Motor Accident Insurance Commission
Annual Report 2007–08

The road to recovery

About our annual report

Our 2007–08 annual report provides an overview of the operation of Queensland's Compulsory Third Party (CTP) Insurance Scheme and the Commission's approach to managing and regulating it.

With the theme, The road to recovery, this year's report outlines some of the effects of severe injury on the lives of people involved in motor vehicle accidents. It also provides information about the treatment and support options the Commission has established over the last decade.

This report also addresses the informational needs of a diverse group of readers including policy holders, claimants, insurers, legal and medical professionals, motoring and motor trade organisations, government, media and other regulatory organisations.

Our strategic plan, statistical information relating to the scheme and the audited financial statements of both the Motor Accident Insurance Fund and the Nominal Defendant Fund are also included.

Further information on the CTP scheme and the Commission's operations can be found at www.maic.qld.gov.au or by telephoning the CTP helpline on 1300 302 568.

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

Dear Minister

In accordance with Section 19 of the *Motor Accident Insurance Act 1994*, the Motor Accident Insurance Commission submits the following report on the operation of the statutory insurance scheme established by the Act, and on the financial statements of the Commission and the Nominal Defendant from 1 July 2007 to 30 June 2008.

Yours faithfully

John Hand
Insurance Commissioner

The road to recovery

Motor Accident Insurance Commission
Annual Report 2007–08
The road to recovery

The road to recovery

Contents

About the Commission

What is the Motor Accident Insurance Commission?

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

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

What is our scheme?

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

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

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

A competitive premium model allows insurers to set their premiums for each class of motor vehicle within floor and ceiling premium bands set by the Commission. An efficient system of premium collection through the motor vehicle registry of Queensland Transport minimises administration costs within the scheme and provides motor vehicle owners with a relatively convenient form of transaction. Through the Commission and Queensland Transport, premium information is made available to motor vehicle owners to help them select an insurer.

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

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

Although the structure of the schemes differ, all CTP authorities in Australia participate in regular forums to address common issues.

Our role

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

The primary activities of the Commission include:

- licensing Queensland CTP insurers
- monitoring scheme trends and performance based on scheme data and independent actuarial analyses

- setting premium bands and recommending levies
- maintaining a helpline service for motor vehicle owners and injured persons
- managing claims lodged against the Nominal Defendant and prudent investment of its claim reserves.

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

Our vision

The community of Queensland will benefit from a best practice insurance scheme and professional advice on personal injury insurance matters which will meet the needs of its people and government.

Our mission

To provide an efficient, effective and economical insurance scheme which meets the needs of the people and government of Queensland.

Our core values

Commitment

We are committed to accomplishing the organisation's mission and objectives.

Communication

We value effective communication and information sharing between the organisation, stakeholders and clients.

Achievement

We strive to achieve individual and organisational goals through teamwork, service and leadership.

Integrity

We serve the people of Queensland with honesty, trust and sincerity.

Innovation

We endeavour to be leading edge in technological competence and effectively apply technology in performing tasks.

Management

David Vincent
Manager, Scheme Performance

Appointed Policy Advisor with the Commission in 2002 and Manager of Scheme Performance in 2006. Responsibilities included policy and legislative development and monitoring compliance obligations of licensed CTP insurers. More than 10 years experience in the insurance industry predominantly in CTP claims, prior to his appointment to the Commission.

John Hand, ANZIIF (Snr Assoc) CIP
Insurance Commissioner

Appointed to the Commission in 1993. Responsibilities included the development of new legislation and supporting systems. Roles with the Commission have encompassed executive management and high-level policy advice to government on a range of insurance issues. In all, an insurance career spanning more than 40 years commencing with the State Government Insurance Office and followed by a period with the Workers' Compensation Board of Queensland.

Kim Birch
B. HSc. RN
General Manager CTP

Appointed as Manager, Injury Management and Claims in 2001 and General Manager CTP in 2006. Nursing background covering all areas of clinical care and management and a further six years experience with the insurance industry working with CTP claims prior to her appointment to the Commission.

Ashur Merza
Grad. Cert. Mgmt, MBA (Professional)
Manager Nominal Defendant

Appointed to Manager, Nominal Defendant 1 September 2006. More than 15 years experience in operations and head office accounting, credit management and administration management primarily within the general insurance industry and seven years with Queensland Treasury including three years as Principal Procurement Advisor, providing strategic procurement and policy advice.

Cathy Pilecki,
B.Phty, Grad Dip Rehab Counselling
Manager, Information and Education

Appointed Policy Advisor with the Commission in 2002 and Manager, Information and Education in 2006. Health services background in physiotherapy and rehabilitation counselling and a further three years experience with the insurance industry working with CTP claims prior to her appointment to the Commission.

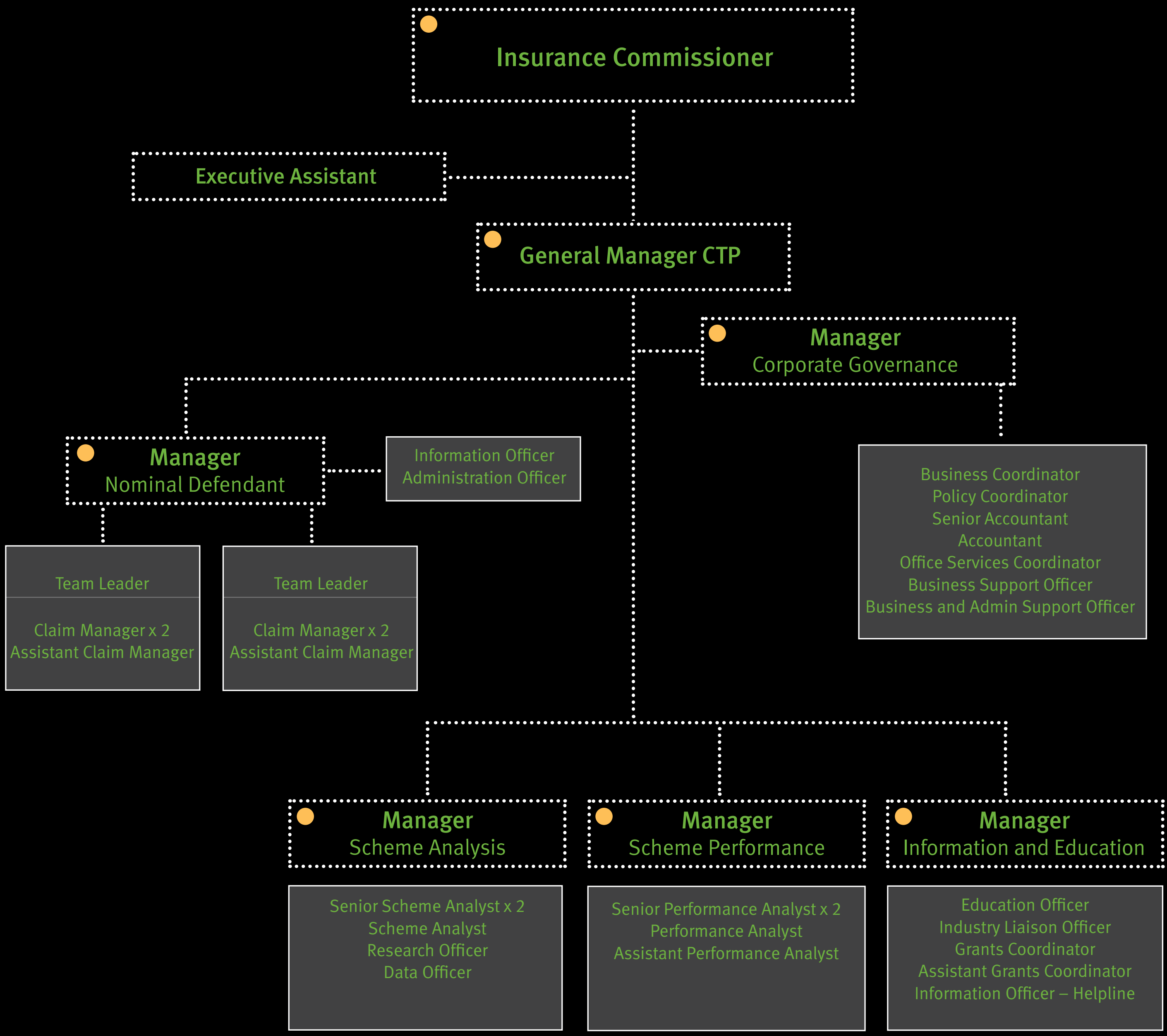
Lina Lee, B Com, CA
Manager, Corporate Governance

Appointed as Manager, Corporate Governance in 2006. Accountancy and auditing background covering the chartered profession, commerce and industry and more recently in the public sector, including more than five years experience in management in both commerce and industry and the public sector prior to her appointment to the Commission.

Fanny Lau
B. Phty, MBA, M.Comm, AFACHSE, CHE, CPA
Manager, Scheme Analysis

Appointed Manager, Scheme Analysis in 2006. A physiotherapy background and 10 years experience in health finance and administration with the Department of Health.

Organisational structure



Commissioner's report

John Hand
Insurance Commissioner

My first full year as Insurance Commissioner has been both challenging and rewarding. The work of the Commission during this time has primarily focused on two areas: monitoring trends within the CTP scheme, and further positioning the organisation to address emerging business needs.

Of concern this year has been the performance of investment markets which has resulted in negative returns for the Commission and the Nominal Defendant. This is reflected in the financial statements for this year's report.

During the year the Commission undertook market research on the CTP product and the results are showing a growing awareness in the Queensland community of CTP insurance, the nature of the insurance cover and the benefits the scheme provides. However, it appears that there is still a way to go in terms of increasing CTP product awareness across the community. This and past research has identified a demand for web-based access to services provided by the scheme. In response to this community preference, the Commission worked in collaboration with Queensland Transport to introduce an online facility that enables CTP policy holders to switch their CTP insurance provider in an easy transaction.

Scheme trends

For a number of years the CTP scheme has been stable. This is attributable to the tort law reforms introduced in the early 2000s. These reforms had the most notable effect on claims for minor injuries in respect of frequency and ultimate claims costs.

While general damages have maintained relativity, there is a concern that present trends show a growth in other heads of damage such as future economic loss. This trend has been progressing over some time and it currently runs at a level above wage inflation, indicative of superimposed inflation in the scheme.

Insurers have responded to the changing claims environment in their premium filings and premiums will rise in the coming year.

Funding programs

In relation to the Commission's funding programs, it would be remiss of me not to relay my sincerest appreciation and best wishes to Professor Mary Sheehan, Director of the Centre for Accident Research and Road Safety Queensland (CARRS-Q) for her contribution over the last decade. Professor Sheehan stood down as Director in mid 2008 to commence semi-retirement which includes the continuation of her research within the Centre on a part-time basis.

Professor Sheehan worked closely with the former Insurance Commissioner Graham Hughes during the mid 1990's which led to the establishment of CARRS-Q, a partnership between the Commission and the Queensland University of Technology. From humble beginnings, Professor Sheehan's drive and vision has been integral to building the quality of staff and the reputation that the Centre enjoys today on an international scale. There is no doubt that the work of CARRS-Q over the last decade has contributed to saving the lives of many motorists.

The other major research centre funded by the Commission, the Centre for National Research on Disability and Rehabilitation Medicine (CONROD), has also continued to deliver quality outcomes in mitigating the effects of injury through encouraging advancements in rehabilitation. In particular, two newly released websites relating to whiplash and assisting children and their parents in coping with the stress associated with involvement in accidents have been well received.

Further information on the work of CARRS-Q and CONROD along with the Commission's other recent funding initiatives is included in the Grants Funding Highlights section of this report.

Preparing for future challenges

As I indicated in last year's report, considerable effort has been channelled towards restructuring the Commission in response to evolving business needs and to bring about operational efficiencies. This year, further work has been done in the area of realising these efficiencies and this remains a significant focus in our Strategic Plan. Process streamlining and resource sharing have produced claims management efficiencies in the Nominal Defendant. Resource sharing is also helping with skill and knowledge transfer between team members.

Additionally, I'm very pleased to report that last year's stated commitment to ongoing staff development has been demonstrated through the provision of first-class insurance training to staff across the Commission. As part of our in-service training program, our industry partner, the Australian and New Zealand Institute of Insurance and Finance (ANZIIF), has delivered a number of training modules providing staff with an excellent overview and understanding of the broader insurance industry. Negotiations with ANZIIF to provide staff with more in-depth and role-specific training are continuing. Our in-service training program supported by industry specialists has also provided claim management expertise to our claims processing staff.

These knowledge and skill improvement programs, together with further planned efficiencies and a review of our operational costs, will ensure that the Commission remains well positioned in the industry.

In closing…

I foresee the Commission continuing its focus on opportunities to improve the efficiency of the scheme.

I'd like to thank all stakeholders who participated in the various initiatives undertaken by the Commission during the year. With the help of these people, we have been able to continue improving the scheme and maintaining the balance between benefits and affordability.

Finally, I'd like to acknowledge all staff in the Commission for their efforts throughout the year and for their active and enthusiastic support.

John Hand
Insurance Commissioner

The road to recovery

Living with a spinal cord injury

Scott Stidston

Living with a spinal cord injury is tough, just ask Scott Stidston who has been living with a spinal cord injury since he was involved in a motorcycle accident more than 20 years ago.

But it's not an insurmountable challenge.

Since his accident, Scott has managed to overcome physical and emotional hurdles to become an inspirational Queensland advocate for inclusive communities. He's also found time for fishing, skydiving, and riding in a gyrocopter along the way.

Although learning to live with a spinal cord injury is "just like being a baby again", Scott says it's something "you've got to overcome."

"We get taught how to use the movement we have to do the best we can with that. I've got a fork and spoon with a little ring on it that I can put my thumb in so I can feed myself because I can't hold utensils. I've also got a biro with a splint that allows me to write, I've got typing splints, I've got another little pocket pouch that I can put my toothbrush in it so I can clean my teeth."

While extensive therapy helped Scott overcome the physical challenges involved with his spinal cord injury, it was a gentle nudge from the North Queensland Manager of the Spinal Injuries Association (SIA), Ray Roberts, which helped Scott overcome the psychological challenges of managing a spinal cord injury.

Ray organised a skydiving session for Scott, and it made all the difference.

"It took me a long time to get out of the house and become productive. All I did was watch TV and videos. Then I went skydiving and I thought if I could do that, I could do anything," Scott said.

Ray's intervention in Scott's life encouraged him to make a difference in other people's lives. He is now a board member and volunteer with SIA and regularly presents injury prevention and safety messages to school students as a part of the Spinal Education Awareness Team (SEAT).

During his SEAT presentation, Scott tells students, "think about everything you do from the time you open your eyes to the time you close your eyes. I need assistance with that."

Scott encourages kids' natural inquisitiveness about his injury.

"I've had kids run up to me in shopping centres and want to ask questions or touch the wheelchair and their parents pull them away. I say to them, "don't pull them away, if they don't ask, they don't know," said Scott.

"I did a SEAT program for a Year 11 class in Townsville. There were heaps of questions in the session. After the session eight or nine of the students stuck around. We chatted through the entire lunch hour. They told me how they now realise they could have had a spinal injury."

As a board member for SIA, a presenter for SEAT and an advocate for inclusive communities, Scott has come a long way from the hospital spinal unit. It wasn't easy and he couldn't have done it without extensive treatment and support from his wife, family, friends and the community.

Scott is incredibly grateful to his wife Lisa, who has shared the journey from being at his bedside when he was first injured, to helping provide the care and support he needs.

Despite the challenges of living with a spinal cord injury, or perhaps because of them, Scott is actively engaged with lobbying his local government to make his community more inclusive.

"I don't deserve anything special. I just want to access the community like everyone else does," he said.

The SEAT program is co-funded by the Commission and visits around 70,000 students each year to share valuable injury prevention and safety messages.

Major injury rehabilitation services – a decade on...

Introduction

Motor vehicle accidents are the leading cause of major injury in Queensland with an estimated 46,000 Queenslanders seriously injured during the past ten years and tragically more than 3,500 deaths.

With so many people injured in motor vehicle accidents requiring intensive medical treatment and ongoing rehabilitation and support, the Commission has funded a range of initiatives aimed at improving Queensland's treatment and rehabilitation services.

One of the Commission's largest investments involved funding the development of four pilot services for rehabilitating seriously injured people with traumatic brain and spinal cord injuries. These services were established in 1997 and have proved to be very effective.

These four services are the Queensland Paediatric Rehabilitation Service (QPRS), the Transitional Rehabilitation Program (TRP), the Spinal Outreach Team (SPOT) and the Acquired Brain Injury Outreach Service (ABIOS).

Some ten years later, these valuable services continue to provide highly specialised and multi-disciplinary intervention for people with severe injuries.

The Queensland Paediatric Rehabilitation Service

Tragically, many people who are traumatically injured in motor vehicle accidents are children. To help address the serious physical, cognitive and emotional challenges children may face following a major road-related trauma, the Commission provided funding to the Statewide Paediatric Rehabilitation Service.

QPRS staff members Rachel Anne van Someran and Penny Ireland with client Tayla Kosbab

Today, the Queensland Paediatric Rehabilitation Service, as it is now known, provides services to children with an acquired brain injury, spinal cord injury and disease, other neurological conditions and limb deficiency. Injured children receive intensive medical rehabilitation treatment and therapy while in hospital, and they receive follow-up rehabilitation services and support until they finish school.

