

Motor Accident Insurance Commission

Annual Report 2003-04





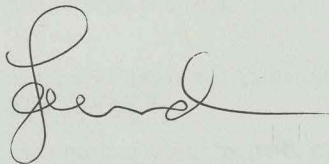


The Honourable T Mackenroth MP  
Deputy Premier, Treasurer and Minister for Sport  
Parliament House  
Cnr George and Alice Streets  
BRISBANE QLD 4000

Dear Minister

In accordance with Section 19 of the *Motor Accident Insurance Act 1994*, the Motor Accident Insurance Commission submits the following report on the operation of the statutory insurance scheme established by the Act, and on the financial statements of the Commission and the Nominal Defendant from 1 July 2003 to 30 June 2004.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Lesley', with a long horizontal flourish extending to the right.

Lesley Anderson  
Insurance Commissioner



# Commissioner's Report

*The Motor Accident Insurance Commission (MAIC) marked its 10th anniversary on 1 September 2004.*

*MAIC was established by the Motor Accident Insurance Act 1994 to administer the Queensland CTP Scheme – a scheme which has operated in Queensland as compulsory insurance since 1936. Over the past decade, the Scheme administered by MAIC has continued to protect Queensland motorists from their liabilities for personal injury arising out of motor vehicle accidents. The period has also seen MAIC putting increased effort in to working with stakeholders to enhance claims management and rehabilitation practices, improve scheme affordability and effectiveness and to ensure equity and balance between scheme stakeholders.*

*MAIC, through the Nominal Defendant, also continues to manage and pay outstanding CTP claims for the failed insurer FAI, as well as claims in relation to unidentified and uninsured vehicles.*

*The focus of MAIC remains on a number of key issues, including developing strategies to ensure the long term financial viability of the Scheme, premium levels and monitoring the impact of recent tort law reform.*



**Lesley Anderson**

*Insurance  
Commissioner*

## Mitigating risk in the CTP Scheme

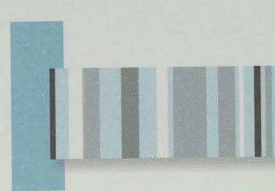
The collapse of HIH in 2001 triggered the provisions contained within the *Motor Accident Insurance Act 1994*, which require the Nominal Defendant to assume the claims liabilities of a failed Queensland CTP insurer in order to protect CTP policyholders and claimants. The Queensland Government, through the Nominal Defendant, was left with an exposure to liabilities in excess of \$400 million.

The Government is cognisant of the risk of insurer failure across the scheme as a whole. Its current potential exposure to insurance company failure is in the order of \$2.7 billion. In view of this, MAIC has been investigating potential means by which to limit the State's exposure to such failure.

This includes the strengthened regulatory system of the Australian Prudential Regulation Authority (APRA), possibly supported by a national policyholder support scheme encompassing statutory classes, if one is introduced. Over the past year MAIC has been working more closely with APRA to gain a better understanding of the likely effectiveness of the prudential regulation reforms, and to strengthen communication processes between MAIC, APRA and the licensed insurers.

MAIC has also been monitoring the Australian Government's response to the HIH Royal Commission's recommendation for a national policyholder protection scheme. As a first step in their decision making process, the Australian Government commissioned Professor Kevin Davis to undertake a technical study into the merits and possible design of an explicit guarantee scheme in the Australian financial system. With the release of the Study's Report on 27 May 2004, the Australian Government is now engaged in public consultation on this issue and MAIC has made a submission to the Commonwealth's Discussion Paper on Financial System Guarantees. The establishment of a guarantee may mitigate state government risk.





## Premium

A significant change over the 10 years since MAIC was established is the introduction of a competitive premium model to the Scheme. When MAIC was first established, premiums were set by regulation following recommendations by MAIC to the Government. After a review of the Scheme in 1999, the current competitive premium filing system was introduced from 1 October 2000, bringing a level of competition to the Scheme for the first time. Most motorists now enjoy a level of price competition, along with a range of add-on benefits such as multi-policy discounts, driver protection policies, and other incentives.

The current premium setting process allows insurers to file premium rates each quarter, subject to a floor and ceiling range determined by MAIC in consultation with its Advisory Committee and on the basis of independent actuarial advice. During 2003-04, for Class 1 (cars and station wagons), actuarial evidence continued to present a picture of reduced claims frequency and a levelling off in the rates of superimposed inflation observed in the average claim size in 2002. The favourable claims trends have occurred as a result of amendments made to the *Motor Accident Insurance Act 1994* in 2000, and the impact of the *Civil Liability Act 2003*.

For the first quarter of 2004-05, based on the favourable claims trends, MAIC reduced the ceiling for the first time since July 2002. Over 12 months, this represented a decrease in the ceiling of \$21.20 or 5.9%. Depending on insurers, this translated to a reduction of between \$16-\$28 in the cost of a CTP premium for Class 1 vehicles (cars and station wagons) for the 1 July 2004 quarter. To date, the encouraging trends established during 2003-04 continue to emerge.

As more data becomes available, if it is evident further savings are accruing from recent tort law reform, MAIC will make necessary adjustments to the CTP ceiling to ensure that a sufficient degree of those savings are passed on to the premium paying motorists, for all vehicle classes.

## Scheme monitoring

Data quality is critical for the purpose of determining premium bands and vehicle class relativities, monitoring legislative compliance and in planning future changes to the CTP scheme to maintain scheme affordability. The operation of the scheme is continually scrutinised through management reports produced from the data collected on the Personal Injury Register (PIR).

Licensed insurers are required to provide an extensive range of data on all claims under their management. This data is then submitted to the PIR and used to track, measure and monitor changes in claims costs and trends. In 2003-04, MAIC committed considerable resources to a redevelopment of the PIR, which is scheduled to be operational in late 2004. MAIC was particularly keen to introduce a contemporary and more flexible system with increased reporting functionality to enable MAIC to consolidate and streamline processes, reduce long term costs for system support and maintenance, and reduce business risks.



## Commissioner's Report Continued

In addition to the PIR database, MAIC obtains information (including anecdotal data) on claims management issues and on changes in trends within the scheme through regular consultation with all scheme stakeholders (especially the insurers and the legal profession) and by monitoring the number and types of calls received via the CTP Helpline.

MAIC also undertakes regular quality file reviews across all CTP insurers looking at claims management practices in relation to compliance with the *Motor Accident Insurance Act 1994*, the *Civil Liability Act 2003*, and other issues identified from data analysis, helpline calls and written complaints.

The most significant amendment to the scheme in the past 18 months has been the application of the Injury Scale Value (ISV) for general damages introduced under the *Civil Liability Act 2003*. The scale should improve consistency of awards made for similar injuries and, with its relatively low weighting for minor injuries, should ensure minor injury claims do not get a disproportionate amount of the premium dollars in comparison to claims for serious injuries.

It is anticipated that sustainable savings should accrue for the CTP scheme from the application of the *Civil Liability Act 2003* and its ISV for general damages. The level of savings achieved will depend on the approach taken by the courts, insurers and medical and legal professions. MAIC will be closely monitoring data to determine whether the ISV has been applied as it was intended for both court awards and out of court settlements.

### Communication

MAIC continues to introduce initiatives to make the Scheme more accessible to all stakeholders.

In 2003-04, MAIC developed an on-line CTP Premium Calculator to provide motorists with easier access to CTP premium information. Motorists can use the calculator as a first step in deciding which CTP insurer to choose. As insurers may offer add-on benefits, motorists should seek further information from individual insurers. MAIC is providing this service through its website - [www.maic.qld.gov.au](http://www.maic.qld.gov.au) - and through a dedicated CTP Premium Rate Information Line 1300 735 404. A broad range of scheme information is also available from the same website.

These services are in addition to the CTP Helpline established in October 2000, which provides information to the public and other stakeholders on aspects of the Scheme; however, it does not provide legal advice to claimants or potential claimants. The service averages around 75 calls per week. MAIC data indicates the number of claimants without legal representation has increased since October 2000. Although this increase cannot be attributed to the establishment of the Helpline, it does underscore the importance of having a service in place which gives claimants access to accurate information about the claims and rehabilitation processes. The Helpline has also been a valuable resource for other stakeholders, including doctors, lawyers, rehabilitation providers and policyholders.



In 2003-04, the Commission continued its program of formal and informal strategies to consult with stakeholders, including:

- regular attendance at bi-monthly Insurance Council of Australia Claims Management meetings;
- inviting stakeholder representation on working parties conducted by MAIC;
- facilitation by MAIC of an industry rehabilitation group;
- regular communication with representatives of the Queensland Law Society and the Australian Plaintiff Lawyers Association; and
- meetings with representatives of particular classes of vehicles, such as taxis and buses.

### Nominal Defendant

The Nominal Defendant acts as a CTP insurer where damages are claimed for personal injury arising from the liability of uninsured (ie unregistered) and unidentified motor vehicles. This means a person injured as a result of an accident involving one of these categories of vehicles is not disadvantaged in seeking damages for injuries and losses suffered because the negligent vehicle cannot be identified or the uninsured driver has no ability to pay.

The Nominal Defendant levy is based on actuarial assessment of the Scheme's liabilities and is set annually at a level which provides sufficient funds to meet the cost of claims and administration.

The Nominal Defendant levy covering claims from unidentified and uninsured vehicles for 2004-05 has been set at \$12.85 per Class 1 vehicle, an increase of 5 cents from the previous year. In addition, the Nominal Defendant levy attracts a further maximum component of \$5 introduced on 1 October 2001 to help meet the cost of claims arising from the collapse of the HIH Insurance Group. This \$5 HIH levy remains unchanged since its introduction.

The Nominal Defendant has a right to seek recovery from the owner or driver of the uninsured vehicle (or both) for any costs reasonably incurred by the Nominal Defendant on a claim for personal injury.

### Matters relating to HIH (including FAI liabilities)

Following the collapse of HIH Insurance, the Nominal Defendant was required to meet the CTP claims liabilities of FAI Insurance. Since 23 March 2001, the contract for the active management of the FAI tail claims had been carried out by Allianz Insurance. The contract expired on 30 June 2004. From 1 July 2004 the remaining FAI tail claims are being managed by the Nominal Defendant. Over recent months, the Nominal Defendant has appointed four new claims managers and a management level officer to manage these claims to conclusion. These officers have been appointed on a temporary basis.

As at 30 June 2004, 1057 claims remained in the FAI tail, down from 2718 as at 30 June 2003, with outstanding liabilities estimated at \$143 million. These claims represent the tail of the FAI claims and are generally claims for serious injury with a higher average claims cost. During 2003 the issue of GST treatment of sharing the cost of claims between insurers was resolved, thereby significantly lowering the number of open claims.



## Commissioner's Report Continued

The Nominal Defendant's ultimate impost will depend on the insolvency dividend eventually received from the liquidator. It is anticipated the payment of interim dividends will commence in early 2005, once Schemes of Arrangement to distribute the assets of each of the companies in liquidation are finalised. It may be a further ten years before the final dividend is distributed.

### Research initiatives

With the introduction of the *Motor Accident Insurance Act 1994*, for the first time the Scheme was provided with a statutory obligation to promote rehabilitation of claimants who sustained personal injury because of motor vehicle accidents. The Act also promoted the use of measures directed at eliminating or reducing causes of motor vehicle accidents and mitigating their results. Funding for research supporting these objectives is provided through the investment earnings of the Motor Accident Insurance Fund and a small surplus from the Statutory Insurance Scheme (MAIC) levy. In the early years of the Scheme, investment earnings provided significant funding opportunities. However, the collapse of HIH required the use of a significant amount of the Fund's capital to meet some of FAI's liabilities. Despite the reduced funds available, MAIC has continued to support research initiatives.

Some of the highlights of the past 10 years have been:

- in 1996 and 1997, MAIC provided funding for five years for four significant rehabilitation programs: Statewide Paediatric Rehabilitation Services, the Spinal Outreach Team, the Acquired Brain Injury Outreach Services and the Transitional Rehabilitation Program;
- a further range of projects and fellowships at the three Brisbane-based universities, as well as James Cook University, Central Queensland University and the University of Southern Queensland;
- funding road safety media campaigns and Queensland Police road safety enforcements; and
- the establishment of two research centres – CONROD at the University of Queensland and CARRS-Q at the Queensland University of Technology.

Along with a range of other programs, a significant achievement by CONROD has been the development of the Queensland Trauma Registry, which facilitates the delivery of quality assurance programs in 15 Queensland Health hospitals around the State. CONROD has reported to MAIC that the Register has contributed to the improvement of standards of care to those people unfortunate enough to suffer traumatic injury.



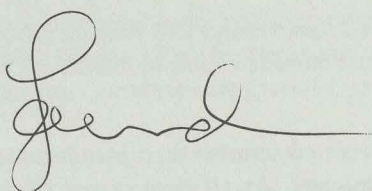
A significant achievement in the past year has been the establishment of the Disability Lifestyles website ([www.disabilitylifestyles.org.au](http://www.disabilitylifestyles.org.au)), which provides information to help those who have suffered a severe injury and aims to assist them through the rehabilitation phase and long term. Full details of CONROD's research programs can be obtained from its website, [www.conrod.uq.edu.au](http://www.conrod.uq.edu.au).

The Centre for Accident Research and Road Safety - Queensland (CARRS-Q) was established in 1996 and undertakes research in the areas of illegal and high risk behaviours, human behaviour and technology interface, vulnerable road users, school and community based road safety and fleet and workplace safety. The Centre's research in the areas of road safety and workplace accident prevention has already led to the successful implementation of behaviour intervention and education programs. Details of CARRS-Q's research initiatives can be found on their website, [www.carrsq.qut.edu.au](http://www.carrsq.qut.edu.au).

MAIC's recent strategy has been to direct the majority of its funds through CONROD and CARRS-Q. While these two research centres now receive additional funding from other sources, it is important to recall that without MAIC's contributions these centres would probably not have been established.

### Outlook

The current priorities include those matters discussed in my report. The first 10 years of the Commission have been impacted by the ever changing circumstances within the insurance environment. I believe MAIC, through planning, improved staff capability and early identification of trends is well placed to face the challenges of the next 10 years. I acknowledge the commitment and effort of staff in what has been another busy year at MAIC.



Lesley Anderson  
Insurance Commissioner



# Corporate Profile

*The Motor Accident Insurance Commission is responsible for the ongoing management of the CTP motor accident personal injury insurance scheme in Queensland. Established under the Motor Accident Insurance Act 1994, the Commission commenced operations on 1 September 1994 as a statutory body reporting to the Treasurer. The chief executive of the Commission is the Insurance Commissioner who also has the role of Nominal Defendant.*

## Scheme Description

Since 1936, Queensland has operated a common law fault based compulsory third party (CTP) motor vehicle insurance scheme. The scheme provides motor vehicle owners with a policy of insurance which 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 *Motor Accident Insurance Act 1994* applies.

For those injured in motor vehicle accidents, the scheme provides access to the common law where the injured party can establish negligence against an owner or driver. Because the scheme is a fault based scheme, 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 licensed insurers currently underwrite the Queensland CTP scheme. The licensed insurers accept applications for insurance and manage claims on behalf of their policyholders.

