Motor Accident Insurance Commission

Annual Report 2018-19

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Visit www.maic.qld.gov.au to view this annual report. Copies of the report are also available in paper format. To request a copy, please contact us using the details above.

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Letter of compliance and certification of financial statements

30 August 2019

The Honourable Jackie Trad MP
Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships
GPO Box 611
BRISBANE QLD 4001

Dear Deputy Premier

I am pleased to submit for presentation to the Parliament the Annual Report 2018-19 and financial statements for the Motor Accident Insurance Commission and the Nominal Defendant.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009, the Financial and Performance Management Standard 2009, the Motor Accident Insurance Act 1994 and the National Injury Insurance Scheme (Queensland) Act 2016*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed online at: www.maic.qld.gov.au/publications/annual-report-2018-19.

Yours sincerely

Neil Singleton
Insurance Commissioner

About us

Queensland's Compulsory Third Party insurance scheme

Queensland's Compulsory Third Party (CTP) insurance scheme is governed by the *Motor Accident Insurance Act 1994* (MAI Act).

The scheme protects motor vehicle owners, drivers and passengers from being held financially responsible if they injure someone in a motor vehicle accident. It also enables the injured person to claim fair and timely compensation for their injuries and access prompt and reasonable medical treatment and rehabilitation.

Motor vehicle owners pay their CTP insurance premium when they pay their vehicle registration through the Department of Transport and Main Roads (DTMR). DTMR remits the applicable premium to the licensed CTP insurer nominated by the motor vehicle owner. This minimises administration costs, is convenient for motorists and reduces the incidence of uninsured vehicles.

Motor Accident Insurance Commission

The Motor Accident Insurance Commission (MAIC) regulates Queensland's CTP insurance scheme. This involves a number of important functions:

- licensing and supervising CTP insurers and monitoring their compliance
- keeping the statutory insurance scheme under review and making recommendations for its amendment
- fixing the range within which each insurer must file their premium and recommending to government the levies payable
- contributing funds towards research and education to reduce the number of motor vehicle crashes and facilitate rehabilitation of injured people
- developing and maintaining a claims register and statistical database for the purpose of providing management information
- administering the Nominal Defendant.

The Nominal Defendant (ND) acts as a licensed insurer in the CTP insurance scheme for claims that involve motor vehicles that are unidentified or uninsured. It also meets the claims costs associated with licensed insurers that become insolvent.

Queensland's CTP insurance scheme is complemented by the National Injury Insurance Scheme Queensland (NIISQ) which was established on 1 July 2016. NIISQ provides necessary and reasonable lifetime treatment, care and support to people who sustain eligible serious personal injuries in motor vehicle accidents on Queensland roads, regardless of who was at fault. MAIC also has a legislative function pursuant to Chapter 5 of the *National Injury Insurance Scheme (Queensland) Act 2016* (NIISQ Act) to monitor the efficiency and effectiveness of the National Injury Insurance Agency, Queensland which administers NIISQ.

MAIC has been located in Brisbane since it commenced operations on 1 September 1994 and is located at 1 William Street. MAIC and the Nominal Defendant are positioned within the Risk and Intelligence Division of Queensland Treasury.

Our aspiration

We aspire to ensure Queensland benefits from the best CTP insurance scheme in Australia by delivering:

- financial protection for motorists
- recovery for claimants
- opportunity for service providers
- economic growth and skills building in the community.

Our purpose

Our role is to:

- regulate and improve Queensland's CTP insurance scheme
- monitor and make recommendations on the NIISQ
- manage the Motor Accident Insurance and Nominal Defendant funds for the benefit of the Queensland community.

Our objectives

We aim to:

- deliver a financially sound, contemporary CTP insurance scheme
- strengthen insurer supervision and compliance
- develop and promote best practice claims management
- turn scheme information and insights into actions and outcomes
- create a positive workplace environment where our people are engaged, committed and highly capable.

To support *Our Future State: Advancing Queensland's Priorities* we also

- keep communities safe by investing in road safety initiatives to reduce the frequency of motor vehicle accidents and minimise their impact on the community
- keep Queenslanders healthy by investing in targeted research and service delivery initiatives to improve health outcomes for people injured in motor vehicle crashes.

Our strategic opportunities

We have the unique opportunity to:

- harness and support broader technological or innovative changes in road safety, trauma injury management and claims management systems and processes
- actively reduce the incidence and severity of road trauma through strategic partnerships with DTMR and the Queensland Police Service, along with investing in grants, sponsorships and research initiatives
- continually seek ways to improve MAIC
- continue to investigate regulatory changes required to introduce automated vehicles into the Australian market by 2020
- explore opportunities for MAIC and the CTP insurance scheme to manage future innovation and disruption
- strengthen supervision and regulation of insurers to mitigate potential fraud and car crash scamming (also known as claim farming).

Our strategic challenges

We meet the challenges of:

- emerging unethical practices
- insurer non-compliance
- maintaining premium affordability
- evolving community expectations
- emerging technological innovations.

Our success measures

We measure our success with:

- strong scheme performance and claimant benefits balanced against affordable premiums
- motorist and claimant awareness and satisfaction
- effective MAIC and ND operations and sound financial management
- a robust insurer supervision regime
- a capable and well-respected team.

Insurance Commissioner's report

I am pleased to report that Queensland road users continue to benefit from what is arguably the fairest and most affordable CTP insurance scheme in Australia.

- **Premiums remain affordable for motorists.**
- **Claims are being resolved faster; with low instances of litigation, fraud or complaints.**
- **More of the CTP insurance premium is going towards claimant benefits.**
- **Fewer people are being seriously injured on Queensland roads.**

The priority for MAIC continues to be stamping out car crash scamming (also known as 'claim farming' in the insurance industry). Car crash scamming is a blight on the scheme and on the broader community. The Deputy Premier introduced the Motor Accident Insurance and Other Legislation Amendment Bill 2019 into Parliament on 14 June 2019 to combat these scammers. The reforms have received widespread support from industry stakeholders and positive feedback from the Queensland community.

During the year, we developed increased capability and sophistication in data analytics which will help to reduce the incidence and effects of road trauma. This capability will also be applied to scheme monitoring and ongoing fraud deterrence. This is critical in delivering an effective and affordable scheme for Queensland.

We are proud to be the inaugural sponsor of the Associate Professor Clifford Pollard AM Trauma Fellowship which will be established within the Royal Brisbane and Women's Hospital Trauma Service. The fellowship recognises Cliff's significant contribution to road safety and trauma management in Queensland over many years. We hope that the fellowship will enable gifted clinicians to further sustain and grow Cliff's tremendous legacy.

We are also pleased to support initiatives aimed at reducing the incidence and effects of road trauma in Queensland. This includes supporting Queensland Road Safety Week and delivering the 'Be a Mate, Don't Tailgate' campaign, and a partnership with RACQ motoring club to deter distracted driving. These campaigns offer practical solutions to motorists to improve their own safety and the safety of others on the roads. Full details of the range of initiatives being supported are detailed within the report.

The Nominal Defendant continues to lead by example in excellent claims management. A sustained focus on continuous improvement enabled the Nominal Defendant levy to be reduced again in 2019-20. MAIC has also been able to deliver increased services at no additional cost to motorists.

In the year ahead, our focus will remain on the implementation of the car crash scammer reforms. We will also explore opportunities for innovation in the scheme to better meet the needs of Queenslanders injured in motor vehicle crashes and keeping premiums affordable to motorists.

I thank the staff at MAIC and the Nominal Defendant for their tireless work, and thank our stakeholders for their ongoing support. Together we are well-placed to ensure that Queensland benefits from the best CTP insurance scheme in Australia.

Neil Singleton
Insurance Commissioner

MAIC's executive management team (left to right): Vicki Vanderent, Neil Singleton, Youyou Luo, David Vincent and Lina Lee.

Year in review

Premiums

Q1	Q2	Q3	Q4
$350	$344	$339	$339

Insurer market share as at 30 June 2019*

Suncorp	RACQI	QBE	Allianz
45.0%	19.3%	7.9%	27.9%

* Market share by premium collected for 12-month period 1 July 2018 to 30 June 2019.

Total premiums collected*

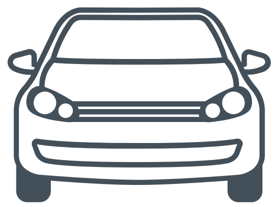
$1.59B

0.7%

* Includes NIISQ levy which commenced 1 October 2016

Total number of registered vehicles in Queensland as at 30 June 2019

4.34M



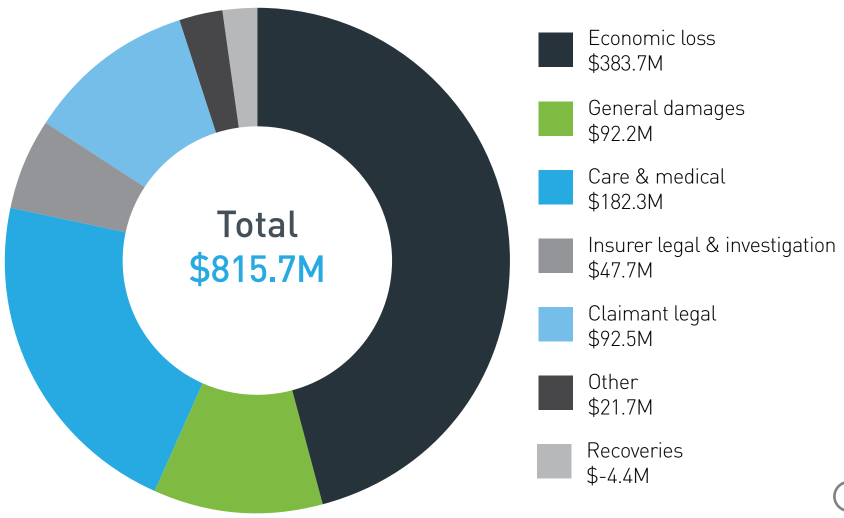
1.8%

New claims

7,841

1.8%

Claim payments



Annual levies per vehicle (Class 1 vehicles) 2018-19

Statutory insurance scheme levy	Nominal Defendant levy	NIISQ levy	Administration fee	Hospital and emergency services levy
$1.50	$9.00	$88.20	$7.50	$18.00

Report card

Highlights	Performance Indicators	Target	Outcome
Objective 1. Deliver a financially sound, contemporary CTP insurance scheme			
Maintain an affordable and efficient scheme for Queenslanders	• Highest filed CTP premium for Class 1 vehicles (cars and station wagons) as a percentage of average weekly earnings	<45%	22%
	• Premium bands and levies set within legislative timeframes	100%	100%
	• Premium bands set at a level to ensure scheme viability	100%	100%
Objective 2. Strengthen insurer supervision and compliance			
Embed a dynamic insurer supervision regime	• Development and implementation of an agile supervision regime	Achieved	Achieved
	• Insurer supervision capability established and communication channels developed	Achieved	Achieved
	• Structured audit processes in place and continued building of audit capability	Achieved	Achieved
Objective 3. Develop and promote best practice claims management			
Focus on the prevention of the unethical practices, including car crash scamming and fraud	• Public awareness campaign delivered to encourage Queenslanders to hang up on car crash scammers and report them to MAIC	Achieved	Achieved
	• Legislation responding to car crash scamming reform introduced into parliament	Achieved	Achieved
	• Percentage of Nominal Defendant managed claims finalised compared to the number outstanding at the start of the financial year[1]	50%	87%
Nominal Defendant to lead by example	• Percentage of Nominal Defendant claims settled within two years of compliance date[2]	50%	69%
	• Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date	95%	96%
Objective 4. Turn scheme information and insights into actions and outcomes			
Improve data analytics capability	• Analytics resources and capabilities enhanced	Achieved	Achieved
	• Increased decision-making informed by data insights	Achieved	Achieved
Objective 5. Create a positive workplace environment where our people are engaged, committed and highly capable			
Ensure our people have the tools and skills required to fulfil their roles competently	• Percentage of staff who reported that they were able to access relevant training opportunities	70%	73%
Focus on quality, innovation and improvement	• MAIC mentoring program completed by the first cohort of emerging leaders	Achieved	Achieved
	• Increased staff engagement via an online engagement tool	Achieved	Achieved
	• Nominal Defendant claims management system changes successfully implemented to specifications	Achieved	Achieved

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

Levies and administration fee

Queensland's CTP insurance premium contains levies and an administration fee to help cover the costs involved in delivering different components of the CTP insurance scheme. These levies and administration fee are calculated annually and include the statutory insurance scheme levy, the Nominal Defendant levy, the hospital and emergency services levy, the National Injury Insurance Scheme, Queensland levy and an administration fee. In setting these levies, advice is sought from the receiving agencies, and the State Actuary's Office.

Statutory insurance scheme levy

The statutory insurance scheme levy covers the estimated operating costs of administering the MAI Act and also provides funding for research into accident prevention and injury mitigation. From 1 July 2018, the levy remained unchanged at $1.50 per policy and the levy collected $6.5 million in 2018-19. From 1 July 2019, the levy remains unchanged.

Nominal Defendant levy

The Nominal Defendant levy, which varies by vehicle class, covers the estimated costs of the Nominal Defendant scheme which provides funds to pay for claims relating to uninsured or unidentified vehicles. The levy is set having regard to an actuarial assessment of claim trends. From 1 July 2018, the levy for Class 1 vehicles was $9.00 with $38.7 million collected in 2018-19. From 1 July 2019, the Nominal Defendant levy will be reduced to $8.50 for a Class 1 vehicle.

Hospital and emergency services levy

The hospital and emergency services levy is designed to cover a reasonable proportion of the estimated cost of providing public hospital and public emergency services to people who are injured in motor vehicle crashes, who use such services and who are claimants or potential claimants under the CTP insurance scheme. The levy amount calculated varies by vehicle class. From 1 July 2018 the hospital and emergency services levy remained at $18.00 for a Class 1 vehicle. Proceeds from this levy are then apportioned to Queensland Health and the Department of Community Safety. Collecting the levy in this way removes the need for hospitals and emergency services to issue invoices to CTP insurers for each treatment provided to victims of road crashes. This saves significant administration burden for service providers and licensed CTP insurers. In the year 2018-19, $77.3 million was collected. From 1 July 2019, the levy will increase marginally to $18.30 for Class 1 vehicles.

National Injury Insurance Scheme, Queensland levy

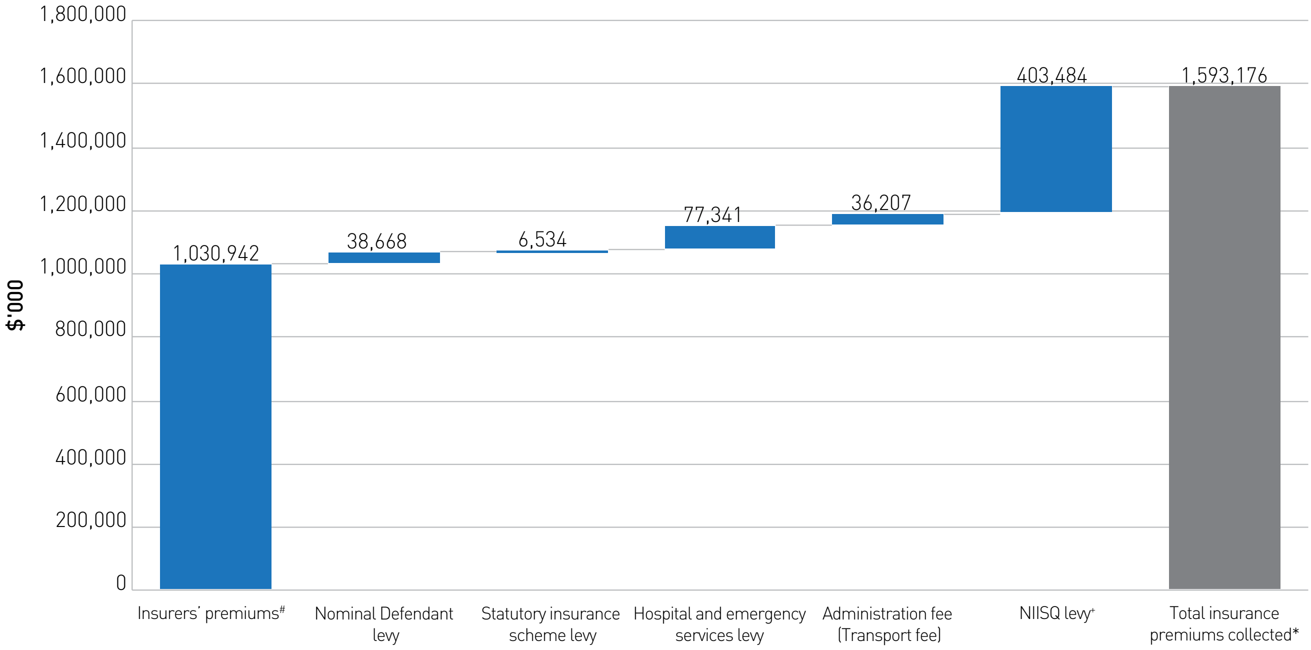
The National Injury Insurance Scheme, Queensland levy (NIISQ levy), which varies by vehicle class, covers the estimated costs of the NIISQ which provides necessary and reasonable lifetime treatment, care and support for anyone who sustains a serious personal injury in a motor vehicle accident in Queensland. The NIISQ levy was $88.20 for a Class 1 vehicle in 2018 -19 and collected $403.5 million. From 1 July 2019, the NIISQ levy will rise to $90.50 for a Class 1 vehicle.

Administration fee

The administration fee is the fee payable to DTMR for delivering administrative support for the CTP insurance scheme. The administration fee was $7.50 for a Class 1 vehicle in 2018-19, and $36.2 million was collected. From 1 July 2019, the fee will increase to $8.40 per policy after two years of no increase.

Premium levy and fee collection

1 July 2018 to 30 June 2019



Notes:

* Net of cancellations.

\+ National Injury Insurance Scheme, Queensland.

\# Includes GST.

Levies received for the period 1 July 2018 to 30 June 2019 are on a cash basis.

Achievements

Combating car crash scammers

An estimated 1.5 million Queenslanders have been contacted by a car crash scammer.

Car crash scammers contact unsuspecting people via phone or social media and pressure them into making a CTP insurance claim.

These scammers pretend that they represent MAIC or another organisation to obtain personal information, which they sell on to law firms for a profit.

They have been known to use aggressive tactics and target vulnerable people such as children and older Queenslanders.

As directed by the Deputy Premier, we took firm action to address this insidious practice. Our efforts have included:

Public awareness campaign

- Showed millions of Queenslanders how to protect themselves from car crash scammers
- Doubled the number of scammers reported to us during the eight-week campaign

Stakeholder consultation

- Developed solutions with stakeholders to eliminate car crash scamming and fraud from operating in our scheme

Legislative reform

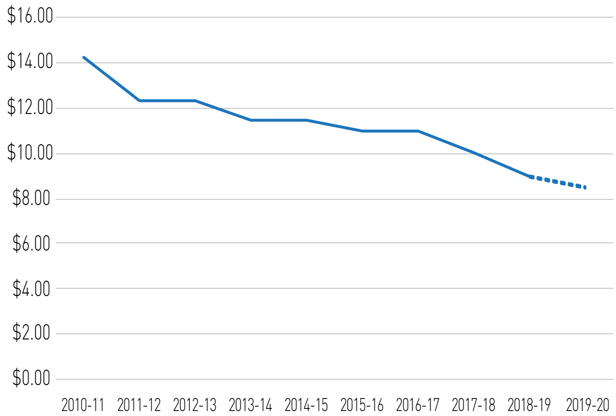
- Developed changes to the *Motor Accident Insurance Act 1994* that will prohibit car crash scamming in our scheme
- Introduced legislative changes into Queensland Parliament in June 2019

These efforts will protect Queenslanders from car crash scammers, keep our CTP insurance scheme affordable, and continue to support people who have genuinely been injured in a motor vehicle crash through no fault of their own. Find out more at maic.qld.gov.au/hangup.

Nominal Defendant continues its positive trajectory

The Nominal Defendant continues to deliver important protection for Queensland road users who may be injured by an unidentified or uninsured vehicle. Nominal Defendant claims require a particularly stringent approach to claim management, especially where the involvement of an unidentified vehicle is alleged. A recent external review by Finity Consultants highlighted the significant improvements made to the Nominal Defendant – especially with respect to claims management practices. As the Nominal Defendant receives its funding for the payment of claims from a levy paid by Queensland motorists, this work is vital in ensuring that the Nominal Defendant is well placed to be able to continue delivering this important service. Over the past decade, the Nominal Defendant levy has remained stable or decreased.

Nominal Defendant levy over the past 10 years (for Class 1 vehicles)



Note: Levy based on vehicle rating Class 1 only. Levies shown are the average levy for each financial year.