Quick facts on QPRS

- Based at the Royal Children's Hospital.
- Receives 250 to 280 new referrals each year.
- 70 to 80 per cent of referrals have an acquired brain injury.
- 15 per cent of those with acquired brain injury were injured in motor vehicle accidents.

Quick facts on QPRS continues on next page...

The road to recovery

Major injury rehabilitation services – a decade on... (continued)

- Holds 22 regional rehabilitation outreach clinics every year, from Cairns to the Gold Coast.
- Delivers home and school visits and group programs.
- Provides a statewide education program to patients, families, teachers and health professionals.

The Commission's initial investment in children's rehabilitation helped develop the QPRS service delivery model which has since been emulated elsewhere in Australia. Additional state government funding has helped develop services for a greater number of children who have complex needs such as those who have cerebral palsy or who are recovering from brain tumour surgery.

QPRS has enormous experience and expertise in their therapy team, including speech, physiotherapy and occupational therapists, dietetics, neuropsychology, rehabilitation nurses and rehabilitation engineers. Led by Director Dr Lynne McKinlay, QPRS has one of Australia's largest groups of specialists in paediatric rehabilitation medicine.

QPRS has come a long way since its inception and has helped thousands of children and their families recover from or adjust to the effects of motor vehicle accidents. However, the QPRS team continues to investigate ways to further improve rehabilitation outcomes for children.

According to Dr McKinlay, QPRS is investigating how they can help children in North Queensland by developing permanent services in that area. Further, as clients are typically with QPRS for the long-term, Dr McKinlay and her team are exploring case management models and ways to improve the support they provide as they transition across various developmental milestones. Finally, developing appropriate environments and expertise for the treatment of adolescents and improving treatment for children who have persistent pain is also high on their future agenda.

Transitional Rehabilitation Program

The effects of a road-related trauma can be severe, leaving injured adults having to re-learn even the most basic of skills. Rehabilitation within the hospital environment can only help so much, which is why the Commission invested in the Transitional Rehabilitation Program (TRP).

TRP's innovative program helps people affected by spinal cord injury transition from hospital rehabilitation to community living by delivering rehabilitation services to clients in a real-life environment, either in their own homes or in one of TRP's three leased houses.

TRP is staffed by a dedicated multi-disciplinary team consisting of nursing, physiotherapy, occupational therapy and social work professionals. Personal care assistants are engaged to help the client with their personal care tasks.

Dr Tim Geraghty, Medical Chair Division of Rehabilitation for the Princess Alexandra Hospital, who oversees TRP, SPOT and ABIOS, said TRP programs are tailored to each client's rehabilitation goals. For example, over a four to eight week period a client may wish to improve their independence in daily tasks such as bathing or dressing, or regain confidence in using public transport to access the community.

In the future, TRP may explore whether transitional rehabilitation services could be based in North Queensland so that more clients may access these services closer to where they live.

Spinal Outreach Team

The Spinal Outreach Team (SPOT) supports people with a spinal cord injury following their discharge from hospital.

SPOT provides early intervention, consultancy and education services in the areas of social work, physiotherapy, occupational therapy and nursing. Services are provided through home or site visits within a 200km radius of Brisbane, and the team undertakes a regular program of regional visits throughout Queensland. The team also provides advice and education over the telephone or using multi-media such as videoconferencing.

SPOT is one of the best services of its type in Australia and is effective in preventing avoidable complications and re-admissions to hospital. SPOT also does a tremendous job in supporting local health providers, who may see someone with a spinal cord injury only once a year, by providing access to highly specialised knowledge and skills for these providers. Through comprehensive information about spinal cord injuries on the Queensland Spinal Cord Injuries Service webpage, videoconferences and face-to-face in-service sessions, SPOT has provided education to more than 6,500 people over the last decade.

Acquired Brain Injury Outreach Service

Since it was established in 1997, the Acquired Brain Injury Outreach Service (ABIOS) has seen the demand for its service grow by around 18 new clients each month. ABIOS provides direct case-management services to clients with an acquired brain injury living within a 150km radius of Brisbane, and provides training and consultation services to support clients and providers around the state. ABIOS helps each client to create a support 'team' around them, consisting of formal and informal services (often including family, friends and advocates as well as professional disability and generic services).

ABIOS has gone some way to address the needs of clients with an acquired brain injury. However, according to Dr Geraghty, there is much more to be done.

There is opportunity to improve the capacity of services across the continuum of care from acute inpatient rehabilitation beds to transitional and outpatient services. With the support provided for clients with CTP claims, there is generally a smoother transition as they are able to readily access funding to specialist services, equipment and home modifications and have their care and support needs funded.

Dr Geraghty considers that TRP, SPOT and ABIOS have provided an incredible boost to the quality and availability of rehabilitation services to people with catastrophic injuries. These services assist to improve quality of life for clients with a spinal cord or brain injury by maximising their independence and participation in work and community life.

Conclusion

The impact of road trauma can have far-reaching consequences, most significantly for the injured person and their family, but also to our society as a whole. Building upon an initial investment from the Commission, these four programs have gone a long way to improving the outcomes achieved by people following major injury.

The Commission continues to fund road safety initiatives and measures aimed at improving rehabilitation outcomes for injured people.

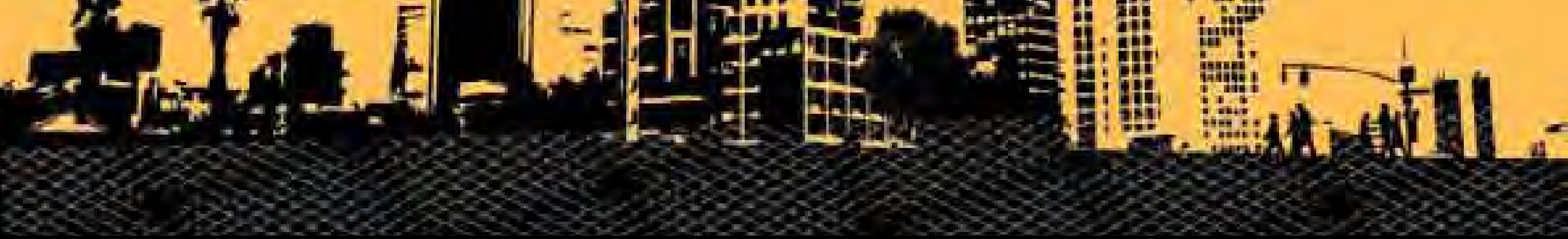
Performance review

Recent achievements – CTP scheme

- Set quarterly CTP premium bands for each class of vehicles during 2007-08 and recommended levies and administration fees for 2008-09.
- Maintained stable premiums in 2007-08 with the lowest priced Class 1 premium under $260.00.
- Continued to monitor insurers' CTP claim management practices and legislative compliance.
- Maintained links with the Australian Prudential Regulation Authority (APRA) and the State Actuary to mitigate the Queensland Government's risk of insolvency of a CTP insurer.
- Implemented innovative system improvements to the Personal Injury Register (PIR) database, delivering a significant reduction in processing time for uploading data.
- Developed an online data quality audit tool to assist with data audit processes.
- Undertook significant systems changes to ensure a seamless transition to the Abbreviated Injury Scale (AIS) 2005 injury coding classification system.
- Delivered AIS 2005 injury coding classification system accredited training to insurers.
- Developed and implemented an online facility to allow nomination change of CTP insurer mid-term via the Queensland Transport website.
- Facilitated a focus group attended by CTP insurers and rehabilitation providers looking at the provision of services to claimants with major injuries.
- Published extensive six-monthly scheme statistics on the Commission's website.
- Operated a CTP telephone helpline and premium line service with an average of 123 calls per week.
- Received 108,660 visits to the Commission's website at an average of 9,055 visits per month. The CTP premium calculator was used in 80 per cent of these visits.
- Expended $4.8 million on funding for road safety, injury prevention and rehabilitation.

Recent achievements – Nominal Defendant

- Outstanding claims liabilities for the Nominal Defendant (excluding FAI run-off claims) as at 30 June 2008 decreased by $16.3 million to an estimated total of $144.4 million relative to the same time last year. Similarly, the open (managed) claims decreased by 133 to a total of 605.
- Outstanding claims liabilities for FAI run-off as at 30 June 2008 decreased by $7.6 million to an estimated total of $44.5 million relative to the same time last year. The number of managed and non-managed claims outstanding also decreased by 53 claims to a total of 211 claims. Of these claims, over 17 per cent have an estimate in excess of $0.5 million which represent serious and complex injuries.
- Finalised 480 Nominal Defendant claims during the year.
- Finalised 61 FAI run-off claims during the year.
- Recoveries action was concluded on a total of 130 claim files during the year. Total collection for the year increased by approximately $200,000 to a total of $528,314. Recovery action continues on a further 319 files.



- Received $57.058 million from HIH Liquidators representing a total of 39 cents in the dollar interim dividends for agreed claims as at 30 September 2007. Total dividends received to 30 June 2008 amount to $150.758 million.

- Amounts of $244,279 and $61,794.86 were received from Copenhagen Reinsurance and Hudson Reinsurance Company Limited respectively as reinsurance commutations. These amounts represented their respective quota share protection for specified reinsurance contracts entered into with various HIH licensed insurers controlled by the Australian liquidators.

- Repaid to Queensland Treasury a further $61,452,550 in accordance with the Deed of Indemnity Agreement (the agreement with Treasury to cover the cost of outstanding HIH claims liabilities). The total amount owing as at 30 June 2008 is $29,418,424.

- In conjunction with the State Actuary, conducted an annual review of outstanding claim liabilities.

- Reviewed the Nominal Defendant levy with a small reduction to $17.30 per Class 1 policy (including the $5.00 HIH component) effective from 1 July 2008.

Grants funding highlights

The majority of the Commission's research funding budget is invested in the ongoing activities of the Centre of National Research on Disability and Rehabilitation Medicine (CONROD) and the Centre for Accident Research and Road Safety Queensland (CARRS-Q).

With both Centres now operational for more than a decade, benefits are being realised in terms of the quality, diversity and impact of the research being undertaken.

For CONROD, with its focus on mitigating the effects of injuries for those involved in motor vehicle accidents, there has been a number of highlights in the past 12 months including the following:

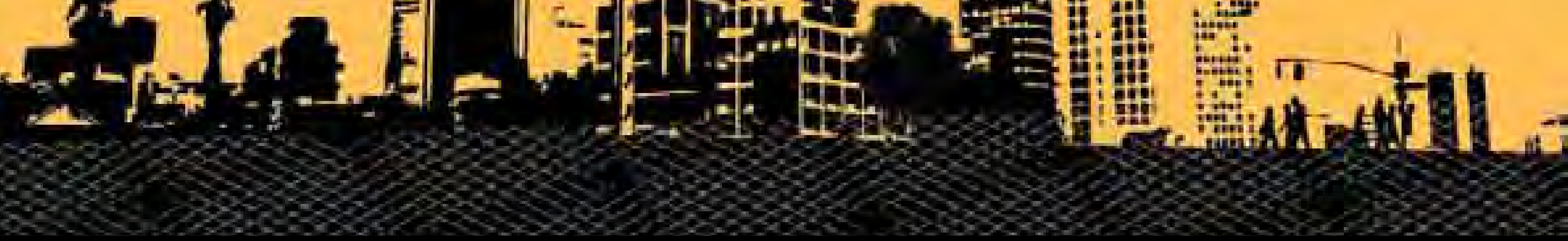
- Launching a new consumer-focused website on whiplash in March 2008. This website was developed by CONROD in partnership with the Centre of Clinical Research Excellence in Spinal Pain, Injury and Health (CCRE Spine). The website provides evidence-based information to consumers about whiplash and its management, including a definition of whiplash, a guide to symptoms and severity grading and guidelines for direct comparisons of possible treatments. The website can be located at www.som.uq.edu.au/whiplash
- A new children's website and associated pamphlet have been successfully launched to assist children (and their parents) in coping with the anxiety and stress of being injured in an accident. The website can be located at www.experiment.psy.uq.edu.au/safety
- CONROD has secured funding for a further three years to manage the Queensland Trauma Registry following an independent review of its operations. The Registry will continue to be co-funded by the Commission and Queensland Health.
- Publication of articles on a diverse range of topics relating to rehabilitation following motor vehicle accidents including predictors of outcomes in injured people, traumatic injury and post traumatic stress disorder, return to work outcomes and physical and psychological adjustment following injury.

The Commission's investment in CARRS-Q has allowed this Centre to continue its internationally recognised research and educational activities in relation to road safety and injury prevention including:

- Evaluating the effectiveness of recently implemented Queensland road safety initiatives including the Graduated Licensing Scheme and Random Roadside Drug testing. This review will inform the ongoing development of these initiatives.
- Acquiring a $750,000 advanced driving simulator to be based at the Queensland University of Technology and used to study human behaviour in different road conditions. The simulator will enable data collection that would otherwise be costly, difficult and often unsafe to obtain under real driving conditions.
- Releasing the final report for the Rural and Remote Road Safety Study. This study commenced in 2003 in partnership with James Cook University and through the support of several government and corporate sponsors. The study has investigated the incidence and impact of road crashes in rural and remote Queensland. A series of major recommendations has recently been released in conjunction with the final report and the Centre is currently engaging with key stakeholders to advance awareness of the issues raised and to consider options for their solution.

The Commission has also provided support for a number of other initiatives including:

- A pilot project trialing the use of stimulants in children with traumatic brain injury using a 'n-of-1' randomised trial. The project has the potential to have a major influence on the future of paediatric rehabilitation programs. The University of Queensland is conducting the trial in partnership



with the Queensland Paediatric Rehabilitation Service and the Royal Children's Hospital Foundation.

- Funding to Queensland Transport for targeted road safety initiatives occurring over the next three years. These include improving motorbike safety, evaluation of the graduated licensing program, and identifying key elements of unregistered vehicles and unlicensed driving.

- A project to scope and design future data collection methods and to manage the implementation of a more coordinated approach to data collection to inform injury prevention and management in Queensland. This project arose out of the Queensland Trauma Plan where it was identified that the current collection of injury data was fragmented with limited coordination between the various data-collecting agencies. The project is being led by the Australian Centre for Pre-hospital Research based within the Queensland Ambulance Service.

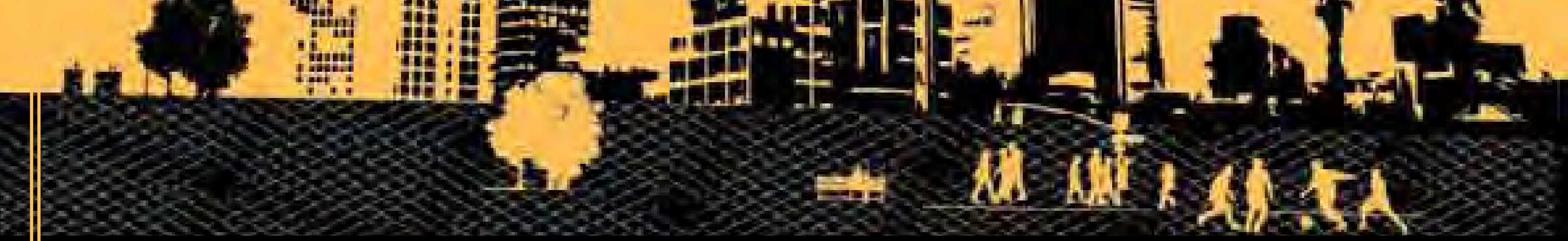
The Commission continued to sponsor activities to promote community awareness and provide training and networking opportunities for health practitioners in the last year including:

- Support for the Spinal Education Awareness Team program coordinated by the Spinal Injuries Association. This program trains volunteer presenters, all of whom have sustained a spinal cord injury, to deliver information sessions to schools across Queensland to promote safety and injury prevention strategies.

- Sponsorship of two community service announcements from the Spinal Injuries Association broadcast on radio, commercial and community television.

- Sponsorship of an Australian Physiotherapy Association award to acknowledge and promote excellence in physiotherapy. Physiotherapists contribute significantly to the rehabilitation of those injured or requiring ongoing management as a result of involvement in motor vehicle accidents.

- Coordinating training for medical practitioners in the use of the American Medical Association Guides to the Evaluation of Permanent Impairment (AMA5).



Our people

Vicky Kostrik

The Motor Accident Insurance Commission acknowledges the commitment and efforts of its people who contribute to the overall performance of the Commission and the Nominal Defendant.

As highlighted in the Commissioner's report, there was a significant focus on staff development during the year.

In partnership with the Australian and New Zealand Institute of Insurance and Finance (ANZIIF), the Commission delivered professional insurance-based training to key staff members. This covered a range of general topics including reinsurance, risk management and commercial insurance fundamentals. These modules have met with much acclaim from attendees who have improved their understanding and knowledge of insurance.

It is anticipated that ANZIIF will in the near future deliver more specific training to staff members as part of our in-service training program. ANZIIF also provides more formally recognised industry training and the Commission continues to actively support staff members who are participating in those programs.

The Commission's in-service training program has also provided key staff with personal injury claim management training. This training is aimed at staff members who are involved in processing claims and is designed to enhance their techniques and knowledge of relevant legislation.