A competitive premium model allows insurers to determine their premiums within floor and ceiling premium bands set by the Commission. An efficient system of premium collection through the motor registry of Queensland Transport minimises administration costs within the scheme and provides motorists with a relatively convenient form of transaction.

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

CTP premiums in Queensland remain relative to other states with the Queensland scheme one of only three schemes continuing to offer essentially unlimited common law entitlement.

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



## Key Functions

The primary activities of the Commission include:

- keeping the statutory insurance scheme generally under review and making recommendations for its amendment;
- ensuring premium affordability by reporting to Government on the cost trends of the scheme and developing changes to the scheme if and when the affordability index is likely to be exceeded;
- establishing and developing target rates of efficiency of the scheme which measure the cost of delivery of benefits to injured persons and the proportion of the premium dollar that reaches injured persons;
- maintaining insurance standards and scheme credibility through licensing of insurers and monitoring insurers' claims management compliance;
- licensing Queensland CTP motor vehicle insurers and monitoring the financial strength of insurers in relation to their CTP operations. Insurers' overall financial strength is the responsibility of the industry regulator, the Australian Prudential Regulation Authority;
- fixing premium ranges and recommending scheme levies to the Government;
- providing an information service to policyholders and potential claimants on the operation of the scheme;
- assessing and funding a diverse range of education, research and rehabilitation strategies to minimise and mitigate the effects of motor vehicle accidents;
- developing and maintaining a claims register and statistical database for the purpose of providing scheme management information; and
- administering the Nominal Defendant Scheme.

The Commission is assisted in its key strategic functions by an Advisory Committee established under Section 11 of the *Motor Accident Insurance Act 1994*. More details on the role of the Advisory Committee are given in Appendix 6.

## Funding

The Motor Accident Insurance Commission is funded by a statutory levy within the CTP premium. From 1 July 2003 the levy was set at \$1.50 per vehicle. For the year 2003-2004 the levy produced income of \$4.143 million. The Commission also has available the interest earned on investment of the Motor Accident Insurance Fund and revenue from compliance fines. These amounts, combined with any surplus from the statutory levy, fund the Commission's research initiatives. As of 1 July 2004, the statutory levy is set at \$1.55 per policy.

The Nominal Defendant operation which covers the liabilities of unregistered and uninsured vehicles is funded by a levy within the CTP premium which varies by vehicle class. The levy is set on the basis of an actuarial assessment of claim trends. From 1 July 2003, for class 1 vehicles the levy was set at \$12.80. For the reporting period, the earned income from the core levy totalled \$34.016 million. The Nominal Defendant levy from 1 July 2004 is set at \$12.85 for class 1 vehicles.

Upon the insolvency of FAI General Insurance Company Ltd on 15 March 2001, the Nominal Defendant assumed responsibility for claims against FAI policies that had expired as at 31 December 2000. The Nominal Defendant levy increased by a maximum of \$5 from 1 October 2001 to assist with the funding of these CTP liabilities. Earned income from the additional levy raised was \$13.534 million over the reporting period. The Queensland Government also provides substantial additional funding to supplement the shortfall.



# Corporate Governance

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

The Insurance Commissioner reports to the State Parliament through the Treasurer and provides regular status reports on operations, as well as an annual report required by the *Financial Administration and Audit Act 1977* and under Section 19 of the *Motor Accident Insurance Act 1994*.

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

## Internal Audit

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

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

The most recent audits undertaken for the Commission were reviews of the processes and procedures utilised in the management of the FAI Run-Off claims and the MAIC Personal Injury Register Database, and a limited scope review of information systems.



# Staff Matters

*The Motor Accident Insurance Commission recognises its people as critical to the effective administration and regulation of the CTP scheme and aims to ensure alignment of staff capability with the Scheme's strategic priorities.*

The permanent staffing level for the Commission's core activities and the Nominal Defendant team has remained constant over the reporting period, averaging 30 full-time employees. In addition, five full-time temporary positions have been created to manage the outstanding FAI claims for which the Nominal Defendant has responsibility following the collapse of HIH. Previously these claims had been managed by Allianz Insurance on a contract basis.

Over recent years, the Commission has focussed on improving its staffing capability to enable the Commission to respond in a more rigorous manner to emerging trends in the CTP Scheme, as well as general insurance industry developments which may impact on the Scheme. This includes work on monitoring of insurers' claims management processes, mitigating the State Government's risk in the CTP Scheme, submissions to Australian Government entities, such as the Davis Study into Financial System Guarantees and input into the Insurance Council of Australia's Code of Conduct.

The Commission has also been required to respond to the enhancement of whole-of-Government governance and reporting requirements such as Information Standards and Information Security, Privacy Guidelines, Risk Management and Business Continuity Planning. This has required ensuring the right mix of staff skills to meet the desired outcomes.

The temporary positions of Project Officer and Senior Analyst which have been established in recent years have contributed to the Commission's capacity to meet these new governance needs and also improved analysis of scheme trends. As a result, these positions were made permanent over the reporting period.

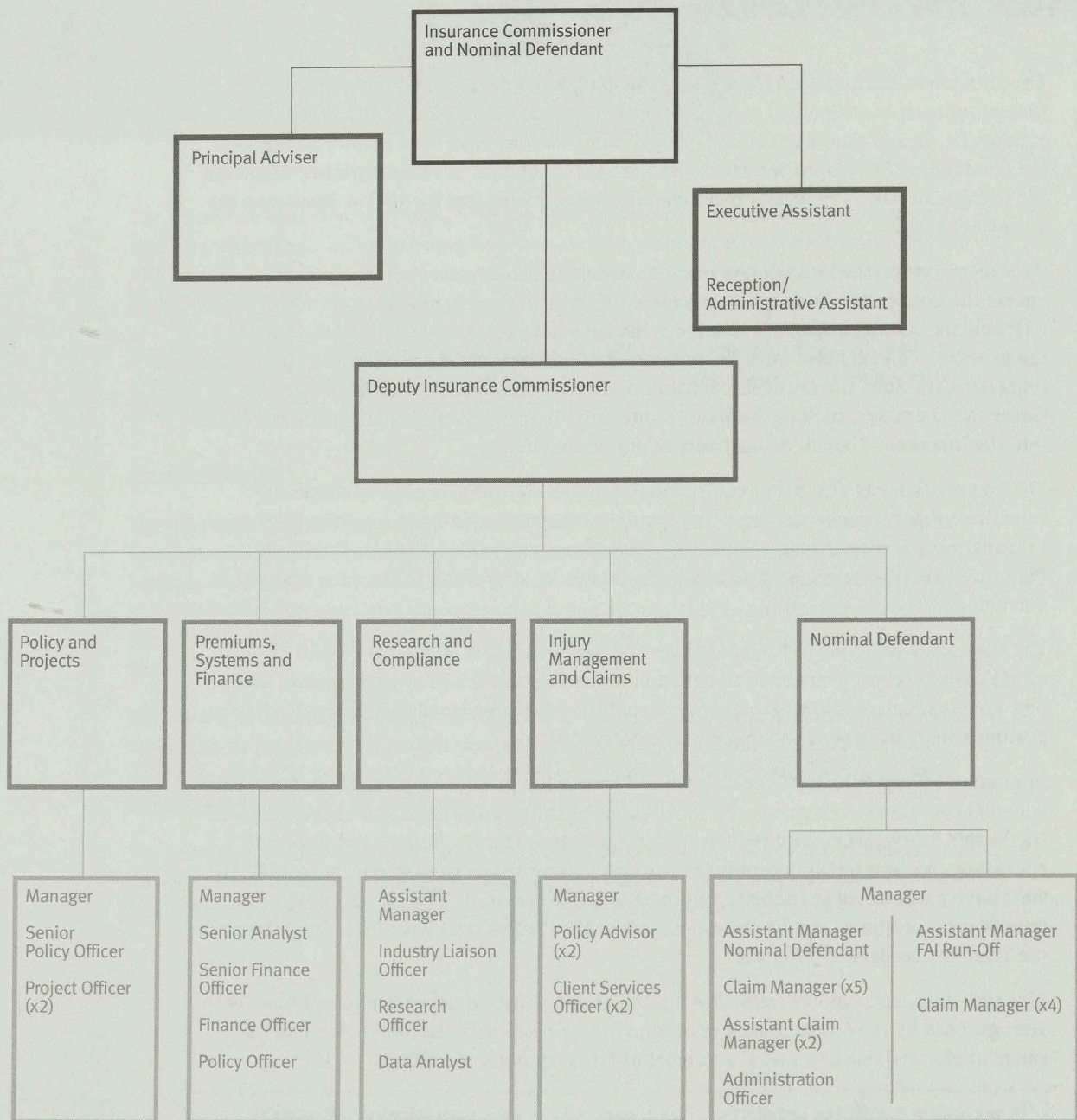
In promoting improved staff capability, the Commission provides a management approach which encourages development of a broad range of skills, knowledge and experience, and tracks this development with regular performance assessments. Formal and informal education and training are encouraged through this process. Throughout the year MAIC staff have participated in industry seminars and workshops, as well as attending development programs run by Treasury, such as the Professional Excellence Program and the Treasury Leadership Program.

Linkages with, and support from, Queensland Treasury personnel continue and have been strengthened by the Commission's relocation to 33 Charlotte Street, where we share a range of physical resources with a number of Treasury portfolio offices.

In accordance with the legislation, this report only covers operations relating to the CTP scheme, although the Office has a broader role in providing insurance advice to the Government, especially in relation to the oversight of the Queensland Government Insurance Fund (QGIF) and issues relating to public liability insurance. Formal and financial reporting in relation to QGIF and liability insurance matters is included in Queensland Treasury's Annual Report.



# Management and Organisational Structure





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### **Insurance Commissioner**

**Lesley Anderson, *B.Comm(Hon) M.Ec(Hon)***

Appointed as Insurance Commissioner in November 1996. Previous experience with Reserve Bank of Australia in Sydney and five years in Queensland Treasury providing broad level policy advice relating to financial institutions, superannuation, workers' compensation and compulsory third party.

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### **Deputy Insurance Commissioner**

**John Hand, *AAII CIP***

Appointed to the Commission in 1993. Responsibilities include the development of new legislation and supporting systems. Insurance career spanning over 35 years, predominantly in personal injury, encompassing high-level policy advice to government and management at senior levels.

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### **Manager, Nominal Defendant**

**Mark Allsopp, *ANZIIF(Fellow) MBA***

Appointed as Manager, Nominal Defendant in 2004. Over 12 years experience in compulsory third party claims management and 22 years previous experience in various facets of general insurance.

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### **Manager, Injury Management and Claims**

**Kim Birch, *B.HSc. RN***

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

Acting Deputy Insurance Commissioner since March 2004 whilst John Hand is on extended leave.

**Cathy Pilecki, *B.Phty Grad.Dip.Rehab Counselling***

Acting Manager, Injury Management and Claims. Health services background in Physiotherapy and Rehabilitation Counselling with a further three years experience in CTP claims as an injury management adviser.

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### **Manager, Systems and Finance**

**Greg Bott, *B.Bus(Accy) Grad.Dip.App.Fin & Inv. CPA ASIA***

Appointed as Principal Policy Adviser in 1993. Accountancy background covering the chartered profession, commerce and industry and the public sector including over 13 years experience in accident compensation insurance.

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### **Manager, Policy and Liaison**

**Neil Tomkins, *B.Bus(Comm)***

Appointed as Manager, Policy and Liaison in 1998. More than 35 years insurance experience in life and general insurance.

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### **Principal Adviser**

**Les Kilmartin**

Appointed as Principal Adviser in October 2003 after eight years as Manager, Nominal Defendant and 29 years previous experience in general insurance.



# Strategic Plan 2004-2009

## Vision

Our Vision is to lead the way in the provision of effective and efficient personal injury insurance schemes.

## Mission

Our mission is to provide the most viable and equitable personal injury compensation scheme, including a Nominal Defendant scheme. In pursuit of our mission we will provide and regulate, for Queensland, a CTP scheme encompassing accident prevention and injury management.

## Values

Our values are the foundation for our decisions and actions. At the Motor Accident Insurance Commission, we value:

**Commitment:** we are committed to accomplishment of the organisation's mission and objective.

**Communication:** we value effective communication and information sharing between the organisation, stakeholders and clients.

**Achievement:** we strive to achieve individual and organisational goals through teamwork, service and leadership.

**Integrity:** we serve the people of Queensland with honesty, trust and sincerity.

**Innovation:** we endeavour to be leading edge in technological competence and effectively apply technology in performing tasks.

## Key issues facing the Commission

- Maintaining premium affordability and scheme efficiency within the Compulsory Third Party and Nominal Defendant schemes.
- Monitoring CTP insurers' business operations, including their financial strength.
- Mitigating government's risk on CTP insurance and developing contingency planning for potentially undesirable outcomes.
- Investigating the feasibility of a long term care scheme for motor accident victims.
- Managing the FAI tail claims in-house, rather than through an agent.
- Monitoring grants and sponsorships of external agencies.
- Maintaining information systems such as the Claims Management System and Personal Injury Register Database.



## Strategic Business Priorities

- Enhance scheme affordability and stability by:
  - providing informed analysis of claims trends
  - closely monitoring insurer claims management practices and the legal profession's conduct
  - mitigation of Government risk where practicable
  - long term planning for CTP scheme design
  - further developing contingency planning for exiting CTP insurers.
- Improve work practices through:
  - conducting regular strategic management forums
  - enhancing risk management (internal controls)
  - reviewing existing services and processes to improve the proactive approach
  - refining IT systems
  - enhancing client management strategies.
- Adopt best practice methodology in claims management.
- Relocation of the Commission to 33 Charlotte Street, including change management and IT business needs.
- Manage the FAI tail claims in-house.
- Monitor the enhanced grant management framework and continue to refine policy in relation to levy and grant funding versus whole-of-Government funding.



## **Capability Priorities**

### ***People Management***

- Allocate resources equitably and to prepare for future impacts including the need to build staff capabilities to meet business requirements over the next five years.
- Continue to promote the shared vision and direction and further develop the performance based culture and enhance staff skills and career development by utilising the Individual Performance System and Manager Once Removed review.
- Enhance management of diversity and ensure the workplace is free of discrimination and harassment.
- Promote effective communication and sharing of information.
- Build on strong personal links to develop team unity across the Commission and enhance management and leadership skills.
- Continue to foster a proactive and collegiate approach to enhance our capabilities to improve scheme performance.

### ***Business Support***

- Encourage review processes to ensure continual improvement.
- Ensure all staff comply with recordkeeping standards to ensure timely, accurate and smarter decision making.
- Maintain and enhance sound corporate governance standards and practices.
- Develop a flexible staff structure to cater for changing needs in the future and enhance information management systems.

### ***Stakeholder Priorities***

- Achieve a balance between premium paying motorists, injured persons and premium levels which reflect licensed insurers' risk.
- Refine system solutions surrounding the expiry of the GST transitional provisions.

