Motor Accident Insurance Commission

Annual Report 2009-10

About our annual report

The Motor Accident Insurance Commission's annual report describes our progress during 2009-10 towards achieving the objectives published in our strategic plan.

It delivers detailed information on our financial and non-financial performance during the 2009-10 financial year, and provides a better understanding of who we are, our people and our business.

This year's report also contains information on the review of the underwriting model underpinning Queensland's compulsory third party (CTP) insurance scheme. The outcome of this review is featured on page 10.

Our annual scheme statistical report is also included as a separate section. The statistical report covers all aspects of the CTP scheme including:

- Premium prices benchmarked against the affordability index
- Market share of insurers
- Claim frequency and claim propensity
- Accident data by region, age and gender
- Claim severity and injury type
- Claims by accident year and duration
- Legal representation and litigation figures
- Heads of damage.

The financial information contains the audited financial statements of both the Motor Accident Insurance Fund and the Nominal Defendant Fund.

Further information on the CTP scheme and the Commission's operations can be found at www.maic.qld.gov.au.

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The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us at the CTP helpline 1300 302 568 and we will arrange an interpreter to effectively communicate the report to you.

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Visit www.maic.qld.gov.au for additional copies of this annual report.

The Honourable Andrew Fraser MP
Treasurer
Parliament House
Cnr George and Alice Streets
BRISBANE QLD 4000

Dear Treasurer

I am pleased to present the Annual Report 2009-10 for the Motor Accident Insurance Commission. The report details the operations of Queensland's compulsory third party insurance scheme and the financial statements of the Commission and the Nominal Defendant from 1 July 2009 to 30 June 2010.

I certify this annual report complies with:

- the prescribed requirements of the *Motor Accident Insurance Act 1994*, the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements outlined in the *Annual Reporting Requirements for Queensland Government Agencies.*

A checklist outlining the annual report requirements can be accessed at http://www.maic.qld.gov.au/forms-publications-stats/annual-reports.shtml

Yours sincerely

Paul Donaldson
Acting Insurance Commissioner

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About us

Who we are

The Motor Accident Insurance Commission is responsible for regulating Queensland's compulsory third party (CTP) insurance scheme and managing the Nominal Defendant Fund.

Based in Brisbane and established under the *Motor Accident Insurance Act 1994* (MAIA), the Commission commenced operations on 1 September 1994 as a statutory body reporting to the Treasurer.

Our scheme

Since 1936, Queensland has operated a CTP motor vehicle insurance scheme. The scheme provides motor vehicle owners with an insurance policy that covers their unlimited liability for personal injury caused by, through or in connection with the use of the insured motor vehicle in incidents to which the MAIA applies.

For those injured in motor vehicle accidents, the scheme provides modified access to the common law where the injured party can establish negligence against an owner or driver. As the scheme is fault-based, circumstances can arise where a person injured in an accident cannot obtain compensation because there is no negligent party against whom he or she can bring an action.

Six private licensed insurers currently underwrite the Queensland CTP scheme. The licensed insurers accept applications for insurance and manage claims on behalf of their insured policy holders.

The scheme is designed to allow insurers to set their premiums for each class of motor vehicle within floor and ceiling premium bands set by the Commission. An efficient system of premium collection, through the motor vehicle registry of the Department of Transport and Main Roads, minimises administration costs within the scheme and provides motor vehicle owners with a relatively convenient transaction.

The Nominal Defendant acts as an insurer where damages are claimed for personal injury arising from the liability of uninsured and unidentified motor vehicles. In the event of insolvency of an underwriting CTP insurer, the Nominal Defendant has a legislated role to meet the cost of CTP claims against that insurer.

CTP premiums in Queensland remain relative to other states and can be considered good value-for-money as they provide injured people with access to common law entitlements. While there are limits on certain heads of damage, there are no threshold entry levels.

Although scheme structures differ, all CTP authorities in Australia participate in regular forums to address common issues for all the state and territory schemes.

Our role

The primary activities of the Commission include:

- licensing Queensland CTP insurers
- monitoring scheme trends and the performance of CTP insurers based on scheme data and independent actuarial analyses
- setting premium bands and recommending levies
- maintaining a helpline service for motor vehicle owners and injured people
- managing claims against the Nominal Defendant and prudent investment of its claim reserves.

The Commission's role includes advising the Queensland Government on the ongoing suitability of the scheme in providing a balance between the needs of the stakeholders.

We are also active in programs to minimise and mitigate the effects of motor vehicle accidents by providing funding for education and research in these areas.

Our vision

Our vision is to deliver an affordable and effective compulsory third party insurance scheme for the community of Queensland and to lead the way in contemporary claims management.

Our values

Achievement and excellence
Trust and integrity
Innovation and learning
Teamwork

Our strategic objectives

1. Provide a viable and equitable personal injury motor accident insurance scheme.
2. Improve the performance of the Nominal Defendant operation.
3. Provide a corporate governance model that facilitates the Commission's vision and meets the State's financial and performance standards.

How we contribute to the Queensland Government's Toward Q2: Tomorrow's Queensland ambitions:

The Commission contributes to the Queensland Government's ambitions for 2020 in the following ways:

Fair: Supporting safe and caring communities

The Commission contributes to the Government's Toward Q2: Tomorrow's Queensland ambition for a **fair** Queensland by maintaining a viable CTP scheme balanced with reasonable and appropriate compensation to the injured.

Smart: Delivering world-class education and training

The Commission contributes to the Government's Toward Q2: Tomorrow's Queensland ambition for a **smart** Queensland by providing funds for research and education in the fields of injury prevention and rehabilitation.

Healthy: Making Queenslanders Australia's healthiest people

The Commission contributes to the Government's Toward Q2: Tomorrow's Queensland ambition for a **healthy** Queensland by investing in research to improve road safety interventions and service delivery for people injured in motor vehicle accidents.

Our performance

Insurance Commissioner's Report

This past financial year was a milestone one for the Commission, with the Treasurer announcing a review of the Queensland compulsory third party (CTP) scheme underwriting model.

Treasurer and Minister for Employment and Economic Development Andrew Fraser MP announced the review in Parliament in March 2010, stating that it was time for the Commission to look at the underwriting of the scheme to ensure premiums were as low as they could be.

The Commission considered a number of options during the review. It was apparent the scheme had moved in a direction which featured high delivery costs. Those costs were generally associated with the payment of commissions and other inducements provided to new car dealers. With the input of the underwriting insurers, the Commission determined savings in the order of $20 could be achieved and passed to motor vehicle owners.

Conscious that other than in New South Wales, no jurisdiction allows the payment of commissions on CTP insurance, the Government took the policy position to ban the payment of inducements to third parties, which would enable the savings to be passed to motor vehicle owners.

Additionally, the Commission is undertaking a number of initiatives aimed at increasing consumers' ability to exercise choice and their awareness of premium pricing. The overall objective is to get a more competitive premium model.

The amendments resulting from the CTP review are expected to be brought to Parliament in the first half of the 2010-11 financial year, with an implementation date of 1 October 2010.

This year, the Treasurer announced the removal of the HIH levy. The HIH levy has been in place since the collapse of HIH in 2001. The liability that became the responsibility of the Nominal Defendant was in excess of $400 million. Dividends from the liquidation that have been received to date total $238.17 million. The Nominal Defendant is now sufficiently reserved to cover the remaining liabilities.

Investment outcomes

With the extent of funds under management, it was pleasing to see some improvement in the equity markets. The Motor Accident Insurance and Nominal Defendant funds fare better today than they did at this time last year. Throughout the year, we witnessed better than expected returns, however, the year ended on a weaker note with two months of negative returns.

Performance

The year saw considerable policy work associated with the underwriting review and lifetime care and support. The latter entailed actuarial analysis of various elements underpinning premium pricing.

With lifetime care and support, the Commission continued to explore the feasibility of a no-fault scheme for those who are catastrophically injured in motor vehicle accidents. The Commission also participated in a national working party looking at emerging issues in the provision of lifetime care and support. We will look to incorporate our learnings from these activities when providing further advice to Government.

Following consultation with insurers, the Commission's new Injury Coding Guideline was finalised and released for use. The new Guideline applies to all injuries coded from August 2009 using the AIS 2005 coding classification and the Commission's administrative codes. The quality of injury coding has a direct impact on the quality of information we have on our scheme.

In January this year, in response to feedback from our stakeholders, we launched our claim and provider treatment plan forms in an electronic format on the Commission's website. The electronic format provides claimants, their representatives and allied health professionals with the convenience of digitally completing forms and saving them electronically.

In late 2009, the Commission conducted its first audit of insurers' compliance with the Rehabilitation Standards for CTP Insurers (issued in 2007). Overall, insurers were assessed as generally meeting the Standards. The Commission is working closely with insurers with a view to continuous improvement.

Our research and sponsorship investment

This year, we saw the launch of the advanced driver simulator at QUT. This $1.5 million investment—which includes funds from the Commission, the State Government, the University of Queensland, the Australian Research Council, RACQ, and QUT—will provide researchers with the ability to look at the effects of tiredness and driving under the influence, amongst other driving factors, from the safety of a simulator. With the majority of crashes that occur on our roads being attributed to driver error, research into driver behaviour is critical in order to identify methods of reducing road trauma.

Earlier this year, the Treasurer announced that the government will extend its partnership with the Centre of National Research on Disability and Rehabilitation Medicine (CONROD) with $6.567 million in funding over the next three years. The Commission has proudly supported CONROD since its inception in 1997 and continues to see the benefit of CONROD's research to our scheme stakeholders.

In January this year, the Commission agreed to renew its sponsorship of the Spinal Injuries Association's Spinal Education Awareness Team (SEAT). SEAT is an award-winning injury prevention program, which involves presenters with spinal injuries speaking with school children about exercising basic caution, identifying and avoiding risks and what it feels like to have a spinal injury.
The Commission is proud to have co-funded SEAT since 2006.

Looking ahead

Looking ahead, the Commission's leadership team is focused on creating a responsive organisation. We are listening to our stakeholders, and keeping the scheme under close observation.

Recently, I announced my retirement from the Commission. Having been a part of the Commission's leadership team since its establishment in 1994, I am proud to have helped steer the Commission through some challenging times.

On reflection, in the formative years of the Commission, it was a real challenge shaping legislation and developing systems to introduce a shift in the procedural steps for personal injury litigation in Queensland for motor vehicle injuries.

One cannot forget the years that followed with the fundamental scheme review in 1999, the collapse of the HIH Insurance Group in 2001 and dealing with the law reform that emanated from the liability insurance crisis in early 2000.

Each of these events had their significant challenges and were overcome through the collaboration and the dedication of all those involved.

Also in 2001, the role of Insurance Commissioner was broadened to manage the Government's self insurance scheme (the Queensland Government Insurance Fund) in addition to managing the State's CTP scheme. Progressively, this reshaped the role of the Insurance Commissioner, but again it was with the support of many within our office and more broadly the public sector as a whole.

Lifetime care and support will hopefully be one of the big steps forward for the organisation. Equally, the efficacy of the reforms to the current underwriting model for CTP will require further analysis ahead of Government's reassessment.

It has been a privilege to lead the Commission for the last three years and to have served with a team of staff who have faced every challenge with willingness, skill, innovation and care.

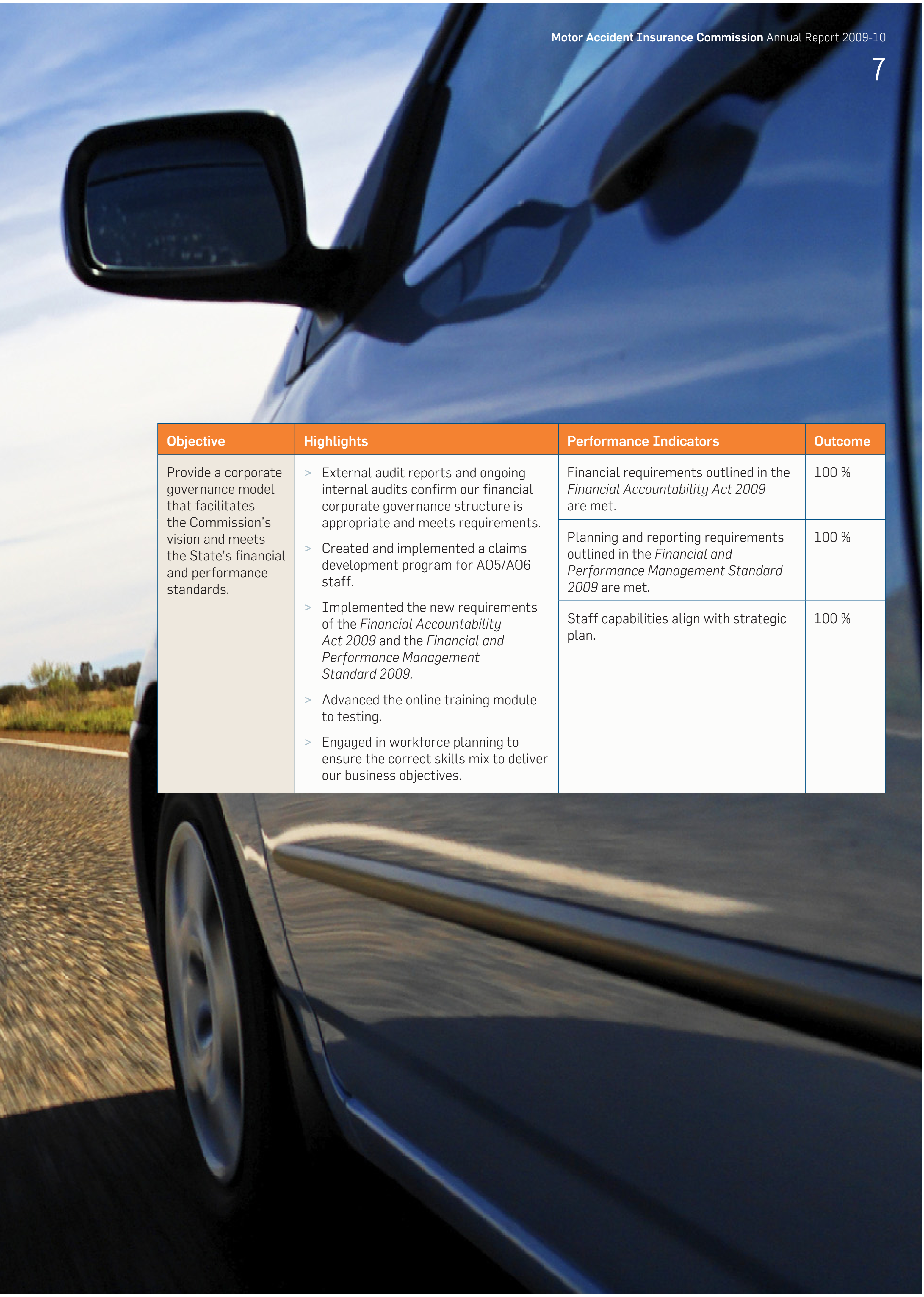
In summary, I have had a long and particularly rewarding career in government and fortunately have been in positions to influence the policy agenda. I have enjoyed solid support from Ministers and senior officers of Treasury, to which I am most grateful. I thank all that have aided and assisted me over the years and also the many colleagues across diverse areas of business and government.

John Hand

Our performance (continued)

Our report card

Objective	Highlights	Performance Indicators	Outcome
Provide a viable and equitable personal injury motor accident insurance scheme.	> Conducted a review of the CTP scheme underwriting model, satisfying NCP requirements. > Earned $4.98 million in investment income on the MAI Fund. > Expended $5.58 million on initiatives aimed at reducing or eliminating the frequency of motor vehicle accidents and minimising their impact. > Released electronic versions of all CTP scheme forms.	Premium bands and levies set within legislated time-frames.	100 %
		Premium bands are set at a level to ensure scheme viability.	100 %
		Funds expended on grants per registered vehicle.	$0.47
		Investment strategies align with future commitments in accident prevention and injury mitigation.	100 %
Improve the performance of the Nominal Defendant operation.	> Finalised 453 claims (85 relating to FAI insolvency). > Recovered $657,555 (not including reinsurance). > Earned $41.43 million in investment income on the Nominal Defendant Fund. > The actuarial analysis of outstanding claims liabilities confirmed a fully funded status for the Nominal Defendant. > Enhanced performance management by implementing two thirds of the recommendations from the Nominal Defendant claims operational audit, with the rest of the recommendations to be implemented in 2010-11.	Number of Nominal Defendant claims finalised as a percentage of total outstanding claims.	61.8 %
		Average operating cost per Nominal Defendant Claim.	$1605
		Percentage of Nominal Defendant claims settled within two years of compliance with the *Motor Accident Insurance Act 1994*.	47.9 %
		Percentage of Nominal Defendant claims paid within 60 days of the settlement date.	90.4 %
		Investment strategies align with the anticipated claims runoff.	100 %



Objective	Highlights	Performance Indicators	Outcome
Provide a corporate governance model that facilitates the Commission's vision and meets the State's financial and performance standards.	> External audit reports and ongoing internal audits confirm our financial corporate governance structure is appropriate and meets requirements. > Created and implemented a claims development program for AO5/AO6 staff. > Implemented the new requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009.* > Advanced the online training module to testing. > Engaged in workforce planning to ensure the correct skills mix to deliver our business objectives.	Financial requirements outlined in the *Financial Accountability Act 2009* are met.	100 %
		Planning and reporting requirements outlined in the *Financial and Performance Management Standard 2009* are met.	100 %
		Staff capabilities align with strategic plan.	100 %

Our performance (continued)

Our research and sponsorship investment

Since 1994, the Commission has distributed more than $80 million in funding to Australian research organisations that share our vision of reducing the frequency of motor vehicle accidents and minimising their impact.

Over the last twelve months, the Commission has proudly supported many important programs, including committing to a fourth round of funding to the Centre of National Research on Disability and Rehabilitation Medicine (CONROD), providing funds to an advanced driving simulator at the Centre of Accident Research and Road Safety Queensland (CARRS-Q) and renewing its sponsorship to the Spinal Injuries Association's Spinal Education Awareness Team (SEAT).

Committing to CONROD's strong performance

This year, the Commission extended its commitment to CONROD. The Commission has agreed to grant CONROD $6.567 million over three years. This funding offer will introduce contractual arrangements which will provide CONROD with funding that will roll forward each year, resulting in a consistent funding window of two to three years if performance indicators are met. This innovative approach will assist CONROD with their strategic planning and staff retention.

The Commission funds CONROD based on the Centre's strong performance in its five key program areas of acute trauma care, rehabilitation, health economics and systems, social and behavioural science, and vocational and community rehabilitation. The following highlights are:

- CONROD is having a direct impact on policy and practice relating to the treatment of trauma in twenty Queensland public hospital sites through the activities of the Queensland Trauma Registry.
- Contribution to the development of National Health and Medical Research guidelines for Acute Pain management.
- CONROD's research on the economic costs of road trauma is used nationally to help inform road safety policy.
- Risk screening tools for post traumatic stress following trauma for children developed by CONROD now utilised as standard practice at Royal Children's Hospital.
- Development of a whiplash website for both consumers and practitioners, which provides detailed, evidence-based information on various treatments of whiplash.
- CONROD, through the Vocational and Community rehabilitation program operating from Griffith University, has undertaken reviews of spinal cord and brain injury services including recommendations in order to improve service provision to clients and their families.

The Commission has proudly supported CONROD since its inception and looks forward to the CTP scheme benefiting from the ongoing direct relevance of CONROD's research to injury prevention and mitigation.

