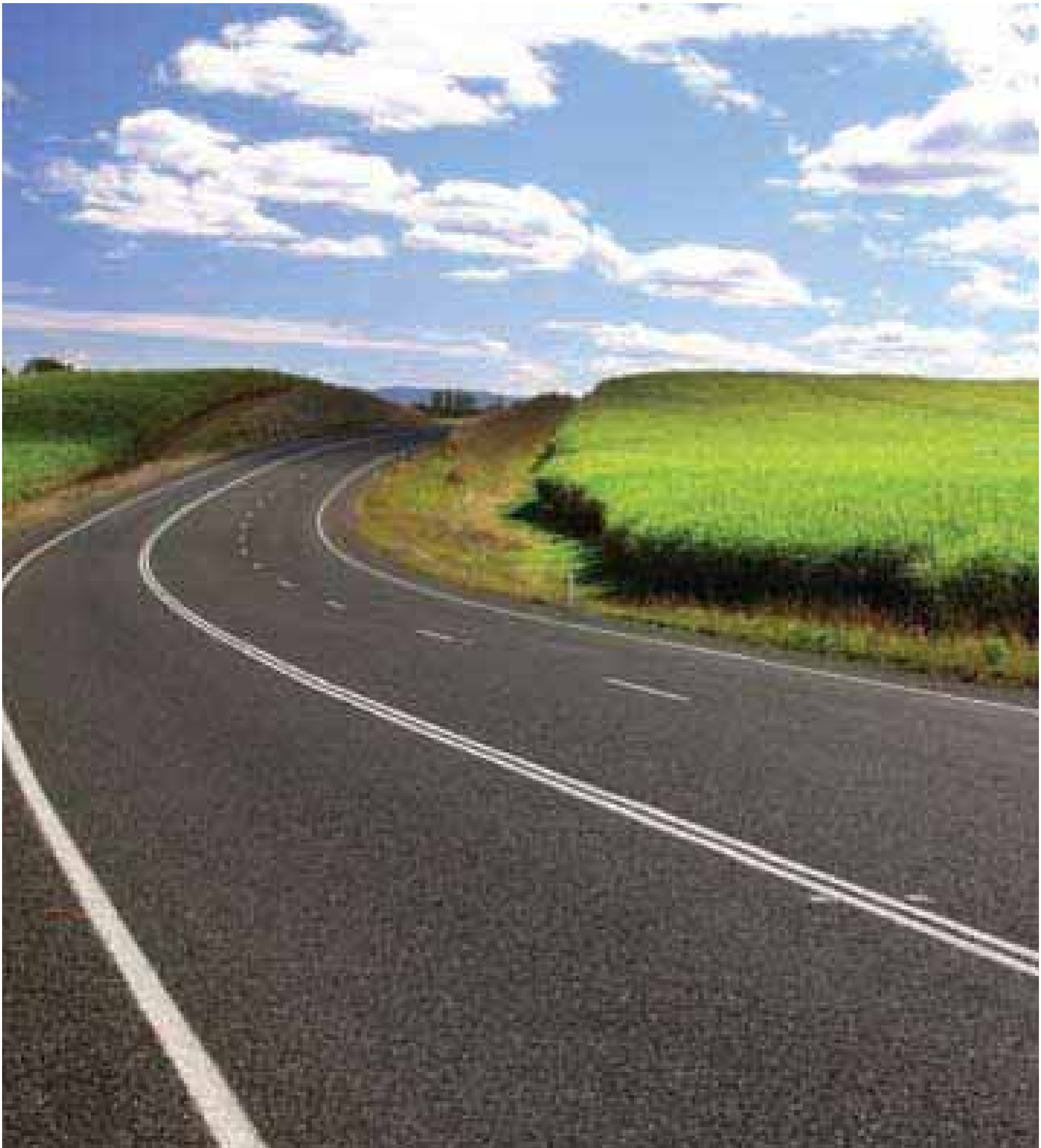

Motor Accident Insurance Commission

Annual Report 2008-09

MOTOR ACCIDENT INSURANCE COMMISSION

About our annual report

In accordance with the *Motor Accident Insurance Act 1994* (MAIA), the Motor Accident Insurance Commission Annual Report 2008-09 delivers a detailed account on the operation of Queensland's compulsory third party (CTP) insurance scheme.

Our annual report presents our financial position for the 2008-09 year. It also provides information on our performance, people and business.

With the theme, **The Nominal Defendant: The insurer of last resort**, this year's report features the important role the Nominal Defendant plays in compensating people injured in motor vehicle accidents involving uninsured or unidentified vehicles, or vehicles insured with licensed insurers which become insolvent. This year's annual report also reinforces the risks of driving an unregistered and uninsured vehicle on the road.

Injuries caused by motor vehicle accidents to which the MAIA applies represent a significant cost to the CTP scheme. These costs along with data describing claim and accident frequency, injury severity and insurer market share are detailed in our statistical section.

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

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

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

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

The Honourable Andrew Fraser MP
Treasurer and Minister for Employment and Economic Development
Parliament House
Cnr George and Alice Streets
BRISBANE QLD 4000

Dear Treasurer

I am pleased to present the Motor Accident Insurance Commission Annual Report 2008-09. The report details the operations of the statutory insurance scheme and the financial statements of the Commission and the Nominal Defendant from 1 July 2008 to 30 June 2009.

I certify this annual report complies with the prescribed requirements of the *Motor Accident Insurance Act 1994*, the *Financial Accountability and Audit Act 1977* and the *Financial Management Standard 1997*, and the key requirements outlined in the Annual Reporting Guidelines for Queensland Government Agencies.

Yours sincerely

John Hand

Insurance Commissioner

Our vision

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

Our values

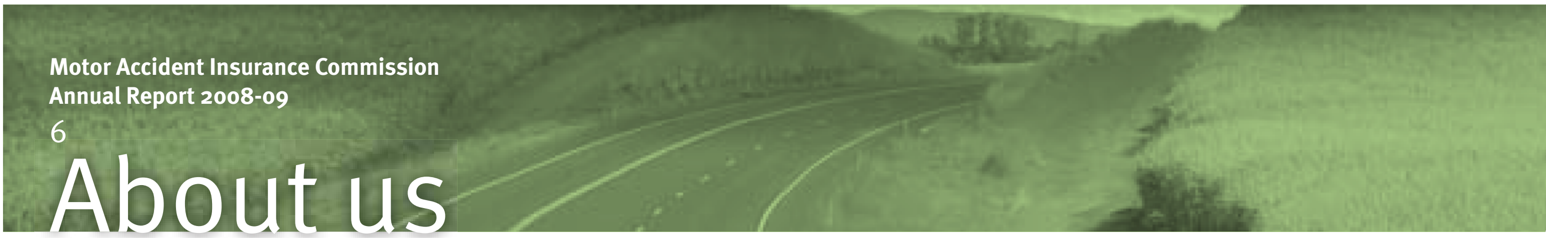
Achievement and excellence

Trust and integrity

Innovation and learning

Teamwork

Contents



About us

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

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

Our scheme

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

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

Six private licensed insurers currently underwrite the Queensland CTP scheme. The licensed insurers accept applications for insurance and manage claims on behalf of their 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 the Department of Transport and Main Roads, minimises administration costs within the scheme and provides motorists with a relatively convenient transaction.

The Nominal Defendant acts as an insurer where damages are claimed for personal injury arising from the liability of uninsured 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 CTP claims against that insurer.

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

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

Our role

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

The primary activities of the Commission include:

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

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

Toward Q2

We contribute to the Queensland Government's *Toward Q2: Tomorrow's Queensland* ambitions in the following ways:

Fair: Supporting safe and caring communities

The Commission contributes to the ambition for a fair Queensland by maintaining a viable CTP scheme balanced with reasonable and appropriate compensation to the injured.

Smart: Delivering world-class education and training

The Commission contributes to the ambition for a smart Queensland by providing funds for research and education in the fields of injury prevention and rehabilitation.

Healthy: Making Queenslanders Australia's healthiest people

The Commission contributes to the ambition for a healthy Queensland by investing in research to improve road safety interventions and service delivery for people injured in motor vehicle accidents.

Our performance

Commissioner's Report

The 2008-09 financial year was marked by the global financial crisis. Decreased investment returns, increased claim costs and increased premium prices all impacted on Queensland's CTP scheme.

Despite these challenges, Queensland continues to operate one of the most affordable CTP schemes in Australia.

Commitment is one of the Commission's core values, and we are committed to delivering a scheme that is both affordable to motor vehicle owners and provides reasonable and appropriate compensation to people injured in motor vehicle accidents.

Investment returns

The severe slowdown of the global economy during 2008-09 had an impact on the Commission's investment returns. The Motor Accident Insurance Fund and the Nominal Defendant Fund are managed by the Queensland Investment Corporation (QIC). QIC has advised the Commission the market is again showing signs of improvement and we look forward to reverting to more positive returns on investments in the future.

Scheme trends

Over the past year, Queensland's CTP premiums have steadily increased. As at 1 July 2008, the lowest available premium for Class 1 vehicles was $275.80, where as from 1 July 2009, the lowest available premium was $337.

Two predominant factors have influenced the increase in CTP premium prices. Firstly, the downward change in interest rate markets and secondly an increase in claim costs. While the number of claims being made against the scheme remained reasonably stable this year, there was a steady rise in claim costs. This appears to be driven by an increase in the size and number of economic loss payments.

The current premium levels, while increasing, remain lower than the peak of $357 for Class 1 vehicles in 2003.

Performance

Following on from research conducted in the 2007-08 financial year, the Commission has worked hard during 2008-09 to improve community understanding of CTP insurance. We did this by improving the channels motor vehicle owners and claimants use to access CTP related information.

To help motor vehicle owners and claimants with CTP related telephone enquiries, we amalgamated our CTP Claims Helpline and CTP Premium Helpline into one easy-to-access CTP Helpline (1300 302 568).

To improve CTP information available at point-of-purchase, we worked with Queensland Transport to develop a new registration and CTP information brochure. This material is now mailed out to all motor vehicle owners with their CTP registration renewal notice.

As well as the CTP Helpline and the registration renewal notice package, we regularly review our website to ensure motor vehicle owners and people injured in motor vehicle accidents have access to up-to-date information on the CTP scheme. Featured on the website is a premium calculator which assists motor vehicle owners obtain current premium prices.

Together, these initiatives form the backbone of the Commission's communication with motor vehicle owners and people injured in motor vehicle accidents.

Our research investment

Despite reduced investment returns impacting on our budget, our investment in research remains well established through our existing commitment to the Centre of National Research on Disability and Rehabilitation Medicine (CONROD) and the Centre for Accident Research and Road Safety Queensland (CARRS-Q).

In addition to this committment, this year we provided funding for five new projects. These new projects share the collective potential to realise outcomes and efficiencies for the Queensland CTP scheme. Four of these projects have been co-funded by first-class research partners including the Australian Research Council and the National Health and Medical Research Council. These partnerships provide a unique opportunity for the Commission to invest in research endorsed through rigorous external assessment processes.

As well as its financial investment in research, the Commission provided expertise and guidance through governance roles. In 2008-09, the Commission increased its governance participation and now has representatives on the CONROD Advisory Council, the CARRS-Q Advisory Board and the Queensland Trauma Registry Advisory Board.

CARRS-Q has undergone some changes, following the semi-retirement of Emeritus Professor Mary Sheehan. Professor Sheehan was remarkable for taking CARRS-Q to where it is today and she is to be commended for her achievements. Equally, Professor Barry Watson is to be congratulated on his recent official appointment as the new Director of CARRS-Q. The Commission looks forward to working closely with Professor Watson in continuing to advance the Centre's mission in reducing the frequency and severity of accidents on our roads.

Our performance (continued)

The year in review

Operational issues

Operationally, the Commission underwent a restructure this year to increase efficiency and to better position itself for the challenges that lie ahead. Realigning our regulatory business into two business units – Systems and Operations and Policy and Strategy – allows the Commission to monitor and regulate the existing CTP scheme, while exploring options for scheme improvements.

The Advisory Committee continued to provide valuable support to the Commission during the year, especially with the changing claims environment and its impact on premium levels. This year saw Noel Mason retire from the Committee and I would like to acknowledge his contribution over the many years he served on the Committee and for his earlier work on the Committee of Review (1999).

In 2008-09, the Commission also embarked on a peer review of the Nominal Defendant claims operation. The review identified a number of potential areas for improvement. Implementing these recommendations in the near future will ensure contemporary claims management practices within the Nominal Defendant.

Looking to the future

Looking to next year, we will continue to work closely with all stakeholders to ensure we have the appropriate strategy, resources and processes in place to meet the CTP scheme's needs.

I would like to acknowledge the Commission's Advisory Committee for its ongoing advice and expertise. But above all, I would like to acknowledge the dedicated staff of the Commission for their contribution and hard work.

John Hand
Insurance Commissioner.

Business priority	Highlights	The year ahead
Provide a viable and equitable personal injury motor accident insurance scheme.	Maintained premiums at a level below the affordability index enshrined in the *Motor Accident Insurance Act 1994* (45 per cent of average weekly earnings). The highest priced Class 1 premium in 2008-09 was less than 31 per cent of average weekly earnings.	Continue to monitor claim trends and maintain affordability.
	Completed further actuarial analysis associated with the cost of a no-fault lifetime care and support scheme.	With the available information, consider the feasibility of a lifetime care and support scheme in CTP.
	Expended $4.3 million on initiatives aimed at reducing or eliminating the frequency of motor vehicle accidents and minimising their impact.	Review the results of targeted research focused on the experiences of people injured in motor vehicle accidents and undertake an evaluation of CONROD and its submission for further funding from 2010.
	Improved the availability of CTP scheme information by amalgamating the two CTP Helplines and updating the information available in the registration renewal package.	Continue to enhance the interactivity and usability of CTP scheme forms.
Improve the performance of the Nominal Defendant operation.	Finalised 434 claims (68 relating to FAI insolvency). Recovered $916,854 – an increase of $388,540 from last year (not including reinsurance).	Continued emphasis on the finalisation of FAI liabilities and recoveries from the liquidator.
	Enhanced performance management by completing an independent review of the claims management function.	Implement the recommendations from the claims management review.
	The actuarial analysis of outstanding claims liabilities confirmed a fully funded status for the Nominal Defendant.	Maintain prudent investment strategies for the Nominal Defendant.
Develop and fine-tune workforce and administrative capability to more effectively address emerging and future needs.	In conjunction with the Australian and New Zealand Institute of Insurance and Finance, completed in-house insurance and claims management training.	Launch in-house online training packages containing legislative fundamentals and contemporary claims management content.
	Provided two-thirds of all Commission and Nominal Defendant staff with opportunities to relieve in different positions and teams.	Continued emphasis on workforce planning including staff development and executive development rotation programs.

Our research investment

The Commission has a legislated role to support and promote initiatives aimed at reducing or eliminating the frequency of motor vehicle accidents and minimising their impact.

To achieve this objective we have made one-off and recurring funding grants to research institutions including universities, hospital foundations and medical colleges since our establishment in 1994.

Key research centres

The key research centres we fund are the Centre for Accident Research and Road Safety Queensland (CARRS-Q) located at the Queensland University of Technology (QUT) and the Centre of National Research on Disability and Rehabilitation Medicine (CONROD) located at the University of Queensland (UQ).

These centres were established more than a decade ago as a partnership between the Commission and the respective university. The Commission invested in these partnerships as a means of developing focused centres of expertise in accident prevention and injury mitigation (CARRS-Q) and ensuring the rehabilitation and management of people injured or disabled in motor vehicle accidents is as effective as possible in order to decrease the long-term effects on their everyday lives (CONROD).