### ***Infrastructure Priorities***

- Continually review and enhance the computerised Personal Injury Register Database, and Nominal Defendant Claims Management System.



## Output Statement

The Commission is responsible for the Motor Accident Insurance Administration Output. The Commission provides a viable and equitable personal injury compensation scheme through the regulation of the Queensland CTP scheme encompassing injury prevention and control, and manages the Nominal Defendant scheme.

Activities include:

- licensing, supervising and monitoring the financial strength of insurers in relation to their CTP operations;
- keeping the statutory scheme under review, making recommendations for its amendment and working in partnership with stakeholders to improve management processes for claims;
- setting premiums bands and recommending levies based on research and independent actuarial analysis;
- collecting statistical data on the scheme and monitoring scheme trends and the performance of CTP insurers;
- promoting, assessing and, where appropriate, funding education and research activities to minimise and mitigate the effects of motor vehicle accidents, and monitor the provision of rehabilitation services;
- determining the appropriate Nominal Defendant levy, managing claims lodged against the Nominal Defendant and investing claim reserves; and
- operating a CTP Helpline service for scheme users.



# Review of Performance

## Recent Achievements – CTP scheme

- Liaised with the Department of Justice and Attorney-General and assessed the impact of the *Civil Liability Act 2003* on the CTP scheme, and facilitated industry training on medico-legal assessment tools.
- Working in partnership with stakeholders throughout Australia to examine the feasibility of a long term care scheme for motor accident victims and other persons requiring long term care.
- Improved liaison with insurers and lawyers on claim management issues and greater analysis of issues arising.
- Ongoing examination of the Queensland Government's options to mitigate the Government's risk from the insolvency of a CTP insurer.
- Completed a submission to the Davis Study of Financial Systems Guarantees commissioned by the Australian Government in response to an aspect of the HIH Royal Commission report.
- Established an industry working party on medico-legal assessment issues under Section 45 of the *Motor Accident Insurance Act 1994*. The group is examining issues related to medico-legal assessment. The working party includes members from the Queensland Law Society, Australian Plaintiff Lawyers Association, Insurance Council of Australia, and MAIC.
- Set up a working group of insurer representatives to establish industry rehabilitation standards for the purpose of reviewing the performance of insurers in terms of their obligations to fund appropriate and reasonable rehabilitation.
- Redeveloped the Personal Injury Register (PIR) database. PIR is a database which maintains a current register of all claims lodged for personal injury, and is used by the Commission to monitor the progress of the CTP scheme. The redevelopment is replacing the current system that is 15 years old.



## Recent Achievements – Nominal Defendant

- Annual review of outstanding claim liabilities in relation to unidentified and uninsured vehicles conducted in conjunction with consulting actuaries.
- Nominal Defendant annual levy reviewed and set at \$12.85 for class 1 vehicles (sedans and station wagons) from 1 July 2004.
- During the year, 495 post-1994 claims and nine pre-1994 claims were finalised. 956 post-1994 claims and 19 pre-1994 claims remain active.
- Legislative timeframes relating to Nominal Defendant claims management were met and completed, and accurate data was supplied to the MAIC database within the required timeframes.
- Claims monitoring resulted in the notification of four suspected fraudulent claims to the Commission with the outcomes likely to be known in the coming year.
- Recovery action was concluded on 78 files during the year. Claims recoveries (from debtors) amounted to \$234,000 for the year. Recovery action is continuing on a further 250 files.
- Ongoing advice provided to the Commission on technical aspects of the legislation as it relates on the Nominal Defendant function.
- Negotiation of a reinsurance contract on favourable terms for the Nominal Defendant in a difficult reinsurance market.
- Continued with the redevelopment of the Nominal Defendant Claims Management System (CMS).

## Recent Achievements – FAI Run-Off

- Annual review of outstanding claim liabilities in relation to the remaining FAI Run-Off claims conducted in conjunction with consulting actuaries.
- The commencement of recovery action, where applicable, on FAI tail claims.
- Monitored the performance of Allianz Services Australia Pty Ltd, the outsourced manager of the FAI Run-Off claims for three years from 1 July 2001. Claim payment and recoveries audits were undertaken by Treasury's Management Audit Services on two separate occasions during the year ended 30 June 2004.
- Re-location of all outstanding FAI Run-Off claims to the Nominal Defendant as at 30 June 2004 with the necessary creation of five additional temporary positions.
- The provision of claims data to the HIH Liquidator as part of the process of proving the debt.
- Completion of four industry sharing cycles for FAI tail claims.



## Review of Performance Continued

### Recent Achievements – Grants

- Linking MAIC funded researchers with CTP Industry Rehabilitation Advisers by attending the Rehabilitation Industry Group meetings, so that the grants funding program is aligned to the scheme's overall rehabilitation research and education needs and that acquired knowledge through research is disseminated within the Scheme.
- Closely monitoring the performance of the Queensland Trauma Plan Project as it reaches its final year of funding with its evaluation and development of future policy needs in this area.
- A review of CONROD's performance was undertaken in December 2003 with MAIC providing a submission as well as participating in an interview with the review panel. The University of Queensland is working with CONROD to implement the recommendations of the review committee.
- CONROD launched its Disability Lifestyles website in May 2004. The website provides an informal and user-friendly approach to factual information in seven key areas: training, employment, housing, transport, recreation, personal support and relationships. The website also includes personal stories of people who have undergone similar experiences to the users of the website as well as providing a discussion forum online.
- Injury Prevention and Control (Australia) Ltd (IPCA) is in its third year of operation, with the Commission as one of its five core members. The IPCA continues to provide a collaborative approach to national research on minimising injury related harm across all ages and injuries. By using a model that enables close and dynamic interaction between research, government, industry and community sectors, IPCA is striving to meet its objective of translating its research outputs into real world improvements.
- The CARRS-Q Rural and Remote Safety Research Program aims to reduce the incidence and economic, medical and social costs of road crashes in rural and remote Queensland. Research staff have now been appointed and regional stakeholders briefed. Questionnaires were developed, piloted and used in hospitals. Data collection commenced in August 2003 and the program is being heavily promoted in local and state media and at local events to encourage participation from motorists in rural Queensland. The CARRS-Q Rural and Remote Safety Program funding will end in September 2007.



Statistical information  
**2003-04**

Motor Accident Insurance Commission





## Statistical information 2003-04

### Insured vehicles by Class as at 30 June 2004

Class	Total Vehicles	Percentage
01	1,976,941	71.67
02	6,793	0.25
03	2,473	0.09
04	24,256	0.88
05	9,140	0.33
06	474,095	17.19
07	52,730	1.91
08	5,478	0.20
09	3,283	0.12
10	3,457	0.13
11	4,408	0.16
12	35,372	1.28
13	55,696	2.02
14	24,354	0.88
15	8,657	0.31
16	769	0.03
17	43,310	1.57
19	11,535*	0.42
20	7,079*	0.26
21	3,549*	0.13
22	0	0.00
23	4,236	0.15
24	669	0.02
<b>Total</b>	<b>2,758,280</b>	<b>100</b>

\* Increases in the number of vehicles in these classes since 2002-03 are due to the introduction of the conditional registration scheme on 1 May 2003

### Premium, Levy and Fee Collection

1 July 2003 to 30 June 2004	Dollars ('000)
Insurance Premiums	1,043,458
Nominal Defendant Levy	-48,427
Statutory Levy	-4,143
Hospital Levy	-14,970
Emergency Services Levy	-7,529
Transport Fee	-22,729
Insurers Premiums	945,660

### Market Share - Licensed Insurers

Insurer	30/6/00	30/6/01	30/6/02	30/6/03	30/6/04
Suncorp	56.03	54.78	54.32	54.54	54.02
QBE	5.97	5.04	4.16	3.67	3.43
AAMI	5.22	5.27	5.14	4.74	4.44
Allianz	5.12	4.72	4.64	22.89	23.10
RACQ	3.86	7.88	11.99	12.56	13.03
NRMA	0.05	0.70	1.12	1.60	1.98
FAI Allianz	23.74	21.61	18.63		

Method: The market share figures are based on annual aggregate premium collection rather than on the number of policies  
 Note: FAI Allianz business transferred to Allianz on 1 July 2002.



## Notice of Claim Lodgements - Cumulative

(All Insurers) Accidents 1 July 1995 to 30 June 2004

Injury Year	Development Quarter									
	1	2	3	4	5	6	7	8	9	10+
Jul95 - Jun96	2,686	4,820	7,160	8,060	8,243	8,354	8,447	8,491	8,547	8,819
Jul96 - Jun97	3,252	5,502	7,465	8,035	8,238	8,354	8,419	8,496	8,570	8,847
Jul97 - Jun98	3,981	6,234	7,982	8,589	8,785	8,901	9,001	9,090	9,155	9,383
Jul98 - Jun99	5,256	7,804	9,672	10,292	10,512	10,632	10,751	10,823	10,903	11,116
Jul99 - Jun00	5,070	7,352	9,166	9,819	10,051	10,215	10,314	10,398	10,466	10,653
Jul00 - Jun01	6,972	8,612	9,498	9,827	10,017	10,131	10,198	10,251	10,290	10,402
Jul01 - Jun02	7,342	8,660	9,245	9,499	9,610	9,685	9,776	9,855	9,900	9,918
Jul02 - Jun03	6,298	7,432	7,938	8,119	8,213	8,294	8,325	8,327		

Accident year data from July 2003 is still immature and is not included



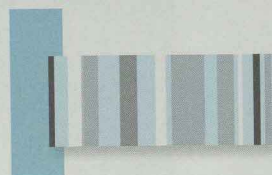
# Statistical information 2003-04

## Claim status

Accident Year	1 SEPT 1994 - 30 JUNE 1995			1 JULY 1995 - 30 JUNE 1996			1 JULY 1996 - 30 JUNE 1997			1 JULY 1997 - 30 JUNE 1998			1 JULY 1998 - 30 JUNE 1999		
Insurer	Claims Received	Liability Determined (%)	Finalised Claims (%)	Claims Received	Liability Determined (%)	Finalised Claims (%)	Claims Received	Liability Determined (%)	Finalised Claims (%)	Claims Received	Liability Determined (%)	Finalised Claims (%)	Claims Received	Liability Determined (%)	Finalised Claims (%)
AAMI	153	100	99	227	100	98	288	100	99	327	100	98	477	100	97
Allianz	284	95	98	436	87	98	444	94	97	484	95	97	667	96	96
QBE	2	100	100	14	100	100	29	100	100	320	94	97	727	98	96
Suncorp	3,786	99	99	4,695	99	98	4,783	99	98	5,269	99	97	6,172	99	94
Nom. Defend.	261	100	100	358	99	98	324	99	94	355	99	96	359	98	93
RACQ Insurance													13	100	92
NRMA															
Unlicensed as at 30/6/2004															
FAI Allianz															
FAI	1,898	99	99	2,265	99	99	2,120	99	98	2,240	99	97	2,660	99	94
Fortis	469	97	99	549	93	98	628	88	97	344	89	98	37	86	97
Zurich	5	100	100	10	100	100	23	100	100	24	96	100	4	75	75
Com. Union	111	100	98	133	100	95	129	99	97	17	100	100			
Merc Mutual	76	100	99	94	99	99	64	100	95	3	100	100			
GIO	15	100	100	30	97	97	15	100	100						
CIC	5	60	100	8	63	100									
TOTAL	7,065	99	99	8,819	98	99	8,847	98	98	9,383	99	97	11,116	99	94

N.B. The data for 2003-04 is incomplete due to claim reporting time frames





1 JULY 1999 - 30 JUNE 2000			1 JULY 2000 - 30 JUNE 2001			1 JULY 2001 - 30 JUNE 2002			1 JULY 2002 - 30 JUNE 2003			1 JULY 2003 - 30 JUNE 2004			Accident Year
Claims Received	Liability Determined (%)	Finalised Claims (%)	Claims Received	Liability Determined (%)	Finalised Claims (%)	Claims Received	Liability Determined (%)	Finalised Claims (%)	Claims Received	Liability Determined (%)	Finalised Claims (%)	Claims Received	Liability Determined (%)	Finalised Claims (%)	Insurer
572	100	94	514	100	91	480	99	77	395	99	34	270	98	9	AAMI
618	99	94	631	98	81	448	98	54	1,872	92	26	1,107	51	7	Allianz
653	99	94	506	99	88	374	99	72	337	99	41	197	78	11	QBE
5,790	99	91	5,577	99	84	5,173	99	63	4,257	96	30	2,462	63	8	Suncorp
348	97	88	363	97	78	280	96	63	244	94	23	143	48	8	Nom. Defend.
236	100	85	508	98	79	1,007	99	58	1,037	97	30	674	71	9	RACQ Insurance
1	100	100	92	97	87	150	100	75	185	97	54	56	88	23	NRMA
															Unlicensed as at 30/6/2004
171	96	90	1,684	98	79	2,006	97	59							FAI Allianz
2,264	98	90	527	98	83										FAI
															Fortis
															Zurich
															Com. Union
															Merc Mutual
															GIO
															CIC
10,653	99	91	10,402	99	83	9,918	98	63	8,327	95	30	4,909	64	9	TOTAL



# Statistical information 2003-04

## Claim Payments on Finalised Claims

(Payments 1 September 1994 to 30 June 2004)

(\$,000)

Accident Period		1 SEPT. 1994 - 30 JUNE 1995		1 JULY 1995 - 30 JUNE 1996		1 JULY 1996 - 30 JUNE 1997		1 JULY 1997 - 30 JUNE 1998		1 JULY 1998 - 30 JUNE 1999	
Code	Payment Type	Total Payments (\$)	Total Payments (%)	Total Payments (\$)	Total Payments (%)	Total Payments (\$)	Total Payments (%)	Total Payments (\$)	Total Payments (%)	Total Payments (\$)	Total Payments (%)
A1	Aids & Appliances	1,465	0.5%	1,050	0.3%	1,631	0.4%	1,413	0.4%	1,676	0.4%
C1	Long term care & home care	28,861	9.7%	37,013	10.6%	43,777	12.1%	28,033	8.0%	37,026	8.9%
E1	Economic Loss - past	31,130	10.5%	35,572	10.2%	33,341	9.2%	32,042	9.2%	37,157	8.9%
E2	Economic Loss - future	64,664	21.8%	75,328	21.6%	78,995	21.7%	79,287	22.7%	96,274	23.1%
G1	General Damages	101,292	34.1%	115,189	33.0%	118,624	32.7%	123,083	35.3%	144,659	34.7%
H1	Home & vehicle modifications	1,772	0.6%	1,567	0.4%	1,109	0.3%	1,704	0.5%	1,045	0.3%
L1	Investigation costs	3,226	1.1%	4,025	1.2%	4,539	1.2%	5,141	1.5%	6,124	1.5%
L2	Legal costs - plaintiffs	27,486	9.2%	33,658	9.7%	34,839	9.6%	36,495	10.5%	45,672	11.0%
L4	Legal costs - defendants (solicitors)	11,079	3.7%	13,077	3.8%	12,009	3.3%	11,927	3.4%	14,848	3.6%
L5	Legal costs - defendants (barristers)	1,615	0.5%	1,570	0.5%	1,860	0.5%	1,630	0.5%	1,712	0.4%
L6	Legal costs - defendants (other outlays)	2,210	0.7%	2,402	0.7%	2,456	0.7%	2,093	0.6%	2,074	0.5%
M1	Hospital, medical, pharmaceutical	21,020	7.1%	24,969	7.2%	25,430	7.0%	22,956	6.6%	24,614	5.9%
N1	Payments to interstate & non CTP insurers	407	0.1%	288	0.1%	155	0.0%	176	0.1%	17	0.0%
P1	Other	1,657	0.6%	1,805	0.5%	2,584	0.7%	2,240	0.6%	1,845	0.4%
R1	Rehabilitation service costs	2,398	0.8%	2,843	0.8%	3,538	1.0%	2,769	0.8%	4,731	1.1%
V1	Recoveries from insured	-1	0.0%	-59	0.0%	-52	0.0%	-110	0.0%	-123	0.0%
V2	Other party (other than through sharing)	-3,052	-1.0%	-1,684	-0.5%	-1,419	-0.4%	-2,005	-0.6%	-2,616	-0.6%
V3	Nominal Defendant recovery	-48	0.0%	-67	0.0%	-138	0.0%	-201	-0.1%	-259	-0.1%
Total		297,180	100.0%	348,545	100.0%	363,278	100.0%	348,674	100.0%	416,476	100.0%

N.B. This table illustrates the "longtail" nature of CTP insurance. Premium collected by insurers in any one financial year may take a number of years to distribute to claimants as compensation. The dissection of claims payment types will also change as the largest value claims are finalised. In addition to payments made on finalised claims shown in this table, insurers have also made significant payments on claims that are still open.