Launch of new advanced driving simulator

Together with the Australian Research Council and other key Queensland government agencies, another project the Commission was proud to help fund this year was Queensland's first state of the art driving simulator. Treasurer and Minister for Employment and Economic Development Andrew Fraser MP officially launched the driving simulator on 19 March 2010.

Based at the Centre for Accident Research and Road Safety – Queensland, this simulator will provide researchers with new and innovative opportunities to study driver behaviour in varying driving conditions that would be difficult, costly and unsafe to obtain under real driving situations. With the majority of crashes that occur on our roads being attributed to driver error, research into driver behaviour is critical in order to identify methods of reducing road trauma.

The collaborative investment in this advanced driving simulator is particularly worthwhile when compared with the cost of road crashes which remain a major cause of traumatic death and injury in Australia with an estimated social and economic cost of over $17 billion per annum.

Renewal of sponsorship to Spinal Injuries Association

In January 2010, the Commission agreed to renew its sponsorship to the Spinal Injuries Association for the next three years. This sponsorship helps to subsidise the important work of the Spinal Education Awareness Team (SEAT). SEAT, which recently celebrated its twentieth anniversary, is a state-wide injury prevention program that champions a reduction in risk taking behaviour with the ultimate aim of reducing the number of spinal cord injuries in Queensland. Targeting school children, SEAT presenters, who have all sustained a spinal cord injury, have delivered their message to more than one million children across Queensland schools since the program began.

With road trauma remaining a major cause of spinal cord injury, road safety messages are fundamental to every SEAT presentation and reinforce the consequences of speeding, drinking while driving, fatigue and not wearing a seat belt. Currently prevention is the only way of reducing spinal cord injuries. The social and economic costs of spinal cord injuries are enormous.

The Commission is pleased to continue to support the work of the SEAT team as its dissemination network continues to grow. This financial year up to 100,000 school children viewed a SEAT presentation which is well up on the 60,000 who accessed a presentation four years ago.

Recognising our role

The Commission is proud of its commitment to research with programs across the continuum from accident prevention to treatment and rehabilitation, to community integration and long-term support for people injured in motor vehicle accidents. We recognise the important role the Commission plays in the community and we look forward to continuing our strong relationship with the organisations we fund.

This simulator will provide researchers with new and innovative opportunities to study driver behaviour in varying driving conditions.

Photo courtesy of Centre for Accident Research and Road Safety – Queensland

Our performance (continued)

A scheme under review

In June, the Treasurer announced the Government's intention to introduce changes to the CTP scheme, which would deliver savings of up to $24 to Queensland motor vehicle owners on their CTP insurance as part of the 2010-11 Budget. The announcement marked the completion of a review into the CTP insurance scheme underwriting model.

In an environment of insurers all filing premiums at the Commission's upper limit, the Treasurer asked the Motor Accident Insurance Commission in March this year to conduct a review into the CTP scheme's underwriting model. The Treasurer asked the Commission to look at ways to improve efficiencies in the delivery of CTP insurance.

Armed with more than 15 years of statistical and actuarial information, and in consultation with the insurance industry, the Commission completed the review. While the scheme remained affordable, the review identified that there were ways to decrease the delivery costs and provide an environment to enhance price competition.

In search of competition

Prior to 2000, CTP insurance premiums were set annually by regulation and could not be varied by an insurer. Following amendments in 2000, the Government introduced a vehicle class filing model, providing insurers with a floor and ceiling within which they could file their premiums for each of the 24 vehicle classes.

The premium ceiling is determined by the Commission with regard to stakeholder submissions and independent actuarial advice. The ceiling incorporates a margin which allows individual insurers the capacity to be competitive. The floor is based on more optimistic assumptions of trends but ensures premiums are sufficient to meet claims and associated costs so the scheme remains viable.

By introducing amendments in October 2000 offering insurers the opportunity to set premiums within a floor and ceiling limit, the Government expected to see competitive pricing amongst insurers, which would benefit motor vehicle owners.

While there has been some competition since October 2000, the average difference for Class 1 (cars and station wagons) premiums over the last ten quarters was only $4, and for the last three consecutive quarters, all six insurers have filed at the ceiling. While motor vehicle owners have the option of changing insurers, for some time now, there has been little price incentive to do so.

Quick Fact: Class 1 vehicles (cars and station wagons) account for approximately 70 per cent of registered vehicles. Class 6 vehicles (trucks, utilities and vans that weigh 4.5 ton or less) account for approximately 20 per cent of registered vehicles.

There are many arguments as to why competition has weakened over the last two years, including the global economic downturn and new prudential requirements putting capital pressures on insurers with consequential effects on the market. Arguably one of the main reasons why the CTP insurance market has failed to see effective competition is the added cost pressures associated with intermediary commissions.

Motor vehicle dealer network

Some insurers have developed strong links with motor vehicle dealers as fundamental to maintaining market share. Motor vehicle dealers in exclusive relationships with certain insurers, offer buyers the convenience of organising CTP insurance and registration for their new vehicle at the dealership. In return, these dealers have been paid commissions on any new business generated for the insurer as well as trailing commissions for each year the CTP policy remains with the insurer.

Other inducements to motor vehicle dealers, such as discounts on commercial insurance have become common place. All these aspects translate to higher costs and are passed to all motor vehicle owners in the form of higher premiums.

Competition is also hindered by consumer lack of awareness that they have a choice in their CTP insurer. Often, people buying new cars are not aware the dealer has nominated an insurer on their behalf.

Under the current scheme, the process is passive, with the motor vehicle owner not inclined to actively research CTP insurers or premium prices. If the motor vehicle owner lacks the awareness, interest or access to information to change CTP insurer, when the subsequent renewal arrives, they will simply renew with the same insurer.

From a competitive perspective, these motor vehicle dealer arrangements are causing significant barriers to new entrants to the scheme or those insurers wanting to build market share.

It is of note, other than New South Wales, no jurisdiction pays any form of commission on CTP.

Reducing delivery costs

On 8 June 2010, the Treasurer announced, "The Government will legislate to ban the payment of commissions associated with CTP insurance effective from 1 October this year."

The Treasurer also announced that from 1 October 2010, the Government will remove the $4 HIH surcharge included in the Nominal Defendant levy. The HIH surcharge was introduced in 2001 to help fund the liabilities that transferred to the Nominal Defendant following the collapse of the HIH group.

Through these changes, premiums were anticipated to fall by as much as $24.

In addition to these amendments, the Government is looking to improve the information already available on CTP insurance including enhancing the registration renewal package, amending forms and improving the information available on the websites of the Motor Accident Insurance Commission and the Department of Transport and Main Roads.

The objective is to create an environment more conducive to price competition. It is pleasing to note that the filings for the 1 October 2010 quarter will have the first signs of differential pricing, albeit only a small difference (Allianz $5 lower for Class 1 and NRMA $10 lower for Class 4 vehicles).

Looking forward

The Commission will continue to keep the scheme under review, carefully monitoring price competition and the response to consumer choice initiatives.

Our people

Our structure

- **Insurance Commissioner**
  - Executive Assistant
  - **General Manager, Motor Accident Insurance**
    - **Manager, Systems and Operations**
      - Senior Scheme Analyst (2)
      - Scheme Analyst
      - Assist. Performance Analyst
      - Research Officer
      - Data Officer
      - Data & System Support Officer
    - **Manager, Strategy and Policy**
      - Principal Policy Officer – Injury Management
      - Performance Analyst
      - Education Officer
      - Grants Coordinator
  - **Manager, Nominal Defendant**
    - Team Leader
      - Senior Claims Officer
      - Claims Officer
      - Administration Officer
    - Team Leader
      - Senior Claims Officer
      - Claims Officer
  - **Manager, Corporate Governance**
    - Principal Finance Officer
    - Senior Finance Officer
    - Principal Coordinator-Business & Policy
    - Policy Officer
    - Office Services & Policy Coordinator
    - Information Officer
    - Finance & Administration Officer
    - Senior Business Support Officer (3)
    - Business Support Officer (2)
    - Business & Admin Support Officer

Our leadership team

Left to right: John Hand, Kim Birch, Fanny Lau, Cathy Pilecki, Lina Lee, Ashur Merza

Insurance Commissioner

John Hand, ANZIIF (Snr Assoc) CIP, GAICD

Appointed to the Commission in 1993, John's responsibilities include setting the strategic direction for the Commission and overseeing the operation of the scheme. His roles with the Commission have encompassed executive management, providing high-level policy advice to government on a range of insurance issues and developing new legislation. John's insurance career spans more than 40 years commencing with the State Government Insurance Office and followed by a period with the Workers' Compensation Board of Queensland.

General Manager, Motor Accident Insurance

Kim Birch, B.HSc. RN

Appointed to the Commission in 2001, Kim's responsibilities include providing high-level strategic advice to the Insurance Commissioner and leading the development and implementation of strategies and policies for regulating the CTP Insurance Scheme in Queensland. Her roles within the Commission have encompassed management and policy advice on CTP insurance issues, injury management and claims. Kim has a nursing background covering all areas of clinical care and management and a further six years experience with the insurance industry working with CTP claims prior to her appointment to the Commission.

Manager, Systems and Operations

Fanny Lau, B. Phty, MBA, M.Comm, AFACHSE, CHE, CPA, ANZIIF (Allied)

Appointed to the Commission in 2006, Fanny's responsibilities include managing the development of quality information to support the regulation and development of the CTP scheme. Her roles within the Commission have encompassed systems and database management, scheme analysis, and operations. Fanny has a physiotherapy background and ten years experience in health finance and administration with the Department of Health prior to her appointment to the Commission.

Manager, Policy and Strategy

Cathy Pilecki, B.Phty, Grad Dip Rehab Counselling

Appointed to the Commission in 2002, Cathy's responsibilities include providing high-level policy and strategic advice to the Insurance Commissioner and the General Manager, Motor Accident Insurance. Her roles within the Commission have encompassed research funding, information, education and injury management. Cathy has a health services background in physiotherapy and rehabilitation counselling with a further three years experience with the insurance industry working with CTP claims prior to her appointment to the Commission.

Manager, Corporate Governance

Lina Lee, B.Com, CA

Appointed to the Commission in 2006, Lina's responsibilities include strategic and business planning, financial management, office management, records management, workforce planning and ensuring the Commission meets statutory and government reporting obligations. Lina has an accountancy and auditing background covering the chartered profession, commerce, industry, and more recently the public sector, with more than five years experience in management prior to her appointment to the Commission.

Manager, Nominal Defendant

Ashur Merza, MBA (Professional), Grad.Cert.Mgmt.

Appointed to the Commission in 2006, Ashur's responsibilities include the efficient management and internal control of the Nominal Defendant. His roles within the Commission have encompassed claims, strategic and business planning, and statutory and government reporting. Ashur has management experience in operational and head office environments primarily within the general insurance industry and experience providing high-level procurement advice to Government.

Our people (continued)

Our recruitment, development and retention

Our leadership team understands that highly motivated and skilled staff members, working together, are the key to achieving our vision. Our people are the foundation on which all our activities rest. Our success in our workforce is due to a committed strategy to develop and retain a talented, diverse and motivated workforce.

We have a mix of gender, ethnicity, skill, and experience in our workforce, working together in one central Brisbane location.

Recruitment

In 2009-10, our workforce remained stable with minimal recruitment driven, in part, by our high retention rate.

Our recruitment processes changed slightly this year as a result of the Queensland Public Service Commission's new leadership framework for the State Government, the Capabilities Leadership Framework (CLF).

In the latter part of the financial year, in line with the direction set by Government, we commenced applying the CLF to our recruitment processes. All staff across the Commission and Nominal Defendant were provided with an opportunity to attend training in applying for jobs under the CLF. New positions were advertised and selected using an applied CLF methodology. We will continue to apply the CLF methodology to our recruitment and development processes in 2010-11.

Development

We continually provide our staff with access to learning and development opportunities that enhance work skills and knowledge. Development programs we support range from study assistance, to internal online packages, to Government training programs and claims training programs.

Employees are encouraged and supported to apply for study assistance in the form of financial support for approved studies or time away from work to attend lectures and exams. In 2009-10, staff undertook accredited study in general insurance, certified practicing accounting and information technology.

Internally, we are demonstrating our commitment to our staff and our scheme by developing online training packages on the *Motor Accident Insurance Act 1994* and other relevant legislation. An online package was developed in 2009-10 and is currently being tested.

Our staff also participate in Government training packages. In 2009-10, our staff participated in Crown Law training on legal issues such as Right to Information and Privacy.

Professional Excellence Program

In 2009-10, the Commission sponsored Matthew Waugh to participate in the Professional Excellence Program (PEP). PEP is a program delivered by Treasury for staff within its portfolio offices including the Motor Accident Insurance Commission and Nominal Defendant. This eight week program focused on building knowledge and skills that could be applied immediately on-the-job and used in an ongoing way. In regards to the program, Matthew said,

"The program provided me with an opportunity for both self evaluation and skill development. It provided me with the chance to look at new ways of approaching situations which may extend beyond my own personal comfort zones in order to more effectively relate to others.

The best feature of the program was the practical exercises which provided me with the opportunity to develop my skills within the PEP group before using them in a real situation. The program also allowed me to meet others at similar stages of their careers within Treasury whom I might be able to call upon for advice or support if the need arises."

Inhouse claims training for non-claims staff

Following on the heels of extensive claims training for claims staff, this year we shifted focus by developing a claims training program for our non-claims staff. The purpose of this program was to help develop staff working in non-claims roles by providing them with exposure to claims and insurance fundamentals.

Rebecca Lai, a participant in the program, said, "Participating in this Claims Development Program provided me with the opportunity to examine our claims management system from a user perspective. Furthermore, the program exposed me to the theories and concepts that underpin contemporary claims management".

This program will be extended to other non-claims staff in 2010-11.

Retention

We are committed to helping employees balance their work and life commitments. We recognise that part of being an attractive, competitive employer involves providing work-life balance policies. Implementing these policies helps retain older workers, parents with child care responsibilities, and workers who want to combine work and study.

We continue to offer our staff the opportunity to engage in activities that promote work-life balance. Taking into account the circumstances of individuals and our organisational needs, we strive to align with staff requests to work part-time, to take advantage of flexible working hours, to work from home and to use the parenting facilities in the workplace.

We work hard to ensure a safe and healthy work environment for our people. Organisational policies cover fire and emergency evacuation, personal security, and duress alarm response. New employees are introduced to these policies as part of our induction program.

Workforce Statistics as at 30 June 2010	
Full-time equivalents	32.8
Permanent retention rate	92.87 %
Permanent separation rate	7.13 %
Voluntary Early Retirements and Deployments	0

Matthew Waugh

Rebecca Lai

Managing our business

Our legislation, audit, risk management and information systems

Corporate Governance is the system by which our business is directed and controlled. It provides a framework to encourage accountability and the efficient use of resources, and spells out the rules and procedures for making decisions on corporate affairs. Effective governance is evident in our achievements highlighted throughout this report.

Legislation

Legislation governs our operations. Our primary piece of legislation is the *Motor Accident Insurance Act 1994* (MAIA). Under this legislation, the Insurance Commissioner constitutes the Motor Accident Insurance Commission.

The Insurance Commissioner is appointed under the *Public Service Act 1996* and is responsible for administering the MAIA, encompassing responsibility for the Motor Accident Insurance Fund and the Nominal Defendant Fund.

The Insurance Commissioner reports to the State Parliament through the Treasurer and prepares an annual report, as required by the MAIA and the *Financial Accountability Act 2009* (FAA).

Audit

Our governance framework incorporates both internal and external accountability measures.

Treasury provides internal audit services to the Commission and the Nominal Defendant. When working with the Commission and the Nominal Defendant, the internal audit's aim is to assess financial and administrative control systems and to make recommendations regarding the effectiveness of the systems.

The results of internal audits are reported to the Under Treasurer and include opinions regarding the adequacy and effectiveness of financial, operational, administrative and computer controls.

Additionally, recommendations may be made for strengthening and enhancing controls, if any weaknesses or breakdowns are evident.

In 2009-10, Treasury's internal audit service audited the Nominal Defendant's claim transactions. The audit identified a number of issues to enhance the management of the Nominal Defendant. All recommendations were accepted by management with a view to full implementation by the end of 2010.

Externally, the Commission and Nominal Defendant are audited by the Queensland Audit Office in accordance with the FAA. The Commission and Nominal Defendant have achieved unqualified audits since the Commission commenced operations in 1994.

Risk management

Risk management forms an integral part of our decision-making, planning, policy development and regulatory activities. Our risk management philosophy is aided by Treasury, which provides us with a framework for regularly reviewing the importance, probability and treatment of risks.

Significant risks are recorded in the Commission and Nominal Defendant's risk register, and managed through the strategic and business planning processes. The risk register is reviewed biannually by us and it is also reviewed annually by the external auditors.

We have developed and maintained a business continuity plan to respond to defined risk events. This ensures business processes continue with minimal adverse impact on the CTP scheme. The business continuity plan is tested annually.

In addition to managing operational risks, as part of our project management methodology, we identify risks associated with projects and develop solutions to mitigate and manage them. Project reporting includes continual assessment of risks, their impact and the need for intervention.

Information systems and record keeping

Good record keeping is fundamental to good business. Our records are an essential asset which we create and capture as evidence of our business activities, transactions and decisions. Our paper and electronic records are managed throughout their lifecycle until they are archived and disposed of in accordance with the Queensland State Archives Retention and Disposal schedule.

Our records management processes are assisted by Treasury's Information Management Framework. That framework aims to ensure our records management practices are consistent with other offices within the Treasury portfolio and are compliant with current legislation and best record keeping standards including the *Public Records Act 2002, Evidence Act 1977, Information Standard 40: Recordkeeping* and *Information Standard 31: Retention and Disposal of Public Records, Information Standard 18: Information Security* and the *Right to Information Act 2009*.

Risk management forms an integral part of our decision-making, planning, policy development and regulatory activities.

Managing our business (continued)

Our levies and administration fee

Queensland's CTP insurance premium contains levies and an administration fee to help cover the costs involved in delivering different components of the CTP scheme. These levies and fees are calculated annually and include the Statutory Insurance Scheme Levy, the Nominal Defendant Levy, the Hospital and Emergency Services Levy and an Administration Fee (payable to the Department of Transport and Main Roads).

The Statutory Insurance Scheme Levy

The Statutory Insurance Scheme Levy covers the estimated operating costs of administering the *Motor Accident Insurance Act 1994* (MAIA) and also provides funding for research into accident prevention and injury mitigation. From 1 July 2009, the Levy increased by 5 cents to $1.75 per policy to offset lower investment returns on the Motor Accident Insurance Fund. For the 2009-10 year, the Levy collected income of $6.13 million. From 1 July 2010, the Statutory Insurance Scheme Levy increased by 5 cents to $1.80 per policy to cover a necessary increase in the Commission's operating costs to upgrade its computer systems.

The Nominal Defendant Levy

The Nominal Defendant Levy, which varies by vehicle class, covers the estimated costs of the Nominal Defendant scheme. The Levy is set having regard to an actuarial assessment of claim trends. From 1 July 2009, the Levy for Class 1 vehicles was increased by 10 cents to $17.40 and during the reporting period remained at this level. For the 2009-10 year, the income collected from the Levy totalled $59.30 million.

From 1 July 2010, the overall Nominal Defendant Levy decreased by 20 cents to $17.20 for Class 1 vehicles and reflects the trends in claims.

With the insolvency of FAI General Insurance Company Ltd on 15 March 2001, the Nominal Defendant assumed responsibility for outstanding claims against FAI policies. The Nominal Defendant Levy has included a surcharge (for a Class 1 vehicle) of $5 from 1 October 2001 to assist with the funding of these CTP liabilities. From 1 July 2010, the surcharge component reduced to $4 for a Class 1 vehicle. Income collected from the surcharge component was $16.91 million in 2009-10 (included in the total Nominal Defendant Levy collected).

