

Motor Accident Insurance Commission

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# ANNUAL REPORT

## 2014-15

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# LETTER OF COMPLIANCE/ CERTIFICATION OF FINANCIAL STATEMENTS

The Honourable Curtis Pitt MP  
Treasurer, Minister for Employment and Industrial Relations and  
Minister for Aboriginal and Torres Strait Islander Partnerships  
GPO Box 611  
BRISBANE Qld 4001

Dear Treasurer

I am pleased to present the Annual Report 2014-2015 and financial statements for the Motor Accident Insurance Commission and the Nominal Defendant.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and the *Motor Accident Insurance Act 1994*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed at [www.maic.qld.gov.au](http://www.maic.qld.gov.au).

Yours sincerely



**Neil Singleton**  
Insurance Commissioner

**ISSN:1837-1450**



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 on the CTP enquiries line 1300 302 568 and we will arrange an interpreter to effectively communicate the report to you.

**Motor Accident Insurance Commission**

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Visit [www.maic.qld.gov.au](http://www.maic.qld.gov.au) to view this annual report.

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# ABOUT THE CTP SCHEME AND THE MOTOR ACCIDENT INSURANCE COMMISSION

## Queensland's CTP scheme

Queensland's Compulsory Third Party (CTP) scheme is a common law, fault-based scheme currently underwritten by four licensed private insurers who accept applications for insurance and manage claims on behalf of their policyholders. The scheme has operated since 1936, overseeing the provision of insurance policies covering unlimited liability for personal injuries to motor vehicle owners, drivers, passengers and other persons injured in a motor vehicle crash to which the *Motor Accident Insurance Act 1994* (the MAI Act) applies.

The Motor Accident Insurance Commission (MAIC) and the Nominal Defendant are statutory bodies established under the MAI Act to regulate and support the CTP scheme.

MAIC regulates insurance premium costs by setting floor and ceiling premium bands for each vehicle class within which CTP insurers must set premiums. The Nominal Defendant compensates people who are injured as a result of the negligent driving of an unidentified or uninsured (no CTP insurance) motor vehicle. The Nominal Defendant has the extended role of meeting any claim costs of a licensed insurer who becomes insolvent.

An efficient system of CTP premium collection, through the motor vehicle registry of the Department of Transport and Main Roads (DTMR), minimises administration costs within the scheme.

## About MAIC

MAIC is responsible for regulating Queensland's CTP insurance scheme and managing the Nominal Defendant.

Established under the MAI Act, MAIC has been located in Brisbane since it commenced operations on 1 September 1994.

Organisationally, MAIC and the Nominal Defendant are positioned within the Corporate Group of Queensland Treasury.

### Vision

Ensuring financial protection that makes Queensland stronger, fairer and safer, through:

- overseeing an affordable and efficient CTP scheme and
- actively engaging and consulting with stakeholders on scheme performance and improvement opportunities.

### Purpose

MAIC is responsible for regulating and improving Queensland's Compulsory Third Party (CTP) insurance scheme and managing the Motor Accident Insurance and Nominal Defendant funds.

## Responsibilities

MAIC is responsible for:

- ensuring people injured in road accidents receive fair compensation
- compensating people who are injured as a result of the negligent driving of an unidentified or uninsured motor vehicle through the Nominal Defendant
- ensuring Queensland motorists receive affordable premiums
- the regulation of insurers' activity and compliance and
- meeting any claim costs of an insolvent insurer.

## Functions

MAIC's key functions involve:

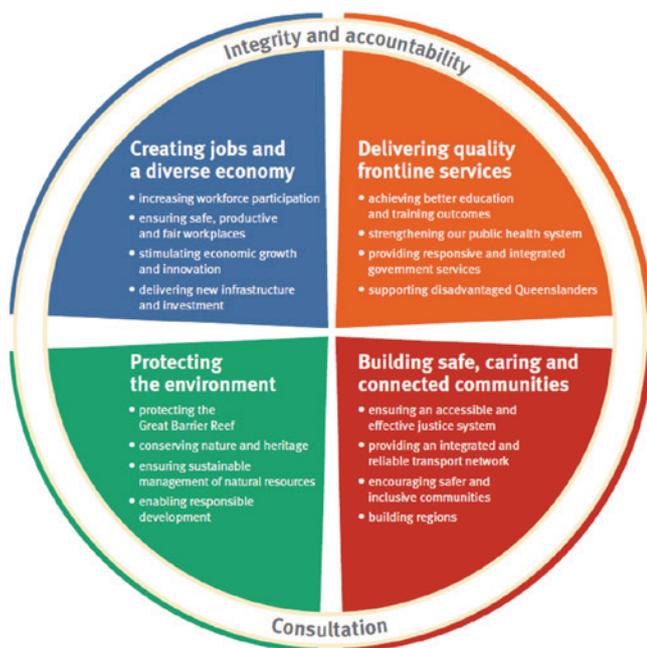
- the licensing and supervision of CTP insurers
- monitoring the operation of the scheme
- fixing the range within which each insurer's premium must fall and recommending to Government the levies payable
- promoting research, education and the infrastructure to reduce the number of motor vehicle crashes and facilitate rehabilitation of injured people

- developing and maintaining a claims register and statistical database for the purpose of providing management information and
- administering the Nominal Defendant Fund.

### How MAIC contributes to the Queensland Government objectives for the community

MAIC contributes to building safe, caring and connected communities by investing in road safety initiatives to reduce the frequency of motor vehicle accidents and minimise their impact on the community.

MAIC is contributing to quality front line services by investing in targeted research and service delivery initiatives to improve health outcomes for people injured in motor vehicle crashes.



### Strategic opportunities

MAIC has the opportunity to:

- harness and support broader technological or innovation changes in road safety, trauma injury management and claims management system processes
- actively reduce the incidence and severity of road trauma and
- continually look for ways to improve the Motor Accident Insurance Commission and Nominal Defendant service delivery.

### Strategic risks and challenges

Ongoing risks and challenged faced by MAIC and the Nominal Defendant include:

- keeping the CTP scheme under review to guard against unexpected adverse developments
- maintaining prudential supervision of licenced insurers and
- keeping CTP affordable while managing a competitive insurer premium filing model.

# INSURANCE COMMISSIONER'S REPORT

**Queensland continues to be well served by a stable and affordable CTP scheme. Premiums remain amongst the most affordable in Australia and injured people have access to fair and timely compensation.**

The Nominal Defendant ('ND') team have delivered another year of excellent performance enabling the ND levy to reduce in 2015/16 - only the second time in the 54 year history of 'the Nommo' this has occurred.

Scheme profitability remains very sound for the licensed insurers who underwrite the Queensland CTP scheme.

MAIC is investing in a range of scheme improvement initiatives including the ongoing work with the QUT Information Systems School to explore opportunities to improve the overall claims process. Our focus on efficiency and innovation in the scheme equally applies to improving internal operating efficiencies within MAIC.

Over recent years MAIC has evolved a principles-based approach to insurer supervision, maintaining an appropriate focus on prudential standards and meeting with insurers on a regular basis to benchmark performance. This approach remains under active review to ensure appropriate compliance standards are maintained.

Looking to the future - MAIC is exploring how the CTP scheme might operate in a future digital world. The advent of autonomous vehicles, intelligent transport systems, advances in medical treatment and the efficiencies to be gained through technology in service delivery are future possibilities which will be explored to help understand how we can best improve the CTP scheme for the benefit of all road users over coming decades.

MAIC continues to actively support DTMR and QPS as the lead government agencies in reducing the incidence of road trauma in Queensland. Our goal is to reduce CTP-related road trauma by at least 30 per cent by 2020. Achieving this goal will result in at least 60,000 fewer Queenslanders being injured on Queensland roads over the course of the decade.

I thank the MAIC Advisory Committee for their ongoing support and counsel. In addition to the committee members Bernard Rowley and Rowan Ward, I have been fortunate to also be able to call upon advice from Henry Smerdon and Peter Roche (ex-CEO MAIB Tasmania) during the course of the year. I also express my appreciation and thanks to the entire team at MAIC and the ND for their continued commitment to delivering and improving the CTP scheme for all Queensland motorists and road users.

Finally, I want to say a special thank you to Professor Barry Watson whose leadership of CARRS-Q has been of direct benefit to MAIC and to the broader road safety agenda in Queensland over many years. Barry's passion and expertise in road safety is now being applied globally in his role as CEO of the Red Cross Global Road Safety Partnership.

We are well placed to keep improving the scheme over future years to ensure it best meets the needs of all Queenslanders.



**Neil Singleton**  
Insurance Commissioner

# 2014-15 YEAR IN REVIEW

## PREMIUMS BECAME EVEN MORE AFFORDABLE

(1 July 2014 – 30 June 2015)

Car + sedan vehicle premium falls to \$323.60

**↓ 3.3%**

Taxi premium falls to \$6,317.60

**↓ 4.8%**

Utes + small van premium falls to \$403.00

**↓ 0.8%**

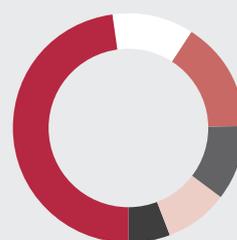
**TOTAL PREMIUMS RECEIVED \$1,452M**

Registered Vehicles in Qld

**3.97 MILLION**



**↑ 3.3%**



■ Economic Loss \$360m  
 ■ General Damages \$84m  
 ■ Legals \$117m  
 ■ Medical/Treatment \$79m  
 ■ Care \$68m  
 ■ Other \$42m

**CLAIM PAYMENTS \$750M**



■ AAI Limited 51.1%  
 ■ Allianz 25.7%  
 ■ QBE 8.7%  
 ■ RACQI 14.5%

**INSURER MARKET SHARES 2015**

New Claims Received

**6,734**



## LEVIES FOR 2015/16 REDUCED THROUGH FOCUS ON EFFICIENCY

MAIC levy reduced to

**\$1.50**  
PER VEHICLE

ND levy reduced to

**\$11**  
PER VEHICLE

DTMR fee reduced to

**\$7.50**  
PER VEHICLE

- Business Productivity Review to assist MAIC efficiency improvement
- Spotfire visual analytics capability developed to enhance scheme performance analysis
- MAIC staff career development framework developed

# REPORT CARD

Highlights	Performance Indicators	Notes	Target	Outcome
<b>Objective 1. Provide a viable and equitable personal injury motor accident insurance scheme.</b>				
<ul style="list-style-type: none"> <li>Delivering cost reductions through process improvements</li> <li>Realised cost savings through the ND legal panel review</li> </ul>	Premium bands and levies set within legislated time-frames		100%	100%
	Premium bands are set at a level to ensure scheme viability		100%	100%
	Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings		<45%	<45%
<b>Objective 2. Continually improve the performance of the operation of the Nominal Defendant.</b>				
<ul style="list-style-type: none"> <li>The ND levy per policy for Class 1 reduced from \$11.50 in 2014-15 to \$11.00 in 2015-16.</li> <li>Realised the benefits of the Nominal Defendant claims management system</li> <li>Finalised 291 claims (including three FAI claims)</li> <li>Recovered \$167,487</li> <li>Earned \$49,758,904 in investment income on ND fund</li> <li>Received \$51,830,609 from HIH Liquidators</li> </ul>	The percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year	1	50%	71.1%
	Percentage of Nominal Defendant claims settled within two years of compliance with the <i>Motor Accident Insurance Act 1994</i>	2	50%	67.8%
	Percentage of Nominal Defendant claims paid within 60 days of the settlement date		95%	96.4%
	Investment strategies align with the anticipated claims runoff		100%	100%
<b>Objective 3. Provide a corporate governance model that facilitates MAIC's vision and meets the State's financial and performance requirements.</b>				
<ul style="list-style-type: none"> <li>Capabilities and succession planning framework to optimise staff capabilities</li> </ul>	Financial requirements outlined in the <i>Financial Accountability Act 2009</i> are met		100%	100%
	Planning and reporting requirements outlined in the <i>Financial and Performance Management Standard 2009</i> are met		100%	100%
	Staff capabilities align with strategic plan		100%	100%

- Favourable variance is due to higher than anticipated number of claims being finalised.
- Claims can take two to three years to settle, consequently it is difficult to estimate the number of claims that will be finalised in any given period.

# OUR FOCUS FOR 2015-16... AND BEYOND



## REDUCE THE INCIDENCE OF ROAD TRAUMA

to save lives and improve scheme outcomes.

- Queensland Road Safety Strategy
- Road Trauma Mitigation Fund
- Community programs
  - Learner driver programs
- Partnering programs
  - Taxi Industry
- Intelligent transport systems



## SUPPORT SERIOUSLY INJURED PEOPLE

to improve health and vocational outcomes.

- Transitional Rehabilitation Service investment
- Brain injury research program
- Spinal injury support programs
- Paediatric Rehabilitation focus
- Housing and Community support programs for catastrophically injured people



## INNOVATE AND IMPROVE

to remain efficient and adaptable.

- Claim process mining
- Strategic review - CTP in a digital world
- Nominal Defendant 'best practice'
- Data management and insight program



## PRUDENTIAL SUPERVISION AND SCHEME HEALTH

to maintain a viable and affordable scheme.

- Principle based supervision
- Fraud deterrence programs
- Targeted insurance compliance programs
- Communication strategies

# LEADING THE MOTOR ACCIDENT INSURANCE COMMISSION

Reporting to the State Parliament through the Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships, Insurance Commissioner Neil Singleton sets the direction for MAIC and the Nominal Defendant. The Insurance Commissioner is supported by Director Corporate Governance Lina Lee, Director Business Solutions Sarah Sawyer and Director Claims Bill Dwyer – collectively they are the leadership team.

The leadership team's role is to drive MAIC and the Nominal Defendant's performance, ensuring the organisation meets the objectives and major activities set out in the strategic plan. The leadership team is also responsible for determining operational policy and strategies to identify and manage key areas of risk.

The below roles comprised our leadership team, as at 30 June 2015.

## Neil Singleton

### Insurance Commissioner

B. Business (Insurance), MBA

Appointed as Insurance Commissioner in December 2010. Prior to this appointment Neil acquired over 30 years insurance experience across a broad range of management and executive positions. Neil's responsibilities include providing strong strategic leadership to ensure a viable, affordable and equitable CTP scheme in Queensland.

## Lina Lee

### Director Corporate Governance

B.Com, CA

Appointed to MAIC in 2006, Lina's responsibilities include strategic and business planning, financial management, office management, organisational reporting, business support and ensuring MAIC 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.

## Sarah Sawyer

### Director Business Solutions

GAICD

Appointed to MAIC in June 2014. Prior to this appointment Sarah has acquired 14 years of experience working within QTT, responsible for a range of services including information technology, data management, urban development research and office management. Sarah's responsibilities include providing strategic and operational direction for the Systems and Development, Business Intelligence and Continuous Improvement areas of IC.

## William Dwyer

### Director Claims

Appointed to MAIC in April 2014, Bill's responsibilities include the efficient and effective management of the claims activities of the Nominal Defendant. Bill has a legal background as well as a further 12 years in the insurance industry working for a national claims management service provider. Bill is current undertaking the Public Sector Management Program, a graduate certificate course administered by the QUT Business School.

# OUR PEOPLE

## MAIC works in partnership with Queensland Treasury to invest in our people to create the right workplace with the right skills, culture and behaviour.

As part of this partnership, MAIC has adopted QT's frameworks for capability development, workforce planning, employee performance management, leadership and industrial and employee relations. QT provides MAIC with strategic advice and support on issues such as recruitment, attraction, retention, induction, performance management, talent management, knowledge transfer and recognition.

In addition to providing MAIC with human resource support services, QT's Human Resources branch also assists MAIC with meeting its obligations under the *Public Sector Ethics Act 1994*. MAIC staff access QT's suite of online training modules specific to public sector ethics and the Queensland Government Code of Conduct. The online training package is rolled out to all new MAIC staff and all staff are required to complete the training annually.