1 JULY 1999 - 30 JUNE 2000		1 JULY 2000 - 30 JUNE 2001		1 JULY 2001 - 30 JUNE 2002		1 JULY 2002 - 30 JUNE 2003		1 JULY 2003 - 30 JUNE 2004		Accident Period	
Total Payments (\$)	Total Payments (%)	Total Payments (\$)	Total Payments (%)	Total Payments (\$)	Total Payments (%)	Total Payments (\$)	Total Payments (%)	Total Payments (\$)	Total Payments (%)	Payment Type	Code
1,192	0.3%	737	0.3%	23	0.0%	4	0.0%		0.0%	Aids & Appliances	A1
24,782	6.6%	18,693	6.4%	6,577	4.3%	1,141	3.5%	19	1.8%	Long term care & home care	C1
32,999	8.8%	23,630	8.1%	10,623	6.9%	2,076	6.3%	138	13.5%	Economic Loss - past	E1
87,247	23.3%	70,870	24.3%	35,866	23.2%	6,319	19.2%	22	2.2%	Economic Loss - future	E2
137,162	36.6%	121,661	41.7%	78,187	50.7%	18,443	56.0%	545	53.4%	General Damages	G1
441	0.1%	593	0.2%	3	0.0%		0.0%		0.0%	Home & vehicle modifications	H1
5,618	1.5%	5,673	1.9%	3,096	2.0%	749	2.3%	38	3.8%	Investigation costs	L1
41,476	11.1%	20,915	7.2%	7,513	4.9%	1,102	3.3%	11	1.1%	Legal costs - plaintiffs	L2
13,822	3.7%	6,162	2.1%	1,298	0.8%	197	0.6%	1	0.1%	Legal costs - defendants (solicitors)	L4
1,473	0.4%	690	0.2%	97	0.1%	4	0.0%		0.0%	Legal costs - defendants (barristers)	L5
1,918	0.5%	893	0.3%	285	0.2%	63	0.2%		0.0%	Legal costs - defendants (other outlays)	L6
21,814	5.8%	17,199	5.9%	8,500	5.5%	2,092	6.4%	139	13.6%	Hospital, medical, pharmaceutical	M1
1	0.0%	1	0.0%		0.0%	2	0.0%		0.0%	Payments to interstate & non CTP insurers	N1
1,335	0.4%	841	0.3%	659	0.4%	290	0.9%	62	6.1%	Other	P1
3,945	1.1%	3,773	1.3%	1,887	1.2%	497	1.5%	44	4.3%	Rehabilitation service costs	R1
-94	0.0%	-28	0.0%	-38	0.0%		0.0%		0.0%	Recoveries from insured	V1
-462	-0.1%	-328	-0.1%	-196	-0.1%	-1	0.0%		0.0%	Other party (other than through sharing)	V2
-11	0.0%		0.0%	-37	0.0%	-47	-0.1%		0.0%	Nominal Defendant recovery	V3
374,659	100.0%	291,977	100.0%	154,343	100.0%	32,930	100.0%	1,021	100.0%	Total	



## Statistical information 2003-04

### Number of Accidents by Postcode Division

1 September 1994 to 30 June 2004

Location	Postcode	Number of Accidents
Brisbane City	4000 - 4072	13,133
	4073 - 4209	17,910
	4500 - 4549	3,079
Gold Coast Region	4210 - 4299	9,837
Ipswich Region	4300 - 4349	3,256
Toowoomba Region	4350 - 4499	2,519
	4602 - 4618	207
Sunshine Coast Region	4550 - 4601	4,438
	4619 - 4689	2,789
Rockhampton Region	4690 - 4736	1,443
Mackay Region	4737 - 4805	1,843
Townsville Region	4806 - 4824	2,131
	4835 - 4850	136
Mt Isa Region	4825 - 4834	188
Cairns Region	4851 - 4899	2,801
Unknown		206
Non Qld		2,568
<b>Total</b>		<b>68,484</b>

### Age Group of Claimants

1 September 1994 to 30 June 2004

Age Group	Male	Female	Unknown	Total	Percentage
Unknown*	112	119	222	453	0.5%
0 - 5 years	959	879	2	1,840	2.1%
6 - 15 years	2,385	2,511	5	4,901	5.5%
16 - 25 years	11,214	12,946	27	24,187	27.0%
26 - 35 years	10,064	10,520	17	20,601	23.0%
36 - 45 years	7,452	8,406	11	15,869	17.7%
46 - 55 years	5,128	6,015	30	11,173	12.5%
56 - 65 years	2,783	3,087	5	5,875	6.6%
66+	1,876	2,663	2	4,541	5.1%
<b>Total</b>	<b>41,973</b>	<b>47,146</b>	<b>321</b>	<b>89,440</b>	<b>100%</b>

\* This figure includes company claims



Financial information  
**2003-04**

Motor Accident Insurance Commission

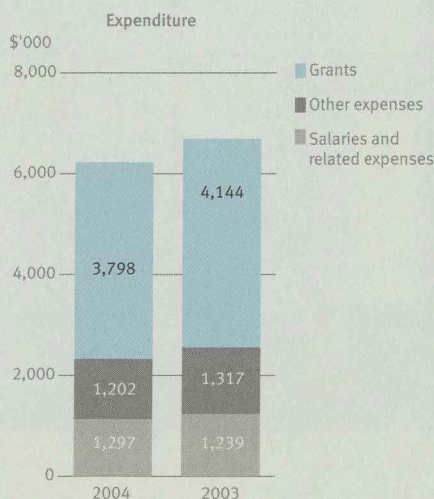
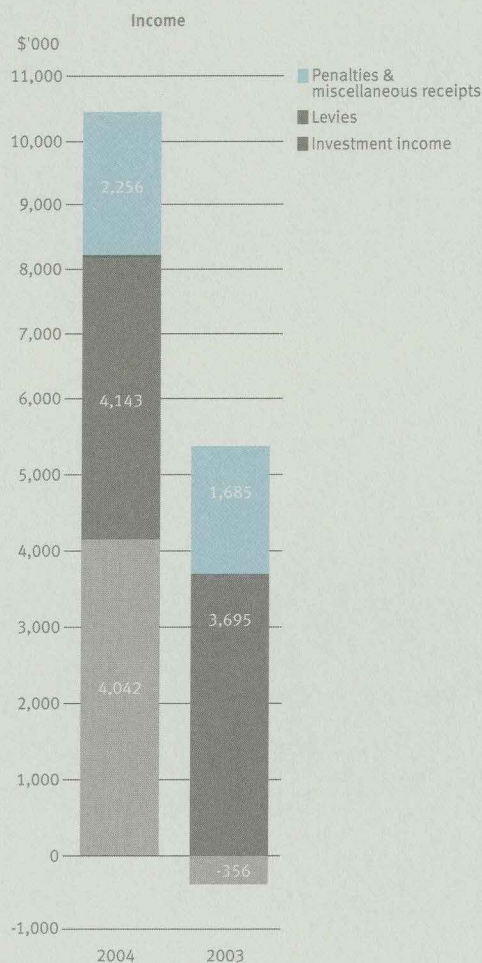




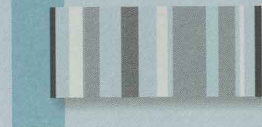
## Motor Accident Insurance Commission Financial Summary

The operating position of the Commission improved significantly to an operating profit of \$4.144 million during the financial year ended 30 June 2004 from an operating loss of \$1.676 million. This is principally a result of an overall increase in revenue from \$5.024 million during the previous year to \$10.441 million during the current year. The return on QIC investments saw a turnaround during the reporting period, from a loss of \$0.434 million during the previous year to a profit of \$3.962 million during the current year. \$4.143 million of total revenue came from the MAIC statutory levy which increased from \$1.35 to \$1.50 per CTP policy.

The expenses of the Commission were lower than the previous year, which was primarily a result of slightly lower grant payments. Expenditure on grants was \$3.798 million compared to \$4.144 million in the previous year. Details of grant funding are provided in Appendix Five.







Motor Accident Insurance Commission

Statement of Financial Performance  
For the Financial Year ended 30 June 2004

		2004	2003
	NOTE	\$'000	\$'000
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
Levies	2 (a)	4,143	3,695
Investment Income	2 (b)	4,042	(356)
Penalties and miscellaneous receipts		2,256	1,685
Total revenue from ordinary activities		10,441	5,024
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Grants		3,798	4,144
Salaries and related expenses	2 (c)	1,297	1,239
Depreciation	2 (d)	31	20
Computer facilities management fee		188	206
Marketing and advertising		0	1
Rent		107	100
Consultancy Expenditure		273	316
Other	2 (e)	603	674
Total expenses from ordinary activities		6,297	6,700
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES</b>	10	<u>4,144</u>	<u>(1,676)</u>

The accompanying notes form part of these financial statements.



## Financial information 2003-04

### Motor Accident Insurance Commission

#### Statement of Financial Position As at 30 June 2004

	NOTE	2004 \$'000	2003 \$'000
<b>CURRENT ASSETS</b>			
Cash Assets		2,734	1,047
Receivables	3	106	864
Investment securities	4	15,527	12,565
Prepayments		2	1
<b>Total current assets</b>		<b>18,369</b>	<b>14,477</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	3	500	500
Investment securities	4	10,500	10,500
Property, plant and equipment	5	77	110
Intangibles	6	220	0
<b>Total non-current assets</b>		<b>11,297</b>	<b>11,110</b>
<b>TOTAL ASSETS</b>		<b>29,666</b>	<b>25,587</b>
<b>CURRENT LIABILITIES</b>			
Payables	7	225	306
Provisions	8	100	101
<b>Total current liabilities</b>		<b>325</b>	<b>407</b>
<b>TOTAL LIABILITIES</b>		<b>325</b>	<b>407</b>
<b>NET ASSETS</b>		<b>29,341</b>	<b>25,180</b>
<b>EQUITY</b>			
Reserves	9	14,596	15,107
Retained profits	10	14,745	10,073
<b>TOTAL EQUITY</b>		<b>29,341</b>	<b>25,180</b>

The accompanying notes form part of these financial statements.



Motor Accident Insurance Commission

Statement of Cash Flows  
For the Financial Year Ended 30 June 2004

	NOTE	2004 \$'000	2003 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows:</b>			
Levies		4,143	3,695
Investment income		4,232	80
Penalties and miscellaneous receipts		2,266	1,721
GST input taxes recovered from ATO		503	541
<b>Outflows:</b>			
Grants		(3,248)	(4,144)
Salaries and related expenses		(1,298)	(1,209)
Computer facilities management fees		(190)	(220)
Marketing and advertising		0	(1)
Other		(1,480)	(2,181)
<b>Net cash provided by/(used in) operating activities</b>	<b>14(ii)</b>	<b>4,928</b>	<b>(1,718)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Inflows:</b>			
Proceeds from sale of property, plant and equipment		0	1
<b>Outflows:</b>			
Purchase of property, plant and equipment		(279)	(42)
<b>Net cash used in investing activities</b>		<b>(279)</b>	<b>(41)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>4,649</b>	<b>(1,759)</b>
Cash at the beginning of the financial year		24,112	25,871
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<b>14(i)</b>	<b>28,761</b>	<b>24,112</b>

The accompanying notes form part of these financial statements.



# Financial information 2003-04

## Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

### NOTE 1 Statement of Significant Accounting Policies

#### (a) Background

The Motor Accident Insurance Commission, established on 1 September 1994 under the provisions of the *Motor Accident Insurance Act 1994*, is constituted as a body corporate under that Act. The Insurance Commissioner constitutes the Commission.

#### (b) Basis of Preparation

These financial statements have been prepared as general purpose financial statements in accordance with the requirements of the *Financial Administration and Audit Act 1977* and applicable Australian Accounting Standards and Concepts. The financial statements have been prepared on an historical cost basis, except for investment securities which are shown at net market value.

#### (c) Property, Plant and Equipment

All items of property, plant and equipment, except intangibles, with a cost or other value in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with lesser value are expensed in the year of acquisition.

#### (d) Intangibles

Intangible assets with a cost or other value greater than \$50,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life, less any anticipated residual value.

##### *Internal Use Software*

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

#### (e) Amortisation and Depreciation of Intangibles, Property, Plant and Equipment

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

The estimated useful lives are as follows:

Plant and Equipment	3-5 years
Leasehold Improvements	12 years
Computer Software	5 years

Internal use software under development is not amortised until it has been fully developed and utilised.

#### (f) Funding of Motor Accident Insurance Fund

Funding is by way of levies paid by motorists pursuant to the *Motor Accident Insurance Act 1994*, based on the gross premiums collected for Compulsory Third Party motor vehicle insurance policies; interest on investments; and penalties imposed for offences under the Act.



Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

**Note 1 (Continued)**

**(g) Investments**

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

**(h) Employee Leave Entitlements**

**(1) Wages, Salaries, Annual Leave and Sick Leave**

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, WorkCover premiums, long service leave levies and employer superannuation contributions.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur 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.

**(2) Long Service Leave**

Under the Queensland Government's long service leave scheme, a levy is made on the Commission to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

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

**(i) Superannuation**

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary.

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

**(j) Contingent Assets**

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

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



# Financial information 2003-04

## Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

### Note 1 (Continued)

#### (k) Levy Collection and Contribution

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 Statement of Financial Performance 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 13.

#### (l) Leases

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

#### (m) Adoption of International Financial Reporting Standards

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (IFRSs) for reporting periods beginning on or after 1 January 2005.