The Hospital and Emergency Services Levy

The Hospital and Emergency Services Levy is designed to cover a reasonable proportion of the estimated cost of providing public hospital and public emergency services to people who are injured in motor vehicle accidents, who use such services and who are claimants or potential claimants under the CTP scheme. The Levy amount varies by vehicle class.

From 1 July 2009, the Levy for Class 1 vehicles was increased by 85 cents to $13.25. The collected income from the Levy for the 2009-10 year was $45.55 million of which $33.00 million was allocated to Queensland Health and $12.55 million to the Department of Community Safety which incorporates Emergency Services. From 1 July 2010, the Hospital and Emergency Services Levy increased by $1.15 to $14.40 for Class 1 vehicles.

The Administration Fee

The Administration Fee is the fee payable to the Department of Transport and Main Roads for delivering administrative support for the CTP scheme. From 1 July 2009, the Fee remained at $7.60 per policy. In the 2009-10 year, $28.90 million was collected. From 1 July 2010, the Administration Fee remained unchanged at $7.60 per policy.

Our statistics

Statistical information 2009-10

Major legislative changes impacting on the Queensland CTP scheme

The Queensland CTP scheme has undergone a number of legislative changes since 1994. When considering the statistics provided by the Commission in this report, reference should be made to how these amendments to legislation may have impacted on the data.

Legislation	Commencement	Key features
Motor Accident Insurance Act 1994	1 September 1994	• Provided a legislative framework around the existing common law process. • Key objectives: - Provide for the licensing and supervision of CTP motor vehicle insurers - Encourage the speedy resolution of claims - Promote and encourage the rehabilitation of injured persons - Establish and keep a register of claims to help administer the statutory insurance scheme.
Motor Accident Insurance Amendment Act 1999	14 December 1999	• Prohibited touting
Motor Accident Insurance Amendment Act 2000	1 July 2000 & 1 October 2000	• Competitive premium filing model • Simplified Notice of Accident Claim form • Introduction of a medical certificate • Requirement for insurers to make early decision on rehabilitation • Thresholds for recovery of legal costs • A mediation process for rehabilitation disputes • Requirement to report accidents to Police • Compulsory pre-proceedings conference
Civil Liability Act 2003	2 December 2002	• Introduction of prescribed injury scale value – from 0-100 points with corresponding amounts for general damages • Consistency between assessments for general damages awarded

The majority of the data represented in the statistical section is based on accidents from 2 December 2002 to 30 June 2010. Further data is available on the Commission's website. This information is updated on a regular basis.

Statistical information 2009-10

Insured vehicles by class

(Registrations as at 30 June 2010)

Class	Description	Vehicles	%
1	Cars and station wagons	2,385,163	68.30%
2	Motorised homes	11,191	0.32%
3	Taxis	2,720	0.08%
4	Hire vehicles	37,002	1.06%
5	Vintage, veteran, historic or street rods	16,356	0.47%
6	Trucks, utilities and vans with a GVM of 4.5t or less	661,211	18.93%
7	Trucks, prime movers and vans with a GVM > 4.5t	70,189	2.01%
8	Non-commercial buses	5,507	0.16%
9	Buses for school/health use	3,710	0.11%
10A	Buses not in class 8, 9 or 10B but used within 350 km of base	2,622	0.08%
10B	Buses under Translink service contract other than school or restricted school service	1,950	0.06%
11	Buses not in class 8, 9, 10A or 10B	5,766	0.17%
12	Motorcycles with driver only	53,208	1.52%
13	Motorcycles with pillion passenger or side car	103,605	2.97%
14	Tractors	24,622	0.71%
15	Self-propelled machinery, fire engines	8,625	0.25%
16	Ambulances	991	0.03%
17	Motor vehicles used only for primary production	39,380	1.13%
19	Limited access registration	33,903	0.97%
20	Zone access registration	10,039	0.29%
21	Self-propelled machinery not in classes 14, 15, 19 or 20	7,494	0.21%
23	Dealer plates	5,160	0.15%
24	Trailers	1,974	0.06%
Total		**3,492,388**	**100.00%**

Premium levy and fee collection

(1 July 2009 to 30 June 2010)

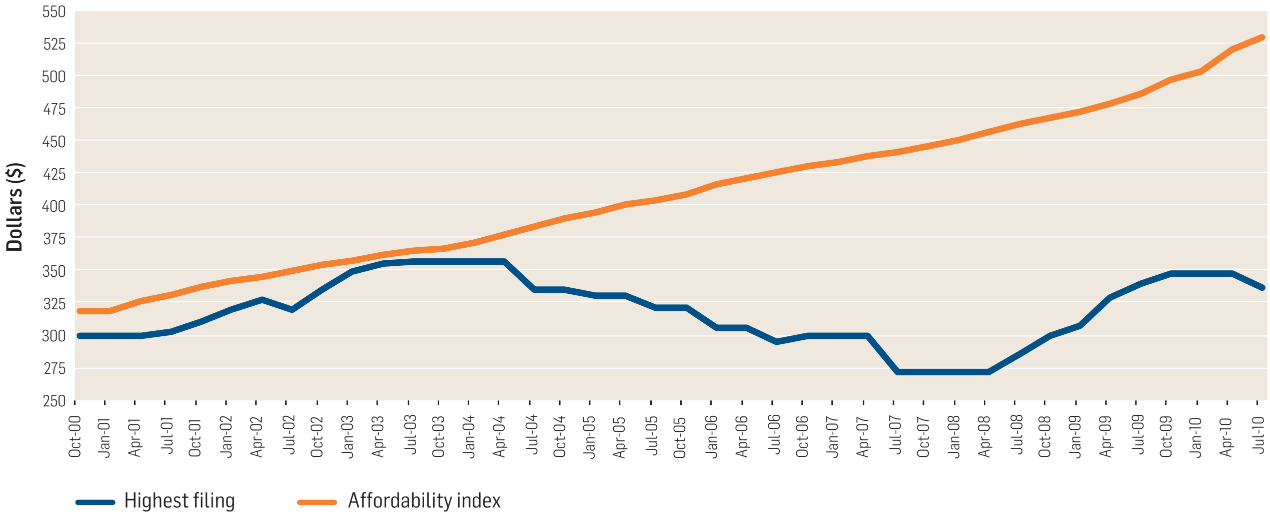
Description	$ ('000)
Total insurance premiums collected *	**1,295,774**
Nominal Defendant levy	-59,301
Statutory insurance scheme levy	-6,128
Hospital and emergency services levy ^	-45,551
Administration fee (Transport fee)	-28,903
Insurers premiums #	**1,155,891**

	$ ('000)
Hospital	-33,002
Emergency	-12,549
	-45,551

Note: * Net of cancellations
Include GST
^ Distribution of hospital and emergency services levy

Statistical information 2009-10

Affordability index vs highest filed Class 1 CTP premium



Note: The affordability index is 45% of the seasonally adjusted amount of Queensland full-time adult persons ordinary time weekly earnings averaged over the last four quarters as declared by the Australian Bureau of Statistics.

Average Class 1 filed premium

Insurer	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
AAMI	$339.75	$357.00	$322.80	$301.45	$290.95	$272.00	$305.50	$344.00
Allianz	$339.75	$357.00	$326.05	$303.95	$292.20	$270.50	$302.50	$344.50
NRMA	$339.75	$357.00	$320.80	$299.70	$281.90	$259.30	$300.15	$345.25
QBE	$334.25	$353.25	$325.10	$301.78	$281.80	$263.80	$300.70	$345.25
RACQI	$339.50	$357.00	$330.05	$305.70	$295.70	$272.00	$305.50	$345.25
Suncorp	$337.50	$355.75	$324.30	$303.70	$292.20	$272.00	$305.50	$345.25

Note: Average Class 1 filed premiums include levies.

Statistical information 2009-10

Claim frequency and claim propensity

(Accidents from 1 September 1994 to 30 June 2010)

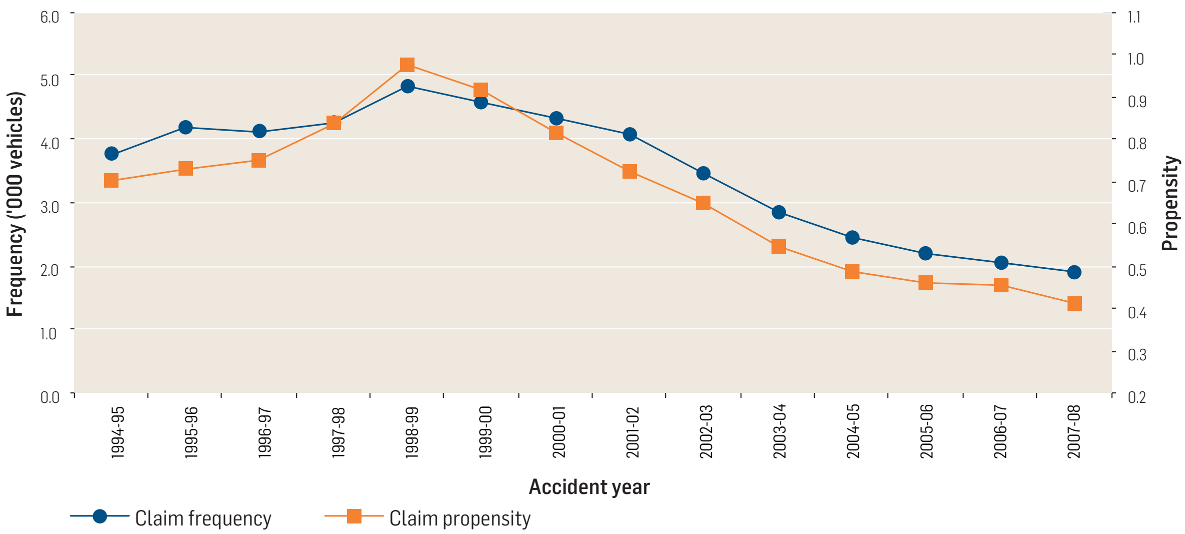
Accident year	Registered vehicles at 30 June	Claims (all claims)	Claim frequency *	Claim propensity # (QLD accident claims only)
1994-95	1,924,108	7,233	3.8	0.7
1995-96	2,144,564	8,988	4.2	0.7
1996-97	2,194,471	9,017	4.1	0.7
1997-98	2,264,086	9,592	4.2	0.8
1998-99	2,343,820	11,346	4.8	1.0
1999-00	2,390,744	10,903	4.6	0.9
2000-01	2,452,849	10,610	4.3	0.8
2001-02	2,529,256	10,318	4.1	0.7
2002-03	2,629,702	9,042	3.4	0.6
2003-04	2,758,280	7,849	2.8	0.5
2004-05	2,893,849	7,081	2.4	0.5
2005-06	3,026,987	6,645	2.2	0.5
2006-07	3,176,383	6,500	2.0	0.5
2007-08	3,324,485	6,350	1.9	0.4
2008-09	3,422,572	6,625		
2009-10	3,492,388	4,150		

Note: * Claim frequency is calculated using number of CTP claims per '000 registered vehicles.

Claim propensity is measured as the ratio of claims (Queensland accident claims) against the number of overall casualties (casualty severity classification 1 to 3) recorded in Queensland as per the Webcrash statistics, provided by the Department of Transport and Main Roads on 21 July 2010. Casualty data is immature for the recent accident years and is not included.

The recent accident years' data is immature due to the 'long tail' nature of CTP claims.

Claim frequency and claim propensity



Statistical information 2009-10

Number of accidents by region

(Accidents from 2 December 2002 to 30 June 2010)

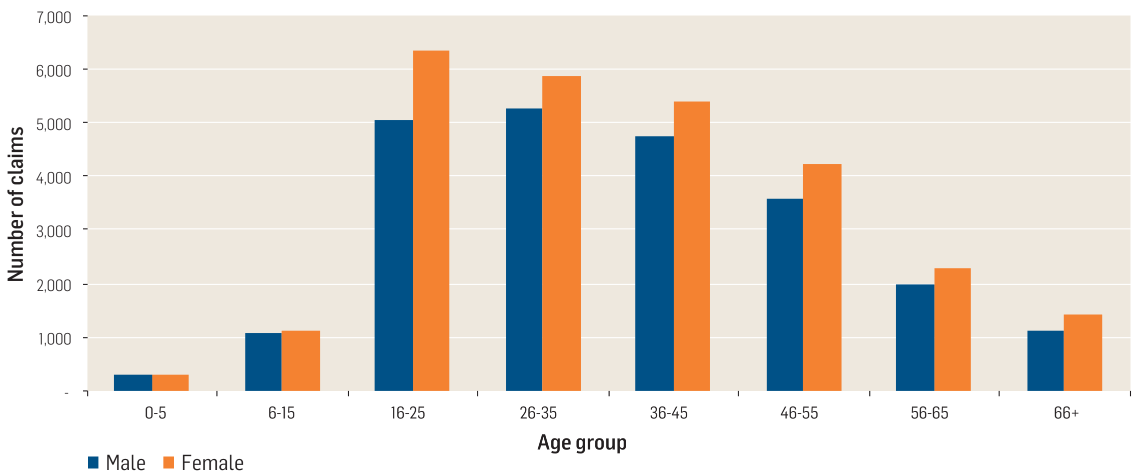
Accident date	2 Dec 2002 - 30 Jun 2003		1 Jul 2003 - 30 Jun 2004		1 Jul 2004 - 30 Jun 2005		1 Jul 2005 - 30 Jun 2006		1 Jul 2006 - 30 Jun 2007		1 Jul 2007 - 30 Jun 2008		1 Jul 2008 - 30 Jun 2009		1 Jul 2009 - 30 Jun 2010	
	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%
Brisbane	2,064	51.7%	3,295	51.9%	2,883	50.0%	2,785	50.9%	2,676	49.8%	2,575	49.2%	2,776	50.9%	1,770	51.5%
Other SE QLD Region	1,179	29.5%	1,828	28.8%	1,674	29.0%	1,542	28.2%	1,570	29.2%	1,566	29.9%	1,581	29.0%	996	29.0%
Regional QLD Region	572	14.3%	958	15.1%	957	16.6%	882	16.1%	878	16.3%	834	15.9%	840	15.4%	514	14.9%
Interstate	180	4.5%	272	4.3%	256	4.4%	265	4.8%	247	4.6%	262	5.0%	255	4.7%	160	4.7%
Total	**3,995**	**100.0%**	**6,353**	**100.0%**	**5,770**	**100.0%**	**5,474**	**100.0%**	**5,371**	**100.0%**	**5,237**	**100.0%**	**5,452**	**100.0%**	**3,440**	**100.0%**

Note: The recent accident years' data is immature due to the 'long tail' nature of CTP claims.
Other SE QLD Region includes Ipswich, Gold Coast and Sunshine Coast.
Regional QLD Region includes Toowoomba, Rockhampton, Mackay, Townsville, Mt Isa and Cairns.

Age group of claimants by gender

(All claims for accidents from 2 December 2002 to 30 June 2010 where relevant details are available)

Age group	Male	Female	Total	%
0-5	325	325	650	1.3%
6-15	1,063	1,120	2,183	4.4%
16-25	5,061	6,332	11,393	22.7%
26-35	5,262	5,861	11,123	22.2%
36-45	4,748	5,389	10,137	20.2%
46-55	3,582	4,245	7,827	15.6%
56-65	2,001	2,291	4,292	8.6%
66+	1,130	1,442	2,572	5.1%
Total	**23,172**	**27,005**	**50,177**	**100.0%**

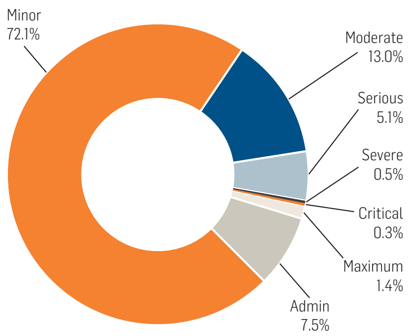


Statistical information 2009-10

Claim severity

(Finalised claims for accidents from 2 December 2002 to 30 June 2010)

AIS severity *	Description	Claims	%
1	Minor	26,921	72.1%
2	Moderate	4,862	13.0%
3	Serious	1,894	5.1%
4	Severe	199	0.5%
5	Critical	117	0.3%
6	Maximum #	516	1.4%
9	Admin ^	2,812	7.5%
	Total	**37,321**	**100.0%**



Note: * The Abbreviated Injury Scale, 2005 edition (AIS 2005) is an anatomically-based global severity scoring system that classifies each injury by body region according to its relative importance on a 6-point ordinal scale. This classification represents the 'threat to life' associated with each injury. Conversion of reported injury codes from AIS 1985 to AIS 2005 in July 2008 may have caused changes to severity level of some claims.

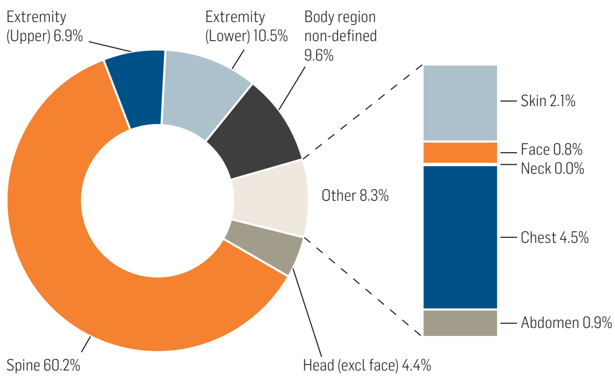
Maximum severity is predominately fatalities.

^ Admin severity includes but is not limited to unconfirmed injuries, nervous shock and business claims.

Injury by body region

(Finalised claims for accidents from 2 December 2002 to 30 June 2010)

Body region	Claims	%
Skin	797	2.1%
Head (excl. face)	1,637	4.4%
Face	284	0.8%
Neck *	17	0.0%
Chest	1,690	4.5%
Abdomen	336	0.9%
Spine	22,481	60.2%
Extremity (Upper)	2,585	6.9%
Extremity (Lower)	3,906	10.5%
Body region non-defined #	3,588	9.6%
Total	**37,321**	**100.0%**



Note: Body Regions are based on AIS 2005

* Whiplash claims based on AIS 2005 are reported under Spine.

Includes but not limited to claims reporting admin codes, psychological conditions and fatalities.

Statistical information 2009-10

Notice of claim lodgements – cumulative

(Accidents from 1 September 1994 to 30 June 2010)

Accident year	Duration between accident and claim lodgement (in months)											
	3	6	9	12	15	18	21	24	27	30	33	36+
1994-95	1,851	3,404	5,646	6,449	6,663	6,787	6,871	6,936	6,989	7,045	7,079	7,233
1995-96	2,734	4,891	7,254	8,175	8,364	8,488	8,586	8,634	8,692	8,750	8,798	8,988
1996-97	3,294	5,558	7,545	8,137	8,351	8,475	8,547	8,634	8,710	8,773	8,848	9,017
1997-98	4,026	6,306	8,091	8,719	8,922	9,046	9,157	9,254	9,321	9,391	9,436	9,592
1998-99	5,287	7,866	9,763	10,404	10,632	10,760	10,889	10,968	11,058	11,137	11,187	11,346
1999-00	5,105	7,427	9,272	9,956	10,200	10,378	10,484	10,574	10,644	10,705	10,736	10,903
2000-01	7,019	8,685	9,602	9,948	10,148	10,265	10,340	10,398	10,440	10,478	10,509	10,610
2001-02	7,403	8,773	9,384	9,653	9,769	9,861	9,987	10,090	10,160	10,191	10,220	10,318
2002-03	6,385	7,547	8,102	8,359	8,536	8,730	8,817	8,861	8,905	8,935	8,961	9,042
2003-04	5,314	6,379	6,920	7,174	7,330	7,501	7,603	7,668	7,719	7,760	7,783	7,849
2004-05	4,698	5,654	6,119	6,269	6,346	6,432	6,599	6,749	6,896	6,972	7,011	7,081
2005-06	4,345	5,184	5,643	5,835	5,930	6,000	6,152	6,374	6,528	6,564	6,590	6,645
2006-07	4,099	5,044	5,551	5,761	5,922	6,121	6,298	6,360	6,389	6,430	6,442	6,500
2007-08	4,103	4,953	5,639	5,900	6,036	6,127	6,186	6,254	6,300	6,332	6,347	6,350
2008-09	4,600	5,541	6,119	6,405	6,543	6,595	6,624	6,625				
2009-10	3,349	3,869	4,124	4,150								

Note: The recent accident years' data is immature due to the 'long tail' nature of CTP claims.