In addition to these training initiatives, the Commission has established a program for on-the-job development which has enabled staff to develop their expertise and broaden their knowledge in a supportive environment.

This process, along with the training and development initiatives outlined above, has ensured that the knowledge and skills of our staff remain up to date and inline with contemporary insurance industry trends and claim management practice.

The Commission would like to acknowledge the contribution of the officers who left during the year, notably the contribution of Tulia Koroivawai-Gauna and Kellie Phie who provided finance support to the Commission for a significant number of years.

Ashur Merza

Sandra Clifton

Vicki Vanderent and Fanny Lau

Ian Evans and Paul Taylor

Strategic plan

Output description

The Motor Accident Insurance Commission is responsible for the ongoing management and improvement of the Queensland Compulsory Third Party (CTP) insurance scheme and the Nominal Defendant Fund under the *Motor Accident Insurance Act 1994* (the Act).

The Commission comprises the following business units:

CTP Scheme Regulation
This area is responsible for regulating the Queensland CTP Scheme and comprises the Systems and Operations Unit and the Policy and Strategy Unit.

Nominal Defendant
The Nominal Defendant acts as a CTP insurer under the Act where damages are claimed for personal injury arising from the liability of unidentified and/or uninsured motor vehicles. In addition, the Nominal Defendant in the event of insolvency of a CTP insurer has a legislative role to meet the cost of claims against the insurer.

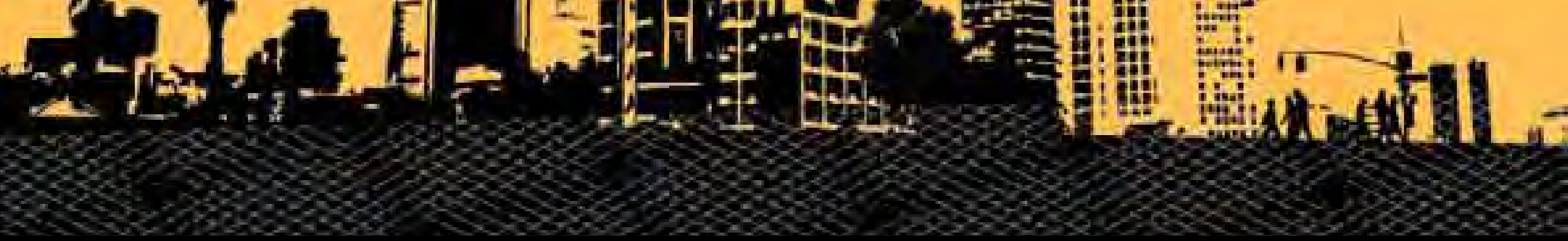
Corporate Governance
Provides an administrative support function to the Commission and the Nominal Defendant.

Future developments and key focus areas for the Commission

- Continuing data collection, processing and reporting enhancements to the Personal Injury Register System
- Maintaining processes to strengthen the Commission's relationship with APRA in the areas of prudential supervision and risk management
- Improving planning, key performance indicator monitoring and performance management processes for staff
- Continuing to refine grants management and assessment systems so that fund activities are targeted and prioritised for the CTP scheme
- Continuing to build and achieve effective stakeholder relationships with insurers, CTP claimants, legal representatives and medical and allied health providers
- Ongoing management of outstanding CTP claims following the insolvency of FAI and managing the proof-of-debt process
- Enhancing the performance management framework for monitoring and evaluating providers of legal services to the Nominal Defendant
- Investigating the feasibility of transitioning the Nominal Defendant files to a file imaging system

Key result areas and supporting goals to achieve these include:

- Repositioning the Commission's service areas and streamlining its functions to better align business architecture and gain efficiencies through integration of alike functions
  - Investigating the feasibility of resource sharing and streamlining service areas
- Strengthening the internal governance processes and structure for the Commission
  - Further embedding the newly established Executive Management Group and Project Control Board bodies of management with a stronger executive role including reporting, reviewing and challenging



- – Maintaining a high standard of support to Treasury/Minister (including cross-agency collaboration) on CTP related matters

- Developing and fine-tuning workforce and administrative capability to more effectively address emerging and future needs
  - – Review operations for systems and cost efficiencies

- Providing a viable and equitable personal injury Motor Accident Insurance Scheme
  - – Ensuring statutory obligations are met in accordance with the legislation
  - – Monitoring trends in other jurisdictions
  - – Improving the performance of the Nominal Defendant operation
  - – Reviewing regulatory activities to ensure system delivery cost efficiencies
  - – Developing stronger relationships with stakeholders to deliver improved outcomes for motorists

Funding and levies

The Motor Accident Insurance Commission is funded by a statutory insurance scheme levy as part of the CTP premium. From 1 July 2007 the levy remained unchanged from the previous year at $1.60 per vehicle. For the year 2007-08 the levy produced income of $5.45 million. The Commission also has available the interest earned on investment of the Motor Accident Insurance Fund and revenue from compliance fines. These amounts, combined with any surplus after operating expenses, help fund the Commission's research initiatives. Given the broader funding initiatives ahead, the statutory insurance scheme levy will increase to $1.70 per policy from 1 July 2008.

The Nominal Defendant is funded by a levy on the CTP premium that varies by vehicle class. The levy is set in relation to an actuarial assessment of claim trends. From 1 July 2007, for Class 1 vehicles the levy was reduced to $17.85 and during the reporting period remained at this level. For the 2007-08 year income from the levy totalled $59.83 million. The Nominal Defendant levy from 1 July 2008 further reduces to $17.30 for Class 1 vehicles and reflects the trends in the claims environment.

With the insolvency of FAI General Insurance Company Ltd on 15 March 2001, the Nominal Defendant assumed responsibility for outstanding claims against FAI policies. The Nominal Defendant levy has included $5 from 1 October 2001 to assist with the funding of these CTP liabilities. Income from this component was $16.024 million over the reporting period (included in the total Nominal Defendant collection).

The Act provides for an administration fee to be paid to Queensland Transport for delivering services in the administration of the statutory insurance scheme. From 1 July 2007 the fee remained at $7.60 per policy. For the reporting period 2007-08 an amount of $29.76 million was collected by Queensland Transport. The administration fee from 1 July 2008 will remain unchanged at $7.60.

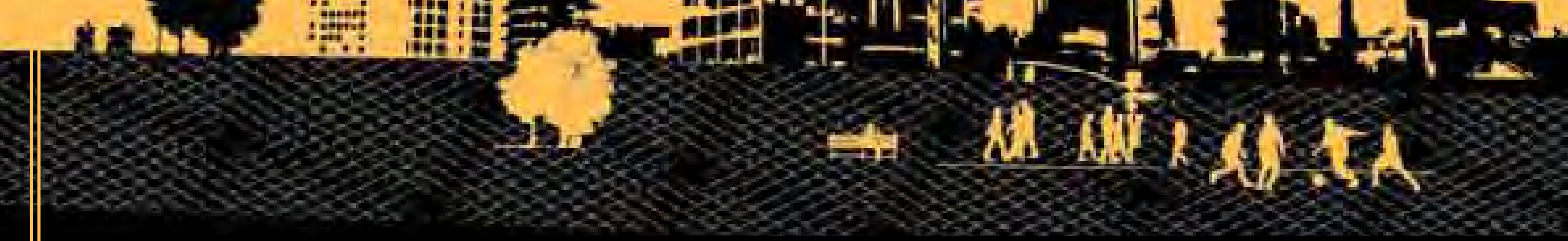
The Hospital and Emergency Services levy is designed to cover a reasonable proportion of the estimated cost of providing public hospital and public emergency services to people who are injured in motor vehicle accidents, and who use such services and who are claimants or potential claimants under the CTP scheme. The levy amount calculated varies by vehicle class. For the reporting period commencing 1 July 2007, the Class 1 levy was an annual $10.95 per policy. The collected income from the levy for the financial year was $36.98 million of which $25.56 million was allocated to Queensland Health and $11.42 million to the Department of Emergency Services. As of 1 July 2008, the Hospital and Emergency Services levy will increase to $12.40 for Class 1 vehicles.

Corporate governance

The operations of the Motor Accident Insurance Commission are governed by the *Motor Accident Insurance Act 1994*. Under this legislation the Insurance Commissioner, in the Commissioner's official capacity, constitutes the Commission. The Insurance Commissioner is also the Nominal Defendant and is appointed under the *Public Service Act 1996* with responsibility for the administration of the *Motor Accident Insurance Act 1994*, the Motor Accident Insurance Fund and the Nominal Defendant Fund.

The Insurance Commissioner reports to the State Parliament through the Treasurer and prepares an annual report required by the *Financial Administration and Audit Act 1977* and under section 19 of the *Motor Accident Insurance Act 1994*. Regular status reports on the Commission's operations are also provided to the Under Treasurer.

The Commission operates within a framework of policies and procedures established by the Queensland Government, including the requirements of the *Financial Administration and Audit Act 1977*.



Internal audit

The Shared Services Agency provides internal audit services to the Motor Accident Insurance Commission. When working with the Commission and the Nominal Defendant, the internal audit's aim is to assess financial and administrative control systems and to seek to improve the organisation's management of, and accountability for, the use of resources. It also aims to address, at a strategic level, key risk areas and corporate governance issues.

The results of all internal audits are reported to the Under Treasurer and include opinions regarding the adequacy and effectiveness of financial, operational, administrative and computer controls. Additionally, recommendations may be made for strengthening and enhancing controls if any weaknesses or breakdowns are evident.

Statistical information
2007–08

Major legislative changes impacting on the Queensland CTP Scheme

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

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

The majority of the data represented in the statistical section is based on accidents from 2 December 2002 to 30 June 2008. Further data is available on the Commission's website.

Insured vehicles by class
(Registrations as at 30 June 2008)

Class	Description	Vehicles	%
1	Cars and station wagons	2,298,390	69.14%
2	Motorised homes	10,057	0.30%
3	Taxis	2,654	0.08%
4	Hire vehicles	34,222	1.03%
5	Vintage, veteran, historic or street rods	13,157	0.40%
6	Trucks, utilities and vans with a GVM of 4.5t or less	607,253	18.27%
7	Trucks, prime movers and vans with a GVM › 4.5t	68,604	2.06%
8	Non-commercial buses	5,436	0.16%
9	Buses for school/health use	3,584	0.11%
10A	Buses not in class 8, 9 or 10B but used within 350km of base	2,580	0.08%
10B	Buses under Translink service contract other than school or restricted school service	1,619	0.05%
11	Buses not in class 8, 9, 10A or 10B	5,752	0.17%
12	Motorcycles with driver only	50,245	1.51%
13	Motorcycles with pillion passenger or side car	94,198	2.83%
14	Tractors	24,200	0.73%
15	Self-propelled machinery, fire engines	8,865	0.27%
16	Ambulances	863	0.03%
17	Motor vehicles used only for primary production	40,378	1.21%
19	Limited access registration	29,427	0.89%
20	Zone access registration	9,439	0.28%
21	Self-propelled machinery not in classes 14, 15, 19 or 20	6,719	0.20%
23	Dealer plates	5,306	0.16%
24	Trailers	1,537	0.05%
Total		**3,324,485**	**100.00%**

Premium levy and fee collection
(1 July 2007 to 30 June 2008)

Description	$ ('000)
Total insurance premiums collected*	993,798
Nominal Defendant levy	-59,834
Statutory insurance scheme levy	-5,454
Hospital and emergency services levy^	-36,979
Administration fee (Transport fee)	-29,762
Insurers premiums#	861,769

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

	$('000)
Hospital	-25,562
Emergency	-11,417
	-36,979

Statistical information 2007–08

Affordability index vs highest filed Class 1 CTP premium

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

Average Class 1 filed premium

Insurer	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
AAMI	$339.75	$357.00	$322.80	$301.45	$290.95	$272.00
Allianz	$339.75	$357.00	$326.05	$303.95	$292.20	$270.50
NRMA	$339.75	$357.00	$320.80	$299.70	$281.90	$259.30
QBE	$334.25	$353.25	$325.10	$301.78	$281.80	$263.80
RACQI	$339.50	$357.00	$330.05	$305.70	$295.70	$272.00
Suncorp	$337.50	$355.75	$324.30	$303.70	$292.20	$272.00

Note: Average Class 1 filed premiums include levies.

Claim and accident frequency

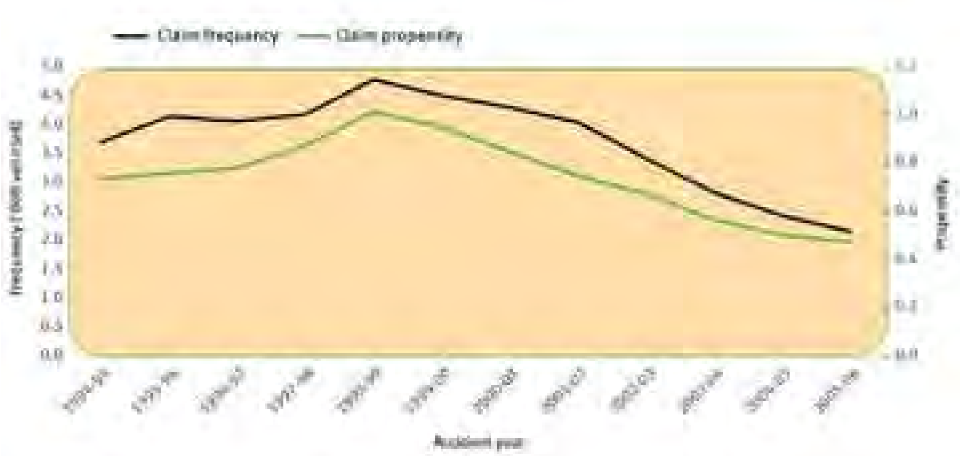
(Accidents from 1 September 1994 to 30 June 2008)

Accident Year	Registered Vehicles at 30 June 2008	Claims	Claim Frequency^	Accidents*	Claim Propensity#
1994-95	1,924,108	7,073	3.7	5,456	0.7
1995-96	2,144,564	8,842	4.1	6,769	0.8
1996-97	2,194,471	8,873	4.0	6,780	0.8
1997-98	2,264,086	9,427	4.2	7,094	0.9
1998-99	2,343,820	11,163	4.8	8,126	1.0
1999-00	2,390,744	10,732	4.5	7,987	0.9
2000-01	2,452,849	10,494	4.3	8,018	0.8
2001-02	2,529,256	10,181	4.0	7,982	0.7
2002-03	2,629,702	8,929	3.4	7,033	0.7
2003-04	2,758,280	7,730	2.8	6,265	0.6
2004-05	2,893,849	6,961	2.4	5,697	0.5
2005-06	3,026,987	6,445	2.1	5,343	0.5
2006-07	3,176,383	6,041		5,046	
2007-08	3,324,485	3,942		3,308	

Note: *Accidents resulting in CTP claims
#Claim propensity is measured as the ratio of claims against the number of overall casualties (casualty severity classification 1 to 3) recorded in Queensland as per the Webcrash statistics, provided by Queensland Transport on 14 August 2008. Casualty data is immature for the recent accident years and is not included.
^Claim Frequency is calculated using number of CTP claims per '000 registered vehicles.

