
# Motor Accident Insurance Commission

## Annual Report 2010-11

# ABOUT OUR ANNUAL REPORT

Rachel Symington.

The Motor Accident Insurance Commission's (the Commission) annual report describes our progress during 2010-11 towards achieving the objectives published in our strategic plan.

It delivers detailed information on our financial and non-financial performance during the 2010-11 financial year, and provides a better understanding of who we are, our people and our business.

This year's report also includes information on how the Commission is contributing to preventing road crashes through its support of a number of initiatives. These are featured on page 11.

Our annual scheme statistical report is a separate volume which follows the written section of this report. The statistical report covers all aspects of the Compulsory Third Party (CTP) scheme including:

- Premium prices benchmarked against the affordability index
- Claim frequency and claim propensity
- Accident data broken down by region, age and gender
- Claim severity and injury type
- Claims broken down by accident year and duration
- Rates of legal representation and litigation
- Heads of damage
- Market share.

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

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

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

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**Visit www.maic.qld.gov.au for additional copies of this Annual Report.**

The Honourable Rachel Nolan MP
Minister for Finance, Natural Resources
and The Arts
Parliament House
Cnr George and Alice Streets
BRISBANE QLD 4000

Dear Minister

I am pleased to present the Annual Report 2010-11 for the Motor Accident Insurance Commission. The report details the operations of Queensland's compulsory third party insurance scheme and the financial statements of the Commission and the Nominal Defendant from 1 July 2010 to 30 June 2011.

I certify this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements outlined in the *Annual Reporting Requirements for Queensland Government Agencies.*

A checklist outlining the annual report requirements can be accessed at www.premiers.qld.gov.au/publications/categories/guides/annual-report-guidelines.aspx.

Yours sincerely

Neil Singleton
Insurance Commissioner



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Commission staff from left – David Muldoon and Judy Timms.

# ABOUT US

## Who we are

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

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

### Our scheme

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

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

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

The scheme is designed to allow insurers to set their premiums for each class of motor vehicle within floor and ceiling premium bands set by the Commission. An efficient system of premium collection, through the motor vehicle registry of the Department of Transport and Main Roads (DTMR), minimises administration costs within the scheme and provides motorists with a relatively convenient transaction.

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

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

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

## Our role

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

The primary activities of the Commission include:

- licensing Queensland CTP insurers
- monitoring scheme trends and the performance of CTP insurers based on scheme data and independent actuarial analyses
- setting premium bands and recommending levies
- maintaining a helpline service for motor vehicle owners and injured people
- managing claims against the Nominal Defendant and prudent investment of its claim reserves
- investment in research and programs to minimise and mitigate the effects of motor vehicle accidents by providing funding for education and research in these areas.

## Our vision

Ensuring financial protection that makes Queensland stronger, fairer and safer through overseeing an affordable and efficient CTP scheme and through sound research funding, service delivery, policy development and strategic advice.

## Our values

Achievement and excellence
Trust and integrity
Innovation and learning
Teamwork

## How we contribute to the Queensland Government's Towards Q2: Tomorrow's Queensland ambitions:

The Commission contributes to the Queensland Government's ambitions for 2020 in the following ways:

### Fair: Supporting safe and caring communities

The Commission contributes to the Government's Towards Q2: Tomorrow's Queensland ambition for a **fair** Queensland by maintaining a viable CTP scheme balanced with reasonable and appropriate compensation to the injured.

### Smart: Delivering world-class education and training

The Commission contributes to the Government's Towards Q2: Tomorrow's Queensland ambition for a **smart** Queensland by providing funds for research and education in the fields of injury prevention and rehabilitation.

### Healthy: Making Queenslanders Australia's healthiest people

The Commission contributes to the Government's Towards Q2: Tomorrow's Queensland ambition for a **healthy** Queensland by investing in research and service delivery to reduce the incidence of loss and the impact of trauma from motor vehicle accidents.

### Strong: Creating a diverse economy powered by bright ideas

The Commission contributes to the Government's Towards Q2: Tomorrow's Queensland ambition for a **strong** Queensland by the prudential supervision of licensed CTP insurers and the function of the Nominal Defendant.

### Green: Protecting our lifestyle and environment

The Commission contributes to the Government's Towards Q2: Tomorrow's Queensland ambition for a **green** Queensland by looking for opportunities within the delivery of the CTP scheme to reduce the scheme's carbon footprint.

## Our strategic objectives

1. Provide a viable and equitable personal injury motor accident insurance scheme.
2. Improve the performance of the Nominal Defendant operation.
3. Provide a corporate governance model that facilitates the Commission's vision and meets the State's financial and performance requirements.

## Ongoing Challenges we face

- Claims trends and delivery costs impact significantly on CTP premium rates and as a result, the Commission will continue to keep Queensland's CTP scheme under review.
- Under the current CTP scheme framework, insurer insolvency represents a risk to the Queensland Government through legislative provisions relating to protection afforded injured parties through the Nominal Defendant.
- the Commission will need to continually gauge whether the current vehicle class filing model is delivering price-based competition and more affordable premiums.
- Potential future legislative reforms such as the national disability care and support scheme, which may require integration into the existing scheme.

# OUR PERFORMANCE

## Insurance Commissioner's Report

In December 2010 I was privileged to be appointed as Insurance Commissioner. I regard this as an honour and an important role in which to ensure the Queensland CTP scheme continues to improve in its well balanced delivery of affordable premiums to motorists and fair and timely compensation to people injured in road crashes. I greatly appreciate the contribution made by John Hand over many years at the Commission and through his leadership as Insurance Commissioner during the previous three years in bringing the Commission forward to where it is today.

My background is in the insurance industry, heavily involved in CTP insurance and closely associated with many stakeholders to the Queensland CTP scheme. I look forward to continuing to work with the many organisations and individuals who share a genuine interest and commitment to maintaining the balance, integrity and high regard held for the scheme.

The great work of the Commission staff in completing the scheme reforms, providing quality inputs to a range of policy topics and maintaining stability in the scheme throughout the past year deserves high praise.

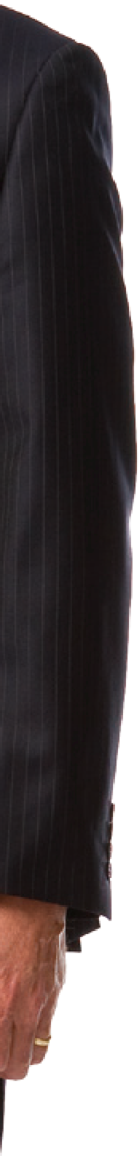
The scheme highlight for the 2010-11 year was the October 2010 reforms that fundamentally changed CTP insurer intermediary distribution arrangements. When combined with the removal of the HIH levy, the reforms delivered real premium savings of $24 to Class 1 motorists. The reforms have also created an environment that better encourages insurers to more actively compete on price. While some evidence of price competition has emerged the broader objective is to ensure that Queensland motorists enjoy the full benefit of a truly competitive scheme.

### Trends

Two words currently feature in discussions about the Queensland CTP scheme – stable and benign.

The number of new claims coming into the scheme and the amounts of compensation being paid to injured people are broadly in line with expectations. While it is tempting to regard this as a good outcome, the underlying fact is that too many people are still being injured or killed in road crashes which not only has financial implications for the CTP scheme, but more importantly has a heavy toll on the injured person, their family, their friends and the community.

The Commission will continue to support research and investment that assists in reducing the incidence and effects of road trauma and will continue to work closely with key stakeholders in the scheme to deliver these improved outcomes.



### United Nations Decade of Action for Road Safety 2011- 2020

The Commission is playing an integral role in this important initiative launched by the Minister for Transport at Parliament House on 11 May 2011. Over the coming decade a goal of reducing the incidence of deaths and serious injury on Queensland roads by 30 per cent has been set. The Commission will work closely with the Department of Transport and Main Roads (DTMR) and other agencies to support initiatives that help reach this objective – not only to ensure Queensland has safer roads, but also to reduce costs to the Queensland CTP scheme and thereby ultimately reduce costs to Queensland motorists.

### CARRS-Q and CONROD

The Commission proudly maintains close working relationships with the Centre of Accident Research and Road Safety Queensland (CARRS-Q) and the Centre of National Research on Disability and Rehabilitation Medicine (CONROD) as our principal research centres co-funded with, and based respectively at, Queensland University of Technology and University of Queensland. This research activity provides high quality evidence based research to guide and inform decision making on road safety and rehabilitation issues as well as supporting associated education programs. The national and international standing afforded to CARRS-Q and CONROD is testament to the vision and capability of their leaders and staff and builds even greater expertise for the future.

### Nominal Defendant

The Nominal Defendant established in 1961, celebrated its silver anniversary in April 2011. Not only does the Nominal Defendant perform a very important policy function of supporting injured people who, through no fault of their own, are injured by an unregistered or unidentified motor vehicle, but it also underpins the financial strength of the CTP scheme.

The Nominal Defendant stepped in and protected many people when HIH collapsed in 2000 and left FAI CTP claimants in limbo. The run-off of those claims continues today and we have been able to secure a recovery of up to 75 cents in the dollar from the HIH liquidator.

It is timely to recognise the contribution of the many staff who have professionally and capably performed the important work of the 'Nommo' during its fifty year history. It is also pleasing to note that in the silver anniversary year of the Nominal Defendant, Queensland motorists no longer pay the HIH levy and from 1 July 2011 vehicle owners will see a reduction in the Nominal Defendant levy in their CTP premiums.

### To the Future

Looking forward, the Commission is well positioned to manage and respond to any reforms arising from the proposed National Heavy Vehicle legislation or the Productivity Commission's Inquiry into a National Disability Care and Support Scheme. The Commission will continue its focus on scheme affordability and also explore scheme efficiency as well as investing in resources and a systems upgrade to provide greater capability to analyse scheme trends. This will better inform regulatory supervision of the scheme as well as directing research and infrastructure investment decisions with the goal of further improving scheme performance.

I look forward to 2011-12 as a year where the Commission builds and delivers on a range of initiatives that ensures financial protection that makes Queensland stronger, fairer and safer.

Neil Singleton


# OUR PERFORMANCE (CONTINUED)

## Our report card

| Objective | Highlights | Performance Indicators | Outcome |
|---|---|---|---|
| Provide a viable and equitable personal injury motor accident insurance scheme. | > Earned $12.818 million in investment income on the MAI Fund.<br>> Expended $5.8 million on initiatives aimed at reducing or eliminating the frequency of motor vehicle accidents and minimising their impact.<br>> October 2010 reforms that fundamentally changed CTP insurer intermediary distribution arrangements. When combined with the removal of the HIH levy, the reforms delivered real premium savings of $24 to Class 1 motorists. | Setting of premium bands within legislated timeframes. | 100.00 % |
| | | Recommendation to the Treasurer of annual CTP levies by legislated timeframes. | 100.00 % |
| | | Funds expended on grants per registered vehicle. | $0.60 |
| Improve the performance of the Nominal Defendant operation. | > Finalised 804 Claims (including 13 FAI claims).<br>> Recovered $492,544.<br>> Earned $70.605 million in investment income on the Nominal Defendant Fund.<br>> Enhanced performance management by finalising all outstanding recommendations from Queensland Treasury internal audit on Nominal Defendant claims functions. | Number of Nominal Defendant claims finalised as a percentage of total outstanding claims. | 52% |
| | | Percentage of Nominal Defendant claims settled within two years of compliance. | 48% |
| | | Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date. | 83% |

| Objective | Highlights | Performance Indicators | Outcome |
|---|---|---|---|
| Provide a corporate governance model that facilitates the Commission's vision and meets the State's financial and performance standards. | > External audit reports and ongoing internal audits confirm our financial corporate governance structure is appropriate and meets requirements.<br>> Continued claims development program for AO5/AO6 staff.<br>> Implemented Capabilities Leadership Framework to align recruitment processes with Queensland Government guidelines.<br>> Introduced on line training modules on topics of interest. | Financial requirements outlined in the *Financial Accountability Act 2009* are met. | 100 % |
| | | Planning and reporting requirements outlined in the *Financial and Performance Management Standard 2009* are met. | 100 % |
| | | Staff capabilities align with strategic plan. | 100 % |

# OUR PERFORMANCE (CONTINUED)

## Our research and sponsorship investment

The Commission continues to invest in quality research in road safety and injury management with the aim of reducing the frequency of motor vehicle accidents and the resulting impact on injured people, the CTP scheme and our community.

Significant initiatives in injury management and prevention for the year are discussed below with further details on our road safety initiatives available in the feature article on page 11.