Claims by insurer

(Accidents from 2 December 2002 to 30 June 2010)

Accident date	2 Dec 2002 - 30 Jun 2003			1 Jul 2003 - 30 Jun 2004			1 Jul 2004 - 30 Jun 2005			1 Jul 2005 - 30 Jun 2006		
	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised
AAMI	259	100.0%	97.7%	363	99.7%	98.9%	383	100.0%	97.4%	404	100.0%	94.3%
Allianz	1,094	99.1%	98.0%	1,663	98.8%	95.7%	1,438	99.0%	94.1%	1,444	99.3%	88.7%
Nom. Defend.	170	99.4%	91.2%	249	97.6%	93.6%	202	97.0%	88.6%	173	98.8%	90.2%
NRMA	110	100.0%	100.0%	112	100.0%	98.2%	135	100.0%	99.3%	171	100.0%	97.7%
QBE	183	100.0%	99.5%	295	99.3%	98.6%	252	96.8%	98.0%	232	99.1%	96.1%
RACQI	652	97.4%	98.6%	1,044	97.7%	96.7%	898	97.6%	95.8%	827	97.5%	89.5%
Suncorp	2,604	99.1%	97.8%	4,123	99.3%	97.0%	3,773	99.4%	95.3%	3,394	99.0%	91.0%
Total	**5,072**	**99.0%**	**97.9%**	**7,849**	**98.9%**	**96.7%**	**7,081**	**99.0%**	**95.2%**	**6,645**	**99.0%**	**90.9%**

Note: The recent accident years' data is immature due to the 'long tail' nature of CTP claims.

Statistical information 2009-10

Rates of legal representation and litigation

(Accidents from 2 December 2002 to 30 June 2010)

Accident date	2 Dec 2002 - 30 Jun 2003	1 Jul 2003 - 30 Jun 2004	1 Jul 2004 - 30 Jun 2005	1 Jul 2005 - 30 Jun 2006	1 Jul 2006 - 30 Jun 2007	1 Jul 2007 - 30 Jun 2008	1 Jul 2008 - 30 Jun 2009	1 Jul 2009 - 30 Jun 2010
Claims	5,072	7,849	7,081	6,645	6,500	6,350	6,625	4,150
% Finalised	97.9%	96.7%	95.2%	90.9%	79.8%	62.6%	36.2%	11.3%
% Legal rep	81.1%	77.1%	73.4%	71.8%	73.0%	72.9%	73.3%	74.9%
% Litigated	6.1%	5.4%	4.6%	5.1%	5.3%	3.0%	0.6%	0.0%

Note: The recent accident years' data is immature due to the 'long tail' nature of CTP claims.

	1 Jul 2006 - 30 Jun 2007			1 Jul 2007 - 30 Jun 2008			1 Jul 2008 - 30 Jun 2009			1 Jul 2009 - 30 Jun 2010		
	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised
	394	99.2%	82.0%	341	99.7%	57.5%	342	99.1%	34.5%	197	79.2%	11.7%
	1,262	99.3%	77.3%	1,302	98.5%	59.4%	1,274	97.5%	35.6%	813	72.4%	12.1%
	209	98.1%	72.2%	215	99.1%	55.3%	192	96.9%	27.1%	164	62.8%	4.3%
	186	100.0%	85.5%	307	100.0%	70.0%	423	99.1%	42.8%	293	82.9%	19.1%
	308	99.0%	85.1%	333	100.0%	71.2%	420	98.6%	43.3%	331	69.5%	16.0%
	866	98.0%	76.1%	930	96.9%	62.3%	979	95.9%	31.9%	597	64.5%	8.5%
	3,275	98.6%	81.2%	2,922	98.0%	63.6%	2,995	97.2%	36.7%	1,755	77.4%	10.4%
	6,500	**98.8%**	**79.8%**	**6,350**	**98.3%**	**62.6%**	**6,625**	**97.4%**	**36.2%**	**4,150**	**73.9%**	**11.3%**

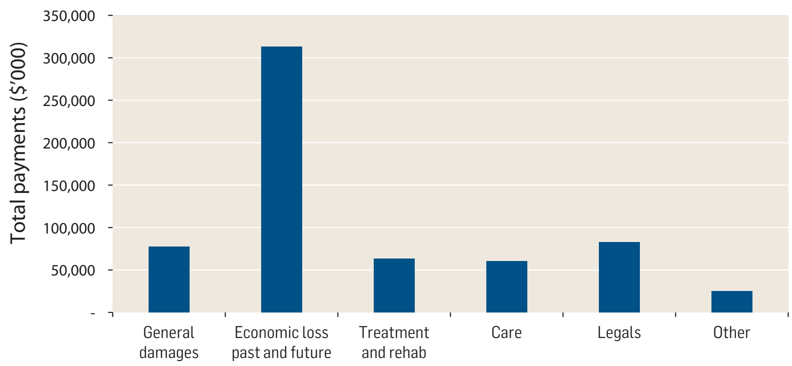
Statistical information 2009-10

Heads of damage breakdown

(Finalised claims from 1 July 2009 to 30 June 2010 for accidents from 2 December 2002 to 30 June 2010)

	General damages	Economic loss past & future	Treatment & rehab	Care	Legals	Other *	Total
Finalised claims ^	5,038	4,663	6,032	1,249	3,794	5,479	**6,633**
% Finalised payments	12.5%	50.3%	10.2%	9.7%	13.3%	4.1%	**100.0%**
Total payments ($'000)	77,530	313,186	63,228	60,099	82,900	25,301	**622,244** #

Total payments by Heads of Damage for claims finalised in 2009-10



Note: * Other includes home and vehicle modifications, aids and appliances and investigation costs.

Recoveries are excluded from this information.

^ Nil claims (zero payments) have been excluded from the data.

Claim payments on finalised claims

(Accidents from 2 December 2002 to 30 June 2010)

	Accident date	2 Dec 2002 - 30 Jun 2003		1 Jul 2003 - 30 Jun 2004		1 Jul 2004 - 30 Jun 2005	
Payment type	**Code/s**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**
Aids & appliances	A1 (incl. RJ)	1,491	0.6%	1,176	0.3%	1,712	0.4%
Care	C1	19,208	8.2%	37,445	9.2%	36,969	8.4%
Economic loss - past	E1	30,050	12.8%	48,366	11.9%	52,229	11.9%
Economic loss - future	E2	80,542	34.4%	146,535	35.9%	174,588	39.9%
General damages	G1	42,314	18.1%	66,988	16.4%	68,322	15.6%
Home & vehicle modifications	H1	215	0.1%	527	0.1%	435	0.1%
Investigation costs	L1	7,523	3.2%	11,875	2.9%	10,540	2.4%
Legal costs - plaintiff	L2	19,505	8.3%	35,863	8.8%	39,341	9.0%
Legal costs - defendant	L4, L5, L6	14,320	6.1%	19,294	4.7%	14,651	3.3%
Hospital, medical, pharmaceutical & rehabilitation	M1, R1 (excl. RJ)	22,328	9.5%	41,788	10.2%	43,057	9.8%
Recoveries	V1, V2, V3, V4	-3,222	-1.4%	-2,140	-0.5%	-4,170	-1.0%
Total		**234,273**	**100.0%**	**407,717**	**100.0%**	**437,674**	**100.0%**

Note: The recent accident year's data is immature due to the 'long tail' nature of CTP claims.

Statistical information 2009-10

Injury severity costs breakdown

(Finalised claims from 1 July 2009 to 30 June 2010 for accidents from 2 December 2002 to 30 June 2010)

	AIS severity description							
	Minor	**Moderate**	**Serious**	**Severe**	**Critical**	**Maximum ***	**Admin #**	**Total**
Finalised claims ^	4,575	1,057	425	70	27	99	378	**6,631**
% Total payments	42.4%	23.1%	20.5%	5.4%	4.9%	2.8%	1.0%	**100.0%**
Average payments ($)	56,044	132,004	291,590	464,280	1,100,888	172,011	15,994	**91,262**
Total payments ($'000)	256,403	139,529	123,926	32,500	29,724	17,029	6,046	**605,156**

Note: Due to minor claims generally setting in a shorter period, the above figures are not truly reflective of the relationship of total payments to severity.

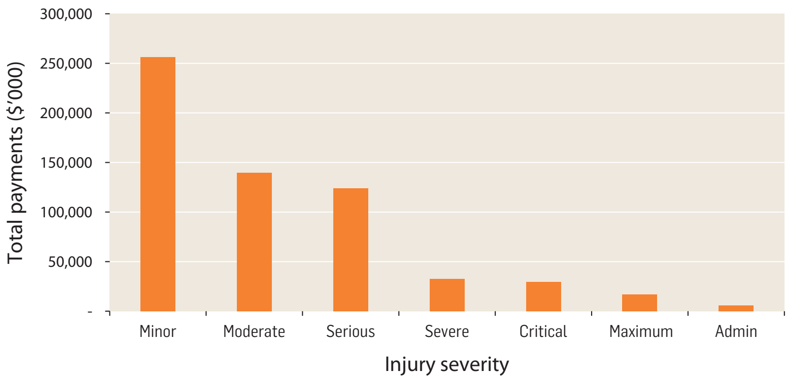
* Maximum severity is predominately fatalities.

Admin severity includes but is not limited to unconfirmed injuries, nervous shock and business claims.

^ Nil claims (zero payments) and claims without injury codes have been excluded from the data.

Injury severities are based on AIS 2005.

Total payments by severity for claims finalised in 2009-10



	1 Jul 2005 - 30 Jun 2006		1 Jul 2006 - 30 Jun 2007		1 Jul 2007 - 30 Jun 2008		1 Jul 2008 - 30 Jun 2009		1 Jul 2009 - 30 Jun 2010	
	Payments ($'000)	**%**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**
	712	0.2%	342	0.1%	1,385	0.7%	26	0.0%	0	0.0%
	37,385	9.5%	21,087	6.6%	8,474	4.4%	1,396	2.5%	54	2.4%
	45,139	11.5%	31,605	10.0%	21,141	11.0%	5,029	9.0%	330	14.5%
	164,256	41.7%	138,284	43.6%	83,894	43.8%	25,938	46.3%	527	23.2%
	61,042	15.5%	47,669	15.0%	28,331	14.8%	10,088	18.0%	823	36.2%
	1,032	0.3%	10	0.0%	86	0.0%	1	0.0%	0	0.0%
	10,060	2.6%	7,664	2.4%	4,475	2.3%	1,231	2.2%	28	1.2%
	37,915	9.6%	33,250	10.5%	20,581	10.7%	5,736	10.2%	55	2.4%
	12,199	3.1%	8,481	2.7%	4,351	2.3%	685	1.2%	8	0.3%
	40,875	10.4%	30,021	9.5%	19,682	10.3%	5,968	10.7%	446	19.6%
	-16,395	-4.2%	-1,051	-0.3%	-798	-0.4%	-126	-0.2%	0	0.0%
	394,220	**100.0%**	**317,364**	**100.0%**	**191,603**	**100.0%**	**55,970**	**100.0%**	**2,271**	**100.0%**

Statistical information 2009-10

Claim duration by licensed insurer

(Finalised claims for accidents from 2 December 2002 to 30 June 2010 where relevant details are available)

	AAMI	Allianz	NRMA	QBE	RACQI	Suncorp	Average
Notification date to compliance date	0.7	0.6	0.6	0.6	0.7	0.9	0.8
Compliance date to liability decision date	0.6	2.4	2.2	2.7	3.6	3.8	3.2
Liability decision date to settlement date	16.3	17.0	11.8	16.1	14.0	15.8	15.7

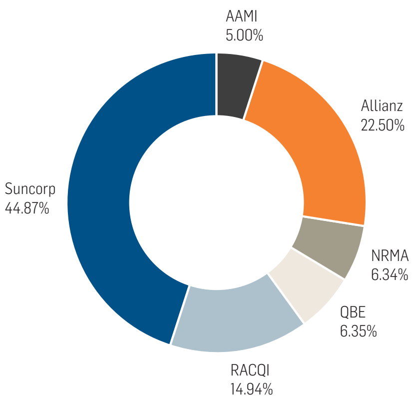
Note: Timeframes = Average in months

Market share – licensed insurers

Insurer	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
AAMI	4.94%	4.65%	5.13%	5.69%	5.36%	4.90%	4.61%	5.00%
Allianz	22.89%	22.76%	23.24%	23.02%	22.96%	22.10%	21.69%	22.50%
NRMA	1.37%	1.82%	2.12%	2.47%	3.17%	5.26%	6.45%	6.34%
QBE	3.80%	3.60%	3.49%	3.62%	4.25%	4.74%	5.78%	6.35%
RACQI	12.65%	13.63%	13.22%	13.51%	14.06%	15.19%	15.37%	14.94%
Suncorp	54.35%	53.54%	52.80%	51.69%	50.20%	47.81%	46.10%	44.87%

Note: The market share figures are based on annual aggregate premium collection.

Market share 2009-10



Our financial information

Motor Accident Insurance Commission Financial Statements 2009-10

for the year ended 30 June 2010

Contents

These financial statements cover the Motor Accident Insurance Commission (the Commission).

The Commission is an independent statutory body established under the *Motor Accident Insurance Act 1994.*

The head office and principal place of business of the Commission is:

Level 9, 33 Charlotte Street
GPO Box 1083
Brisbane, Queensland 4000

A description of the nature of the Commission's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Commission's financial report please call 07 3227 7993, email maic@maic.qld.gov.au or visit the Commission's internet site www.maic.qld.gov.au.

Nominal Defendant Financial Statements 2009-10

for the year ended 30 June 2010

Contents

These financial statements cover the Nominal Defendant.

The Nominal Defendant is an independent statutory body established under the *Motor Accident Insurance Act 1994.*

The head office and principal place of business is:

Level 9, 33 Charlotte Street
GPO Box 2203
Brisbane, Queensland 4000

A description of the nature of the Nominal Defendant's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Nominal Defendant's financial report please call 07 3227 7993, email nd@maic.qld.gov.au or visit the Nominal Defendant's internet site www.maic.qld.gov.au.

Financial information 2009-10

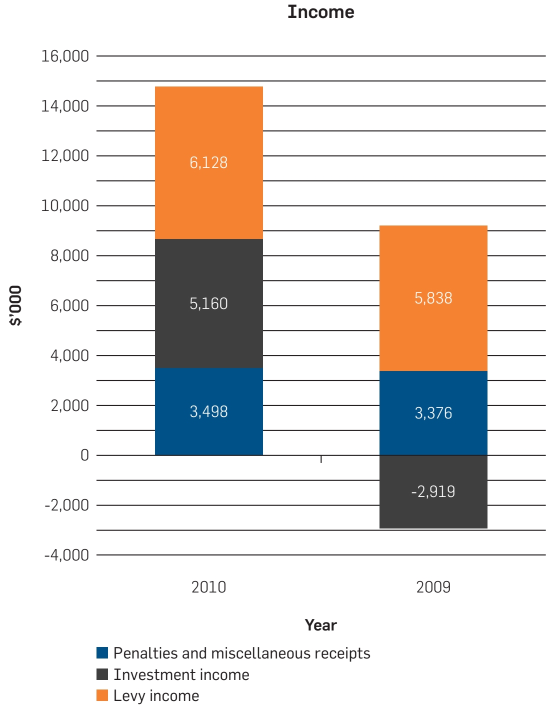
Motor Accident Insurance Commission

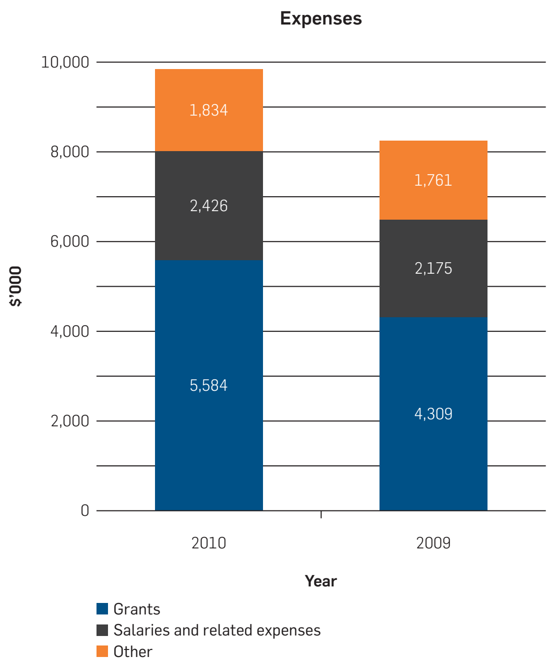
Financial summary 2009-10

In comparison to the previous year, revenue increased from $6.29 million to $14.79 million. The Statutory Insurance Scheme levy produced $6.13 million of the total revenue and was set at a rate of $1.75 per CTP policy. QIC investment income increased from negative $2.92 million to $5.16 million for the 2009-10 year due to the recovery of the equity markets. There was also a slight increase of $0.12 million in the revenue from penalty receipts.

The Commission's expenses were higher than the previous year, primarily the result of an increase in grant expenditure which was $5.59 million compared to $4.31 million in the 2008-09 financial year. Details of grant funding are provided in Appendix 5.

The operating result for the Commission for the year ended 30 June 2010 increased to a surplus of $4.94 million compared to a deficit of $1.95 million in the prior year.





Financial information 2009-10

Motor Accident Insurance Commission

Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Income			
Revenue			
Levy income		6,128	5,838
Net fair value gains/(losses) on financial assets		4,982	(3,342)
Interest income		178	423
Penalties and miscellaneous receipts		3,498	3,376
Total income		**14,786**	**6,295**
Expenses			
Grants		5,584	4,309
Employee expenses	2	2,426	2,175
Supplies and services	3	1,693	1,611
Depreciation and amortisation	4	62	67
Other expenses	5	79	83
Total expenses		**9,844**	**8,245**
Operating result		**4,942**	**(1,950)**
Other comprehensive income			
Net movement in grant reserves			
- Accident prevention initiatives	13	(115)	115
- Rehabilitation initiatives	13	(485)	(140)
Total other comprehensive income		**(600)**	**(25)**
Total comprehensive income		**4,342**	**(1,975)**

The accompanying notes form part of these statements.

