% Total Cost
 25 Days Lost/Claim

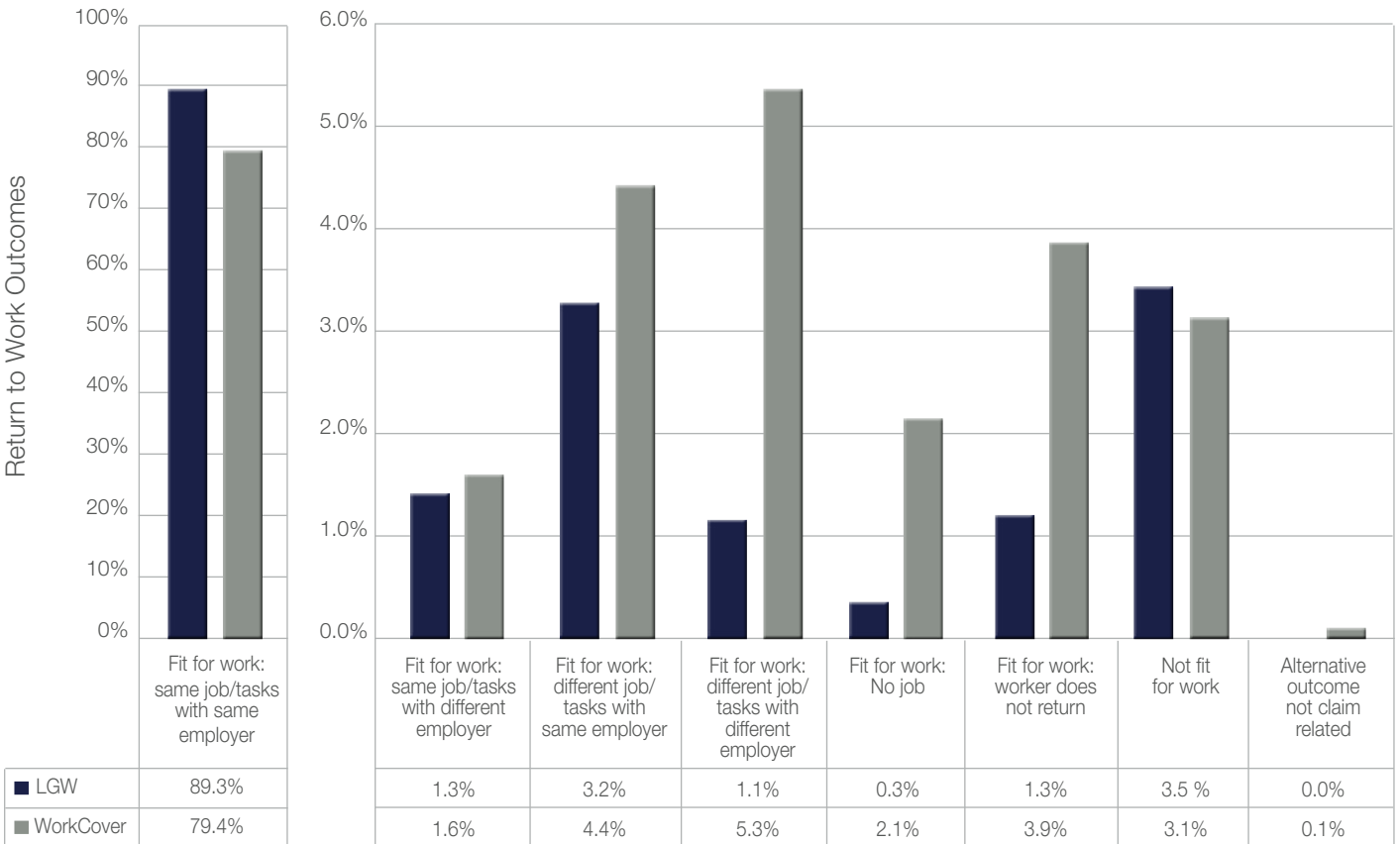


Workplace Bullying / Harrassment / Violence / Pressure
 8% Total Claims
 14% Total Cost
 63 Days Lost/Claim

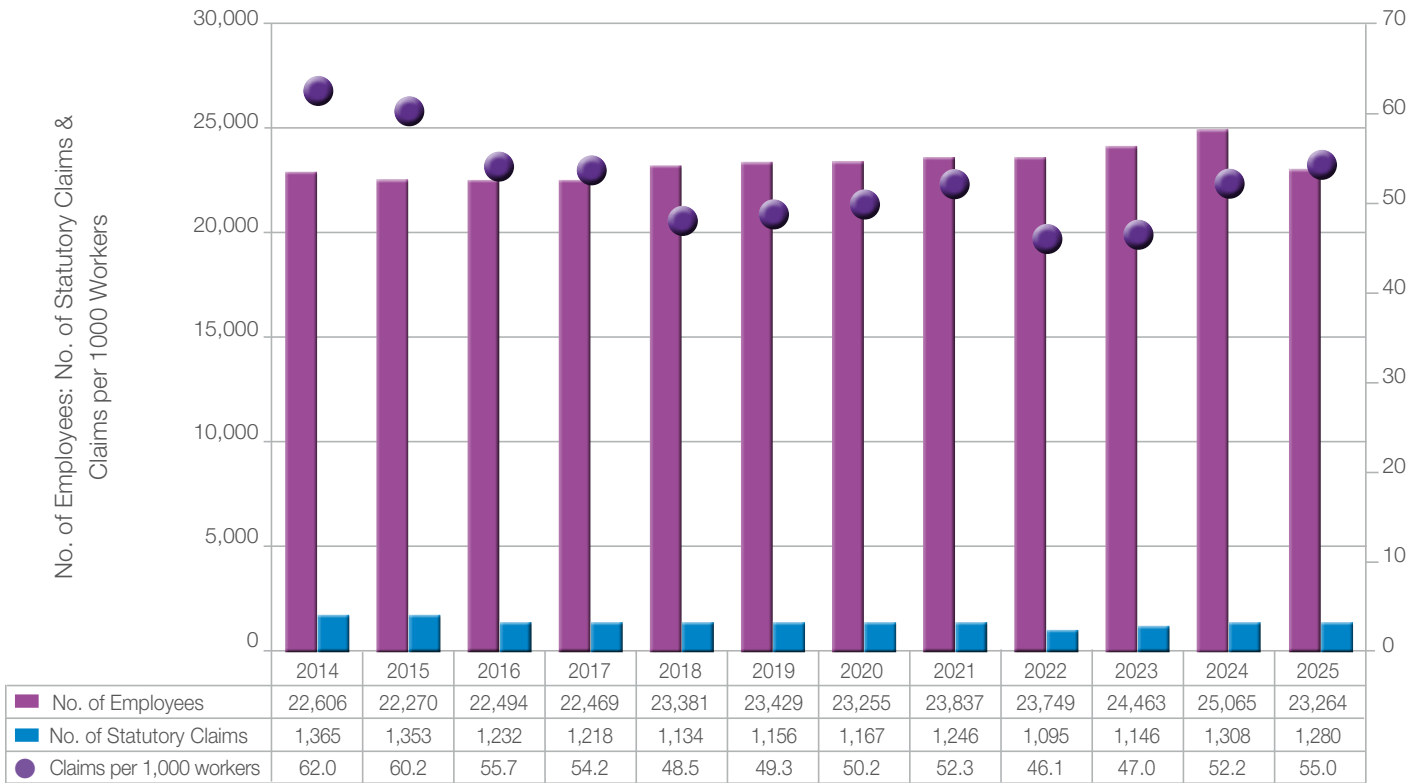
Data is based on claims incurred within the 2024/2025 financial period.
 Average Days Lost/Claim is sourced from Finalised Claims only

LGW vs WorkCover – Return to work outcomes 2024-2025

LGW's injured workers have a higher return to work rate for ongoing employment at Council than Workcover.



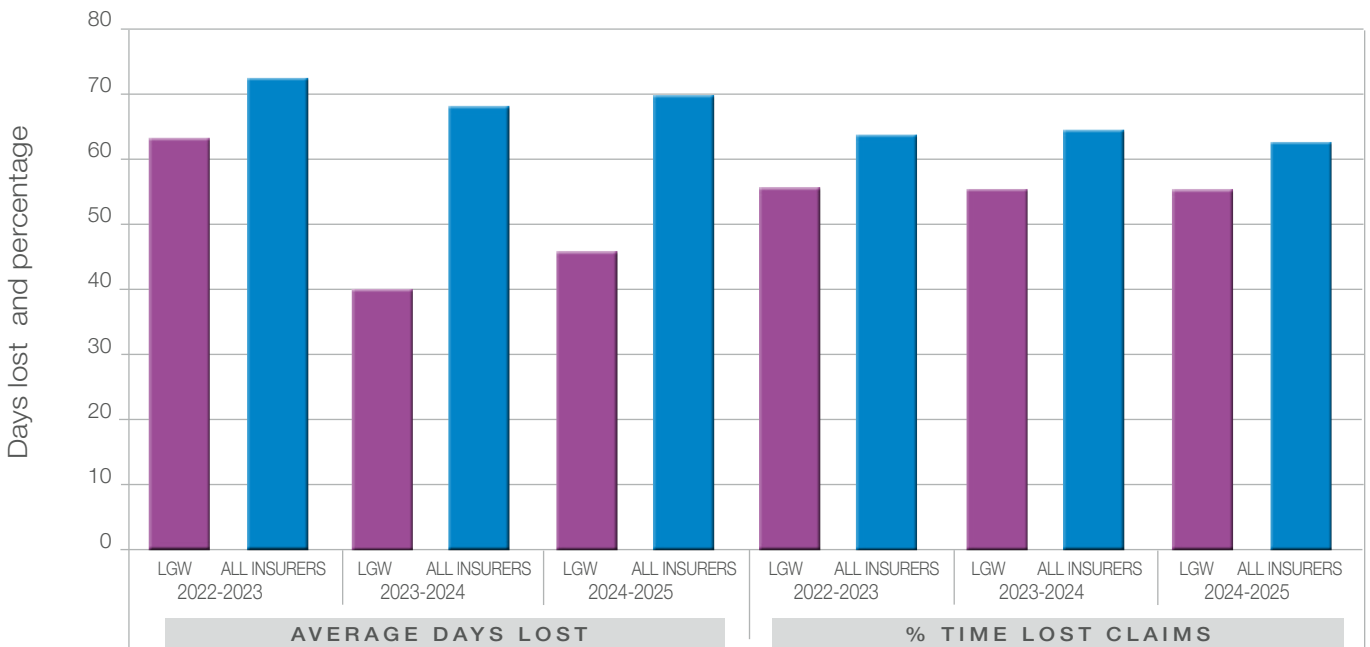
Claims frequency by injury year



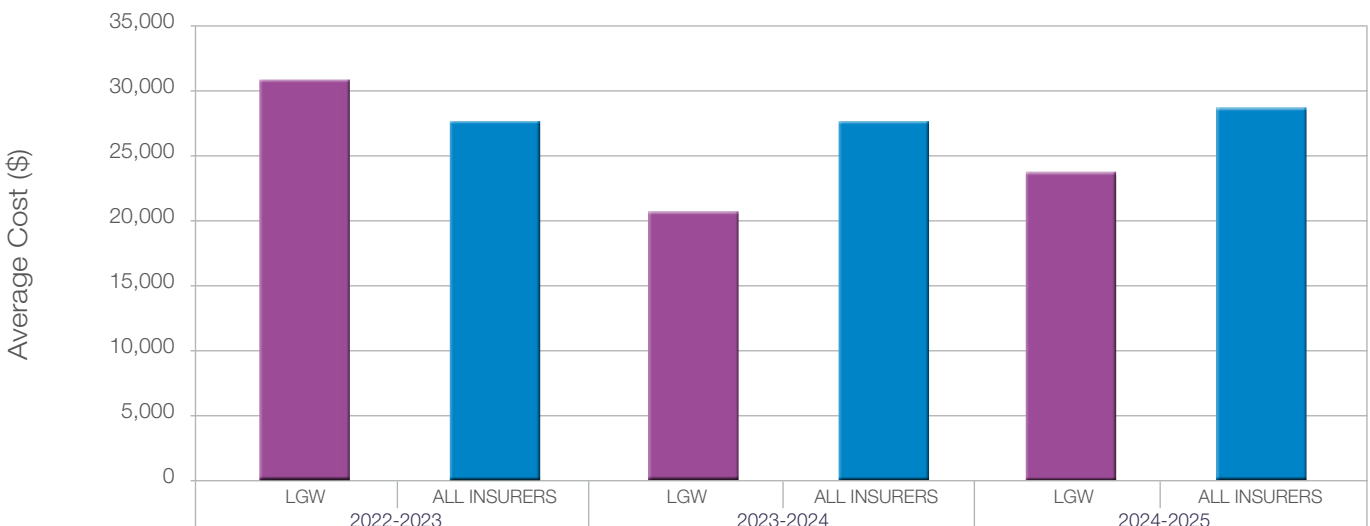


Time lost claim indicators 2024-2025

LGW achieves a lower duration of time lost claims than that of Workcover which get workers back to work sooner and reduces the overall cost of claims to Council. LGW also achieves a lower percentage of time lost claims than that of Workcover which also reduces the overall cost of claims.



Average cost of time lost claims 2024-2025





L-R: Ian Leckenby, Chair, LGM and LGW, Nathan Turner, General Manager, JLT Public Sector, Jacqui Cresswell, Chief Executive Officer, Croydon Shire Council, Trevor Pickering, Mayor, Croydon Shire Council



L-R: Ian Leckenby, Chair, LGM and LGW, Nathan Turner, General Manager, JLT Public Sector, Bruce Simpson, Mayor, Cherbourg Aboriginal Shire Council, Chatur Zala, Chief Executive Officer, Cherbourg Aboriginal Shire Council

LGMS Risk Excellence Awards 2025:

Recognising Innovation, Resilience and Strategic Risk Leadership.

The 2025 LGMS Risk Excellence Awards, announced at the LGAQ Annual Conference, once again celebrated Queensland councils that are setting new standards in risk management. These awards recognise not only technical excellence but also the strategic foresight, collaboration and community impact that define best practice in local government.

This year's winners, Croydon Shire Council, Burdekin Shire Council, Banana Shire Council and Cherbourg Aboriginal Shire Council demonstrated how risk management can be a catalyst for innovation, safety and sustainability.