CARRS-Q

Our investment in CARRS-Q during the last 12 months helped the Centre achieve the following outcomes:

- **Awarded more than $3 million in external funding through more than 50 grants.**
  This level of external funding is a direct reflection of the quality of research and expertise available within the Centre. It also represents significant leveraging of funds from the Commission's investment. Of note are five grants Queensland Health awarded to the Centre in the inaugural round of Queensland Health's Trauma Research Grants Scheme. The projects funded by this scheme will focus on preventing injuries to older drivers, cyclists and motorcyclists. Other funding sources include the Queensland Department of Transport and Main Roads, Queensland Injury Prevention Council, NRMA-ACT Road Safety Trust, VicRoads and the Victorian Transport Accident Commission.
- **Enhanced links with international institutions and organisations.**
  CARRS-Q's extensive linkages with international researchers and institutions, validates the currency and transferability of its research and educational activities within an international context. In this financial year, CARRS-Q has hosted senior researchers and academics from the United States, India, France, Fiji, Malaysia and Canada. CARRS-Q researchers also provided keynote and invited addresses at several national and international road safety events.
- **Establishment of the Queensland Independent Survey Panel in Road Safety.**
  This panel of up to 5,000 Queensland households has been formulated to assist with research into preventing accidents and reducing road safety. Panel members will be called upon from time to time to give their opinions on a range of issues either face-to-face, online, over the phone or through the mail. This innovative initiative is expected to greatly assist CARRS-Q by allowing timely sampling which can be used to both identify new research opportunities and consolidate existing research.

CONROD

Our investment in CONROD during the last 12 months helped the Centre achieve the following outcomes:

- **Commenced work on two longitudinal studies and a survey of people with CTP claims.**
  The first longitudinal study will track people with CTP claims for a two-year period to identify factors that modify their recovery. The second longitudinal study will also track patients for a two-year period. This study aims to determine the baseline health status of different groups of injured adults captured by the Queensland Trauma Registry. The outcomes from these studies will provide valuable information to the Commission on the injury recovery journey of people with CTP claims.
- **Expansion of the Queensland Trauma Registry.**
  Over the last twelve months, CONROD has implemented several key recommendations from the 2008 KPMG review of the Queensland Trauma Registry (QTR). These include appointing Dr Cliff Pollard as Director and Ms Kathy Harvey as Manager of QTR. Four new hospital sites have been set up to collect data – Bundaberg, Hervey Bay, Maryborough and Logan – bringing the total QTR hospitals to 20. QTR has also made significant progress improving the timeliness and accessibility of data captured by the Registry, which expected to increase the future use of this data and create additional research opportunities.
- **Reviewed literature on the effects of compensation on health outcomes, and the latest version of the American Medical Association Guides to the Evaluation of Permanent Impairment.**
  The outcomes of these reviews are important to the Commission in considering future policy direction in these areas.
- **Held the inaugural meeting of the new CONROD Advisory Council.**
  The composition of this Council has been enhanced significantly with representatives from key stakeholders who have extensive experience in the disability, health services, occupational health and safety, academic and government fields. This is expected to greatly assist CONROD in both the development of targeted future

Our research investment (continued)

research agendas and more effective, widespread dissemination of research outcomes.

- **Enhanced focus on the dissemination of research outcomes.**
  The Centre has enjoyed an increase in the number of papers published in peer reviewed journals on a diverse range of topics both nationally and internationally. The journals ranged across the continuum of care from the acute management of injury to community participation for those who are disabled by their injuries. A highly successful scientific conference was also held in June 2009, which showcased CONROD's key research. A monthly seminar series has been reintroduced and has attracted solid support from a cross-section of attendees including health professionals, insurers, academics and government.

New research initiatives

We have also provided funding to support the following new projects:

- **Evaluation of an information-based intervention for children with mild traumatic brain injury, UQ.**
  Building on previous studies, UQ, in partnership with the Royal Children's Hospital, will use a randomised controlled trial to measure the impact of providing information to parents on the recovery of their children, compared with those that receive standard care only. This funding has been provided for two years.
- **Australian Research Council (ARC) project to research the financing and management of lifetime care and support for people of working age with severely acquired injuries, UQ.**
  The proposed research design is based on the process used in a similar study successfully undertaken in the United Kingdom and represents a unique opportunity to enhance investigations into the delivery of care in Queensland. It is anticipated by identifying the strengths and weaknesses of the current model, this study will potentially inform any future policy development into the provision of lifetime care and support in Queensland. This project has been co-funded for three years.
- **ARC project to test the validity of adding self-management to vocational rehabilitation to measure its effects in the treatment of those suffering from compensable chronic musculoskeletal injuries, UQ.**
  As claimants with chronic musculoskeletal injuries often have poorer health outcomes, strategies validated by this research have the potential to improve vocational outcomes for these claimants with flow-on effects to the scheme's efficiency. This project has been co-funded for three years.

Sponsorship

We have continued to provide sponsorship to a range of activities which promote community awareness, provide training and networking opportunities and recognise innovation and excellence, including:

- **Support for the Spinal Injuries Association, through sponsoring the Spinal Education Awareness Team.**
  This program provides the opportunity for volunteer presenters, all of whom have sustained a spinal cord injury, to deliver information sessions across a variety of schools and within the community. In 2009, up to 80,000 students are expected to access these sessions which promote the importance of safety and injury prevention and help to break down misconceptions about people living with spinal cord injury.
- **Subsidising the production costs of an Acquired Brain Injury Outreach Service DVD addressing acquired brain injury in terms of indigenous cultural sensitivity and safety and will address an identified gap in this area.**
  It is intended for use in individual, family, group and service provider training, and especially for people in rural and remote networks.
- **Support to the Australian Association of Occupational Therapists Queensland to hold a symposium dedicated to soft tissue injury management, workplace health and safety and rehabilitation.**
  Sponsorship was provided towards the costs of holding a workshop on the latest evidence around the incidence rates and treatment of whiplash injuries.

Our Nominal Defendant

The Nominal Defendant: The insurer of last resort

Motor vehicle accidents can be devastating for the people involved. On top of any injuries sustained, an accident can affect a person's hip pocket through medical expenses, such as treatment, rehabilitation, medical equipment and loss of income. If fault can be established, an injured person may be entitled to lodge a compensation claim against an at-fault vehicle's CTP insurer to help cover expenses.

But what if the at-fault vehicle isn't registered and insured? What if the owner of the at-fault vehicle let their CTP insurance lapse more than the 30 day period of grace? What if the driver of the at-fault vehicle leaves the scene and cannot be identified? Who will the injured person rely on to compensate his or her losses?

The Nominal Defendant was established by the Queensland Government in 1961 as an insurer of last resort, to ensure people injured in accidents by unregistered/uninsured or unidentified motor vehicles have access to compensation.

An expanded safety net

In addition to meeting the cost of claims involving unregistered or unidentified vehicles, the Nominal Defendant's safety net has increased to meet the claim costs of licensed insurers who become insolvent.

The most recent example of the Nominal Defendant meeting the needs of an insolvent insurer was the collapse of the HIH Insurance Group (FAI) in 2001. The liability that became the responsibility of the Nominal Defendant, at the time, was estimated to be $403 million.

The Nominal Defendant commenced making payments on claims within seven days of insolvency and today still has about $50 million in outstanding HIH claim liabilities.

Without this important safety net feature, there would be no continuity of protection. Without the Nominal Defendant, owners or drivers of vehicles insured by an insolvent insurer who are at-fault would not have their liability covered.

Covering claim costs

In 2008-09, the Nominal Defendant paid out $25.9 million on CTP claims and associated settlement costs. To cover claim costs and fund the Nominal Defendant operation, there is a Nominal Defendant levy. The levy for 2008-09 is $17.30 for class 1 vehicles, including a $5 HIH charge to help recoup costs from the HIH Insurance Group collapse (introduced in 2001).

The Nominal Defendant also has a right to seek recovery from the owner or driver of an unregistered/uninsured vehicle for any costs reasonably incurred by the Nominal Defendant on a claim for personal injury brought against the unregistered/uninsured vehicle. In 2008-09, the Nominal Defendant recovered approximately $1 million from drivers of unregistered/uninsured vehicles.

Unregistered, uninsured and at risk

While the majority of drivers realise driving an unregistered/uninsured vehicle on the road has implications in terms of fines and lack of CTP protection, some drivers may not realise the extent of their exposure to financial risk.

Firstly, the owner and driver can face hefty penalties and on the spot fines for driving or permitting someone else to drive an unregistered/uninsured motor vehicle on the road. Secondly, driving an unregistered/uninsured vehicle may also have significant financial implications for motorists with comprehensive insurance as some comprehensive insurance polices exclude cover for property damage if the vehicle is not registered. Finally, if the owner allows their registration and CTP insurance to lapse for more than 30 days, and an accident occurs on a road or public place, the owner and driver may be financially liable for damages paid to an injured person.

Statistics for unregistered/uninsured vehicles detected by traffic cameras give some indication as to the extent of the problem. In the 12 months from 1 April 2008 to 31 March 2009, there were 8328 unregistered vehicles detected by speed cameras and red light cameras. In other words, more than 20 motor vehicles each day were caught unregistered/uninsured on the road, exposing drivers and owners to significant financial risk.

Claims relating to unregistered/uninsured motor vehicles represent approximately one-third of the claims received by the Nominal Defendant (the other two-thirds relate to unidentified vehicles). Over the last five years, the Nominal Defendant has paid out more than $100 million on claims and associated settlement costs.

As it approaches its silver jubilee, the Nominal Defendant will continue to provide an important service to the Queensland community – ensuring people injured in motor vehicle accidents by uninsured and unidentified vehicles have access to reasonable and appropriate compensation.


PBF
AUSTRALIA
Paraplegic Benefit
Fund
tic
The Investors Club

It's all about attitude

Dennis Greensill is a remarkable young man. With a cheeky grin, and a hint of mischief in his eyes, you can *almost* disregard the hurdles he has had to overcome. A former claimant of the Nominal Defendant, Dennis Greensill is a shining example of moving on after a motor vehicle accident.

Five short years ago, Dennis was enjoying his summer break with his mates after finishing Year 10 when he made a decision that would change his life forever.

Dennis hopped on the back of his mate's unregistered and uninsured dirt-bike and ventured onto the road. The boys hit a water culvert, crashed the bike and Dennis landed head first, crushing his T3 vertebrae.

"I had no idea where I was," Dennis said.

Dennis was conscious enough to call 000 on his mobile phone, but he couldn't tell the 000 operator where he was located so they were unable to dispatch an ambulance.

When Dennis spotted a car coming, he put his hand up and waved.

"I was lying in the grass on the side of the road. A lady drove by and all she saw was the tops of my fingers," Dennis said.

Fearful of stopping alone on a rural road, the lady drove to the next farm and organised an ambulance, which attended to the boys and transported them both to Kingaroy Hospital.

Dennis' mate's brother contacted Dennis' parents to let them know about the accident.

"He said the boys had been involved in an accident and they were in hospital," said Dennis' mother, Elizabeth Greensill.

While Mrs Greensill knew it was serious, and suspected a few broken bones, she didn't realise the severity until she saw the doctor's face.

"One look at the doctor's face, and I knew. Dennis said to me, Mum, I can't walk, I can't feel my legs."

"I think Dennis knew he wasn't going to walk again," she said.

Later, the boys were airlifted by the RACQ CareFlight chopper to Brisbane. Dennis' mate was discharged from hospital the very next day while Dennis spent the next three and a half months in the Spinal Injuries Unit at the Princess Alexandra Hospital, paralysed.

"I'm very lucky," Dennis said. "With the kind of neck injury I had, I could have ended up as severely injured as Christopher Reeves."

Because the accident happened on a road and the bike was unregistered and uninsured, the Nominal Defendant responded to Dennis' claim.

Without the Nominal Defendant, Dennis would have had limited or no financial compensation for his injuries. He would have relied on publically-funded services and his family to provide his rehabilitation, home modifications, wheel chair and ongoing care needs.

The Nominal Defendant provided early rehabilitation assistance, including home modifications, to ensure Dennis' transition back to a relatively normal life was as seamless as possible.

Although Dennis' family made significant adjustments to their lives to provide the extra love and support Dennis needed to move on, Mrs Greensill said they were relieved and grateful when they found out about the existence of the Nominal Defendant.

Dennis said money from the Nominal Defendant has helped him pay for more than $80,000 worth of home and vehicle modifications and a $7,000 light-weight, titanium wheel chair. Dennis has carefully invested the rest of the settlement money to ensure he has capacity to pay for additional equipment and modifications in the future.

Dennis was discharged from the Spinal Injuries Unit earlier than most people with similar injuries, his CTP claim settled early, and like most kids from the country, he got his motor vehicle license as soon as he was legally allowed.

Dennis feels very fortunate to be pain free and living an independent life. He attributes his achievements and progress to his positive outlook on life.

"It's all about attitude," said Dennis.

"If you think everything is going to be bad, it pretty much will be. Tomorrow is a new day."

Dennis' mother is his biggest fan.

"He's incredible," she said. "He hasn't had any downtime since the accident. He's made the best of it and moved on with his life."

Today, Dennis spends his time speaking to school children and workers about choices and consequences on behalf of the Paraplegic Benefit Fund, a member-based national charity that aims to provide financial support for members who sustain a spinal cord injury.

Dennis has also commenced a business traineeship with an auto spare-parts company in Ormeau. Through the traineeship, Dennis will complete his Certificate IV in Business.

But it's not all hard work for the boy from Kingaroy. An all-round sportsman, Dennis is in the process of buying a hand cycle and he is also looking forward to getting involved in wheelchair basketball. For a young man with the right attitude the opportunities are endless.

Dennis Greensil presenting on behalf of the Paraplegic Benefit Fund.

Our people

Passionate and professional are two words that capture the spirit of the people who staff the Motor Accident Insurance Commission. With broad expertise in insurance, claims management, injury management and corporate governance, we are extremely proud of our role in Queensland's CTP scheme.

Our leadership team believes our staff are well placed and provide the best source of knowledge to ensure our scheme remains affordable and contemporary. In 2008-09, we focussed on developing and cross-skilling our staff through workforce planning, targeted training programs and leadership rotation.

Workforce planning

Over the last couple of years, we have established and embedded a workforce planning process, giving all staff appropriate training and development opportunities to ensure the workforce is adequately skilled for the future. This process has enabled staff to develop their expertise and broaden their knowledge in a supportive environment.

Targeted training programs

In 2008-09, many of our staff completed two in-house training programs, which commenced in the 2007-08 financial year. Firstly, we completed a series of professional, insurance-based training sessions facilitated by external insurance experts – the Australian and New Zealand Institute of Insurance and Finance (ANZIIF). Secondly, staff within the Commission completed personal injury claims management training.

In addition to these two training initiatives, key Commission staff completed formally-recognised industry training through ANZIIF. We actively support staff participating in these programs and encourage staff to enrol in ANZIIF courses.

This year, we began work on an in-house, online training package. The package will be launched in the next financial year and will contain insurance legislation fundamentals and contemporary claims management content.

Leadership rotation

During 2008-09, members of the leadership team were given the opportunity to manage different Commission business units. Leadership rotation provides members of the leadership team with a first-hand appreciation of the technical aspects of the different units and a broader, overarching view of our business.

Future initiatives

The bedrock of our success is the talent and know-how of our people. With an aging workforce, one of the key challenges we face over the coming years is capturing the expertise and extensive technical knowledge of our senior staff.

Looking to the future, we will explore programs for capturing and sharing technical knowledge, such as the in-house online training package, while continuing to support relevant development opportunities.