Financial information 2009-10

Motor Accident Insurance Commission

Statement of Financial Position

as at 30 June 2010

	Notes	2010 $'000	2009 $'000
Current assets			
Cash and cash equivalents	6	1,348	370
Receivables	7	139	230
Financial assets	8	36,088	30,186
Prepayments		17	-
Total current assets		**37,592**	**30,786**
Non-current assets			
Receivables	7	-	500
Financial assets	8	10,500	10,500
Plant and equipment	9	38	16
Intangible assets	10	32	86
Total non-current assets		**10,570**	**11,102**
Total assets		**48,162**	**41,888**
Current liabilities			
Payables	11	1,621	233
Accrued employee benefits	12	187	222
Total current liabilities		**1,808**	**455**
Non-current liabilities			
Accrued employee benefits	12	30	51
Total non-current liabilities		**30**	**51**
Total liabilities		**1,838**	**506**
Net assets		**46,324**	**41,382**
Equity			
Reserves	13	16,500	15,900
Accumulated surplus		29,824	25,482
Total equity		**46,324**	**41,382**

The accompanying notes form part of these statements.

Financial information 2009-10

Motor Accident Insurance Commission

Statement of Changes in Equity

for the year ended 30 June 2010

	Accumulated surplus		Reserves		Total equity	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**	**2010 $'000**	**2009 $'000**
Balance as at 1 July	25,482	27,457	15,900	15,875	41,382	43,332
Operating result	4,942	(1,950)	-	-	4,942	(1,950)
Total other comprehensive income					-	-
Transfer to reserves						
- Accident prevention initiatives	(2,270)	(1,685)	2,270	1,685	-	-
- Rehabilitation initiatives	(3,914)	(2,649)	3,914	2,649	-	-
Transfer from reserves						
- Accident prevention initiatives	2,155	1,800	(2,155)	(1,800)	-	-
- Rehabilitation initiatives	3,429	2,509	(3,429)	(2,509)	-	-
Balance as at 30 June	**29,824**	**25,482**	**16,500**	**15,900**	**46,324**	**41,382**

The accompanying notes form part of these statements.

Financial information 2009-10

Motor Accident Insurance Commission

Statement of Cash Flows

for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Cash flows from operating activities			
Inflows:			
Levy income		6,128	5,838
Fair value gains on financial assets		4,982	-
Interest income		172	612
Penalties and miscellaneous receipts		3,511	3,378
GST input tax credits from ATO		567	684
Outflows:			
Grants		(3,781)	(4,307)
Employee expenses		(2,485)	(2,197)
Fair value losses on financial assets		-	(3,342)
Supplies and services		(1,621)	(1,670)
GST paid to suppliers		(485)	(545)
Other		(78)	(83)
Net cash provided by/(used in) operating activities	14	**6,910**	**(1,632)**
Cash flows from investing activities			
Outflows:			
Payments for plant and equipment		(30)	-
Net cash provided by/(used in) investing activities		**(30)**	**-**
Net increase/(decrease) in cash and cash equivalents		**6,880**	**(1,632)**
Cash and cash equivalents at beginning of financial year		41,056	42,688
Cash and cash equivalents at end of financial year	6	**47,936**	**41,056**

The accompanying notes form part of these statements.

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

Objectives and principal activities of the Commission

The Motor Accident Insurance Commission (the Commission) is responsible for regulating and the ongoing management of the Queensland Compulsory Third Party (CTP) scheme and the Nominal Defendant Fund.

Established under the *Motor Accident Insurance Act 1994*, the Commission commenced operations on 1 September 1994 as a statutory body reporting to the Treasurer. It provides a framework for premium setting and ensures compliance with the provisions of the Act.

1 Summary of significant accounting policies

(a) Statement of compliance

The Commission has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Financial Reporting Requirements for the year ending 30 June 2010, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit entity. The financial statements have been prepared on a historical cost basis, except for investment securities which are shown at net market value.

(b) The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Commission.

(c) Levy collection, contributions and penalties

Levies received in accordance with Section 27 of the *Motor Accident Insurance Act 1994* are recognised as revenue at the time they are legally due to be paid by the Department of Transport and Main Roads to the Commission, upon receipt of monies from motorists.

Levies collected on behalf of the Queensland Health and the Department of Community Safety during the current year have not been included as revenue in the Statement of Comprehensive Income as these amounts are not controlled. Similarly, remittances made to Queensland Health and the Department of Community Safety have not been included as expenses.

Details on the levies collected on behalf of and distributed to Queensland Health and the Department of Community Safety are provided in Note 15.

Penalties imposed under Section 20 of the *Motor Accident Insurance Act 1994* are recognised as revenue at the time they are legally due to be paid by the Department of Transport and Main Roads and Department of Justice and Attorney General to the Commission, upon receipt of monies from uninsured motorists.

(d) Grants

The *Motor Accident Insurance Act 1994* provides for the Commission to allocate funds for strategic accident prevention and rehabilitation initiatives. The payment of these grant monies is dependent on the grantee organisation satisfying conditions as set out in the grant agreement.

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(e) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the Commission's or issuer's option and that are subject to a low risk of changes in value.

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June.

Other debtors generally arise from transactions outside the usual operating activities of the Commission and are recognised at their assessed values.

(g) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with *AASB 116 Property, Plant and Equipment*.

(h) Plant and equipment

Items of plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Plant and equipment	$5,000
Leasehold improvements	$5,000

Items with a lesser value are expensed in the year of acquisition.

(i) Revaluations of non-current physical and intangible assets

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost.

Plant and equipment, other than major plant and equipment, are measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

(j) Intangibles

Intangible assets with a cost or other value greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the Commission, less any anticipated residual value. The residual value is zero for all the Commission's intangible assets.

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(j) Intangibles – continued

It has been determined that there is no active market for any of the Commission's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally generated software
Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the Commission, namely 5 years.

(k) Amortisation and depreciation of intangibles and plant and equipment

Amortisation and depreciation is calculated on a straight-line basis so as to allocate the net cost of each asset, less its estimated residual value, progressively over its estimated useful life to the Commission.

Assets under construction (work-in-progress) are not amortised or depreciated until they reach service delivery capacity.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Class	Depreciation rate
Plant and equipment:	
Computer hardware	20 – 25%
Office equipment	20%
Leasehold improvements	8.33%

Class	Amortisation rate
Intangibles:	
Software internally generated	20%

(l) Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Commission determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income.

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(m) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

(n) Financial assets

All funds not required for the day to day management of the Commission are invested with the Queensland Investment Corporation (QIC) and are recorded in the financial statements at net market value.

(o) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(p) Financial instruments

Recognition
Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument.

Classification
Financial instruments are classified and measured as follows:
- Cash and cash equivalents – held at fair value through profit or loss;
- Receivables – held at amortised cost;
- Investments – held at fair value through profit or loss; and
- Payables – held at amortised cost.

The Commission does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents and investments held with QIC, the Commission holds no financial assets classified at fair value through profit and loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Commission are included in Note 19.

(q) Employee benefits

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, salaries, recreation leave and sick leave
Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement.

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(q) Employee benefits – continued

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of the likely settlement.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Long service leave
Under the Queensland Government's long service leave scheme, a levy is made on the Commission to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the Commission's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation
Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Commission's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in the Commission's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Executive remuneration
The executive remuneration disclosures in the employee expenses note (Note 2) in the financial statements include:
- the aggregate remuneration of all senior executive officers (including the Insurance Commissioner) whose remuneration for the financial year is $100,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive $20,000 band, commencing at $100,000.

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, by the Commission or any related party in connection with the management of the affairs of the Commission, whether as an executive or otherwise. For this purpose, remuneration includes:
- wages and salaries;
- accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like);
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June);
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, repairs /maintenance and fringe benefit tax on motor vehicles incurred by the agency during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives; and
- fringe benefits tax included in remuneration agreements.

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(q) Employee benefits – continued

The disclosures apply to all senior executives appointed by Governor in Council and the *Public Service Act 2008* classified as SES1 and above, with remuneration above $100,000 in the financial year. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- paid to an executive by the Commission where the person worked during the financial year wholly or mainly outside Australia during the time the person was so employed; or
- in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the Commission.

In addition, separate disclosure of separation and redundancy/termination benefit payments is included, where applicable.

(r) Insurance

The Commission's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Commission pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(s) Reserves

The funds in equity have been sub-classified in the Statement of Financial Position, to fulfil our charter under section 10(1) of the *Motor Accident Insurance Act 1994*. These funds are to be used in the research into the cause and prevention of motor vehicle accidents and the treatment and rehabilitation of those involved in motor vehicle accidents.

The Income Maintenance reserve is required to give the Commission and its creditors an added measure of protection from the effects of losses.

(t) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission. GST credits receivable from, and GST payable to the ATO, are recognised in the Statement of Financial Position (refer to Note 7).

(u) Issuance of financial statements

The financial statements are authorised for issue by the Insurance Commissioner and the Manager, Corporate Governance at the date of signing the Management Certificate.

(v) Judgements and assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

The Commission has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(w) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(x) New and revised accounting standards

The Commission did not voluntarily change any of its accounting policies during 2009-10. Those new and amended Australian accounting standards that were applicable for the first time in the 2009-10 financial year and that had a significant impact on the Commission's financial statements are as follows.

The Commission complied with the revised AASB 101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now re-named to the Statement of Financial Position, and the Cash Flow Statement has now been re-named to Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income. In line with the new concept of 'comprehensive income', the bottom of this new statement contains certain transactions that previously were detailed in the Statement of Changes in Equity (refer to the items under sub-heading "other comprehensive income" in the new Statement of Comprehensive Income). The Statement of Changes in Equity now only includes details of transactions with owners in their capacity as owners, in addition to the total comprehensive income for the relevant components of equity.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Commission has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Commission applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the only significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 9 Financial Instruments and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5,7 101, 102, 108, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]* become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(x) New and revised accounting standards – continued

On initial application of AASB 9, the Commission will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of transactions the Commission enters into, it is not expected that any of the Commission's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Commission's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in notes 1(p) and 19). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Commission's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Commission's activities, or have no material impact on the Commission.

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
2 Employee expenses		
Employee benefits		
Salaries and wages	1,996	1,769
Employer superannuation contributions*	240	212
Long service leave levy*	31	27
Other employee benefits	28	18
Employee related expenses		
Workers' compensation premium*	7	-
Payroll tax*	106	95
Other employee related expenses	18	54
Total	**2,426**	**2,175**

*Refer to Note 1(q).

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Number of employees	22.39	23.14

Executive remuneration

The number of senior executives who received or were due to receive total remuneration of $100,000 or more:	**2010**	**2009**
$180,000 to $199,999	1	1

	2010 $'000	**2009 $'000**
Total remuneration of executives show above**	183	186

**The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items. This remuneration includes remuneration in connection with the management of Nominal Defendant and the Queensland Government Insurance Fund.

The total separation and redundancy/termination benefit payments during the year to executives shown above	-	-

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

		2010 $'000	2009 $'000
3	**Supplies and services**		
	Computer facilities management fee	447	387
	Consultants and contractors	518	428
	Rent	295	284
	Supplies and consumables	199	181
	Corporate services fee	109	110
	QIC management fee	75	62
	Professional services	43	142
	Other	7	17
	Total	**1,693**	**1,611**
4	**Depreciation and amortisation**		
	Depreciation and amortisation were incurred in respect of:		
	Plant and equipment	8	13
	Intangibles	54	54
	Total	**62**	**67**
5	**Other expenses**		
	External audit fees	19	17
	Insurance premiums – QGIF	26	28
	Other	34	38
	Total	**79**	**83**

Total external audit fees relating to the 2009-10 financial year are estimated to be $18,600 (2008-09 $17,200). There are no non-audit services included in this amount.

		2010 $'000	2009 $'000
6	**Cash and cash equivalents**		
	Cash at bank and on hand	1,348	370
	Total	**1,348**	**370**
	Cash assets as shown in the Statement of Cash Flows:		
	Balance per above	1,348	370
	Current financial assets (Note 8)	36,088	30,186
	Non-current financial assets (Note 8)	10,500	10,500
	Total	**47,936**	**41,056**

Interest earned on cash held with Queensland Treasury earned between 2.16% to 3.42% in 2010 (2009: 2.11% to 6.76%).

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
7 Receivables		
Current		
Accrued investment income	49	43
Penalties receivable	75	88
GST receivable	10	91
Other receivables	5	8
Total	**139**	**230**
Non-current		
Loan receivable	-	500
Total	**-**	**500**
8 Financial assets		
Current		
Queensland Investment Corporation investments	36,088	30,186
Total	**36,088**	**30,186**
Non-current		
Queensland Investment Corporation investments	10,500	10,500
Total	**10,500**	**10,500**
9 Plant and equipment		
Plant and equipment:		
At cost	178	194
Less: accumulated depreciation	(140)	(178)
Total	**38**	**16**

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
9 Plant and equipment – continued		

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year are as follows:

	2010 $'000	2009 $'000
Carrying amount at 1 July	16	29
Acquisitions	30	-
Disposals	-	-
Depreciation	(8)	(13)
Carrying amount at 30 June	**38**	**16**

10 Intangible assets

	2010 $'000	2009 $'000
Purchased software:		
At cost	270	270
Less: accumulated amortisation	(238)	(184)
Total	**32**	**86**

Movements in the carrying amounts for each class of intangibles between the beginning and the end of the current financial year are as follows:

	2010 $'000	2009 $'000
Carrying amount at 1 July	86	140
Acquisitions	-	-
Disposals	-	-
Amortisation	(54)	(54)
Carrying amount at 30 June	**32**	**86**

11 Payables

	2010 $'000	2009 $'000
Sundry creditors and accruals	1,621	233
Total	**1,621**	**233**

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
12 Accrued employee benefits		
Current		
Recreation leave	187	172
Accrued salaries and wages	-	50
Total	**187**	**222**
Non-current		
Recreation leave	30	51
Total	**30**	**51**

The discount rate used to calculate the present value of the non-current recreation leave is 4.5% (2009: 3.4%).

	2010 $'000	2009 $'000
13 Reserves		
Composition and movements		
Income maintenance	**10,500**	**10,500**
Accident prevention initiatives		
Balance at beginning of year	2,260	2,375
Transfer to retained surplus	(2,155)	(1,800)
Transfer from retained surplus	2,270	1,685
Balance at end of year	**2,375**	**2,260**
Rehabilitation initiatives		
Balance at beginning of year	3,140	3,000
Transfer to retained surplus	(3,429)	(2,509)
Transfer from retained surplus	3,914	2,649
Balance at end of year	**3,625**	**3,140**
Total	**16,500**	**15,900**

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
14 Reconciliation of operating result to net cash from operating activities		
Operating result	4,942	(1,950)
Non-cash items:		
Depreciation	8	13
Amortisation	54	54
Changes in assets and liabilities:		
(Increase)/decrease in prepayments	(17)	4
(Increase)/decrease in receivables	591	344
Increase/(decrease) in payables	1,388	(76)
Increase/(decrease) in accrued employee benefits	(56)	(21)
Net cash from operating activities	**6,910**	**(1,632)**

15 Agency transactions

The Commission receives Hospital and Emergency Services Levy amounts from the Department of Transport and Main Roads on behalf of the Queensland Health and the Department of Community Safety. Details of amounts collected and administered by the Commission during the year and the amount held on behalf of Queensland Health and the Department of Community Safety at year end are as follows:

Levies

Comprise amounts collected from the Department of Transport and Main Roads on gross insurance premiums.

	2010 $'000	2009 $'000
Levies collected but not remitted in the previous year	4,838	4,217
Hospital levy	33,002	30,566
Emergency Services levy	12,549	11,640
Total	**50,389**	**46,423**

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

		2010 $'000	2009 $'000
15	**Agency transactions – continued**		
	Contributions		
	Comprise payments to Queensland Health and the Department of Community Safety on account of levies received from the Department of Transport and Main Roads.		
	Hospital levy contributions	33,451	29,995
	Emergency Services levy contributions	12,720	11,590
	Total	**46,171**	**41,585**
	Amounts collected on behalf of but not yet remitted to Queensland Health and the Department of Community Safety in respect of hospital and emergency services levies at 30 June:		
	Hospital levy	3,056	3,505
	Emergency Services levy	1,162	1,333
	Total	**4,218**	**4,838**
16	**Commitments for expenditure**		
(a)	**Non-cancellable operating lease**		
	Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
	- Not later than one year	287	280
	- Later than one year and not later than five years	-	-
	Total	**287**	**280**
(b)	**Expenditure commitments**		
	Material expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:		
	- Not later than one year	453	440
	- Later than one year and not later than five years	4	4
	Total	**457**	**444**
(c)	**Grant commitments**		
	Approval has been given to various grantees in accordance with formal agreements to pay the following grants and subsidies inclusive of GST provided certain criteria are met:		
	- Not later than one year	6,512	5,834
	- Later than one year and not later than five years	5,068	4,148
	- Later than five years	-	-
	Total	**11,580**	**9,982**

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

17 Contingencies

Under Section 33(4) and 33(5) of the *Motor Accident Insurance Act 1994*, an amount of $57,818,000 was transferred from the Motor Accident Insurance Fund to the Nominal Defendant Fund on 22 January 2002 to be applied to outstanding claims liabilities arising from the insolvency of FAI General Insurance Company Limited.

As funds received from the liquidator is now in excess of the Deed of Indemnity to Nominal Defendant for the assumed HIH CTP liability, approval has been sought from the Treasurer under section 33(6) and 33(7) of the *Motor Accident Insurance Act 1994* to direct the Nominal Defendant to transfer the $57,818,000 back to the Motor Accident Insurance Fund.

18 Events occurring after balance date

There are no major events that have occurred post 30 June 2010.

19 Financial instruments

(a) Categorisation of financial instruments

The Commission has the following categories of financial assets and financial liabilities:

Category	Note	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents	6	1,348	370
Receivables	7	139	730
Investments	8	46,588	40,686
Total		**48,075**	**41,786**
Financial liabilities			
Financial liabilities measured at amortised costs:			
Payables	11	1,621	233
Total		**1,621**	**233**

(b) Financial risk management

The Commission's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and Commission policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Commission.

All financial risk is managed by Corporate Governance under policies approved by the Commission. The Commission provides written principles for overall risk management, as well as policies covering specific areas.

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

19 Financial instruments – continued

(c) Credit risk exposure

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

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

The following table represents the Commission's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum exposure to credit risk Category	Note	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents	6	1,348	370
Receivables	7	139	730
Investments	8	46,588	40,686
Total		**48,075**	**41,786**

No collateral is held as security and no credit enhancements relate to financial assets held by the Commission.

The Commission manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Commission invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2010 Financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30 - 60 days $'000	61 - 90 days $'000	More than 90 days $'000	Total $'000
Receivables	139	-	-	-	139
Total	**139**	**-**	**-**	**-**	**139**

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

19 Financial instruments – continued

(c) Credit risk exposure – continued

2009 Financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30 - 60 days $'000	61 - 90 days $'000	More than 90 days $'000	Total $'000
Receivables	230	-	-	500	730
Total	**230**	**-**	**-**	**500**	**730**

(d) Liquidity risk

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Commission manages liquidity through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Commission has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Commission. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

		2010 Payable in			Total
		< 1 year	1-5 years	> 5 years	
Financial liabilities	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	11	1,621	-	-	1,621
Total		**1,621**	**-**	**-**	**1,621**

		2009 Payable in			Total
		< 1 year	1-5 years	> 5 years	
Financial liabilities	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	11	233	-	-	233
Total		**233**	**-**	**-**	**233**

Financial information 2009-10

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

19 Financial instruments – continued

(e) Market risk

The Commission does not trade in foreign currency and is not materially exposed to commodity price changes. The Commission is exposed to interest rate risk through cash deposited in interest bearing accounts. The Commission does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

(f) Unit price and interest rate sensitivity analysis

The following interest rate 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 would change by +/- 1% from the year-end rates applicable to the Commission's financial assets. With all other variables held constant, the Commission would have a surplus and equity increase/(decrease) of $13,000 (2009: $4,000) due to interest rate risk and $466,000 (2009: $407,000) due to unit price risk.