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

Claim frequency and claim propensity



Statistical information 2007–08

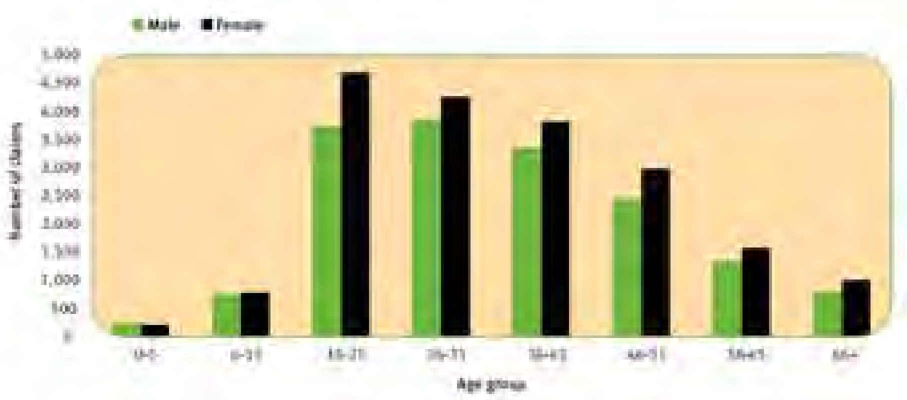
Number of accidents by region
(Accidents from 2 December 2002 to 30 June 2008)

Accident date	2 Dec 2002 – 30 June 2003		1 July 2003 – 30 June 2004		1 July 2004 – 30 June 2005		1 July 2005 – 30 June 2006		1 July 2006 – 30 June 2007		1 July2007 – 30 June 2008	
	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%
Brisbane	2,054	52.1%	3,281	52.5%	2,869	50.4%	2,739	51.3%	2,550	50.5%	1,622	49.0%
Other SE QLD region	1,165	29.6%	1,802	28.8%	1,663	29.2%	1,511	28.3%	1,497	29.7%	1,052	31.8%
Regional QLD region	571	14.5%	947	15.1%	949	16.7%	865	16.2%	812	16.1%	495	15.0%
Interstate	149	3.8%	224	3.6%	214	3.8%	222	4.2%	187	3.7%	138	4.2%
Total	**3,939**	**100.0%**	**6,254**	**100.0%**	**5,695**	**100.0%**	**5,337**	**100.0%**	**5,046**	**100.0%**	**3,307**	**100.0%**

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

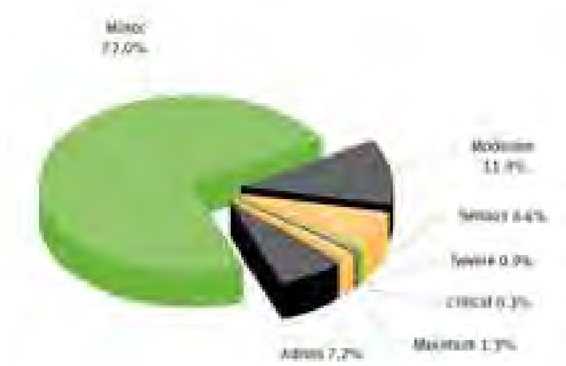
Age group of claimants by gender
(All claims for accidents from 2 December 2002 to 30 June 2008 where relevant details are available)

Age group	Male	Female	Total	%
0-5	253	229	482	1.3%
6-15	759	793	1,552	4.3%
16-25	3,756	4,706	8,462	23.5%
26-35	3,855	4,273	8,128	22.5%
36-45	3,377	3,825	7,202	20.0%
46-55	2,458	2,995	5,453	15.1%
56-65	1,353	1,586	2,939	8.2%
66+	813	1,022	1,835	5.1%
Total	**16,624**	**19,429**	**36,053**	**100.0%**



Claim severity
(Finalised claims for accidents from 2 December 2002 to 30 June 2008)

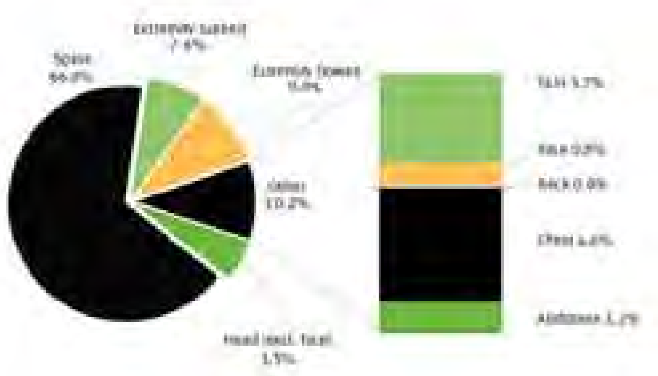
AIS severity*	Description	Claims	%
1	Minor	16,997	72.0%
2	Moderate	2,802	11.9%
3	Serious	1,505	6.4%
4	Severe	220	0.9%
5	Critical	75	0.3%
6	Maximum#	314	1.3%
9	Admin^	1,702	7.2%
	Total	**23,615**	**100.0%**



Note: *The Abbreviated Injury Scale, 1985 edition (AIS 85) 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.
#Maximum severity is predominately fatalities
^Admin severity includes but is not limited to unconfirmed injuries, nervous shock and business claims.

Injury by body region
(Finalised claims for accidents from 2 December 2002 to 30 June 2008)

Body region	Claims	%
Skin	801	3.7%
Head (excl. face)	1,192	5.5%
Face	167	0.8%
Neck*	6	0.0%
Chest	992	4.6%
Abdomen	253	1.2%
Spine	14,494	66.8%
Extremity (upper)	1,641	7.6%
Extremity (lower)	2,143	9.9%
Total	**21,689**	**100.0%**



Note: Body Regions are based on AIS 85.
Excludes claims with no injuries reported and admin codes.
*Whiplash claims based on AIS 85 are reported under 'Spine'.

Notice of claim lodgements – cumulative
(Accidents from 1 September 1994 to 30 June 2008)

	Development quarter											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12+
1994-95	1,794	3,327	5,545	6,339	6,541	6,661	6,739	6,797	6,848	6,904	6,938	7,073
1995-96	2,687	4,827	7,167	8,070	8,254	8,366	8,459	8,504	8,561	8,616	8,663	8,842
1996-97	3,257	5,509	7,473	8,042	8,248	8,365	8,430	8,508	8,582	8,641	8,715	8,873
1997-98	3,994	6,254	8,007	8,616	8,813	8,930	9,030	9,119	9,184	9,248	9,292	9,427
1998-99	5,266	7,817	9,689	10,312	10,531	10,652	10,773	10,845	10,928	10,991	11,037	11,163
1999-00	5,084	7,379	9,196	9,854	10,089	10,256	10,356	10,441	10,511	10,570	10,596	10,732
2000-01	7,001	8,652	9,544	9,878	10,069	10,183	10,251	10,306	10,348	10,383	10,413	10,494
2001-02	7,377	8,711	9,299	9,564	9,675	9,765	9,887	9,985	10,053	10,082	10,111	10,181
2002-03	6,359	7,511	8,052	8,292	8,463	8,654	8,740	8,779	8,818	8,842	8,868	8,929
2003-04	5,302	6,350	6,877	7,121	7,270	7,437	7,532	7,593	7,635	7,672	7,686	7,730
2004-05	4,679	5,608	6,066	6,208	6,283	6,364	6,525	6,670	6,811	6,883	6,918	6,961
2005-06	4,314	5,138	5,580	5,758	5,848	5,915	6,061	6,275	6,420	6,436	6,441	6,445
2006-07	4,077	4,991	5,464	5,652	5,766	5,910	6,033	6,041				
2007-08	3,284	3,723	3,906	3,942								

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

Claim status
(Accidents from 2 December 2002 to 30 June 2008)

Accident date	2 Dec 2002 – 30 June 2003			1 July 2003 – 30 June 2004			
	Claims received	Liability determined	Finalised claims	Claims received	Liability determined	Finalised claims	
AAMI	260	100.0%	93.5%	363	99.7%	94.8%	
Allianz	1,085	99.2%	92.8%	1,641	98.8%	86.6%	
Nom. Defend.	171	99.4%	88.3%	248	97.6%	85.9%	
NRMA	110	100.0%	99.1%	112	100.0%	93.8%	
QBE	182	100.0%	96.2%	294	99.7%	95.2%	
RACQI	652	97.4%	94.6%	1,043	97.7%	88.5%	
Suncorp	2,549	99.2%	94.3%	4,029	99.4%	90.7%	
Total/average	**5,009**	**99.0%**	**93.9%**	**7,730**	**99.0%**	**89.8%**	

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

Claim status breakdown

(Accidents from 2 December 2002 to 30 June 2008)

Accident date	2 Dec 2002 – 30 June 2003	1 July 2003 – 30 June 2004	1 July 2004 – 30 June 2005	1 July 2005 – 30 June 2006	1 July 2006 – 30 June 2007	1 July 2007 – 30 June 2008
Claims	5,009	7,730	6,961	6,445	6,041	3,942
% finalised	93.9%	89.8%	80.9%	61.8%	33.0%	10.1%
% legal rep	82.1%	78.0%	74.3%	71.9%	72.6%	73.8%
% litigated	5.5%	3.9%	2.3%	0.9%	0.1%	0.0%

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

	1 July 2004 – 30 June 2005			1 July 2005 – 30 June 2006			1 July 2006 – 30 June 2007			1 July 2007 – 30 June 2008		
	Claims received	Liability determined	Finalised claims	Claims received	Liability determined	Finalised claims	Claims received	Liability determined	Finalised claims	Claims received	Liability determined	Finalised claims
	383	99.7%	85.1%	396	99.7%	69.2%	380	98.9%	37.1%	231	93.9%	16.0%
	1,419	99.2%	78.9%	1,418	99.1%	59.2%	1,169	97.0%	32.7%	821	83.6%	11.4%
	199	97.5%	70.9%	170	98.8%	57.1%	206	97.6%	24.8%	155	47.1%	3.9%
	135	99.3%	91.1%	165	100.0%	77.0%	174	99.4%	38.5%	176	91.5%	13.1%
	243	97.5%	88.1%	227	97.8%	68.3%	279	96.1%	37.6%	190	66.8%	13.7%
	896	97.2%	79.5%	813	96.8%	60.8%	813	93.2%	32.7%	564	56.4%	5.9%
	3,686	99.3%	81.3%	3,256	97.0%	61.3%	3,020	94.1%	32.5%	1,805	73.6%	9.9%
	6,961	**98.9%**	**80.9%**	**6,445**	**97.8%**	**61.8%**	**6,041**	**95.2%**	**33.0%**	**3,942**	**73.8%**	**10.1%**

Statistical information 2007–08

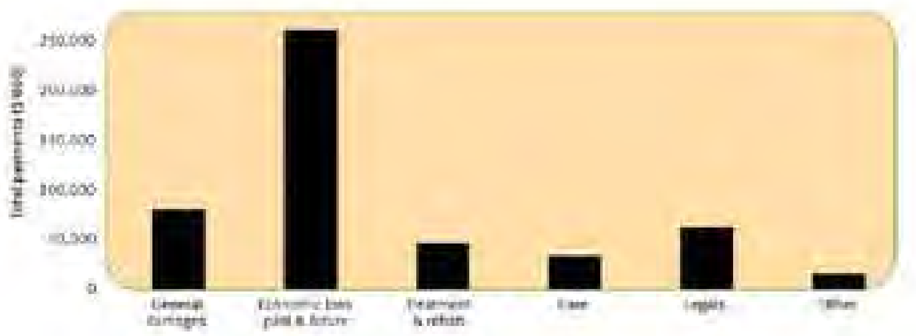
Heads of damages breakdown

(Finalised claims from 1 July 2007 to 30 June 2008 for accidents from 2 December 2002 to 30 June 2008)

	General damages	Economic loss past & future	Treatment & rehab	Care	Legals	Other*	Total#
Finalised claims (excludes nil claims)	5,804	5,123	6,859	1,135	3,974	6,174	7,440
% finalised payments	16.0%	52.1%	9.3%	6.8%	12.4%	3.2%	100.0%
Total payments ($'000)	**80,274**	**261,324**	**46,694**	**34,254**	**62,330**	**16,244**	**501,121**

Note: *'Other' includes home and vehicle modifications, aids and appliances and investigation costs.
#Recoveries are excluded from this information.

Total payments for heads of damages claims finalised in 2007–08



Claim payments by heads of damages on finalised claims

(Accidents from 2 December 2002 to 30 June 2008)

		2 Dec 2002 – 30 June 2003		1 July 2003 – 30 June 2004		1 July 2004 – 30 June 2005		1 July 2005 – 30 June 2006	
Payment type	**Code/s**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**
Aids & appliances	A1 (inc. RJ)	1,149	0.6%	835	0.3%	545	0.2%	127	0.1%
Care	C1	14,226	7.4%	18,692	6.2%	15,140	5.9%	4,906	3.7%
Economic loss – past	E1	23,853	12.4%	35,582	11.9%	30,823	12.1%	13,851	10.4%
Economic loss – future	E2	66,392	34.6%	111,419	37.2%	104,294	40.9%	58,060	43.4%
General damages	G1	37,411	19.5%	56,505	18.9%	46,796	18.4%	26,504	19.8%
Home & vehicle modifications	H1	66	0.0%	84	0.0%	196	0.1%	25	0.0%
Investigation costs	L1	6,500	3.4%	9,371	3.1%	6,462	2.5%	3,326	2.5%
Legal costs – plaintiff	L2	15,463	8.1%	24,701	8.3%	20,715	8.1%	11,243	8.4%
Legal costs – defendant	L4, L5, L6	11,548	6.0%	13,739	4.6%	6,826	2.7%	2,797	2.1%
Hospital, medical, pharmaceutical & rehabilitation	M1, R1 (ex. RJ)	18,221	9.5%	30,091	10.1%	25,214	9.9%	13,212	9.9%
Recoveries	V1, V2, V3	-3,021	-1.6%	-1,725	-0.6%	-2,070	-0.8%	-330	-0.2%
Total		**191,807**	**100.0%**	**299,293**	**100.0%**	**254,941**	**100.0%**	**133,720**	**100.0%**

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

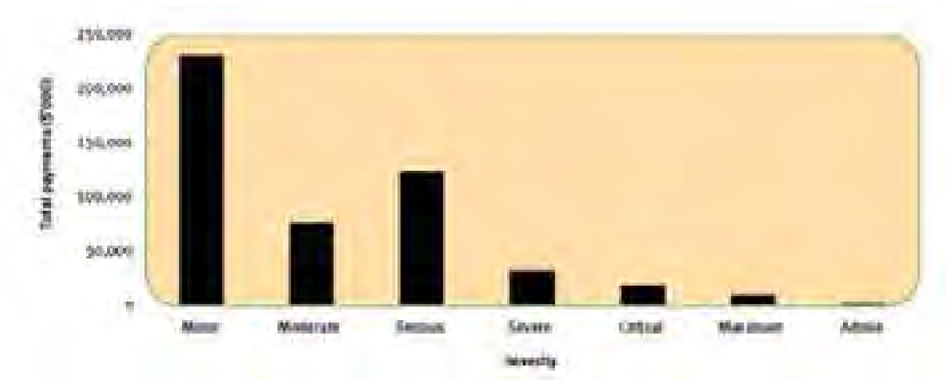
Severity costs breakdown

(Finalised claims from 1 July 2007 to 30 June 2008 for accidents from 2 December 2002 to 30 June 2008)

	AIS severity description							
	Minor	Moderate	Serious	Severe	Critical	Maximum#	Admin*	Total
Finalised claims	5,329	991	663	104	36	98	398	7,619
% total payments	46.6%	15.5%	25.0%	6.6%	3.8%	2.1%	0.4%	100.0%
Average payment ($)	43,390	77,359	186,819	312,489	525,177	105,942	5,449	46,455
Total payments ($'000)	**231,226**	**76,662**	**123,861**	**32,499**	**18,906**	**10,382**	**2,169**	**495,706**

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.
*Admin severity includes but is not limited to unconfirmed injuries, nervous shock and business claims.
#Maximum severity is predominately fatalities.
Injury severities are based on AIS 85.

Total payments by severity for claims finalised in 2007–08



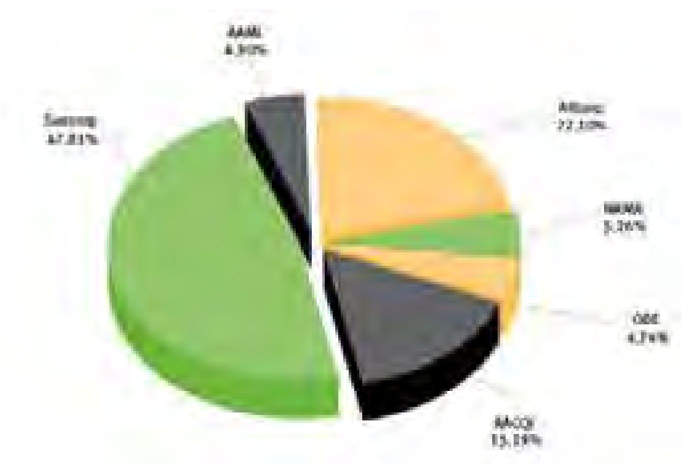
	1 July 2006 – 30 June 2007		1 July 2007 – 30 June 2008	
	Payments ($'000)	%	Payments ($'000)	%
	17	0.0%	10	0.7%
	828	2.2%	3	0.2%
	3,356	8.7%	231	15.4%
	16,882	44.0%	163	10.9%
	8,716	22.7%	701	46.8%
	0	0.0%	0	0.0%
	940	2.4%	46	3.1%
	3,137	8.2%	5	0.3%
	522	1.4%	6	0.4%
	4,078	10.6%	336	22.4%
	-78	-0.2%	-2	-0.1%
	38,398	**100.0%**	**1,499**	**100.0%**

Market share – licensed insurers

Insurer	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
AAMI	4.94%	4.65%	5.13%	5.69%	5.36%	4.90%
Allianz	22.89%	22.76%	23.24%	23.02%	22.96%	22.10%
NRMA	1.37%	1.82%	2.12%	2.47%	3.17%	5.26%
QBE	3.80%	3.60%	3.49%	3.62%	4.25%	4.74%
RACQI	12.65%	13.63%	13.22%	13.51%	14.06%	15.19%
Suncorp	54.35%	53.54%	52.80%	51.69%	50.20%	47.81%

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

Market share 2007–08



Claim duration by licensed insurer

(Finalised claims for accidents from 2 December 2002 to 30 June 2008)

	AAMI	Allianz	NRMA	QBE	RACQI	Suncorp	Average
Notification to compliance date	0.6	0.6	0.6	0.6	0.6	1.0	0.8
Compliance date to liability decision date	0.5	2.6	2.5	2.3	3.4	3.9	3.2
Liability decision date to settlement date	14.8	15.0	12.8	15.2	13.4	14.7	14.5