All Pending and Issued Australian Equivalents to IFRSs are being progressively reviewed for possible implications on policies, procedures, systems and financial impacts arising from such changes.

To date, the Commission has identified the following key differences in accounting policies which will arise from the adoption of Australian Equivalents to IFRSs:

- The introduction of AASB 136 on Impairment of Assets will require an annual impairment test to be performed on all non-current physical and intangible assets. This may result in a write-down of the value of plant and equipment and intangible assets.
- Internally generated intangible assets such as internal use software may have to be derecognised in accordance with standard AASB 138 on Intangible Assets if they do not satisfy the new recognition criteria. In addition, revalued intangible assets that do not have an active market will also need to be derecognised.
- Investments, classified as financial assets held for trading, need to be valued at fair value in accordance with AASB 139 on Financial Instruments: Recognition and Measurement. This should, however, have no financial impact on Investments, which are currently valued at net market value. The fair value of investments is measured at net market value based on QIC advice.

The dollar values of the above changes cannot be reliably estimated at the date of this report.

Policy decisions made at a Whole-of-Government level in relation to the limiting of options in the Australian Equivalent to IFRSs may have additional impacts on financial reports prepared using these Standards.



Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

(n) **Rounding and Comparatives**

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

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

	2004 \$'000	2003 \$'000
<b>NOTE 2 Profit from Ordinary Activities</b>		
<b>(a) Levies</b>		
Levies – comprise amounts required to be paid by licensed CTP insurers on gross insurance premiums.		
Statutory Insurance Scheme Levy	4,143	3,695
<b>(b) Investment Income</b>		
Distributions received from Queensland Investment Corporation	3,962	(434)
Interest received from funds held by Queensland Treasury	80	78
<b>Total</b>	<b>4,042</b>	<b>(356)</b>
<b>(c) Salaries and related Expense</b>		
Salaries and wages	938	920
Superannuation	123	117
Long service leave expense	14	12
Recreation leave expense	94	88
Other related expenses	128	102
<b>Total</b>	<b>1,297</b>	<b>1,239</b>
<b>(d) Depreciation</b>		
Plant and Equipment	31	20
<b>(e) Other</b>		
Administration Fees	167	162
Legal and Barrister Fees	67	146
Loss on disposal of assets	61	0
Other	308	366
<b>Total</b>	<b>603</b>	<b>674</b>



# Financial information 2003-04

## Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

		2004 \$'000	2003 \$'000
<b>NOTE 3</b>	<b>Receivables</b>		
	<b>Current</b>		
	Loan Receivable	0	550
	Accrued investment income	17	207
	Penalties receivable	81	90
	Other receivables	8	17
	<b>Total</b>	<b>106</b>	<b>864</b>
	<b>Non-Current</b>		
	Loan Receivable	500	500
	<b>Total</b>	<b>500</b>	<b>500</b>
<b>NOTE 4</b>	<b>Investment Securities</b>		
	<b>Current</b>		
	Queensland Investment Corporation	15,527	12,565
	<b>Non-Current</b>		
	Queensland Investment Corporation	10,500	10,500
	<b>Total</b>	<b>26,027</b>	<b>23,065</b>
<b>NOTE 5</b>	<b>Property, Plant and Equipment</b>		
	<b>Property</b>		
	Leasehold Improvements – at cost	0	89
	Accumulated depreciation	0	(21)
		<b>0</b>	<b>68</b>
	<b>Plant and Equipment</b>		
	Plant, Equipment and Fittings – at cost	192	133
	Accumulated depreciation	(115)	(91)
		<b>77</b>	<b>42</b>
	<b>Total</b>	<b>77</b>	<b>110</b>

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

	Leasehold Improvements \$'000	Plant, Equipment & Fittings \$'000	Total \$'000
Carrying amount at beginning of the financial year	68	42	110
Additions	0	59	59
Disposals	(61)	0	(61)
Depreciation Charged	(7)	(24)	(31)
Carrying amount at the end of the financial year	<b>0</b>	<b>77</b>	<b>77</b>



Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

		2004 \$'000	2003 \$'000
<b>NOTE 6</b>	<b>Intangibles</b>		
	Computer Software – at cost	163	163
	Accumulated amortisation	(163)	(163)
		0	0
	Internal use software under development – at cost	220	0
	<b>Total</b>	<b>220</b>	<b>0</b>
<b>NOTE 7</b>	<b>Payables</b>		
	Sundry creditors and accruals	225	306
<b>NOTE 8</b>	<b>Provisions</b>		
	Employee Entitlements	100	101
<b>NOTE 9</b>	<b>Reserves</b>		
(a)	Composition and movements:		
	<b>Income Maintenance</b>		
	Balance at beginning and end of year	10,500	10,500
	<b>Accident Prevention Initiatives</b>		
	Balance at beginning of year	1,550	1,376
	Transfer to retained profits	(1,550)	(1,052)
	Transfer from retained profits	1,484	1,226
	Balance at end of year	1,484	1,550
	<b>Rehabilitation Initiatives</b>		
	Balance at beginning of year	3,057	3,552
	Transfer to retained profits	(2,498)	(3,184)
	Transfer from retained profits	2,053	2,689
	Balance at end of year	2,612	3,057
	<b>Total Reserves</b>	<b>14,596</b>	<b>15,107</b>
(b)	To fulfil our charter under Section 10(1) of the <i>Motor Accident Insurance Act 1994</i> , the funds in reserves 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.		



## Financial information 2003-04

### Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

		2004 \$'000	2003 \$'000
<b>NOTE 10</b>	<b>Retained Profits</b>		
	Retained profits at the beginning of the financial year	10,073	11,419
	Profit/(Loss) from ordinary activities	4,144	(1,676)
	Transfers to reserves:		
	Accident Prevention Initiatives	(1,484)	(1,226)
	Rehabilitation Initiatives	(2,053)	(2,689)
	Transfers from reserves:		
	Accident Prevention Initiatives	1,550	1,052
	Rehabilitation Initiatives	2,498	3,184
	Other	17	9
	Retained profits at the reporting date	<u>14,745</u>	<u>10,073</u>
<b>NOTE 11</b>	<b>Auditor's Remuneration</b>		
	Remuneration received or due and receivable by the Auditor-General of Queensland for external audit services	<u>12</u>	<u>11</u>
<b>NOTE 12</b>	<b>Commitments for Expenditure</b>		
(a)	Maintenance Contract Commitment		
	Total expenditure contracted for at balance date but not provided for in the financial statements:		
	Due not later than one year	51	62
	Due later than one year but not later than five years	0	0
	<b>Total</b>	<u>51</u>	<u>62</u>
(b)	Operating Lease Rental Commitments		
	Future operating lease rentals not provided for in the financial statements are payable as follows:		
	Due not later than one year	140	110
	Due later than one year but not later than five years	573	0
	<b>Total</b>	<u>713</u>	<u>110</u>



Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

	2004 \$'000	2003 \$'000
<b>NOTE 12 (Continued)</b>		
(c) Grant Commitments		
The <i>Motor Accident Insurance Act 1994</i> provides for the Commission to allocate funds for strategic accident prevention and rehabilitation initiatives. The payment of these grant monies is dependent on the grantee organisation satisfying conditions as set out in the grant agreement.		
Future grant commitments not provided for in the financial statements are payable as follows:		
Due not later than one year	4,096	4,607
Due later than one year but not later than five years	3,372	6,909
<b>Total</b>	<b>7,468</b>	<b>11,516</b>
<b>NOTE 13 Agency Transactions</b>		
The Motor Accident Insurance Commission (MAIC) receives Hospital and Emergency Services Levy amounts from Queensland Transport for transfer payments to Queensland Department of Health and the Department of Emergency Services. Details of amounts collected and administered by MAIC during the year and the amount held on behalf of Queensland Department of Health and the Department of Emergency Services at year end are as follows:		
<b>Levies</b>		
Comprise amounts collected from Queensland Transport on gross insurance premiums.		
Levies collected but not remitted in the previous year	2,367	1,646
Hospital levy	14,970	14,111
Emergency Services levy	7,529	7,085
	<b>24,866</b>	<b>22,842</b>
<b>Contributions</b>		
Comprise payments to Queensland Department of Health and the Department of Emergency Services on account of levies received from Queensland Transport.		
Hospital levy contributions	15,145	13,604
Emergency Services levy contributions	7,629	6,871
	<b>22,774</b>	<b>20,475</b>
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 as at 30 June:	<b>2,092</b>	<b>2,367</b>
(This amount is held in QIC investments)		



# Financial information 2003-04

Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

	NOTE	2004 \$'000	2003 \$'000
<b>NOTE 14</b>	<b>Statement of Cash Flows</b>		
<b>(i)</b>	<b>Reconciliation of cash</b>		
	For the purposes of the Statement of Cash Flows, cash includes cash on hand and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
	Cash	2,734	1,047
	Investments	26,027	23,065
	<b>Total</b>	<b>28,761</b>	<b>24,112</b>
<b>(ii)</b>	<b>Reconciliation of operating profit/(loss) with net cash provided by operating activities</b>		
	Operating profit/(loss)	4,144	(1,676)
	Add/(Less) non cash items:		
	Depreciation	31	20
	(Profit)/Loss on disposal of property, plant and equipment	61	(1)
	Asset Transfers	0	(25)
	Direct changes to equity	17	9
	Changes in assets and liabilities:		
	Increase/(Decrease) in creditors	(81)	69
	(Increase)/Decrease in receivables	758	(153)
	Decrease/(Increase) in prepayments	(1)	9
	(Decrease)/Increase in provisions	(1)	30
	<b>Net cash provided by/ (used in) operating activities</b>	<b>4,928</b>	<b>(1,718)</b>
<b>(iii)</b>	<b>The Motor Accident Insurance Fund has no unused borrowing or overdraft facility.</b>		



Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

NOTE 15 Financial Instruments

(a) Terms, Conditions and Accounting Policies

Financial Instrument	Related Financial Statement Notes	Accounting Policies	Terms and Conditions
<u>Financial Assets</u>			
Cash on hand	14 (i)	Recorded at book value, which approximates fair value.	
Receivables			
penalties receivable	3	Recognition – upon receipt of fines by QLD Transport and the Courts. Measurement – prescribed by the <i>Motor Accident Insurance Act 1994</i> . Recorded at book value.	Usually received within 30 days from the month due.
loans receivable	3	Recognition – upon issue of funds. Measurement – based on memorandum of agreement and recorded at book value.	No interest rate applied as this is funding to promote research into accident rehabilitation. Repayments in accordance with individual loan agreements.
Investment securities	4	Recognition – on the day funds are invested. Measurement – at net market value.	Can be drawn upon as when required.
<u>Financial Liabilities</u>			
Payables	7	Recognition – upon receipt of goods or services irrespective of whether an invoice has been received. Measurement – based on agreed purchase/contract costs.	Amounts are usually settled within 30 days upon receipt of invoice.

The Fund invests with the Queensland Investment Corporation (QIC). The QIC will have invested in a variety of financial instruments including derivatives which expose the Fund's investments to a variety of investment risks including market risk, credit risk, interest rate risk and currency risk.

(b) Interest Rate Risk Exposures

The Fund invests in financial assets for the primary purpose of obtaining a return on investments, to help meet the costs of administering the *Motor Accident Insurance Act 1994*. The Fund's return on the investments will fluctuate in accordance with movements in the market interest rates.



# Financial information 2003-04

## Motor Accident Insurance Commission

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

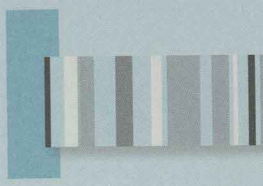
### NOTE 15 Financial Instruments (Continued)

2004		Floating interest rate	Fixed interest rate maturing in			Non interest bearing	
	Notes		1 year or less	over 1 to 5 years	more than 5 years		Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash		2,734	-	-	-	-	2,734
Receivables	3	-	-	-	-	606	606
Investments	4	-	-	-	-	26,027*	26,027
		2,734	-	-	-	26,633	29,367
Financial Liabilities							
Payables	7	-	-	-	-	225	225
Net Financial Assets		2,734	-	-	-	26,408	29,142
Weighted average interest rate		4.2%					

2003		Floating interest rate	Fixed interest rate maturing in			Non interest bearing	
	Notes		1 year or less	over 1 to 5 years	more than 5 years		Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash		1,047	-	-	-	-	1,047
Receivables	3	-	-	-	-	1,364	1,364
Investments	4	-	-	-	-	23,065*	23,065
		1,047	-	-	-	24,429	25,476
Financial Liabilities							
Payables	7	-	-	-	-	306	306
Net Financial Assets		1,047	-	-	-	24,123	25,170
Weighted average interest rate		3.9%					

\* Investments in QIC are not classified as interest bearing as the Fund receives a distribution of profits based on the earnings of units in investments in QIC.





**Motor Accident Insurance Commission**

**Notes to and forming part of the financial statements  
For the year ended 30 June 2004**

**NOTE 15 Financial Instruments (Continued)**

**(c) Credit Risk Exposures**

Credit exposure represents the extent of credit related losses that the Fund may be subject to on amounts to be received from financial assets. The Fund, while exposed to credit related losses in the event of non-performance by counterparties of financial institutions, does not expect any counterparties to fail to meet their obligations.

**(d) Net Fair Values**

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

**NOTE 16 Segment Information**

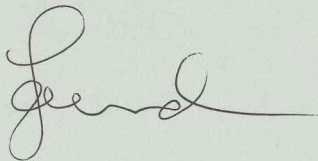
The Commission operates within one primary and one geographical segment, that being the administration of the Queensland compulsory third party motor vehicle insurance scheme.



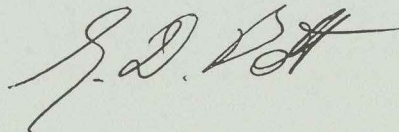
## Certificate of the Motor Accident Insurance Commission

The foregoing annual financial statements have been prepared pursuant to the provisions of the *Financial Administration and Audit Act 1977* and other prescribed requirements and we certify that-

- (a) the foregoing annual financial statements and notes to and forming part thereof are in agreement with the accounts and records of the Motor Accident Insurance Commission; and
- (b) in our opinion -
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the foregoing annual financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Motor Accident Insurance Commission for the year ended 30 June 2004 and of the financial position of the Commission as at 30 June 2004.



L Anderson  
Insurance Commissioner



G Bott  
Manager Systems and Finance

Dated: 7 September 2004



## Independent Audit Report

To the Motor Accident Insurance Commission

### Scope

#### *The financial statements*

The financial statements of Motor Accident Insurance Commission consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the Insurance Commissioner and the officer responsible for the financial administration of Motor Accident Insurance Commission, for the year ended 30 June 2004.

#### *The Motor Accident Insurance Commission's responsibility*

The Motor Accident Insurance Commission is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

### Audit approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements are presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Motor Accident Insurance Commission,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

### Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

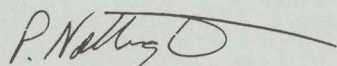
The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

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.