Preparing for automated vehicles

Connected and highly automated vehicles are now being trialled for use on Queensland roads. As this technology evolves, we need to ensure that the Queensland CTP insurance scheme adapts to meet the needs of our community. This includes Queenslanders who plan to own or use an automated vehicle and those who are unfortunately injured by one. We meet regularly with other regulators and managers of CTP insurance schemes in Australia, guided by the key principles that no one should be worse off if they are injured by an automated vehicle than if they were injured by a non-automated vehicle – either in terms of the compensation they receive or the process of making a CTP claim. We remain committed to keeping Queensland CTP insurance premiums affordable for all motorists.

In December 2018, MAIC made a submission in response to the National Transport Commission's (NTC's) *Motor Accident Injury Insurance and Automated Vehicles* discussion paper. In developing this response, MAIC consulted widely with Queensland Government agencies.

MAIC continues to work alongside the CTP insurance working group and the NTC to facilitate the introduction of automated vehicles. MAIC also attends regular intragovernmental discussions and contributes to submissions to the NTC by other Queensland Government agencies regarding highly automated vehicles.

NIISQ is making lives better

The National Injury Insurance Agency, Queensland (NIISQ Agency) coordinates and funds necessary and reasonable lifetime treatment, care and support for people who sustain an eligible serious personal injury in a motor accident in Queensland, on or after 1 July 2016.

The NIISQ Agency administers the National Injury Insurance Scheme, Queensland (NIISQ) and performs other key functions as listed in the *National Injury Insurance Scheme (Queensland) Act 2016.* The Insurance Commissioner guided the establishment of the NIISQ Agency from its inception on 1 July 2016 until the end of 2018.

The cost of administering NIISQ during 2018-19 was $812.357 million including a provision for future participants' lifetime treatment, care and support services expenses of $779.541 million. To learn more, view the NIISQ Agency's annual report at **niis.qld.gov.au**.

During the 2018-19 period, the NIISQ Agency Board appointed Chief Executive Officer, Sally Noonan to continue the efficient and effective administration and operation of the NIISQ Agency independent of the Motor Accident Insurance Commission.

During the 2018-19 period, NIISQ accepted its first lifetime participant. The significant health benefits of early treatment, care and support have meant that some interim participants have exited NIISQ. As at 30 June 2019, NIISQ is funding treatment, care and support to 186 interim and lifetime participants, predominately people living with traumatic brain injuries, spinal cord injuries and amputations.

We look forward to the NIISQ Agency evolving and delivering on its vision of making lives better. Further information can be found in the NIISQ Agency Annual Report at **niis.qld.gov.au**.

Investing in road safety and rehabilitation

We support research and education activities that contribute to an effective CTP insurance scheme. This investment ranges from initiatives focused on decreasing the number of road crashes that occur, through to providing appropriate rehabilitation and disability support. Learn more about the initiatives we support below.

Rehabilitation

Brain injury

- Metro South Hospital and Health Service (MSHHS) – Transitional Rehabilitation Service
- Queensland Brain Institute – Professorial Fellowship
- Queensland Children's Hospital (University of Queensland) – program for childhood traumatic brain injury in Queensland
- University of Queensland (UQ) – pilot social skills training program for children with acquired brain injury

Data linkage/management

- Queensland University of Technology (QUT) – Data Linkage Fellowship
- QUT – Queensland Trauma Data Warehouse

Musculoskeletal injuries and pain

- UQ – Whiplash Clinical Pathway
- UQ – RECOVER Centre

Rehabilitation services

- UQ – RECOVER Centre
- Griffith University (GU) – The Hopkins Centre
- MSHHS – Transitional Rehabilitation Service
- Spinal Life Australia (SLA) – Back2Work vocational rehabilitation program

Spinal cord injury

- GU – Spinal Cord Therapy research
- SLA – Spinal Education Awareness Team
- SLA – Back2Work vocational rehabilitation program

Acute care

- Metro North Hospital and Health Service (MNHHS) – Jamieson Trauma Institute
- MNHHS – Associate Professor Cliff Pollard Trauma Fellowship

Road safety

Young drivers

16-25

- University of Sunshine Coast (USC) – SAFER driver programs
- Police Citizens and Youth Welfare Association - Braking the Cycle learner driver mentor program

Older drivers

60+

- USC – SAFER senior drivers program

Tailgaters

- Behaviour Innovation - 'Be a Mate' campaign to prevent rear-end crashes

Impaired driving

- USC – Road Safety Research Collaboration

Regional drivers

- QUT – fatal and serious crash analysis by region

Taxis

- GU – taxi data analysis

Motorcyclists

- Transport New South Wales – MotoCAP motorcycle safety gear ratings

Heavy vehicles

- Queensland Trucking Association – driver monitoring pilot

Autonomous and cooperative vehicles

- Department of Transport and Main Roads – Cooperative and Autonomous Vehicles Initiative

All road users

- QUT – Centre for Accident Research and Road Safety – Queensland

For a complete list of the initiatives that we support, visit page 94.

Governance

Our people

We strive to create a positive workplace environment where our people are engaged, committed and highly capable. Our dedicated and focused team is committed to ensuring that Queensland's CTP insurance scheme protects motorists and supports people who are injured in motor vehicle crashes.

We rely on the commitment and capabilities of our staff to achieve sound scheme outcomes. In 2018-19, to counter risks such as car crash scamming, fraud, and issues relating to insurer monitoring, we invested in staff development focused on:

- building resilience in Nominal Defendant staff whose work involves complex claims where decisions affect the day-to-day lives of people
- developing legislative responses to mitigate risk
- effective leadership of programs and support of staff
- embracing innovation and change.

We further support our staff through active recruitment and selection strategies, strong employee performance management and development programs, regular staff check-ins through the Working for Queensland survey and other pulse surveys, and workplace health and safety strategies.

During the year, staff participated in the Working for Queensland survey. Staff engagement measures from the survey showed increased levels of safety, health and wellness. The health and wellbeing of our staff is essential, so we emphasise the importance of an appropriate work-life balance.

We meet our obligations under the *Public Service Ethics Act 1994* by ensuring that MAIC and ND staff complete Treasury's suite of online training modules, including modules related to the Code of Conduct. The online training package is rolled out to all new staff. This year the induction manual was reviewed and improved.

MAIC staff expenses and key executive management personnel and remuneration information can be found in the Financial Information (page 38 for MAIC, and page 63 for the Nominal Defendant). To see MAIC's workforce profile, including full-time equivalent (FTE) staff and permanent separation rate, view the annual report of Queensland Treasury.

Our values

We align our behaviour and operations with the five Queensland public service values:

Customers first

- Know your customers
- Deliver what matters
- Make decisions with empathy

Ideas into action

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries

Unleash potential

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback

Be courageous

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency

Empower people

- Lead, empower and trust
- Play to everyone's strengths
- Develop yourself and those around you

Our leadership team

The Insurance Commissioner sets the direction for MAIC and the Nominal Defendant and reports to the State Parliament through the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships. Our leadership team includes the Insurance Commissioner; General Manager Motor Accident Insurance Commission; Director Finance, Procurement and Systems; Director Policy, Performance and Improvement; and Director Analytics. Our leadership team is responsible for setting the strategic direction of MAIC and the Nominal Defendant, overseeing operational performance, determining operation policy and project management. The leadership team supports the Insurance Commissioner, as the accountable officer, to meet legislative requirements and accountabilities and the identification and management of key areas of risk. This year saw the inclusion of a Director Analytics strengthening our ability to make decisions informed by data analysis insights; and the departure of Kylie Horton, General Manager of the Motor Accident Insurance Commission. Kylie was appointed to MAIC in 2012 and was a valued member of the leadership team.

As at 30 June 2019, membership of the leadership team included:

Neil Singleton

Insurance Commissioner
B. Business (Insurance), MBA

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

David Vincent

Acting General Manager
Motor Accident Insurance Commission

David has over 25 years' insurance experience including roles in personal injury claims management and underwriting, along with positions involving insurance regulation and government policy development. David worked in MAIC from 2002 to 2008 and recently returned as the Acting General Manager. David is responsible for leading the strategic management of the Nominal Defendant claims unit, the supervision of licensed insurer claims management compliance and performance and managing claims related legislative functions.

Lina Lee

Director Finance, Procurement and Systems
B. Commerce, CA

Appointed to MAIC in 2006, Lina oversees the financial management and procurement of MAIC and oversight of the IT system roadmap for the organisation. Lina has an accounting and auditing background covering the chartered profession, commerce, industry and the Queensland public sector.

Vicki Vanderent

Director Policy, Performance and Improvement
B. Business, MBA

Appointed to MAIC in 2006, Vicki is responsible for strategic and business planning, organisational reporting, policy, business improvement, communication, capability development and business support. Prior to working for MAIC, Vicki held various marketing and communication roles across Government, university and the private sector.

Youyou Luo

Director Analytics
B. Actuarial Studies, PhD (Finance)

Appointed to MAIC in 2018, Youyou is responsible for leading Insurance Commission's data analytics, premiums and levies advice, business intelligence and scheme reporting functions. Youyou has a research background and over 10 years of public sector experience in data analytics and business intelligence across several government organisations.

Risk management

We are committed to effective risk management and have adopted Treasury's framework for proactively identifying, assessing and managing risks. Our risk management approach ensures:

- **we meet our statutory responsibilities under the MAI Act, the NIISQ Act and other legislation**
- **risk management is integrated into organisational activity**
- **corporate governance processes, including systems of internal control, are assessed and enhanced.**

Everyone in Treasury is responsible for managing risk. A robust risk management framework is integrated into all Treasury business activities and systems; and our leadership team is accountable for risks that may affect our ability to achieve our strategic objectives. Risks are managed through our corporate governance framework providing the foundation for effective decision-making, sound management and clear accountability.

A risk register is maintained and reviewed by the leadership team on a quarterly basis. Risks are monitored with risk controls and treatment strategies assigned to each risk. Treasury's Executive Leadership Team reviews the MAIC risk register from a consolidated Treasury perspective and MAIC has external auditors review the register annually. Our commitment to business continuity management ensures continuity of key business services which are essential for or contribute to the achievement of our objectives.

We participate in Treasury-wide risk and accountability management through representation on the Audit and Risk Management Committee. We also have an active Internal Audit program in place provided by the Treasury Internal Audit function.

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Audit and Risk Management Committee

Our Insurance Commissioner, Neil Singleton, is a representative on Treasury's Audit and Risk Management Committee.

The Audit and Risk Management Committee helps Under Treasurer Frankie Carroll to meet his responsibilities under the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and other prescribed requirements. It does this by carrying out a range of activities to maintain oversight of key financial, risk and performance management activities for our organisation, including:

- financial statements – reviewing the appropriateness of Treasury's accounting policies and financial performance
- risk management – reviewing the effectiveness of our risk management framework, including processes for identifying, monitoring and managing significant business risks
- integrity oversight and misconduct prevention – monitoring any misconduct trends and prevention approaches and highlighting any issues or areas for improvement with management
- internal control – reviewing, with the assistance of internal and external audit functions, the adequacy of internal controls, including IT security
- internal and external audit – reviewing and approving Treasury's Internal Audit Plan; consulting with External Audit on the proposed audit strategy; and considering audit findings and recommendations to ensure key risks are considered and mitigated.

The committee also performs oversight functions for select related entities who sit within Treasury's broader portfolio but prepare independent financial statements. In 2018–19, these entities were the Motor Accident Insurance Commission and the Nominal Defendant. Through participation in this forum, the Insurance Commissioner accesses advice and assurance on the performance or discharge of functions and duties prescribed in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009*, and other prescribed requirements.

2018–19 Audit and Risk Management Committee membership (as of June 2019)

Chair:

Executive General Manager, Risk and Intelligence

Members:

Deputy Under Treasurer, Economics and Fiscal Coordination

Insurance Commissioner

Commissioner, Office of State Revenue

Don Licastro – independent member

Standing invitations:

Under Treasurer

Chief Finance Officer

Queensland Audit Office (QAO)

Internal Audit

Achievements in 2018–19

In 2018–19, the committee met five times and fulfilled its responsibilities in accordance with its charter and an approved work plan, which included:

- reviewing the 2017–18 Financial Statements for Queensland Treasury, Motor Accident Insurance Commission and Nominal Defendant
- reviewing outcomes of the 2018–19 Internal Audit activity and endorsement of 2019–20 Internal Audit Plan
- considering issues raised by QAO including recommendations from performance audits
- considering Treasury-related QAO reports to Parliament
- monitoring progress of the implementation of internal audit recommendations.

Internal and external accountability

Our governance framework includes both internal and external accountability measures.

Treasury provides internal audit services to MAIC through an outsourced arrangement with PricewaterhouseCoopers (PwC). PwC provides an independent and objective internal audit service in accordance with our Internal Audit Charter and ethical standards. Although independent, Internal Audit regularly liaises with QAO to ensure appropriate assurance services are provided to Treasury. In 2018–19, Internal Audit delivered a program of work for Treasury's three-year Internal Audit Plan (approved by the Audit and Risk Management Committee). This plan is aligned to our key risk areas, operations, and strategic objectives and draws on additional specialist expertise as needed.

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

More information on Treasury's Audit and Risk Management framework including information about the committee are detailed in Queensland Treasury's annual report.

Information systems and recordkeeping

In 2018-19, our commitment to prudent information systems and recordkeeping continued. We undertook an internal review to improve and increase business process efficiencies in records management. Our records are managed throughout their lifecycle and archiving and disposal is done in accordance with the *General Retention and Disposal schedule* and/or Treasury's *Retention and Disposal schedule (implementation version)*.

We continue to record the documents that come into the office by scanning them and saving them as soft copy files and then referring to materials electronically. All hard copies are filed and depending on the nature of the document, are either stored securely at 1 William Street, or sent to secure off-site storage able to be retrieved at any time.

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

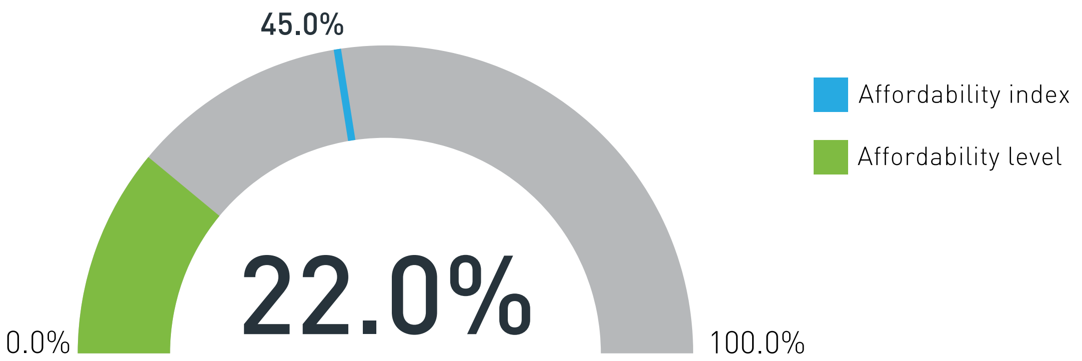
We support the Queensland Government Open Data Initiative. In 2018-19, we released 15 datasets including CTP insurance scheme statistical data and annual report data. Our Open Data sets are available at **data.qld.gov.au/dataset/compulsory-third-party-ctp-statistics**

Statistics

Affordability

CTP insurance premiums remain affordable to motorists and have been stable for many years. On 30 June 2019, the Class 1 premium ($339.20) represented 22% of Average Weekly Earnings ($1,542).

Affordability index

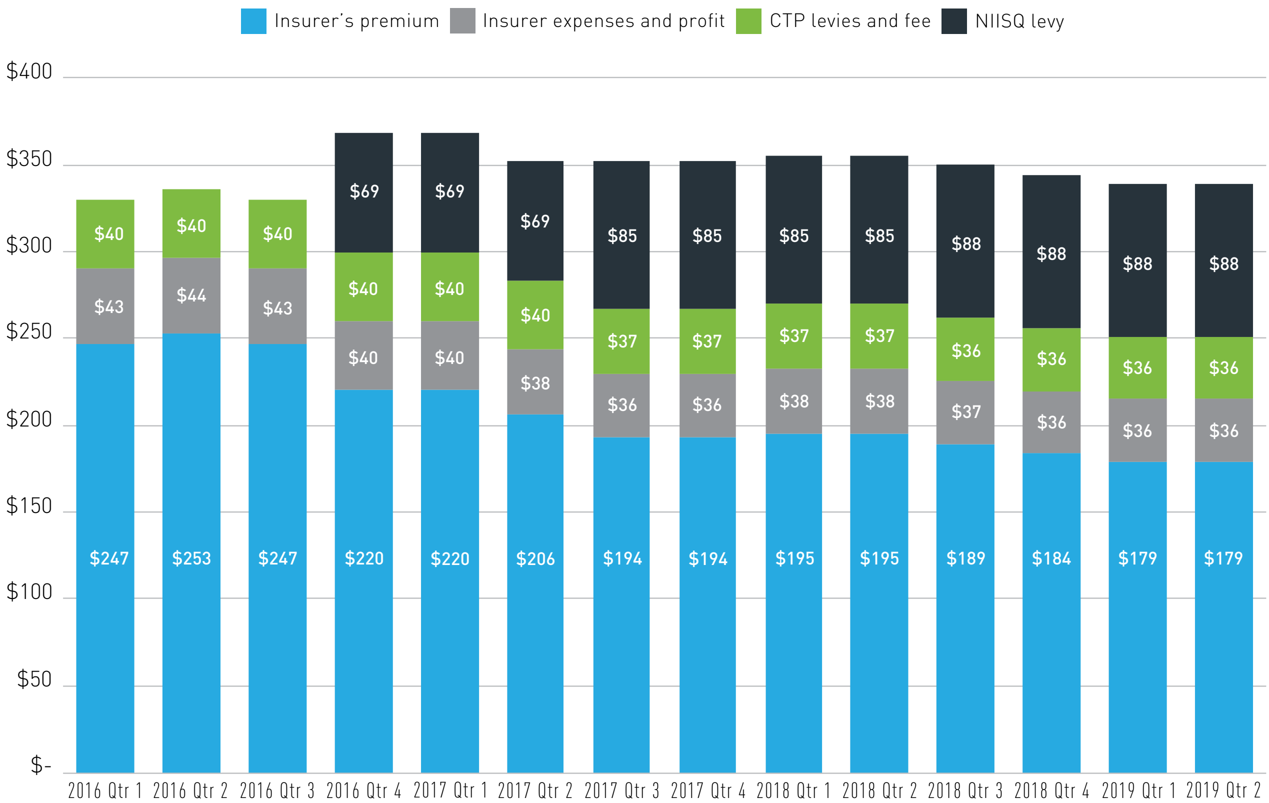


We monitor premium affordability using an affordability index. This index compares the Class 1 premium with the weekly earnings of a full-time adult Queenslander, as published by the Australian Bureau of Statistics. Our goal, which we have consistently achieved, is less than 45% of average weekly earnings.

Average filed premiums (Class 1 vehicles)

Insurer	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
AAMI	$327.60					
Allianz	$332.85	$334.60	$331.35	$353.60	$353.50	$343.20
NRMA	$331.10					
QBE	$333.35	$336.60	$331.35	$354.85	$353.50	$343.20
RACQI	$333.35	$336.60	$331.35	$354.85	$353.50	$343.20
Suncorp	$333.35	$333.35	$329.85	$354.85	$353.50	$343.20

Class 1 premium breakdown



Insurer's premium is the Class 1 premium (including GST).

Insurer expenses and profit includes claims handling expenses, policy expenses, reinsurance expenses, and insurer profits.

CTP levies and fee includes Hospital and Emergency Services levy, Nominal Defendant levy, Statutory Insurance Scheme levy, and Queensland Department of Transport and Main Roads administration fee.

NIISQ Levy includes the National Injury Insurance Scheme, Queensland (NIISQ) levy. NIISQ is a no-fault scheme that provides necessary and reasonable lifetime treatment, care and support to those who sustain eligible serious personal injuries in a motor vehicle accident in Queensland, on or after 1 July 2016.

Insurer offers and benefits

Insurer	At-fault driver protection	Gift card for switching	Multi-policy discount
Suncorp	Yes	Yes	Yes
RACQI	Yes	No	No*
QBE	Yes	Yes	No
Allianz	Yes	No	No

* RACQI offer a mulit-policy discount, however, CTP insurance is not included. RACQI also offers club Membership discounts.

Insurers may also offer benefits and incentives to eligible motorists to encourage them to explore switching insurers.