Note: Timeframes = average in months

Financial information

2007–08

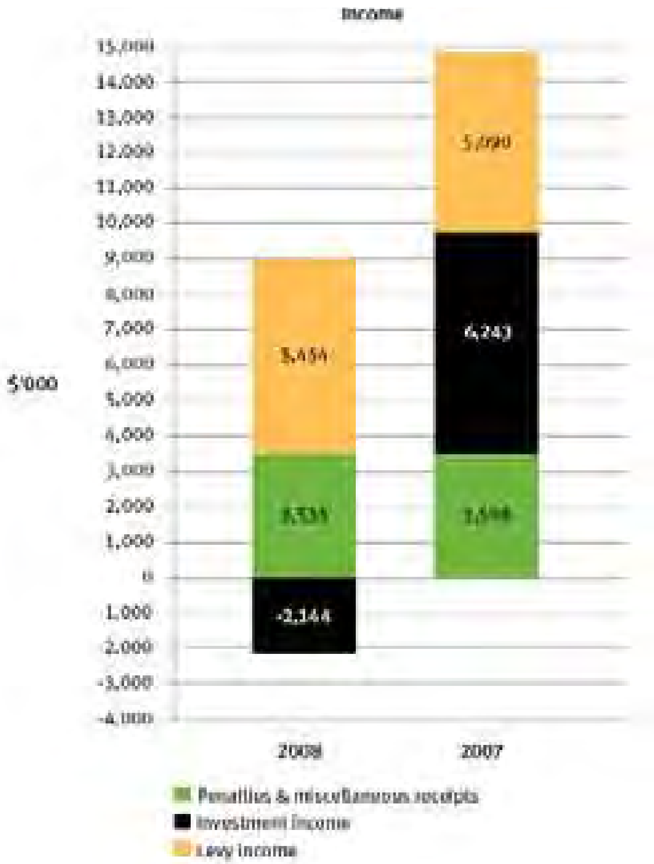
Motor Accident Insurance Commission

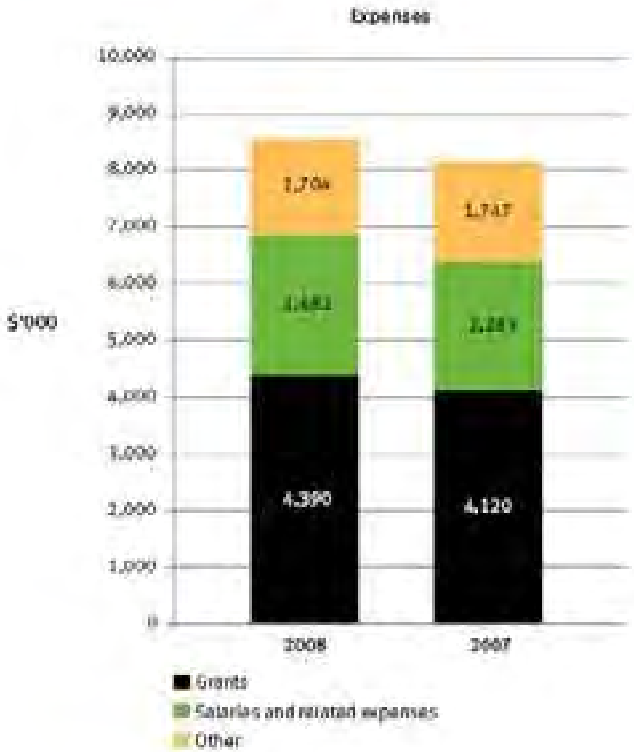
Financial summary 2007–08

In comparison to the previous year, revenue decreased from $14.84 million to $6.84 million. The Statutory Insurance Scheme levy produced $5.45 million of the total revenue and was set at a rate of $1.60 per CTP policy. Investment income from QIC investments decreased significantly from $6.24 million to negative $2.14 million for the 2007-08 year due to the downturn in the global financial markets. However, there was a slight increase in the revenue from penalty receipts.

The Commission's expenses were slightly higher than the previous year, primarily a result of an increase in grant expenditure which was $4.39 million compared to $4.12 million in the 2006-07 financial year. Details of grant funding are provided in Appendix Five.

With the negative investment returns, the resulting operating profit for the Commission for the year ended 30 June 2008 decreased to negative $1.73 million.





Motor Accident Insurance Commission
Income statement
For the year ended 30 June 2008

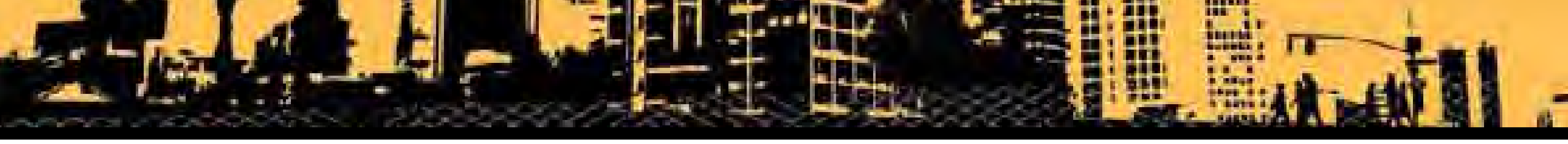
	Note	2008 $'000	2007 $'000
Revenue			
Levy income	2	5,454	5,090
Investment income	3	(2,144)	6,243
Penalties and miscellaneous receipts		3,535	3,507
Total income		**6,845**	**14,840**
Expenses			
Grants		4,390	4,120
Employee expenses	4	2,482	2,283
Depreciation and amortisation	5	80	77
Computer facilities management fee		548	367
Rent		272	198
Consultancy expenditure		243	373
Other	6	561	732
Total expenses		**8,576**	**8,150**
Operating (loss)/surplus		**(1,731)**	**6,690**

The accompanying notes form part of these financial statements.

Motor Accident Insurance Commission
Balance sheet
As at 30 June 2008

	Note	2008 $'000	2007 $'000
Current assets			
Cash assets	16(i)	1,393	2,753
Receivables	7	574	312
Other financial assets	8	30,795	31,365
Prepayments		4	33
Total current assets		**32,766**	**34,463**
Non-current assets			
Receivables	7	500	500
Other financial assets	8	10,500	10,500
Property, plant and equipment	9	29	31
Intangibles	10	140	194
Total non-current assets		**11,169**	**11,225**
Total assets		**43,935**	**45,688**
Current liabilities			
Payables	11	309	345
Accrued employee benefits	12	249	213
Total current liabilities		**558**	**558**
Non-current liabilities			
Accrued employee benefits	12	45	43
Total non-current liabilities		**45**	**43**
Total liabilities		**603**	**601**
Net assets		**43,332**	**45,087**
Equity			
Reserves	13	15,875	15,875
Retained surpluses		27,457	29,212
Total equity		**43,332**	**45,087**

The accompanying notes form part of these financial statements.



Motor Accident Insurance Commission
Statement of changes in equity
For the year ended 30 June 2008

	Retained Surpluses		Reserves (Note 13)		Contributed Equity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Balance 1 July 2007	29,212	23,130	15,875	15,300	45,087	38,430
Operating Surplus	(1,731)	6,690	-	-	(1,731)	6,690
Transfer to Reserves						
- Accident Prevention Initiatives	(1,785)	(2,600)	1,785	2,600	-	-
- Rehabilitation Initiatives	(2,605)	(2,429)	2,605	2,429	-	-
Transfer from Reserves						
- Accident Prevention Initiatives	2,210	2,276	(2,210)	(2,276)	-	-
- Rehabilitation Initiatives	2,180	2,178	(2,180)	(2,178)	-	-
Net leave liabilities transferred from other business units	(24)	(33)	-	-	(24)	(33)
Balance 30 June 2008	**27,457**	**29,212**	**15,875**	**15,875**	**43,332**	**45,087**

The accompanying notes form part of these financial statements.

Motor Accident Insurance Commission
Cash flow statement
For the year ended 30 June 2008

	Note	2008 $'000	2007 $'000
Cash flows from operating activities			
Inflows:			
Levy income		5,454	5,090
Investment income		461	6,193
Penalties and miscellaneous receipts		3,756	3,519
GST input taxes recovered from ATO		(221)	874
Outflows:			
Grants		(4,390)	(4,120)
Employee expenses		(2,469)	(2,307)
Computer facilities management fees		(586)	(367)
Other		(1,045)	(1,883)
Realised losses on QIC investments		(2,866)	-
Net cash provided by operating activities	**16(ii)**	**(1,906)**	**6,999**
Cash flows from investing activities			
Outflows:			
Purchase of property, plant and equipment		(24)	-
Net cash used in investing activities		**(24)**	**-**
Net (decrease)/increase in cash held		**(1,930)**	**6,999**
Cash at beginning of financial year		44,618	37,619
Cash at end of financial year	**16(i)**	**42,688**	**44,618**

The accompanying notes form part of these financial statements.

Note 1 Summary of significant accounting policies

(a) Reporting entity

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

(b) Basis of accounting

These financial statements have been prepared as general purpose financial statements in accordance with the requirements of Australian Equivalents to International Financial Reporting Standards (AEIFRS) where appropriate. They have also been prepared in accordance with the *Financial Administration and Audit Act (1977)*, *Financial Management Standard (1997)* and Australian Accounting Standards (including the Australian Accounting Interpretations).

The financial statements have been prepared on a historical cost basis, except for investment securities which are shown at net market value.

(c) 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 made for impairment. All known bad debts were written-off as at 30 June.

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

(d) 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. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(e) Property, plant and equipment

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

Plant & equipment	$5,000
Intangibles	$100,000

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

Motor Accident Insurance Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 1 Summary of significant accounting policies (continued)

(f) Valuations of non-current physical and intangible assets

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

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

(g) Intangibles

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

It has been determined that there is not an active market for any of the Commission's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally generated software

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

(h) Amortisation and depreciation of intangibles and property, plant and equipment

Amortisation and depreciation is calculated on a straight-line basis, to write off the net cost of each depreciable asset, progressively over its estimated useful life.

Software under development is not amortised until it has been fully developed and utilised.

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

Class	Rate %
Plant and Equipment	20 – 25
Intangibles	20

(i) Impairment of non-current assets

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

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

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

When 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 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, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

Note 1 Summary of significant accounting policies (continued)

(j) Other financial assets

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

(k) Payables

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

(l) Employee benefits

Wages, salaries, recreation leave and sick leave
Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement. 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. Employer superannuation contributions and long service leave levies are regarded as employee benefits.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and recognised at their present value, calculated using the 1 year Commonwealth Government bond rate.

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

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

Long service leave
Under the Queensland Government's long service leave scheme, a levy is made on the Nominal Defendant to cover this cost. 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 as and when leave is taken.

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 the financial report prepared pursuant to AAS 31 – *Financial Reporting by Governments*.

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

Therefore, no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 – *Financial Reporting by Governments*.

Motor Accident Insurance Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 1 Summary of significant accounting policies (continued)

(l) Employee benefits (continued)

Executive remuneration
The executive remuneration disclosures in the employee expenses note (note 4) in the financial statements include:

- the aggregate remuneration of all senior executives whose remuneration for the financial year is $100,000 or more, and
- the number of senior executives, whose total remuneration for the financial year falls within each successive $20,000 band, commencing at $100,000.

The remuneration disclosed is all remuneration received or receivable, directly or indirectly, from the Commission or any related party in connection with the management of the affairs of the Commission, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries
- accrued leave (that is, the increase/decrease in the amount of annual leave owed to an executive, inclusive of any increase in the value of annual leave balances as a result of salary rate increases or the like)
- accrued superannuation contributions (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June 2008)
- Fringe benefits tax including motor vehicles and any other taxable allowances.

The remuneration disclosed does not include long service leave entitlements.

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

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

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

(m) Reserves

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

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

(n) Contingent assets

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

Under section 33(6) and 33(7) of the *Motor Accident Insurance Act 1994*, should circumstances give rise to a recovery from the liquidation of FAI General Insurance Company Limited, or recovery from another party, the Treasurer may, by written notice to the Nominal Defendant, direct it to return funds of an amount, not exceeding $57,818,000 to the Motor Accident Insurance Fund.

Note 1 Summary of significant accounting policies (continued)

(o) Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(p) 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 Queensland Department of Transport to the Commission, upon receipt of monies from motorists.

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

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

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

(q) Insurance

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

(r) Issuance of financial statements

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

(s) Judgement and assumptions

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

(t) Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero.

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

Motor Accident Insurance Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 1 Summary of significant accounting policies (continued)

(u) New and revised accounting standards

No Australian accounting standards and interpretation issued or amended and applicable for the first time in the 2007-08 financial year have an effect on the Motor Accident Insurance Commission (the Commission). Also, the Commission has not voluntarily changed any of its accounting policies.

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

At the date of authorisation of the financial report, a number of new or amended Australian Accounting Standards with future commencement dates will have a significant impact on the Commission. Details of such impacts are set out below.

AASB 1004 *Contributions* have been revised, and will affect the Commission as from 2008-09. One implication arising from this revised standard will be that – to the extent that no cash consideration is provided/received – transfers of accrued employee benefits between the Commission and other Queensland Government agencies will need to be recognised as either income or expense in the Commission's Income Statement, instead of being adjusted directly against Contributed Equity (refer to the Statement of Changes in Equity). If the revised AASB 1004 applied to the Commission during 2007-08, the 2007-08 operating surplus would have decreased by approximately $23,954 due to accrued employee benefits for new Commission's employees.

AASB 101 *Presentation of Financial Statements* has been revised, but such revisions will not impact on the Commission until 2009-10. This revised standard does not have measurement or recognition implications. Instead, there will be significant changes to the presentation of the Commission's overall financial performance and position, particularly the content of the Statement of Changes in Equity, and preparation of a new Statement of Comprehensive Income.

All other Australian Accounting Standards and interpretations with future commencement dates are either not applicable to Commission, or have no material impact on the Commission.

		2008 $'000	2007 $'000
Note 2	**Levy income**		
	Levies comprise amounts required to by paid by licensed CTP insurers on gross insurance premiums		
	Statutory Insurance Scheme Levy	**5,454**	**5,090**
Note 3	**Investment income**		
	Distributions received from and changes in net market values of Queensland Investment Corporation investments	(2,594)	5,928
	Interest received from funds held by Queensland Treasury	450	315
	Total	**(2,144)**	**6,243**

		2008 $'000	2007 $'000
Note 4	**Employee expenses**		
	Employee benefits		
	Wages and salaries	1,822	1,701
	Employer superannuation contributions*	248	221
	Long service leave levy*	29	31
	Recreation leave expense	174	146
	Employee related expenses		
	Worker's compensation premium*	8	3
	Payroll tax*	107	101
	Other employee related expenses	94	80
	Total	**2,482**	**2,283**

*Cost of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses. Employer superannuation contributions and the long service leave levy are regarded as employee benefits.

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

	2008	2007
Number of employees:	20.2	28.43

Executive remuneration

The number of senior executives who received or were due to receive total remuneration of $100,000 or more:

	2008	2007
$100,000 to $119,999	1	1
The total remuneration of executives shown above** ($'000).	100	106

**The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This remuneration received does not include remuneration in connection with the management of Nominal Defendant.

	2008	2007
The total separation and redundancy/termination benefit payments during the year to executives shown above ($'000).	-	5

		2008	2007
Note 5	**Depreciation and amortisation**		
	Plant and equipment	26	23
	Intangibles	54	54
	Total	**80**	**77**

Motor Accident Insurance Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2008

		2008 $'000	2007 $'000
Note 6	**Other expenses**		
	Administration fees	185	175
	Legal and barrister fees	13	53
	Insurance premiums - QGIF	29	26
	Audit fees	18	16
	Other	316	462
	Total	**561**	**732**

Total external audit fees relating to the 2007-08 financial year are estimated to be $16,250 (2007-08: $16,000)

		2008 $'000	2007 $'000
Note 7	**Receivables**		
	Current		
	Accrued investment income	232	94
	Penalties receivable	90	93
	Other receivables	252	125
	Total	**574**	**312**
	Non-current		
	Loan receivable	500	500
	Total	**500**	**500**
Note 8	**Other financial assets**		
	Current		
	Queensland Investment Corporation	30,795	31,365
	Non-current		
	Queensland Investment Corporation	10,500	10,500
	Total	**41,295**	**41,865**
Note 9	**Property, plant and equipment**		
	Plant and equipment:		
	At cost	208	196
	Less: Accumulated depreciation	(179)	(165)
	Total	**29**	**31**

		2008 $'000	2007 $'000
Note 9	**Property, plant and equipment (continued)**		

Plant and equipment is valued at cost in accordance with Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

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

	2008 $'000	2007 $'000
Reconciliation		
Carrying amount at beginning of year	31	54
Additions	24	-
Depreciation	(26)	(23)
Carrying amount at end of year	**29**	**31**

Note 10 Intangibles

	2008 $'000	2007 $'000
Internally generated software:		
At cost	270	270
Less: Accumulated amortisation	(130)	(76)
Total	**140**	**194**
Reconciliation		
Carrying amount at beginning of year	194	248
Amortisation	(54)	(54)
Carrying amount at end of year	**140**	**194**

Note 11 Payables

	2008 $'000	2007 $'000
Sundry creditors and accruals	**309**	**345**

Note 12 Accrued employee benefits

	2008 $'000	2007 $'000
Current		
Wages outstanding	55	50
Recreation leave	194	163
Total	**249**	**213**
Non-current		
Recreation leave	45	43
Total	**45**	**43**

The discount rates used to calculate the present value of non-current recreation leave is 7% (2007: 6.385%)

Motor Accident Insurance Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2008

		2008 $'000	2007 $'000
Note 13	**Reserves**		
	Composition and movements		
	Income maintenance	**10,500**	**10,500**
	Accident prevention initiatives		
	Balance at beginning of year	2,800	2,476
	Transfer to retained surplus	(2,210)	(2,276)
	Transfer from retained surplus	1,785	2,600
	Balance at end of year	**2,375**	**2,800**
	Rehabilitation initiatives		
	Balance at beginning of year	2,575	2,324
	Transfer to retained surplus	(2,180)	(2,178)
	Transfer from retained surplus	2,605	2,429
	Balance at end of year	**3,000**	**2,575**
	Total	**15,875**	**15,875**
Note 14	**Commitments for expenditure**		
(a)	**Maintenance contract commitments**		
	Total expenditure contracted for at balance date but not provided for in the financial statements:		
	Due not later than one year	393	346
	Due later than one year but not later than five years	-	-
	Total	**393**	**346**
(b)	**Operating lease rental commitments**		
	Future operating lease rentals not provided for in the financial statements are payable as follows:		
	Due not later than one year	301	319
	Due later than one year but not later than five years	-	-
	Total	**301**	**319**
(c)	**Motor vehicle lease commitments**		
	Future operating lease rentals not provided for in the financial statements are payable as follows:		
	Due not later than one year	17	24
	Due later than one year but not later than five years	3	19
	Total	**20**	**43**

		2008 $'000	2007 $'000

Note 14 Commitments for expenditure (continued)

(d) Grant commitments

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

Future grant commitments not provided for in the financial statements are payable as follows:

	2008 $'000	2007 $'000
Due not later than one year	3,713	3,465
Due later than one year but not later than five years	5,976	8,808
Total	**9,689**	**12,273**

Note 15 Agency transactions

The Motor Accident Insurance Commission (MAIC) receives Hospital and Emergency Services Levy amounts from Queensland Transport for transfer payments to Queensland Department of Health and the Department of Emergency Services. Details of amounts collected and administered by MAIC during the year and the amount held on behalf of Queensland Department of Health and the Department of Emergency Services at year end are as follows:

Levies

Comprise amounts collected from Queensland Transport on gross insurance premiums.