### Stimulant Medication for Children with Traumatic Brain Injury – Stage Two

Each year, many young Queenslanders sustain a brain injury through traumatic incidents such as from motor vehicle accidents. Between 2005 and 2009, data from the Queensland Trauma Registry shows that at least 551 children under 15 years sustained an intracranial (brain) injury and 125 (23%) of these were from road traffic related crashes.

Recovery from traumatic brain injury (TBI) is highly variable. Some children will experience difficulty with concentration, fatigue and behavioural regulation which can interfere with their rehabilitation, participation in the classroom and general learning and skill development. Promising improvements in these areas were found in a pilot study on the use of stimulant medication in children with TBI conducted by the University of Queensland and the Royal Children's Hospital (RCH) and funded by the Commission.

Based on the results of this pilot study, the Commission has recently provided further funding to conduct a larger scale study over the next two years to validate these initial findings. Recruitment will take place at the RCH as well as in New South Wales at the Royal Children's and Westmead Hospitals.

### The Transition Co-ordinator Pilot Project

For children with a serious injury or disability and their families, a smooth transition between services which cater for children and those for adults is important to ensure continuity of necessary intervention and support. The Commission is funding a pilot project undertaken by the Queensland Paediatric Rehabilitation Service (QPRS) to develop resources to facilitate the transition for children who have sustained a brain injury into adult services.

This project includes trialling a new Transition Co-ordinator staff position based at QPRS to improve fluency between services and empower and support young people and their families through the transition phase. The project will also involve establishing a resource and educational database, as well as developing processes to formalise the transition between services. Evidence from the piloting of this position may be used to make a case for future permanent funding of this Transition Co-ordinator position.

### Publication of Second Edition of the Whiplash booklet

In 2005, the Commission funded the development of a whiplash self management booklet to aid recovery for those suffering whiplash associated disorders. During 2010-11 the Commission provided additional funds to the University of Queensland to produce a second edition. The new edition follows a literature review and focus groups to ensure currency of content and the information and mode of delivery meets the needs of consumers. The booklet has been extended to include additional information and exercises. The authors of the second edition, Professor Gwendolen Jull and Associate Professor Michele Sterling have strong international reputations in the world of whiplash research. This new edition, published in June 2011 and titled 'Whiplash Injury Recovery, A Self Help Guide', is available through the Commission's website.

### A CTP Claimant Survey

CONROD, through the Vocational and Community Rehabilitation stream based at Griffith University, undertook a survey of previous CTP claimants on behalf of the Commission. The aim was to gain claimants' perspectives on the CTP scheme including on claims management processes and rehabilitation. Findings from this survey will be used by the Commission to improve information available to injured parties on the CTP claim process.

### Physical and mental health outcomes for CTP claimants with minor or moderate injuries – a longitudinal study

CONROD commenced a study on the physical and mental health outcomes of CTP claimants with minor or moderate injuries. Study participants will be followed for two years after their injury in order to determine whether any factors influence health outcomes. It is hoped that the study may identify ways to better target rehabilitation efforts for CTP claimants.

## Sponsorships

The Commission continues to provide sponsorships to a range of initiatives in the area of injury prevention and injury management. The Whiplash Symposium and the Spinal Education Awareness Team (SEAT) program were two such activities that attracted sponsorship funding from the Commission.

The Centre of Clinical Research Excellence in Spinal Pain, Injury and Health at the University of Queensland held an international **symposium on whiplash injury** attended by some of the world's leading researchers in this field. This was an important opportunity for researchers to consolidate their future research agendas and disseminate their research findings to treatment providers, CTP insurers and policy makers from around the country. The focus of the symposium on how to reduce the number of people who experience persistent or chronic symptoms from whiplash is highly relevant to the scheme as whiplash remains one of the most common injuries sustained in motor vehicle accidents.

The Commission provided funds to the Spinal Injury Association for the **Spinal Education Awareness Team (SEAT) program**. SEAT, an injury prevention program aimed at school children, delivers important messages on road safety including the detrimental consequences of speeding, drink-driving, fatigue and not wearing a seat belt while driving. The program is delivered by presenters who have sustained a spinal cord injury. Additional funds were also provided by the Commission to equip SEAT presenters with laptops and projectors to enhance SEAT's delivery of these key road safety messages to Queensland school children.

**Photo courtesy of Centre for Accident Research and Road Safety Queensland.**

# OUR PERFORMANCE (CONTINUED)

## Investment in Road Safety

### A personal perspective on road safety – Wayne's Story

Travelling on roads is part of our everyday life as we navigate our way to various destinations for a multitude of reasons. For the vast majority of road users these journeys are usually not memorable as we focus less on the journey but more on the destination. For an unfortunate few however what begins as the norm ends up being their final journey as lives are lost or in the case of serious injury their lives changed forever.

Such was the experience of Wayne Horkings, who as a 17 year old, set off with his friends to enjoy a Friday night that had started off like so many others with mates to see, parties to attend and generally fun to be had. The possibilities were endless. On this particular night Wayne was assigned the role of designated driver which suited him just fine as he was not interested in drinking.

Problems started, however, when the group had a pit stop driving from one party to the next and on his return, the driver's seat had become occupied by one of his mates' girlfriends. Despite his protests for her to move and to let him drive as he was aware she had been drinking, Wayne succumbed to his mates' pressure and assurances not to worry and against his better judgement he climbed into the back seat.

Before too long, Wayne found himself a passenger in a car travelling at speeds of around 160 kilometres an hour. Suddenly the driver lost control, missed a bend and the vehicle flew about 150 metres over a cliff.

115 days later, Wayne woke from his coma to face the realities of his new life. Sustaining a brain injury and quadriplegia, Wayne not only had to cope with the devastating truth that he would never walk again but also that as a result of his brain injury simple things like talking, eating, dressing and sitting up presented great difficulties. **'It was like I'd just been born grown up. I could move my left arm that was it. So I had to learn to do everything.'**

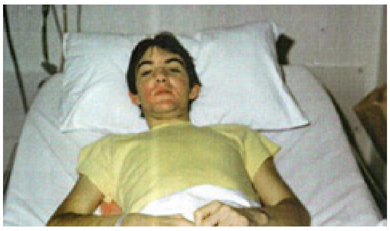
Sadly Wayne was also to learn of the death of two of his friends from the crash. Both were passengers in the back seat with Wayne that night but chose not to wear their seat belts. He was told that it had been five hours before help arrived at the scene and that wearing his seat belt had saved his life. What he or anyone else didn't know at the time was that it would be four long years after his accident before Wayne would finally leave hospital.

Wayne is also the first to acknowledge the significant impact this crash had directly on his family, initially coping with the stress and worry following the crash and then providing the long term support to Wayne so that he could start putting his life back together.

26 years on from that fateful evening, Wayne Horkings is driving, living independently and enjoying life. He has however given himself a further challenge – to make a difference to young people by his involvement in the Spinal Injuries Association's Spinal Education Awareness Team (SEAT). Wayne and other members of the SEAT team all of whom have sustained spinal cord injuries, volunteer their time travelling to schools across Queensland with the aim of reducing the incidence of spinal cord injury.

SEAT presenters such as Wayne share their personal stories with their young audience emphasising key injury prevention messages as well as how they manage with their disability. In Queensland, road trauma remains one of the most common causes of traumatic spinal cord injury so changing the behaviours and attitudes of children towards road safety is crucial. In Wayne's case he uses his personal experience to communicate with his young audience on the dangers of speeding, drink driving or getting into the car knowingly with someone who has been drinking or is impaired by drugs, not giving in to peer pressure and of course the importance of wearing a seat belt. **'We want our young children to experience everything in life, so it's not about stopping the fun, it's about making the right choices in life' he said.**

The Commission has been a financial supporter of the SEAT program since 2006. In 2010 over 99,000 students attended more than 500 SEAT presentations across Queensland. The Commission's contribution to the operations of SEAT has helped the Spinal Injuries Association to offer these presentations to schools free of charge.



**Photos courtesy of Spinal Injuries Association and Wayne Horkings.**

# ‘Prevention is better than the cure’ – A look at the Commission’s investment in improving safety on Queensland roads.

Like Wayne and his fellow SEAT presenters, the Commission shares their commitment to making a difference on our roads by investing in a range of initiatives from research to education and public awareness.

### Introduction

As a community we can become immune and numb to the frequently reported carnage on our roads. However Wayne’s story reminds us of the personal cost and impact on the individual, family and friends which can last a lifetime as well as evidence of the indomitable spirit to overcome and succeed despite these major setbacks in life.

Wayne’s story is not unique. Approximately 3915 Queenslanders are hospitalised annually as a result of transport crashes with almost one in five being a male between the age of 15 and 24 years of age. The Queensland Trauma Registry indicates in its ‘2009 Description of Serious Injury’ report that the treatment of patients injured in transport crashes represents approximately 27 percent of the acute bed days available across Queensland’s 20 public hospitals that treat seriously injured patients, with 663 patients requiring admittance to intensive care units. 59 percent required at least one operation, with the most common types of injuries being fractures, intra cranial injuries and injuries to internal organs.

The number of crashes on our roads also has a direct link to premiums and affordability in the Queensland CTP scheme. The scheme covers the cost of compensation claims for personal injury sustained as the result of the negligence of the owner or driver of a motor vehicle and where the *Motor Accident Insurance Act 1994* applies. Increasing claims frequency or claims size will conversely put pressure on CTP insurers to raise premiums to cover the additional cost of these claims. During 2010-11, 7107 claims were finalised with total claims payments of more than $770 million.


**Photo courtesy of Queensland Police Service.**

Given the long tail nature of some claims many of the crashes which resulted in these claims had occurred several years earlier.

The impact of road traffic crashes to the wider community is huge in terms of the burden on hospitals, health systems, families, community resources and lost productivity. It is estimated that the social costs of road crashes nationally is $17.85 billion. Analysis of 2006 data by the Federal Bureau of Infrastructure, Transport and Regional Economics indicated that in Queensland alone the cost was $3.55 billion. These social costs include fatalities, hospitalised and non-hospitalised injuries and property damage.

This problem is magnified when considered on a global scale. Imagine the concern and call for action if a global pandemic occurred that killed on an annual basis nearly 1.3 million people and affected a further 50 million people. Yet this is the hard truth about road trauma and with road traffic injuries the number one worldwide cause of death for young people and a forecast of road traffic deaths to rise to 1.9 million by 2020, the United Nations is leading the call for action. The United Nations has proclaimed 2011-2020 the Decade of Action for Road Safety. Officially launched on 11 May 2011 in more than 90 countries, it is an opportunity globally to reflect on ways to make our roads and communities safer.

The goal for the decade is to stabilise and reduce the number of road traffic fatalities around the world by 2020. The Commission will partner with key stakeholders to determine how to most effectively play its part in this global initiative.

Road crashes are preventable. Given the significant impact on individuals, their families and the wider community, investment in road safety has been a focus since the Commission started back in 1994. Primarily this has been achieved through a partnership with the Queensland University of Technology in the establishment and funding of the Centre of Accident Research and Road Safety (CARRS-Q).

# OUR PERFORMANCE (CONTINUED)

## Centre of Accident Research and Road Safety (CARRS-Q)

CARRS-Q was established in 1996 as a joint initiative of the Commission and Queensland University of Technology (QUT). The aim of establishing this research centre was to stimulate study, initiate research and projects, provide education and assist in the promotion of injury prevention and road safety. Today fifteen years on, CARRS-Q is now internationally renowned as a reputable research centre in the field of road accident causation and prevention and the minimisation of the social and economic costs associated with road trauma.

One of CARRS-Q's main commitments during the current funding period was to undertake state and national research priorities that provide an evidence base to influence future Government and industry policies and practices. Between 2006 – 2010 CARRS-Q's research has contributed to the implementation of the following highly significant road safety initiatives in Queensland in association with key road safety stakeholders including Department of Transport and Main Roads (DTMR), Queensland Police Service (QPS) and Emergency Services.