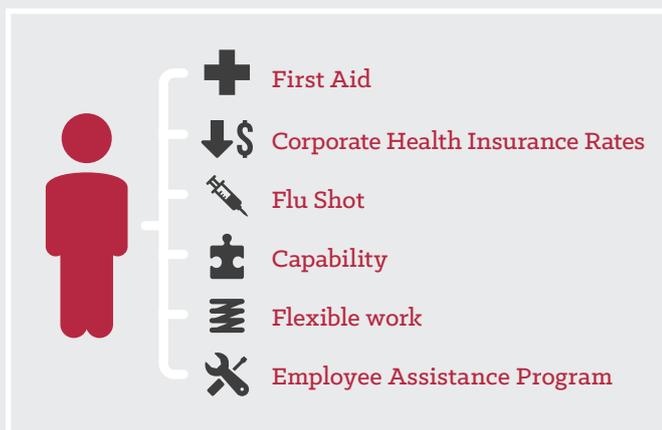
In 2014-15, MAIC developed and piloted a capability and succession planning framework aimed at contextualising Queensland Treasury's Great People Capability System. The framework provides the context and process for developing and maintaining the skills that produce the talent required by

MAIC to implement its business direction for now and into the future. The framework will assist MAIC to build a workforce that is adaptable, engaged and receptive in an ever changing environment. In 2015-16, MAIC will continue to roll-out and improve on the framework.

In May, all staff were encouraged to have their say in the workforce employee survey. Through the survey, staff were able to share their perceptions of their work, manager, team, workplace, and job satisfaction. In 2014-15, staff participation in the survey increased to 94 per cent, an increase of 19 per cent from the previous year.

Staff also benefited from QT's workplace health and wellbeing policy and services including annual flu vaccinations, the employee assistance program, access to first aid officers, corporate health insurance rates and the opportunity to attend health workshops.

MAIC's full-time equivalent staff establishment, employee expenses and key executive management personnel and remuneration information can be found in the Financial Information (pages 24-51 for MAIC and pages 52-91 for the Nominal Defendant). Additional information on QT's workforce strategies and frameworks, along with workforce statistics that include MAIC, can be located in Treasury's annual report.



### Working for Queensland Survey



**94%**  
**RESPONSE RATE**

**INCREASED 19% FROM 2014**

# GOVERNANCE

Our corporate governance framework ensures we:

- meet out statutory responsibilities under the MAI Act and other legislation
- integrate risk management into organisational activity and
- assess and enhance corporate governance processes, including our systems of internal control.

MAIC is committed to effective risk management and has adopted QT's framework for proactively identifying, assessing and managing risks. MAIC has continued to work within QT's policy and framework which is aimed at enhancing risk management capabilities.

MAIC's leadership team is accountable for risks. As part of MAIC's ongoing planning and reporting processes, the leadership team identifies and monitors risks that may affect our ability to achieve our strategic objectives. Risk controls and treatment strategies are implemented and maintained with risks being recorded in the Insurance Commission's risk register and reviewed on a quarterly basis. The updated risk register is forwarded to QT's Board of Management where it is reviewed from a consolidated QT perspective. The risk register is also reviewed annually by external auditors.

As an integral component of risk assessment, MAIC is committed to business continuity management. This ensures continuity of key business services which are essential for or contribute to achievement of MAIC's objectives.

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

MAIC participates in QT wide risk and accountability management through representation on the Audit and Risk Management Committee.

## Audit and Risk Management Committee

Insurance Commissioner Neil Singleton is a representative on QT's Audit and Risk Management Committee, where he accesses advice and assurance on the performance or discharge of functions and duties prescribed in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009*, and other relevant legislation and prescribed requirements.

The committee's key responsibilities include:

- considering audit and audit-related findings
- assessing and enhancing our corporate governance processes including our systems of internal control and the internal audit function
- evaluating and facilitating the practical discharge of the internal audit function, particularly in planning, monitoring and reporting
- overseeing and appraising our financial and operational reporting processes through the internal audit function
- reviewing risk management, control and compliance framework and strategies and
- considering our external accountability responsibilities and integrity framework.

The committee met five times during the year and had oversight of various matters including;

- 2014-15 Internal Audit plan
- 2013-14 financial statements for QT, MAIC and ND
- QAO reports to Parliament as they relate to Treasury.

## Internal and external accountability

MAIC's governance framework includes both internal and external accountability measures.

QT provide internal audit services to MAIC through an outsourced arrangement with PwC. In 2014-15, Internal Audit provided an independent and objective assurance service operating in accordance with our Internal Audit Charter, which incorporates key internal audit and ethical standards. This function is independent of the Queensland Audit Office (QAO), however, it does liaise with the QAO regularly to ensure appropriate assurance services are provided.

In 2014-15, Internal Audit conducted a post-implementation review of Connect, the Nominal Defendant's new claims system to ensure internal controls and processes are operating efficiently and effectively.

Externally, MAIC and the Nominal Defendant are audited by the Queensland Audit Office in accordance with the *Financial Accountability Act 2009*. MAIC and the Nominal Defendant have achieved unqualified audits since the Commission commenced operations in 1994.

More information on QT's Audit and Risk Management framework including information about the committee can be located in QT's annual report.

## Information systems and recordkeeping

Effective record keeping is fundamental to good business as records are evidence of business activities, transactions and decisions. MAIC's strategic approach is to capture records in electronic formats where possible, and where necessary in paper form. MAIC's records are managed until they have completed their lifecycle where they are archived and disposed of in accordance with the Queensland State Archives Retention and Disposal schedule.

During this financial year, MAIC has realised the benefits of the move to electronic record keeping, reducing paper usage by 87 per cent over the 12 month period. This is in part due to the Nominal Defendant implementing a new claims management system, and in part due to change strategies aimed at reducing printing in the organisation.

MAIC's recordkeeping framework aligns with Queensland Treasury's Information Management Framework. The framework aims to ensure our record management practices are consistent with other offices within the Treasury portfolio and are compliant with current legislation and best practice record keeping standards. These include *Public Records Act 2002*, *Information Privacy Act 2009* and the *Right to Information Act 2009* (RTA) and *Information Standard 18: Information Security*, *Information Standard 31: Retention and Disposal of Government Information*, *Information Standard 34: Metadata*, *Information Standard 38: Use of ICT Facilities and Devices* and *Information Standard 40: Recordkeeping*.

MAIC supports the Queensland Government Open Data Initiative. In 2014-15, MAIC released 36 datasets including CTP scheme statistical data and annual report data. MAIC's Open Data sets are available at the following website: <https://data.qld.gov.au/dataset/compulsory-third-party-ctp-statistics>

### PAPER USAGE:

↓ 87%



# 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 administration fee 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 MAI Act and also provides funding for research into accident prevention and injury mitigation. From 1 July 2014, the Levy remained unchanged at \$1.85 per policy and the Levy collected income of \$7.413 million in 2014-15. However, from 1 July 2015, the Levy has reduced by 19 per cent.

## The Nominal Defendant Levy

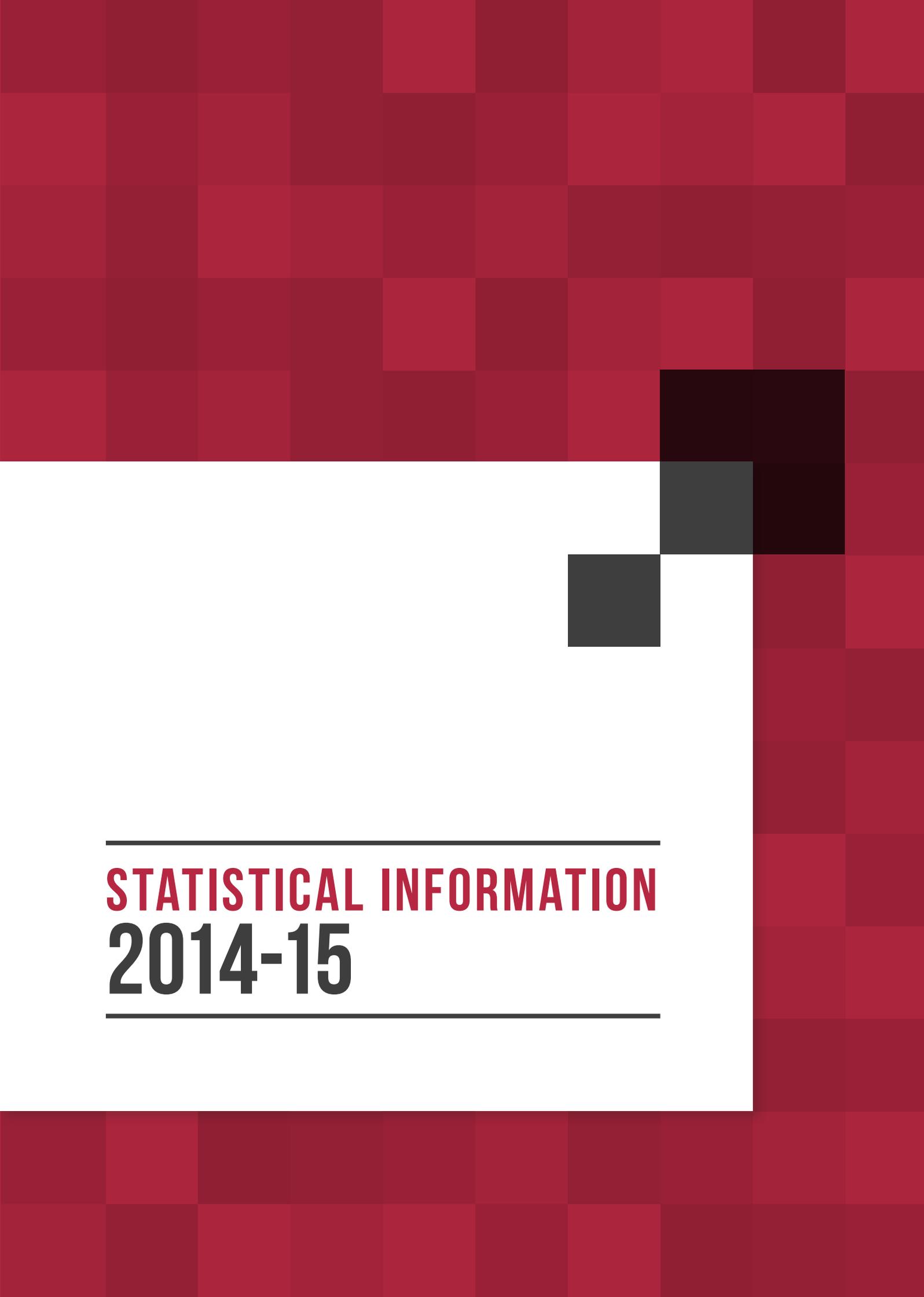
The Nominal Defendant Levy, which varies by vehicle class, covers the estimated costs of the Nominal Defendant scheme which provides funds to pay for claims relating to uninsured or unidentified vehicles. The Levy is set having regard to an actuarial assessment of claim trends. From 1 July 2014, the Levy for Class 1 vehicles was \$11.50, unchanged from 2013-14, with \$45.115 million collected in 2014-15. From 1 July 2015, the ND Levy was reduced by 4.3 per cent.

## 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 crashes, who use such services and who are claimants or potential claimants under the CTP scheme. The Levy amount calculated varies by vehicle class. From 1 July 2014, the Hospital and Emergency Services Levy was \$18.55 for Class 1 vehicles, unchanged from 2013-14. Proceeds from this Levy are then apportioned to Queensland Health and the Public Safety Business Agency.

## The Administration Fee

The Administration Fee is the fee payable to DTMR for delivering administrative support for the CTP scheme. From 1 July 2014, the Fee remains unchanged at \$7.70 per policy. In the year 2014-15, \$33.655 million was collected.



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**STATISTICAL INFORMATION**  
**2014-15**

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# STATISTICAL INFORMATION 2014-15

## Insured vehicles by class (Registrations as at 30 June 2015)

Class	Description	Vehicles	%
1	Cars and station wagons	2,653,187	66.87%
2	Motorised homes	14,691	0.37%
3	Taxis	2,709	0.07%
4	Hire vehicles	40,167	1.01%
5	Vintage, veteran, historic or street rods	24,860	0.63%
6	Trucks, utilities and vans with a GVM of 4.5t or less	798,750	20.13%
7	Trucks, prime movers and vans with a GVM > 4.5t	74,416	1.88%
8	Non-commercial buses	5,632	0.14%
9	Buses for school/health use	3,753	0.09%
10A	Buses not in class 8, 9 or 10B but used within 350 km of base	2,662	0.07%
10B	Buses operating under an integrated mass transit service contract, other than school service or restricted school service	2,132	0.05%
11	Buses not in class 8, 9, 10A or 10B	6,797	0.17%
12	Motorcycles with driver only	67,351	1.70%
13	Motorcycles with pillion passenger or side car	125,738	3.17%
14	Tractors	24,912	0.63%
15	Self-propelled machinery, fire engines	7,505	0.19%
16	Ambulances	1,052	0.03%
17	Motor vehicles used only for primary production	38,113	0.96%
19	Limited access registration	43,707	1.10%
20	Zone access registration	11,836	0.30%
21	Self-propelled machinery not in classes 14, 15, 19 or 20	9,025	0.23%
23	Dealer plates	5,916	0.15%
24	Trailers	2,791	0.07%
<b>Total</b>		<b>3,967,702</b>	<b>100.00%</b>

# STATISTICAL INFORMATION 2014-15

## Premium levy and fee collection

(1 July 2014 to 30 June 2015)

Description	\$ ('000)
<b>Total insurance premiums collected*</b>	<b>1,451,732</b>
Nominal Defendant levy	-45,115
Statutory insurance scheme levy	-7,413
Hospital and emergency services levy	-72,917
Administration fee (Transport fee)	-33,655
<b>Insurers' premiums#</b>	<b>1,292,632</b>

**Note:**

\* Net of cancellations

# Includes GST

Levies received for the period 1 July 2014 to 30 June 2015 are on a cash basis.

## Distribution of hospital and emergency services levy

	\$ ('000)
Hospital	-67,893
Emergency	-5,024
	<b>-72,917</b>

## Scheme Performance

### Delivery

2.5% Super Imposed inflation scenario*	Scheme delivery							
	Claim benefits			Delivery costs				
Period	Claim payments	Levies	Total	Claim payments	Levies	Other costs	Profit	Total
Most recent 2 years	56.1%	5.7%	<b>61.9%</b>	4.9%	3.0%	7.4%	22.8%	<b>38.1%</b>
Most recent 3 years	56.0%	5.6%	<b>61.6%</b>	4.9%	3.1%	7.4%	23.1%	<b>38.4%</b>
Most recent 5 years	53.0%	5.3%	<b>58.3%</b>	4.6%	3.1%	8.2%	25.8%	<b>41.7%</b>

**Note:**

Scheme delivery is the proportion of Class 1 collected premium that is paid back to, or in respect of claimants.

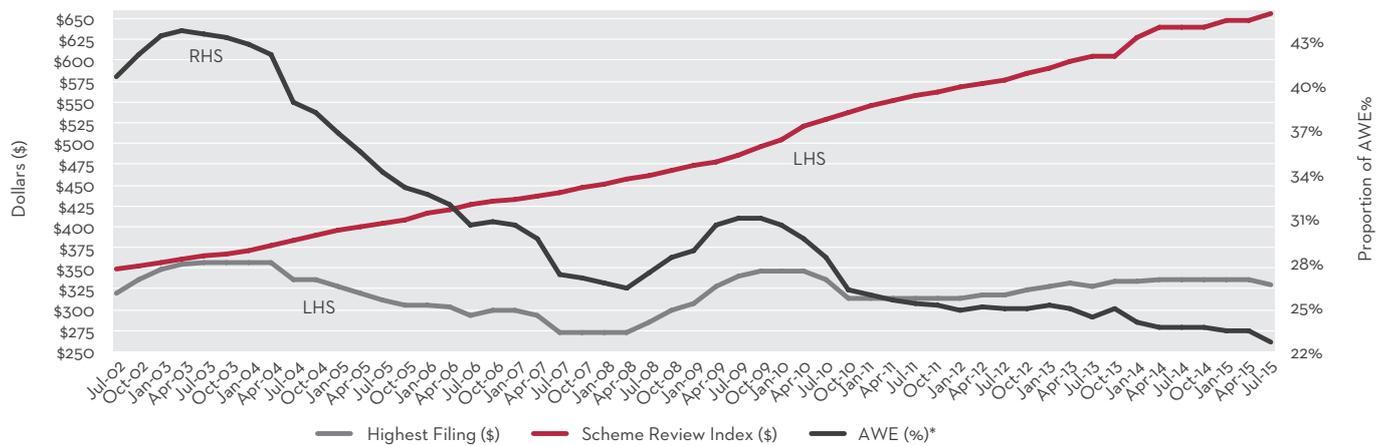
Premium components can be split into claimant benefits and delivery costs.