Croydon Shire Council: **GPS Tracking for Safer Operations in Remote Queensland**

Croydon Shire Council was contemplating a fleet management system for some time, a tragic incident in late 2024 expedited their decision to implement a GPS fleet tracking system designed to improve staff safety and operational oversight in remote areas. With limited communication networks, the council selected a scalable solution (MyGeotab) that allows real-time location

tracking, driver behaviour monitoring and emergency alerts.

With 25 units already installed, the system has proven both user-friendly and highly effective. Its success has prompted the council to consider expanding its use to tractors and other earthmoving equipment. This initiative not only enhances safety but also supports data-driven decision-making, accountability and cost efficiency. Croydon's project is a powerful example of how small councils can leverage technology to protect their people and improve service delivery.

Burdekin Shire Council: **Seaweed-Powered Sustainability**

Burdekin Shire Council partnered with Pacific Bio to deliver the world's first macro-algae wastewater treatment facility at the Ayr/Brandon Wastewater Treatment Plant. Using RegenAqua's bioremediation process developed over a decade at James Cook University, the facility removes nitrogen and phosphorus from wastewater using native seaweed and sunlight.

The project was delivered in two stages, with council managing the earthworks and Pacific Bio overseeing construction. A comprehensive risk register, contractual safeguards and stakeholder engagement ensured the project met environmental, operational and community expectations.

The facility contributes directly to the Reef 2050 Water Quality Improvement Plan and sets a replicable model for other councils. It's a landmark achievement in nature-based innovation, circular economy thinking and strategic environmental risk management.

Banana Shire Council: **Risk-Managed Delivery of the Moura Cultural Hub**

Banana Shire Council's Moura Museum and Library project integrates the local museum, library, visitor centre and administration office into a multifunctional facility. The council undertook extensive community and internal consultation, aligning the project with strategic objectives and local needs.

A detailed risk management plan guided every phase from design and material



L-R: Ian Leckenby, Chair, LGM and LGW, Nathan Turner, General Manager, JLT Public Sector, Nev Ferrier, Mayor, Banana Shire Council



L-R: Ian Leckenby, Chair, LGM and LGW, Nathan Turner, General Manager, JLT Public Sector, Pierina Dalle Cort, Mayor, Burdekin Shire Council, Matthew Magin, Chief Executive Officer, Burdekin Shire Council

selection to construction oversight. With support from LGMS, the council addressed high-risk elements such as managing covers during construction, using tailored insurance solutions to reduce exposure.

Delivered on time and within budget, the facility now serves as a cultural and service hub for the community. Banana's approach highlights how risk management can enhance capital project outcomes, stakeholder confidence and long-term resilience.

Cherbourg Aboriginal Shire Council:

Governance and Cyber Resilience in Action

Cherbourg Aboriginal Shire Council has built a strong Audit & Risk Committee that goes beyond compliance to drive performance, accountability and continuous improvement.

With a strategic partnership with Sunshine Coast Council, Cherbourg secured pro bono internal audit support, demonstrating how regional collaboration can empower smaller councils.

The council also undertook a cyber security uplift, including a gap analysis, incident response planning and alignment with LGMS cyber risk materials. These efforts are supported by a refined strategic risk register that informs internal audit and operational planning.

Cherbourg's initiative showcases how governance, partnerships and proactive cyber resilience can be scaled to fit smaller councils delivering real value to the organisation and its community.

Each winning council receives \$20,000 in funding to support further investment in risk management and the opportunity to send a council officer to the Local Government Risk Management Conference in Sydney.

These awards not only celebrate achievement but also support continued learning and sector-wide improvement.

Congratulations to the 2025 LGMS Risk Excellence Award winners for their leadership, innovation and commitment to building safer, smarter, sustainable and more livable communities across Queensland. ■



These awards not only celebrate achievement but also support continued learning and sector-wide improvement.

This year's winners, Croydon Shire Council, Burdekin Shire Council, Banana Shire Council and Cherbourg Aboriginal Shire Council demonstrated how risk management can be a catalyst for innovation, safety and sustainability.

Financial Statements

for the year ended 30 June 2025

Contents

Statement of Profit or Loss and other Comprehensive Income	23
Statement of Financial Position	23
Statement of Changes in Equity	24
Statement of Cash Flows	24
Notes to the Financial Statements	25
1. Background	25
2. Statement of Material Accounting Policies	25
3. Revenue and Expenses	26
4. Financial Position	27
5. Underwriting Result	28
6. Cash Flows	29
7. Notes to the Statement of Cash Flows	30
8. Financial Assets at Fair Value through Profit or Loss	30
9. Future Claims and Associated Costs	31
10. Net Claims Incurred	34
11. Related Parties	35
12. Financial Instruments	36
13. Risk Management	37
14. Auditor's Remuneration	39
15. Commitments for Expenditure	39
16. New Accounting Standards for Application in Future Periods	39
17. Authorisation of Financial Statements for Issue	40
18. Distributions	40
19. Subsequent Events	40
Queensland Local Government Mutual Board of Management's Certificate	41
Independent Audit Report To The Trustee and Board of Management of Queensland Local Government Mutual	42

Financial Statements

For the year ended 30 June 2025

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2025

This statement should be read in conjunction with the notes to the financial statements set out on pages 25-39.

	Note	2025 \$	2024 \$
REVENUE			
Member contributions	3	105,413,183	93,341,728
Reinsurance and other recoveries revenue	3	9,865,083	9,965,970
Other income	3	2,379,046	2,225,636
Investment income	3	5,640,218	3,871,408
Changes in the fair value of financial assets at fair value through profit or loss	3	3,701,417	5,993,431
Interest income	3	2,588,600	2,098,166
Total revenue		129,587,547	117,496,339
EXPENSES			
Claims expense	3	(37,640,467)	(36,062,160)
Outwards risk premium expense	3	(74,640,959)	(66,051,203)
Other underwriting expenses	3	(9,762,481)	(8,698,004)
General expenses	3	(1,800,894)	(1,951,836)
Total expenses		(123,844,801)	(112,763,203)
Operating result		5,742,746	4,733,136
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		5,742,746	4,733,136

Statement of Financial Position

as at 30 June 2025

This statement should be read in conjunction with the notes to the financial statements set out on pages 25-39.

	Note	2025 \$	2024 \$
CURRENT ASSETS			
Cash and cash equivalents	7(a)	53,660,950	52,812,331
Trade and other receivables		432,628	385,669
Reinsurance and other recoveries receivables		12,696,293	9,466,485
Financial assets at fair value through profit or loss		11,568,490	11,045,005
Total current assets		78,358,361	73,709,490
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss		115,562,104	107,159,050
Reinsurance and other recoveries receivables		22,749,317	18,922,969
Total non-current assets		138,311,421	126,082,019
Total assets		216,669,782	199,791,509
CURRENT LIABILITIES			
Trade and other payables		3,925,364	3,815,070
Unearned contributions		19,605,733	18,448,576
Distribution payables	18	1,619,801	1,696,249
Future claims and associated costs	9	46,947,585	42,125,151
Total current liabilities		72,098,483	66,085,046
NON-CURRENT LIABILITIES			
Future claims and associated costs	9	71,134,451	61,562,361
Total non-current liabilities		71,134,451	61,562,361
Total liabilities		143,232,934	127,647,407
NET ASSETS		73,436,848	72,144,102
EQUITY			
Retained surplus		73,436,848	72,144,102
TOTAL EQUITY		73,436,848	72,144,102

Financial Statements

For the year ended 30 June 2025

Statement of Changes in Equity

for the year ended 30 June 2025

This statement should be read in conjunction with the notes to the financial statements set out on pages 25-39.

	Note	2025 \$	2024 \$
Total equity at the beginning of the financial year		72,144,102	71,860,112
Other comprehensive income		-	-
Operating result for the year		5,742,746	4,733,136
Total comprehensive income		5,742,746	4,733,136
Surplus distribution	18	(4,450,000)	(4,449,146)
Total equity at the end of the financial year		73,436,848	72,144,102

Statement of Cash Flows

for the year ended 30 June 2025

This statement should be read in conjunction with the notes to the financial statements set out on pages 25-39.

	Note	2025 \$	2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Member contributions		106,596,787	87,332,863
Outwards risk premium expense		(74,640,959)	(66,051,203)
Claims expense		(30,311,448)	(26,129,984)
Other underwriting and general expenses		(11,558,916)	(10,484,887)
Interest income		2,602,727	2,047,660
Reinsurance and other recoveries revenue		9,874,433	9,962,307
Goods and Services Tax (GST) collected from members		10,658,105	8,815,735
GST paid to suppliers and Australian Tax Office (ATO)		(10,639,804)	(9,493,543)
Other income		2,379,046	2,225,636
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	7(b)	4,959,971	(1,775,416)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments for) / distributions from Investments		(5,225,121)	3,521,574
Investment income received		5,640,218	3,871,408
NET CASH PROVIDED BY INVESTING ACTIVITIES		415,097	7,392,982
CASH FLOWS FROM FINANCING ACTIVITIES			
Surplus Distribution paid		(4,526,449)	(3,508,108)
NET CASH (USED IN) FINANCING ACTIVITIES		(4,526,449)	(3,508,108)
NET INCREASE IN CASH AND CASH EQUIVALENTS		848,619	2,109,458
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		52,812,331	50,702,873
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		53,660,950	52,812,331

1. Background

Queensland Local Government Mutual (LGM) is a Trust which has been established in Australia by the Local Government Association of Queensland Ltd under a Trust Deed dated 3 December 1993.

The Queensland Local Government Mutual is a self-insurance scheme.

LGM was renamed from Queensland Local Government Mutual Liability Pool to Queensland Local Government Mutual as part of the Trust Deed that continued a fund for civil liability and established a separate Asset Fund.

The Liability Fund and Asset Fund are both established under the one Trust Deed to spread public liability, professional indemnity and asset risk between the Members, and provide risk management services for the local governments in Queensland who elect to become members. Although there are two separate funds, these funds are not 'individual reporting entities'. There is one legal entity, Queensland Local Government Mutual, which controls both funds. The principal activity of Queensland Local Government Mutual is the provision of cover for civil liability (Liability Fund) and asset loss (Asset Fund) incurred by member local governments and member local government controlled entities within Queensland and the management of associated claims.

The principal place of business of Queensland Local Government Mutual is:

Local Government House
27 Evelyn Street
Newstead QLD 4006

All employees are employed by the Scheme Manager, JLT Risk Solutions Pty Ltd, and their associated costs are recharged to LGM through a monthly scheme management fee. This fee is disclosed in the Statement of Profit or Loss and other Comprehensive Income as 'Other underwriting expenses'.

2. Statement of material accounting policies

a) Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, (including the Australian Accounting Interpretations) to satisfy reporting responsibilities under the Queensland Local Government Mutual (LGM) Trust Deed. LGM is a not-for-profit entity and the Australian Accounting Standards Board (AASB) includes requirements for not for profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore in some instances these financial statements do not comply with IFRS. They have been prepared on a historical cost basis except for the Financial assets which are measured at fair value which consist of the QIC managed funds.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 12 Financial instruments.

The material accounting policies are consistent with those of the previous year unless otherwise stated. The functional and presentation currency of LGM is Australian Dollars.

b) Going concern

These financial statements have been prepared on a going concern basis, which assumes that LGM will be able to discharge its liabilities as and when they are due.

c) Rounding

Figures in the financial statements are rounded to the nearest dollar unless otherwise indicated.

d) Comparative figures

Comparative figures have been adjusted to be consistent with the changes in presentation for the current financial year.

e) Taxation

LGM is subject to Goods and Services Tax (GST). The net amount of GST recoverable from or payable to the Australian Taxation Office (ATO) is shown as an asset or liability respectively.

LGM is not a separate legal entity, and is not a partnership. It operates under a contractual relationship between its members, all of which are local governments or other local government/statutory entities, and all of which are exempt from income tax. All assets of LGM, including surpluses of contributions over claims costs and expenses, remain the directly-owned property of the members. Under the mutuality principle, therefore, LGM does not generate "income" for taxation purposes, except in relation to its investments. The investment income is directly owned property of the tax-exempt members. For these reasons, no provision has been made for income tax.

f) Estimates and judgements

In the process of applying the material accounting policies, certain critical accounting estimates and assumptions are used and certain judgements are made.

The areas where the estimates and assumptions involve a high degree of judgement or complexity, and are considered material to the financial statements, are:

- Reinsurance and other recoveries on outstanding claims, refer notes 3 and 10.
- Future claims and associated costs, refer notes 3 and 9.

Financial Statements

For the year ended 30 June 2025

3. Revenue and expenses

	Total Liability & Asset Funds 2025 \$	Total Liability & Asset Funds 2024 \$	Liability Fund 2025 \$	Liability Fund 2024 \$	Asset Fund 2025 \$	Asset Fund 2024 \$
REVENUE						
Member contributions	105,413,183	93,341,728	31,490,446	30,695,404	73,922,737	62,646,324
Reinsurance and other recoveries revenue	9,865,083	9,965,970	9,689,908	9,876,072	175,175	89,898
Other income	2,379,046	2,225,636	-	-	2,379,046	2,225,636
Investment income	5,640,218	3,871,408	5,640,218	3,871,408	-	-
Changes in the fair value of financial assets at fair value through profit or loss	3,701,417	5,993,431	3,701,417	5,993,431	-	-
Interest income	2,588,600	2,098,166	544,804	466,122	2,043,796	1,632,044
Total revenue	129,587,547	117,496,339	51,066,793	50,902,437	78,520,754	66,593,902

Revenue recognition

Member contributions

Contributions comprise amounts charged to Members of LGM for liability and property protection. Contributions are earned from the date of attachment of risk. The pattern of recognition over the period of cover is based on time, which is considered to closely approximate the pattern of risks undertaken.

Investment revenue

Investment income is recognised as it accrues, taking into account the effective yield on the financial asset. Investment distributions are recognised when the right to receive payment is established. The investment income comprises of distributions from the investment funds and the interest received from term deposits.

Distribution of \$2.39 million from investment funds pertaining to 2023-24 but received in July 2024 has been accounted as Investment income in 2024-25.

Distribution of \$1.54 million from investments funds pertaining to 2022-23 but received in July 2023 has been accounted as Investment income in 2023-24.

Interest revenue

The revenue received from cash and cash equivalents is recognised as interest income. It is recognised as it accrues on the cash and cash equivalents. The interest income comprises of the interest received from the Queensland Treasury Corporation (QTC) cash fund and a commercial bank.