- Introduction of random roadside drug testing in December 2007 on a full time basis which was based largely on trial testing undertaken by CARRS-Q in conjunction with QPS. Based on saliva testing, cannabis, speed and ecstasy can be detected. By mid 2010, QPS reported that after two and a half years of testing approximately 630 offenders have been detected.
- Provision of specific advice to DTMR concerning best options for implementing alcohol ignition interlocks for high level or repeat drink drivers in Queensland. This advice was based on a series of trials from CARRS-Q's researchers and contributed to the Queensland Government ratifying legislation around the use of these interlocks in August 2010.
- Contributing to the introduction of the new Graduated Licensing Scheme for novice drivers in Queensland from 1 July 2007 through being an invited expert panellist, contributing to the development of the Young Driver safety discussion paper and engaging a PhD student to research the effectiveness of this Scheme.
- Being heavily involved in the development of the Queensland Motorcycle Safety Strategy from 2009-2012 which articulates the Queensland Government's commitment to improving safety for motorcyclists on our roads. In particular CARRS-Q's research into the risk and exposure of riders licensed through existing learner riding programs has led to several legislated enhancements in the learner rider area being introduced. Data from the Queensland Trauma Registry's 2009 report on serious injury shows of the 3,915 people admitted to public hospitals captured by this Registry, 1,236 or (31%) were motorcycle riders.

The Centre's expertise and reputation were again highlighted with the recent announcement by the Transport Minister, Annastacia Palaszczuk, to include Professor Barry Watson, Director of CARRS-Q on the expert panel on separate reviews on the licensing rules surrounding older drivers and Queensland's driving test known as Q-SAFE.

CARRS-Q also has a dedicated research program in Occupational Safety and from this research has developed fleet safety products, education programs and interventions to counter the incidence of these accidents. Queensland Trauma Registry's 2009 Serious Injury Report highlighted the need to focus on occupational safety as approximately a quarter of those admitted to hospital as a result of a road crash were on work related business.

The Centre's occupational safety interventions have been delivered to organisations from the rail, power, mining and policing sectors as well as commercial businesses and Government organisations such as Q-Fleet which manages the Queensland government pool of vehicles. Organisations who have utilised these products developed by CARRS-Q have reported reductions in the frequency of accidents.

CARRS-Q's research agenda also incorporates a focus on the use of technology and information systems, in order to test both existing and future technologies from a road safety perspective. The acquisition of an advanced driving simulator which was commissioned in 2010 has been a significant coup for CARRS-Q. The Commission was a contributory funder to this $1.5 million simulator which will enable CARRS-Q's researchers to study driving behaviour that would not be practically, logistically or ethically possible under normal road conditions.

During the current funding term, CARRS-Q's research has contributed to the introduction in Queensland of random roadside drug testing, the implementation of alcohol interlocks, a new graduated licensing scheme for young drivers and the development of a targeted motorcycle safety strategy.

# OUR PERFORMANCE (CONTINUED)

***Educational Programs***

In addition to its research programs, a key priority of CARRS-Q is in the area of education. Fifteen years ago when the Centre was established there were very few Australian trained post graduate students with qualifications in road safety.

Today as a result of offering Graduate Certificate and Diploma in Road Safety courses, CARRS-Q is helping to foster expertise in road safety by providing specialist, multi-disciplinary training. In addition to the Graduate Certificate/Diploma, particular units within these courses are also offered in short course mode. Included in these short courses are the Road Safety audit course and the Road Safety evaluation methods course.

Three road safety units are also being offered as part of QUT's School of Psychology and Counselling's Bachelor of Behavioural Science and have proven to be highly successful in generating interest around road safety amongst undergraduate students.

Overall CARRS-Q has had 21 PhD and four Masters students complete their studies which have substantially added to the pool of road safety researchers in Australia including within its own ranks. Students who have obtained these qualifications have gone on to work in the road safety policy area with several currently employed in senior positions in DTMR directly shaping policy on key road safety issues. Recently CARRS-Q has established an Alumni program to maintain links between current and former staff and students.

From a concept that was given seed funding in the mid 1990s to the Centre that exists today, the Commission is proud of its association with CARRS-Q and the contribution it has made to improving safety on our roads. In 2010 the Queensland road toll was the lowest on record since 1951.

While this decline can be attributed to a number of factors including the economic cycle and improved vehicle and road infrastructure, the Queensland Government's efforts in strengthening existing counter measures and implementing road safety policies has also made a significant contribution. This is reflected by the reduction in fatalities caused by drink driving, speeding, fatigue, young drivers, heavy vehicle and motorcycle riders, all of which have been key research priorities of CARRS-Q.

The Commission is currently working with CARRS-Q to consider future funding options and priorities which can be explored and may lead to further reductions of the number of crashes on our roads.

### Relationship with DTMR

In Queensland, DTMR is the lead agency in relation to road safety. In recent years the Commission has strengthened its relationship with DTMR in terms of providing funding for research into mutually beneficial topics including unlicensed driving and unregistered vehicles, motorcycle safety and an evaluation of the introduction of the graduated licensing program for young drivers.

Further information on these issues is of immense value to the Commission as unlicensed drivers and unregistered vehicles are a direct cost to the community as the costs of any claims made by an injured third party against those driving unregistered vehicles are paid by all motor vehicle owners through the Nominal Defendant levy which is included in the CTP premium. Unregistered vehicles also represent a loss of revenue for DTMR which could be used to invest in the ongoing maintenance and upgrades of road infrastructure to improve safety.

Research into motorcycle safety and young drivers is also of relevance as both of these groups continue to be highly represented in crash data and in the case of young drivers over represented in CTP claims data.

The Commission's staff are also represented on key DTMR committees including the Queensland Road Safety Advisory Group and Queensland Motorcycle Safety Advisory group. Through these forums Commission staff provided feedback into the National Road Safety Strategy. This Strategy which was released by the Commonwealth Government in May 2011 is framed by the guiding vision that no person should be killed or seriously injured on Australia's roads. As a step towards this long-term vision, the strategy presents a 10-year plan to reduce the annual numbers of both deaths and serious injuries on Australian roads by at least 30 per cent.

The Commission has further strengthened its relationship with DTMR by its recent commitment to join the Academic Strategic Transport Alliance (ASTRA). Established over a decade ago originally as a partnership between DTMR, Queensland Rail and other stakeholders, ASTRA provides a forum in which transport related research can be undertaken. Chairs of research have been established at the University of Queensland, Queensland University of Technology and Griffith University and have to date conducted research focused on road engineering, public transport and traffic congestion.

The Commission's involvement in ASTRA will be the impetus to introduce a specific road safety focus to this research forum and as such represents an opportunity for the Commission to develop and influence researchers in the road safety field.

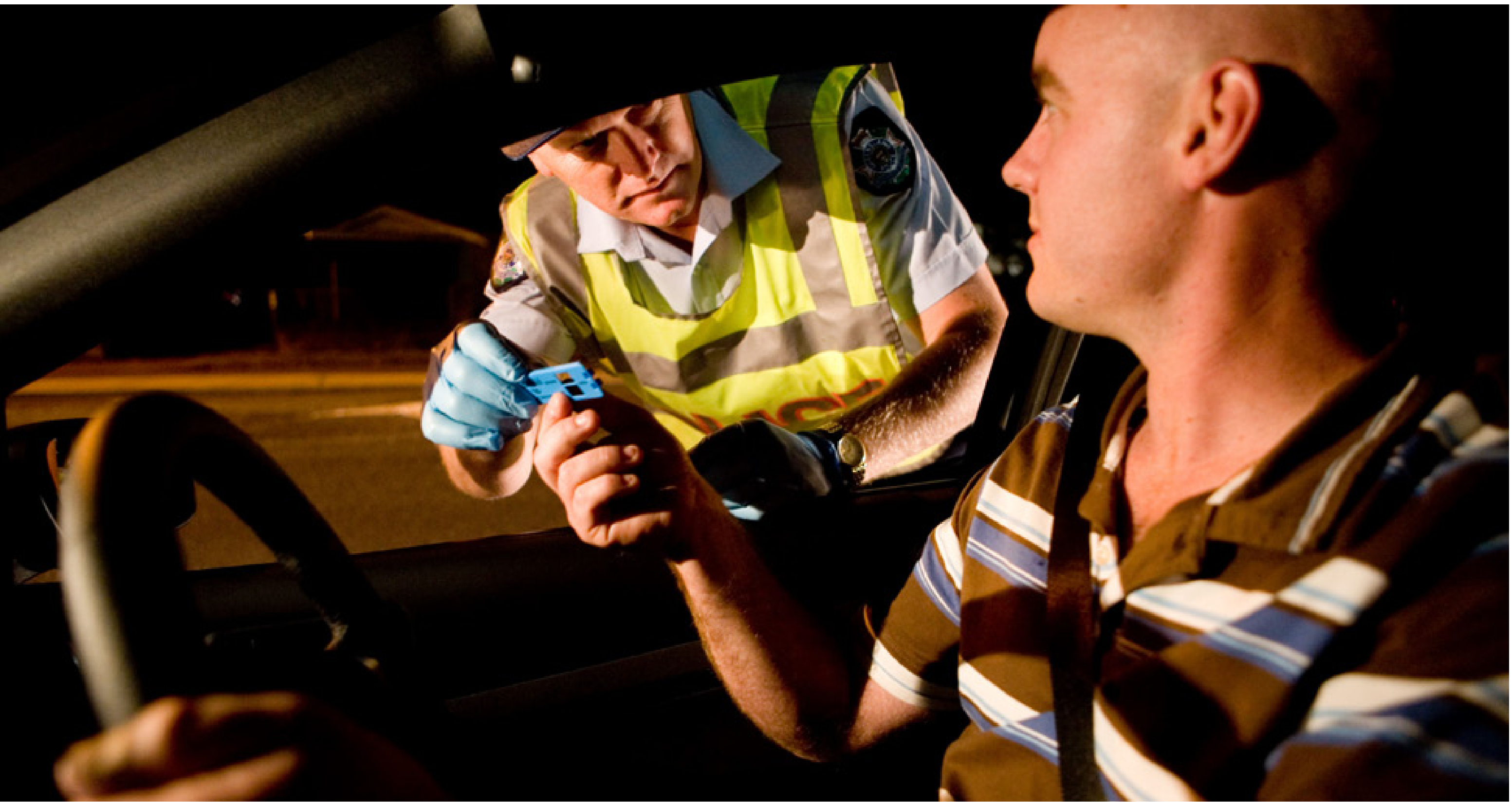


**Photo courtesy of Queensland Police Service.**

## Conclusion

With the recent launch of the United Nations Decade of Road Safety from 2011-2020 and the release of the National Road Safety Strategy, there is considerable momentum and interest around road safety. The Commission's future challenge is to use these two initiatives and their targets as a framework for our investment strategy in road safety and injury prevention with the aim of delivering direct benefits to Queensland's CTP scheme as well as the wider community.

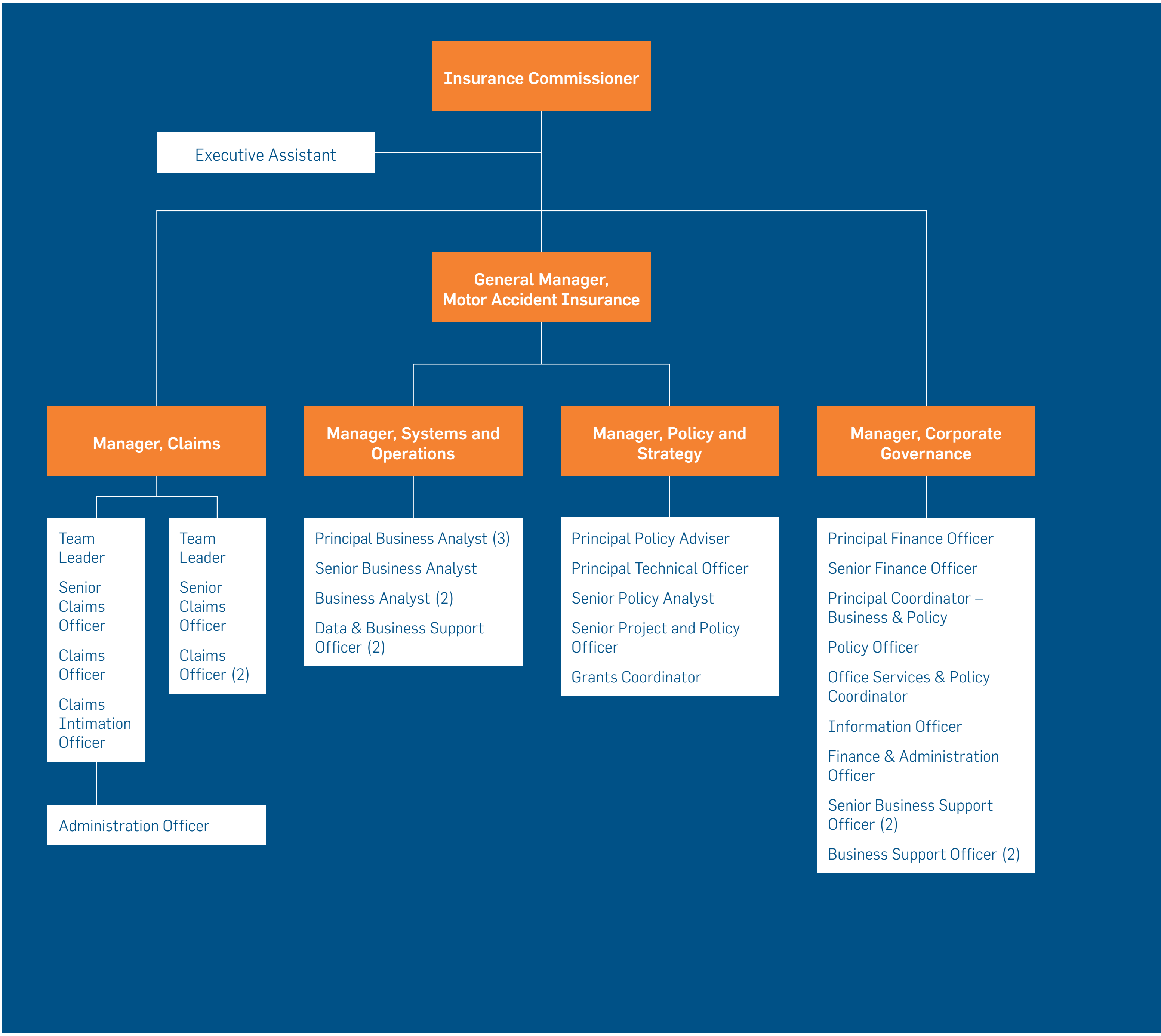
However there is also a real opportunity for each and every one of us as community members to play our part in meeting the United Nations' targets of significantly reducing the road toll and serious injury rates by 2020. By taking personal responsibility for our actions and making the right choices on our roads we can all contribute to making a real difference.