Costs and levies can be distinguished as either contributing to claim benefits or delivery costs.

\* Super Imposed Inflation (SI): this is any inflationary factor on claims costs which results in a rate of inflation greater than general economic inflation.

# STATISTICAL INFORMATION 2014-15

## Scheme Review Index vs Highest Filed Class 1 CTP Premium



**Note:**

The scheme review index, also known as the affordability index means 45% of Queensland full-time adult persons ordinary time earnings declared by the Australian Statistician in the original series of the statistician's average weekly earnings publication most recently published. Prior to the 1 April 2014 filing quarter, the scheme review index was 45 per cent 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 Statistics.

\* AWE(%) represents the highest filed Class 1 premium as a % of AWE (specifically the ordinary time earnings of a full time adult).

## Average Class 1 filed premium

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
AAMI	\$301.45	\$290.95	\$272.00	\$305.50	\$344.00	\$317.50	\$311.25	\$325.80			**
Allianz	\$303.95	\$292.20	\$270.50	\$302.50	\$344.50	\$315.25	\$310.50	\$325.80	\$332.85	\$334.60	
NRMA	\$299.70	\$281.90	\$259.30	\$300.15	\$345.25	\$319.00	\$314.25	\$325.80	\$331.10		*
QBE	\$301.78	\$281.80	\$263.80	\$300.70	\$345.25	\$319.00	\$314.25	\$325.80	\$333.35	\$336.60	
RACQI	\$305.70	\$295.70	\$272.00	\$305.50	\$345.25	\$319.00	\$314.25	\$325.80	\$333.35	\$336.60	
Suncorp	\$303.70	\$292.20	\$272.00	\$305.50	\$345.25	\$319.00	\$314.25	\$325.80	\$333.35	\$333.35	**

**Note:**

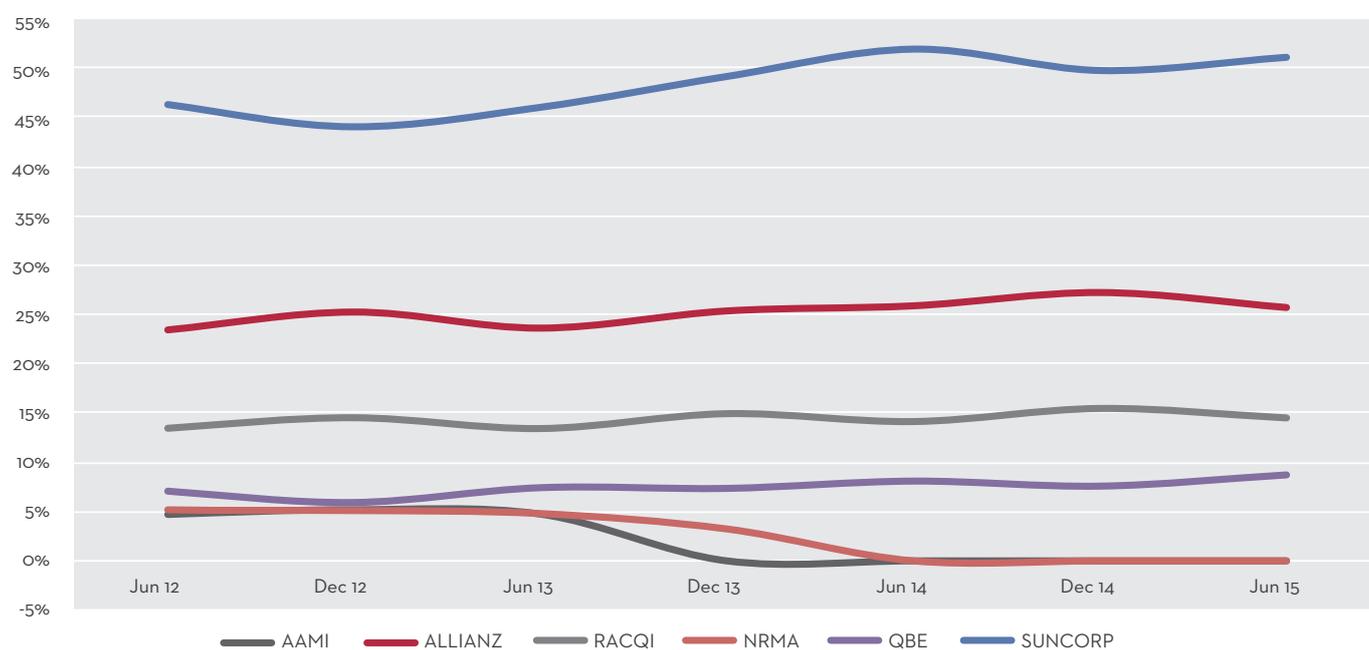
Average Class 1 filed premiums include levies.

\* NRMA ceased to operate as a licensed CTP insurer in Queensland on 01/01/2014.

\*\* AAI (trading as Suncorp) has been granted a Qld CTP licence for writing CTP insurance policies as from 1 Jul 2013. AAMI and Suncorp had transferred their respective general insurance businesses to AAI on 1 Jul 2013.

# STATISTICAL INFORMATION 2014-15

## Market share by premium (Six month intervals from 2012-2015)



**Note:**

AAI (trading as Suncorp) has been granted a Qld CTP licence for writing CTP insurance policies as from 1 Jul 2013. AAMI and Suncorp had transferred their respective general insurance businesses to AAI on 1 Jul 2013.

# STATISTICAL INFORMATION 2014-15

## Number of accidents by region

(Accidents from 1 July 2005 to 30 June 2015)

Accident date	1 Jul 2005 – 30 Jun 2006		1 Jul 2006 – 30 Jun 2007		1 Jul 2007 – 30 Jun 2008		1 Jul 2008 – 30 Jun 2009	
	Accidents	%	Accidents	%	Accidents	%	Accidents	%
Brisbane	2,788	50.8%	2,680	49.8%	2,616	49.0%	2,874	50.3%
Other SE QLD region	1,544	28.1%	1,572	29.2%	1,595	29.9%	1,652	28.9%
Regional QLD	886	16.1%	880	16.3%	854	16.0%	907	15.9%
Interstate	271	4.9%	253	4.7%	275	5.1%	281	4.9%
<b>Total</b>	<b>5,489</b>	<b>100.0%</b>	<b>5,385</b>	<b>100.0%</b>	<b>5,340</b>	<b>100.0%</b>	<b>5,714</b>	<b>100.0%</b>

### Note:

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

The Brisbane region is based on postcodes 4000-4209 and 4500-4529. Other SE QLD region is based on postcodes 4210-4349, 4550-4601 and 4619-4689 and includes Ipswich, Gold Coast and Sunshine Coast. Regional QLD is based on postcodes 4350-4499, 4602-4618 and 4690-4899 and includes Toowoomba, Rockhampton, Mackay, Townsville, Mt Isa and Cairns.

## Age group of claimants by gender

(All claims for accidents from 1 July 2005 to 30 June 2015 where relevant details are available)

Age group	Male	Female	Total	%
0-5	405	420	825	1.3%
6-15	1,261	1,385	2,646	4.0%
16-25	5,774	7,376	13,150	20.1%
26-35	6,674	7,415	14,089	21.6%
36-45	6,516	7,166	13,682	20.9%
46-55	5,161	5,961	11,122	17.0%
56-65	3,049	3,282	6,331	9.7%
66+	1,571	1,933	3,504	5.4%
<b>Total</b>	<b>30,411</b>	<b>34,938</b>	<b>65,349</b>	<b>100.0%</b>

1 Jul 2009 – 30 Jun 2010		1 Jul 2010 – 30 Jun 2011		1 Jul 2011 – 30 Jun 2012		1 Jul 2012 – 30 Jun 2013		1 Jul 2013 – 30 Jun 2014		1 Jul 2014 – 30 June 2015	
Accidents	%	Accidents	%								
2,666	49.8%	2,836	49.0%	2,842	50.7%	2,794	50.5%	2,755	51.5%	2,060	52.6%
1,520	28.4%	1,702	29.4%	1,543	27.5%	1,514	27.4%	1,456	27.2%	1,114	28.4%
870	16.3%	916	15.8%	920	16.4%	939	17.0%	865	16.2%	548	14.0%
297	5.5%	336	5.8%	298	5.3%	281	5.1%	275	5.1%	198	5.1%
<b>5,353</b>	<b>100.0%</b>	<b>5,790</b>	<b>100.0%</b>	<b>5,603</b>	<b>100.0%</b>	<b>5,528</b>	<b>100.0%</b>	<b>5,351</b>	<b>100.0%</b>	<b>3,920</b>	<b>100.0%</b>

## Claim severity

(Finalised claims for accidents from 1 July 2005 to 30 June 2015)

AIS severity *	Description	Claims	%
1	Minor	37,775	70.9%
2	Moderate	8,012	15.0%
3	Serious	3,154	5.9%
4	Severe	408	0.8%
5	Critical	174	0.3%
6	Maximum #	766	1.4%
9	Admin ^	3,018	5.7%
	<b>Total</b>	<b>53,307</b>	<b>100.0%</b>

### 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 predominantly fatalities.

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

# STATISTICAL INFORMATION 2014-15

## Rates of legal representation and litigation

(Accidents from 1 July 2005 to 30 June 2015)

Accident date	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	1 Jul 2010 – 30 Jun 2011	1 Jul 2011 – 30 Jun 2012	1 Jul 2012 – 30 Jun 2013	1 Jul 2013 – 30 Jun 2014	1 Jul 2014 – 30 June 2015
Claims	6,663	6,517	6,522	7,014	6,564	7,031	6,953	6,833	6,642	4,731
% Finalised	99.1%	98.7%	97.9%	97.1%	95.8%	92.8%	85.8%	71.6%	43.4%	11.9%
% Legal rep	71.8%	72.8%	73.4%	74.5%	75.5%	74.1%	75.6%	76.5%	76.3%	77.4%
% Litigated	6.4%	8.4%	9.1%	9.7%	9.7%	9.2%	8.9%	7.0%	1.9%	0.1%

**Note:**

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

## Claim duration by licensed insurer

(Finalised claims for accidents from 1 July 2005 to 30 June 2015 where relevant details are available)

	Allianz	NRMA	QBE	RACQI	Suncorp	Average
Notification date to compliance date	0.6	0.7	0.6	0.8	0.8	0.7
Compliance date to liability decision date	1.9	1.8	3.1	3.5	2.5	2.5
Liability decision date to settlement date	15.3	14.6	15.2	13.9	15.8	15.3

**Note:**

Timeframes = Average in months

# STATISTICAL INFORMATION 2014-15

## Heads of Damage breakdown

(Finalised claims from 1 July 2014 to 30 June 2015 for accidents from 1 July 2005 to 30 June 2015)

	General damages	Economic loss past & future	Treatment & rehab	Care	Legals	Other*	Recoveries <sup>#</sup>	Total
Finalised claims <sup>^</sup>	5,819	5,239	6,630	1,212	4,100	6,233	122	7,240
% Finalised payments	11.4%	48.3%	10.1%	9.3%	15.7%	5.4%	-0.3%	100.0%
<b>Total payments (\$'000)</b>	<b>87,757</b>	<b>370,977</b>	<b>77,559</b>	<b>71,402</b>	<b>120,364</b>	<b>41,788</b>	<b>-2,465</b>	<b>767,382</b>

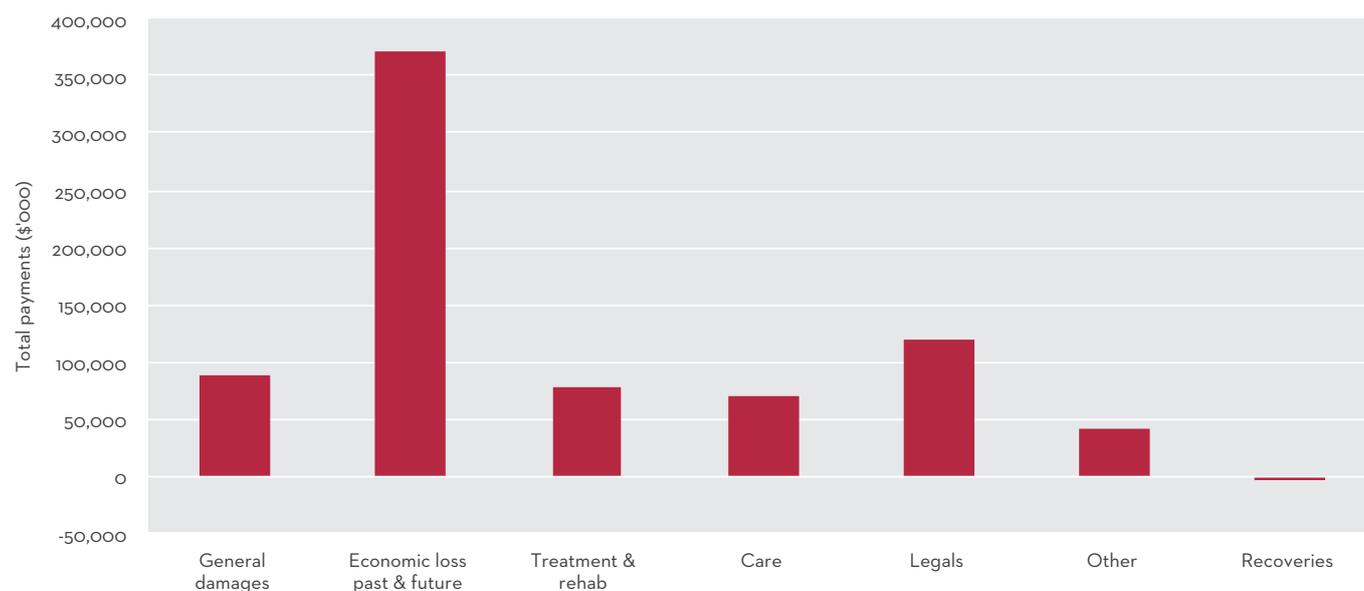
### Note:

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

# Money recovered from the insured, other parties, uninsured driver/owners or interstate insurers.

<sup>^</sup> Nil claims (zero payments) have been excluded from the data.

## Total payments by Heads of Damage for claims finalised in 2014-15



# STATISTICAL INFORMATION 2014-15

## Injury severity costs breakdown

(Finalised claims from 1 July 2014 to 30 June 2015 for accidents from 1 July 2005 to 30 June 2015)

	Minor	Moderate	Serious	Severe	Critical	Maximum*	Admin <sup>#</sup>	Total
Finalised claims <sup>^</sup>	5,069	1,162	462	66	27	83	367	7,236
% Total payments	45.8%	21.2%	17.9%	4.5%	6.5%	2.7%	1.4%	100.0%
Average payment (\$)	69,365	139,938	296,970	519,058	1,853,200	253,230	28,985	106,049
<b>Total payments (\$'000)</b>	<b>351,611</b>	<b>162,608</b>	<b>137,200</b>	<b>34,258</b>	<b>50,036</b>	<b>21,018</b>	<b>10,638</b>	<b>767,369</b>

**Note:**

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

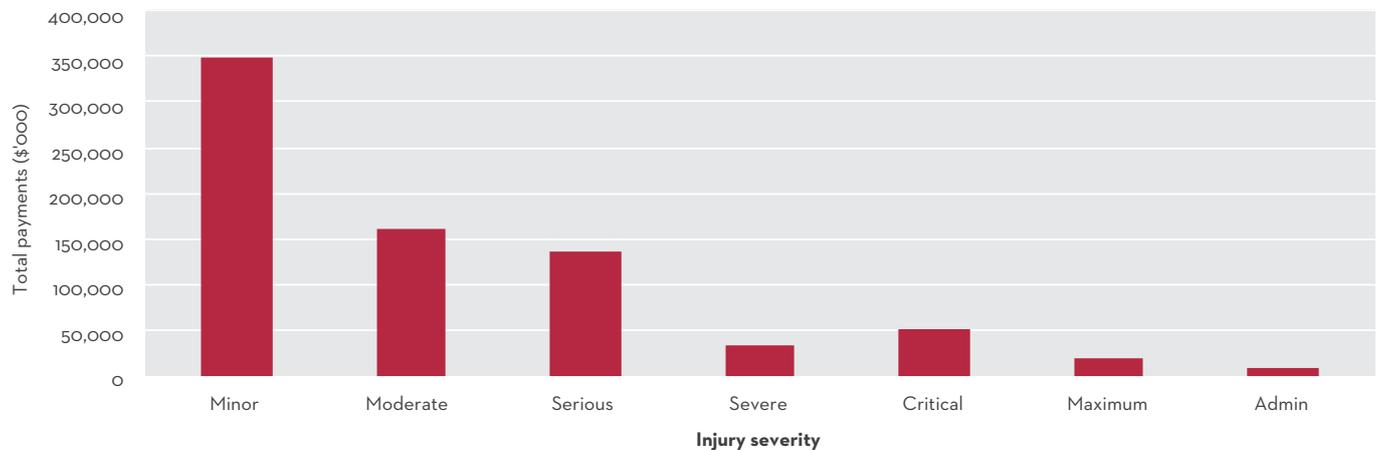
Injury severities are based on AIS 2005.