### Audit Opinion

In accordance with section 46G of the *Financial Administration and Audit Act 1977* -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the statements have 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 2003 to 30 June 2004 and of the financial position as at the end of that year.



P J Nottingham, FCPA  
Audit Manager  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane

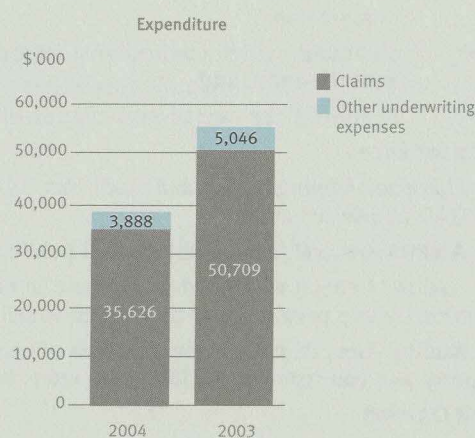
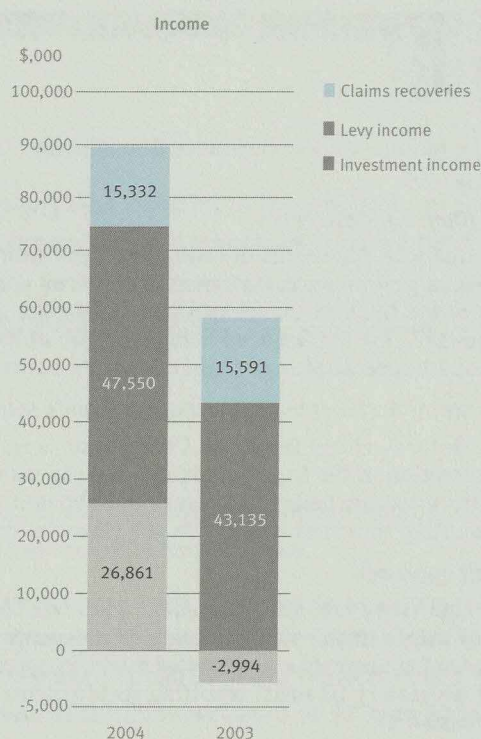


## Nominal Defendant Financial Summary

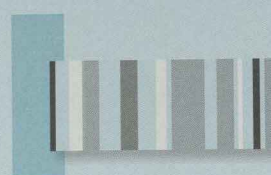
The operating profit of the Nominal Defendant was \$50.229 million for the year ended 30 June 2004 as compared to the prior year's operating loss of \$0.023 million. The State Government Indemnity to the Nominal Defendant to meet the liabilities of FAI during the year amounted to \$44.577 million. The amount of this indemnity was determined after deducting cash receipts of the CTP levy surcharge.

In relation to the normal business of the Nominal Defendant (claims relating to unidentified and uninsured vehicles under section 31 of the Act), payments on claims and associated costs during the financial year increased from \$20.057 million to \$22.891 million. The provisions for outstanding claims liabilities were actuarially assessed and were increased by \$2.469 million compared to an increase of \$2.035 million last year.

The income from the levy for the normal business of the Nominal Defendant increased to \$34.016 million reflecting growth in the number of registered vehicles. Claims recoveries were \$0.774 million during the year, down from \$1.354 million in the previous year. The performance of the QIC investments improved significantly from a loss of \$3.104 million during the previous year to a profit of \$26.744 million during the current year. The \$5 levy surcharge raised \$13.534 million in the year.







## Nominal Defendant

Statement of Financial Performance  
For the Financial Year Ended 30 June 2004

		2004	2003
	NOTE	\$'000	\$'000
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
Levy Income	1(i)	47,550	43,135
Investment Income	5	26,861	(2,994)
<b>Total revenue from ordinary activities</b>		<b>74,411</b>	<b>40,141</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Claims	2	35,626	50,709
Claims Recoveries		(15,332)	(15,591)
Net Claims Incurred		20,294	35,118
Other Ordinary Expenses	4	3,888	5,046
<b>Total expenses from ordinary activities</b>		<b>24,182</b>	<b>40,164</b>
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES</b>	14	<b>50,229</b>	<b>(23)</b>

The accompanying notes form part of these financial statements.



# Financial information 2003-04

Nominal Defendant

Statement of Financial Position  
As at 30 June 2004

	NOTE	2004 \$'000	2003 \$'000
<b>CURRENT ASSETS</b>			
Cash Assets		1,562	1,612
Receivables	6	29,244	43,765
Investment securities	7	37,116	27,545
Prepayments		5	1
<b>Total current assets</b>		<b>67,927</b>	<b>72,923</b>
<b>NON-CURRENT ASSETS</b>			
Investment securities	7	150,236	121,638
Property, plant and equipment	8	26	106
Intangibles	9	173	5
<b>Total non-current assets</b>		<b>150,435</b>	<b>121,749</b>
<b>TOTAL ASSETS</b>		<b>218,362</b>	<b>194,672</b>
<b>CURRENT LIABILITIES</b>			
Payables	10	600	1,619
Provision for employee entitlements	11	69	50
Provision for outstanding claims	12	78,811	96,365
Unearned levies	1(i)	24,089	23,212
<b>Total current liabilities</b>		<b>103,569</b>	<b>121,246</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for outstanding claims	12	195,397	248,829
<b>Total non-current liabilities</b>		<b>195,397</b>	<b>248,829</b>
<b>TOTAL LIABILITIES</b>		<b>298,966</b>	<b>370,075</b>
<b>NET LIABILITIES</b>		<b>(80,604)</b>	<b>(175,403)</b>
<b>EQUITY</b>			
Contributed Equity	13	230,881	186,304
Accumulated Losses	14	(311,485)	(361,707)
<b>TOTAL EQUITY</b>		<b>(80,604)</b>	<b>(175,403)</b>

The accompanying notes form part of these financial statements.



## Nominal Defendant

Statement of Cash Flows  
For the Financial Year Ended 30 June 2004

	NOTE	2004 \$'000	2003 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows:</b>			
Levies		48,427	47,581
Claims recoveries		28,769	1,468
Investment income		28,200	114
GST recovered from ATO		1,047	1,665
<b>Outflows:</b>			
Claims		(106,613)	(123,424)
Salaries and related expenses		(831)	(724)
Other		(5,072)	(9,308)
<b>Net cash used in operating activities</b>	<b>17(ii)</b>	<b>(6,073)</b>	<b>(82,628)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Inflows:</b>			
Proceeds on disposal of property, plant and equipment		13	-
<b>Outflows:</b>			
Purchase of property, plant and equipment		(189)	(26)
<b>Net cash used in investing activities</b>		<b>(176)</b>	<b>(26)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Inflows:</b>			
Queensland Treasury Indemnity Receipts		44,368	48,684
<b>Net cash provided by financing activities</b>		<b>44,368</b>	<b>48,684</b>
<b>NET INCREASE /(DECREASE) IN CASH HELD</b>		<b>38,119</b>	<b>(33,970)</b>
Cash at the beginning of the financial year		150,795	184,765
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<b>17(i)</b>	<b>188,914</b>	<b>150,795</b>

The accompanying notes form part of these financial statements.



# Financial information 2003-04

## Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

### NOTE 1 Statement of Significant Accounting Policies

#### (a) Background

The Nominal Defendant, established on 1 September 1994 under the provisions of the *Motor Accident Insurance Act 1994*, is constituted as a body corporate under that Act.

#### (b) Basis of Preparation

These financial statements have been prepared as general purpose financial statements in accordance with the requirements of the *Financial Administration and Audit Act 1977* and applicable Australian Accounting Standards and Concepts. The financial statements have been prepared on an historical cost basis, except as otherwise disclosed in the financial statements or notes.

#### (c) Going Concern

These financial statements have been prepared on a going concern basis.

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. Funds to be advanced to the Nominal Defendant are determined after taking into consideration a component of the levy, potential recoveries from the liquidator of the insolvent insurer and funds transferred from the Motor Accident Insurance Commission as detailed in Note 20(a).

#### (d) Property, Plant and Equipment

All items of property, plant and equipment, except intangibles, with a cost or other value in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with lesser value are expensed in the year of acquisition.

#### (e) Intangibles

Intangible assets with a cost or other value greater than \$50,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life, less any anticipated residual value.

##### *Internal Use Software*

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

#### (f) Amortisation and Depreciation of Intangibles, Property, Plant and Equipment

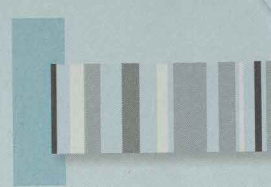
Amortisation and depreciation is calculated on a straight-line basis, to write off the net cost of each depreciable asset, progressively over its estimated useful life.

The estimated useful lives are as follows:

Plant and Equipment	3-5 years
Leasehold Improvements	12 years
Computer Software	5 years

Internal use software under development is not amortised until it has been fully developed and utilised.





## Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

### NOTE 1 (Continued)

#### (g) Funding of Nominal Defendant Fund

Funding is by way of levies, as explained at Note 1(i); 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).

#### (h) Provision for Outstanding Claims

Provisions for outstanding claims have been actuarially calculated as at the financial year end by an independent actuarial firm, Trowbridge Consulting, the principals of which are Fellows of the Institute of Actuaries in Australia. The Actuaries have furnished a Certificate.

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 claim files and estimating unnotified claims and settlement costs using statistics based on past experience and trends.

The liability for outstanding claims is measured as the present value of the expected future payments, reflecting the fact that all the 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. The expected future payments are then discounted to a present value at the reporting date using discount rates based on investment opportunities available to the organisation on the amount of funds sufficient to meet claims as they become payable. The details of rates applied are included in Note 12.

#### (i) Levies

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

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



# Financial information 2003-04

## Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

### NOTE 1 (Continued)

#### (i) Levies (Continued)

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.

#### (j) Investments

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 these financial statements at net market value. As these investments are held primarily to fund present and future claims on the Nominal Defendant they have been classified between current and non-current assets on the same percentage basis as that applied to the Provision for Outstanding Claims.

#### (k) Employee Leave Entitlements

##### (1) Wages, Salaries, Annual Leave and Sick Leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, WorkCover premiums, long service leave levies and employer superannuation contributions.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur 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.

##### (2) Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the Commission to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

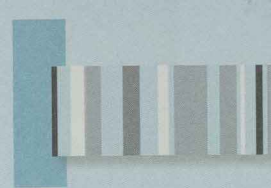
No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 – *Financial Reporting by Governments*.

#### (l) Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary.

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





## Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

**NOTE 1 (Continued)****(m) Receivables**

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.

**(n) Leases**

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to expense in the period in which they are incurred.

**(o) Adoption of International Financial Reporting Standards**

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (IFRSs) for reporting periods beginning on or after 1 January 2005.

All Pending and Issued Australian Equivalents to IFRSs are being progressively reviewed for possible implications on policies, procedures, systems and financial impacts arising from such changes.

To date, the Nominal Defendant has identified the following key differences in accounting policies which will arise from the adoption of Australian Equivalents to IFRSs:

- The introduction of AASB 136 on Impairment of Assets will require an annual impairment test to be performed on all non-current physical and intangible assets. This may result in a write-down of the value of plant and equipment and intangible assets.
- Internally generated intangible assets such as internal use software may have to be derecognised in accordance with AASB 138 on Intangible Assets if they do not satisfy the new recognition criteria. In addition, revalued intangible assets that do not have an active market will also need to be derecognised.
- The adoption of AASB 1023 on General Insurance Contracts will require outstanding claims liabilities to include a risk margin in addition to the central estimate of the present value of the expected future payments. In addition, the outstanding claims liability shall be discounted for the time value of money using risk-free discount rates that are based on current observable, objective rates that relate to the nature, structure and term of the future obligations.
- Investments, classified as financial assets held for trading, need to be valued at fair value in accordance with AASB 139 on Financial Instruments: Recognition and Measurement. This should, however, have no financial impact on Investments, which are currently valued at net market value. The fair value of investments is measured at net market value based on QIC advice.

The dollar values of the above changes cannot be reliably estimated at the date of this report.



# Financial information 2003-04

Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

## NOTE 1 (Continued)

Policy decisions made at a Whole-of-Government level in relation to the limiting of options in the Australian Equivalent to IFRSs may have additional impacts on financial reports prepared using these Standards.

### (p) Rounding and Comparatives

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

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

2004	2003
\$'000	\$'000

## NOTE 2 Claims

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

Decrease in provision for outstanding claims	(70,986)	(72,717)
Claims and associated settlement costs	106,612	123,426
<b>Total</b>	<b>35,626</b>	<b>50,709</b>

### Claims attributable to FAI

The following amounts attributable to FAI are included in the claims figures listed above.

Decrease in provision for outstanding claims	(73,455)	(74,752)
Claims and associated settlement costs	83,721	103,369
<b>Total</b>	<b>10,266</b>	<b>28,617</b>



# Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

## NOTE 3 Net Claims Incurred

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

### Claims attributable to Nominal Defendant

	2004			2003		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses						
- undiscounted	41,445	(15,279)	26,166	31,250	(10,897)	20,353
Reinsurance and other recoveries						
- undiscounted	(708)	2,463	1,755	(533)	(1,314)	(1,847)
Net claims incurred						
- undiscounted	40,737	(12,816)	27,921	30,717	(12,211)	18,506
Discount and discount movement						
- gross claims incurred	(8,816)	5,852	(2,964)	(6,570)	7,577	1,007
Discount and discount movement						
- reinsurance and other recoveries	151	(522)	(371)	405	820	1,225
Net discount movement	(8,665)	5,330	(3,335)	(6,165)	8,397	2,232
<b>Net Claims Incurred</b>						
- discounted	32,072	(7,486)	24,586	24,552	(3,814)	20,738

### Claims attributable to FAI

	2004			2003		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses						
- undiscounted	-	(597)	(597)	-	9,921	9,921
Reinsurance and other recoveries						
- undiscounted	-	(10,589)	(10,589)	-	(8,032)	(8,032)
Net claims incurred						
- undiscounted	-	(11,186)	(11,186)	-	1,889	1,889
Discount and discount movement						
- gross claims incurred	-	7,422	7,422	-	13,922	13,922
Discount and discount movement						
- reinsurance and other recoveries	-	(528)	(528)	-	(1,432)	(1,432)
Net discount movement	-	6,894	6,894	-	12,490	12,490
<b>Net Claims Incurred</b>						
- discounted	-	(4,292)	(4,292)	-	14,379	14,379