Management

Manager, Nominal Defendant

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

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

General Manager, Motor Accident Insurance

Kim Birch, B.HSc. RN

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

Manager, Corporate Governance

Lina Lee, B.Com, CA

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

Insurance Commissioner

John Hand, ANZIIF (Snr Assoc) CIP, MAICD

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

Manager, Systems and Operations

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

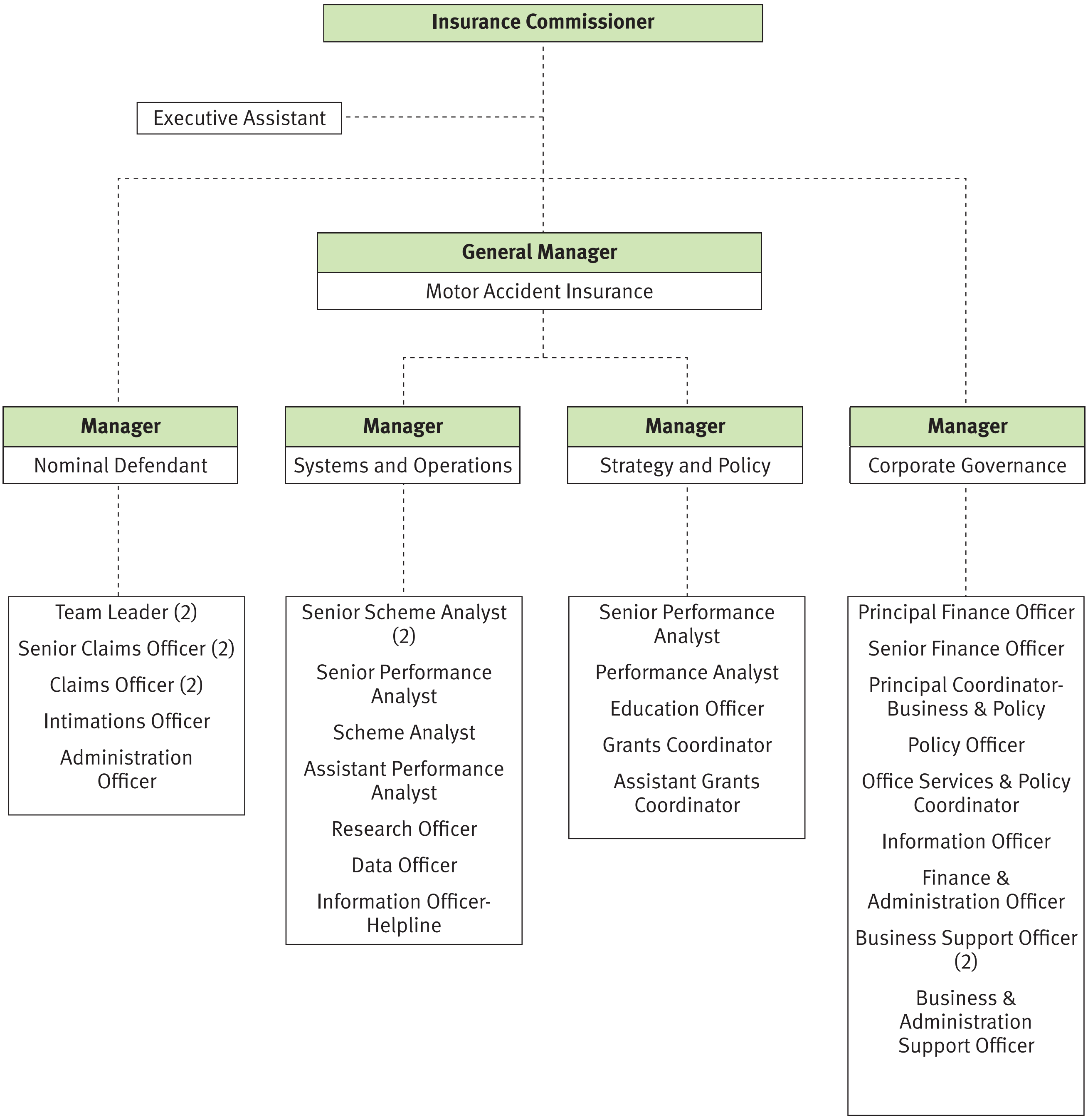
Appointed to the Commission in 2006, Fanny's responsibilities include managing the development of quality information to support the regulation and development of the CTP scheme. Her roles within the Commission have encompassed systems and database management, scheme analysis, and operations. Fanny has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

Manager, Policy and Strategy

Cathy Pilecki, B.Phty, Grad Dip Rehab Counselling

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

Organisational structure



Managing our business

Corporate Governance: Accountability and risk management

The Motor Accident Insurance Commission is committed to best practice in corporate governance. Our corporate governance processes enable us to improve accountability, strengthen internal controls and manage risk, while achieving our strategic objectives.

The Commission's accountability, internal controls and risk management processes occur in coordination with Treasury and the Shared Services Agency.

Accountability

The operations of the Motor Accident Insurance Commission are governed by the *Motor Accident Insurance Act 1994* (MAIA). Under this legislation, the Insurance Commissioner constitutes the Commission and the Nominal Defendant.

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

The Insurance Commissioner reports to the State Parliament through the Treasurer and prepares an annual report, as required by the MAIA and the *Financial Administration and Audit Act 1977*.

The Commission seeks counsel from an Advisory Committee, established under the MAIA. The Committee provides advice on the Commission's statutory functions.

Internal audit

The Shared Services Agency provides internal audit services to the Commission and the Nominal Defendant. When working with the Commission and the Nominal Defendant, the internal audit's aim is to assess financial and administrative control systems and to 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 internal audits are reported to the Under Treasurer and include opinions regarding the adequacy and effectiveness of financial, operational, administrative and computer controls.

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

In 2008-09, the Shared Services Agency audited the Commission's grants process. The audit identified a number of issues including the development of key performance indicators for the overarching grants program. The Commission has developed an implementation plan in response to the audit recommendations.

Risk Management

Risk management is integrated into all business activities and systems across the Commission and the Nominal Defendant. Treasury provides a risk management framework, which the Commission and the Nominal Defendant adopt to regularly review the importance, probability and treatment of risks.

Significant risks are recorded in the Commission and the Nominal Defendant's risk register, and managed through the strategic and business planning process.

The Commission has developed and maintains a business continuity plan to respond to defined risk events. This ensures business processes continue with minimal adverse impact on the CTP scheme.

In addition to managing operational risks, as part of the Commission's project management methodology, risks associated with projects are identified and solutions are developed to mitigate and manage them. Project reporting includes continual assessment of risks, their impact and the need for intervention.

Levies and fees

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

The Statutory Insurance Scheme Levy

The Statutory Insurance Scheme Levy covers the estimated cost of administering the *Motor Accident Insurance Act 1994* (MAIA). From 1 July 2008, the Levy increased by 10 cents to $1.70 per vehicle to cover operating costs and provide additional funding for research into accident prevention and injury mitigation. For the year 2008-09 the Levy produced income of $5.84 million. From 1 July 2009, the Statutory Insurance Scheme Levy increased to $1.75 per policy to offset lower than anticipated investment returns on the Motor Accident Insurance Fund.

The Nominal Defendant Levy

The Nominal Defendant Levy, which varies by vehicle class, covers the estimated costs of the Nominal Defendant scheme. The Levy is set having regard to an actuarial assessment of claim trends. From 1 July 2008, the Levy for Class 1 vehicles was reduced to $17.30 and during the reporting period remained at this level. For the 2008-09 year, the income from the levy totalled $58.38 million. From 1 July 2009, the Levy increased to $17.40 for Class 1 vehicles and reflects the trends in claims.

With the insolvency of FAI General Insurance Company Ltd on 15 March 2001, the Nominal Defendant assumed responsibility for outstanding claims against FAI policies. The Nominal Defendant Levy has included $5 from 1 October 2001 to assist with the funding of these CTP liabilities. Income from this component was $16.87 million over the reporting period (included in the total Nominal Defendant collection).

The Hospital and Emergency Services Levy

The Hospital and Emergency Services Levy is designed to cover a reasonable proportion of the estimated cost of providing public hospital and public emergency services to people who are injured in motor vehicle accidents, who use such services and who are claimants or potential claimants under the CTP scheme. The Levy amount calculated varies by vehicle class. For the reporting period commencing 1 July 2008, the Class 1 Levy was $12.40 per policy. The collected income from the Levy for the financial year was $42.21 million of which $30.57 million was allocated to Queensland Health and $11.64 million to the Department of Emergency Services. From 1 July 2009, the Hospital and Emergency Services Levy increased to $13.25 for Class 1 vehicles.

The Administration Fee

The Administration Fee is the fee payable to Queensland Transport for delivering administrative support for the scheme. From 1 July 2008, the Fee remained at $7.60 per policy. For the reporting period 2008-09, $28.45 million was collected by Queensland Transport. From 1 July 2009, the Administration Fee remained unchanged at $7.60.

Our statistics

Statistical information 2008-09

Major legislative changes impacting on the Queensland CTP scheme

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

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

The majority of the data represented in the statistical section is based on accidents from 2 December 2002 to 30 June 2009. Further data is available on the Commission's website. This information is updated on a regular basis.

Statistical information 2008-09

Insured vehicles by class
(Registrations as at 30 June 2009)

Class	Description	Vehicles	%
1	Cars and station wagons	2,350,687	68.68%
2	Motorised homes	10,657	0.31%
3	Taxis	2,682	0.08%
4	Hire vehicles	31,898	0.93%
5	Vintage, veteran, historic or street rods	14,472	0.42%
6	Trucks, utilities and vans with a GVM of 4.5t or less	638,023	18.64%
7	Trucks, prime movers and vans with a GVM › 4.5t	70,100	2.05%
8	Non-commercial buses	5,497	0.16%
9	Buses for school/health use	3,609	0.11%
10A	Buses not in class 8, 9 or 10B but used within 350 km of base	2,602	0.08%
10B	Buses under Translink service contract other than school or restricted school service	1,830	0.05%
11	Buses not in class 8, 9, 10A or 10B	5,845	0.17%
12	Motorcycles with driver only	52,539	1.54%
13	Motorcycles with pillion passenger or side car	101,583	2.97%
14	Tractors	24,398	0.71%
15	Self-propelled machinery, fire engines	8,897	0.26%
16	Ambulances	953	0.03%
17	Motor vehicles used only for primary production	39,757	1.16%
19	Limited access registration	32,560	0.95%
20	Zone access registration	9,716	0.28%
21	Self-propelled machinery not in classes 14, 15, 19 or 20	7,222	0.21%
23	Dealer plates	5,191	0.15%
24	Trailers	1,854	0.05%
Total		**3,422,572**	**100.00%**

Premium levy and fee collection
(1 July 2008 to 30 June 2009)

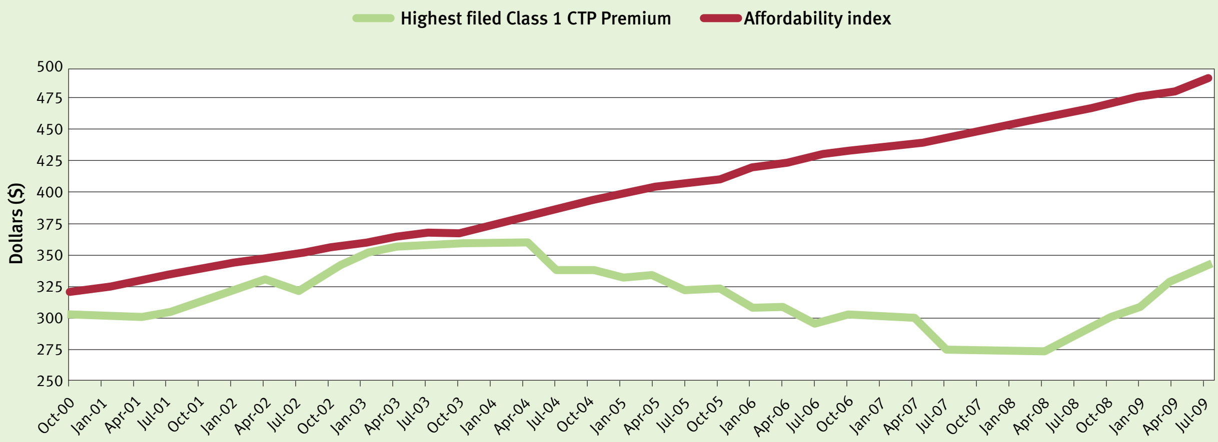
Description	$ ('000)
Total insurance premiums collected *	**1,133,261**
Nominal Defendant levy	-58,382
Statutory insurance scheme levy	-5,838
Hospital and emergency services levy ^	-42,206
Administration fee (Transport fee)	-28,449
Insurers premiums #	**998,386**

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

	$ ('000)
Hospital	-30,566
Emergency	-11,640
	-42,206

Statistical information 2008-09

Affordability index vs highest filed Class 1 CTP premium



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

Average Class 1 filed premium

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

Note: Average Class 1 filed premiums include levies.

Statistical information 2008-09

Claim frequency and claim propensity
(Accidents from 1 September 1994 to 30 June 2009)

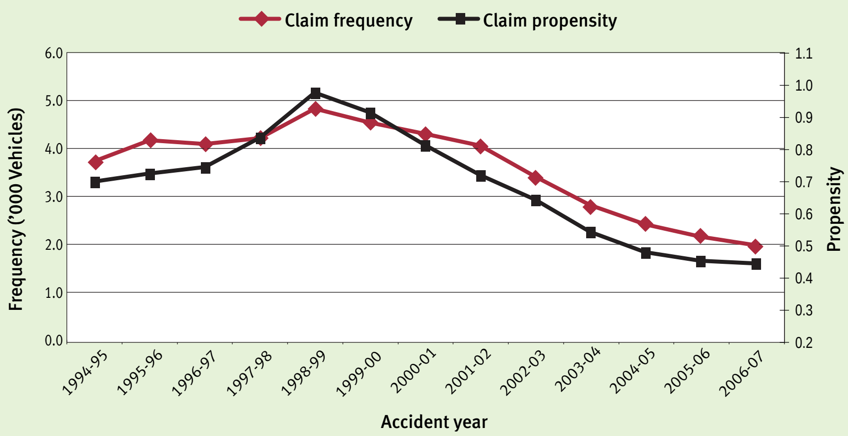
Accident year	Registered vehicles at 30 June	Claims (all claims)	Claim frequency *	Claim propensity # (QLD accident claims only)
1994-95	1,924,108	7,233	3.8	0.7
1995-96	2,144,564	8,986	4.2	0.7
1996-97	2,194,471	9,017	4.1	0.7
1997-98	2,264,086	9,587	4.2	0.8
1998-99	2,343,820	11,342	4.8	1.0
1999-00	2,390,744	10,902	4.6	0.9
2000-01	2,452,849	10,608	4.3	0.8
2001-02	2,529,256	10,310	4.1	0.7
2002-03	2,629,702	9,033	3.4	0.6
2003-04	2,758,280	7,843	2.8	0.5
2004-05	2,893,849	7,071	2.4	0.5
2005-06	3,026,987	6,633	2.2	0.5
2006-07	3,176,383	6,402	2.0	0.4
2007-08	3,324,485	6,039		
2008-09	3,422,572	4,500		

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

Claim propensity is measured as the ratio of claims (Queensland accident claims) against the number of overall casualties (casualty severity classification 1 to 3) recorded in Queensland as per the Webcrash statistics, provided by Queensland Transport on 6 August 2009. Casualty data is immature for the recent accident years and is not included.