\* Maximum severity is predominantly fatalities.

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

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

## Total payments by severity for claims finalised in 2014-15



# OUR FINANCIAL INFORMATION

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

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

The head office and principal place of business of MAIC is:

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

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

For information in relation to MAIC's financial report please call 1300 302 568, email [maic@maic.qld.gov.au](mailto:maic@maic.qld.gov.au) or visit MAIC's internet site [www.maic.qld.gov.au](http://www.maic.qld.gov.au).

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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 3035 6321, email [nd@maic.qld.gov.au](mailto:nd@maic.qld.gov.au) or visit the Nominal Defendant's internet site [www.maic.qld.gov.au](http://www.maic.qld.gov.au).

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

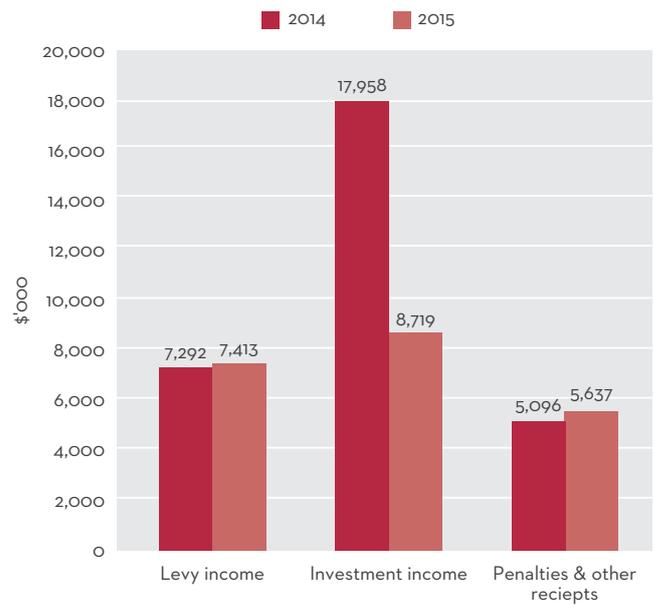
MAIC managed its business within budget and achieved an operating surplus of \$10.65 million for the year ended 30 June 2015. The major driver of the decrease were lower than anticipated returns on investments held with QIC of \$8.72 million due to uncertainty in global equity markets during the year.

The Statutory Insurance Scheme Levy remained unchanged from 1 July 2012 at \$1.85 per policy and generated \$7.41 million income in 2014-15 (prior year \$7.29 million). Penalty fines and other receipts rose by \$0.54 million to \$5.64 million.

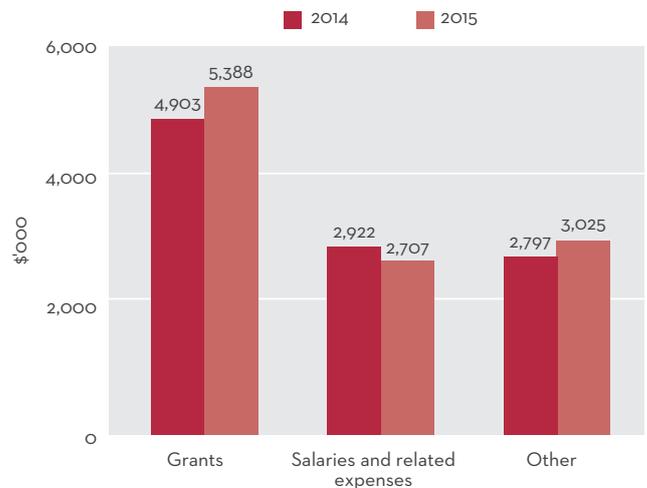
MAIC's total expenses for the year was \$11.12 million (prior year \$10.62 million). MAIC's largest expense item relates to the continued funding of research programs to seek to reduce the incidence and mitigate the effects of road trauma. Details of the grant funding are provided in Appendix 6.

MAIC's other expenses rose by \$0.23 million to \$3.02 million primarily as an result of an increase in consultancy and contractors engagements due to a greater focus on improvement initiatives and increased levels of specialised actuarial advice.

### Income



### Expenses



# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Income</b>			
Levy income		7,413	7,292
Net fair value gains on financial assets		8,719	17,958
Interest income		165	180
Penalties and miscellaneous receipts		5,436	4,882
User charges		36	34
<b>Total income</b>		<b>21,769</b>	<b>30,346</b>
<b>Expenses</b>			
Grants	2	5,388	4,903
Employee expenses	3	2,707	2,922
Supplies and services	5	2,968	2,739
Depreciation and amortisation		10	5
Other expenses	6	47	53
<b>Total expenses</b>		<b>11,120</b>	<b>10,622</b>
<b>Operating result</b>		<b>10,649</b>	<b>19,724</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<b>10,649</b>	<b>19,724</b>

The accompanying notes form part of these statements.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Statement of Financial Position

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents		2,370	2,951
Receivables	7	608	252
Financial assets	8	22,978	11,827
Prepayments		28	-
<b>Total current assets</b>		<b>25,984</b>	<b>15,030</b>
<b>Non-current assets</b>			
Financial assets	8	140,804	141,758
Plant and equipment	9	10	20
Intangible assets	10	-	-
<b>Total non-current assets</b>		<b>140,814</b>	<b>141,778</b>
<b>Total assets</b>		<b>166,798</b>	<b>156,808</b>
<b>Current liabilities</b>			
Payables		363	846
Accrued employee benefits	11	76	208
<b>Total current liabilities</b>		<b>439</b>	<b>1,054</b>
<b>Non-current liabilities</b>			
Accrued employee benefits	11	-	44
<b>Total non-current liabilities</b>		<b>-</b>	<b>44</b>
<b>Total liabilities</b>		<b>439</b>	<b>1,098</b>
<b>Net assets</b>		<b>166,359</b>	<b>155,710</b>
<b>Equity</b>			
Contributed equity		57,818	57,818
Accumulated surplus		108,541	97,892
<b>Total equity</b>		<b>166,359</b>	<b>155,710</b>

The accompanying notes form part of these statements.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Statement of Changes in Equity for the year ended 30 June 2015

	Accumulated surplus \$'000	Contributed equity \$'000	Total equity \$'000
<b>Balance as at 1 July 2013</b>	78,168	57,818	135,986
Operating result	19,724	-	19,724
<i>Other comprehensive income</i>	-	-	-
<b>Balance as at 30 June 2014</b>	<b>97,892</b>	<b>57,818</b>	<b>155,710</b>
<b>Balance as at 1 July 2014</b>	97,892	57,818	155,710
Operating result	10,649	-	10,649
<i>Other comprehensive income</i>	-	-	-
<b>Balance as at 30 June 2015</b>	<b>108,541</b>	<b>57,818</b>	<b>166,359</b>

The accompanying notes form part of these statements.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Statement of Cash Flows

for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Levy income		7,413	7,488
Interest income		182	178
Penalties and miscellaneous receipts		5,250	4,848
User charges		28	34
GST input tax credits from ATO		634	664
GST collected from customers		23	5
<i>Outflows:</i>			
Grants		(5,716)	(4,541)
Employee expenses		(2,960)	(2,884)
Supplies and services		(2,615)	(2,120)
GST remitted to ATO		(7)	(4)
GST paid to suppliers		(766)	(672)
Other		(47)	(52)
<b>Net cash provided by operating activities</b>	<b>12</b>	<b>1,419</b>	<b>2,944</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Proceeds from sale of financial assets		2,000	-
<i>Outflows:</i>			
Payments for financial assets		(4,000)	(3,000)
<b>Net cash used in investing activities</b>		<b>(2,000)</b>	<b>(3,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(581)</b>	<b>(56)</b>
Cash and cash equivalents at beginning of financial year		2,951	3,007
<b>Cash and cash equivalents at end of financial year</b>		<b>2,370</b>	<b>2,951</b>

The accompanying notes form part of these statements.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### Objectives and principal activities of MAIC

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

Established under the *Motor Accident Insurance Act 1994*, MAIC 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

MAIC has prepared these financial statements in compliance with Section 43(1) 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 Queensland Treasury's *Financial Reporting Requirements* for the year ending 30 June 2015, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, MAIC has applied those requirements applicable to not-for-profit entities, as MAIC 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 MAIC.

##### (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 MAIC, upon receipt of monies from motorists.

Levies collected on behalf of Queensland Health and the Public Safety Business Agency 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 Public Safety Business Agency have not been included as expenses.

Details on the levies collected on behalf of and distributed to Queensland Health and the Public Safety Business Agency are provided in Note 13.

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 Queensland Treasury (State Penalties Enforcement Registry) to MAIC, upon receipt of monies from uninsured motorists.

##### (d) Grants

The *Motor Accident Insurance Act 1994* provides for MAIC 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.

##### (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 received but not banked at 30 June.

##### (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 MAIC and are recognised at their assessed values.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (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 change 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 \$5,000 are recognised for financial reporting purposes in the year of acquisition.

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

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

Plant and equipment (that is not classified as major plant and equipment), is measured at cost in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they are measured at fair value).

The fair values reported by MAIC are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer to Note 1(j)).

##### (j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by MAIC include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of MAIC's assets/liabilities. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of MAIC for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included in level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (j) Fair value measurement (continued)

None of MAIC's valuations of assets and liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

Fair value information about MAIC's financial instruments is outlined in Note 15. MAIC does not have any plant and equipment at fair value.

##### (k) Intangibles

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

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

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

##### 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 MAIC, namely 5 years.

##### (l) 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 MAIC.

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	Rate %
<b>Plant and equipment:</b>	
Computer hardware	20 - 25
Office equipment	20
Leasehold improvements	8.33
<b>Intangibles:</b>	
Internally generated software	20

##### (m) 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, MAIC 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.

##### (n) Financial assets

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

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (o) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price. 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 MAIC 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.

MAIC does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents and investments held with QIC, MAIC 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 MAIC are included in Note 15.

##### (q) Employee benefits

Employer superannuation contributions, annual leave levies 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 and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current remuneration rates.

As MAIC expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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.

##### Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units, shared service providers and voluntary for some statutory bodies. Effective from 1 July 2014, the employees' annual leave was transferred to the scheme and the Crown was compensated for balances transferred.

Under this scheme, a levy is made on MAIC to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Effective from 1 July 2014, no provision for annual leave is recognised in MAIC's financial statements as the liability is 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*.

##### Long service leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on MAIC 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.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (q) Employee benefits (continued)

No provision for long service leave is recognised in MAIC'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 scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. MAIC's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is 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*.

##### Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to Note 4 for the disclosures on key management personnel and remuneration.

##### (r) Insurance

MAIC'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, MAIC pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

##### (s) Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government changes are adjusted to

Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

##### (t) Taxation

MAIC 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 MAIC. 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 Director, 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.

MAIC 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.

##### (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.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (x) New and revised accounting standards

MAIC did not voluntarily change any of its accounting policies during 2014-15. The only Australian Accounting Standard applicable for the first time as from 2014-15 that had the most significant impact on MAIC's financial statements is AASB 1055 *Budgetary Reporting*.

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, MAIC has included in these financial statements a comprehensive new note 'Budget vs Actual Comparison' (Note 16). This note discloses MAIC's original published budgeted figures for 2014-15 compared to actual results, with explanations of major variances, in respect of MAIC's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

The following new and revised standards also became applicable to MAIC from reporting periods beginning on or after 1 January 2014 –

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 127 (revised) *Separate Financial Statements*;
- AASB 128 (revised) *Investments in Associates and Joint Ventures*;
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*.

Of these new/revised standards, the most significant potential impacts would arise from AASB 10 and AASB 11.

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements.

MAIC has reviewed the nature of its relationship with other entities it is connected with to determine the impact of AASB 10. MAIC's conclusion is that it does not have any control over any entities. MAIC will continue to review its relationship with other entities from year to year to identify any need to apply AASB 10's principles.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. MAIC has assessed its arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. Based on present arrangements, no joint arrangements exist. However, MAIC will continue to review its relationships with other entities from year to year to identify any need to apply AASB 11's principles.

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

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

From reporting periods beginning on or after 1 July 2016, MAIC will need to comply with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. MAIC already discloses information about the remuneration expenses for key management personnel (refer to note 4) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for MAIC's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (x) New and revised accounting standards (continued)

AASB 15 *Revenue from Contracts with Customers* will become effective from reporting periods beginning on or after 1 January 2017. This standard contains much more detailed requirements for the accounting for certain types of revenue from customers. Based on present arrangements, MAIC does not enter into contracts for the sale of goods and services. However, if a contract for sale of goods and services does arise in the future, MAIC will need to follow the relevant accounting treatment specified in AASB 15.

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* will become effective for reporting periods beginning on or after 1 January 2018. The main impacts of these standards on MAIC are that they will change the requirements for the classification, measurement and disclosures associated with MAIC's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

MAIC has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, MAIC's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions MAIC enters into, all of MAIC's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(p) and 15). In the case of MAIC's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in MAIC's operating result.

Another impact of AASB 9 relates to calculating impairment losses for MAIC's receivables. Assuming no substantial change in the nature of MAIC's receivables, as they do not include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, MAIC will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

MAIC will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9.

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

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 2. Grants

	2015 \$'000	2014 \$'000
Strategic accident prevention research	2,916	3,084
Rehabilitation initiatives research	2,472	1,819
<b>Total</b>	<b>5,388</b>	<b>4,903</b>

#### 3. Employee expenses

	2015 \$'000	2014 \$'000
<b>Employee benefits</b>		
Salaries and wages	2,069	2,066
Employer superannuation contributions*	289	289
Long service leave levy*	49	48
Annual leave levy/expense*	236	301
Other employee benefits	6	16
<b>Employee related expenses</b>		
Workers' compensation premium*	4	6
Payroll tax*	1	128
Other employee related expenses	53	68
<b>Total</b>	<b>2,707</b>	<b>2,922</b>

\*Refer to Note 1(q).

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2015	2014
<b>Number of employees</b>	<b>23</b>	<b>24</b>

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 4. Key management personnel and remuneration expenses

##### (a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of MAIC during 2014-15. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents	
		Contract classification and appointment authority	Date appointed to position
Insurance Commissioner	Leads the efficient, effective and economic administration of MAIC.	SES3; <i>Public Service Act 2008</i> and Governor in Council, in accordance with section 7 of the <i>Motor Accident Insurance Act 1994</i>	6-Dec-10
Director, Corporate Governance	Responsible for the efficient, effective and economic financial administration of MAIC.	SO; <i>Public Service Act 2008</i>	13-Feb-06
Director, Business Solutions	Responsible for efficient and effective information systems and reporting.	SO; <i>Public Service Act 2008</i>	2-Jun-14

##### (b) Remuneration expenses

Remuneration policy for MAIC's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment (including motor vehicle entitlements) for the key management personnel are specified in employment contracts.

For the 2014-15 year, remuneration of key management personnel increased by 2.2% in accordance with government policy.