## Financial information 2003-04

### Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

	NOTE	2004 \$'000	2003 \$'000
<b>NOTE 3</b>	<b>Net Claims Incurred (Continued)</b>		
	<b>Net Claims Incurred</b>		
	Net Claims Incurred – discounted	24,586	20,738
	Claims Recoveries	774	1,354
		<u>25,360</u>	<u>22,092</u>
	Add: Claims attributable to FAI	(4,292)	14,380
	Claims Recoveries - FAI	14,558	14,237
		<u>10,266</u>	<u>28,617</u>
	<b>Total Claims</b>	<u><b>35,626</b></u>	<u><b>50,709</b></u>
<b>NOTE 4</b>	<b>Other Ordinary Expenses</b>		
	Salaries and wages		
	Salaries and wages	622	579
	Superannuation	89	77
	Long service leave expense	3	9
	Recreation leave expense	68	59
	Other related expenses	54	44
	Depreciation- Property, Plant and Equipment	25	21
	Amortisation - Computer software	2	2
	Rent	76	54
	Consultancy Expenditure	107	130
	Reinsurance	1,115	1,036
	Administration Fees	120	120
	FAI Management Costs	1,012	2,346
	Loss/ (Profit) on disposal of Property, Plant and Equipment	61	(24)
	Other	534	593
	<b>Total</b>	<u><b>3,888</b></u>	<u><b>5,046</b></u>
	<b>Other Ordinary Expenses attributable to FAI are included in the figure above:</b>		
	Salaries and wages		
	Salaries and wages	70	62
	Superannuation	10	8
	Long service leave expense	1	1
	Recreation leave expense	6	7
	Other related expenses	4	4
	Depreciation		
	Plant and equipment	4	4
	Consultancy Expenditure	19	35
	FAI Management Costs	1,012	2,346
	Other	57	59
	<b>Total</b>	<u><b>1,183</b></u>	<u><b>2,526</b></u>



# Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

		2004 \$'000	2003 \$'000
<b>NOTE 5</b>	<b>Investment Income</b>		
	Distributions received from Queensland Investment Corporation	26,744	(3,104)
	Interest received from funds held by Queensland Treasury	117	110
	<b>Total</b>	<b>26,861</b>	<b>(2,994)</b>
<b>NOTE 6</b>	<b>Receivables</b>		
	Accrued investment income	38	1,377
	Queensland Treasury Indemnity Receipts	16,098	15,889
	Claims Recoveries & Reinsurance Receivable	13,027	26,464
	Other	81	35
	<b>Total</b>	<b>29,244</b>	<b>43,765</b>
<b>NOTE 7</b>	<b>Investment Securities</b>		
	<b>Current</b>		
	Queensland Investment Corporation	37,116	27,545
	<b>Non-Current</b>		
	Queensland Investment Corporation	150,236	121,638
	<b>Total</b>	<b>187,352</b>	<b>149,183</b>
<b>NOTE 8</b>	<b>Property, Plant and Equipment</b>		
	<b>Property</b>		
	Leasehold Improvements – at cost	-	89
	Accumulated depreciation	-	(19)
		-	70
	<b>Plant and Equipment</b>		
	Plant, Equipment and Fittings – at cost	114	107
	Accumulated depreciation	(88)	(71)
		26	36
	<b>Total</b>	<b>26</b>	<b>106</b>



## Financial information 2003-04

Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

### NOTE 8 Property, Plant and Equipment (Continued)

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

	Leasehold Improvements \$'000	Plant & Equipment \$'000	TOTAL \$'000
Carrying amount at beginning of the financial year	70	36	106
Additions	-	19	19
Disposals	(62)	(12)	(74)
Depreciation Charged	(8)	(17)	(25)
Carrying amount at the end of the financial year	-	26	26

2004  
\$'000

2003  
\$'000

### NOTE 9 Intangibles

Computer Software – at cost	174	174
Accumulated amortisation	(171)	(169)
	3	5
Internal Software under development: at cost	170	-
<b>Total</b>	<b>173</b>	<b>5</b>

### NOTE 10 Payables

<b>Sundry creditors and accruals</b>	<b>600</b>	<b>1,619</b>
The following amounts attributable to FAI are included in the payables figures listed above:		
<b>Sundry creditors and accruals</b>	<b>285</b>	<b>1,222</b>
	2004	2003



# Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

		\$'000	\$'000
<b>NOTE 11</b>	<b>Provision for Employee Entitlements</b>		
	Employee Entitlements	<u>69</u>	<u>50</u>
	The following amounts attributable to FAI are included in the provision figures listed above:		
	Employee Entitlements	<u>11</u>	<u>6</u>
<b>NOTE 12</b>	<b>Provision for Outstanding Claims</b>		
	The total provision is as follows:		
	Current	78,811	96,365
	Non-Current	195,397	248,829
	<b>Total</b>	<u>274,208</u>	<u>345,194</u>
	<b>Outstanding Claims attributable to Nominal Defendant</b>		
	Expected future claims payments (undiscounted)	160,497	154,694
	Discount to present value	(28,938)	(25,603)
	<b>Liability for outstanding claims</b>	<u>131,559</u>	<u>129,091</u>
(i)	The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be 3.29 years (2003 – 3.35 years).		
(ii)	The following average inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims.		
	Claims expected to be paid:		
	Not later than one year		
	Inflation rate	7.0%	7.0%
	Discount rate	5.75%	5.2%
	Later than one year		
	Inflation rate	7.0%	7.0%
	Discount rate	5.75%	5.2%
	<b>Outstanding Claims attributable to FAI</b>		
	Expected future claims payments (undiscounted)	160,440	239,731
	Discount to present value	(17,791)	(23,628)
	<b>Liability for outstanding claims</b>	<u>142,649</u>	<u>216,103</u>
		<b>2004</b>	<b>2003</b>



# Financial information 2003-04

## Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

	NOTE	\$'000	\$'000
<b>NOTE 12</b>	<b>Provision for Outstanding Claims (Continued)</b>		
(i)	The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be 2.27 years (2003 – 2.21 years).		
(ii)	The following average inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims.		
	Claims expected to be paid:		
	Not later than one year		
	Inflation rate	7.0%	7.0%
	Discount rate	5.6%	5.0%
	Later than one year		
	Inflation rate	7.0%	7.0%
	Discount rate	5.6%	5.0%
<b>NOTE 13</b>	<b>Contributed Equity</b>		
	Assets and Liabilities transferred from Nominal Defendant (Queensland) on establishment of the Nominal Defendant on 1 September 1994.	<b>1(a)</b>	
		121	121
	Return of contributed equity – MAIC	<b>(i)</b>	57,818
	Non appropriated equity injection	<b>(ii)</b>	172,942
	<b>Total equity at the reporting date</b>	<b>230,881</b>	<b>186,304</b>
(i)	<i>Return of contributed equity - MAIC</i>		
	Under section 33(4) and 33(5) of the <i>Motor Accident Insurance Act 1994</i> , the amount of \$57,818,000 was transferred from the Motor Accident Insurance Fund (MAIC) to the Nominal Defendant Fund on 22 January 2002 to be applied to the outstanding claims liabilities arising from the insolvency of FAI General Insurance Company Limited.		
(ii)	<i>Non Appropriated Equity Injection</i>		
	Balance at the beginning of the financial year	128,365	87,071
	Queensland Treasury Indemnity Receipts	44,577	41,294
	<b>Balance at the reporting date</b>	<b>172,942</b>	<b>128,365</b>
	Funding provided by the State Government in accordance with indemnity for shortfalls relating to liabilities of FAI General Insurance Company Limited.		
		<b>2004</b>	<b>2003</b>



# Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

		\$'000	\$'000
<b>NOTE 14</b>	<b>Accumulated Losses</b>		
	Accumulated Losses at the beginning of the financial year	(361,707)	(361,718)
	Profit/(Loss) from ordinary activities	50,229	(23)
	Other	(7)	34
	<b>Accumulated Losses at the reporting date</b>	<b>(311,485)</b>	<b>(361,707)</b>
<b>NOTE 15</b>	<b>Auditor's Remuneration</b>		
	Remuneration received or due and receivable by the Auditor-General of Queensland for external audit services	<u>22</u>	<u>20</u>
<b>NOTE 16</b>	<b>Commitments for Expenditure</b>		
	<b>Operating Lease Rental Commitments</b>		
	Future operating lease rentals not provided for in the financial statements are payable as follows:		
	Due not later than one year	114	57
	Due later than one year but not later than five years	461	-
	<b>Total</b>	<b>575</b>	<b>57</b>
	<b>Maintenance Contract Commitments</b>		
	Total expenditure contracted for at balance date but not provided for in the financial statements:		
	Due not later than one year	19	83
	Due later than one year but not later than five years	-	-
	<b>Total</b>	<b>19</b>	<b>83</b>
		<b>2004</b>	<b>2003</b>



## Financial information 2003-04

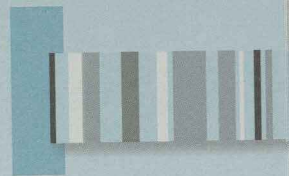
### Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

	NOTE	\$'000	\$'000
<b>NOTE 17</b>			
<b>Statement of Cash Flows</b>			
(i) <b>Reconciliation of cash</b>			
For the purposes of the Statement of Cash Flows, cash includes cash on hand and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Cash		1,562	1,612
Investments	7	187,352	149,183
<b>Total</b>		<b>188,914</b>	<b>150,795</b>
(ii) <b>Reconciliation of operating profit/(loss) with net cash used in operating activities</b>			
Operating profit/(loss)		50,229	(23)
Add/(Less) non cash items:			
Depreciation and amortisation		27	23
Loss/(Profit) on disposal of Property, Plant and Equipment		61	(24)
Other		(7)	34
Changes in assets and liabilities:			
(Increase)/Decrease in prepayments		(4)	1
Decrease/(Increase) in receivables		14,730	(14,056)
(Decrease)/Increase in creditors		(1,019)	798
Increase/(Decrease) in unearned levies		877	3,325
(Decrease)/Increase in provisions		(70,967)	(72,706)
<b>Net cash used in operating activities</b>		<b>(6,073)</b>	<b>(82,628)</b>

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





## Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

**NOTE 18 Financial Instruments****(a) Terms, Conditions and Accounting Policies**

Financial Instrument	Related Financial Statement Notes	Accounting Policies	Terms and Conditions
<u>Financial Assets</u>	<b>17 (i)</b>	Recorded at book value, which approximates fair value.	
Cash on hand			
Receivables	<b>6</b>	Recognition – at their assessed value	No interest is charged and no security is obtained.
Claims recoveries and reinsurance receivable		Measurement – based on actuarial assessment.	
Investments	<b>7</b>	Recognition – on the day funds are invested. Measurement – at net market value.	Can be drawn upon as when required.
<u>Financial Liabilities</u>	<b>10</b>	Recognition – upon receipt of goods or services irrespective of whether an invoice has been received. Measurement – based on agreed purchase/contract costs.	Amounts are usually settled within 30 days upon receipt of invoice.
Payables			

The Fund invests with the Queensland Investment Corporation (QIC). The QIC will have invested in a variety of financial instruments including derivatives which expose the Fund's investments to a variety of investment risks including market risk, credit risk, interest rate risk and currency risk.

**(b) Interest Rate Risk Exposures**

The Fund invests in financial assets for the primary purpose of obtaining a return on investments, to help meet the costs of the Nominal Defendant and satisfies liabilities for motor vehicle accident claims. The Fund's return on the investments will fluctuate in accordance with movements in the market interest rates.

**NOTE 18 Financial Instruments (Continued)**



# Financial information 2003-04

## Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

2004	Notes	Floating interest rate \$'000	Fixed interest rate maturing in			Non interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
<b>Financial assets</b>							
Cash		1,562	-	-	-	-	1,562
Receivables	6	-	-	-	-	29,244	29,244
Investments	7	-	-	-	-	187,352	187,352
		<b>1,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216,596*</b>	<b>218,158</b>
<b>Financial Liabilities</b>							
Payables	10	-	-	-	-	600	600
<b>Net Financial Assets</b>		<b>1,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,996</b>	<b>217,558</b>
<b>Weighted average interest rate</b>							
		4.2%					
2003	Notes	Floating interest rate \$'000	Fixed interest rate maturing in			Non interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
<b>Financial assets</b>							
Cash		1,612	-	-	-	-	1,612
Receivables	6	-	-	-	-	43,765	43,765
Investments	7	-	-	-	-	149,183	149,183
		<b>1,612</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192,948*</b>	<b>194,560</b>
<b>Financial Liabilities</b>							
Payables	10	-	-	-	-	1,619	1,619
<b>Net Financial Assets</b>		<b>1,612</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,329</b>	<b>192,941</b>
<b>Weighted average interest rate</b>							
		3.9%					

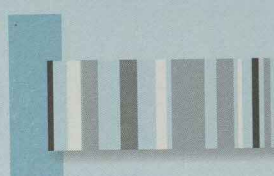
\*Investments in QIC are not classified as interest bearing as the Fund receives a distribution of profits based on the earnings of units in investments in QIC.

### (c) Credit Risk Exposures

Credit exposure represents the extent of credit related losses that the Fund may be subject to on amounts to be received from financial assets. The Fund, while exposed to credit related losses in the event of non-performance by counterparties of financial institutions, does not expect any counterparties to fail to meet their obligations.

### NOTE 18 Financial Instruments (Continued)





## Nominal Defendant

Notes to and forming part of the financial statements  
For the year ended 30 June 2004

### (d) Net Fair Values

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

### NOTE 19 Segment Information

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

### NOTE 20 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. Refer Note 13(ii).

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. Refer Note 13(i).

#### (c) Rights of recovery and payment of claims costs of FAI prior to its insolvency on 15 March 2001

An application to the Court has been made by the Nominal Defendant for declarations as to the proper construction of the provisions of section 33(2), 38(4), 58 and 59 of the *Motor Accident Insurance Act 1994* in so far as they relate to the winding up of FAI.

The purpose of the application is to determine the respective rights of the Nominal Defendant and the Liquidators of FAI in relation to:-

- (i) *Recovery of shared claim costs from other contributing Compulsory Third Party ("CTP") insurers in the Queensland Scheme in circumstances where FAI was the claim manager and made payment of claims prior to its insolvency on 15 March 2001.*

In this regard, recoveries of \$6,735,000 were received by the Nominal Defendant during the financial year and pending the outcome of the Court application, it is possible the Liquidator may be entitled to these recoveries.

- (ii) *The entitlement of other CTP insurers in the Queensland Scheme who acted as claim managers prior to 15 March 2001 and made payment on claims in circumstances where FAI was to be the contributing insurer and the Nominal Defendant subsequently made payments on its behalf.*

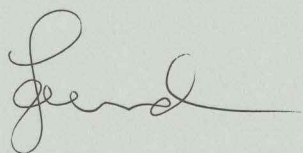
In this regard, should the Nominal Defendant receive the right to recover amounts paid to other CTP insurers, it is anticipated that any amounts receivable would be determined by an independent third party following the outcome of the Court application.



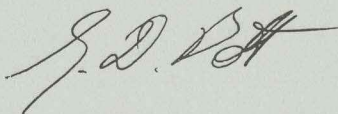
## Certificate of the Nominal Defendant

The foregoing annual financial statements have been prepared pursuant to the provisions of the *Financial Administration and Audit Act 1977* and other prescribed requirements and we certify that-

- (a) the foregoing annual financial statements and notes to and forming part thereof are in agreement with the accounts and records of the Nominal Defendant; and
- (b) in our opinion –
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the foregoing annual financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the year ended 30 June 2004 and of the financial position as at 30 June 2004.