Other income

Other income relates to excess brokerage fees and is recognised when it is realised and earned.

	Total Liability & Asset Funds 2025 \$	Total Liability & Asset Funds 2024 \$	Liability Fund 2025 \$	Liability Fund 2024 \$	Asset Fund 2025 \$	Asset Fund 2024 \$
EXPENSES						
Claims expense	(37,640,467)	(36,062,160)	(26,361,045)	(22,336,731)	(11,279,422)	(13,725,429)
Outwards risk premium expense	(74,640,959)	(66,051,203)	(15,553,455)	(15,367,878)	(59,087,504)	(50,683,325)
Other underwriting expenses	(9,762,481)	(8,698,004)	(6,192,931)	(5,267,973)	(3,569,550)	(3,430,031)
General expenses *	(1,800,894)	(1,951,836)	(1,006,653)	(1,093,492)	(794,241)	(858,344)
Total expenses	(123,844,801)	(112,763,203)	(49,114,084)	(44,066,074)	(74,730,717)	(68,697,129)

*General expenses include as per below

Investment fees and charges	428,947	400,769	389,422	367,379	39,525	33,390
Administration expenses	1,371,947	1,551,067	617,231	726,113	754,716	824,954
	1,800,894	1,951,836	1,006,653	1,093,492	794,241	858,344

Claims expense and future claims and associated costs liability

Claims expense and a liability for future claims are recognised as losses occur for the Liability and Asset fund. The liability for future claims includes claims incurred but not yet paid, incurred but not reported (IBNR), incurred but not enough reported (IBNER) and the anticipated costs of settling those claims.

The liability for future claims for both the funds are measured as the present value of the expected future payments, reflecting the fact that all claims do not have to be paid out in the immediate future. The Trust takes all reasonable steps to ensure that it has appropriate information regarding its claim exposures, with estimates and judgements continually being evaluated and updated based on historical experience and other factors. The liability for future claims for both the funds is calculated using a central estimate with no explicit bias towards over or under estimation.

Liability fund

The liability for future claims includes a prudential margin to increase the probability that the overall provision for claims will be adequate. The liability has been set having regard to independent actuarial advice.

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, for example, increases in the level and period of compensation for injury. The expected future payments are then discounted to a present value at the reporting date using market determined risk adjusted discount rates. The details of rates applied are included in Note 9.

Outwards risk premiums

Premiums ceded to insurers and reinsurers are recognised as expenses in accordance with the pattern of services received, being on a daily pro-rata basis.

4. Financial position

	Total Liability & Asset Funds 2025 \$	Total Liability & Asset Funds 2024 \$	Liability Fund 2025 \$	Liability Fund 2024 \$	Asset Fund 2024 \$	Asset Fund 2024 \$
CURRENT ASSETS						
Cash and cash equivalents	53,660,950	52,812,331	20,219,955	23,679,823	33,440,995	29,132,508
Trade and other receivables	432,628	385,669	134,088	274,750	298,540	110,919
Reinsurance and other recoveries receivables	12,696,293	9,466,485	12,696,293	9,466,485	-	-
Financial assets at fair value through profit or loss	11,568,490	11,045,005	11,568,490	11,045,005	-	-
Total current assets	78,358,361	73,709,490	44,618,826	44,466,063	33,739,535	29,243,427
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss	115,562,104	107,159,050	115,562,104	107,159,050	-	-
Reinsurance and other recoveries receivables	22,749,317	18,922,969	22,749,317	18,922,969	-	-
Total non-current assets	138,311,421	126,082,019	138,311,421	126,082,019	-	-
Total assets	216,669,782	199,791,509	182,930,247	170,548,082	33,739,535	29,243,427
CURRENT LIABILITIES						
Trade and other payables	3,925,364	3,815,070	3,567,072	3,310,829	358,292	504,241
Unearned contributions	19,605,733	18,448,576	19,605,733	18,448,576	-	-
Distribution payable	1,619,801	1,696,249	1,619,801	1,696,249	-	-
Future claims and associated costs	46,947,585	42,125,151	26,890,549	22,920,134	20,057,036	19,205,017
Total current liabilities	72,098,483	66,085,046	51,683,155	46,375,788	20,415,328	19,709,258
NON-CURRENT LIABILITIES						
Future claims and associated costs	71,134,451	61,562,361	71,134,451	61,562,361	-	-
Total non-current liabilities	71,134,451	61,562,361	71,134,451	61,562,361	-	-
Total liabilities	143,232,934	127,647,407	122,817,606	107,938,149	20,415,328	19,709,258
NET ASSETS	73,436,848	72,144,102	60,112,641	62,609,933	13,324,207	9,534,169
EQUITY						
Retained surplus	73,436,848	72,144,102	60,112,641	62,609,933	13,324,207	9,534,169
TOTAL EQUITY	73,436,848	72,144,102	60,112,641	62,609,933	13,324,207	9,534,169

Financial Statements

For the year ended 30 June 2025

Unearned contributions

Member contributions billed for the next financial year but received in bank in the current financial year are recognised as unearned contributions in the Statement of Financial Position.

Reinsurance, insurance, and other recoveries

Liability Fund

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid, IBNRs and IBNERs are recognised as revenue.

Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable are measured at the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

Asset Fund

The Asset Fund is supported by an appropriate insurance policy. The Asset Fund is subject to an aggregate fund. In the event that the aggregate fund is exhausted all claims will be paid by insurers.

5. Underwriting result

	Total Liability & Asset Funds 2025 \$	Total Liability & Asset Funds 2024 \$	Liability Fund 2025 \$	Liability Fund 2024 \$	Asset Fund 2025 \$	Asset Fund 2024 \$
Member contributions	105,413,183	93,341,728	31,490,446	30,695,404	73,922,737	62,646,324
Outwards risk premium expense	(74,640,959)	(66,051,203)	(15,553,455)	(15,367,878)	(59,087,504)	(50,683,325)
Net contribution revenue	30,772,224	27,290,525	15,936,991	15,327,526	14,835,233	11,962,999
Claims expense	(37,640,467)	(36,062,160)	(26,361,045)	(22,336,731)	(11,279,422)	(13,725,429)
Reinsurance and other recoveries revenue	9,865,083	9,965,970	9,689,908	9,876,072	175,175	89,898
Net claims expense	(27,775,384)	(26,096,190)	(16,671,137)	(12,460,659)	(11,104,247)	(13,635,531)
Other underwriting expenses*	(9,762,481)	(8,698,004)	(6,192,931)	(5,267,973)	(3,569,550)	(3,430,031)
Underwriting result	(6,765,641)	(7,503,669)	(6,927,077)	(2,401,106)	161,436	(5,102,563)

*Other underwriting expenses pertain to management fees of the Trust.

6. Cash flows

Cash and cash equivalents

Cash and cash equivalents include cash deposits held with a financial institution, and a capital guaranteed investment held with QTC that is subject to a low risk of change in value and is readily convertible to cash on hand.

	Total Liability & Asset Funds 2025 \$	Total Liability & Asset Funds 2024 \$	Liability Fund 2025 \$	Liability Fund 2024 \$	Asset Fund 2025 \$	Asset Fund 2024 \$
CASH FLOW FROM OPERATING ACTIVITIES						
Member contributions	106,596,787	87,332,863	32,649,079	24,680,132	73,947,708	62,652,731
Outwards risk premium expense	(74,640,959)	(66,051,203)	(15,553,455)	(15,367,878)	(59,087,504)	(50,683,325)
Net claims expense	(30,311,448)	(26,129,984)	(19,884,044)	(17,653,732)	(10,427,404)	(8,476,252)
Other underwriting and general expenses	(11,558,916)	(10,484,887)	(7,060,048)	(6,737,665)	(4,498,868)	(3,747,222)
Interest income	2,602,727	2,047,660	570,056	444,061	2,032,671	1,603,599
Reinsurance and other recoveries	9,874,433	9,962,307	9,699,258	9,872,409	175,175	89,898
GST collected from members	10,658,105	8,815,735	3,264,274	2,468,013	7,393,831	6,347,722
GST paid to suppliers and ATO	(10,639,804)	(9,493,543)	(3,033,636)	(3,171,733)	(7,606,168)	(6,321,810)
Other income	2,379,046	2,225,636	-	-	2,379,046	2,225,636
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	4,959,971	(1,775,416)	651,484	(5,466,393)	4,308,487	3,690,977
CASH FLOWS FROM INVESTING ACTIVITIES						
(Payments for) / distributions from Investments	(5,225,121)	3,521,574	(5,225,121)	3,521,574	-	-
Investment income received	5,640,218	3,871,408	5,640,218	3,871,408	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	415,097	7,392,982	415,097	7,392,982	-	-
CASH FLOWS FROM FINANCING ACTIVITIES						
Surplus Distribution Paid	(4,526,449)	(3,508,108)	(4,526,449)	(3,508,108)	-	-
NET CASH (USED IN) FINANCING ACTIVITIES	(4,526,449)	(3,508,108)	(4,526,449)	(3,508,108)	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	848,619	2,109,458	(3,459,868)	(1,581,519)	4,308,487	3,690,977
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	52,812,331	50,702,873	23,679,823	25,261,342	29,132,508	25,441,531
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	53,660,950	52,812,331	20,219,955	23,679,823	33,440,995	29,132,508

Financial Statements

For the year ended 30 June 2025

7. Notes to the statement of cash flows

a) Reconciliation of cash

For the purposes of the statement of cash flows, cash and cash equivalents includes cash at bank and short term investment deposits at call.

Cash and cash equivalents at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the statement of financial position as follows:

	Total Liability & Asset Funds 2025 \$	Total Liability & Asset Funds 2024 \$	Liability Fund 2025 \$	Liability Fund 2024 \$	Asset Fund 2025 \$	Asset Fund 2024 \$
Cash at bank and in hand	20,424,009	9,426,266	19,353,841	8,601,984	1,070,168	824,282
Deposits at call	33,236,941	43,386,065	866,114	15,077,839	32,370,827	28,308,226
	53,660,950	52,812,331	20,219,955	23,679,823	33,440,995	29,132,508

(b) Reconciliation of operating surplus to net cash provided by operating activities:

Operating surplus	5,742,746	4,733,136	1,952,709	6,836,363	3,790,037	(2,103,227)
Adjustments for						
Change in the fair value of investments	(3,701,417)	(5,993,431)	(3,701,417)	(5,993,431)	-	-
Investment income classified as investing activities	(5,640,218)	(3,871,408)	(5,640,218)	(3,871,408)	-	-
Change in assets and liabilities						
(Increase) in reinsurance and other recoveries	(7,056,156)	(3,287,158)	(7,056,156)	(3,287,158)	-	-
Increase/(Decrease) in trade and other payables	110,294	(275,012)	256,243	(298,454)	(145,949)	23,442
(Increase)/Decrease in trade and other receivables	(46,959)	263,590	140,662	(122,496)	(187,621)	386,086
Increase/(Decrease) in unearned revenue	1,157,157	(6,696,304)	1,157,157	(6,696,304)	-	-
Increase/(Decrease) in future claims and associated costs	14,394,524	13,215,671	13,542,505	7,966,495	852,019	5,249,176
Decrease in prepayments	-	135,500	-	-	-	135,500
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	4,959,971	(1,775,416)	651,485	(5,466,393)	4,308,486	3,690,977

8. Financial assets at fair value through profit or loss

Financial assets consist of investments in Queensland Investment Corporation (QIC) managed funds, which upon initial recognition are classified at 'fair value through profit or loss' (FVTPL) and are subsequently measured at fair value with changes in carrying value being included in Statement of profit or loss in the period in which they arise. The QIC managed funds total \$127.13 million at 30 June 2025 (2024: \$118.20 million). Fair value for managed funds is based on the quoted bid price of the investment at reporting date.

Fair value measurements

Monetary financial assets and financial liabilities not readily traded in an organised financial market are initially measured as at the present value of contractual future cash flows on amounts due from customers or due to suppliers. The carrying amount is subsequently reduced for expected credit losses.

Financial assets at fair value through profit or loss are disclosed using a fair value hierarchy which reflects the significance of inputs to the determination of fair value.

Fair Value Hierarchy

The different levels have been defined as follows:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability.

Level 3 valuation techniques that are not based on observable market data.

The fair value of investments is measured at market value based on QIC advice. As at 30 June 2025 LGM's financial assets are recognised as Level 2 (2024: Level 2).

9. Future claims and associated costs

	Total Liability & Asset Funds 2025 \$	Total Liability & Asset Funds 2024 \$	Liability Fund 2025 \$	Liability Fund 2024 \$	Asset Fund 2025 \$	Asset Fund 2024 \$
Expected future claims (undiscounted)	127,733,036	113,548,016	107,676,000	94,342,999	20,057,036	19,205,017
Discount to present value	(9,651,000)	(9,860,504)	(9,651,000)	(9,860,504)	-	-
Liability for outstanding claims	118,082,036	103,687,512	98,025,000	84,482,495	20,057,036	19,205,017
Current	46,947,585	42,125,151	26,890,549	22,920,134	20,057,036	19,205,017
Non-current	71,134,451	61,562,361	71,134,451	61,562,361	-	-
Liability for outstanding claims	118,082,036	103,687,512	98,025,000	84,482,495	20,057,036	19,205,017

Asset Fund

The Asset Fund provides protection for members property related risk exposures. Liabilities arising from these exposures are normally identified within the period of protection or shortly thereafter. Costs associated with those liabilities are brought to account within a short period and therefore no actuarial projections are warranted. A liability for future claims is recognised as losses occur and the liability for future claims includes claims incurred but not yet paid, IBNR, IBNERs and the anticipated costs of settling those claims.

In reference to the Asset Fund, the central estimate is determined, in principle, such that there is no bias to over or under estimation. The outstanding liabilities are established in accordance with appropriate reserving principles and based on management's estimations on the current notified claims and the aggregate level amounts (including catastrophe aggregates) before reinsurance.

Liability Fund – actuarial assumptions and methods

The Liability Fund actuary has increased projected future claims payments to allow for inflation and discounted the expected payments to 30 June 2025 to obtain the present value of the liability.

Liability adequacy test

The actuary's assessment of the outstanding claims liability is a central estimate, which is an estimate that is neither deliberately overstated nor understated. However, an adequate provision for the outstanding liability under AASB1023 requires a risk margin to be included such that the probability that the provision will prove to be sufficient is increased. An appropriate probability of sufficiency would usually be between 65% and 90%, depending on the acceptable level of risk to the insurer, whilst Australian Prudential Regulation Authority (APRA) requires, in addition to other margins, a 75% probability of sufficiency for private sector insurers. LGM's Board of Management have determined to adopt a 75% (2024: 75%) probability of sufficiency.