The Commission's sensitivity to movements in interest rates in relation to the value of cash and cash equivalents is shown in the table below.

		Financial impact			
Cash	**Movement in variable %**	**Profit/(loss) 2010 $'000**	**Equity 2010 $'000**	**Profit/(loss) 2009 $'000**	**Equity 2009 $'000**
Interest rate risk	+1	13	13	4	4
	-1	(13)	(13)	(4)	(4)

The Commission's sensitivity to movements in unit price rates in relation to the value of investments is shown in the table below.

		Financial impact			
Investments	**Movement in variable %**	**Profit/(loss) 2010 $'000**	**Equity 2010 $'000**	**Profit/(loss) 2009 $'000**	**Equity 2009 $'000**
Unit price risk	+1	466	466	407	407
	-1	(466)	(466)	(407)	(407)

(g) Fair value

The carrying amounts of financial assets and liabilities approximate their fair values. The fair value of investments is measured at net market value based on Queensland Investment Corporation advice.

Financial information 2009-10

Motor Accident Insurance Commission

Certificate of the Motor Accident Insurance Commission

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Motor Accident Insurance Commission for the financial year ended 30 June 2010 and of the financial position of the Commission at the end of that year.

Lina Lee CA
Manager Corporate Governance

26 August 2010

Paul Donaldson
Acting Insurance Commissioner

26 August 2010

Financial information 2009-10

Motor Accident Insurance Commission

Independent Auditor's Report

To the Motor Accident Insurance Commission

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Motor Accident Insurance Commission (the Commission) for the financial year ended 30 June 2010 included on the Commission's website. The Commission is responsible for the integrity of its website. I have not been engaged to report on the integrity of the Commission's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Insurance Commissioner to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of the Motor Accident Insurance Commission (the Commission) which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income statement, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Insurance Commissioner and officer responsible for the financial administration of the Commission.

The Commission's Responsibility for the Financial Report

The Commission is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial Performance Management Standard 2009* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Executive Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

Financial information 2009-10

Motor Accident Insurance Commission

Independent Auditor's Report – continued

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

  (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Motor Accident Insurance Commission for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

J A LATIF (CA)
Delegate of the Auditor-General of Queensland

26 August 2010
Brisbane

Financial information 2009-10

Nominal Defendant

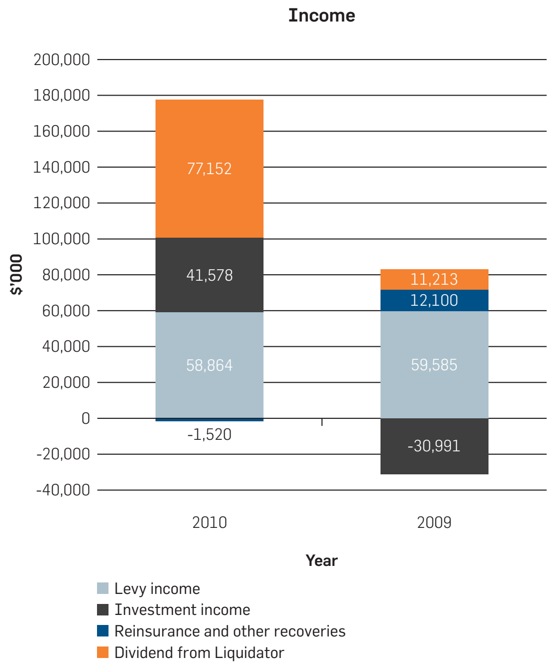
Financial summary 2009-10

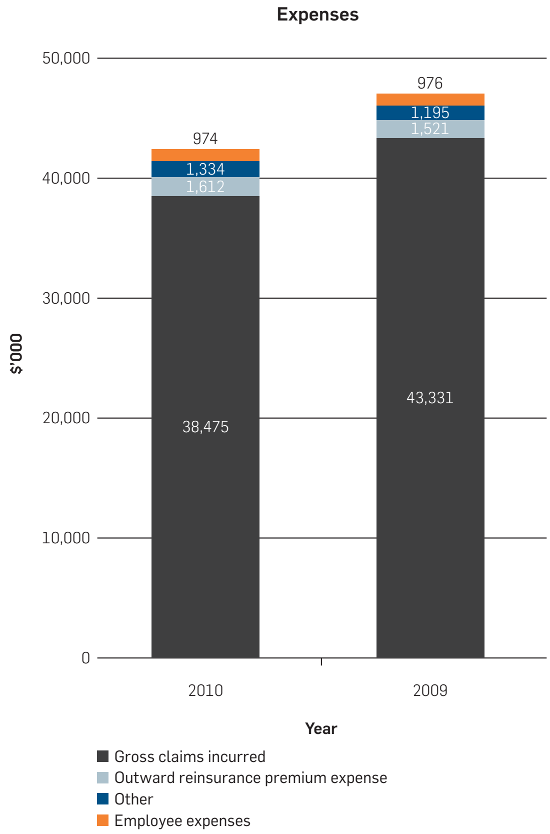
The operating surplus of the Nominal Defendant for the year ended 30 June 2010 was $133.68 million compared to the prior year's operating surplus of $4.88 million. The prior year's operating surplus included $11.21 million in dividends from the HIH Liquidator as opposed to $77.15 million received this financial year. The prior year's operating surplus also included losses on QIC investments of $31.15 million as opposed to gains of $41.43 million received this financial year.

With respect to the HIH insolvency and in accordance with the Deed of Indemnity between the State Government of Queensland and the Nominal Defendant, $6.26 million was reimbursed to Treasury Department during 2009-10. This amount was funded by dividends received from the HIH Liquidator during 2009-10 and proceeds from the surcharge on the Nominal Defendant levy.

In relation to the normal business of the Nominal Defendant (claims relating to unidentified and uninsured vehicles under section 31 of the Act), payments on claims and associated costs during the financial year increased from $25.93 million to $29.28 million. The outstanding claims liabilities were actuarially assessed and increased by $14.58 million compared to $12.62 million in the prior year.

The income from the levy for the normal business of the Nominal Defendant decreased marginally from $59.59 million to $58.86 million. The Nominal Defendant levy was set at $17.40 per Class 1 policy (including $5 HIH surcharge which raised $16.91 million in the year). Claims recoveries were $0.38 million during the year, a decrease from $1.04 million in the previous year.





Financial information 2009-10

Nominal Defendant

Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Income			
Revenue			
Levy income	2	58,864	59,585
Net fair value gains/(losses) on financial assets		41,430	(31,150)
Dividends received from FAI liquidator		77,152	11,213
Reinsurance and other recoveries	3	(1,520)	12,100
Interest income		148	159
Total income		**176,074**	**51,907**
Expenses			
Gross claims incurred	3	38,475	43,331
Outward reinsurance premium expense	2	1,612	1,521
Employee expenses	4	974	976
Supplies and services	5	1,259	1,116
Depreciation and amortisation	6	18	47
Other	7	57	32
Total expenses		**42,395**	**47,023**
Operating result		**133,679**	**4,884**
Total other comprehensive income		**-**	**-**
Total comprehensive income		**133,679**	**4,884**

The accompanying notes form part of these statements.

Financial information 2009-10

Nominal Defendant

Statement of Financial Position

as at 30 June 2010

	Notes	2010 $'000	2009 $'000
Current assets			
Cash and cash equivalents	8	2,418	2,166
Receivables	9	22,142	9,472
Financial assets	10	154,894	67,665
Reinsurance and other recoveries on outstanding claims	15	1,878	2,202
Prepayments		7	-
Total current assets		**181,339**	**81,505**
Non-current assets			
Financial assets	10	294,532	270,530
Reinsurance and other recoveries on outstanding claims	15	6,275	8,440
Plant and equipment	11	19	11
Intangible assets	12	26	40
Total non-current assets		**300,852**	**279,021**
Total assets		**482,191**	**360,526**
Current liabilities			
Payables	13	278	10,688
Accrued employee benefits	14	82	89
Outstanding claims liability	15	45,890	41,782
Unearned levies	1 (e)	29,381	28,944
Total current liabilities		**75,631**	**81,503**
Non-current liabilities			
Accrued employee benefits	14	13	16
Outstanding claims liability	15	165,898	165,775
Total non-current liabilities		**165,911**	**165,791**
Total liabilities		**241,542**	**247,294**
Net assets		**240,649**	**113,232**
Equity			
Contributed equity		57,941	64,203
Accumulated surplus		182,708	49,029
Total equity		**240,649**	**113,232**

The accompanying notes form part of these statements.

Financial information 2009-10

Nominal Defendant

Statement of Changes in Equity

for the year ended 30 June 2010

	Accumulated surplus		Contributed equity		Total equity	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**	**2010 $'000**	**2009 $'000**
Balance as at 1 July	49,029	44,145	64,203	87,357	113,232	131,502
Operating result	133,679	4,884	-	-	133,679	4,884
State Government Equity withdrawal refer Note 1(c)	-	-	(6,262)	(23,154)	(6,262)	(23,154)
Balance as at 30 June	**182,708**	**49,029**	**57,941**	**64,203**	**240,649**	**113,232**

The accompanying notes form part of these statements.

Financial information 2009-10

Nominal Defendant

Statement of Cash Flows

for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Cash flows from operating activities			
Inflows:			
Levy income		59,301	58,382
Fair value gains on financial assets		41,430	-
Dividends received from FAI liquidator		61,964	5,268
Reinsurance and other recoveries		3,510	6,140
Interest income		137	336
GST input tax credits from ATO		604	546
Outflows:			
Gross claims incurred		(34,244)	(33,375)
Fair value losses on financial assets		-	(31,150)
Outward reinsurance premium expense		(1,624)	(1,533)
Employee expenses		(999)	(924)
Supplies and services		(1,232)	(1,203)
GST paid to suppliers		(617)	(556)
Other		(54)	(31)
Net cash provided by/(used in) operating activities	16	**128,176**	**1,900**
Cash flows from investing activities			
Outflows:			
Payments for plant and equipment		(12)	(9)
Net cash provided by/(used in) investing activities		**(12)**	**(9)**
Cash flows from financing activities			
Outflows:			
Equity withdrawals		(16,681)	(12,738)
Net cash provided by/(used in) financing activities		**(16,681)**	**(12,738)**
Net increase/(decrease) in cash and cash equivalents		**111,483**	**(10,847)**
Cash at beginning of financial year		340,361	351,208
Cash and cash equivalents at end of financial year	8	**451,844**	**340,361**

The accompanying notes form part of these statements.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

Objectives and principal activities of the Nominal Defendant

The Nominal Defendant was established under the *Motor Accident Insurance Act 1994* to act as a Queensland Compulsory Third Party (CTP) insurer for claims arising from unidentified and uninsured vehicles and to provide continuity of protection if a licensed insurer becomes insolvent.

1 Summary of significant accounting policies

(a) Statement of compliance

The Nominal Defendant has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Treasurer's Financial Reporting Requirements for the year ending 30 June 2010, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Nominal Defendant has applied those requirements applicable to not-for-profit entities, as the Nominal Defendant is a not-for-profit entity. The financial statements have been prepared on a historical cost basis, except for investment securities which are shown at net market value.

(b) The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equities of the Nominal Defendant.

(c) Deed of Indemnity

Under section 33(2) of the *Motor Accident Insurance Act 1994*, the Nominal Defendant has assumed the Queensland Compulsory Third Party liabilities of the insolvent insurer, FAI General Insurance Company Limited (FAI).

The State Government has agreed to indemnify the Nominal Defendant for any shortfalls relating to the above. Any funds to be advanced to the Nominal Defendant are determined after taking into consideration a component of the levy, recoveries from the liquidator of the insolvent insurer and funds transferred from the Motor Accident Insurance Commission.

The funds provided by the State are to be recorded by the Nominal Defendant as equity injections in its financial statements. Where cash receipts from the CTP levy surcharge and/or recoveries from the liquidator of HIH exceed outflows from HIH CTP claims, that amount will be remitted back to the State Government and recorded as an equity withdrawal.

(d) Funding of the Nominal Defendant

Funding is by way of levies, as explained at Note 1(e), interest on investments, and monies recovered by the Nominal Defendant against owners and/or drivers of uninsured vehicles and failed claimants. In addition, any shortfall resulting from FAI claims liabilities is funded by the State Government as detailed at Note 1(c).

(e) Levy income

In order to comply with the provisions of Australian Accounting Standard AASB 1023 General Insurance Contracts, the Nominal Defendant levy, as stated in section 12 of the *Motor Accident Insurance Act 1994*, is to be treated as "premium" as defined in AASB 1023 and is accounted for as such in accordance with the provisions of AASB 1023.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(e) Levy income – continued

Levy revenue is recognised in the Statement of Comprehensive Income only when it has been earned in accordance with the accounting principles set out in AASB 1023. Levies received but not earned as at the end of the reporting period are recorded as a liability (unearned levies) in the Statement of Financial Position and then systematically transferred to revenue in the Statement of Comprehensive Income as the levy is earned over time.

In accordance with AASB 1023 the recognition of earned levy is on the basis of the passage of time, commencing from the week in which motorists remit their CTP premiums to the Department of Transport and Main Roads.

Levy revenue is received from motorists via the Department of Transport and Main Roads in accordance with section 29 of the *Motor Accident Insurance Act 1994* based on a levy on gross premiums collected for Compulsory Third Party motor vehicle insurance policies. These levies are used to fund estimated costs of the Nominal Defendant scheme for the financial year and shortfalls from previous years.

The Nominal Defendant levy rate is fixed each year by regulation in accordance with section 14A(1) of the *Motor Accident Insurance Act 1994*.

The Motor Accident Insurance Commission makes a recommendation to the Minister on the levy rate after obtaining and considering actuarial advice.

(f) Outwards reinsurance premium expense

Premium ceded to reinsurers is recognised as outwards reinsurance expense from the attachment date over the period of indemnity of the reinsurance contract.

(g) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the Nominal Defendant's or issuer's option and that are subject to a low risk of changes in value.

(h) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June.

It is not the policy of the Nominal Defendant to recognise the debt or potential income accruing as the result of judgements granted in favour of it for legal costs and claims against uninsured owners and/or drivers. The resultant receipts are immaterial when compared to the Nominal Defendant's other sources of income and are recognised in the financial statements in the period in which they are received. This policy is under constant review by the Nominal Defendant.

(i) Reinsurance and other recoveries on outstanding claims

The reinsurance and other recoveries on outstanding claims has been actuarially calculated as at the financial year-end by the Queensland Government State Actuary's Office.

Reinsurance and other recoveries revenue and a receivable for reinsurance and other recoveries on outstanding claims are recognised for claims incurred but not yet paid and incurred but not yet reported claims.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(i) Reinsurance and other recoveries on outstanding claims – continued

Amounts recoverable are assessed in a manner similar to the assessment of outstanding claims liability (Note 1 (s)). Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the outstanding claims liability.

(j) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland Government Entity (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(k) Plant and equipment

Items of plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Plant and equipment	$5,000
Leasehold improvements	$5,000

Items with a lesser value are expensed in the year of acquisition.

(l) Revaluations of non-current physical and intangible assets

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost.

Plant and equipment, other than major plant and equipment, are measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

(m) Intangibles

Intangible assets with a cost or other value greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the Nominal Defendant, less any anticipated residual value. The residual value is zero for all the Nominal Defendant's intangible assets.

It has been determined that there is no active market for any of the Nominal Defendant's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Purchased Software
The purchase cost, together with any internal development costs, of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Nominal Defendant, namely 7 years.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(n) Amortisation and depreciation of intangibles and plant and equipment

Amortisation and depreciation is calculated on a straight-line basis so as to allocate the net cost of each asset, less its estimated residual value, progressively over its estimated useful life to the Nominal Defendant.

Assets under construction (work-in-progress) are not amortised or depreciated until they reach service delivery capacity.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Class	Depreciation rate
Plant and equipment:	
Computer hardware	20 – 25%
Office equipment	20%
Leasehold improvements	8.33%

Class	Amortisation rate
Intangibles:	
Software internally generated	14.29%

(o) Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Nominal Defendant determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income.

(p) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

(q) Financial assets

All funds not required for the day to day management of the Nominal Defendant are invested with the Queensland Investment Corporation (QIC) and are recorded in the financial statements at net market value.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(r) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(s) Outstanding claims liability

The liability for outstanding claims has been actuarially calculated as at the financial year-end by the Queensland Government State Actuary's Office.

Claims incurred expense and a liability for outstanding claims are recognised for claims incurred but not yet paid, incurred but not yet reported claims and anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claims files and estimating unnotified claims and settlement costs using statistics based on past experiences and trends. The liability for outstanding 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 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 and superimposed inflation.

(t) Financial instruments

Recognition
Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Nominal Defendant becomes party to the contractual provisions of the financial instrument.

Classification
Financial instruments are classified and measured as follows:
- Cash and cash equivalents – held at fair value through profit or loss;
- Receivables – held at amortised cost;
- Investments – held at fair value through profit or loss; and
- Payables – held at amortised cost.

The Nominal Defendant does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents and investments held with QIC, the Nominal Defendant holds no financial assets classified at fair value through profit and loss.

All disclosures relating to the measurement basis and financial risk management of other financial instruments held by the Nominal Defendant are disclosed in Note 20.

(u) Employee benefits

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, salaries, recreation leave and sick leave
Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of the likely settlement.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(u) Employee benefits – continued

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Long service leave
Under the Queensland Government's long service leave scheme, a levy is made on the Nominal Defendant to cover this cost. The levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation
Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Nominal Defendant's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(v) Insurance

The Nominal Defendant's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Nominal Defendant pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(w) Taxation

The Nominal Defendant is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Nominal Defendant. GST credits receivable from, and GST payable to the ATO, are recognised in the Statement of Financial Position (refer to Note 9).

(x) Issuance of financial statements

The financial statements are authorised for issue by the Nominal Defendant and the Manager, Corporate Governance at the date of signing the Management Certificate.

(y) Judgements and assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(y) Judgements and assumptions – continued

The Nominal Defendant places high reliance on actuarial estimates provided by its actuary, Queensland Government State Actuary's Office, in calculating the reinsurance and other recoveries on outstanding claims and the outstanding claims liability as at the end of the financial year. Refer to Notes 1 (i), 1 (s) and 15.

The Nominal Defendant has made no other judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(z) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(aa) New and revised accounting standards

The Nominal Defendant did not voluntarily change any of its accounting policies during 2009-10. Those new and amended Australian accounting standards that were applicable for the first time in the 2009-10 financial year and that had a significant impact on the Nominal Defendant's financial statements are as follows.

The Nominal Defendant complied with the revised AASB 101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now re-named to the Statement of Financial Position, and the Cash Flow Statement has now been re-named to Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income. In line with the new concept of 'comprehensive income', the bottom of this new statement contains certain transactions that previously were detailed in the Statement of Changes in Equity (refer to the items under sub-heading "other comprehensive income" in the new Statement of Comprehensive Income). The Statement of Changes in Equity now only includes details of transactions with owners in their capacity as owners, in addition to the total comprehensive income for the relevant components of equity.