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

Claim frequency and claim propensity



Statistical information 2008-09

Number of accidents by region

(Accidents from 2 December 2002 to 30 June 2009)

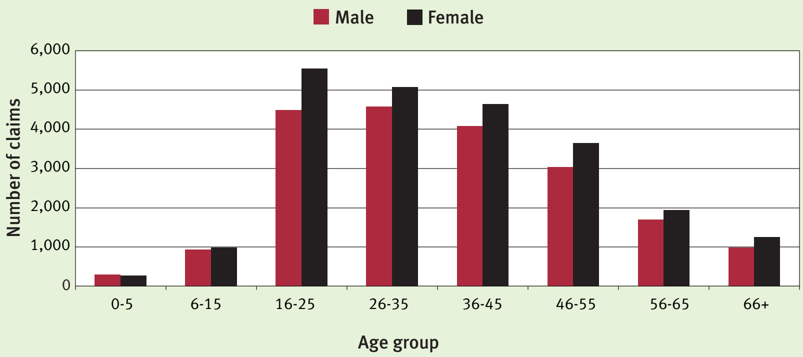
Accident date	2 Dec 2002 - 30 Jun 2003		1 Jul 2003 - 30 Jun 2004		1 Jul 2004 - 30 Jun 2005		1 Jul 2005 - 30 Jun 2006		1 Jul 2006 - 30 Jun 2007		1 Jul 2007 - 30 Jun 2008		1 Jul 2008 - 30 Jun 2009	
	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%
Brisbane	2,063	51.7%	3,294	51.9%	2,878	49.9%	2,783	50.9%	2,648	50.0%	2,461	49.4%	1,906	51.2%
Other SE QLD Region	1,177	29.5%	1,826	28.8%	1,673	29.0%	1,542	28.2%	1,549	29.2%	1,498	30.0%	1,132	30.4%
Regional QLD Region	572	14.3%	958	15.1%	958	16.6%	880	16.1%	861	16.2%	786	15.8%	537	14.4%
Interstate	180	4.5%	269	4.2%	253	4.4%	263	4.8%	241	4.5%	241	4.8%	147	3.9%
Total	**3,992**	**100.0%**	**6,347**	**100.0%**	**5,762**	**100.0%**	**5,468**	**100.0%**	**5,299**	**100.0%**	**4,986**	**100.0%**	**3,722**	**100.0%**

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

Age group of claimants by gender

(All claims for accidents from 2 December 2002 to 30 June 2009 where relevant details are available)

Age group	Male	Female	Total	%
0-5	296	278	574	1.3%
6-15	937	976	1,913	4.4%
16-25	4,483	5,549	10,032	23.1%
26-35	4,577	5,076	9,653	22.2%
36-45	4,083	4,648	8,731	20.1%
46-55	3,037	3,654	6,691	15.4%
56-65	1,702	1,940	3,642	8.4%
66+	982	1,259	2,241	5.2%
Total	**20,097**	**23,380**	**43,477**	**100.0%**

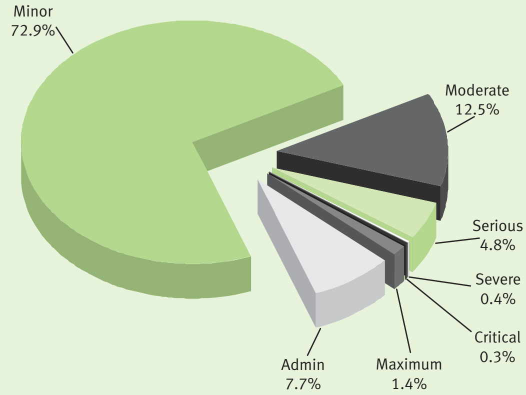


Statistical information 2008-09

Claim severity

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

AIS severity *	Description	Claims	%
1	Minor	22,437	72.9%
2	Moderate	3,852	12.5%
3	Serious	1,480	4.8%
4	Severe	131	0.4%
5	Critical	94	0.3%
6	Maximum #	418	1.4%
9	Admin ^	2,385	7.7%
	Total	**30,797**	**100.0%**



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

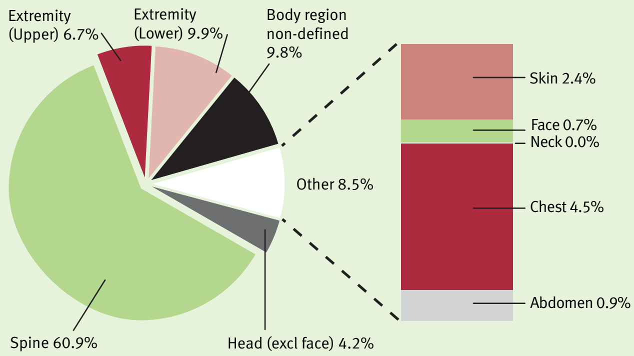
\# Maximum severity is predominately fatalities.

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

Injury by body region

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

Body region	Claims	%
Skin	744	2.4%
Head (excl. face)	1,281	4.2%
Face	216	0.7%
Neck*	12	0.0%
Chest	1,395	4.5%
Abdomen	266	0.9%
Spine	18,756	60.9%
Extremity (Upper)	2,063	6.7%
Extremity (Lower)	3,035	9.9%
Body region non-defined#	3,029	9.8%
Total	**30,797**	**100.0%**



Note: Body regions are based on AIS 2005.

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

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

Statistical information 2008-09

Notice of claim lodgements - cumulative

(Accidents from 1 September 1994 to 30 June 2009)

	Duration between accident and claim lodgement (in months)											
Accident year	3	6	9	12	15	18	21	24	27	30	33	36+
1994-95	1,851	3,404	5,646	6,449	6,663	6,787	6,871	6,936	6,989	7,045	7,079	7,233
1995-96	2,734	4,891	7,254	8,175	8,364	8,488	8,586	8,634	8,692	8,750	8,798	8,986
1996-97	3,294	5,558	7,545	8,137	8,351	8,475	8,547	8,634	8,710	8,773	8,848	9,017
1997-98	4,026	6,304	8,086	8,714	8,917	9,041	9,152	9,249	9,316	9,386	9,431	9,587
1998-99	5,284	7,863	9,760	10,401	10,629	10,757	10,886	10,965	11,055	11,134	11,184	11,342
1999-00	5,105	7,427	9,272	9,956	10,200	10,378	10,484	10,573	10,643	10,704	10,735	10,902
2000-01	7,018	8,684	9,601	9,947	10,147	10,264	10,339	10,397	10,439	10,477	10,508	10,608
2001-02	7,402	8,769	9,380	9,649	9,765	9,857	9,983	10,086	10,156	10,187	10,216	10,310
2002-03	6,385	7,548	8,101	8,357	8,534	8,728	8,815	8,859	8,903	8,932	8,958	9,033
2003-04	5,314	6,379	6,920	7,174	7,330	7,501	7,603	7,668	7,719	7,760	7,782	7,843
2004-05	4,696	5,652	6,116	6,266	6,343	6,429	6,596	6,746	6,893	6,969	7,008	7,071
2005-06	4,345	5,184	5,643	5,834	5,929	5,998	6,150	6,371	6,525	6,560	6,586	6,633
2006-07	4,095	5,039	5,545	5,755	5,917	6,116	6,295	6,352	6,367	6,391	6,396	6,402
2007-08	4,096	4,944	5,621	5,870	5,981	6,020	6,033	6,039				
2008-09	3,744	4,268	4,486	4,500								

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

Claims by insurer

(Accidents from 2 December 2002 to 30 June 2009)

Accident date	2 Dec 2002 - 30 Jun 2003			1 Jul 2003 - 30 Jun 2004			1 Jul 2004 - 30 Jun 2005		
	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised
AAMI	259	100.0%	95.4%	363	99.7%	98.3%	383	100.0%	95.6%
Allianz	1,092	99.1%	96.5%	1,662	98.7%	92.2%	1,436	99.0%	89.3%
Nom. Defend.	170	99.4%	88.2%	249	97.6%	91.6%	202	97.0%	82.7%
NRMA	110	100.0%	100.0%	112	100.0%	97.3%	135	100.0%	96.3%
QBE	183	100.0%	98.9%	295	99.3%	98.6%	252	96.8%	95.2%
RACQI	652	97.4%	98.3%	1,044	97.7%	94.5%	898	97.4%	91.8%
Suncorp	2,602	99.1%	96.9%	4,118	99.2%	95.1%	3,765	99.4%	92.1%
Total/Average	**5,068**	**99.0%**	**96.8%**	**7,843**	**98.9%**	**94.6%**	**7,071**	**99.0%**	**91.6%**

Statistical information 2008-09

Rates of legal representation and litigation
(Accidents from 2 December 2002 to 30 June 2009)

Accident date	2 Dec 2002 - 30 Jun 2003	1 Jul 2003 - 30 Jun 2004	1 Jul 2004 - 30 Jun 2005	1 Jul 2005 - 30 Jun 2006	1 Jul 2006 - 30 Jun 2007	1 Jul 2007 - 30 Jun 2008	1 Jul 2008 - 30 Jun 2009
Claims	5,068	7,843	7,071	6,633	6,402	6,039	4,500
% Finalised	96.8%	94.6%	91.6%	81.0%	62.9%	35.3%	11.1%
% Legal rep	81.1%	77.1%	73.4%	71.8%	72.3%	72.7%	74.2%
% Litigated	5.7%	4.7%	3.6%	2.6%	1.6%	0.3%	0.0%

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

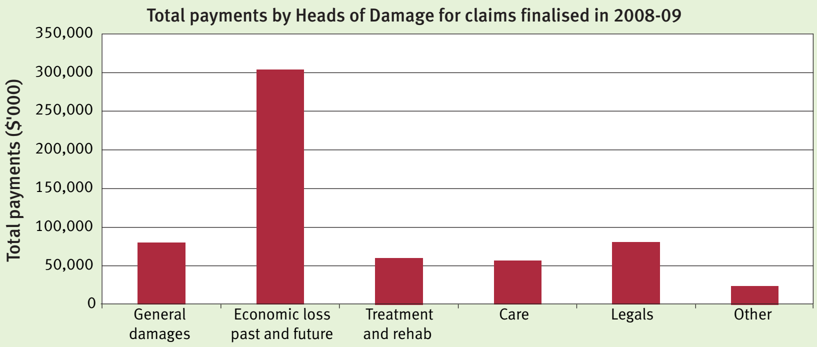
	1 Jul 2005 - 30 Jun 2006			1 Jul 2006 - 30 Jun 2007			1 Jul 2007 - 30 Jun 2008			1 Jul 2008 - 30 Jun 2009		
	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised	Claims received	Liability determined	Claims finalised
	402	99.8%	86.8%	391	99.2%	68.3%	337	97.9%	30.9%	211	84.4%	9.5%
	1,442	99.1%	76.4%	1,239	99.1%	57.5%	1,229	98.0%	32.4%	879	81.3%	13.0%
	172	98.8%	77.9%	207	99.0%	48.3%	214	97.7%	23.8%	158	58.9%	8.9%
	171	100.0%	90.1%	183	100.0%	71.6%	292	99.3%	40.1%	276	88.8%	17.8%
	232	98.3%	83.6%	300	98.7%	66.0%	313	96.8%	40.9%	281	61.6%	12.1%
	826	97.5%	80.8%	857	97.0%	61.4%	879	94.5%	31.9%	650	59.4%	6.8%
	3,388	98.8%	81.9%	3,225	98.3%	64.9%	2,775	96.6%	37.9%	2,045	79.2%	11.0%
	6,633	**98.7%**	**81.0%**	**6,402**	**98.4%**	**62.9%**	**6,039**	**96.8%**	**35.3%**	**4,500**	**75.8%**	**11.1%**

Statistical information 2008-09

Heads of damage breakdown

(Finalised claims from 1 July 2008 to 30 June 2009 for accidents from 2 December 2002 to 30 June 2009)

	General damages	Economic loss past & future	Treatment & rehab	Care	Legals	Other *	Total
Finalised claims ^	5,377	4,976	6,427	1,312	4,018	5,853	**7,022**
% Finalised payments	13.2%	50.2%	10.0%	9.3%	13.3%	4.0%	**100.0%**
Total payments ($'000)	**80,168**	**303,847**	**60,394**	**56,306**	**80,522**	**24,088**	**605,325#**



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

Recoveries are excluded from this information.

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

Claim payments on finalised claims

(Accidents from 2 December 2002 to 30 June 2009)

	Accident date	2 Dec 2002 - 30 Jun 2003		1 Jul 2003 - 30 Jun 2004		1 Jul 2004 - 30 Jun 2005	
Payment type	**Code/s**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**	**Payments ($'000)**	**%**
Aids & appliances	A1 (inc. RJ)	1,297	0.6%	1,124	0.3%	1,468	0.4%
Care	C1	18,130	8.2%	30,842	8.3%	27,396	7.3%
Economic loss - past	E1	27,850	12.6%	43,692	11.8%	43,916	11.7%
Economic loss - future	E2	75,804	34.3%	134,931	36.3%	151,664	40.5%
General damages	G1	40,567	18.4%	63,426	17.1%	61,882	16.5%
Home & vehicle modifications	H1	191	0.1%	509	0.1%	262	0.1%
Investigation costs	L1	7,249	3.3%	10,973	3.0%	9,131	2.4%
Legal costs - plaintiff	L2	18,382	8.3%	32,067	8.6%	33,144	8.8%
Legal costs - defendant	L4, L5, L6	13,652	6.2%	17,391	4.7%	11,661	3.1%
Hospital, medical, pharmaceutical & rehabilitation	M1, R1 (ex. RJ)	20,740	9.4%	38,392	10.3%	36,933	9.9%
Recoveries	V1, V2, V3, V4	-3,162	-1.4%	-1,836	-0.5%	-2,724	-0.7%
Total		**220,698**	**100.0%**	**371,511**	**100.0%**	**374,733**	**100.0%**

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

Statistical information 2008-09

Injury severity costs breakdown

(Finalised claims from 1 July 2008 to 30 June 2009 for accidents from 2 December 2002 to 30 June 2009)

	AIS severity description							
	Minor	Moderate	Serious	Severe	Critical	Maximum *	Admin #	Total
Finalised claims ^	4,890	1,120	446	54	32	91	389	**7,022**
% Total payments	45.0%	22.2%	16.5%	6.5%	7.1%	1.8%	1.0%	**100.0%**
Average payment ($)	55,441	119,336	223,177	728,131	1,343,859	116,944	15,025	**85,888**
Total payments ($'000)	**271,106**	**133,656**	**99,537**	**39,319**	**43,003**	**10,642**	**5,845**	**603,108**

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.

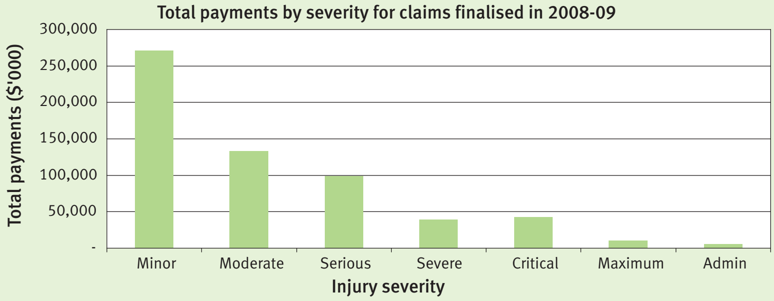
* Maximum severity is predominately fatalities.

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

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

Injury severities are based on AIS 2005.