To determine the appropriate level of risk margin in order to achieve a 75% probability of sufficiency, the actuary has performed a series of analyses to assess the underlying variations of our projected central estimate at the current valuation. These analyses enabled the actuary to understand the level of sufficiency implied by the central estimate.

There are three key areas of variation that the actuary have assessed. These are independent risk, internal systemic risk and external systemic risk.

The actuary have estimated that the underlying standard deviation of the projection is 34% of the central estimate of the outstanding claims liability. Furthermore, the actuary have estimated that systemic risks (including both internal and external) contribute about 51% of the underlying variation with the remainder attributable to independent risks.

To determine the appropriate level of risk margin to achieve a 75% probability of adequacy, the actuary are required to select an underlying distribution for our projection. A distribution of future claim costs would typically have the features of a right skewed distribution where there is a low probability of high severity events. The actuary have selected the log-normal distribution as it possesses the above features.

Combining the estimated underlying variation of projection and the selected log-normal distribution, the actuary have determined that the central estimate has a probability of adequacy of approximately 57%. To achieve a 75% probability of sufficiency, the risk margin required to be added to the central estimate is 18% (2024: 18%) of the central estimate.

Uncertainty

The actuary advised that there are many factors which can and will cause the ultimate cost of claims incurred to 30 June 2025 to deviate from the actuary's central estimate.

The sources of the uncertainty in the estimation of the outstanding liability are:

- The models adopted for analysis and projection will never exactly match the actual claim process,
- Assuming a perfect model could be constructed, past fluctuations in the experience cause uncertainty in estimating model parameters,
- Anomalies in the data may cause further undetected problems in estimating model parameters,
- Future claim fluctuations result in uncertainty in projected future payments, even if the true parameter values could be determined for a perfect model, and
- Future economic and environmental conditions are not known and may vary significantly from the assumptions adopted.

Financial Statements

For the year ended 30 June 2025

Actuarial Assumptions

The following assumptions have been made in determining the outstanding claims liabilities for the Liability fund.

Key Actuarial Assumptions	2025	2024
Inflation	3.5%	3.5%
Claim administration expense	15.0%	12.5%
Discount rate	3.6%	4.2%
Term to settlement (years)	3.1	3.1

Actuarial analysis for outstanding claim liability

The actuary has set out an analysis by incident year which shows changes in the outstanding claims liability during the reporting period.

Item	2025 \$M	2024 \$M
Estimated liability (net of reinsurance, recoveries, risk margin) at beginning of reporting period	47.6	43.7
Roll-forward of outstanding liability from prior reporting period	2.6	2.6
Experience for claims incurred to the end of prior reporting period	2.2	1.1
Experience for claims incurred during the current reporting period	(1.8)	0.6
Claim assumptions	1.6	(0.2)
Change in discount rate	0.9	(0.2)
Estimated liability (net of reinsurance, recoveries, risk margin) at end of reporting period	53.1	47.6

Method

The estimated outstanding liability at 30 June 2025 is required to be adjusted to allow for future investment returns by discounting expected future claim payments. Future expected claim payments are to be discounted "using risk-free discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations" as per AASB 1023 *General Insurance Contracts*. The actuary has used the zero coupon yields on Commonwealth government bonds as the basis for determining a uniform risk-free discount rate. The discount rate is the average yield, weighted by the expected future cash flows. The future differences between returns on the LGM investment portfolio and the risk free rate adopted for discounting purposes will emerge as profit or loss when they arise.

Inflation

The valuation makes no explicit allowance for inflation, although the future development in the incurred claims costs makes allowance for the effects of inflation and superimposed inflation by assuming that future inflation and superimposed inflation will be similar to past experience. In the past it would be reasonable to assume that inflation has been of the order of 3.5% (2024: 3.5%) per annum. The overall level of payments can increase at a faster rate than inflation. This is referred to as superimposed inflation.

Claim administration (handling) expense

In accordance with accounting requirements, claims administration expenses have been included. The claims manager of the portfolio has estimated that the claims administration expenses comprise approximately 40% (2024: 40%) of management fees. As members manage their own claims up to their excess, the actuary has provided the comparison of claims administration expenses, estimated as 40% (2024: 40%) of management fees to claims expenses net of non reinsurance recoveries.

The claims administration expenses have been averaged approximately 19% (2024: 19%) of the payments made since 1 July 2016 although higher in more recent years and 14% (2024: 15%) of claims incurred net of non reinsurance recoveries. Taking into account that a significant proportion of the claims administration costs are incurred early in the life of a claim, the actuary has assumed that future claims administration expenses will be 15% (2024: 12.5%) of future payments net of non reinsurance recoveries.

Discount rate

The combination of the expected net payments by payment year with the future payments for the run-off of LGM's net liabilities (excluding administration expenses), together with the yields available on Government bonds of equivalent durations produces a uniform discount rate for all future years of 3.6% (2024: 4.2%) per annum. The difference is due to the movements in market yields since the previous valuation.

Term to settlement

The actuary has assumed an expected term to settlement of 3.1 years (2024: 3.1 years) based on historical experience and the results of historical claims.

Sensitivity analysis

The outstanding claims liabilities included in the reported results are calculated based on the key actuarial assumptions as disclosed above. The movement in any of the above key actuarial assumptions will impact the performance and total accumulated funds of LGM. The following sensitivity analysis evaluates the impact of a +/- 1 percent movement in the discount, inflation and expense rates and a +/-10 percent movement in the cost of claims for the outstanding provisions.

Liability Fund

Inflation assumption

	2025			2024		
	Carrying Amount \$	-1% Movement	1% Movement	Carrying Amount \$	-1% Movement	1% Movement
Future claims and associated costs	98,023,000	(2,513,000)	2,513,000	84,482,000	(2,152,000)	2,152,000
Reinsurance and other recoveries receivables	(35,442,000)	744,000	(744,000)	(28,379,000)	582,000	(582,000)
Potential Impact		(1,769,000)	1,769,000		(1,570,000)	1,570,000

Discount rate assumption

	2025			2024		
	Carrying Amount \$	-1% Movement	1% Movement	Carrying Amount \$	-1% Movement	1% Movement
Future claims and associated costs	98,023,000	2,388,000	(2,388,000)	84,482,000	2,046,000	(2,046,000)
Reinsurance and other recoveries receivables	(35,442,000)	(623,000)	623,000	(28,379,000)	(556,000)	556,000
Potential Impact		1,765,000	(1,765,000)		1,490,000	(1,490,000)

Expense rate assumption

	2025			2024		
	Carrying Amount \$	-1% Movement	1% Movement	Carrying Amount \$	-1% Movement	1% Movement
Future claims and associated costs	98,023,000	(634,000)	634,000	84,482,000	(539,000)	539,000
Reinsurance and other recoveries receivables	(35,442,000)	-	-	(28,379,000)	-	-
Potential Impact		(634,000)	634,000		(539,000)	539,000

Increase in cost of claims assumption

	2025			2024		
	Carrying Amount \$	-10% Movement	10% Movement	Carrying Amount \$	-10% Movement	10% Movement
Future claims and associated costs	98,023,000	(2,416,000)	2,416,000	84,482,000	(2,210,000)	2,210,000
Reinsurance and other recoveries receivables	(35,442,000)	1,283,000	(1,283,000)	(28,379,000)	917,000	(917,000)
Potential Impact		(1,133,000)	1,133,000		(1,293,000)	1,293,000

Financial Statements

For the year ended 30 June 2025

10. Net claims incurred

Current period claims relate to the risks borne in the current financial year. Prior period claims relate to a reassessment of the risks borne in all the previous financial years.

Liability Fund	2025 \$	2024 \$
Net claims expense (note 5)	<u>16,671,137</u>	<u>12,460,659</u>

2025 – Details of net incurred claims are as follows:

	Current Year \$'000	Prior Years \$'000	Total \$'000
Claims incurred and related expenses – undiscounted	29,186	4,031	33,217
Reinsurance and other recoveries – undiscounted	(15,558)	(1,400)	(16,958)
Net claims incurred – undiscounted	<u>13,628</u>	<u>2,631</u>	<u>16,259</u>
Discount – Claims incurred and related expenses	(2,428)	2,638	210
Discount – Reinsurance and other recoveries	1,039	(837)	202
Net discount movement	<u>(1,389)</u>	<u>1,801</u>	<u>412</u>
Net incurred claims	<u>12,239</u>	<u>4,432</u>	<u>16,671</u>

2024 – Details of net incurred claims are as follows:

	Current Year \$'000	Prior Years \$'000	Total \$'000
Claims incurred and related expenses – undiscounted	27,576	(9)	27,567
Reinsurance and other recoveries – undiscounted	(12,415)	(1,289)	(13,704)
Net claims incurred – undiscounted	<u>15,161</u>	<u>(1,298)</u>	<u>13,863</u>
Discount – Claims incurred and related expenses	(2,647)	700	(1,947)
Discount – Reinsurance and other recoveries	864	(319)	545
Net discount movement	<u>(1,783)</u>	<u>381</u>	<u>(1,402)</u>
Net incurred claims	<u>13,378</u>	<u>(917)</u>	<u>12,461</u>

Asset Fund

	2025 \$	2024 \$
Net claims expense (note 5)	<u>11,104,247</u>	<u>13,635,531</u>

2025 – Details of net incurred claims are as follows:

	Current Year \$'000	Prior Years \$'000	Total \$'000
Claims incurred and related expenses – undiscounted	13,355	(2,076)	11,279
Reinsurance and other recoveries – undiscounted	(55)	(120)	(175)
Net claims incurred – undiscounted	<u>13,300</u>	<u>(2,196)</u>	<u>11,104</u>

2024 – Details of net incurred claims are as follows:

	Current Year \$'000	Prior Years \$'000	Total \$'000
Claims incurred and related expenses – undiscounted	12,159	1,567	13,726
Reinsurance and other recoveries – undiscounted	(17)	(73)	(90)
Net claims incurred – undiscounted	<u>12,142</u>	<u>1,494</u>	<u>13,636</u>

11. Related parties

a) Key Management Personnel (KMP)

KMP include members of the Board of Management and Directors of the Trustee..

Board of Management

The Trust Deed provides for the business of LGM to be managed by a Board of Management. The Board is responsible to the LGAQ Board for achieving the Trust's objectives and for financial management. The members of the Board of Management have been listed as key management personnel and receive meeting fees and reimbursement of the costs of travel expenses associated with attending the Board of Management meetings.

The names of the members of the Board of Management at any time during the financial year are:

Mr Ian Leckenby - Chairman
 Mr Terry Brennan
 Ms Karen Williams
 Ms Anne Lenz
 Mr John Sharman
 Ms Alison Smith (delegate Darren Leckenby)
 Mr Darren Leckenby
 Cr Samantha O'Toole
 Cr Peter Flannery *

* Cr Peter Flannery was appointed as a member of the LGM Board effective 1 July 2024.

No committee meeting fees were paid to the following members:

Ms Alison Smith
 Mr Darren Leckenby
 Ms Anne Lenz

KMP Category / Position	Short-Term Employee Benefits 2025 \$	Short-Term Employee Benefits 2024 \$
Chairman	37,500	37,500
Board of Management	46,000	44,800
Total	83,500	82,300

No member of the Board of Management has entered into a material contract with LGM during the current or previous financial year.

Directors of the Trustee

LGAQ is acting through its Board, in its capacity as a trustee of the Trust under the Trust Deed. The Directors of the Trustee of the Trust which have been listed below are also key management personnel as they are responsible for the ultimate oversight of the business of the Trust. No remuneration has been paid to them.

Cr Matt Burnett
 Cr Kurt Rehbein
 Cr Kelly Vevea
 Cr Peter Flannery

b) Transactions with related parties

Related parties include LGAQ and its controlled entities. The following are transactions within the group:

	2025 \$	2024 \$
Purchase of services from LGAQ and its controlled entities on a commercial basis	202,500	192,986
Cost recovery transactions paid to LGAQ & its controlled entities	102,892	77,458
Asset Fund remuneration paid to LGAQ	258,366	249,870
Liability Fund remuneration paid to LGAQ	1,048,088	1,013,625

Services provided by LGAQ are on a cost recovery basis and represent transactions paid on behalf of LGM. The amount owing to LGAQ as at 30 June 2025 for services provided is \$75,652 (2024: \$12,815). The amount owing to LGAQ as at 30 June 2025 for remuneration paid is \$108,871 (2024: Nil).

Financial Statements

For the year ended 30 June 2025

c) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse.

d) Loans and guarantees to / from related parties

LGM does not make loans to or receive loans from related parties. No guarantees have been provided.

e) Transactions with related parties that have not been disclosed

Some of LGM's KMP are also KMP of their respective Councils. These Councils transact with LGM on a regular basis as members of the Funds. Examples include:

- Member contributions
- Other recoveries revenue
- Claims expenses
- Distributions

LGM has not included these transactions in its disclosures, where they are made on the same terms and conditions available to all other members of LGM.

12. Financial instruments

Financial instruments

(i) Recognition and initial measurement

Financial assets are recognised when the entity becomes a party to receive cash and cash equivalents or other financial assets from another entity, and securities issued by another entity. Financial liabilities are recognised when the entity becomes a party to the contractual obligations to pay cash or deliver other financial assets. For financial assets, this is equivalent to the date that LGM commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are included in profit or loss immediately.

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the entity has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Impairment of Financial assets

LGM recognises loss allowances for an Expected Credit Loss ("ECL") on financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to LGM and the cash flows that LGM expects to receive).

At each reporting date, LGM also assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, LGM considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on LGM's historical experience, informed credit assessment and forward-looking information.

No expected credit loss allowance was recognised on the financial assets carried at amortised cost for the year ended 30 June 2025 (2024: nil).