	2008 $'000	2007 $'000
Levies collected but not remitted in the previous year	2,915	2,545
Hospital levy	25,562	22,782
Emergency Services levy	11,417	8,899
Total	**39,894**	**34,226**

Contributions

Comprise payments to Queensland Department of Health and the Department of Emergency Services on account of levies received from Queensland Transport.

	2008 $'000	2007 $'000
Hospital levy contributions	24,715	22,461
Emergency Services levy contributions	10,962	8,850
Total	**35,677**	**31,311**

Amounts collected on behalf of but not yet remitted to Queensland Department of Health and the Department of Emergency Services in respect of hospital and emergency services levies at 30 June:

	2008 $'000	2007 $'000
	4,217	**2,915**

Motor Accident Insurance Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2008

		2008 $'000	2007 $'000
Note 16	**Cash flow statement**		
(i)	**Reconciliation of cash**		
	For the purposes of the Cash Flow Statement, cash includes cash on hand and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
	Cash	1,393	2,753
	Investments	41,295	41,865
	Total	**42,688**	**44,618**
(ii)	**Reconciliation of operating (loss)/surplus with net cash provided by operating activities**		
	Operating (loss)/surplus	(1,731)	6,690
	Add non-cash items:		
	Depreciation	26	23
	Amortisation	54	54
	Direct changes to equity	(24)	(33)
	Changes in assets and liabilities:		
	(Decrease)/Increase in payables	(35)	55
	(Decrease)/Increase in receivables	(262)	205
	(Decrease)/Increase in prepayments	29	(4)
	Increase in accrued employee benefits	37	9
	Net cash provided by operating activities	**(1,906)**	**6,999**

(iii) The Motor Accident Insurance Commission has no unused borrowing or overdraft facility.

		Note	2008 $'000	2007 $'000
Note 17	**Financial instruments**			

(a) Categorisation of financial instruments

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

Category	Note	2008 $'000	2007 $'000
Financial assets			
Cash and cash equivalents	16(i)	1,393	2,753
Receivables	7	1,074	812
Investments	8	41,295	41,865
Total		**43,762**	**45,430**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	11	309	345
Total		**309**	**345**

(b) Credit risk exposure

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

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

Maximum exposure to credit risk

Category	Note	2008 $'000	2007 $'000
Financial assets			
Cash	16(i)	1,393	2,753
Receivables	7	1,074	812
Investments	8	41,295	41,865
Total		**43,762**	**45,430**

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

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

No financial assets and financial liabilities have been offset and presented net in the Balance Sheet.

Motor Accident Insurance Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 17 Financial instruments (continued)

(b) Credit risk exposure (continued)

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. These economic and geographic changes form part of the Commission's documented risk analysis assessment in conjunction with historic experience and associated industry data.

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

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

2008 Financial assets past due but not impaired

Contractural repricing/ maturity date	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total	Total Financial Assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	574	-	-	-	500	-	1,074
Total	**574**	**-**	**-**	**-**	**500**	**-**	**1,074**

2007 Financial assets past due but not impaired

Contractural repricing/ maturity date	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total	Total Financial Assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	312	-	-	-	500	-	812
Total	**312**	**-**	**-**	**-**	**500**	**-**	**812**

(c) Liquidity risk

The Commission is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. The borrowings are based on the Queensland Government's gazetted floating rate.

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

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

Note 17 Financial instruments (continued)

(c) Liquidity risk (continued)

	2008 Payable in			
	< 1 year $'000	1-5 years $'000	> 5 years $'000	Total
Financial liabilities				
Payables	309	-	-	309
Total	**309**	**-**	**-**	**309**

	2007 Payable in			
	< 1 year $'000	1-5 years $'000	> 5 years $'000	Total
Financial liabilities				
Payables	345	-	-	345
Total	**345**	**-**	**-**	**345**

(d) Market risk

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

Unit prices & interest rate sensitivity analysis

The following unit price & 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 and unit prices would change by +/- 1% from the year-end rates applicable to the Commission's financial assets and liabilities. With all other variables held constant, the Commission would have a surplus and equity increase/(decrease) of $14 (2007: $28) due to interest risk and $413 (2007:$419) due to unit price risk.

		2008 Interest rate risk			
Financial instruments	Carrying amount	- 1% Profit	- 1% Equity	+ 1% Profit	+ 1% Equity
Cash	1,393	(14)	(14)	14	14
Overall effect on profit and equity		**(14)**	**(14)**	**14**	**14**

		2007 Interest rate risk			
Financial instruments	Carrying amount	- 1% Profit	- 1% Equity	+ 1% Profit	+ 1% Equity
Cash	2,753	(28)	(28)	28	28
Overall effect on profit and equity		**(28)**	**(28)**	**28**	**28**

Motor Accident Insurance Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 17 Financial instruments (continued)

(d) Market risk (continued)

		2008 Unit price risk			
Financial instruments	**Carrying amount**	**- 1% Profit**	**- 1% Equity**	**+ 1% Profit**	**+ 1% Equity**
Queensland Investment Corporation	41,295	(413)	(413)	413	413
Overall effect on profit and equity		**(413)**	**(413)**	**413**	**413**

		2007 Unit price risk			
Financial instruments	**Carrying amount**	**- 1% Profit**	**- 1% Equity**	**+ 1% Profit**	**+ 1% Equity**
Queensland Investment Corporation	41,865	(419)	(419)	419	419
Overall effect on profit and equity		**(419)**	**(419)**	**419**	**419**

Fair value

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

Note 18 Segment information

The Commission operates within one primary and one geographical segment that being the administration of the Queensland compulsory third party motor vehicle insurance scheme.

Note 19 Events occurring after balance date

No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

CERTIFICATE OF THE MOTOR ACCIDENT INSURANCE COMMISSION

The foregoing general purpose financial statements have been prepared pursuant to section 46F(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with section 46F(3) of the Act we certify that:

(a) the financial statements and notes to and forming part thereof are in agreement with the accounts and records of the Motor Accident Insurance Commission; and

(b) in our opinion:

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

   (ii) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Motor Accident Insurance Commission for the year ended 30 June 2008 and of the financial position of the Commission at the end of that year.

John Hand	L Lee
Insurance Commissioner	Manager Corporate Governance

Dated: 28 August 2008

Motor Accident Insurance Commission
Independent auditor's report

To the Motor Accident Insurance Commission

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Motor Accident Insurance Commission for the financial year ended 30 June 2008 included on the Motor Accident Insurance Commission's web site. The Board is responsible for the integrity of the Motor Accident Insurance Commission's web site. We have not been engaged to report on the integrity of the Motor Accident Insurance Commission's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Motor Accident Insurance Commission, to confirm the information included in the audited financial report presented on this web site.

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

Report on the Financial Report

I have audited the accompanying financial report of the Motor Accident Insurance Commission which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Motor Accident Insurance Commission and officer responsible for the financial administration of the Motor Accident Insurance Commission.

The Motor Accident Insurance Commission's Responsibility for the Financial Report

The Motor Accident Insurance Commission is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act (1977)* and the *Financial Management Standard (1997)*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

The Financial Administration and Audit Act (1977) promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's Opinion

In accordance with s.46G of the *Financial Administration and Audit Act (1977)*:

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

(b) in my opinion –

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

 (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Motor Accident Insurance Commission for the financial year 1 July 2007 to 30 June 2008 and of the financial position as at the end of that year.

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

28 **August 2008**
Brisbane

Nominal Defendant

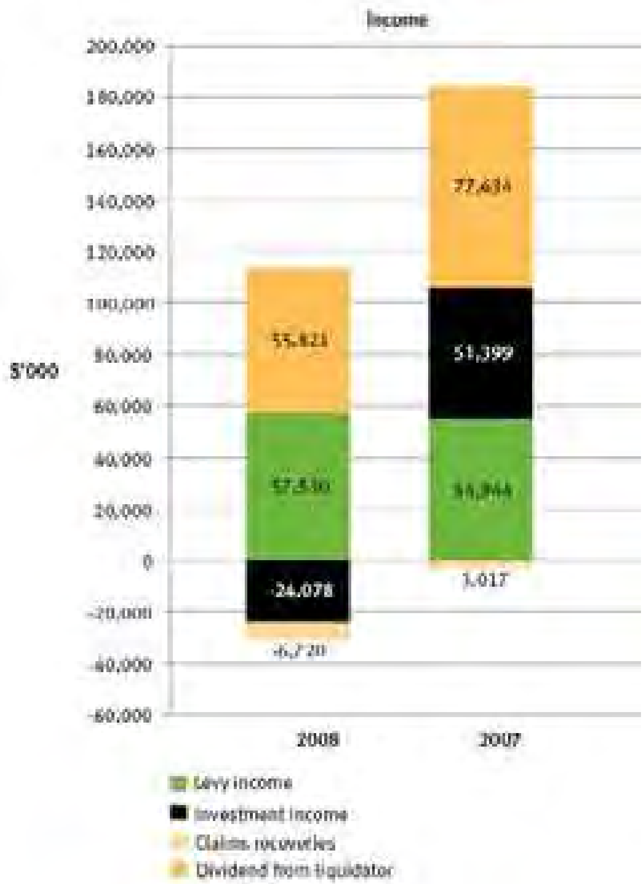
Financial summary 2007–08

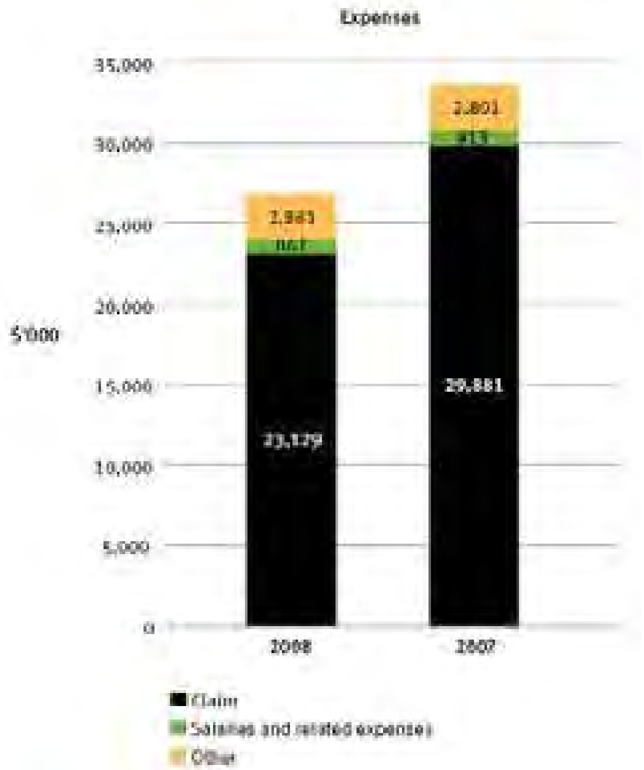
The operating surplus of the Nominal Defendant for the year ended 30 June 2008 was approximately $69.14 million compared to the prior year's operating surplus of $153.40 million.

With respect to the HIH insolvency and in accordance with the Deed of Indemnity between the State Government of Queensland and the Nominal Defendant, $61.45 million was reimbursed to Treasury Department during 2007-08. This amount was funded primarily by $55.82 million received in dividends from the HIH Liquidator during 2007-08 and proceeds from the $5 surcharge on the Nominal Defendant levy.

In relation to the normal business of the Nominal Defendant (claims relating to unidentified and uninsured vehicles under section 31 of the Act), payments on claims and associated costs during the financial year increased from $25.04 million to $31.05 million. The provisions for outstanding claims liabilities were actuarially assessed and decreased by $16.28 million.

The income from the levy for the normal business of the Nominal Defendant increased to $57.53 million reflecting growth in the number of registered vehicles. The Nominal Defendant levy was set at $17.85 per Class 1 policy (including the $5 HIH surcharge which raised $16.02 million in the year). Claims recoveries were $6.72 million during the year, an increase from $3.02 million in the previous year. The increase in Other Expenses predominantly reflects an increase in computer related expenses for the year. Due to the downturn in the global financial markets, the return from the QIC Investments was negative $24.08 million.





Nominal Defendant
Income statement
For the year ended 30 June 2008

	Note	2008 $'000	2007 $'000
Revenue			
Levy income	1(o), 2	57,530	54,944
Investment income	5	(24,078)	51,399
Dividends from liquidator	6	55,821	77,634
Total income		**89,273**	**183,977**
Expenses			
Claims expense	2	23,129	29,881
Claims recoveries		(6,720)	(3,017)
Net claims incurred	3	16,409	26,864
Other expenses	4	3,722	3,714
Total expenses		**20,131**	**30,578**
Operating surplus		**69,142**	**153,399**

The accompanying notes form part of these financial statements.

Nominal Defendant
Balance sheet
As at 30 June 2008

	Note	2008 $'000	2007 $'000
Current assets			
Cash assets	15(i)	2,793	959
Receivables	7	2035	3,492
Other financial assets	8	71,935	80,133
Prepayments		2	1
Total current assets		**76,765**	**84,585**
Non-current assets			
Other financial assets	8	276,480	287,301
Property, plant and equipment	9	14	3
Intangibles	10	84	127
Total non-current assets		**276,578**	**287,431**
Total assets		**353,343**	**372,016**
Current liabilities			
Payables	11	373	4,438
Accrued employee benefits	12	53	70
Future claims and associated costs	13	39,488	47,074
Unearned levies		30,148	27,843
Total current liabilities		**70,062**	**79,425**
Non-current liabilities			
Accrued employee benefits	12	8	14
Future claims and associated costs	13	151,771	168,775
Total non-current liabilities		**151,779**	**168,789**
Total liabilities		**221,841**	**248,214**
Net assets		**131,502**	**123,802**
Equity			
Contributed equity	1(c)	87,357	148,810
Accumulated surplus/losses		44,145	(25,008)
Total equity		**131,502**	**123,802**

The accompanying notes form part of these financial statements.

Nominal Defendant
Statement of changes in equity
For the year ended 30 June 2008

	Contributed Equity		Accumulated Surplus		Total Equity	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Balance 1 July	148,810	227,011	(25,008)	178,401	123,802	48,610
Operating surplus	-	-	69,142	153,399	69,142	153,399
State Government Equity withdrawal (Note 1(c))	(61,453)	(78,201)	-	-	(61,453)	(78,201)
Net leave liabilities transferred from other business units	-	-	11	(6)	11	(6)
Balance 30 June	**87,357**	**148,810**	**44,145**	**(25,008)**	**131,502**	**123,802**

The accompanying notes form part of these financial statements.

Nominal Defendant
Cash flow statement
For the year ended 30 June 2008

	Note	2008 $'000	2007 $'000
Cash flows from operating activities			
Inflows:			
Levy income		59,868	56,287
Claims recoveries		6,721	2,134
Investment income		205	51,399
Dividends from liquidator		57,406	76,048
GST recovered from ATO		12	566
Outflows:			
Claims paid		(42,839)	(38,817)
Salaries and related expenses		(822)	(1,239)
Realised losses on QIC investments		(24,457)	-
Other		(8,354)	(3,082)
Net cash provided by operating activities	**15(ii)**	**47,740**	**143,296**
Cash flows from investing activities			
Outflows:			
Purchase of assets		(6)	-
Net cash provided by investing activities		**(6)**	**-**
Cash flows from financing activities			
Outflows:			
Equity withdrawals		(64,919)	(92,164)
Net cash provided in financing activities		**(64,919)**	**(92,164)**
Net (decrease)/increase in cash held		**(17,185)**	**51,132**
Cash at the beginning of the financial year		368,393	317,261
Cash at the end of the financial year	**15(i)**	**351,208**	**368,393**

The accompanying notes form part of these financial statements.