L Anderson  
Nominal Defendant



G Bott  
Manager Systems and Finance

Dated: 7 September 2004



# Independent Audit Report

To the Nominal Defendant

## Scope

### *The financial statements*

The financial statements of Nominal Defendant consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the Insurance Commissioner and the officer responsible for the financial administration of Nominal Defendant, for the year ended 30 June 2004.

### *The Nominal Defendant's responsibility*

The Nominal Defendant is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

### *Audit approach*

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements are presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Nominal Defendant,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

### *Independence*

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

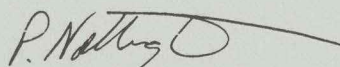
The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

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.

### *Audit Opinion*

In accordance with section 46G of the *Financial Administration and Audit Act 1977* -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the statements have 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 2003 to 30 June 2004 and of the financial position as at the end of that year.



P J Nottingham, FCPA  
Audit Manager  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane



## Actuarial Certificate – Nominal Defendant – Section 31 Claims

### Actuarial Certificate on Outstanding Claims Liability as at 30 June 2004

Trowbridge Deloitte was asked by the Nominal Defendant to undertake a valuation of the Nominal Defendant Fund's ("The Fund") claims liabilities as at 30 June 2004 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 "*Queensland Nominal Defendant Fund - Valuation of Outstanding Claims Liabilities as at 30 June 2004*". The advice set out in our report has been prepared in compliance with the relevant accounting standard AAS26, Section 2J of Division 321 of the *Income Tax Assessment Act 1936* and Professional Standard 300 of the Institute of Actuaries of Australia.

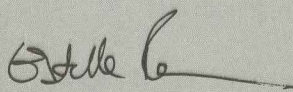
### Results

The provision adopted by the Nominal Defendant as at 30 June 2004 is \$132 million. This incorporates our discounted central estimate of the outstanding claims liability allowing for future claim inflation, expected future investment income on the assets supporting the Fund's liabilities, claim handling expenses, and a prudential margin. The prudential margin adopted by the Fund allows for the risk and uncertainty associated with the estimated liability in-line with the requirements under the APRA liability valuation standard.

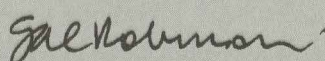
### Reliances and Limitations

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. Reliance was placed on, but not limited to, the accuracy of the information described in our report.

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 are to be expected.



Estelle Pearson



Gae Robinson

Fellows of the Institute of Actuaries of Australia



## Actuarial Certificate – Nominal Defendant – Section 33 Claims

### Actuarial Certificate on Outstanding Claims Liability as at 30 June 2004

Trowbridge Deloitte 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 2004, 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 "*Queensland Nominal Defendant Fund – Valuation of Outstanding Claims Liabilities for FAI Run-Off as at 30 June 2004*". The advice set out in our report has been prepared in compliance with the relevant accounting standard AAS26, Section 2J of Division 321 of the *Income Tax Assessment Act 1936* and Professional Standard 300 of the Institute of Actuaries of Australia.

### Results

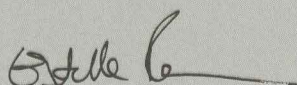
The provision adopted by the Nominal Defendant as at 30 June 2004 is \$143 million. This incorporates our discounted central estimate of the outstanding claims liability allowing for future claim inflation, expected future investment income on the assets supporting the Fund's liabilities and claim handling expenses. No prudential margin is included in the estimate.

### Reliances and Limitations

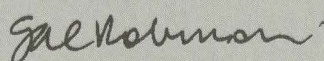
In preparing our advice we relied extensively on information supplied by the Nominal Defendant. Independent verification of this information was not undertaken although it was reviewed and checked for reasonableness and consistency. Reliance was placed on, but not limited to, the accuracy of the information described in our report.

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 are to be expected.



Estelle Pearson



Gae Robinson

Fellows of the Institute of Actuaries of Australia



### Information Sources

#### Publications

The Commission has the following publications available to the public at no charge:

- The Motor Accident Insurance Commission Annual Reports
- Work Training Guidelines for CTP Rehabilitation Providers
- MAIC Guidelines for CTP Rehabilitation Providers
- Review of Queensland Compulsory Third Party Insurance Scheme 1999
- Mitigating State Government Risk in Compulsory Third Party Insurance Papers (February 2002, December 2002)

#### Website

The publications listed are also available online at the Commission's website [www.maic.qld.gov.au](http://www.maic.qld.gov.au) along with the following information:

- CTP claims 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
- MAIC funding initiatives
- a CTP premium calculator to assist motorists in obtaining information on premium rates

#### Telephone Services and Community Participation

The Commission operates a Helpline which is accessible free of charge to the Queensland public. The Helpline staff assist the public in understanding the operations of the CTP scheme, the claim process, and record complaints and suggestions on how the scheme could be improved. The helpline number is 1300 302 568.

A dedicated CTP Premium Rate Information Line (1300 735 404) has been established during the reporting period to assist Queensland motorists in finding the premium rates offered by different insurers.

The Commission is involved in regular discussions with motoring organisations, licensed CTP insurers, the legal profession, and the medical and allied health professions to ensure the Scheme operates effectively and is modified when necessary.



### Freedom of Information

Requests under the *Freedom of Information Act 1992* are handled by the Insurance Commissioner for documents held by the Motor Accident Insurance Commission and by the Nominal Defendant for documents held by the Nominal Defendant.

#### *How do I make an application?*

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

The application must:

- be in writing;
- state an address to which a notification of the decision may be sent; and
- be accompanied by a \$34.40 application fee, if the information relates to non-personal affairs. There is no application fee to look at documents about your personal affairs.

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

Post applications to:

Motor Accident Insurance Commission  
GPO Box 1083  
Brisbane QLD 4001

#### *Are there any charges for processing the application?*

Processing of non-personal documents is charged at the rate of \$5.10 for each 15 minutes or part thereof. There may be further charges for you to inspect documents. Photocopies of documents regarding a non-personal application are available at 20 cents per photocopied page.

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



## Compulsory Third Party Insurers

### Currently Licensed CTP Insurers (as at 30 June 2004)

#### Allianz Australia Insurance Limited

GPO Box 1028  
Brisbane Qld 4001  
Ph 13 10 00  
ABN 15 000 122 850

#### Australian Associated Motor Insurers Limited

GPO Box 1155  
Brisbane Qld 4001  
Ph 13 22 44  
ABN 92 004 791 744

#### Insurance Australia Limited

(trading as NRMA Insurance)  
GPO Box 5730  
Brisbane Qld 4001  
Ph 13 21 32  
ABN 11 000 016 722

#### QBE Insurance (Australia) Limited

GPO Box 1072  
Brisbane Qld 4001  
Ph 07 3031 8444  
ABN 78 003 191 035

#### RACQ Insurance Limited

(trading as RACQ Insurance)  
PO Box 3004  
Logan City Qld 4114  
Ph 13 19 05  
ABN 50 009 704 152

#### Suncorp Metway Insurance Limited

GPO Box 1453  
Brisbane Qld 4001  
Ph 13 11 60  
ABN 83 075 695 966

### Previously Licensed CTP Insurers (as at 30 June 2004)

#### CIC Insurance Limited

ACN 004 078 880  
*Licence withdrawn 22/01/1996;*  
*Insurer became insolvent on 15/3/2001.*

#### GIO General Limited

ACN 002 861 583  
*Licence withdrawn 30/06/1996*

#### Mercantile Mutual Insurance (Australia) Ltd

ACN 000 456 799  
*Licence withdrawn 01/11/1996*

#### Commercial Union Assurance of Australia Ltd

ACN 004 478 371  
*Licence withdrawn 01/03/1997*

#### Zurich Australian Insurance Limited

ACN 000 296 640  
*Licence withdrawn 15/11/1997*

#### Fortis Insurance Limited

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

#### FAI General Insurance Company Limited

ABN 15 000 327 855  
*Licence suspended on 01/01/2001*  
*Insurer became insolvent on 15/03/2001*

#### FAI Allianz Limited

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

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



## Grants and Funding

### Grants from the Motor Accident Insurance Fund

	Future Commitment* \$	2003/04 \$	2002/03 \$
<b>CONROD</b> (Including the Chair of Rehabilitation Medicine)	4,056,639	1,893,057	2,083,724
<b>CARRS-Q</b>	2,432,000	1,136,000	976,000
<b>Road Accident Prevention and Road Safety</b> – Rural & Remote Research Project	798,701	164,154	0
<b>Royal Children's Hospital Foundation</b> Statewide Paediatric Rehabilitation Service	0	320,000	640,000
<b>Queensland University of Technology</b> Fellowship in Clinical Biomechanics – additional funding	0	0	9,063
<b>Emergency Services –</b> <b>Queensland Ambulance Service</b> Queensland Trauma Plan Project (formerly referred to as Analysis and Evaluation of the Qld Trauma System)	0	125,141	214,737
<b>Injury Prevention and Control Australia Ltd</b> Member contribution to NHRMC Partnerships in Injury Research	200,000	100,000	100,000
<b>Griffith University</b> Centre for Human Services	120,000	60,000	120,000#
<b>TOTAL</b>	<b>7,607,340</b>	<b>3,798,352</b>	<b>4,143,524</b>

# Includes 2001-02 payment delayed to 2002-03.

\* Includes all grant funding from 1 July 2004 onwards.



### Ongoing Projects Funded in Previous Years

- 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 Southern Queensland
  - Mechatronics and Biomedical Engineering Research Fellowship
- University of Queensland
  - School of Health & Rehabilitation Sciences – Research Unit (*formerly referred to as Speech Therapy/Audiology/Physiotherapy/Occupational Therapy – Research Unit*)
  - Teaching and Community Services Rehabilitation Research Fellowship
- James Cook University
  - Accessible Tertiary Education Program (formerly referred to as Distance Education for the Disabled Project)

### Research Centres

The two MAIC funded research centres (CONROD and CARRS-Q) produce reports to MAIC covering research conducted within the centres and research projects funded through competitive grants.

The current CONROD report relates to calendar year 2003 and is available by contacting the centre on (07) 3365 5560. For further information on CARRS-Q or CONROD research activities, please visit [www.carrsq.qut.edu.au](http://www.carrsq.qut.edu.au) and [www.uq.edu.au/conrod/](http://www.uq.edu.au/conrod/).



## Committees as at 30 June 2004

Section 11 of the *Motor Accident Insurance Act 1994* enables the Commission to establish advisory committees to advise on the exercise of the Commission's statutory functions. On 19 June 2001, the Treasurer appointed the current Advisory Committee to advise on the implementation of the CTP reforms and setting of premium bands. The Committee is also advising on matters in relation to mitigating State Government risk in CTP insurance.

The structure of the current committee is:

Chairperson: Bernard Rowley

Members: Henry Smerdon, Noel Mason and Shauna Tomkins

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

Committee member	Area of expertise
Bernard Rowley former CEO of Suncorp	Insurance and actuarial experience
Henry Smerdon former Under Treasurer	Public policy, economic and financial experience
Noel Mason former CEO of RACQ	Insurance and motoring organisations
Shauna Tomkins formerly with the Australian Financial Institutions Commission	Financial system regulatory experience

From 1 July 2003 to 30 June 2004, a total of 15 meetings of the Advisory Committee were held, in addition to 2 occasions of special assignments. The total remuneration to the Committee for the year was \$23,334. These payments were made within the framework of the Government's *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities* arrangements administered by the Department of Industrial Relations.



## Appendix 7

### Contact Details

#### Motor Accident Insurance Commission

Address: Level 9, 33 Charlotte Street, Brisbane  
Postal Address: GPO Box 1083, Brisbane Qld 4001  
Ausdoc: DX 147 Brisbane Qld  
Telephone: 07 – 3227 8088  
Facsimile: 07 – 3229 3214  
E-mail: maic@qld.gov.au  
Website: www.maic.qld.gov.au

Insurance Commissioner  
Deputy Insurance Commissioner  
Acting Deputy Insurance Commissioner  
Executive Assistant  
Acting Reception/Administrative Assistant  
Principal Adviser  
Manager, Policy and Liaison  
Project Officer  
Project Officer  
Acting Senior Policy Officer  
Manager, Premiums, Systems and Finance  
Acting Senior Financial Officer  
Financial Officer  
Senior Analyst  
Policy Officer  
Assistant Manager, Research and Compliance  
Acting Industry Liaison Officer  
Acting Research Officer  
Data Analyst  
Acting Manager, Injury Management & Claims  
Policy Advisor  
Client Services Officer  
Acting Client Services Officer

Lesley Anderson 07 – 3227 8105  
John Hand 07 – 3227 8125  
Kim Birch 07 – 3227 8125  
Julie Vilenica 07 – 3227 7063  
David Begeda 07 – 3227 8088  
Les Kilmartin 07 – 3224 5960  
Neil Tomkins 07 – 3227 8242  
Janette Archibald 07 – 3224 4834  
Phu Pham 07 – 3247 4752  
Sharon Dryden 07 – 3247 4751  
Greg Bott 07 – 3227 8164  
Pearl Tan 07 – 3224 5018  
Kellie Phie 07 – 3224 4835  
Ursula Hauser 07 – 3227 7056  
Debbie Davis 07 – 3224 4562  
Wayne Saville 07 – 3234 0598  
Lisa Hopson 07 – 3224 4849  
Katie Gilmour 07 – 3227 8022  
Beth Sanders 07 – 3224 4330  
Cathy Pilecki 07 – 3227 8162  
David Vincent 07 – 3234 5096  
Mark Cowling 07 – 3227 8250  
Rebecca Lai 07 – 3227 8432

#### Nominal Defendant

Address: Level 9, 33 Charlotte Street, Brisbane  
Postal Address: GPO Box 2203, Brisbane Qld 4001  
Ausdoc: DX 147, Brisbane Qld  
Telephone: 07 – 3227 7993  
Facsimile: 07 – 3221 4805  
E-mail: nd@maic.qld.gov.au  
Website: www.maic.qld.gov.au

Nominal Defendant  
Manager, Nominal Defendant  
Assistant Manager, Nominal Defendant  
Claim Manager  
Claim Manager  
Claim Manager  
Claim Manager  
Acting Claim Manager  
Assistant Claim Manager  
Acting Assistant Claim Manager  
Administration Officer  
Assistant Manager, FAI Run-Off  
Claim Manager  
Claim Manager  
Claim Manager  
Claim Manager

Lesley Anderson 07 – 3227 8105  
Mark Allsopp 07 – 3227 8213  
Robin Lee 07 – 3227 8908  
Laurie Meteyard 07 – 3227 8354  
Rex Mellifont 07 – 3227 8387  
John Foster 07 – 3227 8353  
Ian Evans 07 – 3227 8359  
Lynne McCall 07 – 3227 8284  
Anna Clarke 07 – 3227 8402  
Esther Lewis 07 – 3227 8412  
Sandra Clifton 07 – 3227 8596  
Don Sacre 07 – 3033 0094  
Pippa McWha 07 – 3033 0097  
Kevin Lee 07 – 3033 0096  
Michael Walpole 07 – 3033 0095  
Adrian Ryan 07 – 3033 0098

CTP Helpline: 1300 302 568

CTP Premium Rate Information Line: 1300 735 404