The following disclosures include remuneration in connection with the management of MAIC, the Nominal Defendant and the Queensland Government Insurance Fund. The remuneration has been allocated in the Statement of Comprehensive Income in accordance with services provided between the entities.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 4. Key management personnel and remuneration expenses (continued)

##### (b) Remuneration expenses (continued)

Remuneration expenses for key management personnel comprise the following components:

- Short term employee expenses which include:
  - Salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position.

- Performance payments recognised as an expense during the year.
- Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

#### 1 July 2014 to 30 June 2015

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses \$'000	Post employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary expenses \$'000				
Insurance Commissioner	237	-	5	24	-	266
Director, Corporate Governance	146	-	3	17	-	166
Director, Business Solutions	117	-	2	13	-	132

#### 1 July 2013 to 30 June 2014

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses \$'000	Post employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary expenses \$'000				
Insurance Commissioner	215	-	5	23	-	243
General Manager, Motor Accident Insurance Regulation (24-Jan-14)	81	-	5	10	-	96
Director, Corporate Governance	134	-	4	16	-	154
Director, Technology and Business Intelligence (9-May-14)	110	-	2	11	-	123
Director, Business Solutions	8	-	-	1	-	9

##### (c) Performance payments

Performance bonuses are not paid under the contracts in place.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 5. Supplies and services

	2015 \$'000	2014 \$'000
Computer facilities management fee	81	352
Consultants and contractors	1,152	966
Rent	297	298
Supplies and consumables	205	328
Corporate services fee	270	154
QIC management fee	477	433
Professional services	152	128
Actuarial fees	334	80
<b>Total</b>	<b>2,968</b>	<b>2,739</b>

#### 6. Other expenses

	2015 \$'000	2014 \$'000
External audit fees	20	20
Insurance premiums - QGIF	27	26
Other	-	7
<b>Total</b>	<b>47</b>	<b>53</b>

Total audit fees paid to the Queensland Audit Office relating to the 2014-15 financial year are estimated to be \$20,000 (2014: \$20,000). There are no non-audit services included in this amount.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 7. Receivables

	2015 \$'000	2014 \$'000
Accrued investment and levy income	33	50
Penalties receivable	151	145
GST receivable	188	56
GST payable	(17)	(1)
Annual leave reimbursements	53	-
Grant receivable	180	-
Other receivables	20	2
<b>Total</b>	<b>608</b>	<b>252</b>

#### 8. Financial assets

	2015 \$'000	2014 \$'000
<b>Current</b>		
Queensland Investment Corporation investments	22,978	11,827
<b>Non-current</b>		
Queensland Investment Corporation investments	140,804	141,758
<b>Total</b>	<b>163,782</b>	<b>153,585</b>

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 9. Plant and equipment

	2015 \$'000	2014 \$'000
<b>Plant and equipment: At cost</b>		
Gross	60	60
Less: accumulated depreciation	(50)	(40)
<b>Total</b>	<b>10</b>	<b>20</b>
<b>Plant and equipment reconciliation</b>		
Carrying amount at 1 July	20	25
Depreciation	(10)	(5)
<b>Carrying amount at 30 June</b>	<b>10</b>	<b>20</b>

#### 10. Intangible assets

	2015 \$'000	2014 \$'000
<b>Internally generated software: At cost</b>		
Gross	270	270
Less: accumulated amortisation	(270)	(270)
<b>Total</b>	<b>-</b>	<b>-</b>

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 11. Accrued employee benefits

	2015 \$'000	2014 \$'000
<b>Current</b>		
Annual leave payable	-	198
Annual leave levy payable	55	-
Accrued salaries and wages	21	10
<b>Total</b>	<b>76</b>	<b>208</b>
<b>Non-current</b>		
Annual leave payable	-	44
<b>Total</b>	<b>-</b>	<b>44</b>

#### 12. Reconciliation of operating result to net cash from operating activities

	2015 \$'000	2014 \$'000
Operating result	10,649	19,724
<b>Add/(subtract) items classified as investing activities:</b>		
Net fair value gain on financial assets	(8,197)	(17,486)
<b>Non-cash items:</b>		
Depreciation and amortisation expense	10	5
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in prepayments	(28)	-
(Increase)/decrease in receivables	(356)	162
Increase/(decrease) in payables	(483)	516
Increase/(decrease) in accrued employee benefits	(176)	23
<b>Net cash from operating activities</b>	<b>1,419</b>	<b>2,944</b>

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 13. Agency transactions

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

	2015 \$'000	2014 \$'000
<b>Levies</b>		
Comprise amounts collected from the Department of Transport and Main Roads on gross insurance premiums.		
Levies collected but not remitted in the previous year	6,585	5,518
Hospital levy	67,894	65,235
Emergency Services levy	5,024	8,172
<b>Total</b>	<b>79,503</b>	<b>78,925</b>
<b>Contributions</b>		
Comprise payments to Queensland Health and the Public Safety Business Agency on account of levies received from the Department of Transport and Main Roads.		
Hospital levy contributions	67,934	62,997
Emergency Services levy contributions	4,935	9,343
<b>Total</b>	<b>72,869</b>	<b>72,340</b>
Amounts collected on behalf of but not yet remitted to Queensland Health and the Public Safety Business Agency in respect of hospital and emergency services levies at 30 June:		
Hospital levy	6,195	6,236
Emergency Services levy	439	349
<b>Total</b>	<b>6,634</b>	<b>6,585</b>

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 14. Commitments for expenditure

##### (a) 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:

	2015 \$'000	2014 \$'000
Not later than one year	452	374
Later than one year and not later than five years	32	-
<b>Total</b>	<b>484</b>	<b>374</b>

##### (b) 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:

	2015 \$'000	2014 \$'000
Not later than one year	5,336	2,987
Later than one year and not later than five years	2,303	28
<b>Total</b>	<b>7,639</b>	<b>3,015</b>

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 15. Financial instruments

##### (a) Categorisation of financial instruments

MAIC has the following categories of financial assets and financial liabilities:

Category	Note	2015 \$'000	2014 \$'000
<b>Financial assets</b>			
Cash and cash equivalents		2,370	2,951
Receivables	7	608	252
Financial assets	8	163,782	153,585
<b>Total</b>		<b>166,760</b>	<b>156,788</b>
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost:			
Payables		363	846
<b>Total</b>		<b>363</b>	<b>846</b>

##### (b) Financial risk management

MAIC'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 MAIC policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of MAIC.

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

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 15. Financial instruments (continued)

##### (c) 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 MAIC's financial assets. With all other variables held constant, MAIC would have a surplus and equity increase/(decrease) of \$24,000 (2014: \$30,000) due to interest rate risk and \$1,638,000 (2014: \$1,536,000) due to unit price risk.

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

Cash	Financial impact				
	Movement in variable %	Profit/(loss) 2015 \$'000	Equity 2015 \$'000	Profit/(loss) 2014 \$'000	Equity 2014 \$'000
Interest rate risk	+1	24	24	30	30
	-1	(24)	(24)	(30)	(30)

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

QIC Investments	Financial impact				
	Movement in variable %	Profit/(loss) 2015 \$'000	Equity 2015 \$'000	Profit/(loss) 2014 \$'000	Equity 2014 \$'000
Unit price risk	+1	1,638	1,638	1,536	1,536
	-1	(1,638)	(1,638)	(1,536)	(1,536)

##### (d) Fair value

The recognised fair values of financial assets and liabilities are classified according to the fair value hierarchy as disclosed in Note 1(j).

According to the fair value hierarchy, MAIC classifies financial assets at fair value through profit or loss as level 2.

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.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 16. Budget vs actual comparison

A budget versus actual comparison and explanation of major variances has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

In accordance with AASB 1055 *Budgetary Reporting*, the budget information presented to parliament has been restated for disclosure purposes to align with the presentation and classification bases adopted for the corresponding actual information in the financial statements, to facilitate a comparison of actual outcomes against the budget.

#### Statement of Comprehensive Income

	Variance Notes	Actual 2015 \$'000	Original Budget 2015 \$'000	Variance \$'000	Variance (%)
<b>Income</b>					
Levy income		7,413	7,336	77	1%
Net fair value gains on financial assets	1	8,719	10,472	(1,753)	-17%
Interest income		165	180	(15)	-8%
Penalties and miscellaneous receipts	2	5,436	4,831	605	13%
User charges		36	40	(4)	-10%
<b>Total income</b>		<b>21,769</b>	<b>22,859</b>	<b>(1,090)</b>	<b>-5%</b>
<b>Expenses</b>					
Grants	3	5,388	6,000	(612)	-10%
Employee expenses	4	2,707	3,265	(558)	-17%
Supplies and services	5	2,968	2,508	460	18%
Depreciation and amortisation		10	3	7	233%
Other expenses		47	51	(4)	-8%
<b>Total expenses</b>		<b>11,120</b>	<b>11,827</b>	<b>(707)</b>	<b>-6%</b>
<b>Operating result</b>		<b>10,649</b>	<b>11,032</b>	<b>(383)</b>	<b>-3%</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>10,649</b>	<b>11,032</b>	<b>(383)</b>	<b>-3%</b>

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 16. Budget vs actual comparison (continued)

##### Statement of Financial Position

	Variance Notes	Actual 2015 \$'000	Original Budget 2015 \$'000	Variance \$'000	Variance (%)
<b>Current assets</b>					
Cash and cash equivalents	6	2,370	2,000	370	19%
Receivables		608	415	193	47%
Financial assets	7	22,978	11,827	11,151	94%
Prepayments		28	-	28	-
<b>Total current assets</b>		<b>25,984</b>	<b>14,242</b>	<b>11,742</b>	<b>82%</b>
<b>Non-current assets</b>					
Financial assets	7	140,804	150,620	(9,816)	-7%
Plant and equipment		10	17	(7)	-41%
Intangible assets		-	-	-	-
<b>Total non-current assets</b>		<b>140,814</b>	<b>150,637</b>	<b>(9,823)</b>	<b>-7%</b>
<b>Total assets</b>		<b>166,798</b>	<b>164,879</b>	<b>1,919</b>	<b>1%</b>
<b>Current liabilities</b>					
Payables		363	337	26	8%
Accrued employee benefits	8	76	287	(211)	-74%
<b>Total current liabilities</b>		<b>439</b>	<b>624</b>	<b>(185)</b>	<b>-30%</b>
<b>Non-current liabilities</b>					
Accrued employee benefits		-	-	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>439</b>	<b>624</b>	<b>(185)</b>	<b>-30%</b>
<b>Net assets</b>		<b>166,359</b>	<b>164,255</b>	<b>2,104</b>	<b>1%</b>
<b>Equity</b>					
Contributed equity		57,818	57,818	-	0%
Accumulated surplus		108,541	106,437	2,104	2%
<b>Total equity</b>		<b>166,359</b>	<b>164,255</b>	<b>2,104</b>	<b>1%</b>

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 16. Budget vs actual comparison (continued)

##### Statement of Cash Flows

	Variance Notes	Actual 2015 \$'000	Original Budget 2015 \$'000	Variance \$'000	Variance (%)
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
Levy income		7,413	7,336	77	1%
Interest income		182	180	2	1%
Penalties and miscellaneous receipts	2	5,250	4,831	419	9%
User charges		28	42	(14)	-33%
GST input tax credits from ATO		634	-	634	-
GST collected from customers		23	-	23	-
<i>Outflows:</i>					
Grants	3	(5,716)	(6,000)	284	-5%
Employee expenses	4	(2,960)	(3,236)	276	-9%
Supplies and services	5	(2,615)	(1,894)	(721)	38%
GST remitted to ATO		(7)	-	(7)	-
GST paid to suppliers		(766)	-	(766)	-
Other		(47)	(181)	134	-74%
<b>Net cash provided by operating activities</b>		<b>1,419</b>	<b>1,078</b>	<b>341</b>	<b>32%</b>
<b>Cash flows from investing activities</b>					
<i>Inflows:</i>					
Proceeds from sale of financial assets	9	2,000	-	2,000	-
<i>Outflows:</i>					
Payments for financial assets	9	(4,000)	(1,078)	(2,922)	271%
<b>Net cash used in investing activities</b>		<b>(2,000)</b>	<b>(1,078)</b>	<b>(922)</b>	<b>86%</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(581)</b>	<b>-</b>	<b>(581)</b>	<b>-</b>
Cash and cash equivalents at beginning of financial year		2,951	2,000	951	48%
<b>Cash and cash equivalents at end of financial year</b>		<b>2,370</b>	<b>2,000</b>	<b>370</b>	<b>19%</b>

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2014-15

#### 16. Budget vs actual comparison (continued)

##### Explanations of major variances

##### Statement of Comprehensive Income

1. The decrease in net fair value gains on financial assets is primarily due to lower than expected earnings on QIC investments due to uncertainty in the international equity market in June 2015.
2. The increase in penalties and miscellaneous receipts primarily relates to unanticipated grant recoveries.
3. The variance in grants payments is due to lower than anticipated investment in research activities.
4. A decrease in employee expenses is primarily due to rationalisation of roles in areas where vacancies have arisen.
5. The increase in supplies and services primarily reflects an increase in consultancy and contractors engagements due to a greater focus on improvement initiatives and increased levels of specialised actuarial advice.

##### Statement of Financial Position

6. The cash and cash equivalents balance is higher than projected as detailed in the Statement of Cash Flows.
7. The variance in current and non-current financial assets is primarily due a reclassification from non-current to current QIC investments.
8. Effective from 1 July 2014, no provision for annual leave is recognised the financial statements as MAIC became a member of the Queensland Government's Annual Leave Central Scheme (ALCS).

##### Statement of Cash Flows

9. The variances in cash flows from investing activities reflect QIC cash investments and drawdowns performed during the year to meet MAIC's cash flow requirements.

# FINANCIAL STATEMENTS 2014-15

## 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), section 43 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 (MAIC) for the financial year ended 30 June 2015 and of the financial position of MAIC at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



**L Lee**  
B.Com, CA  
Director Corporate Governance  
24 August 2015



**N Singleton**  
B.Bus (Insurance), MBA  
Insurance Commissioner  
24 August 2015

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Independent Auditor's Report

To the Insurance Commissioner

#### Report on the Financial Report

I have audited the accompanying financial report of the Motor Accident Insurance Commission, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Insurance Commissioner and Director Corporate Governance.

#### The Insurance Commissioner's Responsibility for the Financial Report

The Insurance Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Insurance Commissioner's responsibility also includes such internal control as the Insurance Commissioner determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### 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. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about 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 the risks of material misstatement of 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 of the financial report that gives a true and fair view 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 used and the reasonableness of accounting estimates made by the Insurance Commissioner, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements 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.

#### Independence

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

# FINANCIAL STATEMENTS 2014-15

## Motor Accident Insurance Commission

### Independent Auditor's Report (continued)

#### 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 relation to the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the financial report presents 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 2014 to 30 June 2015 and of the financial position as at the end of that year.

#### Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



**M Keane CA**

As Delegate of the Auditor General of Queensland



Queensland Audit Office  
Brisbane

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

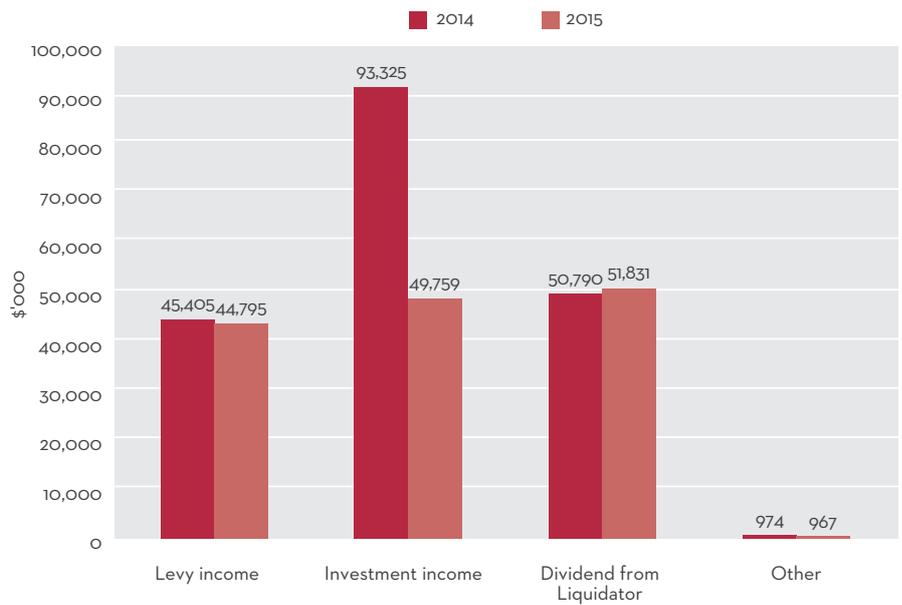
The operating surplus of the Nominal Defendant for the year ended 30 June 2015 was \$116.12 million compared to the prior year's operating surplus of \$159.16 million.