(iii) Classification and subsequent measurement

Financial instruments are subsequently measured at either their fair value or amortised cost using the effective interest rate method. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial instruments - Fair values**Accounting classifications and fair values**

Financial assets and financial liabilities are recognised in the Statement of Financial Position when LGM becomes party to the contractual provisions of the financial instrument. LGM has the following categories of financial assets and financial liabilities:

	Total Liability & Asset Funds 2025 \$	Total Liability & Asset Funds 2024 \$	Liability Fund 2025 \$	Liability Fund 2024 \$	Asset Fund 2025 \$	Asset Fund 2024 \$
FINANCIAL ASSETS						
CURRENT						
Cash and cash equivalents	53,660,950	52,812,331	20,219,955	23,679,823	33,440,995	29,132,508
Financial assets at amortised cost:						
Trade and other receivables	432,628	385,669	134,088	274,750	298,540	110,919
Reinsurance and other recoveries receivables	12,696,293	9,466,485	12,696,293	9,466,485	-	-
	13,128,921	9,852,154	12,830,381	9,741,235	298,540	110,919
Financial assets at fair value through profit or loss:						
Other financial assets	11,568,490	11,045,005	11,568,490	11,045,005	-	-
NON-CURRENT						
Financial assets at amortised cost:						
Reinsurance and other recoveries receivables	22,749,317	18,922,969	22,749,317	18,922,969	-	-
Financial assets at fair value through profit or loss:						
Other financial assets	115,562,104	107,159,050	115,562,104	107,159,050	-	-
Total financial assets	216,669,782	199,791,509	182,930,247	170,548,082	33,739,535	29,243,427
FINANCIAL LIABILITIES						
CURRENT						
Financial liabilities at amortised cost:						
Trade and other receivables	3,925,364	3,815,070	3,567,072	3,310,829	358,292	504,241
Distribution payables	1,619,801	1,696,249	1,619,801	1,696,249	-	-
Total financial liabilities	5,545,165	5,511,319	5,186,873	5,007,078	358,292	504,241

13. Risk management

Membership is available to local government councils and local government controlled entities. LGM operates in Queensland to provide cover and a claims management service to members in respect of their potential and actual liabilities. A member may seek indemnity from LGM in respect of a claim. Under the Trust Deed, LGM's Board of Management may in its sole and absolute discretion determine whether indemnity will be granted in respect of a claim.

Actuarial models, using information from LGM's management information systems, are used to confirm contributions and monitor claim patterns. Past experience and statistical methods are used as part of the process. The principal risk is that the frequency and severity of claims is greater than expected. Insurable risk events are, by their nature, random and the actual number and size of events during any one-year may vary from those estimated using established statistical techniques.

Objectives in managing risk and policies for mitigating those risks

LGM has an objective to control risk, thus reducing the volatility of its operating surplus. In addition to the inherent uncertainty of civil liability and asset risks, which can lead to variability in the loss experience, operating surpluses can also be affected by external factors such as competition and movements in asset values.

LGM relies on a strong relationship with its members and actively encourages them to adopt practices of risk management that reduce the incidence of claims to LGM.

Risk transfer strategy

LGM adopts a conservative approach towards management of risk and does this by utilising risk transfer options. The Board determines the level of risk, which is appropriate for LGM having regards to ordinary concepts of prudence and regulatory constraints. The risk transfer arrangements adopted by LGM utilise commercial insurance and reinsurance arrangements. These risk transfer arrangements assist LGM to limit its exposures. These programs are regularly reviewed to ensure that they continue to meet the risk needs of LGM.

Financial Statements

For the year ended 30 June 2025

Management of Risks

The key risks that affect LGM are contribution risk and claims experience risk.

Contribution risk is the risk that LGM does not charge contributions appropriate for the indemnity cover it provides. LGM partially manages contribution risk through its proactive approach to risk management that addresses material risks, both financial and non-financial. There are no specific terms and conditions that are expected to have a material impact on the financial statements.

Claims experience risk is managed through the non-financial risk assessment and risk management and risk transfer management process. Claims experience is monitored on an ongoing basis to ensure that any adverse trending is addressed. LGM is able to reduce the claims experience risk of severe losses through the reinsurance program and by managing the concentration of risks.

Market Risk

Market risk is the risk that changes in market prices will affect LGM's income or the value of its financial instruments.

Price Risk

In addition to cash and cash equivalents, the investment portfolio contains exposures to equity markets through managed funds held in QIC. These investments, integral to insurance activities, are measured at market value at each reporting date and changes in market value are immediately reflected in the statement of profit or loss and other comprehensive income. Any overall downturn in the equities market may impact on future results of LGM. The impact of any significant movement is managed by ensuring that the investment portfolio consists of a diverse holding of financial assets. The Liability Fund holds \$127,130,594 worth of units with QIC as at 30 June 2025 (2024: \$118,204,055).

Currency Risk

LGM does not trade in foreign currency and is not materially exposed to commodity price changes.

Interest Rate Risk

LGM is exposed to interest rate risk through its investments with Queensland Treasury Corporation (QTC) and a commercial bank account. LGM has access to a mix of variable and fixed rate funding options with QTC and so that the interest rate risk exposure can be minimised. The interest rate risk exposure with a commercial bank is immaterial.

Interest on cash is charged at prevailing market rates being approximately 3.69% for the Liability Fund and 3.9% for the Asset Fund at 30 June 2025 (2024: 4.33%). Interest on QTC investments is charged at prevailing market rates which is approximately 4.64% for the Liability Fund and 4.64% for the Asset Fund at 30 June 2025 (2024: Liability Fund - 4.57% and Asset Fund - 4.82%).

Interest rate sensitivity analysis

Interest rate sensitivity depicts what effect a reasonably possible change in interest rates of +/- 1% would have on the profit and equity, based on the carrying value of financial assets and liabilities. With all other variables held constant, the Liability Fund would have surplus increase/decrease of \$202,199 (2024: \$236,798) for interest rate risk. The Asset Fund would have a surplus increase/(decrease) of \$334,410 (2024: \$291,325) for interest rate risk.

Unit price sensitivity analysis

Unit price sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates and unit prices would change by +/- 1% for the QIC Cash Enhanced Fund and by +/-5% for the QIC Long Term Diversified Fund and QIC Short Term Income Fund from the year-end rates applicable to LGM's financial assets and liabilities. With all other variables held constant, the Liability Fund would have a surplus increase/(decrease) of \$115,685 (2024: \$110,450) for unit price risk for the QIC Cash Enhanced Fund and surplus increase/(decrease) of \$5,778,105 (2024: \$5,357,952) for unit price risk for the QIC Long Term Diversified Fund and QIC Short Term Income Fund.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations are principally from LGM's investments and receivables.

The maximum exposure to credit risk at reporting date in relation to each class of recognised assets is the gross carrying amount of those assets inclusive of any impairment.

The credit risk arising from LGM's exposure to individual entities in investment portfolios is monitored and controlled through risk management strategies implemented by LGM's fund manager, QIC.

LGM considers that all of the financial assets at amortised cost that are not impaired for each of the reporting dates under review are of low credit risk due to the high quality credit rating of the parties involved. No collateral is held as security and no credit enhancements relate to financial assets held by LGM.

Liquidity risk

Liquidity risk is the risk that LGM will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

LGM is exposed to liquidity risk in respect of its payables being trade and other payables and distribution payables, refer note 4.

14. Auditor's remuneration

Fees payable to the auditors for the audit of LGM's financial statements for 2024-25 is \$68,620. (2023-24: \$59,200). There are no non-audit services included in this amount.

15. Commitments for expenditure

Commitments for payment of Trust management fees, Valuations program fees and Fleet Safety Risk management program fees are payable as follows. (Commitments for payments of the Regional Risk Co-ordinator programme have been incorporated in the Trust management fees).

	Total Liability & Asset Funds 2025 \$	Total Liability & Asset Funds 2024 \$	Liability Fund 2025 \$	Liability Fund 2024 \$	Asset Fund 2025 \$	Asset Fund 2024 \$
Within one year	10,765,966	9,265,266	6,387,923	5,477,716	4,378,043	3,787,550
Later than one year but not later than 5 years	-	9,410,606	-	5,695,851	-	3,714,755
	10,765,966	18,675,872	6,387,923	11,173,567	4,378,043	7,502,305

16. New accounting standards for application in future periods

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these consolidated financial statements.

The nature and effects of the standards applicable to LGM that are not yet effective are as follows:

AASB 17 Insurance Contracts

AASB 17 Insurance Contracts (AASB 17) replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts.

The mandatory application date of AASB 17 for public sector entities has been deferred to annual periods beginning on or after 1 July 2026 as a result of the following amendment standards issued by the AASB:

- AASB 2022-8 Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments which permits public sector entities to continue to apply AASB 4 and AASB 1023 up until 30 June 2026; and
- AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector which amends AASB 17 to include modifications that apply to public sector entities from 1 July 2026.

Measurement models

The standard introduces new measurement for the recognition and measurement of insurance contracts (general measurement model). Insurance contracts must be measured using the general measurement model unless an entity is eligible to apply the simplified approach known as the premium allocation approach (PAA).

Entities may apply the PAA, if the insurance contracts have a coverage period of one year or less or if the liability for remaining coverage under that approach is not expected to be materially different from that under the general measurement model.

AASB 2022-9 permits public sector entities to choose to apply the PAA to insurance contracts issued without the need to assess PAA eligibility. LGM will apply the PAA across all insurance products.

For groups of contracts that apply the PAA and have a coverage period of one year or less, AASB 17 provides an option to recognise any insurance acquisition cash flows as expenses when incurred. LGM will continue to recognise any insurance acquisition cash flows as expenses as they incur for all policies, consistent with the current accounting treatment under AASB 1023.

Onerous contracts

AASB 17 requires the identification of 'groups' of onerous contracts which will be determined at a more granular level of aggregation than the level at which the liability adequacy test is performed under AASB 1023. However, under AASB 2022-9, onerous contracts are tested and recognised at a portfolio level. Contracts that are measured using the PAA are assumed not to be onerous unless facts and circumstances indicate otherwise. In accordance with AASB2022-9, LGM may be required to recognise onerous contracts at initial recognition.

Financial Statements

For the year ended 30 June 2025

Risk adjustment

The measurement of insurance contract liabilities will include a risk adjustment for non-financial risk which replaces the risk margin under AASB 1023. The risk margin under AASB 1023 reflects the inherent uncertainty in the net discounted central estimate, whereas the risk adjustment under AASB 17 is defined as the compensation required for bearing the uncertainty that arises from non-financial risk. LGM is currently assessing the approach to adopt in determining the risk adjustment for the liability for incurred claims.

Discount rates

AASB 1023 requires the central estimate of outstanding claims to be discounted using risk-free rates. AASB 17 requires estimates of future cash flows to be discounted to reflect the time value of money and financial risks related to those cash flows (i.e. the new liquidity premium) but does not prescribe a methodology for determining the discount rates used. The Liability Fund will continue to work with the Actuary in estimating the level of illiquidity premium in the determination of the discount rates.

Presentation and disclosure

AASB 17 introduces changes to the presentation of insurance contracts in the consolidated statement of comprehensive income and consolidated statement of financial position. The standard contains more disclosures compared with existing reporting requirements.

Taxation impact

Current tax law in Australia has been amended to align AASB 17 effective for annual periods beginning on or after 1 January 2023. Insurance entities can continue to apply the former tax laws based on AASB 1023 until AASB 17 is adopted. LGM continues to review the financial and operational impact of the transition to AASB 17.

Transition

AASB 17 will be applied retrospectively to all insurance contracts on transition.

Presentation and disclosure in financial statements

AASB 18 Presentation and Disclosure in Financial Statements applies to not-for-profit public sector entities from reporting periods beginning on or after 1 January 2028 and is intended to replace AASB 101 Presentation of Financial Statements. The key presentation and disclosure requirements established by AASB 18 are as follows:

- the presentation of newly defined subtotals in the consolidated statement of comprehensive income; and
- the disclosure of management-defined performance measures; and enhanced requirements for grouping (aggregation and disaggregation) of information.

AASB 18 will have an impact on the presentation and disclosure of LGM's financial statements. LGM will monitor the progress of the standard and apply the standard from the applicable date.

17. Authorisation of financial statements for issue

The financial statements are authorised for issue by the Board of Management at the date of signing the Board of Management's Certificate.

18. Distributions

In May 2025 the Board of Management noted and approved the proposed \$4,450,000 surplus distribution to be distributed to individual Liability Fund members in 2024-25. Out of that \$2,830,199 has been already taken up by the members who have paid their contributions for 2025-26 year before 30 June 2025. As a result, there is an amount of \$1,619,801 as a surplus distribution payable amount in the Statement of Financial Position for 2024-25.

In May 2024 the Board of Management noted and approved the proposed \$ 4,449,146 surplus distribution to be distributed to individual Liability Fund members in 2023-24. Out of that \$2,752,897 has been already taken up by the members who have paid their contributions for 2024-25 year before 30 June 2024. As a result, there is an amount of \$1,696,249 as a surplus distribution payable amount in the Statement of Financial Position for 2023-24.

19. Subsequent Events

No transaction or event of a material or unusual nature, in the opinion of LGM's Board of Management, has arisen in the interval between the end of the financial year and the date of these financial statements to affect significantly the operations of LGM, the results of those operations, or the state of affairs of LGM, in future financial years.

Board of Management's Certificate

Queensland Local Government Mutual

Queensland Local Government Mutual Board of Management's Certificate

In the opinion of the Board of Management of Queensland Local Government Mutual:

- a) the financial statements and notes, set out on pages 22-40:
 - i) give a true and fair view of the financial position of Queensland Local Government Mutual as at 30 June 2025 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date;
 - ii) comply with Australian Accounting Standards; and
 - iii) are drawn up in accordance with the provisions of the revised Trust Deed dated 19 May 2017;
- b) there are reasonable grounds to believe that Queensland Local Government Mutual will be able to pay its debts as and when they become due and payable..

Signed in accordance with a resolution of the Board:



Mr Ian Leckenby
Chairman

02 December, 2025

Date

Independent

Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the trustee, board of management and members of Queensland Local Government Mutual

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Local Government Mutual (the Trust).