The Commission's future challenge is to use current momentum and interest around road safety as a framework for our investment strategy in road safety and injury prevention to deliver direct benefits to Queensland's CTP Scheme as well as the wider community.

# OUR PEOPLE

## Our structure

### Management and organisational structure



# Our Leadership Team

**Left to right:** Neil Singleton, Kim Birch, Fanny Lau, Cathy Pilecki, Lina Lee, Michael Jarrett

### Insurance Commissioner

**Neil Singleton**, B. Business (Insurance), MBA, ANZIIF (Fellow), CIP, GAICD

Appointed as Insurance Commissioner in December 2010. Prior to this appointment Neil acquired over 30 years insurance experience across a broad range of management and executive positions including 14 years at Suncorp.

Neil's responsibilities include providing strong strategic leadership to ensure a viable, affordable and equitable CTP scheme in Queensland.

### General Manager, Motor Accident Insurance

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

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

### Manager, Systems and Operations

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

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

### Manager, Policy and Strategy

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

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

### Manager, Corporate Governance

**Lina Lee**, B.Com, CA

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

### Manager, Claims

**Michael Jarrett**

Appointed to the Commission in 2010, Mike's responsibilities include the efficient and effective day to day management of the claims function of the Nominal Defendant. His roles within the Commission have encompassed the provision of strategic advice and the development and implementation of claims management initiatives. Mike has extensive operational insurance experience and prior to his appointment to the Commission held a number of management positions within the personal injury claims environment.

# OUR PEOPLE (CONTINUED)

At the Commission, we are committed to achieving our vision and our business objectives and it is our highly motivated and skilled people that enable us to make this happen. We continuously ensure our staff is provided with the necessary training/knowledge including a work environment that is challenging and flexible in order to retain a diverse range of skills across the office. Today our teams include people with expertise in insurance, claims management, systems, finance and injury management.

### Recruitment

In 2010-11, our workforce remained stable with the only staff member to permanently leave the organisation being the former Insurance Commissioner, John Hand who retired in August 2010. A few permanent staff members are also currently on secondments or extended leave and as a result it was necessary to recruit temporary staff to fill these vacancies. As required by the State Government, our recruitment processes are now fully compliant with the Capabilities Leadership Framework (CLF). Training in this new framework was made available to all Commission staff.

### Development

We remain committed to providing our staff with access to learning and development opportunities that enhance work skills and knowledge. Employees are encouraged and supported to apply for study assistance in the form of financial support for approved studies or time away from work to attend lectures and exams.

In 2010-11, staff undertook formal study in the following fields:

- Australian and New Zealand Institute of Insurance and Finance certificate and diplomas in General Insurance
- Masters of Information Technology
- Bachelor of Accounting

Staff also had the opportunity to attend short form courses and seminars on topics of interest including insurance, actuarial, financial, information technology and Queensland Parliamentary training.

This year we continued the internal claims development program aimed at existing AO5/AO6 staff. The purpose of the program is to help staff develop their knowledge of claims and insurance fundamentals. Matthew Waugh participated in this program. Matthew is a Grants Coordinator in the Policy and Strategy Team.

The online training modules on the Motor Accident Insurance Act are now fully functional and feedback from staff have been positive. As part of our commitment to personal and professional development, staff are also encouraged to attend courses relevant to their work area as well as in areas of development to enable them to relieve within the Commission.

A Workforce Planning Committee made up of senior managers ensures we have the correct skills mix to deliver our business objectives. Moving forward, the Executive Management Group will be identifying capability and capacity gaps in order to develop strategies to skill our workforce for future challenges.

'Participating in this Claims Development Program was a valuable experience for me having had previous limited experience in the claims field. I acquired further knowledge of key legislation and most importantly got the opportunity to obtain practical, hands on experience in managing claims ranging right from the receipt of the claim to attending settlement conferences'.

From left Nominal Defendant staff Nicole Newson and Adriaan Swanepoel.

### Retention

At the Commission, we appreciate the increasing importance of flexible work arrangement options for our people in maintaining a diverse, adaptive and high performance workforce. We recognise that flexible work options can also assist in attracting and retaining valuable skills and is an important contribution to the participation of diverse groups in our workforce.

This year in continuing to ensure a safe and healthy work environment for our people, a workplace assessment was completed for the Nominal Defendant with recommendations for improvement which will be implemented in the next financial year.

Staff are also supported to maintain currency on first aid training and provided with the opportunity to attend free health checks and annual flu vaccinations.

### Carers (Recognition) Act 2008

The Commission values and supports the carers in our workforce in achieving work-life balance. We are guided by Treasury's policies with respect to staff entitlements under this Act and ensure that our staff has access to flexible leave and work practices and a range of information and services to help them as carers.

Staff are encouraged to participate in Treasury initiatives which are broadcast via e-messaging and also through the intranet. They also have access to Treasury's 'carer's room' which provides a comfortable, well-equipped environment with full network and internet access so that staff can care for their dependants at work should the need arise.

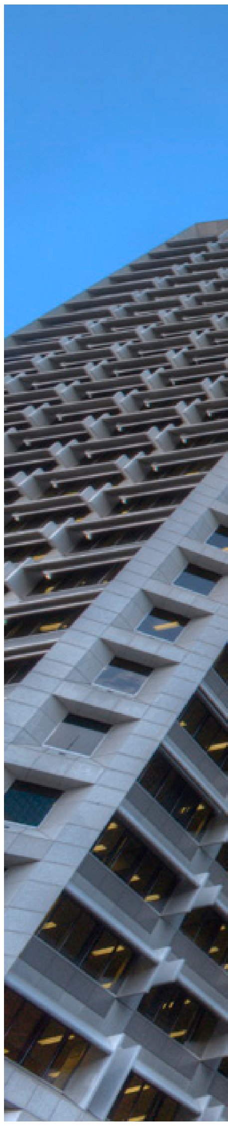
### Code of Conduct

We value and promote a fair, safe and ethical work environment. We conduct our operations with integrity and fairness, ensuring our staff adopt the highest ethical standards of behaviour in carrying out their responsibilities. The Commission adhered to Treasury's Code of Conduct until December 2010 and our staff undertook mandatory online Code of Conduct training which reflected Crime and Misconduct Commission best practice guidelines.

From 1 January 2011, Treasury adopted the new whole-of-Government Code of Conduct and staff at the Commission have been made aware of this through email and via the intranet. It is anticipated that training for Treasury's senior executives is being developed for delivery from September 2011 with the aim that training for all staff would be available from August 2012.

| Workforce Statistics as at 30 June 2011 | |
|---|---|
| Full-time equivalents | 34.2 |
| Permanent retention rate | 97.56 % |
| Permanent separation rate | 2.44 % |
| Voluntary Early Retirements and Deployments | 0 |

# MANAGING OUR BUSINESS



## Managing our business

Corporate Governance is the system by which our business is managed to ensure optimum outcomes are achieved. It provides both structure and rigour to govern transparent and effective decision making that minimises risk of mismanagement within the organisation. The effectiveness of our governance is evidenced in our achievements throughout this report with its foundations in the following areas.

### Legislation

Legislation governs our operations. Our primary piece of legislation is the *Motor Accident Insurance Act 1994* (MAIA) and its subsequent amendments. Under this legislation, the Insurance Commissioner constitutes the Motor Accident Insurance Commission.

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

The Insurance Commissioner reports to the State Parliament through the Minister for Finance, Natural Resources and the Arts and prepares an annual report, as required by the MAIA and the *Financial Accountability Act 2009* (FAA).

### Audit

Our governance framework incorporates both internal and external accountability measures.

Treasury provides internal audit services to the Commission and the Nominal Defendant. When working with the Commission and the Nominal Defendant the internal audit's aim is to assess financial and administrative control systems and to make recommendations regarding the effectiveness of the systems.

The results of internal audits are reported to the Under Treasurer and include opinions regarding the adequacy and effectiveness of financial, operational, administrative and computer controls.

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

In 2010-11, recommendations from the audit carried out in the last financial year on the Nominal Defendant have been finalised and implemented as required.

Externally, the Commission and Nominal Defendant are audited by the Queensland Audit Office in accordance with the FAA. The Commission and Nominal Defendant have achieved unqualified audits since the Commission commenced operations in 1994.

### Risk management

Risk management forms an integral part of our decision-making, planning, policy development and regulatory activities. Our risk management philosophy is aided by Treasury, which provides us with a framework for regularly reviewing the importance, probability and treatment of risks.

Significant risks are recorded in the Commission and Nominal Defendant's risk register, and managed through the strategic and business planning processes. The risk register is reviewed on a six monthly basis and it is also reviewed annually by the external auditors.

We have developed and maintained a business continuity plan to respond to defined risk events. This ensures business processes continue with minimal adverse impact on the CTP scheme. The Commission's business continuity plan is tested annually. Specifics of this plan were implemented during the January 2011 floods which affected Brisbane's CBD area in which the Commission's office is located.

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

## Information systems and record keeping

Effective record keeping is fundamental to good business as they are evidence of business activities, transactions and decisions. In addition to managing records as a dependable resource, the Commission's staff aim to create and capture complete and accurate records in both paper and electronic form. They are managed until they have completed their lifecycle where they are archived and disposed of in accordance with the Queensland State Archives Retention and Disposal schedule.

During this financial year we embarked on a significant project to more effectively link our paper and electronic record keeping systems. This project has also increased accessibility to hard copy records by storing them in closer proximity to the work areas utilising them.

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

# MANAGING OUR BUSINESS (CONTINUED)

## Our Levies and Administration Fee

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

### The Statutory Insurance Scheme Levy

The Statutory Insurance Scheme Levy covers the estimated operating costs of administering the *Motor Accident Insurance Act 1994* (MAIA) and also provides funding for research into accident prevention and injury mitigation. From 1 July 2010, the Levy increased by 5 cents to $1.80 per policy to offset the costs of systems development. For the 2010-11 year, the Levy collected income of $6.408 million. From 1 July 2011, the Statutory Insurance Scheme Levy will increase by an additional 5 cents to $1.85 per policy to meet general increases in operational expenses for the Commission.

### The Nominal Defendant Levy

The Nominal Defendant Levy, which varies by vehicle class, covers the estimated costs of the Nominal Defendant scheme which provides funds to pay for claims relating to uninsured or unidentified vehicles. The Levy is set having regard to an actuarial assessment of claim trends. From 1 July 2010, the Levy for Class 1 vehicles was $17.20. This was decreased to $13.20 following the elimination of the HIH levy on 1 October 2010. In 2010/11 approximately $50.188 million was collected.

### The Hospital and Emergency Services Levy

The Hospital and Emergency Services Levy is designed to cover a reasonable proportion of the estimated cost of providing public hospital and public emergency services to people who are injured in motor vehicle accidents, who use such services and who are claimants or potential claimants under the CTP scheme.