The major driver for the decrease was lower than anticipated returns on investments held with QIC due to the uncertainty in the global equity markets during the year (\$49.76 million versus prior year \$93.33 million).

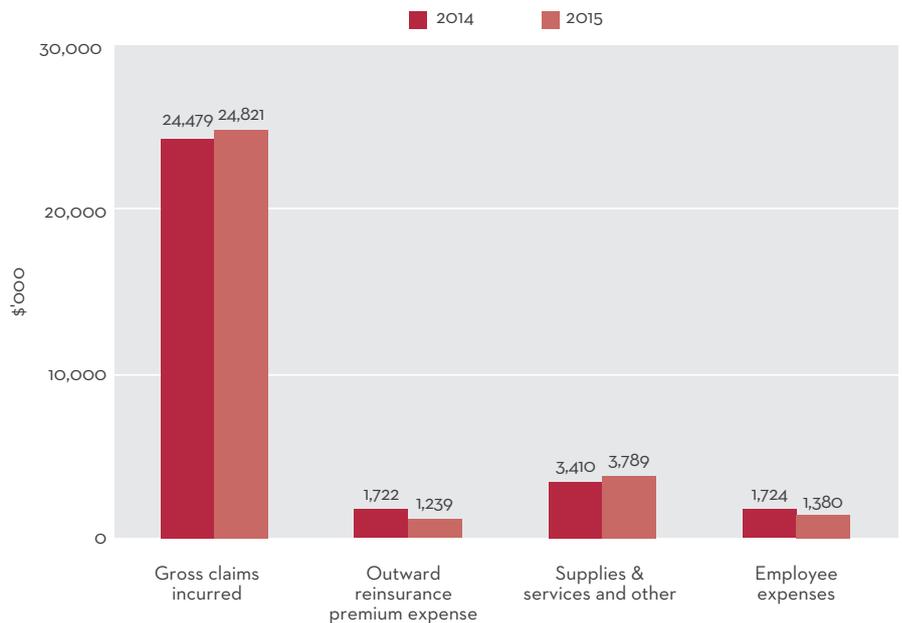
In relation to the normal business of the Nominal Defendant, claim payments were \$24.38 million (compared to prior year \$43.95 million) and claim recoveries were \$0.94 million (prior year \$3.47 million). The gross outstanding claims liabilities were actuarially assessed at 30 June 2015 and increased by \$1.33 million to \$134.47 million.

The Nominal Defendant levy remained unchanged from 1 July 2013 at \$11.50 per Class 1 vehicle and generated \$44.8 million in levy income in 2014-15 (prior year \$45.41 million).

### Income



### Expenses



# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Income</b>			
Levy income	2	44,795	45,405
Net fair value gains on financial assets		49,759	93,325
Dividends received from FAI liquidator		51,831	50,790
Reinsurance and other recoveries	3	914	919
Interest income		53	55
<b>Total income</b>		<b>147,352</b>	<b>190,494</b>
<b>Expenses</b>			
Gross claims incurred	3	24,821	24,479
Outward reinsurance premium expense	2	1,239	1,722
Employee expenses	4	1,380	1,724
Supplies and services	6	3,227	3,283
Depreciation and amortisation		524	89
Other	7	38	38
<b>Total expenses</b>		<b>31,229</b>	<b>31,335</b>
<b>Operating result</b>		<b>116,123</b>	<b>159,159</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>116,123</b>	<b>159,159</b>

The accompanying notes form part of these statements.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Statement of Financial Position

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents		3,118	3,948
Receivables	8	289	3,212
Financial assets	9	195,194	172,552
Reinsurance and other recoveries on outstanding claims	13	972	1,002
Prepayments		14	-
<b>Total current assets</b>		<b>199,587</b>	<b>180,714</b>
<b>Non-current assets</b>			
Financial assets	9	741,340	645,456
Reinsurance and other recoveries on outstanding claims	13	3,895	3,973
Plant and equipment	10	4	9
Intangible assets	11	3,028	3,547
<b>Total non-current assets</b>		<b>748,267</b>	<b>652,985</b>
<b>Total assets</b>		<b>947,854</b>	<b>833,699</b>
<b>Current liabilities</b>			
Payables		378	452
Accrued employee benefits	12	38	145
Outstanding claims liability	13	30,588	31,383
Unearned levies		22,447	22,128
<b>Total current liabilities</b>		<b>53,451</b>	<b>54,108</b>
<b>Non-current liabilities</b>			
Accrued employee benefits	12	-	65
Outstanding claims liability	13	116,374	117,620
<b>Total non-current liabilities</b>		<b>116,374</b>	<b>117,685</b>
<b>Total liabilities</b>		<b>169,825</b>	<b>171,793</b>
<b>Net assets</b>		<b>778,029</b>	<b>661,906</b>
<b>Equity</b>			
Contributed equity		121	121
Accumulated surplus		777,908	661,785
<b>Total equity</b>		<b>778,029</b>	<b>661,906</b>

The accompanying notes form part of these statements.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Statement of Changes in Equity for the year ended 30 June 2015

	Accumulated surplus \$'000	Contributed equity \$'000	Total equity \$'000
<b>Balance as at 1 July 2013</b>	502,626	121	502,747
Operating result	159,159	-	159,159
<i>Other comprehensive income</i>	-	-	-
<b>Balance as at 30 June 2014</b>	<b>661,785</b>	<b>121</b>	<b>661,906</b>
<b>Balance as at 1 July 2014</b>	661,785	121	661,906
Operating result	116,123	-	116,123
<i>Other comprehensive income</i>	-	-	-
<b>Balance as at 30 June 2015</b>	<b>777,908</b>	<b>121</b>	<b>778,029</b>

The accompanying notes form part of these statements.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Statement of Cash Flows

for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Levy income		45,121	45,657
Interest income		53	56
Dividends received from FAI liquidator		51,831	51,754
Reinsurance and other recoveries		3,925	622
GST input tax credits from ATO		681	872
GST collected from customers		15	20
<i>Outflows:</i>			
Gross claims incurred		(26,862)	(49,384)
Outward reinsurance premium expense		(1,347)	(1,746)
Employee expenses		(1,556)	(1,745)
Supplies and services		(474)	(891)
GST paid to suppliers		(672)	(866)
GST remitted to ATO		(15)	(20)
Other		(30)	(46)
<b>Net cash provided by operating activities</b>	<b>14</b>	<b>70,670</b>	<b>44,283</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Proceeds from sale of financial assets		4,500	8,000
<i>Outflows:</i>			
Payments for plant and equipment and intangibles		-	(1,849)
Payments for financial assets		(76,000)	(49,500)
<b>Net cash used in investing activities</b>		<b>(71,500)</b>	<b>(43,349)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(830)</b>	<b>934</b>
Cash and cash equivalents at beginning of financial year		3,948	3,014
<b>Cash and cash equivalents at end of financial year</b>		<b>3,118</b>	<b>3,948</b>

The accompanying notes form part of these statements.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 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 43(1) 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 Queensland Treasury's *Financial Reporting Requirements* for the year ending 30 June 2015, 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 equity of the Nominal Defendant.

##### (c) Funding of the Nominal Defendant

Funding is by way of levies, as explained at Note 1(d), interest on investments, and monies recovered by the Nominal Defendant against owners and/or drivers of uninsured vehicles and failed claimants.

##### (d) 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.

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 levies 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.

##### (e) 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.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (f) 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 received but not banked at 30 June.

##### (g) 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.

##### (h) Reinsurance and other recoveries on outstanding claims

The reinsurance and other recoveries on outstanding claims have 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.

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

##### (i) 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 change 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*.

##### (j) Plant and equipment

Items of plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

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

##### (k) Revaluations of non-current physical and intangible assets

Plant and equipment (that is not classified as major plant and equipment), is measured at cost in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they are measured at fair value).

The fair values reported by the Nominal Defendant are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer to Note 1(l)).

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (l) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Nominal Defendant include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Nominal Defendant assets/liabilities. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Nominal Defendant for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 - represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

None of the Nominal Defendant's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

Fair value information about the Nominal Defendant's Financial Instruments is outlined in Note 16.

The Nominal Defendant does not have any Plant and Equipment at 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 are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the Nominal Defendant. The residual value is zero for all of 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.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

##### 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.

##### Internally generated software

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

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 Nominal Defendant, namely 7 years, commencing from the date the assets are available for use.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 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	Rate %
<b>Plant and equipment:</b>	
Computer hardware	20 – 25
Office equipment	20
Leasehold improvements	8.33
<b>Intangibles:</b>	
Purchased software	14.29
Internally generated software	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) 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.

##### (q) Payables

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

##### (r) 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.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (s) 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 other 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 16.

##### (t) Employee benefits

Employer superannuation contributions, annual leave levies 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 and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current remuneration rates.

As the Nominal Defendant expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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.

##### Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units, shared service providers and voluntary for some statutory bodies. Effective from 1 July 2014, the employees' annual leave was transferred to the scheme and the Crown was compensated for balances transferred.

Under this scheme, a levy is made on the Nominal Defendant to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Effective from 1 July 2014, no provision for annual leave is recognised in the Nominal Defendant's financial statements as the liability is 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*.

##### Long service leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the Nominal Defendant to cover the cost of employee's long service leave. 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.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (t) Employee benefits (continued)

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 scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of 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.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is 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*.

##### Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to Note 5 for the disclosures on key management personnel and remuneration.

##### (u) 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.

##### (v) Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a

result of machinery-of-government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

##### (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 8).

##### (x) Issuance of financial statements

The financial statements are authorised for issue by the Insurance Commissioner and the Director, 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.

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 (h), 1 (r) and 13.

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.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (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 2014-15. The only Australian Accounting Standard changes applicable for the first time as from 2014-15 that have had a significant impact on the Nominal Defendant's financial statements is AASB 1055 *Budgetary Reporting*.

AASB 1055 *Budgetary Reporting* became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, the Nominal Defendant has included in these financial statements a comprehensive new note 'Budget vs Actual Comparison' (Note 17). This note discloses the Nominal Defendant's original published budgeted figures for 2014-15 compared to actual results, with explanations of major variances, in respect of the Nominal Defendant's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

The following new and revised standards also became applicable to the Nominal Defendant as from reporting periods beginning on or after 1 January 2014 -

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 127 (revised) *Separate Financial Statements*;
- AASB 128 (revised) *Investments in Associates and Joint Ventures*;

- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17].

Of these new/revised standards, the most significant potential impacts would arise from AASB 10 and AASB 11.

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. The Nominal Defendant has reviewed the nature of its relationship with other entities it is connected with, to determine the impact of AASB 10. It has concluded that it does not have any control over any entities. The Nominal Defendant will continue to review its relationships with other entities from year to year to identify any need to apply AASB 10's principles.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. The Nominal Defendant has assessed its arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. Based on present arrangements, no joint arrangements exist. However, the Nominal Defendant will continue to review its relationships with other entities from year to year to identify any need to apply AASB 11's principles.

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 Queensland Treasury. 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 expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 1. Summary of significant accounting policies (continued)

##### (aa) New and revised accounting standards (continued)

From reporting periods beginning on or after 1 July 2016, the Nominal Defendant will need to comply with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The Nominal Defendant already discloses information about the remuneration expenses for key management personnel (refer to Note 5) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Nominal Defendant's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

AASB 15 *Revenue from Contracts with Customers* will become effective from reporting periods beginning on or after 1 January 2017. This standard contains much more detailed requirements for the accounting for certain types of revenue from customers. Based on present arrangements, the Nominal Defendant does not enter into contracts for the sale of goods and services. However, if a contract for the sale of goods and services does arise in the future, the Nominal Defendant will need to follow the relevant accounting treatment specified in AASB 15.

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* will become effective for reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the Nominal Defendant are that they will change the requirements for the classification, measurement and disclosures associated with the Nominal Defendant's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Nominal Defendant has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Nominal Defendant's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Nominal Defendant enters into, all of the Nominal Defendant's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(s) and 16). In the case of the Nominal Defendant's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the Nominal Defendant's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the Nominal Defendant's receivables. Assuming no substantial change in the nature of the Nominal Defendant's receivables, as they do not include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the Nominal Defendant will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The Nominal Defendant will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9.

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 STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 2. Net levy income

	2015 \$'000	2014 \$'000
Levy income	44,795	45,405
Outward reinsurance premium expense	(1,239)	(1,722)
<b>Net levy income</b>	<b>43,556</b>	<b>43,683</b>

#### 3. Net claims incurred

##### (a) Claims analysis

	2015 \$'000	2014 \$'000
Gross claims incurred	24,821	24,479
Reinsurance and other recoveries	(914)	(919)
<b>Total net claims incurred</b>	<b>23,907</b>	<b>23,560</b>

##### Net claims incurred attributable to Nominal Defendant

Gross claims incurred	25,711	24,361
Reinsurance and claims recoveries	(971)	(314)
	<b>24,740</b>	<b>24,047</b>

##### Net claims incurred attributable to FAI

Gross claims incurred	(890)	118
Reinsurance and other recoveries	57	(605)
	<b>(833)</b>	<b>(487)</b>

<b>Total net claims incurred</b>	<b>23,907</b>	<b>23,560</b>
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# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 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.

	2015			2014		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
<b>Claims attributable to Nominal Defendant</b>						
<b>Gross claims incurred and related expenses</b>						
Undiscounted	44,656	(23,492)	21,164	47,768	(25,722)	22,046
Discount	(4,019)	8,566	4,547	(5,454)	7,769	2,315
	<b>40,637</b>	<b>(14,926)</b>	<b>25,711</b>	<b>42,314</b>	<b>(17,953)</b>	<b>24,361</b>
<b>Reinsurance and other recoveries</b>						
Undiscounted	926	(60)	866	996	(814)	182
Discount	(82)	187	105	(112)	244	132
	<b>844</b>	<b>127</b>	<b>971</b>	<b>884</b>	<b>(570)</b>	<b>314</b>
<b>Net claims incurred - discounted</b>	<b>39,793</b>	<b>(15,053)</b>	<b>24,740</b>	<b>41,430</b>	<b>(17,383)</b>	<b>24,047</b>
<b>Claims attributable to FAI</b>						
<b>Gross claims incurred and related expenses</b>						
Undiscounted	-	(1,755)	(1,755)	-	(1,098)	(1,098)
Discount	-	865	865	-	1,216	1,216
	-	<b>(890)</b>	<b>(890)</b>	-	<b>118</b>	<b>118</b>
<b>Reinsurance and other recoveries</b>						
Undiscounted	-	(144)	(144)	-	618	618
Discount	-	87	87	-	(13)	(13)
	-	<b>(57)</b>	<b>(57)</b>	-	<b>605</b>	<b>605</b>
<b>Net claims incurred - discounted</b>	-	<b>(833)</b>	<b>(833)</b>	-	<b>(487)</b>	<b>(487)</b>
<b>Total net claims incurred - discounted</b>	<b>39,793</b>	<b>(15,886)</b>	<b>23,907</b>	<b>41,430</b>	<b>(17,870)</b>	<b>23,560</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 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.