The Nominal Defendant is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Nominal Defendant has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Nominal Defendant applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the only significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5,7 101, 102, 108, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]* become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

1 Summary of significant accounting policies – continued

(aa) New and revised accounting standards – continued

On initial application of AASB 9, the Nominal Defendant will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of transactions the Nominal Defendant enters into, it is not expected that any of the Nominal Defendant's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Nominal Defendant's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in notes 1(t) and 20). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Nominal Defendant's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Nominal Defendant's activities, or have no material impact on the Nominal Defendant.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

		2010 $'000	2009 $'000
2	**Net levy income**		
	Levy income	58,864	59,585
	Outward reinsurance premium expense	(1,612)	(1,521)
	Net levy income	**57,252**	**58,064**
3	**Net claims incurred**		
(a)	**Claims analysis**		
	Gross claims incurred	38,475	43,331
	Reinsurance and other recoveries	1,520	(12,100)
	Total net claims incurred	**39,995**	**31,231**
	Net claims incurred attributable to Nominal Defendant		
	Gross claims incurred	43,851	38,546
	Reinsurance and claims recoveries	621	(2,913)
		44,472	35,633
	Net claims incurred attributable to FAI		
	Gross claims incurred	(5,376)	4,785
	Reinsurance and other recoveries	899	(9,187)
		(4,477)	(4,402)
	Total net claims incurred	**39,995**	**31,231**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

3 Net claims incurred – continued

(b) Claims development

Current period claims relate to risks borne in the current reporting period. Prior period claims relate to a reassessment of the risks borne in all previous reporting periods.

Claims attributable to Nominal Defendant

	2010			2009		
	Current Year $'000	**Prior Years $'000**	**Total $'000**	**Current Year $'000**	**Prior Years $'000**	**Total $'000**
Gross claims incurred and related expenses						
Undiscounted	62,469	(17,469)	45,000	55,612	(27,377)	28,235
Discount	(11,127)	9,978	(1,149)	(10,776)	21,087	10,311
	51,342	(7,491)	43,851	44,836	(6,290)	38,546
Reinsurance and other recoveries						
Undiscounted	1,557	(2,417)	(860)	1,383	1,554	2,937
Discount	(275)	514	239	(267)	243	(24)
	1,282	(1,903)	(621)	1,116	1,797	2,913
Net claims incurred – discounted	**50,060**	**(5,588)**	**44,472**	**43,720**	**(8,087)**	**35,633**

Claims attributable to FAI

	2010			2009		
	Current Year $'000	**Prior Years $'000**	**Total $'000**	**Current Year $'000**	**Prior Years $'000**	**Total $'000**
Gross claims incurred and related expenses						
Undiscounted	-	(7,587)	(7,587)	-	1,247	1,247
Discount	-	2,211	2,211	-	3,538	3,538
	-	(5,376)	(5,376)	-	4,785	4,785
Reinsurance and other recoveries						
Undiscounted	-	(1,285)	(1,285)	-	9,625	9,625
Discount	-	386	386	-	(438)	(438)
	-	(899)	(899)	-	9,187	9,187
Net claims incurred – discounted	**-**	**(4,477)**	**(4,477)**	**-**	**(4,402)**	**(4,402)**

Total net claims incurred – discounted	**50,060**	**(10,065)**	**39,995**	**43,720**	**(12,489)**	**31,231**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
3 Net claims incurred – continued		
(c) Claims reconciliation		

Claims comprise amounts required to be paid on behalf of those insured, amounts set aside for future claims and claims settlement costs. Claims settlement costs include costs that can be associated directly with individual claims, such as legal and professional fees.

	2010 $'000	2009 $'000
Claims attributable to Nominal Defendant		
Claims and associated settlement costs	29,275	25,926
Movement in outstanding claims liability	14,576	12,620
	43,851	**38,546**
Gross claims incurred attributable to FAI		
Claims and associated settlement costs	4,970	7,449
Movement in outstanding claims liability	(10,346)	(2,664)
	(5,376)	**4,785**
Total gross claims incurred	**38,475**	**43,331**
Reinsurance and other recoveries attributable to Nominal Defendant		
Reinsurance and other recoveries	377	1,043
Movement in reinsurance and other recoveries receivable	(998)	1,870
	(621)	**2,913**
Reinsurance and claims recoveries attributable to FAI		
Reinsurance and claims recoveries	591	6,757
Movement in reinsurance and other recoveries receivable	(1,490)	2,430
	(899)	**9,187**
Total reinsurance and other recoveries	**(1,520)**	**12,100**
Net claims incurred	**39,995**	**31,231**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
4 Employee expenses		
Employee benefits		
Salaries and wages	813	805
Employer superannuation contributions*	96	98
Long service leave levy*	13	13
Other employee benefits	1	9
Employee related expenses		
Workers' compensation premium*	3	-
Payroll tax*	43	43
Other employee related expenses	5	8
Total	**974**	**976**

*Refer to Note 1(u).

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Number of employees	10.4	11.6

Employee expenses attributable to FAI are included in the figures listed above:

	2010 $'000	2009 $'000
Employee benefits		
Salaries and wages	100	168
Employer superannuation contributions*	15	20
Long service leave levy*	2	2
Other employee benefits	-	1
Employee related expenses		
Workers' compensation premium*	-	-
Payroll tax*	7	9
Other employee related expenses	-	-
Total	**124**	**200**

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Number of employees	1.2	1.6

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

		2010 $'000	2009 $'000
5	**Supplies and services**		
	QIC management fee	668	522
	Computer facilities management fee	231	218
	Rent	122	115
	Consultants and contractors	73	97
	Corporate services fee	93	91
	Supplies and consumables	71	53
	Professional services	-	16
	Other supplies and services	1	4
	Total	**1,259**	**1,116**
	Supplies and services attributable to FAI are included in the figures listed above:		
	Computer facilities management fee	96	86
	Rent	10	9
	Consultants and contractors	-	15
	Supplies and consumables	7	4
	Professional services	-	1
	Total	**113**	**115**
6	**Depreciation and amortisation**		
	Depreciation and amortisation were incurred in respect of:		
	Plant and equipment	4	3
	Intangibles	14	44
	Total	**18**	**47**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

		2010 $'000	2009 $'000
7	**Other expenses**		
	Audit fees	34	31
	Insurance premiums – QGIF	1	1
	Other	22	-
	Total	**57**	**32**

Total external audit fees relating to the 2009-10 financial year are estimated to be $33,600 (2008-09 $31,100). There are no non-audit services included in this amount.

	2010 $'000	2009 $'000
Other expenses attributable to FAI are included in the figures listed above:		
Audit fees	13	12
Total	**13**	**12**

		2010 $'000	2009 $'000
8	**Cash and cash equivalents**		
	Cash at bank and on hand	2,418	2,166
	Total	**2,418**	**2,166**
	Cash assets as shown in the Statement of Cash Flows:		
	Balance per above	2,418	2,166
	Current financial assets (Note 10)	154,894	67,665
	Non-current financial assets (Note 10)	294,532	270,530
	Total	**451,844**	**340,361**

Interest earned on cash held with Queensland Treasury earned between 2.16% to 3.42% in 2010 (2009: 2.11% to 6.76%).

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
9 Receivables		
Accrued investment income	41	31
Sharing recoveries receivable on paid claims	91	115
Reinsurance recoveries on paid claims	811	3,329
Dividend receivable from FAI liquidator	21,132	5,944
GST receivable	65	52
Other receivables	2	1
Total	**22,142**	**9,472**

Receivables attributable to FAI are included in the figures listed above:

Sharing recoveries receivable on paid claims	91	115
Reinsurance recoveries on paid claims	811	3,329
Total	**902**	**3,444**

10 Financial assets		
Current		
Queensland Investment Corporation investments	154,894	67,665
Total	**154,894**	**67,665**
Non-current		
Queensland Investment Corporation investments	294,532	270,530
Total	**294,532**	**270,530**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
11 Plant and equipment		
Plant and equipment:		
At cost	41	63
Less: accumulated depreciation	(22)	(52)
Total	**19**	**11**

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year are as follows:

	2010 $'000	2009 $'000
Carrying amount at 1 July 2009	11	14
Acquisitions	12	-
Disposals	-	-
Depreciation	(4)	(3)
Carrying amount at 30 June 2010	**19**	**11**

	2010 $'000	2009 $'000
12 Intangible assets		
Purchased software:		
At cost	219	219
Less: accumulated amortisation	(193)	(179)
Total	**26**	**40**

Movements in the carrying amounts for each class of intangibles between the beginning and the end of the current financial year are as follows:

	2010 $'000	2009 $'000
Carrying amount at 1 July 2009	40	84
Acquisitions	-	-
Disposals	-	-
Amortisation	(14)	(44)
Carrying amount at 30 June 2010	**26**	**40**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
13 Payables		
Sundry creditors and accruals	278	271
Equity withdrawal	-	10,417
Total	**278**	**10,688**
Payables attributable to FAI are included in the figures listed above:		
Sundry creditors and accruals	11	11
Equity withdrawal	-	10,417
Total	**11**	**10,428**
14 Accrued employee benefits		
Current		
Recreation leave	82	54
Accrued salaries and wages	-	35
Total	**82**	**89**
Non-current		
Recreation leave	13	16
Total	**13**	**16**
Accrued employee benefits attributable to FAI are included in the figures listed above:		
Current		
Recreation leave	11	10
Accrued salaries and wages	4	4
Total	**15**	**14**
Non-current		
Recreation leave	3	3
Total	**3**	**3**

The discount rate used to calculate the present value of the non-current recreation leave is 4.5% (2009: 3.4%).

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
15 Net outstanding claims		
(a) Net outstanding claims		
Net outstanding claims		
Gross outstanding claims liability:		
Current	45,890	41,782
Non-current	165,898	165,775
Total	**211,788**	**207,557**
Reinsurance and other recoveries on outstanding claims:		
Current	1,878	2,202
Non-current	6,275	8,440
Total	**8,153**	**10,642**
Net outstanding claims:		
Current	44,012	39,580
Non-current	159,623	157,335
Total	**203,635**	**196,915**
Net outstanding claims attributable to the Nominal Defendant		
Gross outstanding claims/ expected future claim payments	195,954	181,188
Claims settlement costs	11,396	10,436
	207,350	191,624
Discount to present value	(31,473)	(30,323)
Gross outstanding claims liability	**175,877**	**161,301**
Current	36,240	29,194
Non-current	139,637	132,107
Gross outstanding claims liability	**175,877**	**161,301**
Reinsurance and other recoveries on outstanding claims	6,019	7,255
Discount to present value	(908)	(1,146)
Reinsurance and other recoveries on outstanding claims	**5,111**	**6,109**
Current	1,073	993
Non-current	4,038	5,116
Reinsurance and other recoveries on outstanding claims	**5,111**	**6,109**
Net outstanding claims	**170,766**	**155,192**
Central estimate	155,242	141,084
Risk margin	15,524	14,108
Net outstanding claims	**170,766**	**155,192**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
15 Net outstanding claims – continued		
(a) Net outstanding claims – continued		
Net outstanding claims attributable to FAI		
Gross outstanding claims/ expected future claim payments	40,328	52,394
Claims settlement costs	1,531	2,021
	41,859	54,415
Discount to present value	(5,948)	(8,159)
Gross outstanding claims liability	**35,911**	**46,256**
Current	9,650	12,588
Non-current	26,261	33,668
Gross outstanding claims liability	**35,911**	**46,256**
Reinsurance and other recoveries on outstanding claims	3,614	5,490
Discount to present value	(572)	(957)
Reinsurance and other recoveries on outstanding claims	**3,042**	**4,533**
Current	805	1,209
Non-current	2,237	3,324
Reinsurance and other recoveries on outstanding claims	**3,042**	**4,533**
Net outstanding claims	**32,869**	**41,723**
Central estimate	28,335	35,968
Risk margin	4,534	5,755
Net outstanding claims	**32,869**	**41,723**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

15 Net outstanding claims – continued

(b) Actuarial assumptions

The following assumptions have been made in determining the net outstanding claims liability.

Assumptions attributable to the Nominal Defendant

	2010	2009
Inflation rate	5.90%	6.10%
Discount rate	4.90%	5.10%
Claims handling expenses	6%	6%
Risk margin	10%	10%
Weighted average expected term to settlement	3.78 years	3.73 years

Assumptions attributable to FAI

	2010	2009
Inflation rate	N/A	N/A
Discount rate	4.80%	5.10%
Claims handling expenses	4%	4%
Risk margin	16%	16%
Weighted average expected term to settlement	3.5 years	3.5 years

(c) Impact of changes in key variables on net outstanding claims

The following table illustrates how a change in some key valuation assumptions in section (b) above affects the net outstanding claims and shows an analysis of the profit/(loss) and equity changes in these assumptions. Note that the table is illustrative only, and is not intended that it cover the range of potential variations.

Sensitivity analysis attributable to the Nominal Defendant

		Financial impact			
Net outstanding claims	**Movement in variable**	**Profit/(loss) 2010 $'000**	**Equity 2010 $'000**	**Profit/(loss) 2009 $'000**	**Equity 2009 $'000**
Inflation rate	+1%	(4,734)	(4,734)	(4,908)	(4,908)
	-1%	4,466	4,466	5,092	5,092
Discount rate	+1%	5,066	5,066	4,592	4,592
	-1%	(5,434)	(5,434)	(4,908)	(4,908)
Claims handling expenses	+1%	(1,634)	(1,634)	(1,508)	(1,508)
	-1%	1,566	1,566	1,492	1,492
Risk margin	+1%	(1,534)	(1,534)	(1,408)	(1,408)
	-1%	1,566	1,566	1,392	1,392
Weighted average term to settlement	+0.5 years	3,677	3,677	3,546	3,546
	-0.5 years	(3,758)	(3,758)	(3,629)	(3,629)

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

15 Net outstanding claims – continued

(c) Impact of changes in key variables on net outstanding claims – continued

Sensitivity analysis attributable to FAI

Net outstanding claims	Movement in variable	Financial impact Profit/(loss) 2010 $'000	Equity 2010 $'000	Profit/(loss) 2009 $'000	Equity 2009 $'000
Inflation rate	+1%	N/A	N/A	N/A	N/A
	-1%	N/A	N/A	N/A	N/A
Discount rate	+1%	969	969	1,223	1,223
	-1%	(1,031)	(1,031)	(1,377)	(1,377)
Claims handling expenses	+1%	(331)	(331)	(477)	(477)
	-1%	369	369	423	423
Risk margin	+1%	(331)	(331)	(377)	(377)
	-1%	269	269	323	323
Weighted average term to settlement	+0.5 years	709	709	940	940
	-0.5 years	(724)	(724)	(961)	(961)

(d) Nature and extent of risks arising from claims liabilities

The objective of the Nominal Defendant is to ensure the Fund is fully funded to enable it to meet its obligations under the *Motor Accident Insurance Act 1994*. This is facilitated by an actuarially derived levy which is incorporated in the Compulsory Third Party (CTP) premium charged by the respective CTP policy insurers. The levy is derived by taking into consideration such factors as claim frequency, average claim size, wages, inflation, applicable discount rates, operating expenses and cost of reinsurance. The levy amount is supplemented by investment income derived from investing the levy and other income from reinsurance and non-reinsurance recoveries.

A suitably qualified insurance broker is engaged in a consultancy capacity to provide the Nominal Defendant with the most cost effective plan to protect the Fund against major and catastrophic loss, and provide ongoing insurance risk advice. To this end, the Broker facilitates an annual contract for excess of loss reinsurance cover entered into by the Nominal Defendant with reinsurance underwriters from both local and overseas markets to provide reinsurance cover at various layers.

Reinsurers must comply with Queensland Treasury's minimum requirement for performance guarantee under a contract (per Section 87 of the *Queensland Government Financial and Performance Management Standard 2009*) which is for the approved financial institution to have a minimum S&P rating of A-. In the 2009-10 financial year the Nominal Defendant was able to secure unlimited cover with an excess of loss retention level of $6.0 million. All reinsurers complied with Treasury's minimum requirements as specified by the Financial Management Standards.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

	2010 $'000	2009 $'000
16 Reconciliation of operating surplus to net cash from operating activities		
Operating surplus	133,679	4,884
Non-cash items:		
Depreciation	4	3
Amortisation	14	44
Changes in assets and liabilities:		
Decrease/(increase) in prepayments	(6)	2
Decrease/(increase) in receivables	(12,670)	(11,737)
Increase/(decrease) in payables	7	(92)
Increase/(decrease) in unearned levies	437	(1,204)
Increase/(decrease) in outstanding claims liability	6,721	9,956
Increase/(decrease) in accrued employee benefits	(10)	44
Net cash from operating activities	**128,176**	**1,900**

17 Commitments for expenditure

(a) Non-cancellable operating lease

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

	2010 $'000	2009 $'000
- Not later than one year	119	122
- Later than one year and not later than five years	-	-
Total	**119**	**122**

(b) Other expenditure commitments

Material expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2010 $'000	2009 $'000
- Not later than one year	278	250
- Later than one year and not later than five years	-	-
Total	**278**	**250**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

18 Contingencies

Indemnity for liabilities of FAI General Insurance Company Limited ("FAI")

In accordance with the Deed of Indemnity to the Nominal Defendant for the assumed HIH CTP Liability, funding is provided by the State Government for shortfalls relating to liabilities of FAI.

In accordance with the Deed of Indemnity, where the cash receipts of the Compulsory Third Party ("CTP") levy surcharge and any amounts received from the liquidator of the HIH Group exceed the amount paid for the claims liabilities and management costs, as a result of the insolvency of FAI, the Nominal Defendant will pay the excess to Treasury.

19 Events occurring after balance date

As funds received from the liquidator are now in excess of the Deed of Indemnity to Nominal Defendant for the assumed HIH CTP liability, approval has been sought from the Treasurer under section 33(6) and 33(7) of the *Motor Accident Insurance Act 1994* to direct the Nominal Defendant to transfer the $57.818 million back to the Motor Accident Insurance Fund.

20 Financial instruments

(a) Categorisation of financial instruments

The Nominal Defendant has the following categories of financial assets and financial liabilities:

Category	Note	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents	8	2,418	2,166
Receivables	9	22,142	9,472
Investments	10	449,426	338,195
Total		**473,986**	**349,833**
Financial liabilities			
Financial liabilities measured at amortised costs:			
Payables	13	278	10,688
Total		**278**	**10,688**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

20 Financial instruments – continued

(b) Financial risk management

The Nominal Defendant's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and Nominal Defendant policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Nominal Defendant.

All financial risk is managed by Corporate Governance under policies approved by the Nominal Defendant. The Nominal Defendant provides written principles for overall risk management, as well as policies covering specific areas.

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) Credit risk exposure

Credit risk exposure refers to the situation where the Nominal Defendant may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

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

The following table represents the Nominal Defendant's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum exposure to credit risk Category	Note	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents	8	2,418	2,166
Receivables	9	22,142	9,472
Investments	10	449,426	338,195
Total		**473,986**	**349,833**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

20 Financial instruments – continued

(c) Credit risk exposure – continued

No collateral is held as security and no credit enhancements relate to financial assets held by the Nominal Defendant.

The Nominal Defendant manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Nominal Defendant invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographic changes form part of the Nominal Defendant's documented risk analysis assessment in conjunction with historic experience and associated industry data.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2010 Financial assets past due but not impaired

			Overdue		
	Less than 30 days $'000	**30 - 60 days $'000**	**61 - 90 days $'000**	**More than 90 days $'000**	**Total $'000**
Receivables (excluding sharing recoveries)	22,051	-	-	-	22,051
Total	**22,051**	**-**	**-**	**-**	**22,051**

2009 Financial assets past due but not impaired

			Overdue		
	Less than 30 days $'000	**30 - 60 days $'000**	**61 - 90 days $'000**	**More than 90 days $'000**	**Total $'000**
Receivables (excluding sharing recoveries)	9,357	-	-	-	9,357
Total	**9,357**	**-**	**-**	**-**	**9,357**

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

20 Financial instruments – continued

(d) Liquidity risk

Liquidity risk refers to the situation where the Nominal Defendant may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Nominal Defendant manages liquidity through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Nominal Defendant has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Nominal Defendant. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

		2010 Payable in			Total
		< 1 year	1-5 years	> 5 years	
Financial liabilities	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	13	278	-	-	278
Total		**278**	**-**	**-**	**278**

		2009 Payable in			Total
		< 1 year	1-5 years	> 5 years	
Financial liabilities	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	13	10,688	-	-	10,688
Total		**10,688**	**-**	**-**	**10,688**

(e) Market risk

The Nominal Defendant does not trade in foreign currency and is not materially exposed to commodity price changes. The Nominal Defendant is exposed to interest rate risk through cash deposited in interest bearing accounts. The Nominal Defendant does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

Financial information 2009-10

Nominal Defendant

Notes to and forming part of the financial statements 2009-10

for the year ended 30 June 2010

20 Financial instruments – continued

(f) Unit price and interest rate sensitivity analysis

The following interest rate 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 would change by +/- 1% from the year-end rates applicable to the Nominal Defendant's financial assets. With all other variables held constant, the Nominal Defendant would have a surplus and equity increase/(decrease) of $24,000 (2009: $22,000) due to interest rate risk and $4,494,000 (2009: $3,382,000) due to unit price risk.