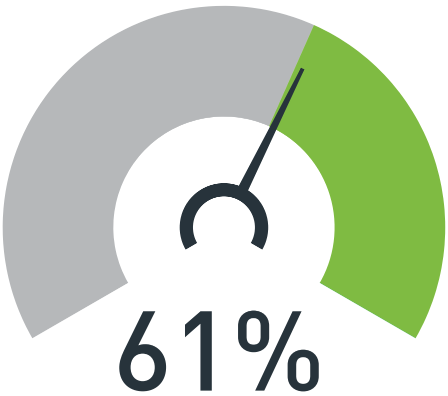
Efficiency

Claimant benefits and scheme delivery costs

The insurer's premium is split between claimant benefits and delivery costs.
The portion of premium being paid as claimant benefits has improved over recent years.

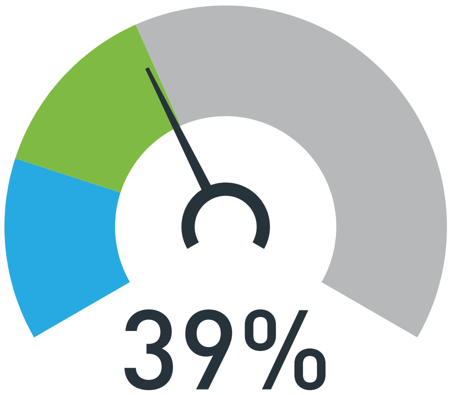
Our goal for scheme efficiency is to keep claimant benefits above 60% and delivery costs under 40%. Scope exists to improve efficiency further.

Current claimant benefits (5-year average to Dec 2018)



(**5%** higher than the past 5-year average)

Current delivery costs (5-year average to Dec 2018)

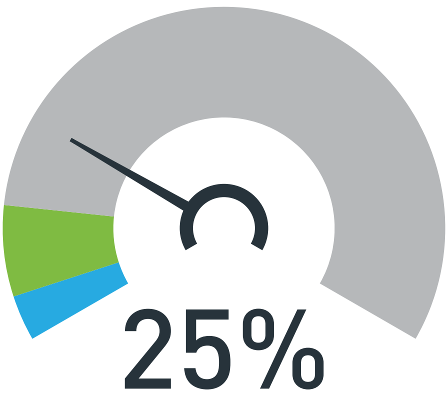


(**5%** lower than the past 5-year average)

Total insurer profits out of total delivery costs (5-year average to Dec 2018)

We continue to focus on tightening premium-setting assumptions to address persistently high insurer profits.

Insurer profit margins are expected to move over time closer to the 8% margin assumed in pricing.



(**6% lower** than the past 5-year average)

Scheme efficiency target

Scope to improve further

Could impact scheme viability

Claim duration

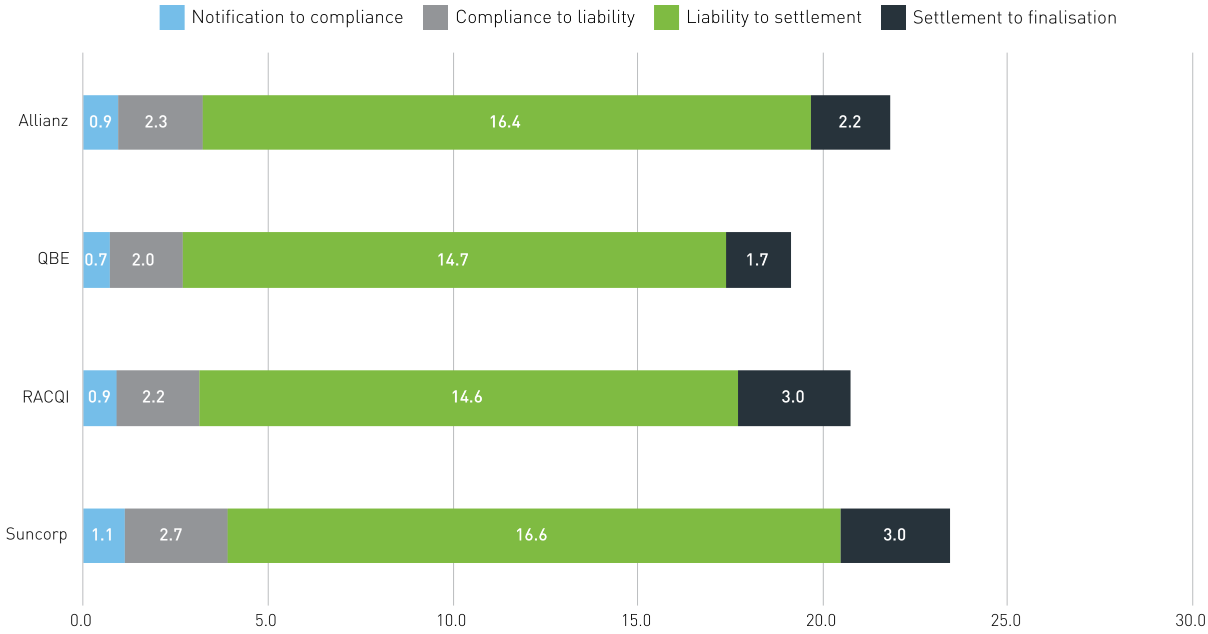
The MAI Act requires insurers to decide liability within 6 months of compliance.

99.8%

of claims met this requirement in the last 12 months*

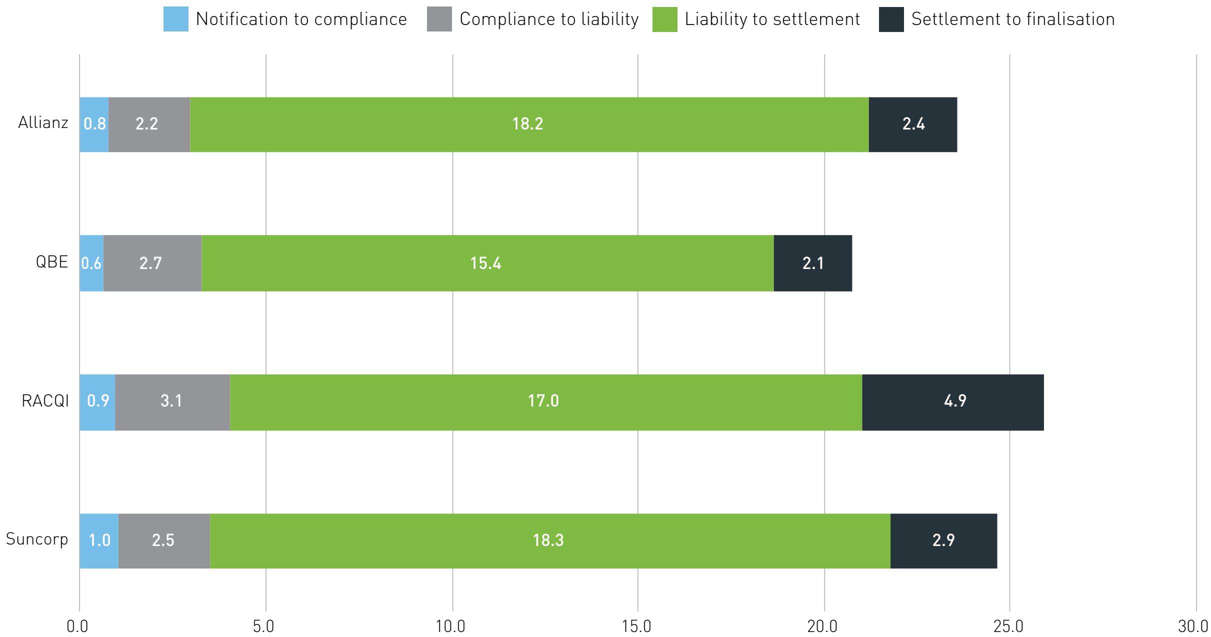
*Claims added 1 July 2018 to 30 June 2019 with a liability decision.

Average claim duration (months) - last 12 months*



* Finalised claims 1 July 2018 to 30 June 2019.

Average claim duration (months) - last 10 years*



* Finalised claims 1 July 2009 to 30 June 2019.

Fairness

Claimant Survey 2019 findings

The two most important factors for CTP claimants were quality of treatment and rehabilitation and easy access to treatment and rehabilitation for their injuries.

Of respondents who received insurer-funded treatment or rehabilitation for their injuries, **74% said they found it easy** or very easy to organise treatment or rehabilitation.

More than half (55%) of respondents were satisfied or completely satisfied with the claims process. We are exploring ways to improve the experience of claimants in the CTP insurance scheme.

In the normal course of operating the CTP enquiry line, we receive feedback and complaints from insurers, lawyers, claimants and the general public.

Complaints handling

10	Complaints received in 2018-19
8	Complaints resolved after referral to the relevant CTP Insurer
2	Complaints remain open*
1	Complaint remains open from previous years*

* MAIC continues to facilitate communication between the parties involved.

Fraud prosecution

11	Referrals for fraud in 2018-19
2	Proceeding to prosecution
3	Will not proceed
6	Pending further investigation

The Commissioner prosecutes offences under *s 87T (offences involving fraud)* and s *87U (false or misleading information or documents)* of the MAI Act.

Fraud prosecutions from initial referral to conviction can take up to 3 years.

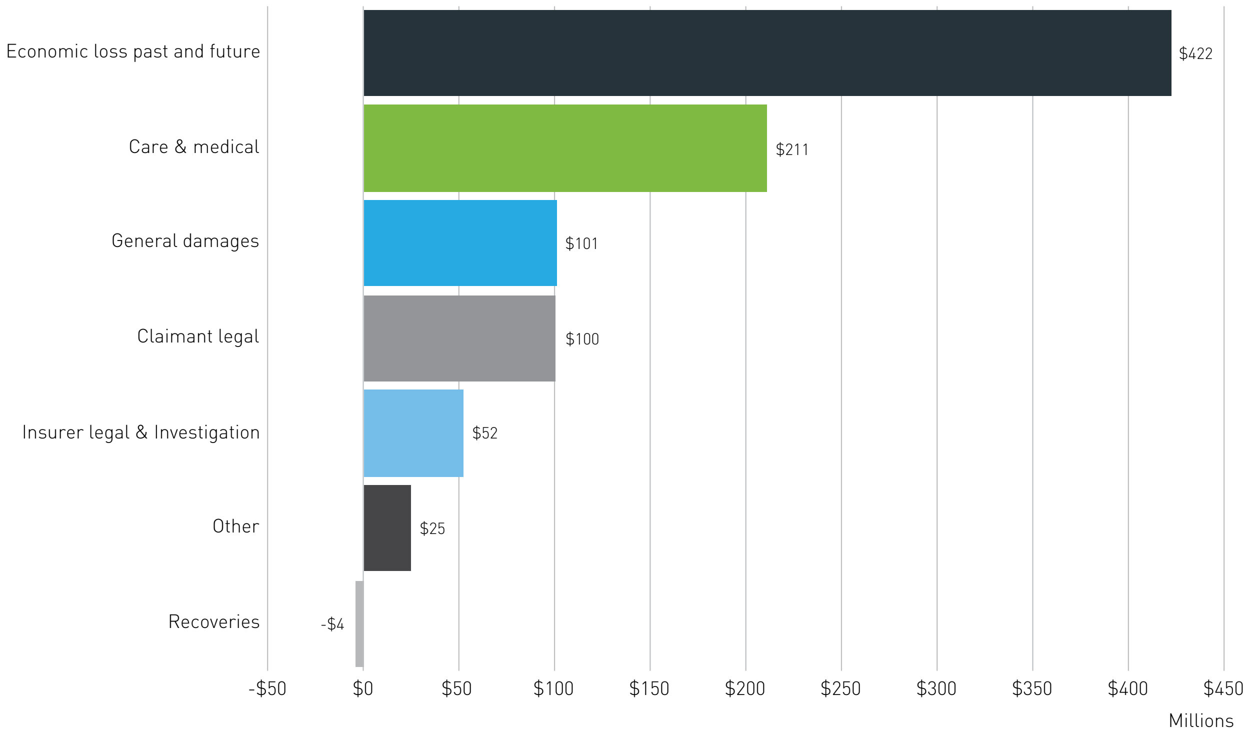
In 2017-18, MAIC received 14 referrals for fraud, of which 6 proceeded to prosecution and 4 resulted in convictions.

Rates of legal representation and litigation

Accident financial year	Claims	% Finalised	% Legal rep	% Litigated
1 Jul 2014 - 30 Jun 2015	7,266	93.8%	77.6%	8.9%
1 Jul 2015 - 30 Jun 2016	7,601	87.1%	80.9%	9.1%
1 Jul 2016 - 30 Jun 2017	8,662	72.5%	82.5%	6.8%
1 Jul 2017 - 30 Jun 2018	8,342	41.1%	80.3%	1.4%
1 Jul 2018 - 30 Jun 2019	5,502	10.4%	81.5%	0.0%

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

Total payments by heads of damage for claims finalised in 2018-19



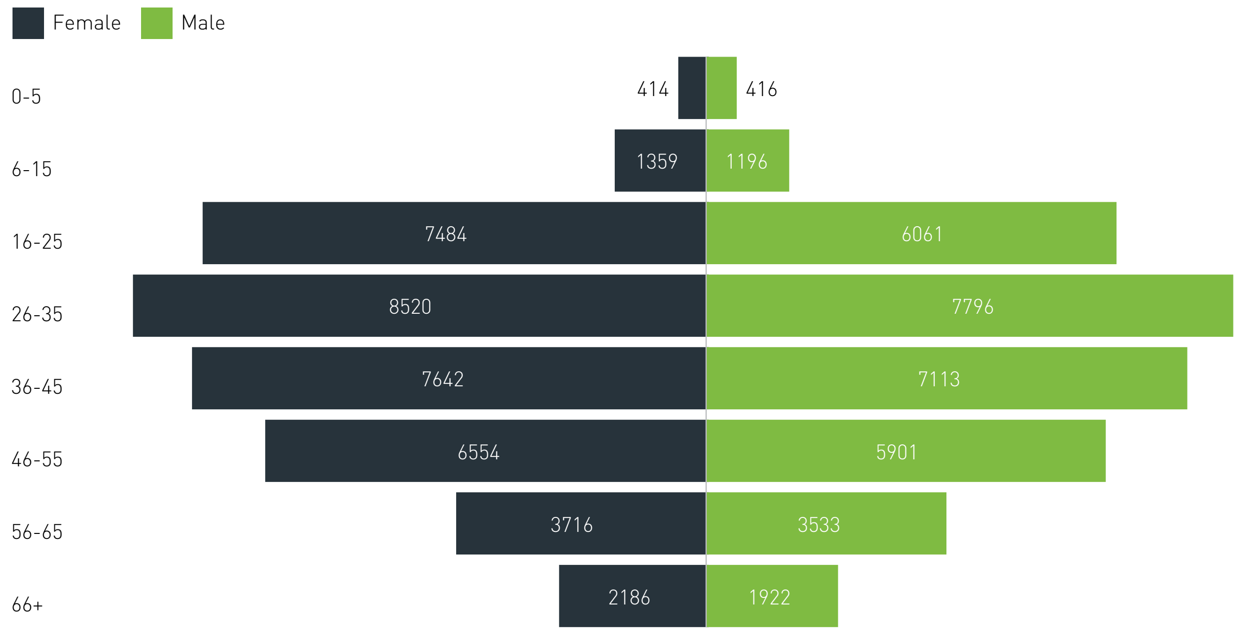
Notes: Other includes home and vehicle modifications, aids and appliances.
Recoveries include money recovered from insured, other parties, uninsured driver/owners or interstate insurers.

Responsiveness

The scheme responds to meet the needs of a wide range of people of different ages, genders, types of crashes and roles in crashes.

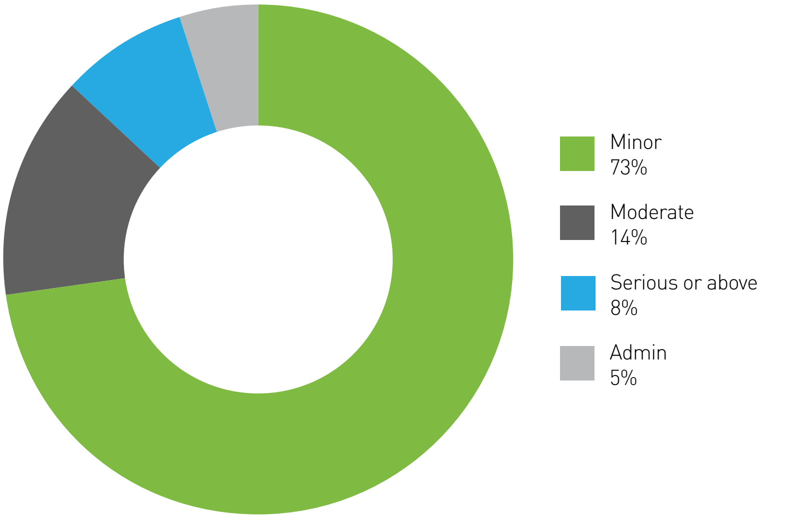
Developing greater analytics capabilities enables us to better understand and respond to changes in scheme experience.

Age groups of claimants by gender



* All claims for crashes from 1 July 2009 to 30 June 2019 where relevant details are available.

Claim severity

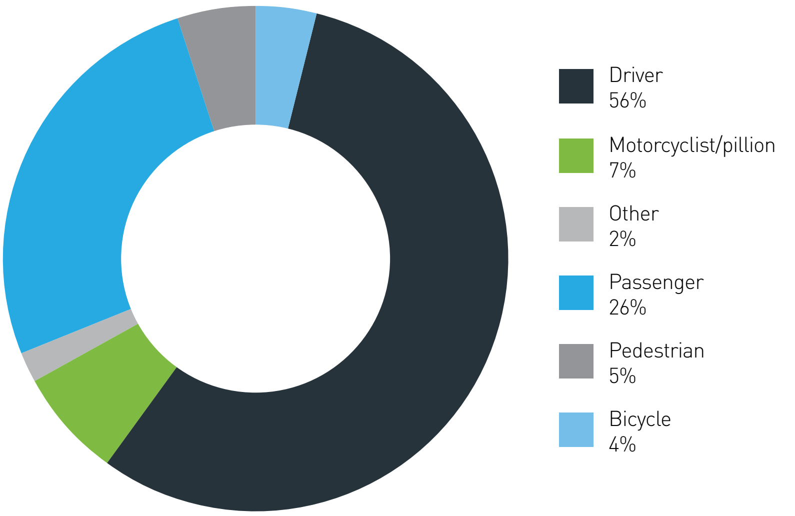


We are responsive to scheme experience by investing in research and initiatives, legislative reform, education and awareness campaigns.

These actions help us to ensure that people who are injured in a motor vehicle crash are supported to recover, and that premiums also remain affordable.

* Finalised claims for crashes from 1 July 2009 to 30 June 2019.

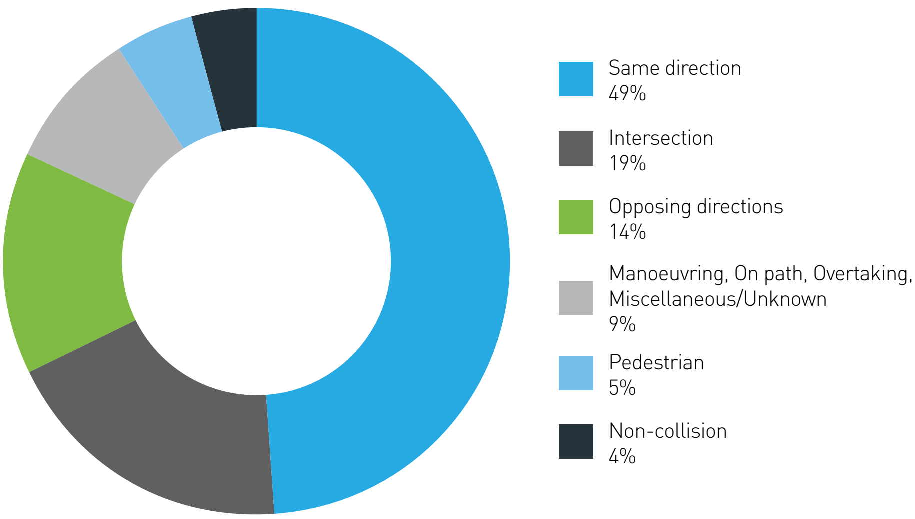
Claimant role



Currently, the most common claim type is from drivers experiencing minor injury from a crash where vehicles were travelling in the same direction.