In my opinion, the financial report:

- a) gives a true and fair view of the trust's financial position as at 30 June 2025, and its financial performance for the year then ended; and
- b) complies with the trust deed of Queensland Local Government Mutual dated 19 May 2017 (as amended) and Australian Accounting Standards

The financial report comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, the certificate given by the board of management.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Responsibilities of the trustee and board of management for the financial report

The trustee and board of management are responsible for the preparation of the financial report that gives a true and fair view in accordance with the trust deed of Queensland Local Government Mutual dated 19 May 2017 (as amended) and Australian Accounting Standards, and for such internal control as the trustee and board of management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The trustee and board of management are also responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using



the going concern basis of accounting unless the trustee and board of management either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report

mluwinga

Martin Luwinga
as delegate of the Auditor-General

3 December 2025

Queensland Audit Office
Brisbane

Financial Statements

for the year ended 30 June 2025

Contents

Statement of Profit or Loss and Other Comprehensive Income	45
Statement of Financial Position	45
Statement of Changes in Equity	46
Statement of Cash Flows	46
Notes to the financial statements	47
1. Background	47
2. Statement of material accounting policies	47
3. Underwriting result	48
4. General expenses	49
5. Financial assets at fair value through profit or loss.....	49
6. Future claims and associated costs.....	49
7. Net claims incurred	52
8. Notes to the statement of cash flows.....	53
9. Related parties	53
10. Financial instruments.....	54
11. Risk management	56
12. Auditor's remuneration	57
13. Commitments for expenditure	57
14. Contingent liabilities	57
15. New accounting standards for application in future periods.....	57
16. Authorisation of financial statements for issue.....	58
17. Subsequent Events	58
Queensland Local Government Workers Compensation Self-Insurance Scheme Management Committee's Certificate	59
Independent Auditor's Report To The Management Committee, Trustee and Members Of Queensland Local Government Workers Compensation Self-Insurance Scheme	60

Financial Statements

For the year ended 30 June 2025

Statement of Profit or Loss
and other Comprehensive Income

for the year ended 30 June 2025

This statement is to be read in conjunction with the notes to the financial statements set out on pages 47 to 58.

	Note	2025 \$	2024 \$
REVENUE			
Reinsurance and other recoveries	3	1,577,932	950,946
Member contributions	3	42,780,064	37,494,355
Other Income		-	61,940
Interest income		1,049,838	971,619
Investment income		1,771,591	1,871,657
Changes in the fair value of financial assets at fair value through profit or loss		1,339,571	1,998,328
Total revenue		48,518,996	43,348,845
EXPENSES			
Claims expense	3	(42,214,686)	(29,396,031)
Outwards reinsurance expense	3	(1,398,564)	(1,155,087)
Other underwriting expenses	3	(10,749,754)	(10,849,120)
General expenses	4	(995,726)	(1,084,672)
Total expenses		(55,358,730)	(42,484,910)
Operating result from continuing operations		(6,839,734)	863,935
Other comprehensive (loss)/income		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS		(6,839,734)	863,935

Statement of Financial Position

as at 30 June 2025

This statement is to be read in conjunction with the notes to the financial statements set out on pages 47 to 58.

	Note	2025 \$	2024 \$
CURRENT ASSETS			
Cash and cash equivalents		7,870,947	10,674,535
Trade and other receivables		1,209,517	998,995
Reinsurance and other recoveries receivables		2,323,560	642,000
Financial assets at fair value through profit or loss	5	21,426,502	20,456,932
Total current assets		32,830,526	32,772,462
NON-CURRENT ASSETS			
Reinsurance and other recoveries receivables		2,242,575	2,108,000
Financial assets at fair value through profit or loss	5	36,608,490	34,615,966
Total non-current assets		38,851,065	36,723,966
Total assets		71,681,591	69,496,428
CURRENT LIABILITIES			
Trade and other payables		1,696,003	1,668,240
Future claims and associated costs	6	29,801,644	25,661,000
Total current liabilities		31,497,647	27,329,240
NON-CURRENT LIABILITIES			
Future claims and associated costs	6	42,864,490	38,008,000
Total non-current liabilities		42,864,490	38,008,000
Total liabilities		74,362,137	65,337,240
NET LIABILITIES/ASSETS EQUITY		(2,680,546)	4,159,188
EQUITY			
Retained surplus		(2,680,546)	4,159,188
TOTAL EQUITY		(2,680,546)	4,159,188

Financial Statements

For the year ended 30 June 2025

Statement of Changes in Equity

for the year ended 30 June 2025

This statement is to be read in conjunction with the notes to the financial statements set out on pages 47 to 58.

	Note	2025 \$	2024 \$
Total equity at the beginning of the financial year		4,159,188	3,295,253
Operating result for the year		(6,839,734)	863,935
Total comprehensive (loss) / income		(6,839,734)	863,935
Total equity at the end of the financial year		(2,680,546)	4,159,188

Statement of Cash Flows

for the year ended 30 June 2025

This statement is to be read in conjunction with the notes to the financial statements set out on pages 47 to 58.

	Note	2025 \$	2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of contributions from members		42,629,476	37,814,203
Reinsurance premiums paid		(1,398,564)	(1,155,087)
Claims paid		(35,100,345)	(25,219,373)
Other underwriting and general expenses paid		(11,732,572)	(11,879,474)
Interest received		1,059,166	947,059
Other recoveries received		1,577,932	950,946
Goods and Service Tax (GST) collected from members		4,262,947	3,781,420
GST paid to suppliers and ATO		(4,250,696)	(3,804,620)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	8	(2,952,656)	1,435,074
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment redemptions		-	25,000,000
Payments for financial assets		(1,622,523)	(21,698,119)
Investment income received		1,771,591	1,871,657
NET CASH PROVIDED BY INVESTING ACTIVITIES		149,068	5,173,538
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(2,803,588)	6,608,612
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		10,674,535	4,065,923
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		7,870,947	10,674,535

Financial Statements

For the year ended 30 June 2025

1. Background

Queensland Local Government Workers Compensation Self-Insurance Scheme (the Scheme) is a Trust which has been established in Australia by the Local Government Association of Queensland Ltd (LGAQ) under a Trust Deed dated 19 June 1997.

LGAQ is acting through its Executive, in its capacity as a trustee of the Scheme under the Trust Deed.

The Scheme was established as a result of receiving a self-insurance licence from the Workers' Compensation Regulator. The Scheme consists of local governments and local government controlled entities that jointly hold a group employer workers' compensation self-insurance licence under the Workers Compensation and Rehabilitation Act 2003. Each Scheme member is considered to be a joint holder of the self-insurance licence.

LGAQ acts as the agent of the licence holders. As a licensed self-insurer, the Scheme is required to comply with a range of legislative and licensing conditions. Compliance is overseen by the Workers' Compensation Regulator. The LGAQ is considered by the Regulator to be the licence manager and as such is ultimately responsible for ensuring compliance with licence conditions. It is governed by contractual arrangements between the local governments, local government controlled entities and the LGAQ.

The principal activity of the Scheme during the course of the financial year was the provision of workers' compensation cover and the management of associated workers' compensation claims made against scheme members.

The principal place of business of the Scheme is:

Local Government House
27 Evelyn Street
Newstead QLD 4006

All employees involved in the management of workers' compensation claims for the Scheme are employed by JLT Risk Solutions Pty Ltd, and their associated costs are recharged to the Scheme through a monthly scheme management fee which is disclosed in the statement of Profit or Loss and Other Comprehensive Income in 'Other underwriting expenses'.

2. Statement of material accounting policies

a) Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by Australian Accounting Standards Board (AASB) to satisfy reporting responsibilities under Queensland Local Government Workers Compensation Self-Insurance Scheme (the Scheme) Trust Deed and Scheme Rules. The Scheme is a not for profit entity and the Australian Accounting Standards includes requirements for not for profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore in some instances these financial statements do not comply with IFRS.

The financial statements have been prepared on a historical cost basis except for the Financial assets at fair value through profit or loss which are measured at fair value which consist of the Queensland Investment Corporation (QIC) managed funds.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 10 Financial instruments.

The Scheme actuary has increased projected future claims payments to allow for inflation and discounted the expected payments to 30 June 2025 to obtain the present value of the liability.

The material accounting policies are consistent with those of the previous year unless otherwise stated. The functional and presentational currency of the Scheme is Australian Dollars.

b) Taxation

Queensland Local Government Workers Compensation Self-Insurance Scheme (The Scheme) is not a separate legal entity, and is not a partnership. It operates under a contractual relationship between its members, all of which are local governments or other statutory entities, and all of which are exempt from income tax. All assets of the Scheme, including surpluses of contributions over claims costs and expenses, remain the directly-owned property of the members. Under the mutuality principle, therefore, the Scheme does not generate "income" for taxation purposes, except in relation to its investments. The investment income is directly owned property of the tax-exempt members. For these reasons, no provision has been made for income tax.

The Scheme is subject to Goods and Services Tax (GST). The net amount of GST recoverable from or payable to the Australian Taxation Office (ATO) is shown as an asset or liability respectively.

c) Rounding

Figures in the financial statements are rounded to the nearest dollar unless otherwise indicated.

(d) Comparative figures

Comparative figures have been adjusted to be consistent with the changes in presentation for the current financial year.

(e) Estimates and judgements

In the process of applying the material accounting policies, certain critical accounting estimates and assumptions are used and certain judgements are made.

The areas where the estimates and assumptions involve a high degree of judgement or complexity, and are considered material to the financial statements are:

- Future claims and associated costs, refer Note 6
- Reinsurance and other recoveries on outstanding claims, refer Note 3 and 7

Financial Statements

For the year ended 30 June 2025

(f) Going concern

"These financial statements have been prepared on a going concern basis, which assumes that the Scheme will be able to discharge its liabilities as and when they are due. During the year, the Scheme had to pay \$4.46 million to Workcover Queensland towards the transfer of outstanding claims liability for the four Councils exiting the Scheme. The Scheme recognised a loss of \$6.84 million (2024 : profit of \$0.86 million) and as at reporting date, the total liabilities exceeded total assets by \$2.68 million (2024 : total assets exceeded total liabilities by \$4.16 million). The Scheme has net operating cash outflow of \$2.95 million (2024: cash inflow of \$1.43 million) and continue to forecast a positive cash flow in 2025-26.

Despite these conditions, management believes that the Scheme remains a going concern based on the following considerations:

- The Scheme's member contribution is expected to increase from \$42.78 million (exclusive of GST) in 2024-25 to \$44.56 million (exclusive of GST) in 2025-26. Out of the \$44.56 million member contributions, the Scheme has received \$40.98 million as at 5th November 2025. These contributions will be used to pay the claims liability recognised in the current liability as at 30 June 2025.
- The Scheme has \$36.61 million of financial assets classified as non-current assets as at 30 June 2025, which can be redeemed to manage the Scheme's liquidity position.

Management does not expect any other circumstances that may impact the ability of the Scheme to continue as a going concern. Based on these factors, the Management Committee has a reasonable expectation that the Scheme has and will have adequate resources to continue in operational existence for the foreseeable future and hence going concern assumption is appropriate.

3. Underwriting result

a) Revenue recognition

Member contributions

Contributions comprise amounts charged to Scheme members for liability protection. Contributions are earned from the date of attachment of risk. The pattern of recognition over the period of cover is based on time, which is considered to closely approximate the pattern of risks undertaken.

Reinsurance and other recoveries

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid, incurred but not reported claims (IBNRs) and incurred but not enough reported (IBNERs) are recognised as revenue. Reinsurance and other recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Reinsurance and other recoveries receivable are measured at the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

Investment income

"Investment income is recognised as it accrues, taking into account the effective yield on the financial asset. Investment distributions are recognised when the right to receive payment is established. The investment income comprises of the distribution from the investment trusts.

Distribution of \$0.52 million from investment funds pertaining to 2023-24 but received in July 2024 has been accounted as Investment income in 2024-25.

Distribution of \$0.72 million from investment funds pertaining to 2022-23 but received in July 2023 has been accounted as Investment income in 2023-24.

Interest income

The revenue received from cash and cash equivalents is recognised as interest income. It is recognised as it accrues on the cash and cash equivalents. The interest income comprises of the interest received from Queensland Treasury Corporation (QTC) cash fund and cash held with ANZ Bank.

b) Outwards reinsurance

Premiums ceded to reinsurers are recognised as expenses in accordance with the pattern of reinsurance services received, being on a daily pro-rata basis.

	2025 \$	2024 \$
Member contributions	42,780,064	37,494,355
Outward reinsurance premium expense	(1,398,564)	(1,155,087)
Net contributions revenue	41,381,500	36,339,268
Claims expense	(42,214,686)	(29,396,031)
Reinsurance and other recoveries revenue	1,577,932	950,946
Net claims expense	(40,636,754)	(28,445,085)
Other underwriting expenses*	(10,749,754)	(10,849,120)
Underwriting result	(10,005,008)	(2,954,937)
*Other underwriting expenses include:		
Regulator Levy	(1,689,498)	(1,452,759)
Scheme expenses management fee	(9,060,256)	(9,396,361)
	(10,749,754)	(10,849,120)

Financial Statements

For the year ended 30 June 2025

4. General expenses

	2025 \$	2024 \$
Investment fees and charges	172,744	192,082
Administration expenses	822,982	892,590
	995,726	1,084,672

5. Financial assets at fair value through profit or loss

Financial assets consist of investments in QIC managed funds which, upon initial recognition are classified at 'fair value through profit or loss' (FVTPL) and are subsequently measured at fair value with changes in carrying value being included in statement of profit or loss in the period in which they arise. The QIC managed funds total \$58.03 million at 30 June 2025 (2024: \$55.07 million). Fair value for managed funds is based on the quoted bid price of the investment at reporting date.

Fair Value Hierarchy

Financial assets are disclosed using a fair value hierarchy which reflects the significance of inputs to the determination of fair value.

The different levels have been defined as follows:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability.

Level 3 valuation techniques that are not based on observable market data.

The carrying amount of cash, receivables and payables approximates their net fair value. The fair value of investments is measured at market value based on QIC advice. As at 30 June 2025 the Scheme's other financial assets are recognised as Level 2 (2024: Level 2).

6. Future claims and associated costs

	2025 \$	2024 \$
Expected future claims (undiscounted)	79,477,001	70,171,000
Discount to present value	(6,810,867)	(6,502,000)
Liability for outstanding claims	72,666,134	63,669,000
Current	29,801,644	25,661,000
Non - current	42,864,490	38,008,000
Liability for outstanding claims	72,666,134	63,669,000

Claims

Claims expense and a liability for future claims are recognised as losses occur. The liability for future claims includes claims incurred but not yet paid, IBNRs, IBNERs, and the anticipated costs of settling those claims.

The liability for future claims is measured as the present value of the expected future payments, reflecting the fact that all claims do not have to be paid out in the immediate future. The liability has been set having regard to independent actuarial advice.

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"

The expected future payments are then discounted to their present value at the reporting date using market determined risk adjusted discount rates. The Scheme takes all reasonable steps to ensure that it has appropriate information regarding its claim exposures with estimates and judgements continually being evaluated and updated based on historical experience and other factors.