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 1 Summary of significant accounting policies

(a) Reporting entity

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.

(b) Basis of accounting

These financial statements have been prepared as general purpose financial statements in accordance with the requirements of Australian Equivalents to International Financial Reporting Standards (AEIFRS) where appropriate. They have also been prepared in accordance with the *Financial Administration and Audit Act (1977)*, *Financial Management Standard (1997)* and Australian Accounting Standards (including the Australian Accounting Interpretations).

The financial statements have been prepared on a historical cost basis, except for investment securities which are shown at net market value.

(c) Deed of Indemnity

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

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

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

(d) 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 at each reporting date with provision 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.

(e) Acquisition 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. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

Note 1 Summary of significant accounting policies (continued)

(f) Property, plant and equipment

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

Plant and equipment	$5,000

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

(g) Valuations of non-current physical and intangible assets

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

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

(h) Intangibles

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

It has been determined that there is not an active market for any of the Nominal Defendant's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation.

Purchased software
The purchase cost, together with any internal developments costs, of this software has been capitalised and is being amortised on a straight-line basis over the period of expected benefit, namely 5 years.

(i) Amortisation and depreciation of intangibles and property, plant and equipment

Amortisation and depreciation is calculated on a straight-line basis, to write off the net cost of each depreciable asset, progressively over its estimated useful life.

Software under development is not amortised until it has been fully developed and utilised.

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

Class	Rate%
Plant and equipment	20 - 25
Software	20

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 1 Summary of significant accounting policies (continued)

(j) 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 Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

When 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 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, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

(k) Other 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.

(l) Payables

Trade creditors are recognised upon receipt of goods or services at the contracted amount to be paid for the goods and services rendered. Amounts owing are unsecured and are generally settled on 30 day terms.

(m) Future claims and associated costs

Provisions for outstanding claims have 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.

Note 1 Summary of significant accounting policies (continued)

(n) Funding of Nominal Defendant

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

(o) Levies

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 Income Statement 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 Balance Sheet and then systematically transferred to revenue in the Income Statement as the levy is earned over time. In accordance with AASB 1023 the recognition of earned levy is on the basis of the passage of time, commencing from the week in which motorists remit their CTP premiums to the Queensland Department of Transport.

Levy revenue is received from motorists via the Queensland Department of Transport 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.

(p) Employee benefits

Wages, salaries, recreation leave and sick leave
Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement. 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. Employer superannuation contributions and long service leave levies are regarded as employee benefits.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and recognised at their present value, calculated using the 1 year Commonwealth Government bond rate.

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.

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 1 Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

Long service leave
Under the Queensland Government's long service leave scheme, a levy is made on the Nominal Defendant to cover this cost. 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 as and when leave is taken.

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 the financial report prepared pursuant to AAS 31 – *Financial Reporting by Governments*.

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

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 – *Financial Reporting by Governments*.

(q) Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(r) Insurance

The Nominal Defendant's non-current 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.

(s) Issuance of financial statements

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

(t) Judgement and assumptions

The Nominal Defendant places high reliance on actuarial estimates provided by its actuary, Queensland Government State Actuary's Office, in calculating the Future Claims and Associated Costs as at the end of the financial year. Refer to Note 1(m) 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.

Note 1 Summary of significant accounting policies (continued)

(u) Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero.

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

(v) New and revised accounting standards

No Australian accounting standards and interpretations issued or amended and applicable for the first time in the 2007-08 financial year have an effect on the Nominal Defendant. Also, the Nominal Defendant has not voluntarily changed any of its accounting policies.

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

At the date of the authorisation of the financial report, a number of new or amended Australian accounting standards with future commencement dates will have a significant impact on the Nominal Defendant. Details of such impacts are set out below.

AASB 1004 *Contributions* has been revised, and will affect Nominal Defendant as from 2008-09. One implication arising from this revised standard will be that – to the extent that no cash consideration is provided/received – transfers of accrued employee benefits between the Nominal Defendant and other Queensland Government agencies will need to be recognised as either income or expense in the Nominal Defendant's Income Statement, instead of being adjusted directly against Contributed Equity (refer to the Statement of Changes in Equity). If the revised AASB 1004 applied to Nominal Defendant during 2007-08, the 2007-08 operating surplus would have increased by approximately $10,328, due to accrued employee benefits for employees leaving the Nominal Defendant.

AASB 101 *Presentation of Financial Statements* has been revised but such revisions will not impact on the Nominal Defendant until 2009-10. This revised standard does not have measurement or recognition implications. Instead, there will be significant changes to the presentation of the Nominal Defendant's overall financial performance and position, particularly the content of the Statement of Changes in Equity, and preparation of a new Statement of Comprehensive Income.

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

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

		2008 $'000	2007 $'000
Note 2	**Claims expense**		
	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.		
	Decrease in provision for outstanding claims	(24,590)	(9,499)
	Claims and associated settlement costs	47,719	39,380
	Total	**23,129**	**29,881**
	Claims attributable to FAI		
	The following amounts attributable to FAI are included in the claims figures listed above:		
	Decrease in provision for outstanding claims	(8,314)	(13,474)
	Claims and associated settlement costs	16,669	14,342
	Total	**8,355**	**868**
	Underwriting result		
	Levy income	57,530	54,944
	Outward reinsurance premium expense	(1,513)	(1,481)
	Net premium revenue	56,017	53,463
	Claims expense	(23,129)	(29,881)
	Claims recoveries	6,720	3,017
	Net claims incurred	(16,409)	(26,864)
	Dividends from liquidator	55,821	77,634
	Underwriting result	**95,429**	**104,233**

Note 3 Net claims incurred

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

Claims attributable to Nominal Defendant

	2008			2007		
	Current Year $'000	Prior Years $'000	Total $'000	Current Year $'000	Prior Years $'000	Total $'000
Gross claims incurred and related expenses - undiscounted	55,461	(37,911)	17,550	50,673	(30,481)	20,192
Reinsurance and other recoveries - undiscounted	-	523	523	-	2,447	2,447
Net claims incurred - undiscounted	55,461	(37,388)	18,073	50,673	(28,034)	22,639
Discount and discount movement - gross claims incurred	(14,323)	10,406	(3,917)	(11,573)	16,450	4,877
Discount and discount movement - reinsurance and other recoveries	-	106	106	-	769	769
Net discount movement	(14,323)	(10,512)	(3,811)	(11,573)	17,219	5,646
Net claims incurred - discounted	**41,138**	**26,876**	**14,262**	**39,100**	**(10,815)**	**28,285**

Claims attributable to FAI

	2008			2007		
	Current Year $'000	Prior Years $'000	Total $'000	Current Year $'000	Prior Years $'000	Total $'000
Gross claims incurred and related expenses - undiscounted	-	6,771	6,771	-	1,372	1,372
Reinsurance and other recoveries - undiscounted	-	(6,208)	(6,208)	-	(2,288)	(2,288)
Net claims incurred - undiscounted	-	563	563	-	(916)	(916)
Discount and discount movement - gross claims incurred	-	1,584	1,584	-	(505)	(505)
Discount and discount movement - reinsurance and other recoveries	-	-	-	-	-	-
Net discount movement	-	1,584	1,584	-	(505)	(505)
Net claims incurred - discounted	**-**	**2,147**	**2,147**	**-**	**(1,421)**	**(1,421)**
Total net claims incurred - discounted	**41,138**	**(24,729)**	**16,409**	**39,100**	**(12,236)**	**26,864**

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

		Note	2008 $'000	2007 $'000
Note 3	**Net claims incurred (continued)**			
	Net claims incurred – discounted		14,262	28,285
	Claims recoveries		512	729
			14,774	29,014
	Add: Claims attributable to FAI		2,147	(1,421)
	Claims recoveries – FAI		6,208	2,288
		2	8,355	867
	Total	**2**	**23,129**	**29,881**
Note 4	**Other expenses**			
	Employee expenses			
	Employee benefits			
	Salaries and wages		660	591
	Employer superannuation contributions*		83	83
	Long service leave levy*		11	7
	Recreation leave expense		45	36
	Other employee benefits		15	139
	Employee related benefits			
	Workers' compensation premium*		3	1
	Payroll tax*		37	50
	Other employee related expenses		7	6
	Depreciation – Property, plant and equipment		4	6
	Amortisation – Intangibles		44	44
	Rent		101	73
	Consultancy expenditure		50	84
	Reinsurance		1,513	1,481
	Administration fees		709	641
	Audit fees		29	29
	Computer expenses		343	308
	Insurance premiums – QGIF		1	1
	Other		67	134
	Total		**3,722**	**3,714**

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

	2008	2007
Number of employees	10.5	12.6

Total external audit fees relating to the 2007-08 financial year are estimated to be $29,000 (2006-07: $29,000). There are no non-audit services included in this amount.

		2008 $'000	2007 $'000
Note 4	**Other expenses (continued)**		
	Other expenses attributable to FAI are included in the figures listed above:		
	Employee expenses		
	Employee benefits		
	Salaries and wages	136	140
	Employer superannuation contributions*	17	19
	Long service leave levy*	2	2
	Recreation leave expense	9	13
	Other employee benefits	2	(2)
	Employee related expenses		
	Workers' compensation premium*	1	-
	Payroll tax*	8	9
	Rent	8	6
	Consultancy expenditure	0	12
	Computer expenses	132	92
	Audit fees	17	12
	Other	(4)	16
	Total	**328**	**319**

*Cost of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses. Employer superannuation contributions and the long service leave levy are regarded as employee benefits.

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

		2008	2007
	Number of employees	2.4	3.1
Note 5	**Investment income**		
	Distributions from & movements in market values of Queensland Investment Corporation investments	(24,358)	51,250
	Interest received from funds held by Queensland Treasury	280	149
	Total	**(24,078)**	**51,399**
Note 6	**Dividends from liquidator**		
	Dividends received from FAI liquidator	**55,821**	**77,634**

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

		2008 $'000	2007 $'000
Note 7	**Receivables**		
	Accrued investment income	207	32
	Claims recoveries receivable	1,783	1,819
	Dividend from FAI liquidator	-	1,585
	Other receivables	45	56
	Total	**2,035**	**3,492**
Note 8	**Other financial assets**		
	Current		
	Queensland Investment Corporation	71,935	80,133
	Non-current		
	Queensland Investment Corporation	276,480	287,301
	Total	**348,415**	**367,434**
Note 9	**Property, plant and equipment**		
	Plant and equipment:		
	At cost	63	65
	Less: Accumulated depreciation	(49)	(62)
	Total	**14**	**3**

Plant and equipment is valued at cost in accordance with Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

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

	2008	2007
Carrying amount at beginning of year	3	9
Additions	15	-
Depreciation	(4)	(6)
Carrying amount at end of year	**14**	**3**

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

		2008 $'000	2007 $'000
Note 10	**Intangibles**		
	Purchased software:		
	At cost	218	218
	Less: Accumulated amortisation	(134)	(91)
	Total	**84**	**127**
	Carrying amount at beginning of year	127	171
	Amortisation	(43)	(44)
	Carrying amount at end of year	**84**	**127**
Note 11	**Payables**		
	Sundry creditors and accruals	373	972
	Equity withdrawal	-	3,466
	Total	**373**	**4,438**

The following amounts attributable to FAI are included in the payables figures listed above:

		2008 $'000	2007 $'000
	Sundry creditors and accruals	**26**	**33**
Note 12	**Accrued employee benefits**		
	Current		
	Wages outstanding	18	17
	Recreation leave	35	53
	Total	**53**	**70**
	Non-current		
	Recreation leave	8	14
	Total	**61**	**84**

The following amounts attributable to FAI are included in the payables figures listed above:

	2008 $'000	2007 $'000
Current		
Wages outstanding	4	4
Recreation leave	8	15
Total	**12**	**19**

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

		2008 $'000	2007 $'000
Note 12	**Accrued employee benefits (continued)**		
	Non-current		
	Recreation leave	1	-
	Total	**13**	**19**

The discount rate used to calculate the present value of non-current recreation leave is 7% (2007: 6.39%)

Note 13 Future claims and associated costs

The total provision is as follows:

	2008 $'000	2007 $'000
Current	39,488	47,074
Non-current	151,771	168,775
Total	**191,259**	**215,849**

The consulting actuaries have recommended an allowance for reinsurance recoveries in the valuation of the outstanding claims liabilities of the FAI-Tail claims. While there has been no diminution in the legal standing of the Nominal Defendant to these Reinsurance monies it has been recognised that the actual receipt of these funds may be protracted. As a consequence and out of prudence it has been decided to no longer recognise the following allowance in the provision for outstanding claims valuation from 30 June 2005:

	2008 $'000	2007 $'000
Reinsurance recoveries allowance (undiscounted)	3,562	4,399
Discount to present value	(1,210)	(1,395)
Reinsurance recoveries allowance (discounted)	**2,352**	**3,004**

Outstanding claims attributable to the Nominal Defendant

	2008 $'000	2007 $'000
Expected future claims payments (undiscounted)	189,316	202,817
Expected recoveries (undiscounted)	(5,362)	(6,397)
Discount to present value	(39,512)	(35,702)
Liability for outstanding claims	**144,442**	**160,718**
Current	26,263	31,635
Non-current	118,179	129,083
Total	**144,442**	**160,718**

	2008 $'000	2007 $'000

Note 13 Future claims and associated costs (continued)

(i) The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be 4.03 years (2007 – 3.40 years).

(ii) The following average inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims.

	2008	2007
Claims expected to be paid:		
Not later than one year		
Inflation rate	7.55%	7.0%
Discount rate	6.80%	6.50%
Later than one year		
Inflation rate	7.55%	7.0%
Discount rate	6.80%	6.50%

Outstanding claims attributable to FAI

	2008 $'000	2007 $'000
Expected future claims payments (undiscounted)	57,891	67,788
Discount to present value	(11,074)	(12,657)
Liability for outstanding claims	**46,817**	**55,131**
Current	13,225	15,439
Non-current	33,592	39,692
Total	**46,817**	**55,131**

(i) The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be 3.58 years (2007 – 3.63 years).

(ii) The following average inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims.

	2008	2007
Claims expected to be paid:		
Not later than one year		
Inflation rate	na	na
Discount rate	6.80%	6.50%
Later than one year		
Inflation rate	na	na
Discount rate	6.80%	6.50%

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

	2008 $'000	2007 $'000

Note 13 Future claims and associated costs (continued)

Nature and extent of risks arising from insurance contracts

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

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

Reinsurers must comply with Queensland Treasury's minimum requirement for performance guarantee under a contract (per Section 87 of the Queensland Government Financial Management Standards 1997) which is for the approved financial institution to have a minimum S&P rating of A-. In the 2007-08 financial year the Nominal Defendant was able to secure unlimited cover with an excess of loss retention level of $6.0 million. All reinsurers complied with Treasury's minimum requirements as specified by the Financial Management Standards.

Prudential margin

Nominal Defendant – The provision for outstanding claims includes a 10% prudential margin (2007: 10%) to increase the probability that the overall provision for claims will be adequate. Based on accounting standard *AASB1023 (General Insurance Contracts)* the provision also includes an allowance of 6% of outstanding payments for future internal claims handling expenses.

FAI – The provision for outstanding claims includes a 16% prudential margin (2007: 13%) to increase the probability that the overall provision for claims will be adequate. Based on accounting standard *AASB1023 (General Insurance Contracts)* the provision also includes an allowance of 4% of outstanding payments for future internal claims handling expenses.

Note 14 Commitments for expenditure

Operating lease rental commitments

	2008 $'000	2007 $'000
Future operating lease rentals not provided for in the financial statements are payable as follows:		
Due not later than one year	109	110
Due later than one year but not later than five years	-	-
Total	**109**	**110**

			2008 $'000	2007 $'000
Note 14	**Commitments for expenditure (continued)**			
	Maintenance contract commitments			
	Total expenditure contracted for at balance date but not provided for in the financial statements:			
	Due not later than one year		194	248
	Due later than one year but not later than five years		-	-
	Total		**194**	**248**

Note 15 Cash flow statement

(i) Reconciliation of cash

For the purposes of the Cash Flow Statement, cash includes cash on hand and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Note	2008 $'000	2007 $'000
Cash		2,793	959
Other financial assets	8	348,415	367,434
Total		**351,208**	**368,393**

(ii) Reconciliation of operating surplus with net cash provided by operating activities

	2008 $'000	2007 $'000
Operating surplus	69,142	153,399
Add non-cash items:		
Depreciation	4	6
Amortisation	44	44
Direct changes to equity	11	(6)
Changes in assets and liabilities:		
Decrease in prepayments	(1)	2
(Increase)/decrease in receivables	1,457	(2,469)
(Increase)/decrease in payables	(603)	617
Increase in unearned levies	2,305	1,343
Decrease in provisions	(24,596)	(9,499)
(Decrease)/increase in accrued employee benefits	(23)	(141)
Net cash provided by operating activities	**47,740**	**143,296**

(iii) The Nominal Defendant Fund has no unused borrowing or overdraft facility.