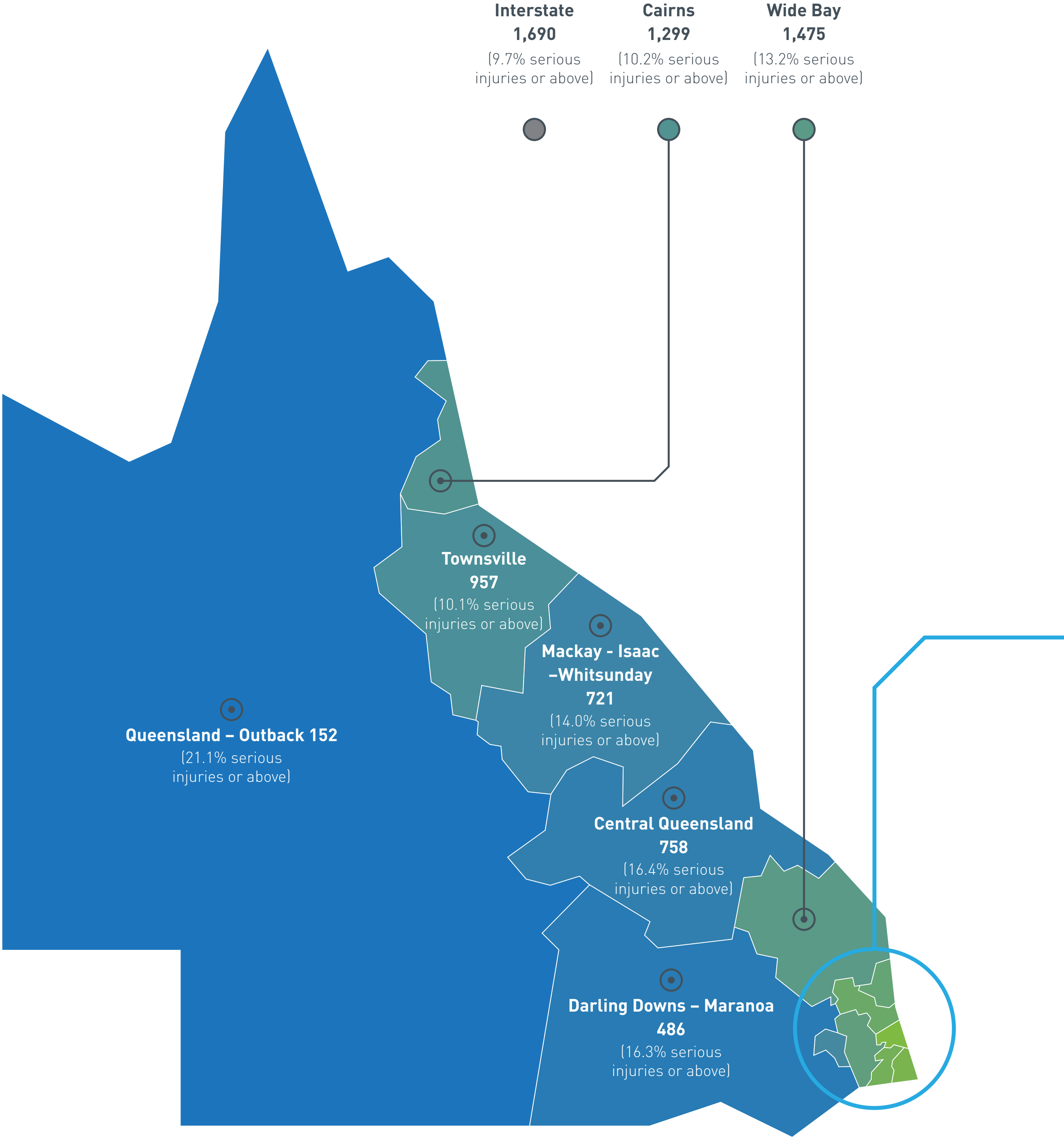
Crashes from 1 July 2009 to 30 June 2019.

Crash details

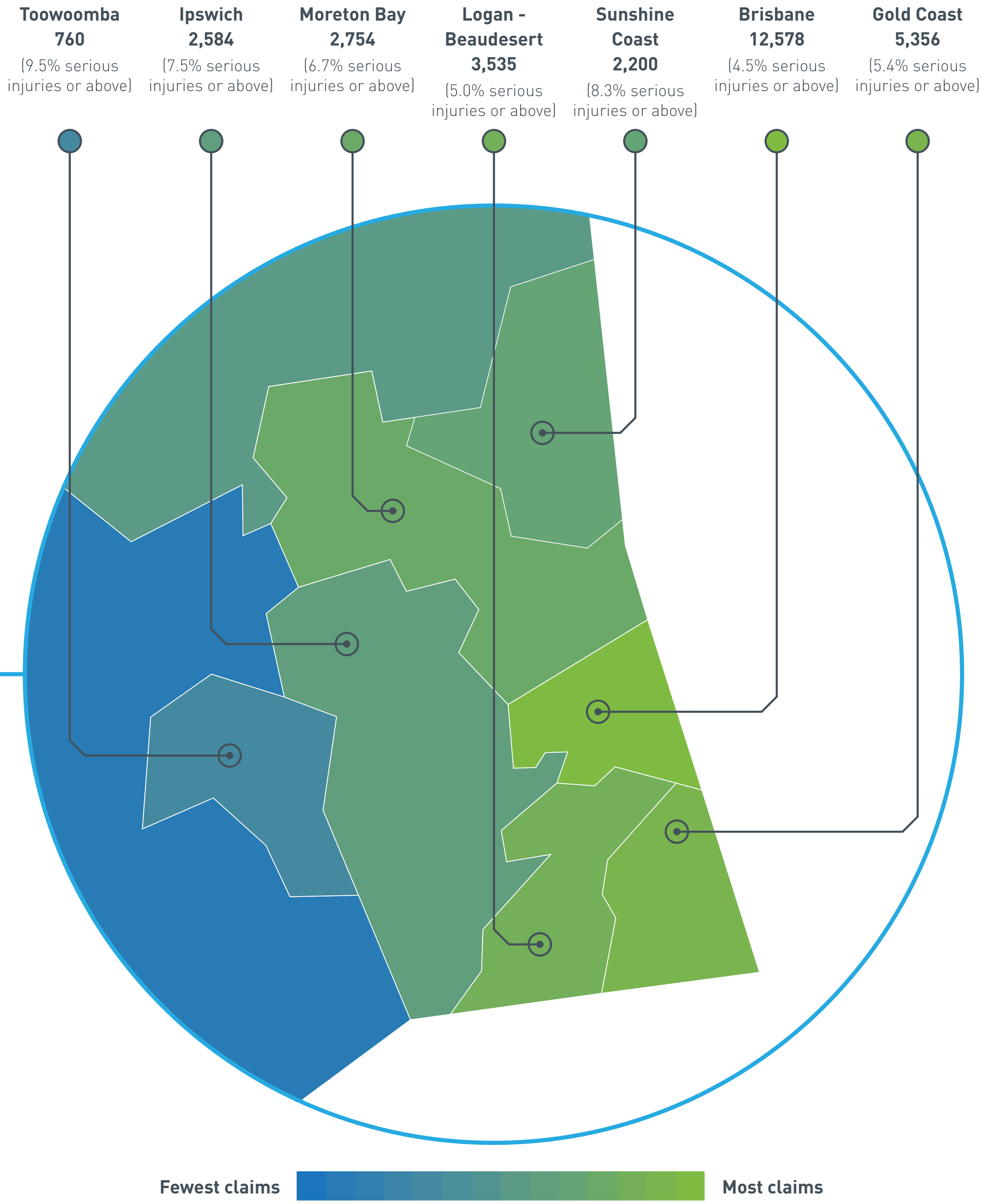


Crashes from 1 July 2009 to 30 June 2019.

Queensland crash claims by region



Metropolitan areas experience more crashes than regional areas and have a higher proportion of minor and moderate injuries compared to regional areas. Regional areas experience fewer crashes than metropolitan areas, but have a higher proportion of severe injuries.



Data refers to claims for crashes from 1 July 2014 to 30 June 2019.

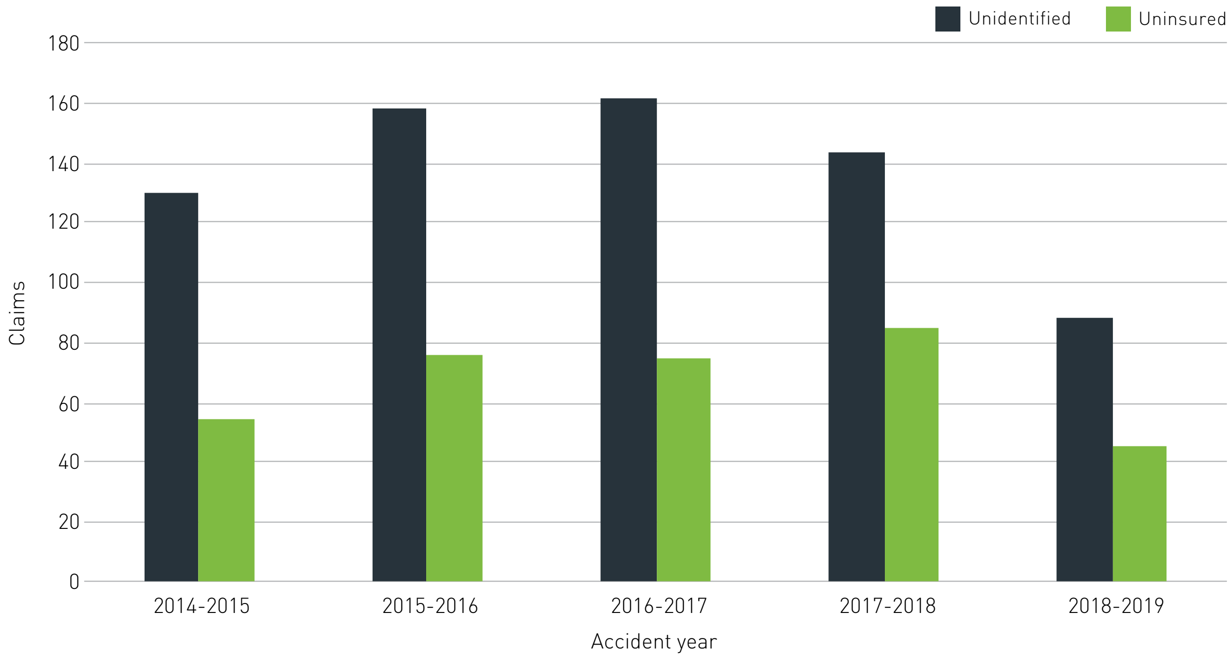
Insured vehicles by class

(As at 30 June 2019)

Insurance Class	Class description	Vehicle count	Proportion
1	Cars and station wagons	2,838,707	65.5%
2	Motorised homes	16,962	0.4%
3	Taxis	2,590	0.1%
4	Hire vehicles	49,565	1.1%
5	Vintage, veteran, historic or street rods	32,969	0.8%
6	Trucks, utilities and vans with a GVM of 4.5t or less	915,487	21.1%
7	Trucks, prime movers and vans with a GVM → 4.5t	79,239	w1.8%
8	Non-commercial buses	5,828	0.1%
9	Buses for school/health use	3,970	0.1%
10A	Buses not in class 8, 9 or 10B but used within 350 km of base	2,729	0.1%
10B	"Buses operating under an integrated mass transit service contract, other than school service or restricted school service"	2,227	0.1%
11	Buses not in class 8, 9, 10A or 10B	6,687	0.2%
12	Motorcycles with driver only	88,855	2.0%
13	Motorcycles with pillion passenger or side car	122,764	2.8%
14	Tractors	25,230	0.6%
15	Self-propelled machinery, fire engines	6,699	0.2%
16	Ambulances	1,152	0.0%
17	Motor vehicles used only for primary production	38,428	0.9%
19	Limited access registration	48,781	1.1%
20	Zone access registration	12,177	0.3%
21	Self-propelled machinery not in classes 14, 15, 19 or 20	8,719	0.2%
23	Dealer plates	6,173	0.1%
24	"Trailers registered under the Interstate Road Transport Act 1985 (Cwlth) or trailers with a GVM → 4.5t"	4,045	0.1%
26	Booked hire vehicles (cars, station wagons and utilities) and limousines (cars and station wagons)	16,595	0.4%

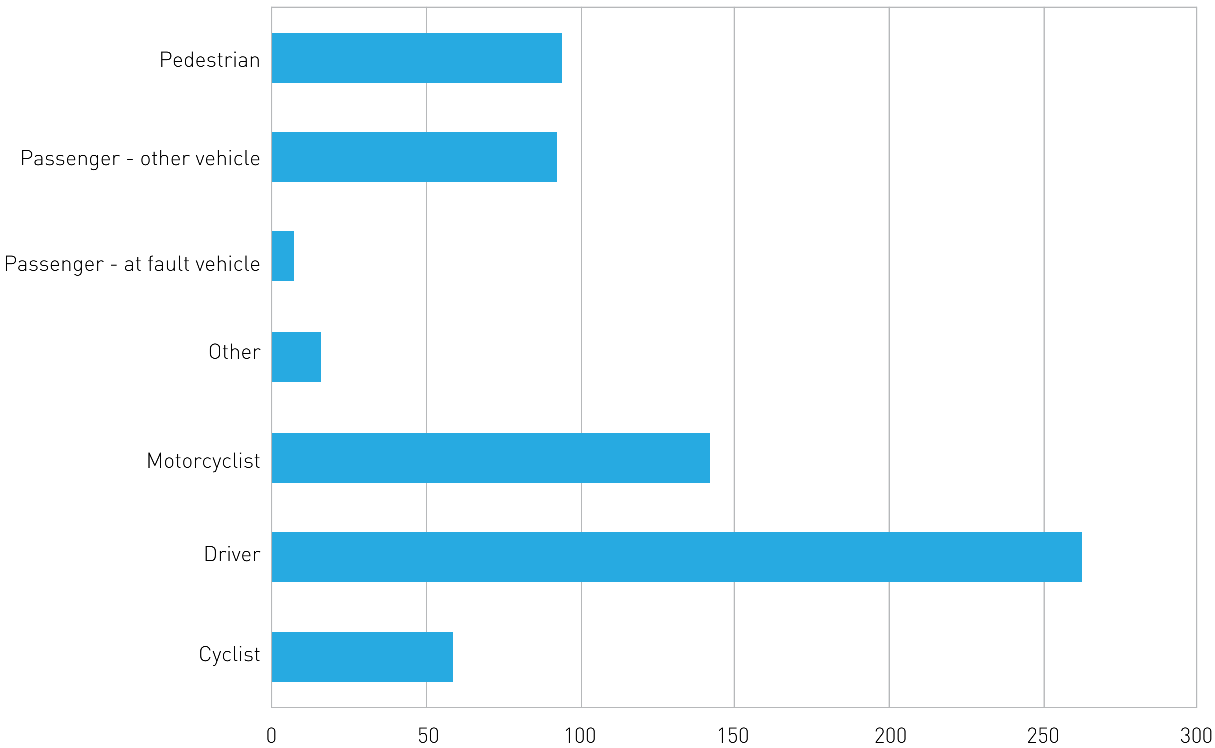
Nominal Defendant

Claims received by accident year



1. Accidents from 1 July 2014 to 30 June 2019.
2. Queensland Nominal Defendant managed compliant claims only. Recent accident year's data is immature due to the long-tail nature of CTP claims.

Claimants by role in accidents involving an unidentified vehicle



1. Accidents from 1 July 2014 to 30 June 2019.
2. Queensland Nominal Defendant claims only.

Finances

Our financial information

Motor Accident Insurance Commission

Financial statements 2018-19

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

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

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

Level 26, 1 William Street
GPO Box 2203
Brisbane, Queensland 4000

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

For information in relation to MAIC's financial report call 1300 302 568, email **maic@maic.qld.gov.au** or visit MAIC's website **www.maic.qld.gov.au**.

Nominal Defendant

Financial statements 2018-19

These financial statements cover the Nominal Defendant.

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

The head office and principal place of business is:

Level 26, 1 William Street
GPO Box 2203
Brisbane, Queensland 4000

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

For information in relation to the Nominal Defendant's financial report please call 07 3035 6321, email **nd@maic.qld.gov.au** or visit the Nominal Defendant's website **www.maic.qld.gov.au**.

Motor Accident Insurance Commission

Financial summary 2018-19

The operating result for MAIC for the year ended 30 June 2019 was negative ($6.49 million) compared to the prior year's operating surplus of $6.57 million. The decrease was driven by an increase in grants expenses and a reduction in returns on financial assets. MAIC remains soundly funded with a strong equity balance (as per page 42).

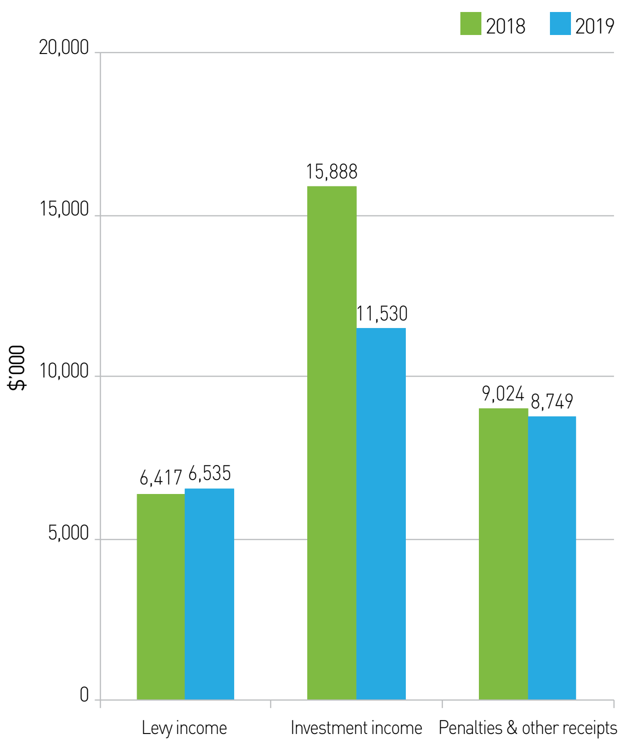
The lower return on investments held with QIC of $11.53 million versus prior year's $15.89 million reflects the performance and volatility of the equity markets during the year.

The statutory insurance scheme levy per vehicle remained unchanged from 1 July 2018 at $1.50 per annum. Penalties and other revenue rose by $0.19 million to $8.67 million. The reduction of $0.47 million in user charges revenue reflects the cessation of corporate support services to the National Injury Insurance Agency, Queensland (NIIAQ).

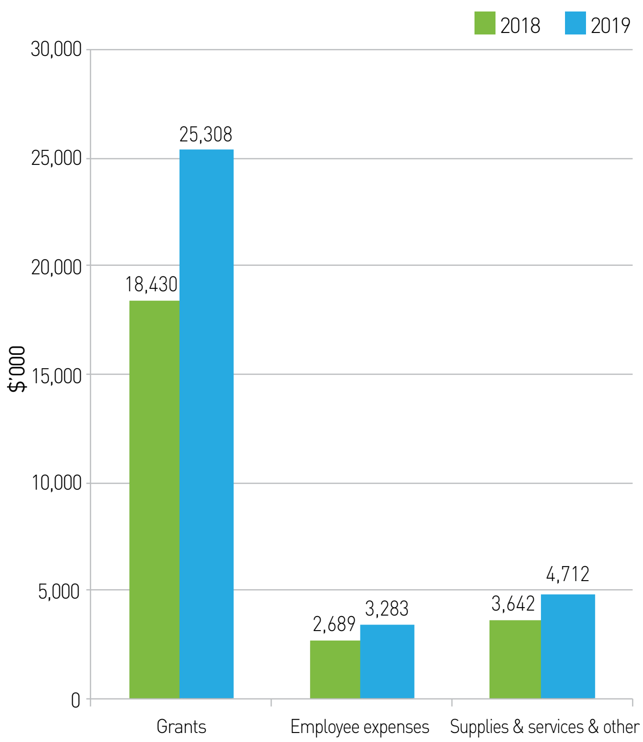
Total expenses increased by $8.54 million to $33.30 million in 2018-19. MAIC's largest expense item relates to the continued funding of research programs to reduce the incidence and mitigate the effects of road trauma. The increase in grants expense of $6.88 million was largely due to additional funding for strategic accident prevention research and a number of other rehabilitation-related opportunities. Details of grant funding are provided in Appendix 5.

MAIC's employee expenses increased by $0.59 million due to increase in the supervision and regulatory oversight of the CTP insurance scheme, strengthening capacity to supervise licensed insurers and an increase in data monitoring and analytical capability. Other operating expenditure increased by $1.07 million to $4.71 million due to preparation of legislative amendments in relation to car crash scammers, and media campaigns.