The liability for future claims is calculated using a central estimate with no explicit bias towards over or under estimation.

The liability for future claims includes a prudential margin of 15% (2024:15%) to increase the probability that the overall provision for claims will be adequate.

Uncertainty

"The actuary advised that there are many factors which can and will cause the ultimate cost of claims incurred to 30 June 2025 to deviate from the actuary's central estimate.

The sources of the uncertainty in the estimation of the outstanding liability are:

- The models adopted for analysis and projection will never exactly match the actual claim process;
- Assuming a perfect model could be constructed, past fluctuations in the experience cause uncertainty in estimating model parameters;

Financial Statements

For the year ended 30 June 2025

- (c) Anomalies in the data may cause further undetected problems in estimating model parameters;
- (d) Future claim fluctuations result in uncertainty in projected future payments, even if the true parameter values could be determined for a perfect model; and
- (e) Future economic and environmental conditions are not known and may vary significantly from the assumptions adopted.

Liability adequacy test

The central estimate is determined, in principle, such that there is no bias to over or under estimation. However, an adequate provision for the outstanding liability under AASB 1023 *General Insurance Contracts* requires a risk margin to be included such that the probability that the provision will prove to be sufficient is increased. An appropriate probability of sufficiency would usually be between 65% and 90%, depending on the acceptable level of risk to the insurer, whilst Australian Prudential Regulation Authority (APRA) requires a 75% probability of sufficiency for private sector insurers. The Scheme's Management Committee have determined to adopt a 75% (2024: 75%) probability of sufficiency.

Actuarial assumptions and methods

The following assumptions have been made in determining the outstanding claims liabilities. A description of the assumptions and the material variances for those assumptions has been detailed below.

Key Actuarial Assumptions	2025	2024
Claims administration expenses	7%	7%
Wage inflation	3.07%	3.29%
Discount rate	3.66%	4.26%
Term to settlement (years)	2.25	2.17

The actuary has set out an analysis by accident year of the increase in the outstanding liability.

2024-25 - Increase by \$6.3 million from \$52.9 million as at 30 June 2024 to \$59.2 million as at 30 June 2025.

2023-24 - Increase by \$3.5 million from \$49.4 million as at 30 June 2023 to \$52.9 million as at 30 June 2024.

Process used to determine actuarial assumptions

In conducting the valuation, the actuary has inflated past claim payments, estimates and remuneration for wage inflation to express monetary amounts in consistent dollar values as at 30 June 2025 ("current values"). In applying the various actuarial valuation methods, the actuary has investigated underlying trends in the experience, allowing them to determine the appropriate assumptions for projecting future outstanding claims payments (and expected recoveries). These projections were then inflated for cost escalation and discounted for investment returns to estimate the liability. Claims administration expenses and a risk margin were added to determine the final provision.

The valuation includes all statutory benefits (excluding latent onset claims), while common law benefits (again except those related to latent onset claims) reflect only their respective components. For workers with common law intimations, statutory payments are included in the statutory benefits' modelling. All payment data excludes GST.

For latent onset claims, all their benefits are modelled together and are treated as a standalone segment.

The methodology adopted by the actuary at the current valuation is unchanged from the previous valuation.

Different methods have been used to project the outstanding claims payments for each payment type.

The methods used are:

- a) For statutory weekly and medical - payments per claim active.
- b) For statutory other - payments per unit (wages) exposure.
- c) For common law disbursements - payments per (common law) claims intimated.
- d) For common law damages - payments per (common law) claims settled.
- e) Latent onset claims - average size by projected frequency.
- f) Non-reinsurance recoveries - payments per unit (wages) exposure.

The actuary has assessed an incurred but not reported (IBNR) liability allowance, to be included in the outstanding claims liability provision for balance sheet purposes. The projected numbers and claim costs are based on the Scheme's portfolio and other portfolios as well as asbestos and silicosis related statistics in general.

Claim administration expense

In addition to future payments to claimants and other providers such as doctors, solicitors and investigators, the Scheme also has to meet future internal administration costs of handling and settling those claims still outstanding. The assessment has to include an allowance for these internal claims handling costs to ensure that it is fully funded for all future costs associated with the Scheme.

Taking into account an estimate of the administration costs expected to be incurred to finalise or settle the outstanding claims from the claims manager, the actuary considers that it is reasonable to set aside 7% (2024: 7%) of the gross future claims payments as adopted in the previous valuation.

Inflation

Statutory weekly benefits have increased in line with wage inflation. Other costs such as statutory medical expenses are also expected to rise broadly in line with inflation. The actuary has set out the future payments for the run-off of the Scheme's liabilities together with assumed inflation rate for each future year. The combination of these payments and assumed inflation rates produces a uniform

Financial Statements

For the year ended 30 June 2025

inflation rate for all future years of 3.07% (2024: 3.29%) per annum. The increase in the assumed inflation rate is due to changes in the level of inflation expectations over the year.

The overall level of payments can increase at a faster rate than inflation. This is referred to as superimposed inflation and it arises from such things as precedent setting court awards and a tendency for claimants to stay on benefits longer as the scheme becomes better understood.

At the current valuation, the actuary has reviewed the presence of superimposed inflation for all payment types and concluded that there continues to be a presence of superimposed inflation in the statutory benefits (amongst weekly and medical). To reflect the same, the actuary has allowed for a superimposed inflation rate of 4% p.a. for statutory weekly benefits' projections (increasing from 3% adopted at the previous valuation) and 1% p.a. for statutory medical benefits' projections (unchanged from the previous valuation).

Discount rate

Future expected claim payments are to be discounted "using risk-free discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations". The actuary has used the zero coupon yields on the Commonwealth Government bonds as the basis for determining a uniform risk-free discount rate.

The discount rate is the average yield, weighted by the expected future cash flows. The actuary notes that the assets backing the Scheme's portfolio are required to be invested in Queensland Treasury approved products. The future differences between returns on the Scheme's portfolio and the risk free rate adopted for discounting purposes will emerge as profit or loss when they arise.

The actuary sets out the future payments for the run-off of the Scheme's liabilities (excluding administration expenses), together with the yields available on Government bonds of equivalent durations. The combination of these payments and yields produces a uniform discount rate for all future years of 3.66% (2024: 4.26%). The decrease in the discount rate reflects changes in the general level of market interest rates.

Term to Settlement

The actuary has assumed an expected term to settlement of 2.25 years (2024: 2.17 years) based on the historical experience and the results of historical claims.

Inflation rate, discount rate, expense rate and estimated cost of claims sensitivity analysis

The following sensitivity analysis evaluates the impact of a +/- 1 per cent movement in the discount, inflation and expense rate and a +/- 10 per cent movement in the estimated cost of claims for the outstanding provisions.

Inflation assumption**2025**

	Carrying Amount \$	-1% Movement \$	1% Movement \$
Future claims and associated costs	72,667,000	(1,616,000)	1,616,000
Other recoveries receivables	(4,567,000)	118,000	(118,000)
Potential Impact		(1,498,000)	1,498,000

2024

	Carrying Amount \$	-1% Movement \$	1% Movement \$
Future claims and associated costs	63,688,000	(1,364,000)	1,364,000
Other recoveries receivables	(2,749,000)	52,000	(52,000)
Potential Impact		(1,312,000)	1,312,000

Discount rate assumption**2025**

	Carrying Amount \$	-1% Movement \$	1% Movement \$
Future claims and associated costs	72,667,000	1,523,000	(1,523,000)
Other recoveries receivables	(4,567,000)	(109,000)	109,000
Potential Impact		1,414,000	(1,414,000)

2024

	Carrying Amount \$	-1% Movement \$	1% Movement \$
Future claims and associated costs	63,668,000	1,287,000	(1,287,000)
Other recoveries receivables	(2,749,000)	(50,000)	50,000
Potential Impact		1,237,000	(1,237,000)

Financial Statements

For the year ended 30 June 2025

Expense rate assumption

2025

	Carrying Amount \$	-1% Movement \$	1% Movement \$
Future claims and associated costs	72,667,000	(679,000)	679,000
Other recoveries receivables	(4,567,000)	-	-
Potential Impact		(679,000)	679,000

2024

	Carrying Amount \$	-1% Movement \$	1% Movement \$
Future claims and associated costs	63,668,000	(595,000)	595,000
Other recoveries receivables	(2,749,000)	-	-
Potential Impact		(595,000)	595,000

Estimated cost of claims assumption

2025

	Carrying Amount \$	-10% Movement \$	10% Movement \$
Future claims and associated costs	72,667,000	(2,679,000)	2,679,000
Other recoveries receivables	4,567,000	-	-
Potential Impact		(2,679,000)	2,679,000

2024

	Carrying Amount \$	-10% Movement \$	10% Movement \$
Future claims and associated costs	63,668,000	(2,538,000)	2,538,000
Other recoveries receivables	(2,749,000)	-	-
Potential Impact		(2,538,000)	2,538,000

7. Net claims incurred

Current period claims relate to risks borne in the current financial year. Prior period claims relate to a reassessment of the risks borne in all previous financial years.

	2025 \$	2024 \$
Net claims expense (Note 3)	40,636,754	28,445,085

2025

Details of net incurred claims are as follows:

	Current Year \$'000	Prior Years \$'000	Total \$'000
Claims incurred and related expenses - undiscounted	52,102	(7,763)	44,339
Reinsurance and other recoveries - undiscounted	(1,890)	(1,830)	(3,720)
Net claims incurred - undiscounted	50,212	(9,593)	40,619
Discount - Claims incurred and related expenses	(4,414)	4,105	(309)
Discount - Reinsurance and other recoveries	411	(85)	326
Net discount movement	(4,003)	4,020	17
Net incurred claims	46,209	(5,573)	40,636

Financial Statements

For the year ended 30 June 2025

2024

Details of net incurred claims are as follows:

	Current Year \$'000	Prior Years \$'000	Total \$'000
Claims incurred and related expenses – undiscounted	38,158	(6,811)	31,347
Reinsurance and other recoveries – undiscounted	(721)	(1,140)	(1,861)
Net claims incurred - undiscounted	37,437	(7,951)	29,486
Discount – Claims incurred and related expenses	(3,813)	2,666	(1,147)
Discount – Reinsurance and other recoveries	77	29	106
Net discount movement	(3,736)	2,695	(1,041)
Net incurred claims	33,701	(5,256)	28,445

8. Notes to the statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and short term investment deposits at call net of bank overdraft.

Cash and cash equivalents include cash deposits held with a financial institution, and a capital guaranteed investment held with QTC that is subject to a low risk of change in value and is readily convertible to cash on hand.

Reconciliation of operating surplus to net cash provided by operating activities:

	2025 \$	2024 \$
Operating (deficit)/surplus	(6,839,734)	863,935
Adjustments for		
Changes in fair value of investments - unrealised	(1,339,571)	(1,998,328)
Investment income classified as investing activities	(1,771,591)	(1,871,657)
Net cash used by operating activities before change in assets and liabilities	(9,950,896)	(3,006,050)
Change in assets and liabilities		
(Increase) in reinsurance and other recoveries receivable	(1,816,135)	(804,000)
(Increase) in trade and other receivables	(210,522)	(155,039)
Increase in trade and other payables	27,763	486,163
Increase in future claims and associated costs	8,997,134	4,914,000
Net cash (used in)/from operating activities	(2,952,656)	1,435,074

9. Related parties

a) Key Management Personnel (KMP)

Management Committee

The day to day business of the Scheme is managed by a Management Committee appointed by LGAQ. The Management Committee is responsible to the LGAQ for achieving the scheme's objectives and for financial management. KMP include members of the Management Committee and Directors of the Trustee.

The members of the Management Committee have been listed as key management personnel and receive Committee meeting fees and reimbursement of the costs of travel expenses associated with attending the Committee meetings.

The names of the members of the Management Committee during the financial year are:

Mr Ian Leckenby
 Mr Terry Brennan
 Mr John Sharman
 Ms Alison Smith (delegate Darren Leckenby)
 Mr Darren Leckenby
 Cr Samantha O'Toole
 Cr Peter Flannery

Financial Statements

For the year ended 30 June 2025

KMP Category / Position	Short-Term Employee Benefits	Short-Term Employee Benefits
	2025 \$	2024 \$
Chairman	37,500	37,500
Management Committee Members	19,500	19,500
Total	57,000	57,000

No committee meeting fees were paid to the following members:

Ms Alison Smith
Mr Darren Leckenby

Cr Peter Flannery was appointed as a member of the Scheme's Management Committee effective 1 July 2024.

No member of the Management Committee has entered into a material contract with the Scheme during the current or previous financial year.

Directors of the Trustee

LGAQ is acting through its Board, in its capacity as a trustee of the Trust under the Trust Deed. The Directors of the Trustee of the Trust which have been listed below are also key management personnel as they are responsible for the ultimate oversight of the business of the Trust. No remuneration has been paid to them.

Cr Matt Burnett
Cr Kurt Rehbein
Cr Kelly Vea Vea
Cr Peter Flannery

The Trust does not make loans to or receive loans from related parties. No guarantees have been provided.

b) Transactions with related parties

Related parties include LGAQ and its controlled entities. The following are transactions within the group:

	2025 \$	2024 \$
Purchase of services from LGAQ and its controlled entities on a commercial basis	105,750	106,023
Cost recovery transactions paid to LGAQ & its controlled entities	37,539	24,508
Workcare Scheme remuneration paid to LGAQ	1,151,678	1,113,809

Services provided by LGAQ are on a cost recovery basis and represent transactions paid on behalf of the Scheme.

c) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse. There have been no such transactions during the year.

d) Transactions with related parties that have not been disclosed

Some of the Scheme's key management personnel (KMP) are also KMP of their respective Councils, these Councils do transact with the Scheme on a regular basis as members of the Scheme. Examples include:

- Member contributions
- Other recoveries revenue
- Claims expenses
- Distributions

The Scheme has not included these transactions in its disclosures, where they are made on the same terms and conditions available to all other members of the Scheme.

10. Financial instruments

Initial recognition and measurement

Financial assets are recognised when the entity becomes a party to receive cash and cash equivalents or other financial assets from another entity, and securities issued by another entity. Financial liabilities are recognised when the entity becomes a party to the contractual obligations to pay cash or deliver other financial assets. For financial assets, this is equivalent to the date that the Scheme commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are included in profit or loss immediately.

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the entity has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial Statements

For the year ended 30 June 2025

Impairment of Financial assets

The Scheme recognises loss allowances for an Expected Credit Loss ("ECL") on financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Scheme and the cash flows that the Scheme expects to receive).