Total payments by severity for claims finalised in 2008-09



	1 Jul 2005 - 30 Jun 2006		1 Jul 2006 - 30 Jun 2007		1 Jul 2007 - 30 Jun 2008		1 Jul 2008 - 30 Jun 2009	
	Payments ($'000)	%	Payments ($'000)	%	Payments ($'000)	%	Payments ($'000)	%
	402	0.1%	206	0.1%	39	0.1%	2	0.1%
	20,290	7.0%	8,326	4.8%	1,351	3.0%	13	0.8%
	31,613	11.0%	16,284	9.4%	4,461	9.9%	288	16.7%
	120,594	41.9%	77,380	44.6%	19,914	44.0%	300	17.4%
	46,879	16.3%	29,435	17.0%	8,760	19.3%	657	38.1%
	237	0.1%	0	0.0%	0	0.0%	0	0.0%
	7,426	2.6%	4,127	2.4%	1,013	2.2%	70	4.1%
	26,503	9.2%	18,027	10.4%	4,334	9.6%	20	1.2%
	7,205	2.5%	3,825	2.2%	558	1.2%	6	0.3%
	28,196	9.8%	16,165	9.3%	4,940	10.9%	375	21.8%
	-1,410	-0.5%	-359	-0.2%	-87	-0.2%	-8	-0.5%
	287,937	**100.0%**	**173,415**	**100.0%**	**45,281**	**100.0%**	**1,722**	**100.0%**

Statistical information 2008-09

Claim duration by licensed insurer

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

	AAMI	Allianz	NRMA	QBE	RACQI	Suncorp	Average
Notification date to compliance date	0.6	0.6	0.6	0.5	0.7	0.9	0.8
Compliance date to liability decision date	0.5	2.5	2.5	2.5	3.6	3.9	3.3
Liability decision date to settlement date	15.9	16.2	12.0	15.9	14.0	15.1	15.2

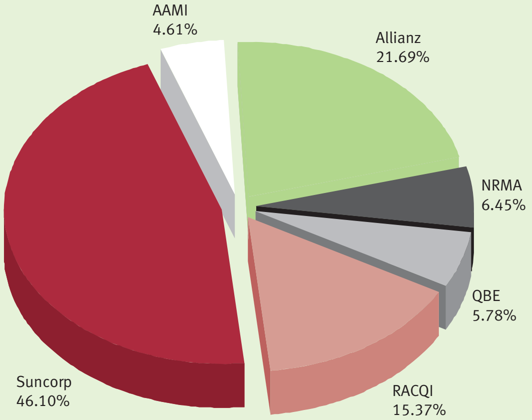
Note: Timeframes = Average in months

Market share - licensed insurers

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

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

Market share 2008-09



Our financial information

Motor Accident Insurance Commission Financial Report 2008-09

for the year ended 30 June 2009

Contents

This financial report covers the Motor Accident Insurance Commission (the Commission).

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

The head office and principal place of business is:
Level 9, 33 Charlotte Street
GPO Box 2203
Brisbane, Queensland 4000

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

For information in relation to the Commission's financial report please call 07 3227 8088, email maic@maic.qld.gov.au or visit the Commission's internet site www.maic.qld.gov.au

Nominal Defendant Financial Report 2008-09

for the year ended 30 June 2009

Contents

This financial report covers the Nominal Defendant.

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

The head office and principal place of business is:
Level 9, 33 Charlotte Street
GPO Box 2203
Brisbane, Queensland 4000

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

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

Financial summary 2008-09

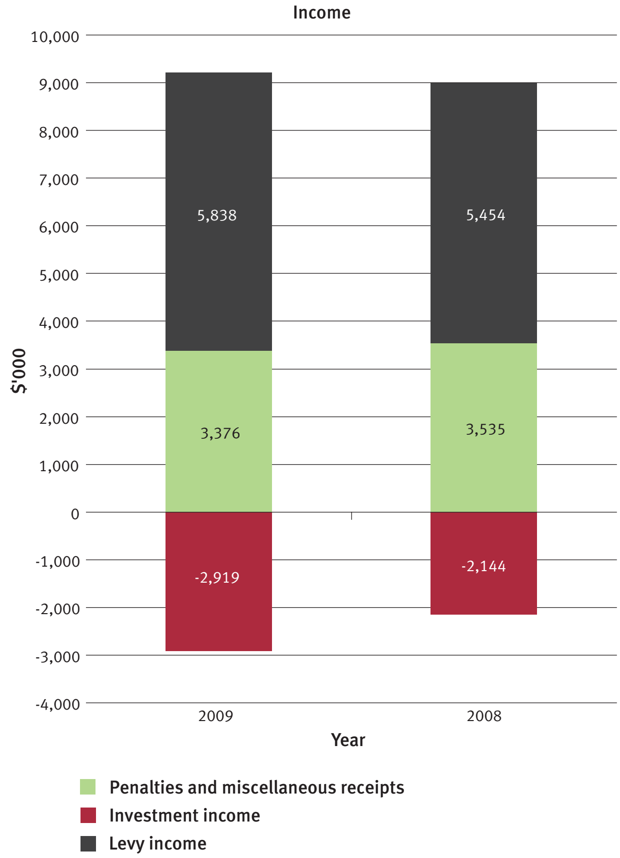
Motor Accident Insurance Commission

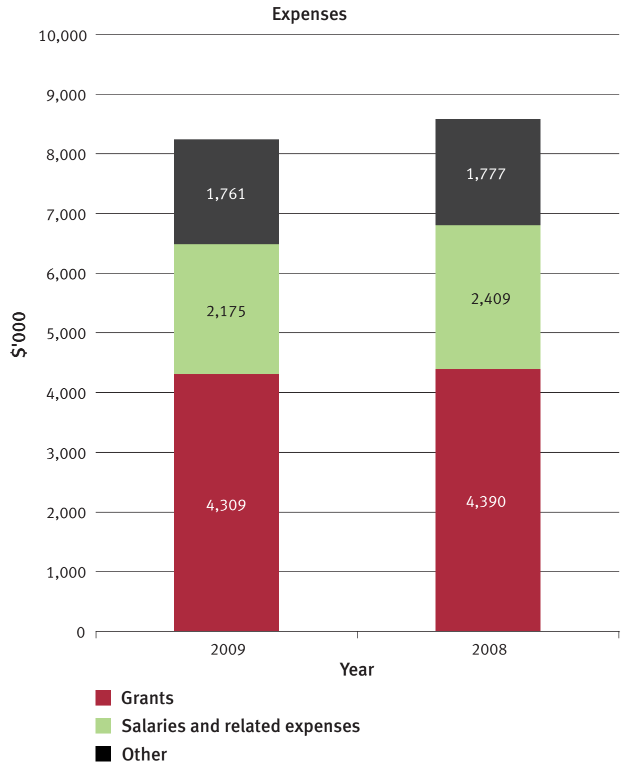
Financial summary 2008–09

In comparison to the previous year, revenue decreased from $6.85 million to $6.29 million. The Statutory Insurance Scheme levy produced $5.84 million of the total revenue and was set at a rate of $1.70 per CTP policy. Investment income from QIC investments decreased from negative $2.59 million to negative $3.34 million for the 2008-09 year due to the continued downturn in the global financial markets. There was also a slight decrease of $0.16 million in the revenue from penalty receipts.

The Commission's expenses were slightly lower than the previous year, primarily the result of decreased employee related expenses which was $2.18 million compared to $2.41 million in the 2007–08 financial year.

With the negative investment returns, the resulting operating deficit for the Commission for the year ended 30 June 2009 increased to $1.95 million from $1.73 million in the prior year.





Financial information 2008-09

Motor Accident Insurance Commission

Income Statement

For the year ended 30 June 2009

	Note	2009 $'000	2008 $'000
Income			
Revenue			
Levy income		5,838	5,454
Net fair value losses on financial assets		(3,342)	(2,594)
Interest income		423	450
Penalties and miscellaneous receipts		3,376	3,535
Total income		**6,295**	**6,845**
Expenses			
Grants		4,309	4,390
Employee expenses	2	2,175	2,409
Supplies and services	3	1,611	1,624
Depreciation and amortisation	4	67	80
Other expenses	5	83	73
Total expenses		**8,245**	**8,576**
Operating deficit		**(1,950)**	**(1,731)**

The accompanying notes form part of these statements.

Financial information 2008-09

Motor Accident Insurance Commission

Balance Sheet

As at 30 June 2009

	Note	2009 $'000	2008 $'000
Current assets			
Cash and cash equivalents	6	370	1,393
Receivables	7	230	574
Financial assets	8	30,186	30,795
Prepayments		-	4
Total current assets		**30,786**	**32,766**
Non-current assets			
Receivables	7	500	500
Financial assets	8	10,500	10,500
Plant and equipment	9	16	29
Intangibles	10	86	140
Total non-current assets		**11,102**	**11,169**
Total assets		**41,888**	**43,935**
Current liabilities			
Payables	11	233	309
Accrued employee benefits	12	222	249
Total current liabilities		**455**	**558**
Non-current liabilities			
Accrued employee benefits	12	51	45
Total non-current liabilities		**51**	**45**
Total liabilities		**506**	**603**
Net assets		**41,382**	**43,332**
Equity			
Reserves	13	15,900	15,875
Accumulated surplus		25,482	27,457
Total equity		**41,382**	**43,332**

The accompanying notes form part of these statements.

Financial information 2008-09

Motor Accident Insurance Commission

Statement of Changes in Equity

For the year ended 30 June 2009

	Accumulated surplus		Reserves		Total equity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Balance 1 July	27,457	29,212	15,875	15,875	43,332	45,087
Operating deficit	(1,950)	(1,731)	-	-	(1,950)	(1,731)
Transfer to reserves						
- Accident prevention initiatives	(1,685)	(1,785)	1,685	1,785	-	-
- Rehabilitation initiatives	(2,649)	(2,605)	2,649	2,605	-	-
Transfer from reserves						
- Accident prevention initiatives	1,800	2,210	(1,800)	(2,210)	-	-
- Rehabilitation initiatives	2,509	2,180	(2,509)	(2,180)	-	-
- Net leave liabilities transferred from other business units	-	(24)	-	-	-	(24)
Balance 30 June	**25,482**	**27,457**	**15,900**	**15,875**	**41,382**	**43,332**

The accompanying notes form part of these statements.

Financial information 2008-09

Motor Accident Insurance Commission

Cash Flow Statement

For the year ended 30 June 2009

	Note	2009 $'000	2008 $'000
Cash flows from operating activities			
Inflows:			
Levy income		5,838	5,454
Interest income		612	313
Penalties and miscellaneous receipts		3,378	3,539
GST input tax credits from ATO		684	331
Outflows:			
Grants		(4,307)	(4,280)
Employee expenses		(2,197)	(2,397)
Fair value losses on financial assets		(3,342)	(2,594)
Supplies and services		(1,670)	(1,647)
GST paid to suppliers		(545)	(552)
Other		(83)	(73)
Net cash used in operating activities	**14**	**(1,632)**	**(1,906)**
Cash flows from investing activities			
Outflows:			
Payments for plant and equipment		-	(24)
Net cash used in investing activities		**-**	**(24)**
Net decrease in cash held		**(1,632)**	**(1,930)**
Cash at beginning of financial year		42,688	44,618
Cash at end of financial year	**6**	**41,056**	**42,688**

The accompanying notes form part of these statements.

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

Objectives and principal activities of the Commission

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

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

---

1 Summary of significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standards. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2009, and other authoritative pronouncements.

These financial statements constitute a general purpose financial report.

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

(b) The reporting entity

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

(c) Levy collection, contributions and penalties

Levies received in accordance with Section 27 of the *Motor Accident Insurance Act 1994* are recognised as revenue at the time they are legally due to be paid by the 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.

(d) Grants

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

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(e) Cash and cash equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked at 30 June 2009. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the Commission's or issuer's option and that are subject to a low risk of changes in value.

(f) Receivables

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

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

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

(g) Acquisitions of assets

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

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

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

(h) Plant and equipment

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

Plant and equipment	$5,000

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

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

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

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

(j) Intangibles

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

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(j) Intangibles - continued

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

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

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

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

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

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

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

Class	Amortisation rate
Intangibles:	
Software internally generated	20%

(l) Impairment of non-current assets

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

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

An impairment loss is recognised immediately in the Income Statement.

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

(m) Leases

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

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

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(n) Financial assets

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

(o) Payables

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

(p) Financial instruments

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

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

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

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

(q) 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 yields on Fixed Rate Commonwealth Government bonds of similar maturity.

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

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

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

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(q) Employee benefits - continued

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

Superannuation
Employer superannuation contributions are paid to QSuper, the superannuation 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 those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Executive remuneration
The senior executive remuneration disclosures in the employee expenses note (Note 2) in the financial statements include:

- the aggregate remuneration of all senior executive officers (including the Insurance Commissioner) whose remuneration for the financial year is $100,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive $20,000 band, commencing at $100,000.

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

- wages and salaries;
- accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like);
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June 2009);
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, repairs /maintenance and fringe benefit tax on motor vehicles incurred by the agency during the financial year, both paid and payable as at 30 June 2009, net of any amounts subsequently reimbursed by the executives; and
- fringe benefits tax included in remuneration agreements.

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

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

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

(r) Insurance

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

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(s) 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.

(t) Taxation

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

(u) Issuance of financial statements

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

(v) Judgements and assumptions

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

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

(w) Rounding and comparatives

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

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

(x) New and revised accounting standards

The Commission did not voluntarily change any of its accounting policies during 2008-09. The significance of those new and amended Australian accounting standards that were applicable for the first time in the 2008-09 financial year and have had a significant impact on the Commission's financial statements are as follows.

A review has been undertaken of revised accounting standard AASB 1004 *Contributions*, and it is considered the financial statements adequately reflect the matters required to be disclosed, given the Commission's present operating circumstances.

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

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(x) New and revised accounting standards - continued

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.

The Commission will need to comply with a revised version of AASB 101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have measurement or recognition implications. However, in line with the new concept of 'comprehensive income' in the revised AASB 101, there will be significant changes to the presentation of the Commission's income and expenses that are currently presented in the Income Statement and the Statement of Changes in Equity. Ignoring other potential impacts on the operating result, if the revised AASB 101 was applied by the Commission for 2008-09 reporting, it would have reported negative comprehensive income of $1,975,000 for the year. In addition, where there have been retrospective accounting policy changes, retrospective re-statement of items in the financial statements or re-classifications of financial statement items during the current reporting period, the revised AASB 101 will require a statement of financial position to be presented as at the beginning of the earliest comparative period included in the financial statements.

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

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $’000	2008 $’000
2. Employee expenses		
Employee benefits	1,769	1,968
Salaries and wages	212	241
Employer superannuation contributions*	27	29
Long service leave levy*	18	21
Other employee benefits		
Employee related expenses		
Workers' compensation premium*	-	8
Payroll tax*	95	107
Other employee related expenses	54	35
Total	**2,175**	**2,409**

*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:

	2009	2008
Number of employees	23.14	20.2

Executive remuneration

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

	2009	2008
$180,000 to $199,999	1	-
$200,000 to $219,999	-	1
Total remuneration of executives show above** ($’000)	186	200

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

	2009	2008
The total separation and redundancy/termination benefit payments during the year to executives shown above ($’000)	-	-

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
3. Supplies and services		
Computer facilities management fee	387	548
Consultants and contractors	428	334
Rent	284	329
Supplies and consumables	181	200
Corporate services fee	110	114
QIC management fee	62	71
Professional services	142	28
Other	17	-
Total	**1,611**	**1,624**
4. Depreciation and amortisation		
Depreciation and amortisation were incurred in respect of:		
Plant and equipment	13	26
Intangibles	54	54
Total	**67**	**80**
5. Other expenses		
External audit fees	17	18
Insurance premiums - QGIF	28	29
Other	38	26
Total	**83**	**73**

Total external audit fees relating to the 2008-09 financial year are estimated to be $17,200 (2007-08 $16,000). There are no non-audit services included in this amount.

	2009 $'000	2008 $'000
6. Cash and cash equivalents		
Cash at bank and on hand	370	1,393
Total	**370**	**1,393**
Cash assets as shown in the Cash Flow Statement:		
Balance per above	370	1,393
Current financial assets (Note 8)	30,186	30,795
Non-current financial assets (Note 8)	10,500	10,500
Total	**41,056**	**42,688**

Interest earned on cash held with Queensland Treasury earned between 2.11% to 6.76% in 2009 (2008: 5.42% to 6.86%).