Income



Expenses



Motor Accident Insurance Commission financial statements 2018–19

Statement of comprehensive income

for the year ended 30 June 2019

	Note	2019 Actual $'000	2019 Original Budget $'000	* Budget Variance $'000	2018 Actual $'000
Income					
Levy	3	6,535	6,439	96	6,417
Penalties	4	7,895	7,000	895	7,785
User charges		77	-	77	542
Other revenue		777	-	777	697
Total revenue		**15,284**	**13,439**	**1,845**	**15,441**
Net fair value gains on other financial assets		11,530	9,449	2,081	15,888
Total income		**26,814**	**22,888**	**3,926**	**31,329**
Expenses					
Grants	5	25,308	24,000	1,308	18,430
Employee expenses	6	3,283	3,857	(574)	2,689
Supplies and services	7	4,668	3,092	1,576	3,595
Other expenses	8	44	51	(7)	47
Total expenses		**33,303**	**31,000**	**2,303**	**24,761**
Total other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**(6,489)**	**(8,112)**	**1,623**	**6,568**

** An explanation of major variances is included in Note 17.*

The accompanying notes form part of these statements.

Statement of financial position
as at 30 June 2019

	Note	2019 Actual $'000	2019 Original Budget $'000	* Budget Variance $'000	2018 Actual $'000
Current assets					
Cash and cash equivalents		1,689	3,342	(1,653)	2,372
Receivables	9	1,128	769	359	1,029
Other financial assets	11&12	166	160	6	163
Total current assets		**2,983**	**4,271**	**(1,288)**	**3,564**
Non-current assets					
Other financial assets	11&12	175,331	163,072	12,259	181,379
Total non-current assets		**175,331**	**163,072**	**12,259**	**181,379**
Total assets		**178,314**	**167,343**	**10,971**	**184,943**
Current liabilities					
Payables	10	263	562	(299)	486
Accrued employee benefits		152	104	48	129
Total current liabilities		**415**	**666**	**(251)**	**615**
Non-current liabilities					
Payables		159	42	117	99
Total non-current liabilities		**159**	**42**	**117**	**99**
Total liabilities		**574**	**708**	**(134)**	**714**
Net assets		**177,740**	**166,635**	**11,105**	**184,229**
Equity					
Contributed equity		57,818	57,818	-	57,818
Accumulated surplus		119,922	108,817	11,105	126,411
Total equity		**177,740**	**166,635**	**11,105**	**184,229**

** An explanation of major variances is included in Note 17.*

The accompanying notes form part of these statements.

Statement of changes in equity

for the year ended 30 June 2019

	Accumulated surplus	Contributed equity	Total equity
	$'000	$'000	$'000
Balance as at 1 July 2017	119,843	57,818	177,661
Operating result	6,568	-	6,568
Balance as at 30 June 2018	**126,411**	**57,818**	**184,229**
Balance as at 1 July 2018	126,411	57,818	184,229
Operating result	(6,489)	-	(6,489)
Balance as at 30 June 2019	**119,922**	**57,818**	**177,740**

The accompanying notes form part of these statements.

Statement of cash flows

for the year ended 30 June 2019

	Note	2019 Actual $'000	2019 Original Budget $'000	Budget Variance $'000	2018 Actual $'000
Cash flows from operating activities					
Inflows:					
Levy		6,535	6,439	96	6,407
Penalties		7,863	7,000	863	7,800
User charges		77	2	75	542
GST input tax credits from ATO		2,416	-	2,416	1,593
GST collected from customers		73	-	73	123
Other revenue		782	-	782	694
Outflows:					
Grants		(25,397)	(24,000)	(1,397)	(18,341)
Employee expenses		(3,283)	(3,855)	572	(2,686)
Supplies and services		(4,114)	(2,528)	(1,586)	(3,078)
GST remitted to ATO		(87)	-	(87)	(128)
GST paid to suppliers		(2,507)	-	(2,507)	(1,841)
Other expenses		(41)	(51)	10	(55)
Net cash (used in) / provided by operating activities	CF-1	**(17,683)**	**(16,993)**	**(690)**	**(8,970)**
Cash flows from investing activities					
Inflow:					
Proceeds from sale of other financial assets		19,000	16,993	2,007	12,500
Outflow:					
Payments for other financial assets		(2,000)	-	(2,000)	(4,500)
Net cash provided by / (used in) investing activities		**17,000**	**16,993**	**7**	**8,000**
Net increase / (decrease) in cash		**(683)**	-	**(683)**	**(970)**
Cash and cash equivalents at beginning of financial year		2,372	3,342	(970)	3,342
Cash and cash equivalents at end of financial year		**1,689**	**3,342**	**(1,653)**	**2,372**

** An explanation of major variances is included in Note 17.*

The accompanying notes form part of these statements.

Cash represents cash at bank and cheques receipted but not banked at 30 June.

Note to the Statement of cash flows

for the year ended 30 June 2019

CF-1 Reconciliation of operating result to net cash provided by operating activities

	2019	2018
	$'000	**$'000**
Operating result	(6,489)	6,568
Non-cash items included in operating result:		
Net fair value gains on other financial assets	(10,955)	(15,300)
Change in assets and liabilities:		
(Increase)/decrease in receivables	(99)	(256)
Increase/(decrease) in current payables	(223)	(68)
Increase/(decrease) in non-current payables	60	57
Increase/(decrease) in accrued employee benefits	23	29
Net cash (used in) operating activities	**(17,683)**	**(8,970)**

Non-cash movements in net fair value gain on other financial assets are disclosed in the above reconciliation net of management fees. Cash flows are included in the Statement of Cash Flows on a net basis with the GST components of the cash flows shown as separate line items. The GST components of cash flows arising from investing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. BASIS OF FINANCIAL STATEMENT PREPARATION

(a) General information

The Motor Accident Insurance Commission (MAIC) is an independent statutory body reporting to the Treasurer and established under the *Motor Accident Insurance Act 1994* (the Act) which commenced operations on 1 September 1994.

The head office and principal place of business of MAIC is Level 26, 1 William St, Brisbane, QLD 4000.

(b) Compliance with prescribed requirements

MAIC is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis, except for the statement of cash flows, in accordance with:

- section 43(1) of the *Financial and Performance Management Standard 2009*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2018.

(c) Currency and rounding

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

(d) Comparatives

Comparative information reflects the audited 2017-18 financial statements except where restatement was necessary to be consistent with disclosures in the current reporting period. There have been no material restatements made to the comparative amounts.

(e) Current / non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are expected to be settled within 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

Other financial assets comprising of investments managed by QIC Limited (QIC) are classified as 'current' or 'non-current' based on the relative liquidity of the investments. Investments are classified as 'current' where they are readily convertible to cash on hand at MAIC's election. Investments that are long-term and not readily convertible to cash within a short period are classified as 'non-current'.

(f) Judgements and assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis.

The area involving a higher degree of judgement is in the fair value measurement of other financial assets (refer to **Note 11**).

Notes to and forming part of the financial statements
for the year ended 30 June 2019

1. BASIS OF FINANCIAL STATEMENT PREPARATION - continued

(g) Authorisation of financial statements for issue

The financial statements are authorised for issue by the Insurance Commissioner and the Director Finance, Procurement and Systems at the date of signing the Management Certificate.

(h) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for other financial assets which are shown at fair value.

2. OBJECTIVES OF MAIC

MAIC is responsible for regulation and ongoing management of the Queensland Compulsory Third Party (CTP) scheme and the Nominal Defendant Fund. It provides a framework for premium setting and ensures compliance with the provisions of the Act. It also conducts research in motor accident prevention and rehabilitation.

3. LEVY INCOME

Levy income consists of Statutory Insurance Scheme (SIS) levy received to fund the estimated operating costs of administering the Act and also provides funding for research into accident prevention and injury mitigation.

Levies are recognised at the time they are legally payable by the Department of Transport and Main Roads (DTMR) to MAIC under section 27 of the Act. This occurs at the time the levies are paid by motorists to DTMR.

The SIS levy rate is fixed each year by regulation in accordance with section 14A(1) of the Act.

4. PENALTIES

Penalties are recognised at the time they are legally payable by DTMR and Queensland Treasury (State Penalties Enforcement Registry) to MAIC for penalties issued under s.20 of the Act. This occurs at the time of receipt of monies from uninsured motorists.

5. GRANTS

	2019 $'000	2018 $'000
Road trauma mitigation research	5,561	8,066
Rehabilitation initiatives research	9,424	7,179
Strategic accident prevention research	10,320	3,184
Other	3	1
Total	**25,308**	**18,430**

The payment of the above grants are dependent on the grantee organisation satisfying conditions as set out in the grant agreement. The expense is recognised when the terms and conditions of the grants have been satisfied.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

6. EMPLOYEE EXPENSES

	2019 $'000	2018 $'000
Employee benefits and employee related expenses		
Salaries and wages	2,546	2,064
Employer superannuation contributions	335	276
Leave levies	317	268
Employee related expenses	70	58
Other employee benefits	15	23
Total	**3,283**	**2,689**

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information) is 27 (2018: 24).

Wages, salaries and sick leave

Wages and salaries are recognised as an expense when services are performed.
Wages and salaries due but unpaid at reporting date are recognised at the current remuneration rates as these liabilities are expected to be wholly settled within 12 months of reporting date and as such are undiscounted. Sick leave is non-vesting and an expense is recognised when the leave is taken.

Annual and long service leave

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

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Scheme, levies are made on the MAIC to cover the cost of employees' annual leave and long service leave. The levies are expensed in the period in which they are payable.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB1049 *Whole of Government and General Government Sector Financial Reporting.*

Key management personnel and remuneration disclosures are detailed in **Note 18**.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

7. SUPPLIES AND SERVICES

	2019 $'000	2018 $'000
Consultants and contractors	1,706	1,182
QIC management fee	533	550
Rent	480	485
Corporate services fee	650	455
Queensland Treasury Actuarial fees	397	390
IT related expenses	226	269
Supplies and consumables	207	88
Legal Fee	245	174
Advertising	224	2
Total	**4,668**	**3,595**

An expense is recognised when it is incurred, usually as goods or services are received or consumed.

8. OTHER EXPENSES

	2019 $'000	2018 $'000
Queensland Audit Office - external audit fees	22	21
Insurance premiums - QGIF	22	26
Total	**44**	**47**

Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements are $22,100 (2018: $21,100).

9. RECEIVABLES

	2019 $'000	2018 $'000
GST receivable	469	378
Accrued penalties	384	352
Accrued SIS levy	172	170
Receivables from NIIAQ*	-	41
Accrued interest income	26	31
Leave reimbursements	77	56
Other receivables	-	1
Total	**1,128**	**1,029**

*The National Injury Insurance Agency, Queensland

Receivables are recognised at the amounts due at the time of service delivery or when they are legally payable to MAIC. Penalties are recognised at the time of receipt of monies from uninsured motorists (refer to **Note 4**). Settlement of these amounts is generally required within 30 days from invoice date. The collectability of receivables is assessed periodically and a loss allowance is recognised for expected credit losses based on reasonable and supportable forward-looking information.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

9. RECEIVABLES - continued

MAIC's receivables are from Queensland and Australian Government entities. No loss allowance is recognised for these receivables on the basis of materiality. Refer to **Note 12** for MAIC's credit risk disclosures. Where MAIC has no reasonable expectation of recovering an amount owed by a debtor, the debt will be written off.

10. PAYABLES

	2019 $'000	2018 $'000
Current		
Accrued expenses	96	342
Trade creditors	165	126
GST payable	-	14
FBT payable	2	4
Total	**263**	**486**

Trade creditors are recognised upon receipt of the goods or services ordered. Grants payable are recognised upon receipt of invoices. They are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured.

11. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price).

Financial assets carried at fair value are categorised within the following fair value hierarchy:

Level 1	unadjusted quoted prices in active markets for identical assets or liabilities the entity can access;
Level 2	inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
Level 3	unobservable inputs.

MAIC recognises other financial assets invested with QIC at fair value through profit and loss. The fair value is measured at market value based on closing unit prices of QIC unlisted unit trusts. Fair value gains and losses are recognised in the Statement of Comprehensive Income.

While the units in the trust have redemption prices and are able to be traded, the market would not be considered active for level 1, therefore, they are considered to be level 2. A market comparison valuation approach is used, with the units carried at redemption value as reasonably determined by the fund manager. Classification of instruments into fair value hierarchy levels is reviewed annually.

The fair value of receivables and payables is assumed to be approximately the value of the original transaction.

The carrying amount for cash assets represents the fair value.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

12. FINANCIAL RISK DISCLOSURES

(a) Categorisation of financial instruments

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

Category	Note	2019 $'000	2018 $'000
Financial assets			
Cash and cash equivalents		1,689	2,372
Receivables (amortised cost)	9	1,128	1,029
Other financial assets (FVTPL)		175,497	181,542
Total		**178,314**	**184,943**
Financial liabilities			
Current payables (amortised cost)	10	263	486
Non-current payables (amortised cost)		159	99
Total		**422**	**585**

MAIC's receivables are measured at amortised cost as they are held for collection of contractual cash flows that are solely payments of principal and interest.

MAIC's other financial assets consists of investments with QIC. The investments are held for trading and the portfolio's performance is evaluated on a fair value basis. It is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. As such, the investments are measured at fair value through profit or loss (FVTPL) in accordance with AASB 9.

(b) Financial risk management

MAIC's activities expose it to a variety of financial risks – credit risk, liquidity risk and market risk.

Risk exposure is measured using a variety of methods:

Risk Exposure	Measurement Method
Credit risk	Earnings at risk
Liquidity risk	Maturity analysis
Market risk	Sensitivity analysis

Notes to and forming part of the financial statements

for the year ended 30 June 2019

12. FINANCIAL RISK DISCLOSURES - continued

(i) Credit risk

Credit risk exposure refers to the situation where MAIC may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation. Credit risk arises from financial assets (cash and cash equivalents, investments held with QIC and outstanding receivables).

The carrying amount of financial assets disclosed in **Note 12(a)** represents MAIC's maximum exposure to credit risk at balance date.

MAIC seeks to reduce the exposure to credit risk in the following manner:

- invest in secure assets through QIC with regular reviews of the investment strategy through frequent communication and meetings with QIC regarding MAIC's future cash requirements and to agree the investment mandate;
- all funds owed are monitored on a timely basis; and
- assess credit risk exposure, including any concentrations of risk, on an ongoing basis.

Cash and cash equivalents are held with banking and financial institutions through the whole-of-government banking arrangement managed by Queensland Treasury.

MAIC does not expect any material credit losses in relation to its receivables disclosed in **Note 9**. The debtor group comprises of Queensland and Australian Government entities. They are expected to have an insignificant level of credit risk exposure having regard to the nature and credit ratings of these entities.

(ii) Liquidity risk

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

MAIC is exposed to liquidity risk in respect of its current and non-current payables. The current and non-current classification represents the expected maturity of the payables. MAIC manages its exposure to liquidity risk by ensuring that MAIC has sufficient funds available to meet its liabilities. This is achieved by monitoring the QIC investment funds and maintaining minimum cash balances within its bank account to meet both short-term and long-term cash flow requirements.

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

The significant market risks to MAIC relate to its investments managed by QIC. The investment portfolio includes investments in cash, fixed interest funds, property, infrastructure, private equity, international and Australian equities, and alternative funds. The market risk of the investment portfolio comprises the risk that the unit price of the funds will change during the next reporting period (effectively price risk).

Interest rate risk also exists in relation to MAIC's cash held in interest bearing bank accounts.

Market risk is managed through regular reviews of the investment strategies with QIC and assessment of three-year return forecasts.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

12. FINANCIAL RISK DISCLOSURES - continued

(c) Market risk sensitivity analysis

A sensitivity analysis has been performed assessing the impact to the profit and loss if the unit price of MAIC's investment funds change. The analysis is based on a range of reasonably possible changes to key risk variables applicable to the QIC investment funds as identified by QIC, including the RBA official cash rate, Bank of England official cash rate, ASX 200, MSCI World ex Australia Equities Index and real estate capitalisation rate.

MAIC's sensitivity to these possible changes are shown in the table below.

	2019				2018			
	Movement in variable		Impact on Profit / Equity		Movement in variable		Impact on Profit / Equity	
Investment	Low	High	Decrease	Increase	Low	High	Decrease	Increase
	%	%	$'000	$'000	%	%	$'000	$'000
QIC Growth Fund	-12	12	(21,040)	21,040	-13	12	(23,579)	21,765

The unit price risk of QIC Cash Fund and the interest rate risk associated with MAIC's cash and cash equivalents are immaterial.

13. CONTINGENCIES

MAIC did not have any contingent assets and liabilities at 30 June 2019.

14. GRANT COMMITMENTS

Commitments for grant expenditure contracted at reporting date (inclusive of non-recoverable GST input tax credits) but not recognised in the financial statements are payable as follows:

	2019	2018
	$'000	$'000
Not later than one year	23,247	27,197
Later than one year and not later than five years	21,649	25,212
Total	**44,896**	**52,409**

Approval has been given to grantees in accordance with formal agreements, provided certain criteria are met.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

15. EVENTS OCCURRING AFTER THE REPORTING DATE

MAIC does not have any material events occurring after 30 June 2019.

16. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 16 *Leases*

This standard will first apply to MAIC from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Under AASB 16, the majority of the operating leases will be reported on the Statement of Financial Position as right-of-use asset (representing rights to use the underlying leased asset) and lease liability (representing the obligation to make lease payments) unless the lease has a term of less than 12 months and the underlying assets are of low value.

The expected impact of AASB 16 on MAIC's Statement of Financial Position and Statement of Comprehensive Income are described below.

During the 2018-19 financial year, MAIC did not hold any property lease agreements or occupancy agreements for office accommodation. In relation to the building occupied by MAIC, the operating leases are held by Queensland Treasury (Treasury) from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO). Treasury had been advised by DHPW and Treasury Financial Management Division that effective 1 July 2019, amendments to the framework agreement that govern QGAO will result in the arrangements being exempt under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation.

From 2019-20 onwards, costs for these services will be expensed as supplies and services expense when incurred. Non-current liabilities of $0.159M relating to the straight-lining of existing operating leases will be derecognised and adjusted against equity at 1 July 2019.

AASB 1058 *Income of Not-for-Profit Entities and* AASB 15 *Revenue from Contracts with Customers*

These standards will become effective for the financial reporting period 2019-2020. The standards apply to certain types of revenue from customers and grants, and may change the timing of when such revenue is recognised. Based on present arrangements, MAIC does not enter into contracts for the sale of goods and services, or grants. The revenues are non-contractual income arising from statutory requirements and hence recognised at the time of receipt consistent with requirements of AASB 1058. However, if such contracts are entered into in the future, MAIC will need to follow the relevant accounting treatment specified in the new standards.

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

Notes to and forming part of the financial statements

for the year ended 30 June 2019

17. BUDGETARY REPORTING DISCLOSURES

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

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

Explanations of major variances

Statement of Comprehensive Income

Penalties	The increase in penalties and miscellaneous receipts primarily relates to higher than anticipated penalties collected during the year.
Other revenue	The increase in other revenue relates to return of surplus grant funds.
Net fair value gains on other financial assets	The increase in net fair value gains on other financial assets is primarily due to higher than expected earnings on QIC investments as a result of improvements in the global equity markets.
Grants	The variance in grant payments is due to higher than anticipated investment in research activities.
Employee expenses	The variance in employee expenses is primarily due to delays in filling vacancies during 2018-19.
Supplies and services	The increase in supplies and services is primarily due to preparation of legislative amendments in relation to car crash scammers and media campaign.