	2015 \$'000	2014 \$'000
<b>Gross claims incurred attributable to Nominal Defendant</b>		
Claims and associated settlement costs	24,377	43,947
Movement in outstanding claims liability	1,334	(19,586)
	<b>25,711</b>	<b>24,361</b>
<b>Gross claims incurred attributable to FAI</b>		
Claims and associated settlement costs	2,486	5,437
Movement in outstanding claims liability	(3,376)	(5,319)
	<b>(890)</b>	<b>118</b>
<b>Total gross claims incurred</b>	<b>24,821</b>	<b>24,479</b>
<b>Reinsurance and other recoveries attributable to Nominal Defendant</b>		
Reinsurance and other recoveries	940	3,466
Movement in reinsurance and other recoveries receivable	31	(3,152)
	<b>971</b>	<b>314</b>
<b>Reinsurance and other recoveries attributable to FAI</b>		
Reinsurance and claims recoveries	82	143
Movement in reinsurance and other recoveries receivable	(139)	462
	<b>(57)</b>	<b>605</b>
<b>Total reinsurance and other recoveries</b>	<b>914</b>	<b>919</b>
<b>Net claims incurred</b>	<b>23,907</b>	<b>23,560</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 4. Employee expenses

	2015 \$'000	2014 \$'000
<b>Employee benefits</b>		
Salaries and wages	1,092	1,289
Employer superannuation contributions*	139	176
Long service leave levy*	25	29
Annual leave levy/expense*	121	144
<b>Employee related expenses</b>		
Workers' compensation premium*	2	3
Payroll tax*	(1)	77
Other employee related expenses	2	6
<b>Total</b>	<b>1,380</b>	<b>1,724</b>

\* Refer to Note 1(t).

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2015	2014
<b>Number of employees</b>	12	16

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

## 5. Key management personnel and remuneration expenses

### (a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Nominal Defendant during 2014-15. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents	
		Contract classification and appointment authority	Date appointed to position
Insurance Commissioner	Leads the efficient, effective and economic administration of the Nominal Defendant.	SES3; <i>Public Service Act 2008</i> and Governor in Council, in accordance with section 7 of the <i>Motor Accident Insurance Act 1994</i>	6-Dec-10
Director, Corporate Governance	Responsible for the efficient, effective and economic financial administration of the Nominal Defendant.	SO; <i>Public Service Act 2008</i>	13-Feb-06
Director, Business Solutions	Responsible for efficient and effective information systems and reporting.	SO; <i>Public Service Act 2008</i>	2-Jun-14
Director, Claims	Responsible for the Nominal Defendant claims management unit.	SO; <i>Public Service Act 2008</i>	1-May-14

### (b) Remuneration expenses

Remuneration policy for the Nominal Defendant's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment (including motor vehicle entitlements) for the key management personnel are specified in employment contracts.

For the 2014-15 year, remuneration of key management personnel increased by 2.2% in accordance with government policy.

The following disclosures include remuneration in connection with the management of the Nominal Defendant and the Queensland Government Insurance Fund. The remuneration has been allocated in the Statement of Comprehensive Income in accordance with services provided between the entities.

The other key management personnel are not included in this table, however, they have been included in the Motor Accident Insurance Commission financial statements under Note 4.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 5. Key management personnel and remuneration expenses (continued)

##### (b) Remuneration expenses (continued)

Remuneration packages for key management personnel comprise the following components:

- Short term employee benefits which include:
  - Salaries, allowances and leave entitlements paid and provided for the entire year, or for that part of the year during which the employee occupied the specified position
  - Performance payment recognised as an expense during the year
  - Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

#### 1 July 2014 to 30 June 2015

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses \$'000	Post employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary expenses \$'000				
Director, Claims	135	-	3	15	-	153

#### 1 July 2013 to 30 June 2014

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses \$'000	Post employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary expenses \$'000				
Director, Claims	25	-	1	2	-	28
Manager, Claims (21-Mar-14)	92	-	3	11	53	159

##### (c) Performance payments

Performance bonuses are not paid under the contracts in place.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 6. Supplies and services

	2015 \$'000	2014 \$'000
QIC management fee	2,507	2,179
Computer facilities management fee	66	225
Rent	140	179
Consultants and contractors	135	454
Corporate services fee	230	131
Supplies and consumables	60	72
Actuarial fees	89	43
<b>Total</b>	<b>3,227</b>	<b>3,283</b>

#### 7. Other expenses

	2015 \$'000	2014 \$'000
Audit fees	37	37
Insurance premiums - QGIF	1	1
<b>Total</b>	<b>38</b>	<b>38</b>

Total audit fees paid to the Queensland Audit Office relating to the 2014-15 financial year are estimated to be \$36,400 (2014: \$36,400). There are no non-audit services included in this amount.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 8. Receivables

	2015 \$'000	2014 \$'000
Accrued investment and levy income	7	13
Sharing recoveries receivable on paid claims	207	247
Reinsurance recoveries on paid claims	-	2,863
GST receivable	56	65
Annual leave reimbursements	19	-
Other receivables	-	24
<b>Total</b>	<b>289</b>	<b>3,212</b>

#### 9. Financial assets

	2015 \$'000	2014 \$'000
<b>Current</b>		
Queensland Investment Corporation investments	195,194	172,552
<b>Non-current</b>		
Queensland Investment Corporation investments	741,340	645,456
<b>Total</b>	<b>936,534</b>	<b>818,008</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 10. Plant and equipment

	2015 \$'000	2014 \$'000
Plant and equipment: At cost		
Gross	26	26
Less: accumulated depreciation	(22)	(17)
<b>Total</b>	<b>4</b>	<b>9</b>
<b>Plant and equipment reconciliation</b>		
Carrying amount at 1 July	9	11
Depreciation	(5)	(2)
<b>Carrying amount at 30 June</b>	<b>4</b>	<b>9</b>

#### 11. Intangible assets

	2015 \$'000	2014 \$'000
Internally generated software: At cost		
Gross	3,634	3,634
Less: accumulated amortisation	(606)	(87)
<b>Total</b>	<b>3,028</b>	<b>3,547</b>

Intangibles reconciliation	Internally generated software		Work in progress		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Carrying amount at 1 July	3,547	-	-	1,824	3,547	1,824
Acquisitions	-	-	-	1,810	-	1,810
Transfers between classes	-	3,634	-	(3,634)	-	-
Amortisation	(519)	(87)	-	-	(519)	(87)
<b>Carrying amount at 30 June</b>	<b>3,028</b>	<b>3,547</b>	<b>-</b>	<b>-</b>	<b>3,028</b>	<b>3,547</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 12. Accrued employee benefits

	2015 \$'000	2014 \$'000
<b>Current</b>		
Annual leave payable	-	140
Annual leave levy payable	29	-
Accrued salaries and wages	9	5
<b>Total</b>	<b>38</b>	<b>145</b>
<b>Non-current</b>		
Annual leave payable	-	65
<b>Total</b>	<b>-</b>	<b>65</b>

#### 13. Net outstanding claims

##### (a) Net outstanding claims

	2015 \$'000	2014 \$'000
<b>Gross outstanding claims liability:</b>		
Current	30,588	31,383
Non-current	116,374	117,620
<b>Total</b>	<b>146,962</b>	<b>149,003</b>
<b>Reinsurance and other recoveries on outstanding claims:</b>		
Current	972	1,002
Non-current	3,895	3,973
<b>Total</b>	<b>4,867</b>	<b>4,975</b>
<b>Net outstanding claims:</b>		
Current	29,616	30,381
Non-current	112,479	113,647
<b>Total</b>	<b>142,095</b>	<b>144,028</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 13. Net outstanding claims (continued)

##### (a) Net outstanding claims (continued)

	2015 \$'000	2014 \$'000
<b>Net outstanding claims attributable to the Nominal Defendant</b>		
Gross outstanding claims/ expected future claim payments	136,886	139,922
Claims settlement costs	8,013	8,191
	144,899	148,113
Discount to present value	(10,427)	(14,975)
<b>Gross outstanding claims liability</b>	<b>134,472</b>	<b>133,138</b>
Current	28,348	28,518
Non-current	106,124	104,620
<b>Gross outstanding claims liability</b>	<b>134,472</b>	<b>133,138</b>
Reinsurance and other recoveries on outstanding claims	3,339	3,413
Discount to present value	(240)	(345)
<b>Reinsurance and other recoveries on outstanding claims</b>	<b>3,099</b>	<b>3,068</b>
Current	654	657
Non-current	2,445	2,411
<b>Reinsurance and other recoveries on outstanding claims</b>	<b>3,099</b>	<b>3,068</b>
<b>Net outstanding claims</b>	<b>131,373</b>	<b>130,070</b>
Central estimate	119,430	118,245
Risk margin	11,943	11,825
<b>Net outstanding claims</b>	<b>131,373</b>	<b>130,070</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 13. Net outstanding claims (continued)

##### (a) Net outstanding claims (continued)

	2015 \$'000	2014 \$'000
<b>Net outstanding claims attributable to FAI</b>		
Gross outstanding claims/ expected future claim payments	13,180	17,304
Claims settlement costs	339	455
	<b>13,519</b>	<b>17,759</b>
Discount to present value	(1,029)	(1,894)
<b>Gross outstanding claims liability</b>	<b>12,490</b>	<b>15,865</b>
Current	2,240	2,865
Non-current	10,250	13,000
<b>Gross outstanding claims liability</b>	<b>12,490</b>	<b>15,865</b>
Reinsurance and other recoveries on outstanding claims	1,896	2,123
Discount to present value	(128)	(216)
<b>Reinsurance and other recoveries on outstanding claims</b>	<b>1,768</b>	<b>1,907</b>
Current	318	345
Non-current	1,450	1,562
<b>Reinsurance and other recoveries on outstanding claims</b>	<b>1,768</b>	<b>1,907</b>
<b>Net outstanding claims</b>	<b>10,722</b>	<b>13,958</b>
Central estimate	9,243	12,033
Risk margin	1,479	1,925
<b>Net outstanding claims</b>	<b>10,722</b>	<b>13,958</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 13. Net outstanding claims (continued)

##### (b) Actuarial assumptions

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

	2015	2014
<b>Assumptions attributable to the Nominal Defendant</b>		
Inflation rate	5.75%	6.20%
Discount rate	2.35%	3.15%
Claims handling expenses	6.00%	6.00%
Risk margin	10.00%	10.00%
Weighted average expected term to settlement	3.3 years	3.62 years
<b>Assumptions attributable to FAI</b>		
Inflation rate	5.75%	6.25%
Discount rate	2.30%	3.10%
Claims handling expenses	3.00%	3.00%
Risk margin	16.00%	16.00%
Weighted average expected term to settlement	3.5 years	3.8 years

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 13. Net outstanding claims (continued)

##### (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.

Net outstanding claims	Financial impact				
	Movement in variable %	Profit/(loss) 2015 \$'000	Equity 2015 \$'000	Profit/(loss) 2014 \$'000	Equity 2014 \$'000
<b>Sensitivity analysis attributable to the Nominal Defendant</b>					
Inflation rate	+1%	(4,135)	(4,135)	(4,262)	(4,262)
	-1%	3,970	3,970	4,052	4,052
Discount rate	+1%	3,906	3,906	3,981	3,981
	-1%	(4,152)	(4,152)	(4,274)	(4,274)
Claims handling expenses	+1%	(1,239)	(1,239)	(1,227)	(1,227)
	-1%	1,239	1,239	1,227	1,227
Risk margin	+1%	(1,194)	(1,194)	(1,182)	(1,182)
	-1%	1,194	1,194	1,182	1,182
Weighted average term to settlement	+0.5 years	1,480	1,480	1,902	1,902
	-0.5 years	(1,496)	(1,496)	(1,930)	(1,930)
<b>Sensitivity analysis attributable to FAI</b>					
Inflation rate	1%	(373)	(373)	(502)	(502)
	-1%	358	358	481	481
Discount rate	1%	354	354	475	475
	-1%	(376)	(376)	(505)	(505)
Claims handling expenses	1%	(104)	(104)	(136)	(136)
	-1%	104	104	136	136
Risk margin	1%	(92)	(92)	(120)	(120)
	-1%	92	92	120	120
Weighted average term to settlement	+0.5 years	121	121	207	207
	-0.5 years	(123)	(123)	(210)	(210)

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 13. Net outstanding claims (continued)

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

The objective of the Nominal Defendant is to ensure it 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 36 of the *Financial and Performance Management Standard 2009*) which is for the approved financial institution to have a minimum S&P rating of A-. In the 2014-15 financial year the Nominal Defendant was able to secure unlimited cover with an excess of loss retention level of \$7.5 million. All reinsurers complied with Treasury's minimum requirements as specified by the Financial Management Standards.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 14. Reconciliation of operating result to net cash from operating activities

	2015 \$'000	2014 \$'000
Operating result	116,123	159,159
<b>Add/(subtract) items classified as investing activities:</b>		
Net fair value gain on financial assets	(47,026)	(90,948)
<b>Non-cash items:</b>		
Depreciation	5	2
Amortisation	519	87
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in prepayments	(14)	-
(Increase)/decrease in receivables	3,031	1,908
Increase/(decrease) in payables	(74)	(21)
Increase/(decrease) in unearned levies	319	(1,001)
Increase/(decrease) in outstanding claims liability	(2,041)	(24,905)
Increase/(decrease) in accrued employee benefits	(172)	2
<b>Net cash from operating activities</b>	<b>70,670</b>	<b>44,283</b>

#### 15. Commitments for expenditure

	2015 \$'000	2014 \$'000
<b>Other expenditure commitments</b>		
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	64	309
Later than one year and not later than five years	-	-
<b>Total</b>	<b>64</b>	<b>309</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 16. Financial instruments

##### (a) Categorisation of financial instruments

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

Category	Note	2015 \$'000	2014 \$'000
<b>Financial assets</b>			
Cash and cash equivalents		3,118	3,948
Receivables	8	289	3,212
Financial assets	9	936,534	818,008
<b>Total</b>		<b>939,941</b>	<b>825,168</b>
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost:			
Payables		378	452
<b>Total</b>		<b>378</b>	<b>452</b>

##### (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.

##### (c) 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 \$31,000 (2014: \$39,000) due to interest rate risk and \$9,365,000 (2014: \$8,180,000) 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 following table.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 16. Financial instruments (continued)

Cash	Financial impact				
	Movement in variable %	Profit/(loss) 2015 \$'000	Equity 2015 \$'000	Profit/(loss) 2014 \$'000	Equity 2014 \$'000
Interest rate risk	+1	31	31	39	39
	-1	(31)	(31)	(39)	(39)

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

Investments	Financial impact				
	Movement in variable %	Profit/(loss) 2015 \$'000	Equity 2015 \$'000	Profit/(loss) 2014 \$'000	Equity 2014 \$'000
Unit price risk	+1	9,365	9,365	8,180	8,180
	-1	(9,365)	(9,365)	(8,180)	(8,180)

#### (d) Fair value

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements as outlined in Note 1(l).

According to the hierarchy, the Nominal Defendant classifies financial assets at fair value through profit or loss as level 2.

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.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 17. Budget vs actual comparison

A budget versus actual comparison and explanation of major variances has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

In accordance with AASB 1055 *Budgetary Reporting*, the budget information presented to parliament has been restated for disclosure purposes to align with the presentation and classification bases adopted for the corresponding actual information in the financial statements, to facilitate a comparison of actual outcomes against the budget.