The Levy amount calculated varies by vehicle class. From 1 July 2010, the Hospital and Emergency Services Levy increased by $1.15 to $14.40 for Class 1 vehicles. Proceeds from this levy are then apportioned to Queensland Health and the Department of Community Safety.

### The Administration Fee

The Administration Fee is the fee payable to the Department of Transport and Main Roads for delivering administrative support for the CTP scheme. From 1 July 2010, the Fee remained at $7.60 per policy. In the 2010-11 year, $29.733 million was collected. From 1 July 2011, the Administration Fee has been increased by 10 cents per policy to $7.70 to meet increasing mail processing, staff and transaction costs.

### Nominal Defendant Performance

The collapse of HIH Insurance in 2001 required the Nominal Defendant to assume responsibility for claims liabilities in excess of $400 million. Since June 2006, Nominal Defendant has recovered funds on an increasing scale of up to 75 cents in the dollar from the HIH Liquidator. This is a pleasing outcome and reflects the continued diligence of Nominal Defendant officers in their management of this recovery process.

With the strength of this recovery the Nominal Defendant was able to refund to MAIC in 2010/11 $57.818 million in funds that was transferred to the Nominal Defendant in December 2001 to assist in meeting these claims liabilities.

The Nominal Defendant has also repaid the Queensland Government through Queensland Treasury $187.598 million that was borrowed at the time of the HIH collapse, in accordance with the deed of indemnity to fund shortfalls for the assumed HIH CTP liabilities.

# OUR STATISTICS

# Statistical information 2010-11

## Major legislative changes impacting on the Queensland CTP Scheme

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

| Legislation | Commencement | Key features |
|---|---|---|
| *Motor Accident Insurance Act 1994* | 1 September 1994 | • Provided a legislative framework around the existing common law process.<br>• Key objectives:<br>- Provide for the licensing and supervision of CTP motor vehicle insurers<br>- Encourage the speedy resolution of claims<br>- Promote and encourage the rehabilitation of injured persons<br>- Establish and keep a register of claims to help administer the statutory insurance scheme. |
| *Motor Accident Insurance Amendment Act 1999* | 14 December 1999 | • Prohibited touting |
| *Motor Accident Insurance Amendment Act 2000* | 1 July 2000 &<br>1 October 2000 | • Competitive premium filing model<br>• Simplified Notice of Accident Claim Form<br>• Introduction of a medical certificate<br>• Requirement for insurers to make early decision on rehabilitation<br>• Thresholds for recovery of legal costs<br>• A mediation process for rehabilitation disputes<br>• Requirement to report accidents to Police<br>• Compulsory pre-proceedings conference |
| *Civil Liability Act 2003* | 2 December 2002 | • Introduction of prescribed injury scale value from 0-100 points with corresponding amounts for general damages<br>• Consistency between assessments for general damages awarded |
| *Civil Liability and Other Legislation Amendment Act 2010* | 1 July 2010 | • Re-based and facilitates the future indexation of monetary amounts including the legal cost thresholds and caps on general damages |
| *Motor Accident Insurance and Other Legislation Amendment Act 2010* | 1 October 2010 | • Reduced delivery and acquisition costs by banning commissions and inducements paid by insurers to third parties. |

The majority of the data represented in the statistical section is based on accidents from 2 December 2002 to 30 June 2011. Further data is available on the Commission's website. This information is updated on a regular basis.

# Statistical information 2010-11

## Insured vehicles by class

(Registrations as at 30 June 2011)

| Class | Description | Vehicles | % |
|---|---|---|---|
| 1 | Cars and station wagons | 2,433,688 | 68.00% |
| 2 | Motorised homes | 11,926 | 0.33% |
| 3 | Taxis | 2,710 | 0.08% |
| 4 | Hire vehicles | 38,750 | 1.08% |
| 5 | Vintage, veteran, historic or street rods | 18,239 | 0.51% |
| 6 | Trucks, utilities and vans with a GVM of 4.5t or less | 685,000 | 19.14% |
| 7 | Trucks, prime movers and vans with a GVM > 4.5t | 70,663 | 1.97% |
| 8 | Non-commercial buses | 5,469 | 0.15% |
| 9 | Buses for school/health use | 3,660 | 0.10% |
| 10A | Buses not in class 8, 9 or 10B but used within 350 km of base | 2,621 | 0.07% |
| 10B | Buses under Translink service contract other than school or restricted school service | 2,062 | 0.06% |
| 11 | Buses not in class 8, 9, 10A or 10B | 5,669 | 0.16% |
| 12 | Motorcycles with driver only | 55,464 | 1.55% |
| 13 | Motorcycles with pillion passenger or side car | 107,315 | 3.00% |
| 14 | Tractors | 24,873 | 0.69% |
| 15 | Self-propelled machinery, fire engines | 8,603 | 0.24% |
| 16 | Ambulances | 1,030 | 0.03% |
| 17 | Motor vehicles used only for primary production | 38,973 | 1.09% |
| 19 | Limited access registration | 36,368 | 1.02% |
| 20 | Zone access registration | 10,542 | 0.29% |
| 21 | Self-propelled machinery not in classes 14, 15, 19 or 20 | 8,096 | 0.23% |
| 23 | Dealer plates | 5,250 | 0.15% |
| 24 | Trailers | 2,117 | 0.06% |
| **Total** | | **3,579,088** | **100.00%** |

## Premium levy and fee collection

(1 July 2010 to 30 June 2011)

| Description | $ ('000) |
|---|---|
| **Total insurance premiums collected *** | **1,250,347** |
| Nominal Defendant levy | -50,188 |
| Statutory insurance scheme levy | -6,408 |
| Hospital and emergency services levy | -50,839 |
| Administration fee (Transport fee) | -29,733 |
| Insurers' premiums # | **1,113,179** |

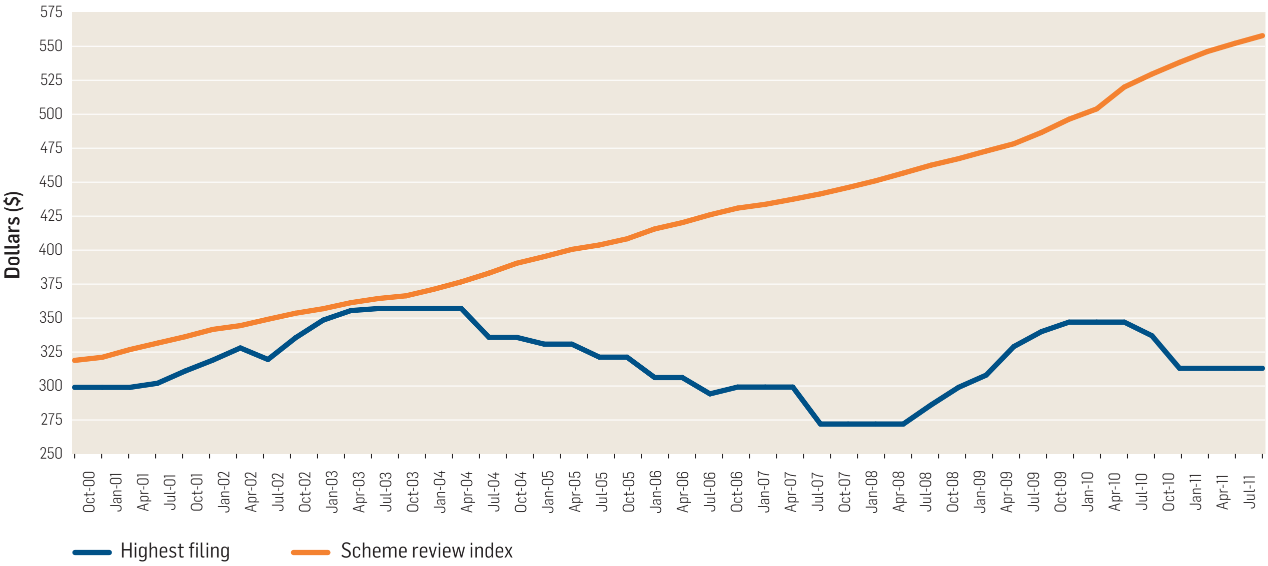
Note: * Net of cancellations
# Includes GST

### Distribution of hospital and emergency services levy

| | $ ('000) |
|---|---|
| Hospital | -36,833 |
| Emergency | -14,006 |
| | -50,839 |

# Statistical information 2010-11

## Scheme review index vs highest filed Class 1 CTP Premium




Note: The scheme review index, also known as the affordability index is 45% of the seasonally adjusted amount of Queensland full-time adult person's ordinary time weekly earnings averaged over the last four quarters as declared by the Australian Bureau of Statistics.

## Average Class 1 filed premium

| Insurer | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|---|---|---|
| AAMI | $339.75 | $357.00 | $322.80 | $301.45 | $290.95 | $272.00 | $305.50 | $344.00 | $317.50 |
| Allianz | $339.75 | $357.00 | $326.05 | $303.95 | $292.20 | $270.50 | $302.50 | $344.50 | $315.25 |
| NRMA | $339.75 | $357.00 | $320.80 | $299.70 | $281.90 | $259.30 | $300.15 | $345.25 | $319.00 |
| QBE | $334.25 | $353.25 | $325.10 | $301.78 | $281.80 | $263.80 | $300.70 | $345.25 | $319.00 |
| RACQI | $339.50 | $357.00 | $330.05 | $305.70 | $295.70 | $272.00 | $305.50 | $345.25 | $319.00 |
| Suncorp | $337.50 | $355.75 | $324.30 | $303.70 | $292.20 | $272.00 | $305.50 | $345.25 | $319.00 |

Note: Average Class 1 filed premiums include levies.

# Statistical information 2010-11

## Claim frequency and claim propensity

(Accidents from 1 September 1994 to 30 June 2011)

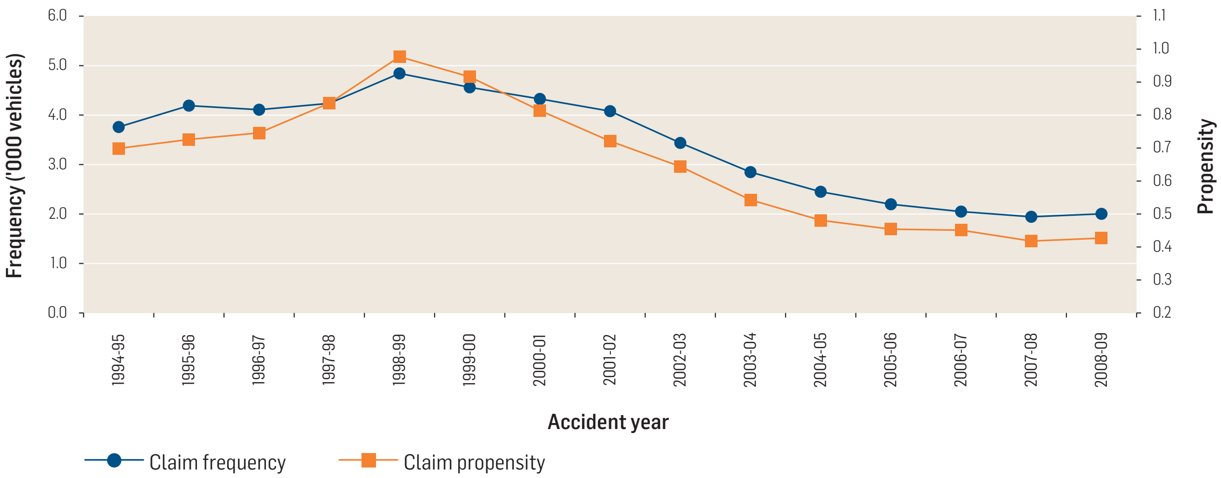
| Accident year | Registered vehicles at 30 June | Claims (all claims) | Claim frequency * | Claim propensity # (QLD accident claims only) |
|---|---|---|---|---|
| 1994-95 | 1,924,108 | 7,233 | 3.8 | 0.7 |
| 1995-96 | 2,144,564 | 8,988 | 4.2 | 0.7 |
| 1996-97 | 2,194,471 | 9,017 | 4.1 | 0.7 |
| 1997-98 | 2,264,086 | 9,593 | 4.2 | 0.8 |
| 1998-99 | 2,343,820 | 11,349 | 4.8 | 1.0 |
| 1999-00 | 2,390,744 | 10,905 | 4.6 | 0.9 |
| 2000-01 | 2,452,849 | 10,613 | 4.3 | 0.8 |
| 2001-02 | 2,529,256 | 10,318 | 4.1 | 0.7 |
| 2002-03 | 2,629,702 | 9,040 | 3.4 | 0.6 |
| 2003-04 | 2,758,280 | 7,853 | 2.8 | 0.5 |
| 2004-05 | 2,893,849 | 7,089 | 2.4 | 0.5 |
| 2005-06 | 3,026,987 | 6,651 | 2.2 | 0.5 |
| 2006-07 | 3,176,383 | 6,508 | 2.0 | 0.5 |
| 2007-08 | 3,324,485 | 6,463 | 1.9 | 0.4 |
| 2008-09 | 3,422,572 | 6,857 | 2.0 | 0.4 |
| 2009-10 | 3,492,388 | 6,201 | | |
| 2010-11 | 3,579,088 | 4,465 | | |

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

# Claim propensity is measured as the ratio of claims (Queensland accident claims) against the number of overall casualties (casualty severity classification 1 to 3) recorded in Queensland as per the Webcrash statistics, provided by the Department of Transport and Main Roads on 19 July 2011. Casualty data is immature for the recent accident years and is not included.