Statement of Financial Position

Cash and cash equivalents	The cash balance is lower than projected as detailed in the Statement of Cash Flows.
Receivables	The variance is due to fluctuations in accrued receivables as at 30 June 2019.
Other financial assets (current and non-current)	The variance in other financial assets is primarily due to higher actual audited opening balance than projected in the budget.
Payables	The variance is due to fluctuations in accrued expenses at 30 June 2019.
Accumulated surplus	The increase in accumulated surplus is primarily due higher actual opening balance than projected in the budget.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

17. BUDGETARY REPORTING DISCLOSURES - continued

Statement of Cash Flows

Penalties	The increase in penalties and miscellaneous receipts primarily relates to higher than anticipated penalties collected during the year.
GST input tax credits from ATO	The variance is due to the amount of input tax credits paid by the Australian Taxation Office (ATO) for supplier invoices processed which was not budgeted for.
Other revenue	The increase in other revenue relates to return of surplus grant funds.
Grants	The variance in grants payments is due to higher than anticipated investment in research activities.
Employee expenses	The variance in employee expenses is primarily due to delays in filling vacancies during 2018-19.
Supplies and services	The increase in supplies and services is primarily due to preparation of legislative amendments in relation to car crash scammers and media campaign.
GST paid to suppliers	The variance is due to the amount of GST paid for supplier invoices processed which was not budgeted.
Proceeds from and Payments for other financial assets	The variances in cash flows from investing activities reflect QIC cash investments and drawdowns performed during the year to meet MAIC's cash flow requirements.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

18. KEY MANAGEMENT PERSONNEL AND REMUNERATION

Details of key management personnel

The following details for key management personnel (KMP) include those positions that had authority and responsibility for planning, directing and controlling the activities of MAIC during 2018-19 and 2017-18. All key management personnel also provide services to the Nominal Defendant and the Queensland Government Insurance Fund (QGIF) within Queensland Treasury as part of their overall role. The remuneration disclosed below relates to their service as a KMP of MAIC for the period. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities
Insurance Commissioner	Leads the efficient, effective and economic administration of MAIC.
General Manager MAIC	Leads and manages the strategies, policies and performance with respect to the regulation of the CTP scheme.
Director Finance, Procurement and Systems [1]	Responsible for the efficient, effective and economic financial management and procurement of MAIC and oversight of the IT system roadmap for the organisation.
Director Business Solutions	Responsible for the efficient and effective information systems and reporting.
Director Policy Performance and Improvement [2]	Responsible for efficient and effective strategic planning and business reporting systems, robust policy advice, communication, business improvement and process mapping systems.
Director CTP Scheme Claims	Responsible for the monitoring of licensed insurers claims management performance.
Director Analytics	Responsible for data analysis and reporting, premiums and levies advice and business intelligence functions for MAIC.

(1) This role was previously named Director Finance and Procurement.
(2) This role was previously named Director Strategic Planning and Business Performance.

Remuneration policies

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

Remuneration expenses for KMP comprise the following components:

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

Notes to and forming part of the financial statements

for the year ended 30 June 2019

18. KEY MANAGEMENT PERSONNEL AND REMUNERATION - continued

KMP remuneration expense

The following disclosures focus on the expenses incurred solely by MAIC that is attributable to key management positions during the respective reporting periods. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

1 July 2018 to 30 June 2019

Position	Short term employee expenses - monetary expenses* $'000	Long term employee expenses $'000	Post-employment expenses $'000	Termination benefits $'000	Total expenses $'000
Insurance Commissioner	121	3	13	-	137
General Manager MAIC (to 29 May 2019)	128	3	14	-	145
General Manager MAIC (from 3 June 2019)	12	0	1	-	13
Director Finance, Procurement and Systems	103	2	13	-	118
Director Policy Performance and Improvement	85	2	11	-	98
Director Analytics (from 23 August 2018)	92	2	11	-	105

*MAIC does not have any non-monetary benefits to disclose in relation to its KMP.

1 July 2017 to 30 June 2018

Position	Short term employee expenses - Monetary expenses* $'000	Long term employee expenses $'000	Post-employment expenses $'000	Termination benefits $'000	Total expenses $'000
Insurance Commissioner	154	3	17	-	174
General Manager MAIC (from 8 January 2018)	73	2	7	-	82
Director Finance, Procurement and Systems	99	2	13	-	114
Director Business Solutions	46	1	6	-	53
Director Policy Performance and Improvement	83	2	11	-	96
Director CTP Scheme Claims (to 7 January 2018)	7	-	1	-	8

*MAIC does not have any non-monetary benefits to disclose in relation to its KMP.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

19. RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP

During the financial year there were no transactions with people or entities related to KMPs of MAIC.

Transactions with other Queensland Government-controlled entities

MAIC received a refund from Queensland Health for unspent grant funding.

MAIC provided grant funding to Queensland Police Service (QPS) and Department of Transport and Main Roads (DTMR) to support targeted research and service delivery initiatives as a means of reducing the number of crashes on Queensland roads and the associated number of claims to the Queensland CTP scheme. The funding to DTMR also includes a specific allocation to support the pilot of the Cooperative and Autonomous Vehicle Initiative (**Note 5**).

MAIC provided grant funding to both the Metro South and Metro North Hospital and Health Services for supporting Transitional Rehabilitation Service and Jamieson Trauma Institute respectively (**Note 5**).

MAIC receives corporate support and actuarial services from Queensland Treasury, and incurs management fees from QIC for the management of the QIC unlisted unit trusts. MAIC also transacts with the Department of Housing and Public Works for office accommodation costs. These supplies and services are disclosed in (**Note 7**).

20. AGENCY TRANSACTIONS

MAIC receives Hospital and Emergency Services Levy amounts from the DTMR on gross insurance premiums on behalf of Queensland Health (QH), the Public Safety Business Agency (PSBA) and the Queensland Fire and Emergency Services (QFES). Details of amounts collected and administered during the year and the amount held on behalf of these agencies at 30 June are as follows:

Type of Levy	Levies collected from DTMR		Contributions paid to QH, PSBA & QFES		Outstanding levies for remittance to QH, PSBA & QFES	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Levies collected but not remitted in the previous year	5,265	7,322	-	-	-	-
Hospital levy	73,474	72,050	(71,632)	(74,004)	6,845	5,002
Emergency Services levy - PSBA	2,631	2,790	(2,579)	(2,865)	245	193
Emergency Services levy - QFES	1,236	1,002	(1,191)	(1,030)	115	70
Total	**82,606**	**83,164**	**(75,402)**	**(77,899)**	**7,205**	**5,265**

Levies collected on behalf of QH, PSBA and QFES during the current year have not been included as revenue in the Statement of Comprehensive Income as these amounts are not controlled. Similarly, remittances made to these agencies have not been included as expenses.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

21. TAXATION

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

22. FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY

First year application of AASB 9 *Financial Instruments*

MAIC applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continue to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. Any adjustment needed for prior period balances on transition has been made against the relevant class of equity. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement

Under AASB 9, debt instruments are categorised into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest', and
- MAIC's business model for managing the assets.

MAIC's debt instruments comprise of receivables disclosed in **Note 9**. There is no change in the classification or measurement of the receivables. They were measured at amortised cost under AASB 139 and continue to be measured at amortised cost under AASB 9 as they are held for collection of contractual cash flows that are solely payments of principal and interest.

Equity instruments within the scope of AASB 9 are measured at FVTPL, with the exception that an equity instrument that is not held for trading can be irrevocably designated at FVOCI. MAIC's equity instruments comprise of investments held with QIC which is disclosed in **Note 12** as Other Financial Assets. The investments continue to be held for trading. As such, they continue to be measured at FVTPL from 1 July 2018.

Financial liabilities within the scope of AASB 9 continue to be measured at amortised cost.

Impairment

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing the incurred loss approach under AASB 139. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

MAIC did not recognise a loss allowance in respect to its receivables in 2018-19. As disclosed in **Notes 9** and **12**, MAIC does not expect any material credit losses for its receivables. The debtor group comprises of Queensland and Australian Government entities which are expected to have an insignificant level of credit risk exposure having regard to the nature and credit ratings of these entities.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

22. FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY - continued

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2018-19.

Accounting standards applied for the first time

Other than AASB 9 *Financial Instruments*, which is detailed above, no accounting standards that apply to MAIC for the first time in 2018-19 have any material impact on the financial statements.

Management certificate

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Motor Accident Insurance Commission (MAIC) for the financial year ended 30 June 2019 and of the financial position of MAIC at the end of that year; and

We acknowledge responsibility under section 8 and section 15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

L LEE

B.Com, CA

Director Finance, Procurement and Systems

26 August 2019

N SINGLETON

B.Bus (Insurance), MBA

Insurance Commissioner

26 August 2019

Independent auditor's report

To the Insurance Commissioner

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Motor Accident Insurance Commission.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009, the Financial and Performance Management Standard 2009* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the Insurance Commissioner for the financial report

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

The Insurance Commissioner is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Insurance Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects

27 August 2019

Sri Narasimhan

as delegate of the Auditor General

Queensland Audit Office

Brisbane

Nominal Defendant

Financial summary 2018-19

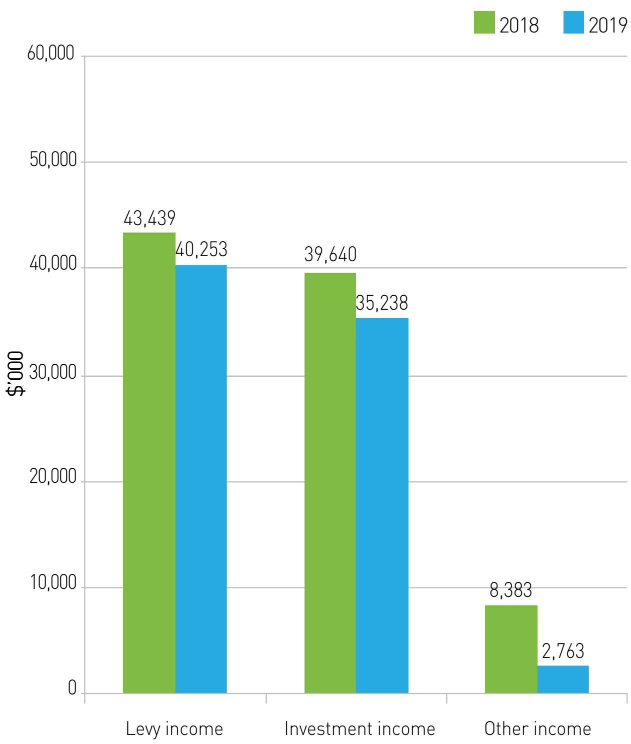
The operating surplus of the Nominal Defendant for the year ended 30 June 2019 was $31.97 million compared to the prior year's operating surplus of $74.77 million. The decrease was driven by a reduction in reinsurance and other recoveries and an increase in claims related expenses.

Total income for 2018-19 was $78.25 million, a reduction of $13.21 million from the prior year. The decrease is due to the following activities:

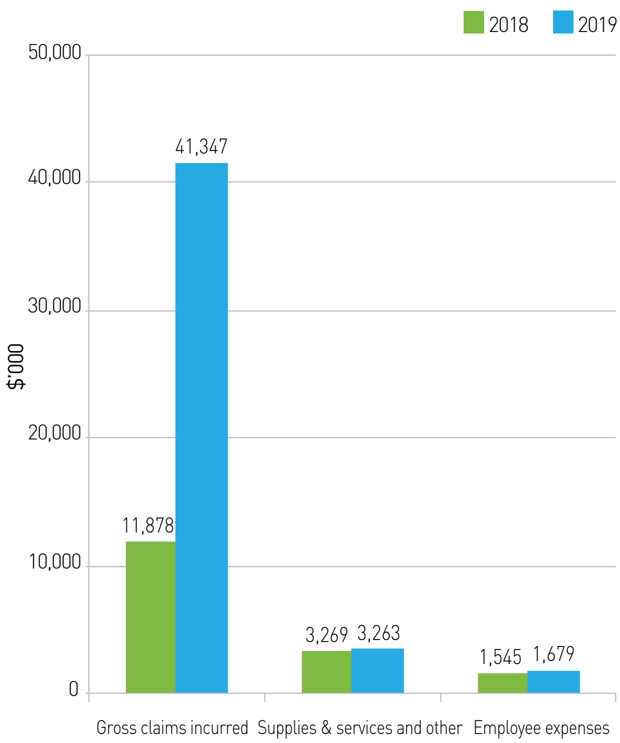
- From 1 July 2018, the Nominal Defendant levy reduced by $1.00 to $9.00 per Class 1 vehicle and generated income of $40.25 million compared to $43.44 million in the prior year.
- Actuarial assessments at 30 June 2019 resulted in a reduction of $5.61 million in reinsurance and other recoveries.
- Investments returned earnings of $35.24 million compared to prior year's $39.64 million. This reflects the performance and volatility of the equity markets during the year.

Total expenses increased by $29.60 million to $46.29 million in 2018-19. This was primarily the result of higher outstanding claims liability projections. The gross outstanding claims liabilities were actuarially assessed at 30 June 2019 to be $145.88 million, an increase of $23.49 million from the prior year. Claim payments were $16.02 million (prior year $24.33 million) and claim recoveries were $0.28 million (prior year $0.20 million).

Income



Expenses



Nominal Defendant financial statements 2018–19

Statement of comprehensive income

for the year ended 30 June 2019

	Note	2019 Actual $'000	2019 Original Budget $'000	* Budget Variance $'000	2018 Actual $'000
Income					
Levy	3	40,253	38,250	2,003	43,439
Reinsurance and other recoveries	4	2,670	-	2,670	8,278
Other revenue		93	-	93	105
Total revenue		**43,016**	**38,250**	**4,766**	**51,822**
Net fair value gains on other financial assets		35,238	18,945	16,293	39,640
Total income		**78,254**	**57,195**	**21,059**	**91,462**
Expenses					
Gross claims incurred	4	41,347	48,446	(7,099)	11,878
Employee expenses	5	1,679	1,880	(201)	1,545
Supplies and services	6	2,702	2,387	315	2,698
Depreciation and amortisation		519	519	-	519
Other expenses	7	42	43	(1)	52
Total expenses		**46,289**	**53,275**	**(6,986)**	**16,692**
Total other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**31,965**	**3,920**	**28,045**	**74,770**

** An explanation of major variances is included in Note 16.*

The accompanying notes form part of these statements.

Statement of financial position

as at 30 June 2019

	Note	2019 Actual $'000	2019 Original Budget $'000	* Budget Variance $'000	2018 Actual $'000
Current assets					
Cash and cash equivalents		2,650	3,522	(872)	3,646
Receivables	8	1,142	1,179	(37)	1,180
Other financial assets	11 & 12	180,191	47,612	132,579	167,917
Claim recoveries	10	1,079	671	408	857
Total current assets		**185,062**	**52,984**	**132,078**	**173,600**
Non-current assets					
Other financial assets	11 & 12	357,609	438,668	(81,059)	315,161
Claim recoveries	10	12,434	2,425	10,009	10,268
Intangible assets	9	952	952	-	1,471
Total non-current assets		**370,995**	**442,045**	**(71,050)**	**326,900**
Total assets		**556,057**	**495,029**	**61,028**	**500,500**
Current liabilities					
Payables		154	262	(108)	212
Accrued employee benefits		78	68	10	67
Outstanding claims liability	10	52,524	38,836	13,688	38,368
Unearned levies	3	15,788	18,885	(3,097)	17,461
Total current liabilities		**68,544**	**58,051**	**10,493**	**56,108**
Non-current liabilities					
Payables		85	24	61	55
Outstanding claims liability	10	99,208	137,691	(38,483)	88,082
Total non-current liabilities		**99,293**	**137,715**	**(38,422)**	**88,137**
Total liabilities		**167,837**	**195,766**	**(27,929)**	**144,245**
Net assets		**388,220**	**299,263**	**88,957**	**356,255**
Equity					
Accumulated surplus		388,220	299,263	88,957	356,255
Total equity		**388,220**	**299,263**	**88,957**	**356,255**

** An explanation of major variances is included in Note 16.*

The accompanying notes form part of these statements.

Statement of changes in equity

for the year ended 30 June 2019

	Accumulated surplus	Total equity
	$'000	$'000
Balance as at 1 July 2017	281,485	281,485
Operating result	74,770	74,770
Balance as at 30 June 2018	**356,255**	**356,255**
Balance as at 1 July 2018	356,255	356,255
Operating result	31,965	31,965
Balance as at 30 June 2019	**388,220**	**388,220**

The accompanying notes form part of these statements.

Statement of cash flows

for the year ended 30 June 2019

	Note	2019 Actual $'000	2019 Original Budget $'000	* Budget Variance $'000	2018 Actual $'000
Cash flows from operating activities					
Inflows:					
Levy		38,668	38,250	418	42,038
Claim recoveries		282	-	282	249
GST input tax credits from Australian Taxation Office (ATO)		2	-	2	-
GST collected from customers		446	-	446	440
Other revenue		104	(8)	112	96
Outflows:					
Gross claims incurred		(16,064)	(31,385)	15,321	(24,486)
Employee expenses		(1,690)	(1,879)	189	(1,544)
Supplies and services		(1,206)	(1,211)	5	(1,156)
GST paid to suppliers		(485)	-	(485)	(463)
GST remitted to ATO		(1)	-	(1)	-
Other expenses		(52)	(43)	(9)	(50)
Net cash provided by operating activities	CF-1	**20,004**	**3,724**	**16,280**	**15,124**
Cash flows from investing activities					
Inflow:					
Proceeds from sale of other financial assets		-	-	-	4,000
Outflow:					
Payments for other financial assets		(21,000)	(3,724)	(17,276)	(19,000)
Net cash used in investing activities		**(21,000)**	**(3,724)**	**(17,276)**	**(15,000)**
Net (decrease)/increase in cash and cash equivalents		**(996)**	**-**	**(996)**	**124**
Cash and cash equivalents at beginning of financial year		3,646	3,522	124	3,522
Cash and cash equivalents at end of financial year		**2,650**	**3,522**	**(872)**	**3,646**

** An explanation of major variances is included in Note 16.*

The accompanying notes form part of these statements.

Cash represents cash at bank and cheques receipted but not banked at 30 June.

Note to the Statement of cash flows

for the year ended 30 June 2019

CF-1 Reconciliation of operating result to net cash from operating activities

	Note	2019 $'000	2018 $'000
Operating result		31,965	74,770
Non-cash items included in operating result:			
Net fair value gains on other financial assets		(33,722)	(38,177)
Depreciation and amortisation		519	519
Change in assets and liabilities:			
(Increase)/decrease in receivables and claim recoveries	8,10	(2,350)	(8,038)
Increase/(decrease) in current payables		(58)	50
Increase/(decrease) in unearned levies		(1,673)	(1,424)
Increase/(decrease) in outstanding claims liability	10	25,282	(12,608)
Increase/(decrease) in accrued employee benefits		11	1
Increase/(decrease) in non-current payables		30	31
Net cash provided by operating activities		**20,004**	**15,124**

Non-cash movements in net fair value gain on other financial assets are disclosed in the above reconciliation net of management fees. Cash flows are included in the Statement of Cash Flows on a net basis with the GST components of the cash flows shown as separate line items. The GST components of cash flows arising from investing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. BASIS OF FINANCIAL STATEMENT PREPARATION

(a) General information

The Nominal Defendant is an independent statutory body reporting to the Treasurer established under the *Motor Accident Insurance Act 1994* (the Act).

The head office and principal place of business of the Nominal Defendant is Level 26, 1 William St, Brisbane, QLD 4000.

(b) Compliance with prescribed requirements

The Nominal Defendant is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis, except for the statement of cash flows, in accordance with:

- section 43(1) of the *Financial and Performance Management Standard 2009*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2018.

(c) Currency and rounding

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

(d) Comparatives

Comparative information reflects the audited 2017-18 financial statements except where restatement was necessary to be consistent with disclosures in the current reporting period. There have been no material restatements made to the comparative amounts.

(e) Current / Non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are expected to be settled within 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

Other financial assets comprising of investments managed by QIC Limited (QIC) are classified as 'current' or 'non-current' based on the relative liquidity of the investments. Investments are classified as 'current' where they are readily convertible to cash on hand at Nominal Defendant's election. Investments that are long-term and not readily convertible to cash within a short period are classified as 'non-current'.

(f) Judgements and assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis.

The Nominal Defendant places high reliance on actuarial estimates provided by Queensland Government State Actuary's Office (the Actuary), in calculating the recoveries on outstanding claims and the outstanding

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. BASIS OF FINANCIAL STATEMENT PREPARATION - continued

claims liability as at 30 June (**Notes 4** and **10**). Actuarial certificates issued by the Actuary for the Nominal Defendant and FAI General Insurance Company Limited (FAI) can be found in the Appendices.

Areas requiring a higher degree of judgement and assumptions that have a significant effect are outlined in the following statement notes:

- Levy income (**Note 3**),
- Fair value measurement of other financial assets (**Note 11**), and
- Intangibles (**Note 9**).

(g) Authorisation of financial statements for issue

The financial statements are authorised for issue by the Insurance Commissioner and the Director Finance, Procurement and Systems at the date of signing the Management Certificate.

(h) Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for other financial assets which are shown at fair value.

2. OBJECTIVES OF THE NOMINAL DEFENDANT

The Nominal Defendant acts as a Queensland Compulsory Third Party (CTP) insurer for claims arising from unidentified and uninsured vehicles and to provide continuity of protection if a licensed insurer becomes insolvent.

3. LEVY INCOME

Levy income consists of the Nominal Defendant levy received to fund the estimated costs of the Nominal Defendant scheme for the financial year and shortfalls from previous years pursuant to the Act.

Levies are recognised at the time they are legally payable by the Department of Transport and Main Roads (DTMR) in accordance with sections 27 and 29 of the Act based on a levy on gross premiums collected for CTP motor vehicle insurance policies.

The Nominal Defendant levy as set out in Part 2 of the Act is treated as "premium" in accordance with the provisions of AASB 1023.