At each reporting date, the Scheme also assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Scheme considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Scheme's historical experience, informed credit assessment and forward-looking information.

No expected credit loss allowance was recognised on the financial assets carried at amortised cost for the year ended 30 June 2025 (2024: nil).

Classification and subsequent measurement

Financial instruments are subsequently measured at either their fair value or amortised cost using the effective interest rate method. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in Statement of profit or loss.

Financial instruments - Fair values**Accounting classifications and fair values**

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Scheme becomes party to the contractual provisions of the financial instrument. The Scheme has the following categories of financial assets and financial liabilities:

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
FINANCIAL ASSETS						
Cash and cash equivalents	7,870,947	-	7,870,947	10,674,535	-	10,674,535
Financial assets at amortised cost:						
Trade and other receivables	1,209,517	-	1,209,517	998,995	-	998,995
Reinsurance and other recoveries receivables	2,323,560	2,242,575	4,566,135	642,000	2,108,000	2,750,000
	3,533,077	2,242,575	5,775,652	1,640,995	2,108,000	3,748,995
Financial assets at fair value through profit or loss	21,426,502	36,608,490	58,034,991	20,456,932	34,615,966	55,072,898
Total financial assets	32,830,526	38,851,065	71,681,590	32,772,462	36,723,966	69,496,428
FINANCIAL LIABILITIES						
Financial liabilities at amortised cost:						
Trade and other payables	1,696,004	-	1,696,004	1,668,240	-	1,668,240
Total financial liabilities	1,696,004	-	1,696,004	1,668,240	-	1,668,240

Financial Statements

For the year ended 30 June 2025

11. Risk management

Risk management objectives and policies for mitigating risk

The Scheme operates in Queensland to provide services to members in respect of their potential and actual workers compensation liabilities. Subject to the Scheme Rules, the Scheme meets the costs of workers compensation claims against members that are accepted in accordance with the *Workers Compensation and Rehabilitation Act 2003*.

Actuarial models, using information from the Scheme's management information systems, are used to confirm contributions and monitor claim patterns. Past experience and statistical methods are used as part of the process.

The principal risk is that the frequency and severity of claims is greater than expected. Workers Compensation liability events are, by their nature, random, and the actual number and size of events during any one-year may vary from those estimated using established statistical techniques.

The Scheme has an objective to control risk thus reducing the volatility of its operating surplus. In addition to the inherent uncertainty of liability risks, which can lead to variability in the loss experience, operating surpluses can also be affected by external factors such as competition and movements in asset values.

The Scheme relies on a strong relationship with its members and actively encourages them to adopt Workplace Health and Safety practices that reduce the incidence of claims to the Scheme.

Reinsurance strategy

The Scheme adopts a conservative approach towards the management of risk and does this by utilising risk transfer options. The Management Committee determines the level of risk, which is appropriate for the Scheme having regards to ordinary concepts of prudence and regulatory constraints. The risk transfer arrangements adopted by the Scheme utilise commercial reinsurance arrangements. These risk transfer arrangements assist the Scheme to limit its exposures. These programs are regularly reviewed to ensure that they continue to meet the risk needs of the Scheme.

Management of risks

The key risks that affect the Scheme are contribution risk and claims experience risk.

Contribution risk is the risk that the Scheme does not charge contributions appropriate for the indemnity cover it provides. The Scheme partially manages contribution risk through its proactive approach to risk management, which addresses all material risks, both financial and non-financial. There are no specific terms and conditions that are expected to have a material impact on the financial statements.

Claims experience risk is managed through the non-financial risk assessment, and risk management and reinsurance management process. Claims experience is monitored on an ongoing basis to ensure that any adverse trending is addressed. The Scheme is able to reduce the claims experience risk of severe losses through the reinsurance program and by managing the concentration of risks.

Concentration of risks

Risk is managed by taking a long-term approach to setting the annual contribution rates that minimise price fluctuations, adopting an appropriate investment strategy, implementing a reinsurance program and by maintaining an active state-wide risk management profile. It is vital that the Scheme keeps abreast of changes in the general economic, legal and commercial environment in which it operates.

Market risk

Market risk is the risk that changes in market prices will affect the Scheme's income or the value of its financial instruments.

Price risk

In addition to cash and cash equivalents, the investment portfolio contains exposures to equity markets through managed unit trusts held in QIC. These investments, integral to insurance activities, are measured at net market value at each reporting date and changes in market value are immediately reflected in the Statement of Profit or Loss and Other Comprehensive Income. Any overall downturn in the equities market may impact on future results of the Scheme. The impact of any significant movement is managed by ensuring that the investment portfolio consists of a diverse holding of investments. The Scheme holds \$58,034,992 worth of units with QIC as at 30 June 2025 (2024: \$55,072,898).

Currency risk

The Scheme does not trade in foreign currency and is not materially exposed to commodity price changes.

Interest rate risk

The Scheme is exposed to interest rate risk through its investments with QTC and a commercial bank account. The Scheme has access to a mix of variable and fixed rate funding options with QTC so that the interest rate risk exposure can be minimised. The interest rate risk exposure with a commercial bank is immaterial.

Interest on cash is charged at prevailing market rates being approximately 3.9% at 30 June 2025 (2024: 4.4%). Interest on QTC investments is charged at prevailing market rates which is approximately 4.56% at 30 June 2025 (2024: 4.86%).

Interest Rate Sensitivity Analysis

Interest rate sensitivity depicts what effect a reasonably possible change in interest rates of +/- 1% would have on the profit and equity, based on the carrying value of financial assets and liabilities. With all other variables held constant, the Scheme would have surplus increase/(decrease) of \$78,709 (2024: \$106,745) for interest rate risk.

Unit Price Sensitivity Analysis

Unit price sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates and unit prices would change by +/- 1% for the QIC Cash Enhanced Fund, by +/-5% for the QIC Short Term Income Fund and QIC Long Term Diversified Fund from the year-end rates applicable to the Scheme's financial assets and liabilities. With all other variables held constant, the Scheme would have a surplus increase/(decrease) of \$214,265 (2024: \$204,569) for unit price risk for the QIC Cash Enhanced Fund and surplus increase/(decrease) of \$1,830,425 (2024: \$1,730,798) for unit price risk for the QIC Short Term Income Fund.

Financial Statements

For the year ended 30 June 2025

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument to meet its contractual obligations. These obligations are principally from Scheme's investments and receivables.

The maximum exposure to credit risk at reporting date in relation to each class of recognised assets is the gross carrying amount of those assets inclusive of any impairment.

The credit risk arising from Scheme's exposure to individual entities in investment portfolios is monitored and controlled through risk management strategies implemented by the Scheme's fund manager, QIC.

The Scheme considers that all of the financial assets at amortised cost that are not impaired for each of the reporting dates under review are of low credit risk due to the high quality credit rating of the parties involved. No collateral is held as security and no credit enhancements relate to financial assets held by the Scheme.

Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Scheme is exposed to liquidity risk in respect of its payables being trade and other payables and distribution payables, refer to the Statement of Financial Position.

The Scheme's objective when managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme manages liquidity risk by continuously monitoring cash flows. The Scheme's financial liabilities comprise of trade and other payables of \$1,696,003 (2024: \$1,668,240), which are non-interest bearing with maturity date of less than one year.

12. Auditor's remuneration

	2025	2024
	\$	\$
Audit of financial statements	<u>77,765</u>	<u>60,050</u>

There are no non-audit services included in this amount.

13. Commitments for expenditure

Commitments for payments of Scheme Management Fees are payable as follows. Commitments for payments of the Regional Risk Co-ordinator programme have been incorporated in the Scheme management fees.

	2025	2024
	\$	\$
Within one year	9,347,589	9,775,472
Later than one year but not later than 5 years	-	10,169,929
	<u>9,347,589</u>	<u>19,945,401</u>

14. Contingent liabilities

The Scheme holds bank guarantees worth \$66,456,000 with QTC (2024: \$66,081,000). The Scheme's members have provided an indemnity towards this bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds to cover outstanding liabilities. Only the Queensland Government's worker compensation authority may call on any part of the guarantee should the above circumstances arise.

15. New accounting standards for application in future periods

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these consolidated financial statements.

The nature and effects of the standards applicable to the Scheme that are not yet effective are as follows:

AASB 17 Insurance Contracts

AASB 17 *Insurance Contracts* (AASB 17) replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*.

The mandatory application date of AASB 17 for public sector entities has been deferred to annual periods beginning on or after 1 July 2026 as a result of the following amendment standards issued by the AASB:

- AASB 2022-8 Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments which permits public sector entities to continue to apply AASB 4 and AASB 1023 up until 30 June 2026; and
- AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector which amends AASB 17 to include modifications that apply to public sector entities from 1 July 2026.

Financial Statements

For the year ended 30 June 2025

Measurement model

The standard introduces new measurement for the recognition and measurement of insurance contracts (general measurement model). Insurance contracts must be measured using the general measurement model unless an entity is eligible to apply the simplified approach known as the premium allocation approach (PAA).

Entities may apply the PAA, if the insurance contracts have a coverage period of one year or less or if the liability for remaining coverage under that approach is not expected to be materially different from that under the general measurement model.

AASB 2022-9 permits public sector entities to choose to apply the PAA to insurance contracts issued without the need to assess PAA eligibility. The Scheme will apply the PAA across all insurance products.

For groups of contracts that apply the PAA and have a coverage period of one year or less, AASB 17 provides an option to recognise any insurance acquisition cash flows as expenses when incurred. The Scheme will continue to recognise any insurance acquisition cash flows as expenses as they incur for all policies, consistent with the current accounting treatment under AASB 1023.

Onerous contracts

AASB 17 requires the identification of 'groups' of onerous contracts which will be determined at a more granular level of aggregation than the level at which the liability adequacy test is performed under AASB 1023. However, under AASB 2022-9, onerous contracts are tested and recognised at a portfolio level. Contracts that are measured using the PAA are assumed not to be onerous unless facts and circumstances indicate otherwise. In accordance with AASB2022-9, the Scheme may be required to recognise onerous contracts at initial recognition.

Risk adjustment

The measurement of insurance contract liabilities will include a risk adjustment for non-financial risk which replaces the risk margin under AASB 1023. The risk margin under AASB 1023 reflects the inherent uncertainty in the net discounted central estimate, whereas the risk adjustment under AASB 17 is defined as the compensation required for bearing the uncertainty that arises from non-financial risk. The Scheme is currently assessing the approach to adopt in determining the risk adjustment for the liability for incurred claims.

Discount rates

AASB 1023 requires the central estimate of outstanding claims to be discounted using risk-free rates. AASB 17 requires estimates of future cash flows to be discounted to reflect the time value of money and financial risks related to those cash flows (i.e. the new liquidity premium) but does not prescribe a methodology for determining the discount rates used. The Scheme will continue to work with the Actuary in estimating the level of illiquidity premium in the determination of the discount rates.

Presentation and disclosure

AASB 17 introduces changes to the presentation of insurance contracts in the consolidated statement of comprehensive income and consolidated statement of financial position. The standard contains more disclosures compared with existing reporting requirements.

Taxation impact

Current tax law in Australia has been amended to align AASB 17 effective for annual periods beginning on or after 1 January 2023. Insurance entities can continue to apply the former tax laws based on AASB 1023 until AASB 17 is adopted. The Scheme continues to review the financial and operational impact of the transition to AASB 17.

Transition

AASB 17 will be applied retrospectively to all insurance contracts on transition.

Presentation and disclosure in financial statements

AASB 18 *Presentation and Disclosure in Financial Statements* applies to not-for-profit public sector entities from reporting periods beginning on or after 1 January 2028 and is intended to replace AASB 101 *Presentation of Financial Statements*. The key presentation and disclosure requirements established by AASB 18 are as follows:

- the presentation of newly defined subtotals in the consolidated statement of comprehensive income; and
- the disclosure of management-defined performance measures; and enhanced requirements for grouping (aggregation and disaggregation) of information.

AASB 18 will have an impact on the presentation and disclosure of the Scheme's financial statements. The Scheme will monitor the progress of the standard and apply the standard from the applicable date.

16. Authorisation of financial statements for issue

The financial statements are authorised for issue by the Management Committee at the date of signing the Management Committee's Certificate.

17. Subsequent events

No transaction or event of a material or unusual nature, in the opinion of the Scheme's Management Committee, has arisen in the interval between the end of the financial year and the date of these financial statements to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

Board of Management's Certificate

Queensland Local Government Workers Compensation Self-Insurance Scheme Management Committee's Certificate

In the opinion of the Management Committee of Queensland Local Government Workers Compensation Self-Insurance Scheme:

- a) the financial statements and notes, set out on pages 44 to 58:
- i) give a true and fair view of the financial position of Queensland Local Government Workers Compensation Self-Insurance Scheme as at 30 June 2025 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date;
 - ii) comply with Australian Accounting Standards; and
 - iii) are drawn up in accordance with the provisions of the Trust Deed dated 6 April 2004 and Scheme Rules dated 19 May 2017;
- b) there are reasonable grounds to believe that the Queensland Local Government Workers Compensation Self-Insurance Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Management Committee:



Mr Ian Leckenby
Chairman

2 December 2025

Date

Independent
Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the trustee, management committee and members of Queensland Local Government Workers Compensation Self-Insurance Scheme

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Local Government Workers Compensation Self-Insurance Scheme (the Trust).

In my opinion, the financial report:

- a) gives a true and fair view of the trust's financial position as at 30 June 2025, and its financial performance for the year then ended; and
- b) complies with the trust deed of Queensland Local Government Workers Compensation Self-Insurance Scheme dated 6 April 2004 (as amended), Scheme rules dated 19 May 2017 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the certificate given by the management committee.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Responsibilities of the trustee and management committee for the financial report

The trustee and management committee are responsible for the preparation of the financial report that gives a true and fair view in accordance with the trust deed of Queensland Local Government Workers Compensation Self-Insurance Scheme dated 6 April 2004 (as amended), Scheme rules dated 19 May 2017 and Australian Accounting Standards, and for such internal control as the trustee and management committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.



The trustee and management committee are also responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustee and management committee either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.

A handwritten signature in black ink that reads "mluwina".

Martin Luwina
as delegate of the Auditor-General

3 December 2025

Queensland Audit Office
Brisbane



lgms.net.au



RISK SPECIALISTS | UNRIVALLED VALUE | OWNED BY MEMBERS