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

## Claim frequency and claim propensity



# Statistical information 2010-11

## Number of accidents by region

(Accidents from 2 December 2002 to 30 June 2011)

| Accident date | 2 Dec 2002 - 30 Jun 2003 | | 1 Jul 2003 - 30 Jun 2004 | | 1 Jul 2004 - 30 Jun 2005 | | 1 Jul 2005 - 30 Jun 2006 | | 1 Jul 2006 - 30 Jun 2007 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Accidents | % | Accidents | % | Accidents | % | Accidents | % | Accidents | % |
| Brisbane | 2,064 | 51.7% | 3,294 | 51.8% | 2,884 | 49.9% | 2,786 | 50.8% | 2,675 | 49.8% |
| Other SE QLD Region | 1,179 | 29.5% | 1,828 | 28.8% | 1,677 | 29.0% | 1,543 | 28.2% | 1,572 | 29.2% |
| Regional QLD Region | 571 | 14.3% | 958 | 15.1% | 958 | 16.6% | 884 | 16.1% | 880 | 16.4% |
| Interstate | 180 | 4.5% | 273 | 4.3% | 258 | 4.5% | 266 | 4.9% | 249 | 4.6% |
| **Total** | **3,994** | **100.0%** | **6,353** | **100.0%** | **5,777** | **100.0%** | **5,479** | **100.0%** | **5,376** | **100.0%** |

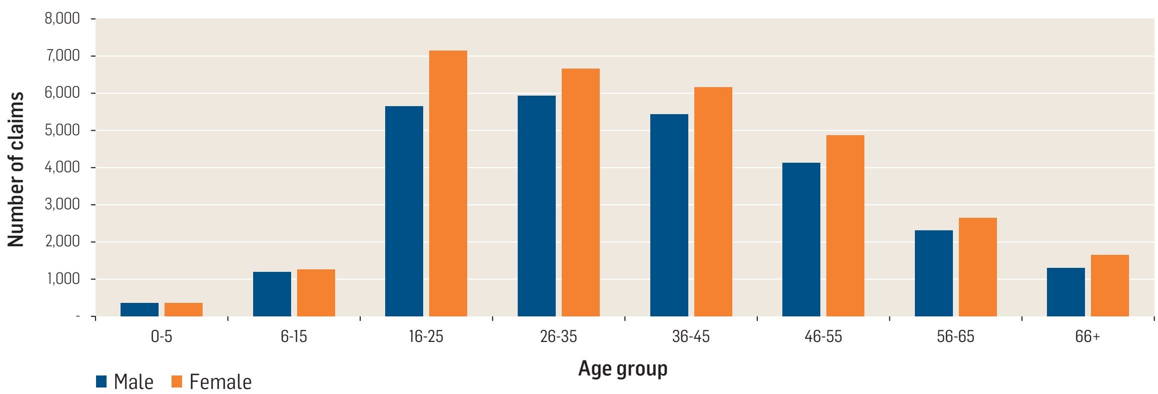
| Accident date | 1 Jul 2007 - 30 Jun 2008 | | 1 Jul 2008 - 30 Jun 2009 | | 1 Jul 2009 - 30 Jun 2010 | | 1 Jul 2010 - 30 Jun 2011 | |
|---|---|---|---|---|---|---|---|---|
| | Accidents | % | Accidents | % | Accidents | % | Accidents | % |
| Brisbane | 2,599 | 49.0% | 2,832 | 50.4% | 2,567 | 50.3% | 1,857 | 49.1% |
| Other SE QLD Region | 1,590 | 30.0% | 1,629 | 29.0% | 1,453 | 28.5% | 1,154 | 30.5% |
| Regional QLD Region | 844 | 15.9% | 883 | 15.7% | 813 | 15.9% | 568 | 15.0% |
| Interstate | 271 | 5.1% | 274 | 4.9% | 268 | 5.3% | 202 | 5.3% |
| **Total** | **5,304** | **100.0%** | **5,618** | **100.0%** | **5,101** | **100.0%** | **3,781** | **100.0%** |

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

## Age group of claimants by gender

(All claims for accidents from 2 December 2002 to 30 June 2011 where relevant details are available)

| Age group | Male | Female | Total | % |
|---|---|---|---|---|
| 0-5 | 362 | 361 | 723 | 1.3% |
| 6-15 | 1,197 | 1,254 | 2,451 | 4.3% |
| 16-25 | 5,652 | 7,136 | 12,788 | 22.4% |
| 26-35 | 5,930 | 6,657 | 12,587 | 22.1% |
| 36-45 | 5,428 | 6,162 | 11,590 | 20.3% |
| 46-55 | 4,120 | 4,871 | 8,991 | 15.8% |
| 56-65 | 2,305 | 2,649 | 4,954 | 8.7% |
| 66+ | 1,300 | 1,656 | 2,956 | 5.2% |
| **Total** | **26,294** | **30,746** | **57,040** | **100.0%** |

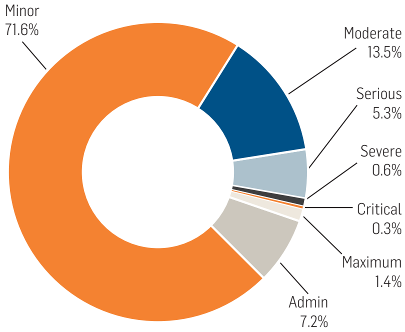


# Statistical information 2010-11

## Claim severity

(Finalised claims for accidents from 2 December 2002 to 30 June 2011)

| AIS severity * | Description | Claims | % |
|---|---|---|---|
| 1 | Minor | 31,479 | 71.6% |
| 2 | Moderate | 5,940 | 13.5% |
| 3 | Serious | 2,349 | 5.3% |
| 4 | Severe | 273 | 0.6% |
| 5 | Critical | 141 | 0.3% |
| 6 | Maximum # | 605 | 1.4% |
| 9 | Admin ^ | 3,148 | 7.2% |
| | **Total** | **43,935** | **100.0%** |




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

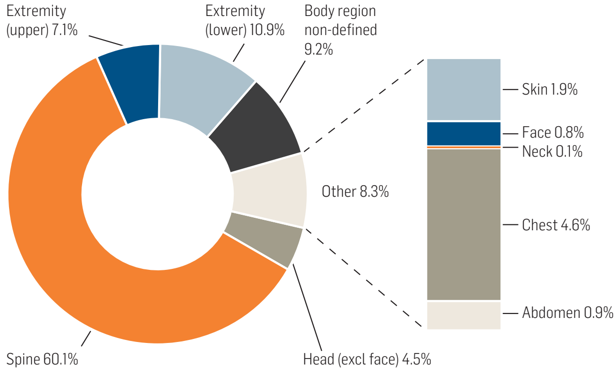
# Maximum severity is predominantly fatalities.

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

## Injury by body region

(Finalised claims for accidents from 2 December 2002 to 30 June 2011)

| Body region | Claims | % |
|---|---|---|
| Skin | 844 | 1.9% |
| Head (excl. face) | 1,956 | 4.5% |
| Face | 337 | 0.8% |
| Neck * | 24 | 0.1% |
| Chest | 2,038 | 4.6% |
| Abdomen | 392 | 0.9% |
| Spine | 26,406 | 60.1% |
| Extremity (upper) | 3,122 | 7.1% |
| Extremity (lower) | 4,790 | 10.9% |
| Body region non-defined # | 4,026 | 9.2% |
| **Total** | **43,935** | **100.0%** |




Note: Body Regions are based on AIS 2005.

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

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

# Statistical information 2010-11

### Notice of claim lodgements – cumulative

(Accidents from 1 September 1994 to 30 June 2011)

| | Duration between accident and claim lodgement (in months) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Accident year** | **3** | **6** | **9** | **12** | **15** | **18** | **21** | **24** | **27** | **30** | **33** | **36+** |
| 1994-95 | 1,851 | 3,404 | 5,646 | 6,449 | 6,663 | 6,787 | 6,871 | 6,936 | 6,989 | 7,045 | 7,079 | 7,233 |
| 1995-96 | 2,734 | 4,891 | 7,254 | 8,175 | 8,364 | 8,488 | 8,586 | 8,634 | 8,692 | 8,750 | 8,798 | 8,988 |
| 1996-97 | 3,294 | 5,558 | 7,545 | 8,137 | 8,351 | 8,475 | 8,547 | 8,634 | 8,710 | 8,773 | 8,848 | 9,017 |
| 1997-98 | 4,026 | 6,306 | 8,091 | 8,719 | 8,922 | 9,046 | 9,157 | 9,254 | 9,321 | 9,391 | 9,436 | 9,593 |
| 1998-99 | 5,288 | 7,867 | 9,764 | 10,405 | 10,633 | 10,761 | 10,892 | 10,971 | 11,061 | 11,140 | 11,190 | 11,349 |
| 1999-00 | 5,106 | 7,428 | 9,273 | 9,957 | 10,201 | 10,379 | 10,485 | 10,575 | 10,645 | 10,706 | 10,737 | 10,905 |
| 2000-01 | 7,022 | 8,688 | 9,605 | 9,951 | 10,151 | 10,268 | 10,343 | 10,401 | 10,443 | 10,481 | 10,512 | 10,613 |
| 2001-02 | 7,403 | 8,773 | 9,384 | 9,653 | 9,769 | 9,861 | 9,987 | 10,090 | 10,160 | 10,191 | 10,220 | 10,318 |
| 2002-03 | 6,384 | 7,546 | 8,101 | 8,357 | 8,534 | 8,728 | 8,815 | 8,859 | 8,903 | 8,933 | 8,959 | 9,040 |
| 2003-04 | 5,314 | 6,378 | 6,919 | 7,173 | 7,329 | 7,500 | 7,602 | 7,667 | 7,718 | 7,759 | 7,782 | 7,853 |
| 2004-05 | 4,699 | 5,655 | 6,120 | 6,270 | 6,347 | 6,433 | 6,600 | 6,750 | 6,897 | 6,973 | 7,012 | 7,089 |
| 2005-06 | 4,345 | 5,185 | 5,644 | 5,836 | 5,931 | 6,001 | 6,153 | 6,375 | 6,529 | 6,565 | 6,591 | 6,651 |
| 2006-07 | 4,094 | 5,036 | 5,542 | 5,752 | 5,913 | 6,112 | 6,289 | 6,352 | 6,381 | 6,423 | 6,436 | 6,508 |
| 2007-08 | 4,103 | 4,954 | 5,648 | 5,911 | 6,048 | 6,139 | 6,202 | 6,280 | 6,337 | 6,380 | 6,421 | 6,463 |
| 2008-09 | 4,608 | 5,555 | 6,136 | 6,435 | 6,600 | 6,694 | 6,765 | 6,813 | 6,837 | 6,846 | 6,854 | 6,857 |
| 2009-10 | 4,188 | 5,206 | 5,852 | 6,063 | 6,170 | 6,189 | 6,200 | 6,201 | | | | |
| 2010-11 | 3,647 | 4,258 | 4,452 | 4,465 | | | | | | | | |