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 16 Financial instruments

(a) Categorisation of financial instruments

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

	Note	2008 $'000	2007 $'000
Financial assets			
Cash and cash equivalents	15	2,793	959
Receivables	7	2,035	3,492
Investments	8	348,415	367,434
Total		**353,243**	**371,885**
Financial liabilities			
Payables	11	373	4,438
Total		**373**	**4,438**

(b) Credit risk exposure

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

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

Maximum exposure to credit risk

Category	Note	2008 $'000	2007 $'000
Financial assets			
Cash	15	2,793	959
Receivables	7	2,035	3,492
Investments	8	348,415	367,434
Total		**353,243**	**371,885**

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

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

No financial assets and financial liabilities have been offset and presented net in the Balance Sheet.

Note 16 Financial instruments (continued)

(b) Credit risk exposure (continued)

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

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

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

2008 Financial assets past due but not impaired
Contractural repricing/maturity date:

	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total	Total Financial Assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables excluding sharing recoveries	252	-	-	-	-	-	252
Total	**252**	**-**	**-**	**-**	**-**	**-**	**252**

2007 Financial assets past due but not impaired
Contractural repricing/maturity date:

	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total	Total Financial Assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables excluding sharing recoveries	1,673	-	-	-	-	-	1,673
Total	**1,673**	**-**	**-**	**-**	**-**	**-**	**1,673**

(c) Liquidity risk

The Nominal Defendant is exposed to liquidity risk in respect of its payables.

The following table sets out the liquidity risk of financial liabilities held by the Nominal Defendant.

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 16 Financial instruments (continued)

	2008 Payable in			
	‹ 1 year $’000	1-5 years $’000	› 5 years $’000	Total
Financial liabilities				
Payables	373	-	-	**373**
Total	**373**	**-**	**-**	**373**

	2007 Payable in			
	‹ 1 year $’000	1-5 years $’000	› 5 years $’000	Total
Financial liabilities				
Payables	4,438	-	-	**4,438**
Total	**4,438**	**-**	**-**	**4,438**

(d) Market risk

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

Unit price and interest rate sensitivity analysis

The following unit price and 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 and unit prices would change by +/- 1% from the year-end rates applicable to the Nominal Defendant’s financial assets and liabilities. With all other variables held constant, the Nominal Defendant would have a surplus and equity increase/(decrease) of $28,000 (2007: $10,000) for interest rate risk and $3,484,000 (2007 $3,674,000) for unit price risk.

Note 16 Financial instruments (continued)

(d) Market risk (continued)

		2008 Interest rate risk			
Financial instruments	**Carrying amount**	**- 1% Profit**	**- 1% Equity**	**+ 1% Profit**	**+ 1% Equity**
Cash	2,793	(28)	(28)	28	28
Overall effect on profit and equity		**(28)**	**(28)**	**28**	**28**

		2008 Unit price risk			
Financial instruments	**Carrying amount**	**- 1% Profit**	**- 1% Equity**	**+ 1% Profit**	**+ 1% Equity**
QTC investments	348,415	(3,484)	(3,484)	3,484	3,484
Overall effect on profit and equity		**(3,484)**	**(3,484)**	**3,484**	**3,484**

		2007 Interest rate risk			
Financial instruments	**Carrying amount**	**- 1% Profit**	**- 1% Equity**	**+ 1% Profit**	**+ 1% Equity**
Cash	959	(10)	(10)	10	10
Overall effect on profit and equity		**(10)**	**(10)**	**10**	**10**

		2007 Unit price risk			
Financial instruments	**Carrying amount**	**- 1% Profit**	**- 1% Equity**	**+ 1% Profit**	**+ 1% Equity**
QTC investments	367,434	(3,674)	(3,674)	3,674	3,674
Overall effect on profit and equity		**(3,674)**	**(3,674)**	**3,674**	**3,674**

(e) Fair value

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

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

Nominal Defendant
Notes to and forming part of the financial statements
For the year ended 30 June 2008

Note 17 Segment information

The Nominal Defendant operates in one primary and geographical segment and operates as a statutory body in the motor vehicle insurance industry in Queensland.

Note 18 Contingent liabilities

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

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

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

(b) Funds transferred from Motor Accident Insurance Fund (MAIC)

Under section 33(6) and 33(7) of the *Motor Accident Insurance Act 1994*, should circumstances give rise to a recovery from the liquidation of FAI, or recovery from another party, the Treasurer may, by written notice to the Nominal Defendant, direct it to return funds of an amount, not exceeding $57,818,000 to the Motor Accident Insurance Fund.

Note 19 Contingent asset

On 15 March 2001 FAI General Insurance Company Limited was placed into provisional liquidation. The Nominal Defendant has by law become entitled to monies arising from Reinsurance Treaties held by FAI General Insurance Company Limited. While there has been no diminution in the legal standing of Nominal Defendant to these Reinsurance monies it has been recognised that the actual receipt of these funds may be protracted. As a consequence and out of prudence it has been decided to no longer recognise these monies in the balance sheet.

Note 20 Events occurring after balance date

No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

CERTIFICATE OF THE NOMINAL DEFENDANT

The foregoing general purpose financial statements have been prepared pursuant to section 46F(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with section 46F(3) of the Act we certify that:

(a) the financial statements and notes to and forming part thereof are in agreement with the accounts and records of the Nominal Defendant; and

(b) in our opinion:

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

  (ii) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the financial year ended 30 June 2008 and of the financial position of the Nominal Defendant at the end of that financial year.

John Hand	L Lee
Insurance Commissioner	Manager Corporate Governance

Dated: 29 August 2008

Nominal Defendant

Independent auditor's report

To the Nominal Defendant

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Nominal Defendant for the financial year ended 30 June 2008 included on the Nominal Defendant's web site. The Board is responsible for the integrity of the Nominal Defendant's web site. We have not been engaged to report on the integrity of the Nominal Defendant's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Nominal Defendant, to confirm the information included in the audited financial report presented on this web site.

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

Report on the Financial Report

I have audited the accompanying financial report of the Nominal Defendant which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Nominal Defendant and officer responsible for the financial administration of the Nominal Defendant.

The Nominal Defendant's Responsibility for the Financial Report

The Nominal Defendant is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act (1977)* and the *Financial Management Standard (1997)*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

The *Financial Administration and Audit Act (1977)* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's Opinion

In accordance with s.46G of the *Financial Administration and Audit Act (1977)*:

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

(b) in my opinion –

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

(ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Nominal Defendant for the financial year 1 July 2007 to 30 June 2008 and of the financial position as at the end of that year.

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

27 **August 2008**
Brisbane

Appendices

2007–08

Appendix 1

Actuarial certificate

ACTUARIAL CERTIFICATE
QUEENSLAND NOMINAL DEFENDANT FUND – FAI RUN-OFF
OUTSTANDING CLAIMS LIABILITY AS AT 30 JUNE 2008

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 2008 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 2008"*. 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 2008 is $44.5 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 16% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

Reliances and Limitations

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

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

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

A.A. van den Berg B.E. (Hons)
Fellows of the Institute of Actuaries of Australia
14 August 2008

W.H. Cannon B.Sc. (Hons) FFin

ACTUARIAL CERTIFICATE
QUEENSLAND NOMINAL DEFENDANT FUND
OUTSTANDING CLAIMS LIABILITY AS AT 30 JUNE 2008

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 2008 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 2008"*. 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 2008 is $144.4 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 B.E. (Hons)

W.H. Cannon B.Sc. (Hons) FFin

Fellows of the Institute of Actuaries of Australia
14 August 2008

Appendix 3

Information sources

Publications

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

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

Website

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

- CTP claims information
- Injury management information
- Information on the CTP premium setting process
- Forms for claimants, legal practitioners and medical practitioners
- Information for medical practitioners, rehabilitation providers, and legal practitioners
- Guidelines and information for insurers
- Commission funding initiatives
- A CTP premium calculator to assist motorists in obtaining information on premium rates
- 2008 – 2013 Strategic Plan

Telephone Services and Community Participation

The Commission operates a helpline which is accessible to the Queensland public for the cost of a local call. Helpline staff can provide interested parties with information about the operations of the CTP scheme and the claim process. The helpline number is 1300 302 568.

The Commission also operates a CTP premium information line (1300 735 404) to provide Queensland motorists with information about premium rates for the different insurers.

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

Freedom of Information

How do I access the Commission's documents?

Requests for documents should be made in writing to the Manager, Freedom of Information, Queensland Treasury.

Brochures and application forms for Freedom of Information requests are available from Treasury's Freedom of Information Unit on 07 3224 4171. Alternatively application forms may be obtained from the Treasury website www.treasury.qld.gov.au or by email foi@treasury.qld.gov.au.

The *Freedom of Information Act 1992* is currently under review. It is planned to have new legislation before Parliament in 2009. One of the recommendations of the review is the publication of more information on websites. Consistent with this recommendation Treasury is exploring opportunities to publish more information about its activities.

How do I make an application?

A formal application for documents under the *Freedom of Information Act 1992* may be made on an application form, electronically via the Treasury website or by letter.

The application must:

- be in writing
- state an address to which a notification of the decision may be sent
- be accompanied by a $36.50 application fee, if the information relates to non-personal affairs. There is no application fee to look at documents about your personal affairs, and
- be addressed to the Manager, Freedom of Information.

If the documents you require relate to personal affairs, you must provide proof of identification.

How do I amend my personal records?

A formal application under the *Freedom of Information Act 1992* to amend personal records must:

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

Are there any charges for processing the application?

Processing of non-personal documents is charged at the rate of $5.60 for each 15 minutes or part thereof. There may be further charges for you to inspect documents. Photocopies of documents regarding a non-personal application are available at 20 cents per photocopied page.

There is no charge for processing applications or photocopies of information regarding an applicant's personal affairs.

Treasury is now able to provide electronic copies of information released under an application which will reduce costs for non-personal applications. This involves the use of software specifically designed for Freedom of Information processing. Details about this initiative can be obtained from the Manager, Freedom of Information.

Treasury provides access to a reading room for use by applicants or members of the community where copies of a number of publications will also be made available for viewing. This must be organised by prior arrangement.

Post or deliver applications to:

Manager, Freedom of Information
Queensland Treasury
GPO Box 611
Brisbane Qld 4001

Level 7, Executive Building, 100 George Street, Brisbane Qld

Phone 07 3224 4171
Fax 07 3224 2981

Privacy

Treasury is committed to our clients' privacy and complies with the 11 Information Privacy Principles as detailed in the Treasury Privacy Plan. This plan is available from all Treasury offices or the Treasury website ‹www.treasury.qld.gov.au›.

Details on how to apply for, access or amend personal information which may be held by Treasury about you are available by contacting:

The Privacy Contact Officer
Queensland Treasury
GPO Box 611
Brisbane 4001

Phone 07 3224 4171

Should you believe Treasury or a member of its staff is in breach of any of the Information Privacy Principles regarding the collection, access, storage, use or disclosure of personal information, you may lodge a written complaint to the department at the above address or email your complaint to privacy@treasury.qld.gov.au. Information on the complaints process is contained in the Treasury Privacy Plan published on the Treasury website.

Appendix 4

Compulsory Third Party insurers

Currently licensed CTP insurers

Allianz Australia Insurance Limited
GPO Box 2226
Brisbane Qld 400
Ph 131 000
ABN 15 000 122 850

Australian Associated Motor Insurers Limited
(trading as AAMI)
CTP Claims
IPC:TI-008
GPO Box 1453
Brisbane Qld 4001
Ph 132 244
ABN 92 004 791 744

Insurance Australia Limited
(trading as NRMA Insurance)
GPO Box 5730
Brisbane Qld 4001
Ph 07 3135 1632
ABN 11 000 016 722

QBE Insurance (Australia) Limited
GPO Box 1072
Brisbane Qld 4001
Ph 07 3031 8444
ABN 78 003 191 035

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

Suncorp Metway Insurance Limited
GPO Box 1453
Brisbane Qld 4001
Ph 131 160
ABN 83 075 695 966

Previously licensed CTP insurers

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

GIO General Limited
ACN 002 861 583
Licence withdrawn 30/06/1996

Mercantile Mutual Insurance (Australia) Ltd
ACN 000 456 799
Licence withdrawn 01/11/1996

Commercial Union Assurance of Australia Ltd
ACN 004 478 371
Licence withdrawn 01/03/1997

Zurich Australian Insurance Limited
ACN 000 296 640
Licence withdrawn 15/11/1997

Fortis Insurance Limited
(formerly VACC Insurance Co. Limited)
ACN 004 167 953
Licence suspended 30/03/1999 pending withdrawal

FAI General Insurance Company Limited
ABN 15 000 327 855
Licence suspended on 1 January 2001
Insurer became insolvent on 15 March 2001.

FAI Allianz Limited
(trading as FAI Insurance)
ABN 80 094 802 525
Licence withdrawn 01/07/2002

NB: For further information regarding the above listed insurers please contact the Motor Accident Insurance Commission's Helpline on 1300 302 568.

Appendix 5

Grants and funding

Organisation	Future commitment*	2007/08 $	2006/07 $
Centre of National Research on Disability and Rehabilitation Medicine (CONROD)	3,100,000	1,550,000	1,895,377
Centre for Accident Research and Road Safety Queensland (CARRS-Q)	5,400,000	1,800,000	1,960,000
University of Sydney – PEDro database	50,000	25,000	0
Griffith University – BRAKE pilot project	0	90,245	0
Queensland Transport – Road Safety Initiatives	880,000	320,000	0
Queensland Health – Queensland Trauma Registry	0	965,448	Previously funded as part of CONROD's annual funding allocation.
University of Queensland/Royal Children's Hospital Foundation - Pilot study on the use of stimulants in children with Traumatic Brain Injury	0	24,857	0
University of Queensland – To produce parents' booklet and a children's website following paediatric accidental injury	0	0	10,750
Road Accident Prevention and Road Safety – Rural and Remote Research Project	0	0	146,181
University of Queensland Arc Linkage Grant – Prediction of Outcome following Whiplash Injury	0	0	50,000
Queensland Police Service – Assistance for purchase of Traffic Investigation Equipment	0	0	170,000
Total funding allocated	9,430,000	4,775,550	4,232,308
Less refunds of residual grant funding			
James Cook University – Refund of residual grant funding		(12,144)	
University of Queensland – Refund of residual grant funding		(12,314)	
CONROD – Refund of residual grant funding for Queensland Trauma Registry		(360,845)	
University of Southern Queensland – Refund of residual grant funding			(111,953)
Total funding returned		(385,303)	(111,953)
GRANT TOTAL (Allocated less returned)		4,390,247	4,120,355

*Indicates all grant funding committed for expenditure from 1 July 2008 onwards

Ongoing projects funded in previous years

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

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

Research centres

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

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

Appendix 6

Committees as at 30 June 2008

Section 11 of the *Motor Accident Insurance Act 1994* enables the Commission to establish advisory committees to advise on exercising its statutory functions including the setting of premium bands and aspects of affordability and scheme efficiency.

The structure of the 2007-08 committee was:

Chairperson: Bernard Rowley

Members: Henry Smerdon
Noel Mason
Cath Wood
Shauna Tomkins

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

Committee member	Area of expertise
Bernard Rowley, former CEO of Suncorp	Insurance Industry and actuarial experience
Henry Smerdon, former Under Treasurer	Public policy experience
Noel Mason, former CEO of RACQ and former insurance executive	Insurance Industry and general community perspective
Cath Wood, former CEO of Q-Comp (commenced on 11 September 2007)	Insurance Industry and general community perspective
Shauna Tomkins, formerly with the Australian Financial Institutions Commission	Financial system regulatory experience

From 1 July 2007 to 30 June 2008, a total of nine meetings of the Advisory Committee were held with no special assignments. The total remuneration to the Committee for the year was $18,509. 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 Industrial Relations.

Appendix 7

Contact details

Motor Accident Insurance Commission

Address:
Level 9, 33 Charlotte Street
BRISBANE Qld 4000

Postal address:
GPO Box 1083
BRISBANE Qld 4001

Ph	61 7 3227 8088
Fax	61 7 3229 3214
Email	maic@maic.qld.gov.au
Website	www.maic.qld.gov.au

Insurance Commissioner	John Hand	61 7 3227 8125
Manager, Corporate Governance	Lina Lee	61 7 3227 8162
General Manager Motor Accident Insurance	Kim Birch	61 7 3224 5954
Manager, Systems and Operations	Fanny Lau	61 7 3227 8242
Manager, Scheme Performance	David Vincent	61 7 3836 0135
Manager, Policy and Strategy	Cathy Pilecki	61 7 3227 8164

CTP helpline: 1300 302 568

Nominal Defendant

Address:
Level 9, 33 Charlotte Street
BRISBANE Qld 4000

Postal address:
GPO Box 2203
BRISBANE Qld 4001

Ph	61 7 3227 7993
Fax	61 7 3221 4805
Email	nd@maic.qld.gov.au
Website	www.maic.qld.gov.au

Manager, Nominal Defendant	Ashur Merza	61 7 3227 8213