The levy is recognised in the Statement of Comprehensive Income when it has been earned on the basis of the passage of time, commencing from the week in which motorists remit their CTP premiums to the DTMR and having regard to the term of the CTP premium. Levies received but not earned as at 30 June are recorded as unearned levies in the Statement of Financial Position and then systematically recognised as revenue in the Statement of Comprehensive Income when earned over time.

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

Notes to and forming part of the financial statements

for the year ended 30 June 2019

4. NET CLAIMS INCURRED

	2019 $'000	2018 $'000
Gross claims incurred	41,347	11,878
Reinsurance and other recoveries	(2,670)	(8,278)
Total net claims incurred	**38,677**	**3,600**

(a) Claims development

Attributable to Nominal Defendant

	2019 Current Year $'000	2019 Prior Years $'000	2019 Total $'000	2018 Current Year $'000	2018 Prior Years $'000	2018 Total $'000
Gross claims incurred and related expenses						
Undiscounted	35,823	862	36,685	37,344	(26,115)	11,229
Discount	(1,250)	4,080	2,830	(2,483)	3,963	1,480
Provisions made (Note 10)	34,573	4,942	39,515	34,861	(22,152)	12,709
Reinsurance and other recoveries						
Undiscounted	798	1,367	2,165	831	8,443	9,274
Discount	(28)	605	577	(56)	(973)	(1,029)
	770	1,972	2,742	775	7,470	8,245
Net claims incurred	**33,803**	**2,970**	**36,773**	**34,086**	**(29,622)**	**4,464**

Attributable to FAI

	2019 Current Year $'000	2019 Prior Years $'000	2019 Total $'000	2018 Current Year $'000	2018 Prior Years $'000	2018 Total $'000
Gross claims incurred and related expenses						
Undiscounted	-	1,600	1,600	-	(937)	(937)
Discount	-	232	232	-	106	106
Provisions made (Note 10)	-	1,832	1,832	-	(831)	(831)
Reinsurance and other recoveries						
Undiscounted	-	(77)	(77)	-	31	31
Discount	-	5	5	-	2	2
	-	(72)	(72)	-	33	33
Net claims incurred	**-**	**1,904**	**1,904**	**-**	**(864)**	**(864)**

	2019 Current Year $'000	2019 Prior Years $'000	2019 Total $'000	2018 Current Year $'000	2018 Prior Years $'000	2018 Total $'000
Total gross claims incurred	**34,573**	**6,774**	**41,347**	**34,861**	**(22,983)**	**11,878**
Total recoveries	**770**	**1,900**	**2,670**	**775**	**7,503**	**8,278**
Total net claims incurred	**33,803**	**4,874**	**38,677**	**34,086**	**(30,486)**	**3,600**

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

Notes to and forming part of the financial statements

for the year ended 30 June 2019

4. NET CLAIMS INCURRED – continued

(b) Claims reconciliation

	Nominal Defendant		FAI		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross claims incurred and related expenses						
Claims and associated settlement costs	16,022	24,328	43	158	16,065	24,486
Movement in outstanding claims liability	23,493	(11,619)	1,789	(989)	25,282	(12,608)
Total gross claims incurred	**39,515**	**12,709**	**1,832**	**(831)**	**41,347**	**11,878**
Reinsurance and other recoveries						
Reinsurance and other recoveries	282	197	-	52	282	249
Movement in other recoveries receivable	2,460	8,048	(72)	(19)	2,388	8,029
Total recoveries	**2,742**	**8,245**	**(72)**	**33**	**2,670**	**8,278**
Net claims incurred	**36,773**	**4,464**	**1,904**	**(864)**	**38,677**	**3,600**

Gross claims

Gross claims comprise amounts required to be paid on behalf of those insured, and movement in 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.

Claims expenses are recognised in the Statement of Comprehensive Income as the costs are incurred, which is usually the point in time when the event giving rise to the claim occurs.

Reinsurance and other recoveries

Reinsurance and other recoveries on outstanding claims have been actuarially calculated as at 30 June by the Actuary. It is recognised as revenue and a receivable in the Statement of Comprehensive Income and Statement of Financial Position for claims incurred but not yet paid and incurred but not yet reported claims, respectively.

Amounts recoverable are assessed in a manner similar to the assessment of outstanding claims liability (**Note 10**). Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the outstanding claims liability.

FAI General Insurance Company Limited (FAI)

Under the *Motor Accident Insurance Act 1994*, the Nominal Defendant is required to meet any outstanding CTP claims in the event of the insolvency of a licensed CTP insurer. Currently the Nominal Defendant has a liability to meet the outstanding claims of FAI following the insolvency of the HIH Group of companies in March 2001.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

5. EMPLOYEE EXPENSES

	2019 $'000	2018 $'000
Employee benefits and employee related expenses		
Salaries and wages	1,329	1,219
Employer superannuation contributions	179	163
Leave levies	163	160
Employee related expenses	8	3
Total	**1,679**	**1,545**

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information) is 16 (2018: 14).

Wages, salaries and sick leave

Salaries and wages expense is recognised in the Statement of Comprehensive Income when the services are rendered. Wages and salaries due but unpaid at reporting date are recognised at the current remuneration rates as these liabilities are expected to be wholly settled within 12 months of reporting date and as such are undiscounted.

Sick leave is non-vesting and an expense is recognised when the leave is taken.

Annual and long service leave

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

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Scheme, levies are made on the Nominal Defendant to cover the cost of employees' annual leave and long service leave. The levies are expensed in the period in which they are payable.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB1049 *Whole of Government and General Government Sector Financial Reporting.*

Key management personnel and remuneration disclosures are detailed in **Note 17**.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

6. SUPPLIES AND SERVICES

	2019 $'000	2018 $'000
QIC management fee	1,423	1,367
Consultants and contractors	332	541
Corporate services fee	350	245
Rent	254	243
IT related expense	158	169
Queensland Treasury Actuarial fees	102	100
Supplies and consumables	83	33
Total	**2,702**	**2,698**

An expense is recognised when it is incurred, usually as goods or services are received or consumed.

7. OTHER EXPENSES

	2019 $'000	2018 $'000
Queensland Audit Office - external audit fees	40	51
Insurance premiums - QGIF	2	1
Total	**42**	**52**

Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements are $40,400 (2018: $50,500).

8. RECEIVABLES

	2019 $'000	2018 $'000
Accrued ND levy	996	1,084
GST receivable	94	55
Leave reimbursements	45	23
Accrued interest income	7	18
Total	**1,142**	**1,180**

Receivables are recognised at the amounts due at the time of service delivery or when they are legally payable to the Nominal Defendant. Settlement of these amounts is generally required within 30 days. The collectability of receivables is assessed periodically and a loss allowance is recognised for expected credit losses based on reasonable and supportable forward-looking information.

The Nominal Defendant's receivables are from Queensland and Australian Government entities. No loss allowance is recognised for these receivables on the basis of materiality. Refer to **Note 12** for the Nominal Defendant's credit risk disclosures. Where the Nominal Defendant has no reasonable expectation of recovering an amount owed by a debtor, the debt will be written off.

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. The outstanding recoveries are reviewed on an ongoing basis by the Nominal Defendant.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

9. INTANGIBLES

	2019 $'000	2018 $'000
Internally genarated software: At cost		
Gross	3,634	3,634
Less: Accumulated amortisation	(2,682)	(2,163)
Carrying amount at 30 June	**952**	**1,471**
Represented by movements in carrying amount:		
Carrying amount at 1 July	1,471	1,990
Amortisation	(519)	(519)
Carrying amount at 30 June	**952**	**1,471**

Intangible assets with a historical cost or other value greater than $100,000 are recognised in the financial statements. Items with a lesser value are expensed.

The Nominal Defendant's only intangible asset is an internally generated software. There is no active market for the intangible asset. As such, the asset is recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

Costs associated with the development of the internally generated software have been capitalised and expenditure on research activities have been expensed in the period in which they were incurred.

The intangible asset has a finite useful life and is amortised on a straight-line basis over its estimated useful life to the Nominal Defendant, commencing from the date the asset became available for use. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The asset is estimated to have a useful life of 7 years.

A review of asset useful life and assessment for impairment indicators is performed annually. Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset. During the financial year 2018-19, the Nominal Defendant did not identify any impairment events.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

10. NET OUTSTANDING CLAIMS

	Nominal Defendant		FAI		Total	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Gross outstanding claims	139,770	120,657	5,916	4,359	145,686	125,016
Claims settlement costs	11,304	9,753	-	-	11,304	9,753
	151,074	130,410	5,916	4,359	156,990	134,769
Discount to present value	(5,190)	(8,019)	(68)	(300)	(5,258)	(8,319)
Gross outstanding claims liability	**145,884**	**122,391**	**5,848**	**4,059**	**151,732**	**126,450**
Represented by						
Current	48,123	37,600	4,401	768	52,524	38,368
Non-current	97,761	84,791	1,447	3,291	99,208	88,082
Gross outstanding claims liability	**145,884**	**122,391**	**5,848**	**4,059**	**151,732**	**126,450**
Reinsurance and other recoveries	1,079	12,295	-	77	1,079	12,372
Discount to present value	12,434	(1,242)	-	(5)	12,434	(1,247)
Reinsurance and other recoveries	**13,513**	**11,053**	**-**	**72**	**13,513**	**11,125**
Represented by						
Current	1,079	843	-	14	1,079	857
Non-current	12,434	10,210	-	58	12,434	10,268
Reinsurance and other recoveries	**13,513**	**11,053**	**-**	**72**	**13,513**	**11,125**
Net outstanding claims	**132,371**	**111,338**	**5,848**	**3,987**	**138,219**	**115,325**
Central estimate	132,371	111,338	5,042	3,437	137,413	114,775
Risk margin	-	-	806	550	806	550
Net outstanding claims	**132,371**	**111,338**	**5,848**	**3,987**	**138,219**	**115,325**

(a) Reconciliation of movement in the discounted net outstanding claims

	Nominal Defendant		FAI		Total	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July	111,338	131,005	3,987	4,957	115,325	135,962
Prior periods						
Claim payments	(15,528)	(23,851)	(43)	(106)	(15,571)	(23,957)
Claims handling expenses	(3,470)	(3,404)	-	-	(3,470)	(3,404)
Discount unwind	1,602	1,932	89	107	1,691	2,039
Risk margin release	-	(2,600)	(7)	(17)	(7)	(2,617)
Effect of changes in assumptions and experience	4,839	(25,550)	1,822	(954)	6,661	(26,504)
Current period						
Provision for current period	33,590	33,806	-	-	33,590	33,806
Net outstanding claims	**132,371**	**111,338**	**5,848**	**3,987**	**138,219**	**115,325**
Reinsurance and other recoveries	(13,513)	(11,053)	-	(72)	(13,513)	(11,125)
Gross outstanding claims	**145,884**	**122,391**	**5,848**	**4,059**	**151,732**	**126,450**

The liability for outstanding claims has been actuarially calculated as at 30 June by the Actuary.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

10. NET OUTSTANDING CLAIMS – continued

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

(b) Actuarial assumptions

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

	Nominal Defendant		FAI	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Inflation rate	3.52%	3.68%	3.00%	3.70%
Discount rate	1.18%	2.25%	1.00%	2.25%
Claims handling expenses	9.00%	9.00%	0.00%	0.00%
Risk margin	0.00%	0.00%	16.00%	16.00%
Weighted average expected term to settlement	3.0 years	2.8 years	1.2 years	3.2 years

A risk margin of 16% of the net central estimate has been applied to FAI and is intended to provide an approximately 75% probability of sufficiency for the outstanding claims liability. The risk borne has not materially changed from the previous year.

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

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

Attributable to the Nominal Defendant

		Financial impact			
Net outstanding claims	**Movement in variable**	**Profit/(loss) 2019 $'000**	**Equity 2019 $'000**	**Profit/(loss) 2018 $'000**	**Equity 2018 $'000**
Inflation rate	+1%	(4,134)	(4,134)	(3,175)	(3,175)
	-1%	3,909	3,909	3,026	3,026
Discount rate	+1%	3,485	3,485	2,639	2,639
	-1%	(3,769)	(3,769)	(2,829)	(2,829)
Claims handling expenses	+1%	(1,214)	(1,214)	(1,021)	(1,021)
	-1%	1,214	1,214	1,021	1,021
Weighted average term to	+0.5 years	(1,668)	(1,668)	(904)	(904)
settlement	-0.5 years	1,647	1,647	897	897

Notes to and forming part of the financial statements

for the year ended 30 June 2019

10. NET OUTSTANDING CLAIMS – continued

Attributable to FAI

		Financial impact			
Net outstanding claims	**Movement in variable**	**Profit/(loss) 2019 $'000**	**Equity 2019 $'000**	**Profit/(loss) 2018 $'000**	**Equity 2018 $'000**
Inflation rate	+1%	(73)	(73)	(129)	(129)
	-1%	72	72	125	125
Discount rate	+1%	65	65	121	121
	-1%	(68)	(68)	(127)	(127)
Claims handling expenses	+1%	(58)	(58)	(40)	(40)
	-1%	58	58	40	40
Risk margin	+1%	(50)	(50)	(34)	(34)
	-1%	50	50	34	34
Weighted average term to	+0.5 years	(65)	(65)	(30)	(30)
settlement	-0.5 years	64	64	30	30

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

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

The Nominal Defendant did not enter into a contract for reinsurance cover for the 2017-18 and 2018-19 financial years. This was based on considerations of the cost of reinsurance and the Nominal Defendant's exposure to large loss claims.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

11. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price).

Financial assets carried at fair value are categorised within the following fair value hierarchy:

Level 1	unadjusted quoted prices in active markets for identical assets or liabilities the entity can access;
Level 2	inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
Level 3	unobservable input.

The Nominal Defendant recognises other financial assets invested with QIC at fair value through profit or loss. The fair value is measured at market value based on closing unit prices of QIC unlisted unit trusts. Fair value gains and losses are recognised in the Statement of Comprehensive Income.

While the units in the trust have redemption prices and are able to be traded, the market would not be considered active for level 1, therefore, they are considered to be level 2. A market comparison valuation approach is used, with the units carried at redemption value as reasonably determined by the fund manager. Classification of instruments into fair value hierarchy levels is reviewed annually.

The fair value of receivables and payables is assumed to approximate the value of the original transaction.

The carrying amount for cash assets represents the fair value.

12. FINANCIAL RISK DISCLOSURES

(a) Categorisation of financial instruments

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

Category	Note	2019 $'000	2018 $'000
Financial assets			
Cash and cash equivalents		2,650	3,646
Receivables (amortised cost)	8	1,142	1,180
Other financial assets (FVTPL)		537,800	483,078
Total		**541,592**	**487,904**
Financial liabilities			
Current payables (amortised cost)		154	212
Non-current payables (amortised cost)		85	55
Total		**239**	**267**

The Nominal Defendant's receivables are measured at amortised cost as they are held for collection of contractual cash flows that are solely payments of principal and interest.

Nominal Defendant's other financial assets consists of investments with QIC. The investments are held for trading and the portfolio's performance is evaluated on a fair value basis. It is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. As such, the investments are measured at fair value through profit or loss (FVTPL) in accordance with AASB 9.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

12. FINANCIAL RISK DISCLOSURES - continued

(b) Financial risk management

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

Risk exposure is measured using a variety of methods:

Risk Exposure	Measurement Method
Credit risk	Earnings at risk
Liquidity risk	Maturity analysis
Market risk	Sensitivity analysis

(i) Credit risk

Credit risk exposure refers to the situation where the Nominal Defendant may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation. Credit risk arises from financial assets (cash and cash equivalents, investments held with QIC and outstanding receivables).

The carrying amount of financial assets disclosed in **Note 12(a)** represents the Nominal Defendant's maximum exposure to credit risk at balance date.

The Nominal Defendant seeks to reduce the exposure to credit risk in the following manner:

- invest in secure assets through QIC with regular reviews of the investment strategy through frequent communication and meetings with QIC regarding Nominal Defendant's future cash requirements and to agree the investment mandate;
- all funds owed are monitored on a timely basis; and
- assess credit risk exposure, including any concentrations of risk, on an ongoing basis.

Cash and cash equivalents are held with banking and financial institutions through the whole-of-government banking arrangement managed by Queensland Treasury.

The Nominal Defendant does not expect any material credit losses in relation to its receivables disclosed in **Note 8**. The debtor group comprises of Queensland and Australian Government entities and are expected to have an insignificant level of credit risk exposure having regard to the nature and credit ratings of these entities.

(ii) Liquidity risk

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

The Nominal Defendant is exposed to liquidity risk in respect of its current and non-current payables. The current and non-current classification represents the expected maturity of the payables. The Nominal Defendant manages its exposure to liquidity risk by ensuring that the Nominal Defendant has sufficient funds available to meet its liabilities. This is achieved by monitoring the QIC investment funds and maintaining minimum cash balances within its bank account to meet both short-term and long-term cash flow requirements.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

12. FINANCIAL RISK DISCLOSURES - continued

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

The significant market risks to the Nominal Defendant relate to its investments managed by QIC. The investment portfolio includes investments in cash, fixed interest funds, property, infrastructure, private equity, international and Australian equities, and alternative funds. The market risk of the investment portfolio comprises the risk that the unit price of the funds will change during the next reporting period (effectively price risk).

Interest rate risk also exists in relation to Nominal Defendant's cash held in interest bearing bank accounts.

Market risk is managed through regular reviews of the investment strategies with QIC and assessment of three-year return forecasts.

(c) Market risk sensitivity analysis

A sensitivity analysis has been performed assessing the impact to the profit and loss if the unit price of the Nominal Defendant's investment funds change. The analysis is based on a range of reasonably possible changes to key risk variables applicable to the QIC investment funds as identified by QIC, including the RBA official cash rate, Bank of England official cash rate, ASX 200, MSCI World ex Australia Equities Index and real estate capitalisation rate.

The Nominal Defendant's sensitivity to these possible changes are shown in the table below.

	2019				2018			
	Movement in variable		Impact on Profit / Equity		Movement in variable		Impact on Profit / Equity	
Investments	Low	High	Decrease	Increase	Low	High	Decrease	Increase
	%	%	$'000	$'000	%	%	$'000	$'000
QIC Cash fund	-0.22	0.22	(104)	104	-0.23	0.23	(107)	107
QIC Australian Fixed Interest Fund	-0.27	0.27	(359)	359	-0.29	0.29	(352)	352
QIC Growth fund	-12	12	(42,913)	42,913	-13	12	(40,971)	37,819
Total			**(43,376)**	**43,376**			**(41,430)**	**38,278**

The interest rate risk associated with the Nominal Defendant's cash and cash equivalents is immaterial.

13. CONTINGENCIES

The Nominal Defendant did not have any contingent assets and liabilities at 30 June 2019.

14. EVENTS OCCURING AFTER THE REPORTING DATE

The Nominal Defendant does not have any material events occurring after 30 June 2019.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

15. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 16 *Leases*

This standard will first apply to the Nominal Defendant from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Under AASB 16, the majority of operating leases will be reported on the Statement of Financial Position as right-of-use asset (representing rights to use the underlying leased asset) and lease liability (representing the obligation to make lease payments) unless the lease has a term of less than 12 months and the underlying assets are of low value.

The expected impact of AASB 16 on the Nominal Defendant's Statement of Financial Position and Statement of Comprehensive Income are described below.

During the 2018-19 financial year, the Nominal Defendant did not hold any property lease agreements or occupancy agreements for office accommodation. In relation to the building occupied by the Nominal Defendant, the operating leases are held by Queensland Treasury (Treasury) from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO). Treasury had been advised by DHPW and Treasury Financial Management Division that effective 1 July 2019, amendments to the framework agreement that govern QGAO will result in the arrangements being exempt under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation.

From 2019-20 onwards, costs for these services will be expensed as supplies and services expense when incurred. Non-current liabilities of $0.085M relating to the straight-lining of existing operating leases will be derecognised and adjusted against equity at 1 July 2019.

AASB 1058 *Income of Not-for-Profit Entities and* AASB 15 *Revenue from Contracts with Customers*

These standards will become effective for the financial reporting period 2019-2020. The standards apply to certain types of revenue from customers and grants, and may change the timing of when such revenue is recognised. Based on present arrangements, the Nominal Defendant does not enter into contracts for the sale of goods and services, or grants. The revenues are non-contractual income arising from statutory requirements and hence recognised at the time of receipt consistent with requirements of AASB 1058. However, if such contracts are entered into in the future, the Nominal Defendant will need to follow the relevant accounting treatment specified in the new standards.