#### Statement of Comprehensive Income

	Variance Notes	Actual 2015 \$'000	Original Budget 2015 \$'000	Variance \$'000	Variance (%)
<b>Income</b>					
Levy income		44,795	45,337	(542)	-1%
Net fair value gains on financial assets	1	49,759	53,987	(4,228)	-8%
Dividends received from FAI liquidator	2	51,831	-	51,831	-
Reinsurance and other recoveries	3	914	500	414	83%
Interest income		53	50	3	6%
<b>Total income</b>		<b>147,352</b>	<b>99,874</b>	<b>47,478</b>	<b>48%</b>
<b>Expenses</b>					
Gross claims incurred	4	24,821	53,311	(28,490)	-53%
Outward reinsurance premium expense	5	1,239	1,900	(661)	-35%
Employee expenses	6	1,380	1,732	(352)	-20%
Supplies and services		3,227	3,106	121	4%
Depreciation and amortisation		524	517	7	1%
Other		38	41	(3)	-7%
<b>Total expenses</b>		<b>31,229</b>	<b>60,607</b>	<b>(29,378)</b>	<b>-48%</b>
<b>Operating result</b>		<b>116,123</b>	<b>39,267</b>	<b>76,856</b>	<b>196%</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>116,123</b>	<b>39,267</b>	<b>76,856</b>	<b>196%</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 17. Budget vs actual comparison (continued)

##### Statement of Financial Position

	Variance Notes	Actual 2015 \$'000	Original Budget 2015 \$'000	Variance \$'000	Variance (%)
<b>Current assets</b>					
Cash and cash equivalents		3,118	3,000	118	4%
Receivables		289	74	215	291%
Financial assets	7	195,194	190,482	4,712	2%
Reinsurance and other recoveries on outstanding claims	8	972	3,507	(2,535)	-72%
Prepayments		14	-	14	-
<b>Total current assets</b>		<b>199,587</b>	<b>197,063</b>	<b>2,524</b>	<b>1%</b>
<b>Non-current assets</b>					
Financial assets	7	741,340	691,554	49,786	7%
Reinsurance and other recoveries on outstanding claims	8	3,895	5,260	(1,365)	-26%
Plant and equipment		4	6	(2)	-33%
Intangible assets		3,028	3,001	27	1%
<b>Total non-current assets</b>		<b>748,267</b>	<b>699,821</b>	<b>48,446</b>	<b>7%</b>
<b>Total assets</b>		<b>947,854</b>	<b>896,884</b>	<b>50,970</b>	<b>6%</b>
<b>Current liabilities</b>					
Payables		378	611	(233)	-38%
Accrued employee benefits	9	38	214	(176)	-82%
Outstanding claims liability	10	30,588	51,258	(20,670)	-40%
Unearned levies		22,447	21,913	534	2%
<b>Total current liabilities</b>		<b>53,451</b>	<b>73,996</b>	<b>(20,545)</b>	<b>-28%</b>
<b>Non-current liabilities</b>					
Outstanding claims liability	10	116,374	153,773	(37,399)	-24%
<b>Total non-current liabilities</b>		<b>116,374</b>	<b>153,773</b>	<b>(37,399)</b>	<b>-24%</b>
<b>Total liabilities</b>		<b>169,825</b>	<b>227,769</b>	<b>(57,944)</b>	<b>-25%</b>
<b>Net assets</b>		<b>778,029</b>	<b>669,115</b>	<b>108,914</b>	<b>16%</b>
<b>Equity</b>					
Contributed equity		121	121	-	0%
Accumulated surplus	11	777,908	668,994	108,914	16%
<b>Total equity</b>		<b>778,029</b>	<b>669,115</b>	<b>108,914</b>	<b>16%</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 17. Budget vs actual comparison (continued)

##### Statement of Cash Flows

	Variance Notes	Actual 2015 \$'000	Original Budget 2015 \$'000	Variance \$'000	Variance (%)
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
Levy income		45,121	45,337	(216)	0%
Interest income		53	50	3	6%
Dividends received from FAI liquidator	2	51,831	-	51,831	-
Reinsurance and other recoveries	12	3,925	268	3,657	1365%
GST input tax credits from ATO		681	-	681	-
GST collected from customers		15	-	15	-
<i>Outflows:</i>					
Gross claims incurred	13	(26,862)	(33,476)	6,614	-20%
Outward reinsurance premium expense	5	(1,347)	(1,900)	553	-29%
Employee expenses	6	(1,556)	(1,729)	173	-10%
Supplies and services		(474)	(703)	229	-33%
GST paid to suppliers		(672)	-	(672)	-
GST remitted to ATO		(15)	-	(15)	-
Other		(30)	(55)	25	-45%
<b>Net cash provided by operating activities</b>		<b>70,670</b>	<b>7,792</b>	<b>62,878</b>	<b>807%</b>
<b>Cash flows from investing activities</b>					
<i>Inflows:</i>					
Proceeds from sale of financial assets	14	4,500	-	4,500	-
<i>Outflows:</i>					
Payments for plant and equipment and intangibles		-	-	-	-
Payments for financial assets	14	(76,000)	(7,792)	(68,208)	875%
<b>Net cash used in investing activities</b>		<b>(71,500)</b>	<b>(7,792)</b>	<b>(63,708)</b>	<b>818%</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(830)</b>	<b>-</b>	<b>(830)</b>	<b>-</b>
Cash and cash equivalents at beginning of financial year		3,948	3,000	948	32%
<b>Cash and cash equivalents at end of financial year</b>		<b>3,118</b>	<b>3,000</b>	<b>118</b>	<b>4%</b>

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Notes to and forming part of the financial statements 2014-15

#### 17. Budget vs actual comparison (continued)

##### Explanations of major variances

##### Statement of Comprehensive Income

1. The decrease in net fair value gains on financial assets is primarily due to lower than expected earnings on QIC investments due to uncertainty in the international equity market in June 2015.
2. This variance is a result of unanticipated FAI-Tail dividends received. HIH liquidators have confirmed that all proceeds from the HIH collapse have now been paid to the Nominal Defendant.
3. The increase in reinsurance and other recoveries primarily relates to unanticipated claim recoveries.
4. The variance in gross claims incurred is a result of \$21.8M lower than anticipated movement in outstanding claims liability and \$6.6M lower than anticipated claims costs. The outstanding claims liability is based on actuarial assessment.
5. The decrease in outward reinsurance premium expense is primarily due to savings from moving the self-retention limit from \$6M to \$7.5M.
6. A decrease in employee expenses is primarily due to rationalisation of roles in areas where vacancies have arisen.

##### Statement of Financial Position

7. The increase in current and non-current financial assets is primarily due higher investment of unanticipated FAI-Tail dividends (\$51.8M) received during 2014-15.

8. The variance in reinsurance and other recoveries on outstanding claims reflects actuarial assessment as at 30 June 2015.
9. Effective from 1 July 2014, no provision for annual leave is recognised in the financial statements as the Nominal Defendant became a member of the Queensland Government's Annual Leave Central Scheme (ALCS).
10. The movement in the current and non-current outstanding claims liability reflects actuarial assessment as at 30 June 2015.
11. The increase in accumulated surplus reflects higher than anticipated surplus in 2014-15 partially offset by actual audited opening balances lower than projected in the 2014-15 budget.

##### Statement of Cash Flows

12. The variance is due to receipt of receivables recorded as at 30 June 2014 which were not anticipated in the 2014-15 budget.
13. The variance in gross claims incurred is a result of lower than expected claim payments as the 2014-15 budget was based on 30 June 2013 projections.
14. The variances in cash flows from investing activities reflect QIC cash investments performed during the year to meet the Nominal Defendant's cash flow requirements, with the investing of excess funds from unanticipated FAI-Tail dividends.

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Certificate of the Nominal Defendant

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.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 financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Nominal Defendant for the financial year ended 30 June 2015 and of the financial position of the Nominal Defendant at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



**L Lee**  
B.Com, CA  
Director Corporate Governance  
24 August 2015



**N Singleton**  
B.Bus (Insurance), MBA  
Insurance Commissioner  
24 August 2015

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Independent Auditor's Report

To the Insurance Commissioner

#### 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 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Insurance Commissioner and Director Corporate Governance.

#### The Insurance Commissioner's Responsibility for the Financial Report

The Insurance Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Insurance Commissioner's responsibility also includes such internal control as the Insurance Commissioner determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### 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. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about 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 the risks of material misstatement of 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 of the financial report that gives a true and fair view 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 used and the reasonableness of accounting estimates made by the Insurance Commissioner, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements 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.

#### Independence

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

# FINANCIAL STATEMENTS 2014-15

## Nominal Defendant

### Independent Auditor's Report (continued)

#### 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 relation to the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Nominal Defendant for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

#### Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



**M Keane CA**

As Delegate of the Auditor General of Queensland



Queensland Audit Office  
Brisbane

# APPENDICES

## Appendix 1: Actuarial Certificate, Nominal Defendant Fund

### Actuarial Certificate Queensland Nominal Defendant Fund Outstanding Claims Liability as at 30 June 2015

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 2015 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 2015". 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 2015 is \$131.4 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.A. van den Berg**  
Fellows of the Institute of Actuaries of Australia  
4 August 2015



**M. J. Clacher**

# 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 2015

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 2015 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 2015". 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 2015 is \$10.7 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.

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**  
Fellows of the Institute of Actuaries of Australia  
4 August 2015



**M. J. Clacher**

# APPENDICES

## Appendix 3: Licensed Insurers

### Currently licensed CTP insurers

#### **AAI Limited (trading as Suncorp)**

GPO Box 1453  
Brisbane QLD 4001  
Ph 13 11 60  
ABN 48 005 297 807

#### **Allianz Australia Insurance Limited**

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

#### **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

### Previously licensed CTP insurers

#### **Suncorp Metway Insurance Limited**

ABN 83 075 695 966  
*Licence withdrawn 01/07/2013*

#### **Australian Associated Motor Insurers Limited**

ABN 92 004 791 744  
*Licence withdrawn 01/07/2013*

#### **Insurance Australia Limited (trading as NRMA Insurance)**

ABN 11 000 016 722  
*Licence withdrawn 01/01/2014*

#### **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*

#### **Suncorp Metway Insurance Limited**

ABN 83 075 695 966  
*Licence withdrawn 30/06/2013*

#### **Australian Associated Motor Insurers Limited (trading as AAMI)**

ABN 92 004 791 744  
*Licence withdrawn 30/06/2013*

# APPENDICES

## Appendix 4: Committees

### Committees as at 30 June 2015

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

#### The structure of the 2014-15 committee was:

Chairperson: Bernard Rowley

Members: Rowan Ward

The Advisory Committee has extensive industry experience within 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
Rowan Ward, former executive General Manager, Actuarial services at Suncorp	Insurance industry and actuarial experience

From **1 July 2014 to 30 June 2015**, a total of nine meetings of the Advisory Committee were held with one special assignment on 18 June 2014. The total remuneration to the Committee for the year was **\$10,500.00**. 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 5: Performance Statement (SDS)

Motor Accident Insurance Commission/Nominal Defendant	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2014-15 Actual
Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings		<45%	<45%	<45%
MAIC funds expended on motor vehicle injury prevention and rehabilitation grants per registered vehicle	1	\$1.56	\$1.56	\$1.26
Percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year	2	50%	50%	50%
Percentage of Nominal Defendant claims settled within two years of compliance	3	50%	50%	50%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date		95%	95%	95.3%

1. Actual grant funding to date is lower than anticipated primarily due to a timing difference in the payment of grants.
2. Favourable variance is due to higher than anticipated number of claims being finalised.
3. Claims can take two to three years to settle; consequently it is difficult to estimate the number of claims that will be finalised in any given period.

# APPENDICES

## Appendix 6: Grants and sponsorships

Organisation	Future commitment*	2014/15 \$	2013/14 \$
<b>Centre of National Research on Disability and Rehabilitation Medicine (CONROD) (2014-2017) incorporating :</b>	4,077,255	2,400,000	1,819,407
<b>University of Queensland allocation</b>	2,272,300	1,536,758	
<b>Griffith University allocation</b>	1,804,955	863,242	
<b>Centre for Accident Research and Road Safety Queensland (CARRS-Q) (2011 - 2016)</b>	2,756,078	2,637,396	2,523,824
<b>Department of Transport and Main Roads</b> Funding to support Academic Strategic Transport Alliance (ASTRA).	Under consideration	52,999	51,455
<b>Centre for Accident Research and Road Safety Queensland (CARRS-Q)</b> Reduce the crash involvement of taxis in Queensland: situational analysis and crash and exposure analyses.	0	99,585	0
<b>Centre for Accident Research and Road Safety Queensland (CARRS-Q)</b> Improving taxi driver safety with a smartphone feedback system: a pilot study.	0	101,013	0
<b>Spinal Injuries Association of Australia</b> Contribution towards continuation of Queensland school awareness programme - Spinal Education Awareness Team (SEAT).	25,000	25,000	25,000
<b>The George Institute for Global Health</b> Contribution towards ongoing costs of Physiotherapy Evidence Database (PEDro).	50,000	25,000	0
<b>University of Sydney</b> Partnership funding to develop software to support improved management of people with whiplash.	36,000	4,000	0
<b>Spinal Injuries Association of Australia</b> Equipment for rehabilitation assessment centre.	0	42,818	0
<b>Centre for Accident Research and Road Safety Queensland (CARRS-Q)</b> To undertake an evaluation of the 'Braking the Cycle' intervention to assist disadvantaged youth to meet learner driver requirements.	0	0	121,561
<b>Centre for Accident Research and Road Safety Queensland (CARRS-Q)</b> Improve knowledge around driving conditions, patterns, locations and driver behaviours that lead to unsafe headway or inter-vehicular distance and tailgating.	0	0	337,119
<b>Spinal Injuries Association of Australia</b> One off contribution to curriculum development to support SEAT program.	0	0	25,000
<b>University of Queensland (2015-2020)</b> To establish a Professorial Fellowship in Traumatic Brain Injury Research at the Queensland Brain Institute.	1,500,000	0	0

# APPENDICES

## Appendix 6: Grants and sponsorships (continued)

Organisation	Future commitment*	2014/15 \$	2013/14 \$
<b>Griffith University</b> Partnership funding to develop and test a decision system for identifying housing options, preferences and priorities in the disability market.	199,944		
<b>University of Queensland via Children's Health Foundation Queensland</b> Partnership funding to establish a Queensland chair in Paediatric Rehabilitation.	998,087		
<b>Griffith University</b> Partnership funding to develop a clinical pathway of care for whiplash injury.	147,500		
<b>Griffith University</b> Partnership funding to establish a Professor of Disability and Rehabilitation.	100,000		
<b>Total funding committed/allocated</b>	<b>9,889,864</b>	<b>5,387,811</b>	<b>4,903,366</b>
<b>Less refunds of residual grant funding</b>			
<b>Centre of National Research on Disability and Rehabilitation Medicine (CONROD) (2010-2014)</b>		(463,560)	
<b>Centre for Accident Research and Road Safety Queensland (CARRS-Q)</b> Undertake preliminary investigation and the production of a toolkit for use by providers of a community based mentor driving program.		(20,636)	
<b>Centre for Accident Research and Road Safety Queensland (CARRS-Q)</b> To undertake an in-depth analysis of crashes involving young drivers in order to better understand factors behind these crashes and identify appropriate interventions.		(7,648)	
<b>University of Queensland</b> School of Health and Rehabilitation Sciences - Fellowship			(117,396)
<b>Department of Transport and Main Roads</b> Road Safety initiatives			(14,647)
<b>Total Funding Returned</b>		<b>(491,844)</b>	<b>(132,043)</b>
<b>GRANT TOTAL (Allocated less returned)</b>		<b>4,895,967</b>	<b>4,771,323</b>

\* Estimate of grant funding committed for expenditure from 1 Jul 2015.

# APPENDICES

## Appendix 6: Grants and sponsorships (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 and financial 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 Human Movement Studies Teaching and Community Services Rehabilitation Research Fellowship

As evidenced above the School of Health and Rehabilitation Sciences Research Fellowship returned residual grant funding during the 13/14 financial year. This represented the completion of this 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.au](http://www.carrsq.qut.edu.au) and [www.conrod.org.au](http://www.conrod.org.au)

### Sponsorship Program

In the 2014-15 financial year MAIC also provided \$26,500 in sponsorship funding for events and activities that promote either improved outcomes for persons injured in motor vehicle accidents or research and education about road safety and injury prevention. Sponsorships awarded include contributions towards the 2015 Queensland Road Safety Awards and Workshop, a Spinal Cord Injury Network Conference and to the Queensland Police Service's Drug and Alcohol Conference.

# APPENDICES

## Appendix 7: Glossary

Term	Definition
Administration Fee	The fee payable to the Department of Transport and Main Roads for delivering administrative support for the CTP scheme
AIS	The Abbreviated Injury Scale 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
CARRS-Q	Centre of Accident Research and Road Safety Queensland
CONROD	Centre of National Research on Disability and Rehabilitation Medicine
CTP	Compulsory Third Party
Long-tail and short-tail insurance	In general terms, this name stems from the length of time (the tail) that it takes for a claim to be made and settled. For short-tail insurance products, claims are usually known and settled within 12 months. For long-tail insurance products, claims may not even be reported within 12 months, and settlements can take many years
MAI Act	<i>Motor Accident Insurance Act 1994</i>
MAIC	Motor Accident Insurance Commission
Scheme Performance Report	Measures the proportion of premium that goes to the benefit of injured claimants compared to the proportion that goes to scheme and insurer delivery costs
Statutory Insurance Scheme Levy (SIS Levy)	A levy which covers the estimated operating costs of administering the <i>Motor Accident Insurance Act 1994</i>