The Nominal Defendant's sensitivity to movements in interest rates in relation to the value of cash and cash equivalents is shown in the table below.

		Financial impact			
Cash	**Movement in variable %**	**Profit/(loss) 2010 $'000**	**Equity 2010 $'000**	**Profit/(loss) 2009 $'000**	**Equity 2009 $'000**
Interest rate risk	+1	24	24	22	22
	-1	(24)	(24)	(22)	(22)

The Nominal Defendant's sensitivity to movements in unit price rates in relation to the value of investments is shown in the table below.

		Financial impact			
Investments	**Movement in variable %**	**Profit/(loss) 2010 $'000**	**Equity 2010 $'000**	**Profit/(loss) 2009 $'000**	**Equity 2009 $'000**
Unit price risk	+1	4,494	4,494	3,382	3,382
	-1	(4,494)	(4,494)	(3,382)	(3,382)

(g) Fair value

The carrying amounts of financial assets and liabilities approximate their fair values. The fair value of investments is measured at net market value based on Queensland Investment Commission advice.

The Nominal Defendant is unable to comply with the disclosure requirements in AASB 7 *Financial Instrument* disclosures paragraph 37 (a) and (b) for the Nominal Defendant's financial assets. The difficulty for disclosure relates to the inability to age the receivable for sharing recoveries on claims due to the difficulty in accurately predicting the finalisation period of a claim.

Financial information 2009-10

Nominal Defendant

Certificate of the Nominal Defendant

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the financial year ended 30 June 2010 and of the financial position of the Nominal Defendant at the end of that year.

Lina Lee CA
Manager Corporate Governance

26 August 2010

Paul Donaldson
Acting Insurance Commissioner

26 August 2010

Financial information 2009-10

Nominal Defendant

Independent Auditor's Report

To the Nominal Defendant

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Nominal Defendant for the financial year ended 30 June 2010 included on Nominal Defendant's website. The Nominal Defendant is responsible for the integrity of its website. I have not been engaged to report on the integrity of the Nominal Defendant's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Nominal Defendant to confirm the information included in the audited financial report presented on this website.

Report on the Financial Report

I have audited the accompanying financial report of the Nominal Defendant which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Nominal Defendant and officer responsible for the financial administration of the Nominal Defendant.

The Nominal Defendant's Responsibility for the Financial Report

The Nominal Defendant is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Nominal Defendant, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

Financial information 2009-10

Nominal Defendant

Independent Auditor's Report – continued

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

  (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Motor Accident Insurance Commission for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

J A LATIF (CA)
Delegate of the Auditor-General of Queensland

26 August 2010
Brisbane

Appendices

Appendices

Appendix 1: Actuarial Certificate, Nominal Defendant Fund

Actuarial Certificate

Queensland Nominal Defendant Fund
Outstanding Claims Liability as at 30 June 2010

The State Actuary's Office was asked by the Nominal Defendant to undertake a valuation of the Nominal Defendant Fund's ("The Fund") claims liabilities as at 30 June 2010 and to advise on an appropriate balance sheet provision for these liabilities.

The data, assumptions, approach and results of this valuation are described in detail in our report entitled "*Nominal Defendant Outstanding Claims Liability Review 30 June 2010*". The advice set out in our report has been prepared in compliance with the relevant accounting standard AASB 137 and Professional Standard 300 of the Institute of Actuaries of Australia.

Results

The recommended provision for the Nominal Defendant as at 30 June 2010 is $170.8 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 10% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

Reliances and Limitations

In preparing our advice we relied extensively on information supplied by the Nominal Defendant. Independent verification of this information was not undertaken although it was reviewed and checked for reasonableness and consistency.

Although we have prepared estimates in conformity with what we believe to be the likely future experience, the experience could vary considerably from our estimates. Deviations from our estimates are normal and to be expected.

A van den Berg　　Wayne Cannon

A.A. van den Berg B.E. (Hons)　　W.H. Cannon B.Sc. (Hons) FFin
Fellows of the Institute of Actuaries of Australia

9 August 2010

Appendices

Appendix 2: Actuarial Certificate, Nominal Defendant Fund, FAI Run-Off

Actuarial Certificate

Queensland Nominal Defendant Fund – FAI Run-Off
Outstanding Claims Liability as at 30 June 2010

The State Actuary's Office was asked by the Nominal Defendant to undertake a valuation of the Nominal Defendant Fund's ("The Fund") claims liabilities in respect of the FAI run-off as at 30 June 2010 and to advise on an appropriate balance sheet provision for these liabilities.

The data, assumptions, approach and results of this valuation are described in detail in our report entitled "*Nominal Defendant – FAI Run-Off Outstanding Claims Liability Review 30 June 2010*". The advice set out in our report has been prepared in compliance with the relevant accounting standard AASB 1023 and Professional Standard 300 of the Institute of Actuaries of Australia.

Results

The recommended provision for the Nominal Defendant as at 30 June 2010 is $32.9 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 16% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

Reliances and Limitations

In preparing our advice we relied extensively on information supplied by the Nominal Defendant. Independent verification of this information was not undertaken although it was reviewed and checked for reasonableness and consistency.

We have assumed for the purpose of our estimates that all reinsurance recoveries under the treaties covering FAI's Queensland CTP, as well as sharing recoveries on this portfolio, will be fully recoverable.

Although we have prepared estimates in conformity with what we believe to be the likely future experience, the experience could vary considerably from our estimates. Deviations from our estimates are normal and to be expected.

A.A. van den Berg B.E. (Hons) W.H. Cannon B.Sc. (Hons) FFin
Fellows of the Institute of Actuaries of Australia

9 August 2010

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Appendix 3: Information sources

Publications

The Commission has the following publications available to the public at no charge and can be accessed online at the Commission's website www.maic.qld.gov.au:

- The Motor Accident Insurance Commission's annual reports
- Compulsory Third Party Work Training Guidelines
- MAIC Guidelines for CTP rehabilitation providers
- Whiplash Injury Recovery – A self-management guide
- Road to Recovery – Rehabilitation following a motor vehicle accident
- Guideline – Arranging Medico-Legal Assessments
- The role of tyre pressure in vehicle safety, injury and the environment
- Review of Queensland Compulsory Third Party Insurance Scheme 1999.

Website

The following information is also available at the Commission's website www.maic.qld.gov.au:

- A CTP premium calculator to assist motorists in obtaining information on premium rates
- CTP claims information
- Injury management information
- Information on the CTP premium setting process
- Forms for claimants, legal practitioners and medical practitioners
- Information for medical practitioners, rehabilitation providers and legal practitioners
- Guidelines and information for insurers
- Commission funding initiatives
- 2010 – 2015 Strategic Plan

Telephone services and community participation

The Commission operates a helpline where staff can provide interested parties with information about the operations of the CTP scheme, premium prices and the claim process. The helpline number is 1300 302 568.

The Commission is involved in regular discussions with motoring organisations, licensed CTP insurers, the legal profession, and the medical and allied health professions to ensure the scheme operates effectively and balance is maintained between the needs of injured parties and premium paying motor vehicle owners.

Right to Information

Right to Information (RTI) is the Queensland Government's approach to giving the community greater access to information.

The Queensland Government has made a commitment to provide access to information held by the Government, unless on balance it is contrary to the public interest to provide that information.

The *Right to Information Act 2009* came into effect on 1 July 2009, replacing the *Freedom of Information Act 1992*. New legislation, the *Information Privacy Act 2009*, has also been created to provide protection for individuals' privacy.

The Right to Information reforms aim to make more information available, provide equal access to information across all sectors of the community, and provide appropriate protection for individuals' privacy.

How do I access the Commission's information?

Information about the Commission's services and business operations is provided in many of its corporate documents, which are available in Treasury's publication scheme (which covers the Commission).

You can access the scheme at the following address:

http://www.treasury.qld.gov.au/about/right-to-information/publication-scheme/index.shtml

To access other Commission information, you will need to make a formal application under the *Right to Information Act 2009* or the *Information Privacy Act 2009* (if it relates to your personal information).

How do I make an application?

Your application must:

- be in writing in the approved form (http://www.thepremier.qld.gov.au/library/pdf/Right-to-Information-and-Information-Privacy-Access-Appliation.pdf)
- provide an address to which a notification of the decision may be sent
- be addressed to the Manager, Administrative Review (contact details provided below)
- include payment of application fee of $38 if the information you request is not related to your personal information.

Appendices

Appendix 3: Information sources – continued

Right to Information – continued

How do I amend personal information?

A formal application under the *Information Privacy Act 2009* to amend personal information must:

- be in writing in the approved form
- provide an address to which a notification of the decision may be sent
- specify the particular information you wish to have amended
- give details as to why the information is believed to be incomplete, incorrect, out-of-date or misleading
- describe the amendments you wish to have made.

Are there any charges for processing the application?

If you are applying to access the Commission's information under the *Right to Information Act 2009*, you may need to pay an application fee or processing charges, depending on the nature of your application.

For accessing non-personal information

If you are applying for access to information that is not your personal information, you must pay an initial application fee of $38. This fee must be paid before your application will be processed.

In addition to the application fee, you may be charged for following:

- processing documents if your application takes longer than five hours to process ($5.80 for each 15 minutes or part thereof)
- photocopying documents (20 cents per photocopied page) or, alternatively, for providing documents in electronic format on compact disc.
- accessing personal information
- if you are applying for access to information that is your personal information, you do not need to pay an application fee, but access charges may be payable.

For amending personal information

If you are applying under the *Information Privacy Act 2009* to amend your personal information, you do not need to pay an application fee or access charges.

To pay the application fee of $38, please complete a cheque or money order made payable to The Accountant, Treasury Department and post it to the address provided below.

Contact details

Manager, Administrative Review
Queensland Treasury
GPO Box 611
Brisbane Qld 4001
Ph 07 3224 4171

Appendices

Appendix 4: Compulsory Third Party insurers

Currently licensed CTP insurers

Allianz Australia Insurance Limited

GPO Box 2226
Brisbane Qld 4001
Ph 131 000
ABN 15 000 122 850

Australian Associated Motor Insurers Limited
(trading as AAMI)

CTP Claims
IPC: TI-008
GPO Box 1453
Brisbane Qld 4001
Ph 132 244
ABN 92 004 791 744

Insurance Australia Limited
(trading as NRMA Insurance)

GPO Box 5730
Brisbane Qld 4001
Ph 07 3135 1600
ABN 11 000 016 722

QBE Insurance (Australia) Limited

GPO Box 1072
Brisbane Qld 4001
Ph 07 3859 5666
ABN 78 003 191 035

RACQ Insurance Limited

PO Box 3313
Tingalpa DC Qld 4173
Ph 131 905
ABN 50 009 704 152

Suncorp Metway Insurance Limited

GPO Box 1453
Brisbane Qld 4001
Ph 131 160
ABN 83 075 695 966

Previously licensed CTP insurers

CIC Insurance Limited

ACN 004 078 880
Licence withdrawn 22/01/1996
Insurer became insolvent on 15 March 2001.

GIO General Limited

ACN 002 861 583
Licence withdrawn 30/06/1996

Mercantile Mutual Insurance (Australia) Ltd

ACN 000 456 799
Licence withdrawn 01/11/1996

Commercial Union Assurance of Australia Ltd

ACN 004 478 371
Licence withdrawn 01/03/1997

Zurich Australian Insurance Limited

ACN 000 296 640
Licence withdrawn 15/11/1997

Fortis Insurance Limited
(formerly VACC Insurance Co. Limited)

ACN 004 167 953
Licence suspended 30/03/1999 pending withdrawal

FAI General Insurance Company Limited

ABN 15 000 327 855
Licence suspended on 1 January 2001
Insurer became insolvent on 15 March 2001.

FAI Allianz Limited
(trading as FAI Insurance)

ABN 80 094 802 525
Licence withdrawn 01/07/2002

Appendices

Appendix 5: Grants and funding

Organisation	Future commitment*	2009/10 $	2008/09 $
Centre of National Research on Disability and Rehabilitation Medicine (CONROD)	6,567,485	1,506,059	1,518,615
Centre for Accident Research and Road Safety Queensland (CARRS-Q)	1,800,000	1,800,000	1,800,000
University of Sydney – PEDro database	0	25,000	25,000
Queensland Transport – Road Safety Initiatives	525,000	355,000	0
Queensland Health – Queensland Trauma Registry	1,350,000	1,303,125	737,476
University of Queensland ARC Linkage grant – Financing and management of lifetime care and support in a mixed economy of care : a study of working age people with acquired disabilities and high support needs	18,100	22,250	25,317
University of Queensland – Fellowship in Human Movement Studies (conversion of status of funding from loan to grant)		250,000	
University of Queensland – School of Health and Rehabilitation Sciences Research Unit (conversion of status of funding from loan to grant)		250,000	
University of Queensland ARC Linkage Grant – Does self management increase the effectiveness of Vocational Rehabilitation for chronic compensated disorders?	50,000	0	25,000
University of Queensland – Evaluation of information based intervention for children with mild traumatic brain injury	0	63,214	70,214
University of Queensland – Investigate effectiveness of dry needling for chronic whiplash	160,000	0	80,000
University of Queensland – Randomised controlled trial to investigate effectiveness of a new exercise based treatment for chronic whiplash	56,185	0	28,000
University of Queensland – To undertake a review of the 'Recovery from Whiplash Injury: A Self Management guide'.	0	9,423	0
Total funding allocated	**10,526,770**	**5,584,071**	**4,309,622**
Less refunds of residual grant funding			
Queensland Police Service – Refund of residual grant funding			(456)
Total funding returned			**(456)**
Grants total (allocated less returned)		**5,584,071**	**4,309,166**

* Indicates all grant funding committed for expenditure from 1 July 2010 onwards

Appendices

Appendix 5: Grants and funding – continued

Ongoing projects funded in previous years

In the majority of cases, the following projects were previously funded by the Commission through the provision of a one-off payment. This payment is held in trust with the interest used to fund the ongoing operations of each project. The progress of these projects is monitored through regular activity reporting.

- Royal Australian College of General Practitioners Research Fellowship
- Royal Australasian College of Physicians Research Fellowship
- Royal Australasian College of Surgeons Research Fellowship
- University of Queensland
  - School of Health and Rehabilitation Sciences Research Fellowship
  - Teaching and Community Services Rehabilitation Research Fellowship

Research centres

The two Commission funded research centres (CONROD and CARRS-Q) produce six monthly activity and financial reports covering the research conducted within the centres and providing details on projects funded through other competitive grant processes.

Further information on CARRS-Q and CONROD's research and activities is available by visiting www.carrsq.qut.edu and www.uq.edu.au/conrod.

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Appendix 6: Committees as at 30 June 2010

Committees as at 30 June 2010

Section 11 of the *Motor Accident Insurance Act 1994* enables the Commission to establish advisory committees to advise on exercising its statutory functions. The Commission has one Advisory Committee to provide independent advice on a range of matters with the primary activity relating to setting the premium bands.

The structure of the 2009-10 committee was:

Chairperson: Bernard Rowley

Members: Henry Smerdon
Cath Wood
Shauna Tomkins

The Advisory Committee has long industry experience, both within government and the insurance industry. The areas of expertise of individual members are:

Committee member	Area of expertise
Bernard Rowley, former CEO of Suncorp	Insurance industry and actuarial experience
Henry Smerdon, former Under Treasurer	Public policy experience
Cath Wood, former CEO of Q-Comp	Insurance industry and general community perspective
Shauna Tomkins, formerly with the Australian Financial Institutions Commission	Financial system regulatory experience

From 1 July 2009 to 30 June 2010, a total of nine meetings of the Advisory Committee were held with no special assignments. The total remuneration to the Committee for the year was $14,301. These payments were made within the framework of the Government's *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities* arrangements administered by the Department of Justice and Attorney-General.

Appendices

Appendix 7: Consultancies and overseas travel

Motor Accident Insurance Commission Consultancies

Actual expenditure – end of financial year	
Professional and technical	$405,447

Nominal Defendant Consultancies

Actual expenditure – end of financial year	
Professional and technical	$51,528

Nil overseas travel for 2009-10

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Appendix 8: Performance statement

Motor Accident Insurance Administration

Measures	Notes	2009-10 Target/Est.	2009-10 Est. Actual	2009-10 Actual
Setting of premium bands within legislative timeframes.		100%	100%	100%
Recommendation to the Treasurer of annual CTP levies by legislated time frame		100%	100%	100%
Funds expended on grants per registered vehicle		$0.50	$0.37	$0.47
Number of Nominal Defendant claims finalised as a percentage of total outstanding claims		50%	50%	61.8%
Percentage of Nominal Defendant claims settled within two years of compliance	1	New measure	45%	47.9%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date	1	New measure	95%	90.4%

Notes

1 These measures were created to facilitate comparison between the Nominal Defendant and private compulsory third party insurers. The regulatory arm of the Motor Accident Insurance Commission monitors these measures for all compulsory third party insurers.

Appendices

Appendix 9: Glossary

Term	Definition
Affordability index	45 per cent of average weekly earnings
AIS	Abbreviated Injury Scale
AMA6	American Medical Association Guides to the Evaluation of Permanent Impairment
ANZIIF	Australian and New Zealand Institute of Insurance and Finance
ARC	Australian Research Council
CARRS-Q	Centre for Accident Research and Road Safety Queensland
CLA	*Civil Liability Act 2003*
CONROD	Centre of National Research on Disability and Rehabilitation Medicine
CTP	Compulsory Third Party
FAA	*Financial Accountability Act 2009*
FOI	Freedom of Information
Heads of damage	Categories of compensation including general damages, economic loss, treatment and rehabilitation, care, legal and other costs such as home and vehicle modification.
IPA	*Information Privacy Act 2009*
LTCS	Lifetime care and support – a scheme to provide assistance and services to catastrophically injured people on a no-fault basis.
Longitudinal Study	A study that follows subjects over an extended period of time.
MAIA	*Motor Accident Insurance Act 1994*
MAIC	Motor Accident Insurance Commission
PEP	Professional Excellence Program delivered by Treasury to staff within its portfolio offices including the Motor Accident Insurance Commission and Nominal Defendant.
QIC	Queensland Investment Corporation
QTR	Queensland Trauma Registry – a registry that routinely collects information on the injury event, clinical presentation and treatment process for all patients admitted to a registry hospital for greater than 24 hours.
QUT	Queensland University of Technology
RTI	Right to Information
RTIA	*Right to Information Act 2009*
SEAT	The Spinal Injuries Association's Spinal Education Awareness Team
UQ	University of Queensland
Vehicle Class	CTP premiums are structured according to the type and use of the vehicle. There are 24 vehicle classes in the Queensland CTP scheme.