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

### Claims by insurer

(Accidents from 2 December 2002 to 30 June 2011)

| Accident date | 2 Dec 2002 - 30 Jun 2003 | | | 1 Jul 2003 - 30 Jun 2004 | | | 1 Jul 2004 - 30 Jun 2005 | | | 1 Jul 2005 - 30 Jun 2006 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Claims received | Liability determined | Claims finalised | Claims received | Liability determined | Claims finalised | Claims received | Liability determined | Claims finalised | Claims received | Liability determined | Claims finalised |
| AAMI | 259 | 100.0% | 98.8% | 363 | 99.7% | 100.0% | 383 | 100.0% | 97.9% | 404 | 100.0% | 97.8% |
| Allianz | 1,093 | 99.1% | 99.0% | 1,663 | 98.8% | 97.5% | 1,440 | 99.0% | 96.3% | 1,447 | 99.3% | 93.9% |
| Nom. Defend. | 169 | 99.4% | 91.7% | 248 | 97.6% | 94.4% | 202 | 97.0% | 91.1% | 173 | 98.8% | 95.4% |
| NRMA | 110 | 100.0% | 100.0% | 112 | 100.0% | 98.2% | 135 | 100.0% | 100.0% | 171 | 100.0% | 98.8% |
| QBE | 183 | 100.0% | 99.5% | 295 | 99.3% | 99.0% | 253 | 96.8% | 98.0% | 232 | 99.1% | 98.3% |
| RACQI | 652 | 97.4% | 99.2% | 1,044 | 97.7% | 98.4% | 898 | 97.6% | 97.7% | 828 | 97.5% | 96.3% |
| Suncorp | 2,604 | 99.1% | 98.3% | 4,128 | 99.3% | 97.9% | 3,778 | 99.4% | 96.5% | 3,396 | 99.1% | 94.1% |
| **Total** | **5,070** | **99.0%** | **98.5%** | **7,853** | **98.9%** | **97.9%** | **7,089** | **98.9%** | **96.7%** | **6,651** | **99.0%** | **94.9%** |

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

# Statistical information 2010-11

## Rates of legal representation and litigation

(Accidents from 2 December 2002 to 30 June 2011)

| Accident date | 2 Dec 2002 - 30 Jun 2003 | 1 Jul 2003 - 30 Jun 2004 | 1 Jul 2004 - 30 Jun 2005 | 1 Jul 2005 - 30 Jun 2006 | 1 Jul 2006 - 30 Jun 2007 | 1 Jul 2007 - 30 Jun 2008 | 1 Jul 2008 - 30 Jun 2009 | 1 Jul 2009 - 30 Jun 2010 | 1 Jul 2010 - 30 Jun 2011 |
|---|---|---|---|---|---|---|---|---|---|
| Claims | 5,070 | 7,853 | 7,089 | 6,651 | 6,508 | 6,463 | 6,857 | 6,201 | 4,465 |
| % Finalised | 98.5% | 97.9% | 96.7% | 94.9% | 90.1% | 80.8% | 64.4% | 35.5% | 10.2% |
| % Legal rep | 81.1% | 77.0% | 73.3% | 71.8% | 72.9% | 73.3% | 74.0% | 74.0% | 71.8% |
| % Litigated | 6.2% | 5.5% | 4.8% | 5.7% | 7.1% | 6.4% | 3.5% | 1.0% | 0.0% |

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

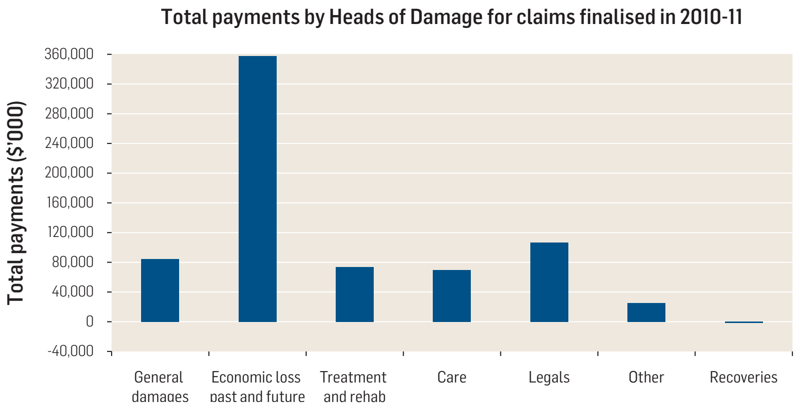
| | 1 Jul 2006 - 30 Jun 2007 | | | 1 Jul 2007 - 30 Jun 2008 | | | 1 Jul 2008 - 30 Jun 2009 | | | 1 Jul 2009 - 30 Jun 2010 | | | 1 Jul 2010 - 30 Jun 2011 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Claims received | Liability determined | Claims finalised | Claims received | Liability determined | Claims finalised | Claims received | Liability determined | Claims finalised | Claims received | Liability determined | Claims finalised | Claims received | Liability determined | Claims finalised |
| | 395 | 99.2% | 91.1% | 350 | 99.7% | 80.9% | 357 | 99.7% | 60.8% | 306 | 99.3% | 40.5% | 261 | 76.6% | 11.5% |
| | 1,266 | 99.5% | 88.9% | 1,330 | 98.6% | 81.6% | 1,325 | 98.7% | 66.0% | 1,248 | 97.6% | 37.3% | 909 | 78.1% | 14.3% |
| | 204 | 99.0% | 82.8% | 214 | 99.1% | 78.5% | 189 | 97.4% | 56.1% | 230 | 99.1% | 23.5% | 131 | 50.4% | 11.5% |
| | 186 | 100.0% | 94.1% | 309 | 100.0% | 85.1% | 437 | 100.0% | 70.9% | 439 | 98.6% | 51.9% | 272 | 85.7% | 16.2% |
| | 307 | 99.7% | 92.5% | 341 | 100.0% | 88.6% | 444 | 99.5% | 70.3% | 468 | 98.3% | 42.7% | 317 | 71.3% | 17.4% |
| | 872 | 98.2% | 91.3% | 946 | 96.8% | 82.0% | 1,011 | 96.8% | 63.9% | 892 | 96.3% | 33.2% | 648 | 57.7% | 7.3% |
| | 3,278 | 98.8% | 90.0% | 2,973 | 98.4% | 78.8% | 3,094 | 98.7% | 63.0% | 2,618 | 97.7% | 31.8% | 1,927 | 76.8% | 7.0% |
| | **6,508** | **99.0%** | **90.1%** | **6,463** | **98.5%** | **80.8%** | **6,857** | **98.6%** | **64.4%** | **6,201** | **97.7%** | **35.5%** | **4,465** | **73.6%** | **10.2%** |

# Statistical information 2010-11

## Heads of damage breakdown

(Finalised claims from 1 July 2010 to 30 June 2011 for accidents from 2 December 2002 to 30 June 2011)

| | General damages | Economic loss past & future | Treatment & rehab | Care | Legals | Other * | Recoveries # | Total |
|---|---|---|---|---|---|---|---|---|
| Finalised claims ^ | 5,556 | 5,020 | 6,282 | 1,531 | 4,460 | 5,860 | 107 | **6,821** |
| % Finalised payments | 11.8% | 50.0% | 10.3% | 9.7% | 14.9% | 3.5% | -0.2% | **100.0%** |
| Total payments ($'000) | 84,622 | 357,713 | 73,493 | 69,414 | 106,455 | 25,070 | -1,712 | **715,056** |




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

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

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

## Claim payments on finalised claims

(Accidents from 2 December 2002 to 30 June 2011)

| Payment type | Accident date Code/s | 2 Dec 2002 - 30 Jun 2003 Payments ($'000) | % | 1 Jul 2003 - 30 Jun 2004 Payments ($'000) | % | 1 Jul 2004 - 30 Jun 2005 Payments ($'000) | % | 1 Jul 2005 - 30 Jun 2006 Payments ($'000) | % |
|---|---|---|---|---|---|---|---|---|---|
| Aids & appliances | A1 (inc. RJ) | 1,494 | 0.6% | 1,180 | 0.3% | 1,808 | 0.4% | 751 | 0.2% |
| Care | C1 | 19,725 | 8.1% | 40,414 | 9.4% | 43,213 | 9.1% | 43,894 | 9.4% |
| Economic loss - past | E1 | 31,133 | 12.9% | 51,349 | 11.9% | 55,856 | 11.8% | 53,724 | 11.5% |
| Economic loss - future | E2 | 83,859 | 34.6% | 154,676 | 35.9% | 185,426 | 39.2% | 187,931 | 40.1% |
| General damages | G1 | 42,951 | 17.7% | 68,843 | 16.0% | 71,936 | 15.2% | 68,074 | 14.5% |
| Home & vehicle modifications | H1 | 215 | 0.1% | 577 | 0.1% | 1,018 | 0.2% | 1,085 | 0.2% |
| Investigation costs | L1 | 7,699 | 3.2% | 12,390 | 2.9% | 11,457 | 2.4% | 11,551 | 2.5% |
| Legal costs - plaintiff | L2 | 20,495 | 8.5% | 38,785 | 9.0% | 42,874 | 9.1% | 44,772 | 9.6% |
| Legal costs - defendant | L4, L5, L6 | 14,935 | 6.2% | 21,135 | 4.9% | 16,636 | 3.5% | 15,221 | 3.3% |
| Hospital, medical, pharmaceutical & rehabilitation | M1, R1 (ex. RJ) | 22,891 | 9.5% | 43,585 | 10.1% | 46,333 | 9.8% | 47,086 | 10.1% |
| Recoveries | V1, V2, V3, V4 | -3,226 | -1.3% | -2,210 | -0.5% | -3,848 | -0.8% | -5,899 | -1.3% |
| **Total** | | **242,172** | **100.0%** | **430,723** | **100.0%** | **472,710** | **100.0%** | **468,190** | **100.0%** |

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

# Statistical information 2010-11

## Injury severity costs breakdown

(Finalised claims from 1 July 2010 to 30 June 2011 for accidents from 2 December 2002 to 30 June 2011)

| | AIS severity description | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Minor** | **Moderate** | **Serious** | **Severe** | **Critical** | **Maximum *** | **Admin #** | **Total** |
| Finalised claims ^ | 4,712 | 1,130 | 477 | 77 | 29 | 88 | 306 | **6,819** |
| % Total payments | 43.2% | 22.3% | 18.8% | 7.2% | 5.4% | 2.5% | 0.6% | **100.0%** |
| Average payment ($) | 65,517 | 141,271 | 282,021 | 669,306 | 1,322,590 | 200,621 | 15,134 | **104,862** |
| Total payments ($'000) | 308,717 | 159,636 | 134,524 | 51,537 | 38,355 | 17,655 | 4,631 | **715,055** |

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

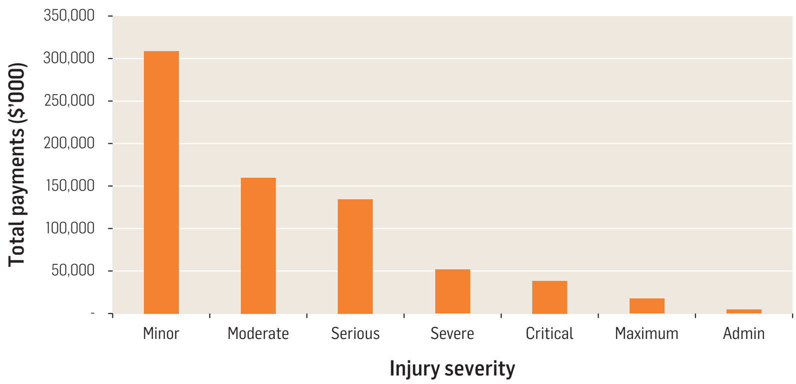
* Maximum severity is predominantly fatalities.

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

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

Injury severities are based on AIS 2005.