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
7. Receivables		
Current		
Accrued investment income	43	232
Penalties receivable	88	90
GST receivable	91	229
Other receivables	8	23
Total	**230**	**574**
Non-current		
Loan receivable	500	500
Total	**500**	**500**
8. Financial assets		
Current		
Queensland Investment Corporation investments	30,186	30,795
Total	**30,186**	**30,795**
Non-current		
Queensland Investment Corporation investments	10,500	10,500
Total	**10,500**	**10,500**
9. Plant and equipment		
Plant and equipment:		
At cost	194	208
Less: accumulated depreciation	(178)	(179)
Total	**16**	**29**

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
9. Plant and equipment - continued		

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

	2009 $'000	2008 $'000
Carrying amount at 1 July	29	31
Acquisitions	-	24
Disposals	-	-
Depreciation	(13)	(26)
Carrying amount at 30 June	**16**	**29**

10. Intangibles

	2009 $'000	2008 $'000
Purchased software:		
At cost	270	270
Less: accumulated amortisation	(184)	(130)
Total	**86**	**140**

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

	2009 $'000	2008 $'000
Carrying amount at 1 July	140	194
Acquisitions	-	-
Disposals	-	-
Amortisation	(54)	(54)
Carrying amount at 30 June	**86**	**140**

11. Payables

	2009 $'000	2008 $'000
Sundry creditors and accruals	233	309
Total	**233**	**309**

12. Accrued employee benefits

	2009 $'000	2008 $'000
Current		
Recreation leave	172	194
Accrued salaries and wages	50	55
Total	**222**	**249**
Non-current		
Recreation leave	51	45
Total	**51**	**45**

The discount rate used to calculate the present value of the non-current recreation leave is 3.4% (2008: 7%).

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
13. Reserves		
Composition and movements		
Income maintenance	**10,500**	**10,500**
Accident prevention initiatives		
Balance at beginning of year	2,375	2,800
Transfer to retained surplus	(1,800)	(2,210)
Transfer from retained surplus	1,685	1,785
Balance at end of year	**2,260**	**2,375**
Rehabilitation initiatives		
Balance at beginning of year	3,000	2,575
Transfer to retained surplus	(2,509)	(2,180)
Transfer from retained surplus	2,649	2,605
Balance at end of year	**3,140**	**3,000**
Total	**15,900**	**15,875**
14. Reconciliation of operating deficit to net cash from operating activies		
Operating deficit	(1,950)	(1,731)
Non-cash items:		
Depreciation	13	26
Amortisation	54	54
Net transfer of employee benefits from other departments	-	(24)
Changes in assets and liabilities:		
(Decrease)/increase in prepayments	4	29
(Decrease)/increase in receivables	344	(262)
Increase/(decrease) in payables	(76)	(35)
Increase/(decrease) in accrued employee benefits	(21)	37
Net cash used in operating activities	**(1,632)**	**(1,906)**

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
15. Agency transactions		
The Commission receives Hospital and Emergency Services Levy amounts from Queensland Transport on behalf of the Queensland Department of Health and the Department of Emergency Services. Details of amounts collected and administered by the Commission 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.		
Levies collected but not remitted in the previous year	4,217	2,915
Hospital levy	30,566	25,562
Emergency Services levy	11,640	11,417
Total	**46,423**	**39,894**
Contributions		
Comprise payments to Queensland Department of Health and the Department of Emergency Services on account of levies received from Queensland Transport.		
Hospital levy contributions	29,995	24,715
Emergency Services levy contributions	11,590	10,962
Total	**41,585**	**35,677**
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:	**4,838**	**4,217**
16. Commitments for expenditure		
(a) Non-cancellable operating lease		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
- Not later than one year	280	301
- Later than one year and not later than five years	-	-
Total	**280**	**301**
(b) Expenditure commitments		
Material expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:		
- Not later than one year	440	410
- Later than one year and not later than five years	4	3
Total	**444**	**413**

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
16. Commitments for expenditure - continued		
(c) Grant commitments		
Approval has been given to various grantees in accordance with formal agreements to pay the following grants and subsidies inclusive of GST provided certain criteria are met:		
- Not later than one year	5,834	3,713
- Later than one year and not later than five years	4,148	5,976
- Later than five years	-	-
Total	**9,982**	**9,689**

17. Contingencies

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

Under Section 33(6) and 33(7) of the *Motor Accident Insurance Act 1994*, should circumstances give rise to the 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.

18. Events occurring after balance date

There are no major events that have occurred post 30 June 2009.

19. Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	2009 $'000	2008 $'000
Financial assets			
Cash and cash equivalents	6	370	1,393
Receivables	7	730	1,074
Investments	8	40,686	41,295
Total		**41,786**	**43,762**
Financial liabilities			
Financial liabilities measured at amortised costs:			
Payables	11	233	309
Total		**233**	**309**

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

19. Financial instruments - continued

(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 Commission's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum exposure to credit risk		2009	2008
Category	Note	$'000	$'000
Financial assets			
Cash and cash equivalents	6	370	1,393
Receivables	7	730	1,074
Investments	8	40,686	41,295
Total		**41,786**	**43,762**

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.

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.

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

19. Financial Instruments - continued

(b) Credit risk exposure - continued

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:

2009 Financial assets past due but not impaired

Contractual repricing/maturity date:	Not overdue	Less than 30 days	30 - 60 days	61 - 90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	230	-	-	-	500	500	730
Total	**230**	**-**	**-**	**-**	**500**	**500**	**730**

2008 Financial assets past due but not impaired

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

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

19. Financial instruments - continued

(c) Liquidity risk

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

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

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

		2008 Payable in			Total
		‹ 1 year	1-5 years	› 5 years	
Financial liabilities	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	11	309	-	-	309
Total		**309**	**-**	**-**	**309**

(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 Commission does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

Unit price and interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates would change by +/- 1% from the year-end rates applicable to the Commission's financial assets. With all other variables held constant, the Commission would have a surplus and equity increase/(decrease) of $4,000 (2008: $14,000) due to interest rate risk and $407,000 (2008: $413,000) due to unit price risk.

Financial information 2008-09

Motor Accident Insurance Commission

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

19. Financial instruments - continued

(d) Market risk - continued

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

		Financial impact			
Cash	**Movement in variable**	**Profit/(loss) 2009**	**Equity 2009**	**Profit/(loss) 2008**	**Equity 2008**
	%	**$'000**	**$'000**	**$'000**	**$'000**
Interest rate risk	+1	4	4	14	14
	-1	(4)	(4)	(14)	(14)

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

		Financial impact			
Investments	**Movement in variable**	**Profit/(loss) 2009**	**Equity 2009**	**Profit/(loss) 2008**	**Equity 2008**
	%	**$'000**	**$'000**	**$'000**	**$'000**
Unit price risk	+1	407	407	413	413
	-1	(407)	(407)	(413)	(413)

(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 Queensland Investment Corporation advice.

Financial information 2008-09

Motor Accident Insurance Commission

Certificate of the Motor Accident Insurance Commission

These 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 in our opinion:

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

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Motor Accident Insurance Commission for the financial year ended 30 June 2009 and of the financial position of the Commission at the end of that year.

Lina Lee CA
Manager, Corporate Governance

27 August 2009

John Hand
Insurance Commissioner

27 August 2009

Financial information 2008-09

Motor Accident Insurance Commission

Independent Auditor's Report

To the Motor Accident Insurance Commission

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Motor Accident Insurance Commission (Commission) for the financial year ended 30 June 2009 included on the Commission's website. The Commission is responsible for the integrity of its website. I have not been engaged to report on the integrity of the Commission's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Commission to confirm the information included in the audited financial report presented on this website.

Report on the Financial Report

I have audited the accompanying financial report of the Commission which comprises the balance sheet as at 30 June 2009 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 Commission and officer responsible for the financial administration of the Commission.

The Commission's Responsibility for the Financial Report

The Board 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 to express an opinion on the financial report based on the audit is prescribed in the Auditor-General Act 2009. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the Financial Administration and Audit Act 1977.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the 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 Auditor-General Act 2009 promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's Opinion

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

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

(b) in my opinion –

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

(ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Motor Accident Insurance Commission for the financial year 1 July 2008 to 30 June 2009 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 2009
Brisbane

Financial summary 2008-09

Nominal Defendant

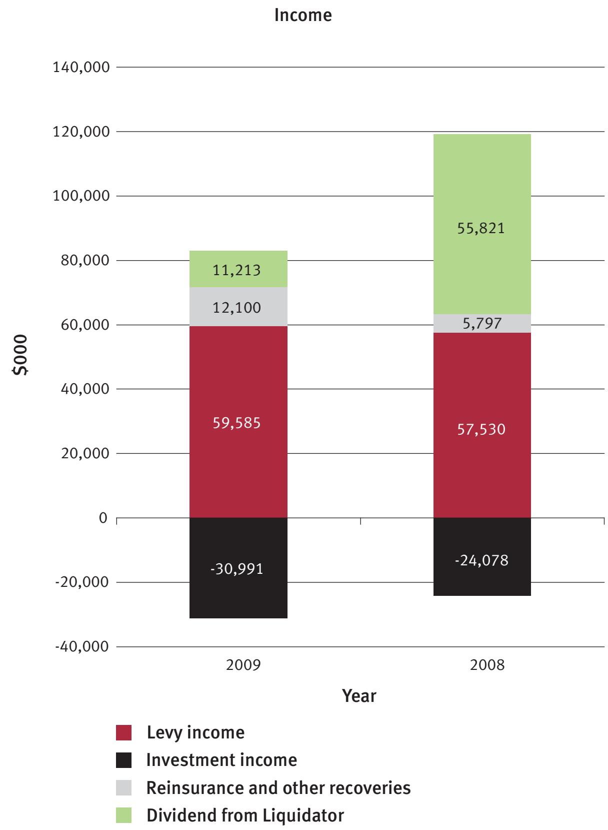
Financial summary 2008–09

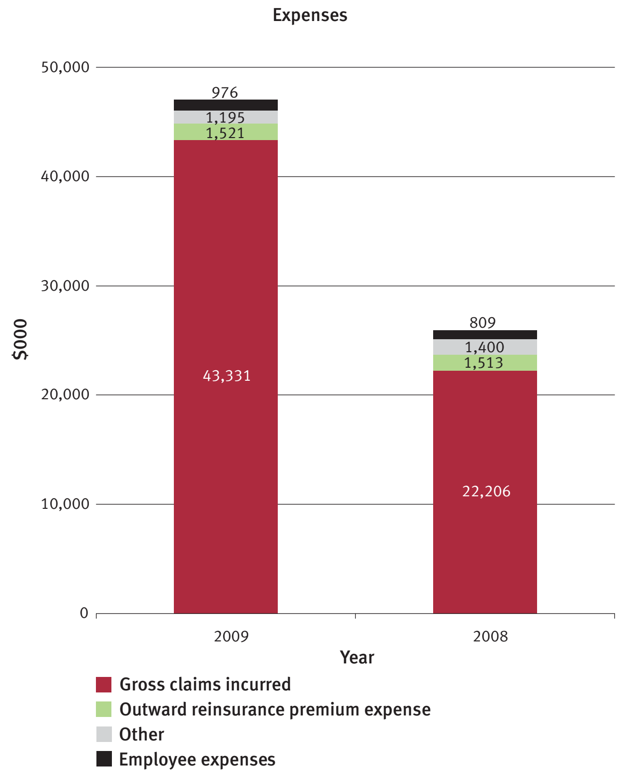
The operating surplus of the Nominal Defendant for the year ended 30 June 2009 was $4.88 million compared to the prior year's operating surplus of $69.14 million which included $55.82 million in dividends from the HIH Liquidator as opposed to $11.21 million received this financial year.

With respect to the HIH insolvency and in accordance with the Deed of Indemnity between the State Government of Queensland and the Nominal Defendant, $23.15 million was reimbursed to Treasury Department during 2008-09. This amount was funded primarily by $11.21 million received in dividends from the HIH Liquidator during 2008-09 and proceeds from the $5 component of 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 decreased from $31.05 million to $25.93 million. The outstanding claims liabilities were actuarially assessed and increased by $12.62 million compared to a decrease of $17.20 million in the prior year.

The income from the Nominal Defendant levy increased to $59.59 million reflecting growth in the number of registered vehicles. The Nominal Defendant levy was set at $17.30 per Class 1 policy (including $5 HIH surcharge which raised $16.87 million in the year). Claims reinsurance and other recoveries were $1.04 million during the year, an increase from $0.51 million in the previous year. Due to the downturn in the global financial markets, the return from the QIC Investments was negative $31.15 million.





Financial information 2008-09

Nominal Defendant

Income Statement

For the year ended 30 June 2009

	Note	2009 $'000	2008 $'000
Income			
Revenue			
Levy income	2	59,585	57,530
Net fair value losses on financial assets		(31,150)	(24,358)
Dividends received from FAI liquidator		11,213	55,821
Reinsurance and other recoveries	3	12,100	5,797
Interest income		159	280
Total income		**51,907**	**95,070**
Expenses			
Gross claims incurred	3	43,331	22,206
Outward reinsurance premium expense	2	1,521	1,513
Employee expenses	4	976	809
Supplies and services	5	1,116	1,319
Depreciation and amortisation	6	47	48
Other	7	32	33
Total expenses		**47,023**	**25,928**
Operating surplus		**4,884**	**69,142**

The accompanying notes form part of these statements.

Financial information 2008-09

Nominal Defendant

Balance Sheet

As at 30 June 2009

	Note	2009 $'000	2008 $'000
Current assets			
Cash and cash equivalents	8	2,166	2,793
Receivables	9	9,472	2,035
Financial assets	10	67,665	71,935
Reinsurance and other recoveries on outstanding claims	15	2,202	1,430
Prepayments		-	2
Total current assets		**81,505**	**78,195**
Non-current assets			
Financial assets	10	270,530	276,480
Reinsurance and other recoveries on outstanding claims	15	8,440	4,912
Plant and equipment	11	11	14
Intangibles	12	40	84
Total non-current assets		**279,021**	**281,490**
Total assets		**360,526**	**359,685**
Current liabilities			
Payables	13	10,688	373
Accrued employee benefits	14	89	53
Outstanding claims liability	15	41,782	40,918
Unearned levies	1 (e)	28,944	30,148
Total current liabilities		**81,503**	**71,492**
Non-current liabilities			
Accrued employee benefits	14	16	8
Outstanding claims liability	15	165,775	156,683
Total non-current liabilities		**165,791**	**156,691**
Total liabilities		**247,294**	**228,183**
Net assets		**113,232**	**131,502**
Equity			
Contributed equity		64,203	87,357
Accumulated surplus		49,029	44,145
Total equity		**113,232**	**131,502**

The accompanying notes form part of these statements.

Financial information 2008-09

Nominal Defendant

Statement of Changes in Equity

For the year ended 30 June 2009

	Accumulated surplus		Contributed equity		Total equity	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Balance 1 July	44,145	(25,008)	87,357	148,810	131,502	123,802
Operating surplus	4,884	69,142	-	-	4,884	69,142
State Government Equity withdrawal refer Note 1(c)	-	-	(23,154)	(61,453)	(23,154)	(61,453)
Net leave liabilities transferred to other business units	-	11	-	-	-	11
Balance 30 June	**49,029**	**44,145**	**64,203**	**87,357**	**113,232**	**131,502**

The accompanying notes form part of these statements

Financial information 2008-09

Nominal Defendant

Cash Flow Statement

For the year ended 30 June 2009

	Note	2009 $'000	2008 $'000
Cash flows from operating activities			
Inflows:			
Levy income		58,382	59,834
Dividends received from FAI liquidator		5,268	57,406
Reinsurance and other recoveries		6,140	6,756
Interest income		336	106
GST input tax credits from ATO		546	604
Other		-	5
Outflows:			
Gross claims incurred		(33,375)	(48,279)
Fair value losses on financial assets		(31,150)	(24,358)
Outward reinsurance premium expense		(1,533)	(1,519)
Employee expenses		(924)	(823)
Supplies and services		(1,203)	(1,369)
GST paid to suppliers		(556)	(592)
Other		(31)	(31)
Net cash provided by operating activities	**16**	**1,900**	**47,740**
Cash flows from investing activities			
Outflows:			
Payments for plant and equipment		(9)	(6)
Net cash used in investing activities		**(9)**	**(6)**
Cash flows from financing activities			
Outflows:			
Equity withdrawals		(12,738)	(64,919)
Net cash used in investing activities		**(12,738)**	**(64,919)**
Net decrease in cash held		**(10,847)**	**(17,185)**
Cash at beginning of financial year		351,208	368,393
Cash at end of financial year	**8**	**340,361**	**351,208**

The accompanying notes form part of these statements.