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

Notes to and forming part of the financial statements

for the year ended 30 June 2019

16. BUDGETARY REPORTING DISCLOSURES

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

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

Explanations of major variances

Statement of Comprehensive Income

Reinsurance and other recoveries	The increase in reinsurance and other recoveries reflects the movement in claim recoveries on outstanding claims as at 30 June.
Net fair value gains on other financial assets	The increase in net fair value gains on other financial assets is primarily due to higher than expected earnings on QIC investments as a result of improvements in the global equity markets.
Gross claims incurred	The variance in gross claims incurred is a result of $15.3M lower than anticipated claims costs partially offset by $8.2M higher than anticipated movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment.
Employee expenses	The variance in employee expenses is primarily due to delays in filling vacancies during 2018-19.
Supplies and services	The increase in supplies and services is primarily due to higher management fees as a result of higher than anticipated investment fund balance during the year.

Statement of Financial Position

Cash and cash equivalents	The cash balance is higher than projected as detailed in the Statement of Cash Flows.
Other financial assets (current and non-current)	The variance in other financial assets reflects an increase in the projected operating result available for investment and reclassifications between current and non-current other financial assets.
Claim Recoveries (current and non-current)	The variance in claim recoveries on outstanding claims reflects actuarial assessment as at 30 June 2019.
Unearned levies	The variance in unearned levies reflects the reduction in the Nominal Defendant levy.
Outstanding claims liability	The movement in the current and non-current outstanding claims liability reflects actuarial assessment as at 30 June 2019.
Accumulated surplus	The increase in accumulated surplus reflects higher than anticipated operating result in 2018-19.

Notes to and forming part of the financial statements
for the year ended 30 June 2019

16. BUDGETARY REPORTING DISCLOSURES - continued

Statement of Cash Flows

Gross claims incurred	The variance in gross claims incurred is a result of lower than expected claim payments as the 2018-19 budget was based on 30 June 2017 projection.
Investing activities	The variances in cash flows from investing activities reflect QIC cash investments performed during the year.

17. KEY MANAGEMENT PERSONNEL AND REMUNERATION

Details of key management personnel

The following details for key management personnel (KMP) include those positions that had authority and responsibility for planning, directing and controlling the activities of the Nominal Defendant during 2018-19 and 2017-18. All key management personnel also provide services to the Motor Accident Insurance Commission (MAIC) and the Queensland Government Insurance Fund (QGIF) within Queensland Treasury as part of their overall role. The remuneration disclosed below relates to their service as a KMP of the Nominal Defendant for the period. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities
Insurance Commissioner	Leads the efficient, effective and economic administration of the Nominal Defendant.
General Manager MAIC	Leads and manages the strategies, policies and performance with respect to the Nominal Defendant claims unit.
Director Finance, Procurement and Systems [1]	Responsible for the efficient, effective and economic financial administration and procurement of the Nominal Defendant and oversight of the development and maintenance of the core business system for the organisation.
Director Business Solutions	Responsible for the efficient and effective information systems and reporting.
Director Policy Performance and Improvement [2]	Responsible for efficient and effective strategic planning and business reporting systems, robust policy advice, communication, business improvement and process mapping systems.
Director CTP Scheme Claims	Responsible for the Nominal Defendant claims management operation.
Director Analytics	Responsible for data analysis, reporting and business intelligence functions for ND.

(1) This role was previously named Director, Finance and Procurement.
(2) This role was previously named Director, Strategic Planning and Business Performance.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

17. KEY MANAGEMENT PERSONNEL AND REMUNERATION – continued

Remuneration policies

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

Remuneration packages for KMP comprise the following components:

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

KMP remuneration expense

The following disclosures focus on the expenses incurred solely by the Nominal Defendant that is attributable to key management positions during the respective reporting periods. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

1 July 2018 to 30 June 2019

Position	Short term employee expenses - monetary expenses* $'000	Long term employee expenses $'000	Post-employment expenses $'000	Termination benefits $'000	Total expenses $'000
Insurance Commissioner	48	1	5	-	54
General Manager MAIC (to 29 May 2019)	43	1	5	-	49
General Manager MAIC (from 3 June 2019)	4	-	-	-	4
Director Finance, Procurement and Systems	29	1	4	-	34
Director Policy Performance and Improvement	18	-	2	-	20
Director Analytics (from 23 August 2018)	13	-	2	-	15

*The Nominal Defendant does not have any non-monetary benefits to disclose in relation to its KMP.

Notes to and forming part of the financial statements

for the year ended 30 June 2019

17. KEY MANAGEMENT PERSONNEL AND REMUNERATION – continued

1 July 2017 to 30 June 2018

Position	Short term employee expenses - monetary expenses* $'000	Long term employee expenses $'000	Post-employment expenses $'000	Termination benefits $'000	Total expenses $'000
Insurance Commissioner	24	1	3	-	28
General Manager MAIC (from 8 January 2018)	24	1	2	-	27
Director Finance, Procurement and Systems	28	1	4	-	33
Director Business Solutions	29	1	4	-	34
Director Policy Performance and Improvement	18	-	2	-	20
Director CTP Scheme Claims (to 7 January 2018)	65	2	9	-	76

*The Nominal Defendant does not have any non-monetary benefits to disclose in relation to its KMP.

18. RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP

During the financial year there were no transactions with people or entities related to KMPs of the Nominal Defendant.

Transactions with other Queensland Government-controlled entities

The Nominal Defendant received corporate support and actuarial services from Queensland Treasury, and incurred management fees from QIC for the management of the QIC unlisted unit trusts. The Nominal Defendant also transacted with the Department of Housing and Public Works for office accommodation costs. These supplies and services are disclosed in **Note 6**.

19. TAXATION

The Nominal Defendant is a statutory body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Nominal Defendant. GST credits receivable from, and GST payable to the ATO, are recognised in the Statement of Financial Position (refer to **Note 8**).

Notes to and forming part of the financial statements

for the year ended 30 June 2019

20. FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY

First year application of *AASB 9 Financial Instruments*

The Nominal Defendant applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continue to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. Any adjustment required for prior period balances on transition has been made against the relevant class of equity. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement

Under AASB 9, debt instruments are categorised into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest', and
- the Nominal Defendant's business model for managing the assets.

The Nominal Defendant's debt instruments comprise of receivables disclosed in **Note 8**. There is no change in the classification or measurement of the receivables. They were measured at amortised cost under AASB 139 and continue to be measured at amortised cost under AASB 9 as they are held for collection of contractual cash flows that are solely payments of principal and interest.

Equity instruments within the scope of AASB 9 are measured at FVTPL, with the exception that an equity instrument that is not held for trading can be irrevocably designated at FVOCI. The Nominal Defendant's equity instruments comprise of investments held with QIC which is disclosed in **Note 12** as Other Financial Assets. The investments continue to be held for trading. As such, they continue to be measured at FVTPL from 1 July 2018.

The Nominal Defendant's financial liabilities under AASB 9 continue to be measured at amortised cost.

Impairment

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing the incurred loss approach under AASB 139. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

The Nominal Defendant did not recognise a loss allowance in respect to its receivables in 2018-19. As disclosed in **Notes 8** and **12**, the Nominal Defendant does not expect any material credit losses for its receivables. The debtor group comprises of Queensland and Australian Government entities which are expected to have an insignificant level of credit risk exposure having regard to the nature and credit ratings of these entities.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2018-19.

Accounting standards applied for the first time

Other than AASB 9 *Financial Instruments*, which is detailed above, no accounting standards that apply to the Nominal Defendant for the first time in 2018-19 have any material impact on the financial statements.

Management certificate

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

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

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the financial year ended 30 June 2019 and of the financial position of the Nominal Defendant at the end of that year; and

We acknowledge responsibility under section 8 and section 15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

L LEE

B.Com, CA

Director Finance, Procurement and Systems

26 August 2019

N SINGLETON

B.Bus (Insurance), MBA

Insurance Commissioner

26 August 2019

Independent auditor's report

To the Insurance Commissioner

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Nominal Defendant.

In my opinion, the financial report:

a) a true and fair view of the entity's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009, the Financial and Performance Management Standard 2009* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the Insurance Commissioner for the financial report

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

The Insurance Commissioner is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Insurance Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects

27 August 2019

Sri Narasimhan — Queensland Audit Office

as delegate of the Auditor General — Brisbane

Appendices

Appendix 1: Actuarial certificate, Nominal Defendant Fund

Actuarial Certificate
Queensland Nominal Defendant Fund
Outstanding Claims Liability as at 30 June 2019

The State Actuary's Office was asked by the Nominal Defendant to undertake a valuation of the Nominal Defendant Fund's ("The Fund") claims liabilities as at 30 June 2019 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 "Outstanding Claims Liability Review 30 June 2019 Nominal Defendant". The advice set out in our report has been prepared in compliance with the relevant accounting standard AASB 137 and Professional Standard 300 of the Institute of Actuaries of Australia.

Results

The recommended provision for the Nominal Defendant as at 30 June 2019 is $132.4 million, comprising the central estimate of the liability for outstanding claims. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses.

Reliances and Limitations

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

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

A.A. van den Berg M. J. Clacher
Fellows of the Institute of Actuaries of Australia
29 July 2019

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

Actuarial Certificate
Queensland Nominal Defendant Fund – FAI Run-Off
Outstanding Claims Liability as at 30 June 2019

The State Actuary's Office was asked by the Nominal Defendant to undertake a valuation of the Nominal Defendant Fund's ("The Fund") claims liabilities in respect of the FAI run-off as at 30 June 2019 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 "FAI Run Off Outstanding Claims Liability Review 30 June 2019 Nominal Defendant". The advice set out in our report has been prepared in compliance with the relevant accounting standard AASB 1023 and Professional Standard 300 of the Institute of Actuaries of Australia.

Results

The recommended provision for the Nominal Defendant as at 30 June 2019 is $5.8 million, comprising the central estimate of the liability for outstanding claims and a risk margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 16% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

Reliances and Limitations

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

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

A.A. van den Berg M. J. Clacher
Fellows of the Institute of Actuaries of Australia
29 July 2019

Appendix 3: Licensed insurers

Currently licensed CTP insurers

AAI Limited (trading as Suncorp Insurance)
GPO Box 1453
Brisbane QLD 4001
Ph 13 11 60 (CTP)
ABN 48 005 297 807

Allianz Australia Insurance Limited
GPO Box 2226
Brisbane Qld 4001
Ph 1300 131 319 (CTP)
ABN 15 000 122 850

QBE Insurance (Australia) Limited
GPO Box 1072
Brisbane Qld 4001
Ph (07) 3031 8418 (CTP)
ABN 78 003 191 035

RACQ Insurance Limited
PO Box 3004
Logan City DC QLD 4114
Ph: 07 3893 9001 (CTP)
ABN 50 009 704 152

Previously licensed CTP insurers

Insurance Australia Limited (trading as NRMA Insurance)
ABN 11 000 016 722 *Licence withdrawn 1 January 2014*.

Suncorp Metway Insurance Limited
ABN 83 075 695 966 *Licence withdrawn 1 July 2013*.

Australian Associated Motor Insurers Limited
ABN 92 004 791 744 *Licence withdrawn 1 July 2013*.

FAI Allianz Limited (trading as FAI Insurance)
ABN 80 094 802 525 *Licence withdrawn 1 July 2002*.

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

Fortis Insurance Limited (formerly VACC Insurance Co. Limited)
ACN 004 167 953 *Licence withdrawn 25 September 2017*.

Zurich Australian Insurance Limited
ACN 000 296 640 *Licence withdrawn 15 November 1997*.

Commercial Union Assurance of Australia Ltd
ACN 004 478 371 *Licence withdrawn 1 March 1997*.

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

GIO General Limited
ACN 002 861 583 *Licence withdrawn 30 June 1996*.

Mercantile Mutual Insurance (Australia) Ltd
ACN 000 456 799 *Licence withdrawn 1 November 1996*.

Appendix 4: Performance statement (SDS)

Motor Accident Insurance Commission/Nominal Defendant

Service standards	Notes	2018-19 Published Annual Target	2018-19 Revised Annual Target	2018-19 YTD Actual
Effectiveness measure				
Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings		<45%	<45%	22%
Efficiency measures				
Percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year	1	50%	50%	86.6%
Percentage of Nominal Defendant claims settled within two years of compliance	2	50%	50%	69.0%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date		95%	95%	96.0%

Variance Notes

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

Appendix 5: Grants and sponsorships

Organisation	Future commitment*	2018-19 $	2017-18 $
RECOVER Injury Research Centre formerly (CONROD) (2014-2017 and 2018-2019) incorporating: University of Queensland	* To be determined	1,307,298	2,235,840
Centre for Accident Research and Road Safety Queensland (CARRS-Q) (2016 – 2019)	4,834,061	2,873,998	2,574,795
Department of Transport and Main Roads – Funding to support Transport Academic Partnership 2015-2020 - formerly Academic Strategic Transport Alliance (ASTRA).	59,981	58,518	57,090
University of Sunshine Coast – Young driver situation awareness fast tracking including identifying escape routes (SAFER): a pilot project.	0	0	30,924
Griffith University – Spinal cord therapy research.	0	1,629,427	1,706,353
Police Citizens Youth Welfare Association (PCYC Queensland) – Funding to support operation of Braking the Cycle program across 14 branches over three years.	1,744,790	1,710,578	0
Spinal Life Australia – Back 2 Work – vocational rehabilitation project.	0	176,791	171,613
University of Sydney – Partnership funding to develop website to support improved physiotherapy treatment for people with whiplash.	50,000	25,000	0
University of Queensland – To support a Professorial Fellowship in Traumatic Brain Injury Research at the Queensland Brain Institute (2015-2020).	300,000	300,000	300,000
Griffith University – Partnership funding to develop and test a decision system for identifying housing options, preferences and priorities in the disability market.	0	0	55,762
Metro South Hospital and Health Service – Transitional rehabilitation service pilot (2016-2021).	6,108,192	2,935,730	1,285,392
University of Queensland via Children's Health Foundation Queensland – Partnership funding to establish a Queensland Chair in Paediatric Rehabilitation (2017 – 2022).	550,000	200,000	250,000
University of Queensland (formerly Griffith University) – Partnership funding to develop a clinical pathway of care for whiplash injury.	0	73,750	36,875
Griffith University – Partnership funding to establish a Professor of Disability and Rehabilitation.	0	37,455	30,000
Spinal Life Australia – Contribution towards continuation of Queensland school awareness programme –Spinal Education Awareness Team (SEAT).	120,000	80,000	0
Griffith University – Provide funding to establish Hopkins Centre to foster research into disability and rehabilitation.	3,611,062	1,029,524	883,471
Queensland University of Technology – Establish Trauma Data Warehouse Fellowship.	206,898	188,494	194,079
University of Queensland – Funding to pilot social skills training program (PEERS) with children with acquired brain injury.	0	55,294	74,171

Organisation	Future commitment*	2018-19 $	2017-18 $
Queensland University of Technology – Identifying pre-hospital retrieval pathways for road trauma patients.	0	150,000	150,000
University of Sunshine Coast – A study of situation awareness fast tracking, including identifying escape routes (SAFER) with senior drivers.	0	84,369	84,369
Behaviour Innovation – Design and deliver an evidence-based behaviour change program specifically targeting rear end crashes in Queensland.	0	0	114,350
University of Sunshine Coast – A study of situation awareness fast tracking, including identifying escape routes (SAFER) focused on peer passengers.	89,491	0	89,491
Jamieson Trauma Institute – Advance trauma prevention, research, trauma systems and clinical management to deliver best possible care for people who suffer a traumatic injury.	7,096,376	1,000,144	0
Metro North Hospital and Health Service – Associate Professor Cliff Pollard Trauma Fellowship.	1,001,820	0	0
University of Sunshine Coast – Process and impact evaluation of Braking the Cycle program incorporating SAFER.	47,981	47,982	0
Centre for Accident Research and Road Safety (CARRS-Q) – Undertake analysis of fatal and serious injury crashes by region.	39,000	0	39,000
Road Trauma Mitigation Fund – Collaborate with Queensland Police Service (QPS) and Department of Transport and Main Roads (TMR) around identified initiatives to reduce claims frequency and support Qld Road Safety Strategy and Action Plan.	7,113,853	5,560,790	8,066,249
Transport New South Wales – Contributory funding towards Motorcycle Protective Clothing testing initiative.	82,500	80,000	0
Department of Transport and Main Roads Queensland – Contributory funding towards Cooperative and Autonomous Vehicle pilot.	7,500,000	4,500,000	0
Queensland University of Technology – Compulsory third party (CTP) insurance claims processing – best practice model.	0	180,000	0
University of Sunshine Coast – Road Safety Research Collaboration.	3,599,505	816,110	0
Queensland University of Technology – Support fellowship to establish a linked road crash injury database.	310,676	148,517	0
University of Queensland – Healthcare utilisation after childhood traumatic brain injury in Queensland.	57,223	55,254	0
University of Queensland – Improving outcomes for children with persistent post-concussive symptoms.	299,974	0	0
Griffith University – Driver monitoring pilot research	59,223	0	0
Griffith University – Taxi Claims data analysis	12,982	0	0

Organisation	Future commitment*	2018-19 $	2017-18 $
Sponsorships – Provide sponsorships to one-off activities aimed at accident prevention or enhancing injury management/rehabilitation.	0	3,013	500
Total funding committed/allocated	**44,895,588**	**25,308,036**	**18,430,324**
Less refunds of residual grant funding			
Road Trauma Mitigation Fund		(154,056.69)	(279,940)
Metro South Hospital and Health Service – Transitional rehabilitation service pilot (2016-2021).		(420,336)	
Centre for Accident Research and Road Safety Queensland (CARRS-Q) (2016 – 2019)		(38,436)	
RECOVER Injury Research Centre formerly (CONROD) (2014-2017) **University of Queensland –** **Griffith University –**			(143,925) (4,469)
Centre for Accident Research and Road Safety (CARRS-Q) – Improve knowledge around driving conditions, patterns, locations and driver behaviours that lead to unsafe headway or inter-vehicular distance and tailgating.			(106,527)
Queensland University of Technology – Establish Trauma Data Fellowship (interim period).			(31,264)
Centre for Accident Research and Road Safety (CARRS-Q) – Improving taxi driver safety with a smartphone feedback system: a pilot study.			(10,652)
Spinal Life Australia – Equipment for rehabilitation assessment centre.			(1,059)
Total funding returned		**(612,828)**	**(577,836)**
GRANT TOTAL (Allocated less returned)		**24,695,208**	**17,852,488**

* Estimate of grant funding committed for expenditure from 1 Jul 2019.

Ongoing projects funded in previous years

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

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

Research centres

The four MAIC-funded research centres (RECOVER, CARRS-Q, Hopkins Centre and Jamieson Trauma Institute) produce six-monthly activity and financial reports covering the research conducted within the centres, and providing details on projects funded through other competitive grant processes.

Further information on their research and activities is available by visiting www.recover.centre.uq.edu.au, www.carrsq.qut.edu.au, www.hopkinscentre.edu.au, and www.metronorth.health.qld.gov.au/jamieson-trauma-institute.

Appendix 6: Glossary

Term	Definition
Claim farming (car crash scamming)	A process where people receive unsolicited contact from someone they do not know about being involved in a motor vehicle accident. Car crash scammers may use unethical or high-pressure tactics to obtain personal details and encourage people to submit or exaggerate a CTP insurance claim.
Compulsory Third Party (CTP) insurance	In Queensland, CTP insurance protects motor vehicle owners and drivers from being personally sued if they are responsible for injuring someone in a motor vehicle accident. It also enables the injured person to claim fair and timely compensation for their injuries and access prompt medical and rehabilitation treatment.
***Motor Accident Insurance Act 1994* (MAI Act)**	Legislation that governs Queensland's CTP insurance scheme.
Motor Accident Insurance Commission (MAIC)	A statutory body established under the MAI Act to regulate Queensland's CTP insurance scheme. This includes licensing and supervising the four private insurers who cover the risk of Queensland motor vehicle owners through the scheme.
Nominal Defendant (ND)	A statutory body that acts as a licensed insurer in the CTP insurance scheme for claims that involve motor vehicles that are unidentified or uninsured (not covered by CTP insurance). It also meets the claims costs associated with licensed insurers that become insolvent.
***National Injury Insurance Scheme (Queensland) Act 2016* (NIISQ Act)**	Legislation that governs the National Injury Insurance Scheme, Queensland.
National Injury Insurance Scheme, Queensland (NIISQ)	A scheme to ensure that people who suffer eligible serious personal injuries as a result of a motor accident in Queensland receive necessary and reasonable treatment, care and support, regardless of who was at fault.
National Injury Insurance Agency, Queensland (NIIAQ or NIISQ Agency)	The agency that administers the National Injury Insurance Scheme, Queensland.
Queensland Audit Office (QAO)	The independent auditor that promotes accountability and transparency in the Queensland public sector.

MAiC