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

Objectives and principal activities of the Nominal Defendant

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

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1 Summary of significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standards. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2009, and other authoritative pronouncements.

These financial statements constitute a general purpose financial report.

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

(b) The reporting entity

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

(c) Deed of Indemnity

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

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

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

(d) Funding of the Nominal Defendant

Funding is by way of levies, as explained at Note 1(e); interest on investments; and 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).

(e) Levy income

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

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.

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(e) Levy income - continued

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.

(f) Outwards reinsurance premium expense

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

(g) Cash and cash equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked at 30 June 2009. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the Nominal Defendant's or issuer's option and that are subject to a low risk of changes in value.

(h) Receivables

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

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

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

(i) Reinsurance and other recoveries on outstanding claims

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

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

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

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(j) Acquisitions of assets

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

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

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

(k) Plant and equipment

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

Plant and Equipment	$5,000

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

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

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

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

(m) Intangibles

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

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

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

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

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

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

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

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

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

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

Class	Amortisation rate
Intangibles:	
Software internally generated	20%

(o) Impairment of non-current assets

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

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

An impairment loss is recognised immediately in the Income Statement.

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

(p) Leases

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

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

(q) Financial assets

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

(r) Payables

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

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(s) Outstanding claims liability

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

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

The liability for outstanding claims is measured as the present value of the expected future payments, reflecting the fact that all claims do not have to be paid out in the immediate future. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal and superimposed inflation.

(t) Financial instruments

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

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

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

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

(u) 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 yields on Fixed Rate Commonwealth Government bonds of similar maturity.

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.

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1 Summary of significant accounting policies - continued

(u) 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. The levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

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

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

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

(v) Insurance

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

(w) Taxation

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

(x) Issuance of financial statements

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

(y) Judgements and assumptions

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

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

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

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

1. Summary of significant accounting policies - continued

(z) Rounding and comparatives

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

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

(aa) New and revised accounting standards

The Nominal Defendant did not voluntarily change any of its accounting policies during 2008-09. The significance of those new and amended Australian accounting standards that were applicable for the first time in the 2008-09 financial year and have had a significant impact on the Nominal Defendant's financial statements are as follows.

A review has been undertaken of revised accounting standard AASB 1004 *Contributions*, and it is considered the financial statements adequately reflect the matters required to be disclosed, given the Nominal Defendant's present operating circumstances.

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

The Nominal Defendant will need to comply with a revised version of AASB 101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have measurement or recognition implications. However, in line with the new concept of 'comprehensive income' in the revised AASB 101, there may be changes to the presentation of the Nominal Defendant's income and expenses that are currently presented in the Income Statement and the Statement of Changes in Equity. In addition, where there have been retrospective accounting policy changes, retrospective re-statement of items in the financial statements or re-classifications of financial statement items during the current reporting period, the revised AASB 101 will require a Statement of Financial Position to be presented as at the beginning of the earliest comparative period included in the financial statements.

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.

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
2. Net levy income		
Levy income	59,585	57,530
Outward reinsurance premium expense	(1,521)	(1,513)
Net levy income	**58,064**	**56,017**
3. Net claims incurred		
(a) Claims analysis		
Gross claims incurred	43,331	22,206
Reinsurance and other recoveries	(12,100)	(5,797)
Total net claims incurred	**31,231**	**16,409**
Net claims incurred attributable to Nominal Defendant		
Gross claims incurred	38,546	13,845
Reinsurance and claims recoveries	(2,913)	417
	35,633	14,262
Net claims incurred attributable to FAI		
Gross claims incurred	4,785	8,361
Reinsurance and other recoveries	(9,187)	(6,214)
	(4,402)	2,147
Total net claims incurred	**31,231**	**16,409**

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

3. Net claims incurred - continued

(b) Claims development

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

Claims attributable to Nominal Defendant

	2009			2008		
	Current Year $'000	Prior Years $'000	Total $'000	Current Year $'000	Prior Years $'000	Total $'000
Gross claims incurred and related expenses						
Undiscounted	55,612	(27,377)	28,235	55,461	(37,911)	17,550
Discount	(10,776)	21,087	10,311	(13,275)	9,570	(3,705)
	44,836	(6,290)	38,546	42,186	(28,341)	13,845
Reinsurance and other recoveries						
Undiscounted	1,383	1,554	2,937	1,416	(1,939)	(523)
Discount	(267)	243	(24)	(368)	474	106
	1,116	1,797	2,913	1,048	(1,465)	(417)
Net claims incurred - discounted	**43,720**	**(8,087)**	**35,633**	**41,138**	**(26,876)**	**14,262**

Claims attributable to FAI

	2009			2008		
	Current Year $'000	Prior Years $'000	Total $'000	Current Year $'000	Prior Years $'000	Total $'000
Gross claims incurred and related expenses						
Undiscounted	-	1,247	1,247	-	6,811	6,811
Discount	-	3,538	3,538	-	1,550	1,550
	-	4,785	4,785	-	8,361	8,361
Reinsurance and other recoveries						
Undiscounted	-	9,625	9,625	-	6,235	6,235
Discount	-	(438)	(438)	-	(21)	(21)
	-	9,187	9,187	-	6,214	6,214
Net claims incurred - discounted	**-**	**(4,402)**	**(4,402)**	**-**	**2,147**	**2,147**

Total net claims incurred - discounted	**43,720**	**(12,489)**	**31,231**	**41,138**	**(24,729)**	**16,409**

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
3. Net claims incurred - continued		
(c) Claims reconciliation		

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

	2009 $'000	2008 $'000
Gross claims incurred attributable to Nominal Defendant		
Claims and associated settlement costs	25,926	31,050
Movement in outstanding claims liability	12,620	(17,205)
	38,546	**13,845**
Gross claims incurred attributable to FAI		
Claims and associated settlement costs	7,449	16,669
Movement in outstanding claims liability	(2,664)	(8,308)
	4,785	**8,361**
Total gross claims incurred	**43,331**	**22,206**
Reinsurance and other recoveries attributable to Nominal Defendant		
Reinsurance and other recoveries	1,043	512
Movement in reinsurance and other recoveries receivable	1,870	(929)
	2,913	**(417)**
Reinsurance and claims recoveries attributable to FAI		
Reinsurance and claims recoveries	6,757	6,208
Movement in reinsurance and other recoveries receivable	2,430	6
	9,187	**6,214**
Total reinsurance and other recoveries	**12,100**	**5,797**
Net claims incurred	**31,231**	**16,409**

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
4. Employee expenses		
Employee benefits		
Salaries and wages	805	668
Employer superannuation contributions*	98	83
Long service leave levy*	13	10
Other employee benefits	9	1
Employee related expenses		
Workers' compensation premium*	-	3
Payroll tax*	43	37
Other employee related expenses	8	7
Total	**976**	**809**

*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:

	2009	2008
Number of employees	11.6	10.5

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

	2009 $'000	2008 $'000
Employee benefits		
Salaries and wages	168	139
Employer superannuation contributions*	20	17
Long service leave levy*	2	2
Other employee benefits	1	-
Employee related expenses		
Workers' compensation premium*	-	1
Payroll tax*	9	8
Other employee related expenses	-	-
Total	**200**	**167**
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:		
Number of employees	1.6	2.4

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
5. Supplies and services		
QIC management fee	522	617
Computer facilities management fee	218	343
Rent	115	114
Consultants and contractors	97	107
Corporate services fee	91	93
Supplies and consumables	53	55
Professional services	16	25
Other supplies and services	4	(35)
Total	**1,116**	**1,319**

Supplies and services attributable to FAI are included in the figures listed above:		
Computer facilities management fee	86	132
Rent	9	9
Consultants and contractors	15	9
Supplies and consumables	4	3
Professional services	1	-
Total	**115**	**153**

6. Depreciation and amortisation		
Depreciation and amortisation were incurred in respect of:		
Plant and equipment	3	4
Intangibles	44	44
Total	**47**	**48**
7. Other expenses		
Audit fees	31	29
Insurance premiums - QGIF	1	1
Other	-	-
Total	**32**	**33**

Total external audit fees relating to the 2008-09 financial year are estimated to be $31,100 (2007-08 $29,280). There are no non-audit services included in this amount.

Other expenses attributable to FAI are included in the figures listed above:		
Audit fees	12	17

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
8. Cash and cash equivalents		
Cash at bank and on hand	2,166	2,793
Total	**2,166**	**2,793**
Cash assets as shown in the Cash Flow Statement:		
Balance per above	2,166	2,793
Current financial assets (Note 10)	67,665	71,935
Non-current financial assets (Note 10)	270,530	276,480
Total	**340,361**	**351,208**

Interest earned on cash held with Queensland Treasury earned between 2.11% to 6.76% in 2009 (2008: 5.42% to 6.86%).

	2009 $'000	2008 $'000
9. Receivables		
Accrued investment income	31	207
Sharing recoveries receivable on paid claims	115	1,783
Reinsurance recoveries on paid claims	3,329	-
Dividend receivable from FAI liquidator	5,944	-
GST receivable	52	42
Other receivables	1	3
Total	**9,472**	**2,035**
Receivables attributable to FAI are included in the figures listed above:		
Sharing recoveries receivable on paid claims	115	1,783
Reinsurance recoveries on paid claims	3,329	-
	3,444	**1,783**
10. Financial assets		
Current		
Queensland Investment Corporation investments	67,665	71,935
Total	**67,665**	**71,935**
Non-current		
Queensland Investment Corporation investments	270,530	276,480
Total	**270,530**	**276,480**

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
11. Plant and equipment		
Plant and equipment:		
At cost	63	63
Less: accumulated depreciation	(52)	(49)
Total	**11**	**14**

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

	2009 $'000	2008 $'000
Carrying amount at 1 July	14	3
Acquisitions	-	15
Disposals	-	-
Depreciation	(3)	(4)
Carrying amount at 30 June	**11**	**14**

	2009 $'000	2008 $'000
12. Intangibles		
Purchased software:		
At cost	219	219
Less: accumulated amortisation	(179)	(135)
Total	**40**	**84**

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

	2009 $'000	2008 $'000
Carrying amount at 1 July	84	128
Acquisitions	-	-
Disposals	-	-
Amortisation	(44)	(44)
Carrying amount at 30 June	**40**	**84**

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
13. Payables		
Sundry creditors and accruals	271	373
Equity withdrawal	10,417	-
Total	**10,688**	**373**
Payables attributable to FAI are included in the figures listed above:		
Sundry creditors and accruals	**11**	**26**
14. Accrued employee benefits		
Current		
Recreation leave	54	35
Accrued salaries and wages	35	18
Total	**89**	**53**
Non-current		
Recreation leave	16	8
Total	**16**	**8**
Accrued employee benefits attributable to FAI are included in the figures listed above:		
Current		
Recreation leave	10	8
Accrued salaries and wages	4	4
Total	**14**	**12**
Non-current		
Recreation leave	3	1
Total	**3**	**1**

The discount rate used to calculate the present value of the non-current recreation leave is 3.4% (2008: 7%).

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
15. Net outstanding claims		
(a) Net outstanding claims		
Net outstanding claims		
Gross outstanding claims liability:		
Current	41,782	40,918
Non-current	165,775	156,683
Total	**207,557**	**197,601**
Reinsurance and other recoveries on outstanding claims:		
Current	2,202	1,430
Non-current	8,440	4,912
Total	**10,642**	**6,342**
Net outstanding claims:		
Current	39,580	39,488
Non-current	157,335	151,771
Total	**196,915**	**191,259**
Net outstanding claims attributable to the Nominal Defendant		
Gross outstanding claims/ expected future claim payments	181,188	178,933
Claims settlement costs	10,436	10,383
	191,624	189,316
Discount to present value	(30,323)	(40,635)
Gross outstanding claims liability	**161,301**	**148,681**
Current	29,194	27,108
Non-current	132,107	121,573
Gross outstanding claims liability	**161,301**	**148,681**
Reinsurance and other recoveries on outstanding claims	7,255	5,362
Discount to present value	(1,146)	(1,123)
Reinsurance and other recoveries on outstanding claims	**6,109**	**4,239**
Current	993	845
Non-current	5,116	3,394
Reinsurance and other recoveries on outstanding claims	**6,109**	**4,239**
Net outstanding claims	**155,192**	**144,442**
Central estimate	141,084	131,311
Risk margin	14,108	13,131
Net outstanding claims	**155,192**	**144,442**

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $’000	2008 $’000
15. Net outstanding claims - continued		
(a) Net outstanding claims - continued		
Net outstanding claims attributable to FAI		
Gross outstanding claims/ expected future claim payments	52,394	58,385
Claims settlement costs	2,021	2,231
	54,415	60,616
Discount to present value	(8,159)	(11,696)
Gross outstanding claims liability	**46,256**	**48,920**
Current	12,588	13,810
Non-current	33,668	35,110
Gross outstanding claims liability	**46,256**	**48,920**
Reinsurance and other recoveries on outstanding claims	5,490	2,622
Discount to present value	(957)	(519)
Reinsurance and other recoveries on outstanding claims	**4,533**	**2,103**
Current	1,209	585
Non-current	3,324	1,518
Reinsurance and other recoveries on outstanding claims	**4,533**	**2,103**
Net outstanding claims	**41,723**	**46,817**
Central estimate	35,968	40,684
Risk margin	5,755	6,133
Net outstanding claims	**41,723**	**46,817**
As at 30 June 2008, the following amounts were not included in the outstanding claims valuation:		
Reinsurance and other recoveries on outstanding claims	-	3,562
Discount to present value	-	(1,210)
Reinsurance and other recoveries on outstanding claims	**-**	**2,352**

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

15. Net outstanding claims - continued

(b) Actuarial assumptions

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

Assumptions attributable to the Nominal Defendant

	2009	2008
Inflation rate	6.10%	7.55%
Discount rate	5.10%	6.80%
Claims handling expenses	6%	6%
Risk margin	10%	10%
Weighted average expected term to settlement	3.73 years	4.03 years

Assumptions attributable to FAI

	2009	2008
Inflation rate	na	na
Discount rate	5.10%	6.80%
Claims handling expenses	4%	4%
Risk margin	16%	16%
Weighted average expected term to settlement	3.5 years	3.58 years

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

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

Sensitivity analysis attributable to the Nominal Defendant

		Financial Impact			
Net outstanding claims	**Movement in variable**	**Profit/(loss) 2009 $'000**	**Equity 2009 $'000**	**Profit/ (loss) 2008 $'000**	**Equity 2008 $'000**
Inflation rate	+1%	(4,908)	(4,908)	(4,058)	(4,058)
	-1%	5,092	5,092	3,942	3,942
Discount rate	+1%	4,592	4,592	4,442	4,442
	-1%	(4,908)	(4,908)	(4,658)	(4,658)
Claims handling expenses	+1%	(1,508)	(1,508)	(1,358)	(1,358)
	-1%	1,492	1,492	1,342	1,342
Risk margin	+1%	(1,408)	(1,408)	(1,358)	(1,358)
	-1%	1,392	1,392	1,342	1,342
Weighted average term to	+0.5 years	3,546	3,546	4,268	4,268
settlement	-0.5 years	(3,629)	(3,629)	(4,398)	(4,398)

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

15. Net outstanding claims - continued

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

Sensitivity analysis attributable to FAI

		Financial Impact			
Net outstanding claims	**Movement in variable**	**Profit/(loss) 2009 $'000**	**Equity 2009 $'000**	**Profit/(loss) 2008 $'000**	**Equity 2008 $'000**
Inflation rate	+1%	na	na	na	na
	-1%	na	na	na	na
Discount rate	+1%	1,223	1,223	1,266	1,266
	-1%	(1,377)	(1,377)	(1,334)	(1,334)
Claims handling expenses	+1%	(477)	(477)	(434)	(434)
	-1%	423	423	466	466
Risk margin	+1%	(377)	(377)	(334)	(334)
	-1%	323	323	366	366
Weighted average term to	+0.5 years	940	940	1,619	1,619
settlement	-0.5 years	(961)	(961)	(1,681)	(1,681)

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

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

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

Reinsurers must comply with Queensland Treasury's minimum requirement for performance guarantee under a contract (per Section 87 of the *Queensland Government Financial Management Standards 1997*) which is for the approved financial institution to have a minimum S&P rating of A-. In the 2008-09 financial year the Nominal Defendant was able to secure unlimited cover with an excess of loss retention level of $6.0 million. All reinsurers complied with Treasury's minimum requirements as specified by the Financial Management Standards.

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

	2009 $'000	2008 $'000
16. Reconciliation of operating surplus to net cash from operating activies		
Operating surplus	4,884	69,142
Non-cash items:		
Depreciation	3	4
Amortisation	44	44
Net transfer of employee benefits from other departments	-	11
Changes in assets and liabilities:		
(Increase)/decrease in prepayments	2	(1)
(Increase)/decrease in receivables	(11,737)	2,380
Increase/(decrease) in payables	(92)	(609)
Increase/(decrease) in unearned levies	(1,204)	2,305
Increase/(decrease) in outstanding claims liability	9,956	(25,513)
Increase/(decrease) in accrued employee benefits	44	(23)
Net cash provided by operating activities	**1,900**	**47,740**

17. Commitments for expenditure

(a) Non-cancellable operating lease

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

	2009 $'000	2008 $'000
- Not later than one year	122	109
- Later than one year and not later than five years	-	-
Total	**122**	**109**

(b) Other expenditure commitments

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

	2009 $'000	2008 $'000
- Not later than one year	250	194
- Later than one year and not later than five years	-	-
Total	**250**	**194**

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

18. Contingencies

(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.

19. Events occurring after balance date

There are no major events that have occurred post 30 June 2009.

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

20. Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	2009 $'000	2008 $'000
Financial assets			
Cash and cash equivalents	8	2,166	2,793
Receivables	9	9,472	2,035
Investments	10	338,195	348,415
Total		**349,833**	**353,243**
Financial liabilities			
Financial liabilities measured at amortised costs:			
Payables	13	10,688	373
Total		**10,688**	**373**

(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	2009 $'000	2008 $'000
Financial assets			
Cash and cash equivalents	8	2,166	2,793
Receivables	9	9,472	2,035
Investments	10	338,195	348,415
Total		**349,833**	**353,243**

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

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

20. Financial instruments - continued

(b) Credit risk exposure - continued

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.

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

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

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

2009 Financial assets past due but not impaired

Contractual repricing/maturity date:	Not overdue	Less than 30 days	30 - 60 days	61 - 90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables (excluding sharing recoveries)	9,357	-	-	-	-	-	9,357
Total	**9,357**	**-**	**-**	**-**	**-**	**-**	**9,357**

2008 Financial assets past due but not impaired

Contractual repricing/maturity date:	Not overdue	Less than 30 days	30 - 60 days	61 - 90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables (excluding sharing recoveries)	252	-	-	-	-	-	252
Total	**252**	**-**	**-**	**-**	**-**	**-**	**252**

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

20. Financial instruments - continued

(c) Liquidity risk

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

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

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

		2008 Payable in			Total
		‹ 1 year	1-5 years	› 5 years	
Financial liabilities	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	13	373	-	-	373
Total		**373**	**-**	**-**	**373**

(d) Market risk

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

Unit price and interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates would change by +/- 1% from the year-end rates applicable to the Nominal Defendant's financial assets. With all other variables held constant, the Nominal Defendant would have a surplus and equity increase/(decrease) of $22,000 (2008: $28,000) due to interest rate risk and $3,382,000 (2008: $3,484,000) due to unit price risk.

Financial information 2008-09

Nominal Defendant

Notes to and forming part of the financial statements 2008–09

For the year ended 30 June 2009

20. Financial instruments - continued

(d) Market risk - continued

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

		Financial impact			
Cash	**Movement in variable**	**Profit/(loss) 2009**	**Equity 2009**	**Profit/(loss) 2008**	**Equity 2008**
	%	**$'000**	**$'000**	**$'000**	**$'000**
Interest rate risk	+1	22	22	28	28
	-1	(22)	(22)	(28)	(28)

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

		Financial impact			
Investments	**Movement in variable**	**Profit/(loss) 2009**	**Equity 2009**	**Profit/(loss) 2008**	**Equity 2008**
	%	**$'000**	**$'000**	**$'000**	**$'000**
Unit price risk	+1	3,382	3,382	3,484	3,484
	-1	(3,382)	(3,382)	(3,484)	(3,484)

(e) Fair value

The carrying amounts of financial assets and liabilities approximate their 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.

Financial information 2008-09

Nominal Defendant

Certificate of the Nominal Defendant

These 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 in our opinion:

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

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the financial year ended 30 June 2009 and of the financial position of the Nominal Defendant at the end of that year.

Lina Lee CA
Manager, Corporate Governance

27 August 2009

John Hand
Insurance Commissioner

27 August 2009

Financial information 2008-09

Nominal Defendant

Independent Auditor's Report

To the Nominal Defendant

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Nominal Defendant for the financial year ended 30 June 2009 included on Nominal Defendant's website. The Nominal Defendant is responsible for the integrity of its website. I have not been engaged to report on the integrity of the Nominal Defendant's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Nominal Defendant to confirm the information included in the audited financial report presented on this website.

Report on the Financial Report

I have audited the accompanying financial report of the Nominal Defendant which comprises the balance sheet as at 30 June 2009 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 to express an opinion on the financial report based on the audit is prescribed in the Auditor-General Act 2009. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the Financial Administration and Audit Act 1977.

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

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

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

Independence

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

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

Auditor's Opinion

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

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

(b) in my opinion –

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

(ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Nominal Defendant for the financial year 1 July 2008 to 30 June 2009 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 2009
Brisbane

Appendices

Appendices

Appendix 1: Actuarial Certificate, Nominal Defendant Fund

Actuarial Certificate

Queensland Nominal Defendant Fund
Outstanding Claims Liability as at 30 June 2009

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 2009 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 2009"*. 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 2009 is $155.2 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

11 August 2009

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

Actuarial Certificate

Queensland Nominal Defendant Fund – FAI Run-Off
Outstanding Claims Liability as at 30 June 2009

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 2009 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 2009"*. 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 2009 is $41.7 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 16% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

Reliances and Limitations

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

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

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

A.A. van den Berg B.E. (Hons)

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

Fellows of the Institute of Actuaries of Australia

11 August 2009

Appendices

Appendix 3: Information sources

Publications

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

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

Website

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

- 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
- 2009 – 2013 Strategic Plan
- Statistical data on the CTP scheme

Telephone services and community participation

The Commission operates a helpline where interested parties can access information about the CTP scheme, premium prices and the claim process. The CTP Helpline number is 1300 302 568.

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

Right to Information

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

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

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

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

How do I access the Commission's information?

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

You can access the scheme at the following address:

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

To access other Commission information, you will need to make a formal application under the RTIA or the IPA (if it relates to your personal information).

How do I make an application?

Your application must:

- be in writing in the approved form (http://www.thepremier.qld.gov.au/library/pdf/Right-to-Information-and-Information-Privacy-Access-Appliation.pdf)
- provide an address to which a notification of the decision may be sent
- be addressed to the Manager, Administrative Review (contact details provided on page 93)
- include payment of application fee of $38 if the information you request is not related to your personal information.

How do I amend personal information?

A formal application under the IPA to amend personal information must:

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

Are there any charges for processing the application?

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

For accessing non-personal information

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

Appendices

Appendix 4: Compulsory Third Party insurers

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

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

For amending personal information

If you are applying under the IPA to amend your personal information, you do not need to pay an application fee or access charges.

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

Contact details

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

Currently licensed CTP insurers	Previously licensed CTP insurers
Allianz Australia Insurance Limited GPO Box 2226 Brisbane Qld 4001 Ph 131 000 ABN 15 000 122 850	**CIC Insurance Limited** ACN 004 078 880 *Licence withdrawn 22/01/1996* *Insurer became insolvent on 15 March 2001.*
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	**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*
Insurance Australia Limited (trading as NRMA Insurance) GPO Box 5730 Brisbane Qld 4001 Ph 07 3135 1632 ABN 11 000 016 722	**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*
QBE Insurance (Australia) Limited GPO Box 1072 Brisbane Qld 4001 Ph 07 3859 5666 ABN 78 003 191 035	**Fortis Insurance Limited (formerly VACC Insurance Co. Limited)** ACN 004 167 953 *Licence suspended 30/03/1999 pending withdrawal*
RACQ Insurance Limited PO Box 3313 Tingalpa DC Qld 4173 Ph 131 905 ABN 50 009 704 152	**FAI General Insurance Company Limited** ABN 15 000 327 855 *Licence suspended on 1 January 2001* *Insurer became insolvent on 15 March 2001.*
Suncorp Metway Insurance Limited GPO Box 1453 Brisbane Qld 4001 Ph 131 160 ABN 83 075 695 966	**FAI Allianz Limited** (trading as FAI Insurance) ABN 80 094 802 525 *Licence withdrawn 01/07/2002*

Appendices

Appendix 5: Grants and funding

Organisation	Future commitment*	2008/09 $	2007/08 $
Centre of National Research on Disability and Rehabilitation Medicine (CONROD)	1,550,000	$1,518,615	1,550,000
Centre for Accident Research and Road Safety Queensland (CARRS-Q)	3,600,000	1,800,000	1,800,000
University of Sydney – PEDro database	25,000	25,000	25,000
Griffith University – BRAKE pilot project	0	0	90,245
Queensland Transport – Road Safety Initiatives	880,000	0	320,000
Queensland Health – Queensland Trauma Registry	Up to $2,500,000	737,476	965,448
University of Queensland/Royal Children's Hospital Foundation – Pilot study on the use of stimulants in children with Traumatic Brain Injury	0	0	24,857
University of Queensland ARC Linkage grant – Financing and management of lifetime care and support in a mixed economy of care : a study of working age people with acquired disabilities and high support needs	40,350	25,317	0
University of Queensland ARC Linkage Grant – Does self management increase the effectiveness of Vocational Rehabilitation for chronic compensated disorders?	50,000	25,000	0
University of Queensland – Evaluation of information based intervention for children with mild traumatic brain injury	63,214	70,214	0
University of Queensland – Investigate effectiveness of dry needling for chronic whiplash	160,000	80,000	0
University of Queensland – Randomised controlled trial to investigate effectiveness of a new exercise based treatment for chronic whiplash	56,185	28,000	0
Total funding allocated	**9,430,000**	**4,309,622**	**4,775,550**
Less refunds of residual grant funding			
Queensland Police Service – Refund of residual grant funding		(456)	
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)
Total funding returned		**(456)**	**(385,303)**
Grant total (allocated less returned)		**4,309,166**	**4,390,247**

* Indicates all grant funding committed for expenditure from 1 July 2009 onwards

Appendices

Appendix 6: Committees as at 30 June 2009

Ongoing projects funded in previous years

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

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

Research centres

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

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

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

The structure of the 2008-09 committee was:

Chairperson: Bernard Rowley

Members: Henry Smerdon
Cath Wood
Shauna Tomkins

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

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

From 1 July 2008 to 30 June 2009, a total of nine meetings of the Advisory Committee were held with no special assignments. The total remuneration to the Committee for the year was $14,778. These payments were made within the framework of the Government's *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities arrangements* administered by the Department of Justice and Attorney-General.

Appendices

Appendix 7: Consultancies and overseas travel

Consultancies

Actual expenditure – end of financial year	
Professional and technical	$84,564

Overseas travel

Name and position of officer	Destination	Reason for travel	Agency cost	Contribution from other agencies or sources
John Hand Insurance Commissioner	New Zealand (April 2008)	Attended heads of CTP conference	$2,375	nil
Kim Birch General Manager, Motor Accident Insurance	New Zealand (April 2008)	Attended heads of CTP conference	$1,161	nil

Appendices

Appendix 8: Performance statement

Motor Accident Insurance Administration

Measures	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2008-09 Actual	2009-10 Target/Est.
Quantity		50%	50%	51%	50%
Number of Nominal Defendant claims finalised as a percentage of total outstanding claims					
Quality		65%	65%	65%	65%
Percentage of premium going to injured persons					
Annual certification percentage of Nominal Defendant full funding as at 30 June of the previous year		100%	100%	100%	100%
Timeliness		100%	100%	100%	100%
Recommendation to the Treasurer of annual CTP levies by the agreed time frame					
Setting of premium bands within legislative timeframes, including independent quarterly actuarial review of scheme		100%	100%	100%	100%
Cost ($)	1	$1,484	$1,520	$1,652	$1,753
Average operating cost per Nominal Defendant claim					
Available funds per CTP policy for grant funding	2	$0.41	$0.46	$0.55	$0.50
Highest filed CTP premium for Class 1 vehicles does not exceed the Affordability Index as prescribed under the *Motor Accident Insurance Act 1994*		100%	100%	100%	100%

Notes:

1 The increase in the 2009-10 target/estimate is the result of higher operating expenses for the Nominal Defendant and a reduced number of open claims.

2 The increases in the 2008-09 estimated actual and the 2009-10 target/estimate are the result of the increases in the Statutory Insurance Scheme L-evy.

Appendices

Appendix 9: Glossary

Term	Definition
Affordability index	45 per cent of average weekly earnings
AIS	Abbreviated Injury Scale
AMA6	American Medical Association Guides to the Evaluation of Permanent Impairment
ANZIIF	Australian and New Zealand Institute of Insurance and Finance
ARC	Australian Research Council
CARRS-Q	Centre for Accident Research and Road Safety Queensland
CLA	*Civil Liability Act 2003*
CONROD	Centre of National Research on Disability and Rehabilitation Medicine
CTP	Compulsory Third Party
FOI	Freedom of Information
Heads of damage	Categories of compensation including general damages, economic loss, treatment and rehabilitation, care, legal and other costs such as home and vehicle modification.
IPA	Information Privacy Act 2009
LTCS	Lifetime care and support – a scheme to provide assistance and services to catastrophically injured people on a no-fault basis.
Longitudinal Study	A study that follows subjects over an extended period of time.
MAIA	*Motor Accident Insurance Act 1994*
MAIC	Motor Accident Insurance Commission
PBF	Paraplegic Benefit Fund
QIC	Queensland Investment Corporation
QTR	Queensland Trauma Registry – a registry that routinely collects information on the injury event, clinical presentation and treatment process for all patients admitted to a registry hospital for greater than 24 hours.
QUT	Queensland University of Technology
RTI	Right to Information
RTIA	*Right to Information Act 2009*
UQ	University of Queensland

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MOTOR ACCIDENT INSURANCE COMMISSION