**Total payments by severity for claims finalised in 2010-11**




| | 1 Jul 2006 - 30 Jun 2007 | | 1 Jul 2007 - 30 Jun 2008 | | 1 Jul 2008 - 30 Jun 2009 | | 1 Jul 2009 - 30 Jun 2010 | | 1 Jul 2010 - 30 Jun 2011 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Payments ($'000)** | **%** | **Payments ($'000)** | **%** | **Payments ($'000)** | **%** | **Payments ($'000)** | **%** | **Payments ($'000)** | **%** |
| | 943 | 0.2% | 1,968 | 0.6% | 390 | 0.2% | 138 | 0.2% | 1 | 0.0% |
| | 37,046 | 8.4% | 21,899 | 6.2% | 11,326 | 4.8% | 6,790 | 9.7% | 16 | 1.0% |
| | 47,469 | 10.8% | 38,258 | 10.9% | 22,444 | 9.4% | 4,953 | 7.1% | 248 | 15.5% |
| | 181,062 | 41.3% | 148,911 | 42.3% | 108,608 | 45.7% | 29,132 | 41.7% | 232 | 14.5% |
| | 60,020 | 13.7% | 48,282 | 13.7% | 33,430 | 14.1% | 10,896 | 15.6% | 615 | 38.4% |
| | 653 | 0.1% | 211 | 0.1% | 8 | 0.0% | 15 | 0.0% | 0 | 0.0% |
| | 10,404 | 2.4% | 8,150 | 2.3% | 5,396 | 2.3% | 1,440 | 2.1% | 60 | 3.7% |
| | 47,127 | 10.7% | 39,601 | 11.2% | 27,931 | 11.7% | 7,824 | 11.2% | 5 | 0.3% |
| | 13,824 | 3.2% | 10,439 | 3.0% | 5,222 | 2.2% | 750 | 1.1% | 1 | 0.1% |
| | 41,883 | 9.5% | 35,734 | 10.1% | 23,682 | 10.0% | 7,934 | 11.4% | 423 | 26.4% |
| | -1,648 | -0.4% | -1,275 | -0.4% | -688 | -0.3% | -84 | -0.1% | 0 | 0.0% |
| | **438,783** | **100.0%** | **352,178** | **100.0%** | **237,750** | **100.0%** | **69,789** | **100.0%** | **1,602** | **100.0%** |

# Statistical information 2010-11

## Claim duration by licensed insurer

(Finalised claims for accidents from 2 December 2002 to 30 June 2011 where relevant details are available)

| | AAMI | Allianz | NRMA | QBE | RACQI | Suncorp | Average |
|---|---|---|---|---|---|---|---|
| Notification date to compliance date | 0.7 | 0.6 | 0.6 | 0.6 | 0.7 | 0.9 | 0.8 |
| Compliance date to liability decision date | 0.7 | 2.4 | 2.1 | 2.9 | 3.7 | 3.6 | 3.1 |
| Liability decision date to settlement date | 16.8 | 17.6 | 12.3 | 16.2 | 14.4 | 16.3 | 16.2 |

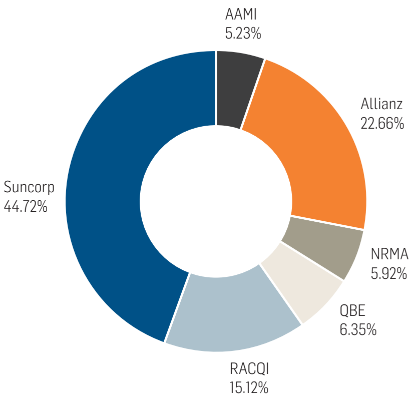
Note: Timeframes = Average in months

## Market share – licensed insurers

| Insurer | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|---|---|---|
| AAMI | 4.94% | 4.65% | 5.13% | 5.69% | 5.36% | 4.90% | 4.61% | 5.00% | 5.23% |
| Allianz | 22.89% | 22.76% | 23.24% | 23.02% | 22.96% | 22.10% | 21.69% | 22.50% | 22.66% |
| NRMA | 1.37% | 1.82% | 2.12% | 2.47% | 3.17% | 5.26% | 6.45% | 6.34% | 5.92% |
| QBE | 3.80% | 3.60% | 3.49% | 3.62% | 4.25% | 4.74% | 5.78% | 6.35% | 6.35% |
| RACQI | 12.65% | 13.63% | 13.22% | 13.51% | 14.06% | 15.19% | 15.37% | 14.94% | 15.12% |
| Suncorp | 54.35% | 53.54% | 52.80% | 51.69% | 50.20% | 47.81% | 46.10% | 44.87% | 44.72% |

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

## Market share 2010-11



# Our financial information

## Motor Accident Insurance Commission Financial Statements 2010-11

for the year ended 30 June 2011

### Contents



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

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

The head office and principal place of business of the Commission is:

Level 9, 33 Charlotte Street
GPO Box 1083
Brisbane, Queensland 4001

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

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

## Nominal Defendant Financial Statements 2010-11

for the year ended 30 June 2011

### Contents



These financial statements cover the Nominal Defendant.

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

The head office and principal place of business is:

Level 9, 33 Charlotte Street
GPO Box 2203
Brisbane, Queensland 4001

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

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

# Financial information 2010-11

## Motor Accident Insurance Commission

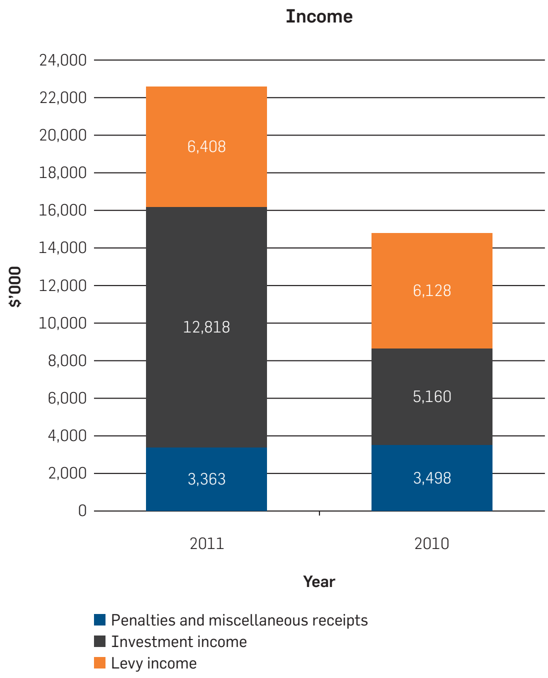
### Financial summary 2010-11

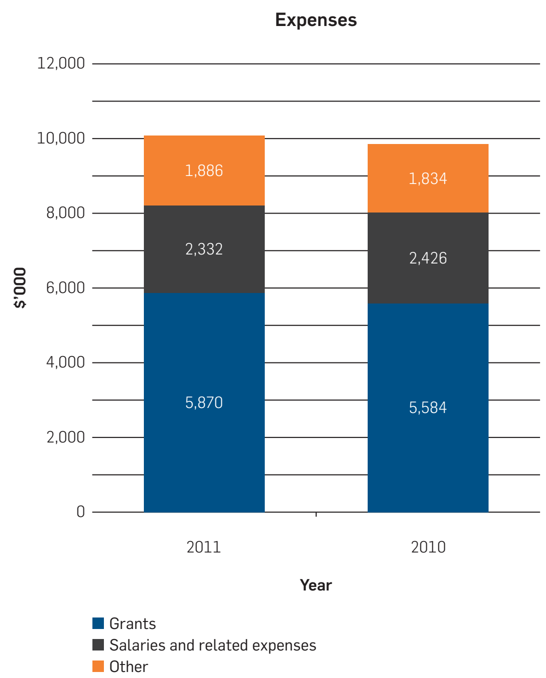
The operating surplus of the Commission for the year ended 30 June 2011 was $12.50 million compared to the prior year's operating surplus of $4.94 million. The major driver of the increase are the gains on QIC investments of $12.58 million.

With respect to the HIH insolvency and in accordance with the Deed of Indemnity between the State Government of Queensland and the Nominal Defendant, $57.82 million was reimbursed from the Nominal Defendant during 2010-11.

Income for the Commission increased this year to $22.59 million (prior year $14.79 million). The Statutory Insurance Scheme levy produced $6.41 million of the total income and was set at a rate of $1.80 per CTP policy. QIC investment income increased to $12.58 million (prior year $4.98 million) due to the recovery of the equity markets. There was a slight decrease of $0.21 million in the income from penalty receipts.

The Commission's expenses were higher than the previous year due primarily to an increase in grant expenditure which was $5.87 million (prior year $5.58 million). Details of the grant funding are provided in Appendix 5.



# Financial information 2010-11

## Motor Accident Insurance Commission

### Statement of Comprehensive Income

for the year ended 30 June 2011

| | Notes | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Income** | | | |
| Levy income | | 6,408 | 6,128 |
| Net fair value gains on financial assets | | 12,582 | 4,982 |
| Interest income | | 236 | 178 |
| Penalties and miscellaneous receipts | | 3,290 | 3,498 |
| User charges | | 73 | - |
| **Total income** | | **22,589** | **14,786** |
| **Expenses** | | | |
| Grants | | 5,870 | 5,584 |
| Employee expenses | 2, 3 | 2,332 | 2,426 |
| Supplies and services | 4 | 1,776 | 1,693 |
| Depreciation and amortisation | 5 | 43 | 62 |
| Other expenses | 6 | 67 | 79 |
| **Total expenses** | | **10,088** | **9,844** |
| **Operating result** | | **12,501** | **4,942** |
| **Other comprehensive income** | | **-** | **-** |
| **Total comprehensive income** | | **12,501** | **4,942** |

*The accompanying notes form part of these statements.*

# Financial information 2010-11

## Motor Accident Insurance Commission

### Statement of Financial Position

as at 30 June 2011

| | Notes | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 1,544 | 1,348 |
| Receivables | 8 | 191 | 139 |
| Financial assets | 9 | 11,163 | 36,088 |
| Prepayments | | 7 | 17 |
| **Total current assets** | | **12,905** | **37,592** |
| **Non-current assets** | | | |
| Financial assets | 9 | 104,207 | 10,500 |
| Plant and equipment | 10 | 37 | 38 |
| Intangible assets | 11 | - | 32 |
| **Total non-current assets** | | **104,244** | **10,570** |
| **Total assets** | | **117,149** | **48,162** |
| **Current liabilities** | | | |
| Payables | 12 | 283 | 1,621 |
| Accrued employee benefits | 13 | 217 | 187 |
| **Total current liabilities** | | **500** | **1,808** |
| **Non-current liabilities** | | | |
| Accrued employee benefits | 13 | 6 | 30 |
| **Total non-current liabilities** | | **6** | **30** |
| **Total liabilities** | | **506** | **1,838** |
| **Net assets** | | **116,643** | **46,324** |
| **Equity** | | | |
| Contributed equity | 1 (s) | 57,818 | - |
| Accumulated surplus | | 58,825 | 29,824 |
| Reserves | 14 | - | 16,500 |
| **Total equity** | | **116,643** | **46,324** |

*The accompanying notes form part of these statements.*

# Financial information 2010-11

## Motor Accident Insurance Commission

### Statement of Changes in Equity

for the year ended 30 June 2011

| | Contributed equity $'000 | Accumulated surplus $'000 | Reserves $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Balance as at 1 July 2009** | - | 25,482 | 15,900 | 41,382 |
| Operating result | - | 4,942 | - | 4,942 |
| *Other comprehensive income* | | | | |
| Transfer to reserves | | | | |
| - Accident prevention initiatives | - | (2,270) | 2,270 | - |
| - Rehabilitation initiatives | - | (3,914) | 3,914 | - |
| Transfer from reserves | | | | |
| - Accident prevention initiatives | - | 2,155 | (2,155) | - |
| - Rehabilitation initiatives | - | 3,429 | (3,429) | - |
| **Balance as at 30 June 2010** | **-** | **29,824** | **16,500** | **46,324** |
| **Balance as at 1 July 2010** | - | 29,824 | 16,500 | 46,324 |
| Operating result | - | 12,501 | - | 12,501 |
| *Other comprehensive income* | | | | |
| Transfer from reserves | | | | |
| - Income maintenance | - | 10,500 | (10,500) | - |
| - Accident prevention initiatives | - | 2,375 | (2,375) | - |
| - Rehabilitation initiatives | - | 3,625 | (3,625) | - |
| *Transactions with owners as owners:* | | | | |
| - Transfer of funds from the Nominal Defendant refer Note 1 (s) | 57,818 | - | - | 57,818 |
| **Balance as at 30 June 2011** | **57,818** | **58,825** | **-** | **116,643** |

*The accompanying notes form part of these statements.*

# Financial information 2010-11

## Motor Accident Insurance Commission

### Statement of Cash Flows

for the year ended 30 June 2011

| | Note | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| *Inflows:* | | | |
| Levy income | | 6,408 | 6,128 |
| Interest income | | 220 | 172 |
| Penalties and miscellaneous receipts | | 3,275 | 3,511 |
| User charges | | 67 | - |
| GST input tax credits from ATO | | 839 | 567 |
| GST collected from customers | | 7 | - |
| *Outflows:* | | | |
| Grants | | (7,174) | (3,781) |
| Employee expenses | | (2,323) | (2,485) |
| Supplies and services | | (1,507) | (1,541) |
| GST remitted to ATO | | (7) | - |
| GST paid to suppliers | | (850) | (485) |
| Other | | (67) | (78) |
| **Net cash (used in)/provided by operating activities** | 15 | **(1,112)** | **2,008** |
| **Cash flows from investing activities** | | | |
| *Inflows:* | | | |
| Proceeds from sale of financial assets | | 3,000 | 2,000 |
| *Outflows:* | | | |
| Payments for plant and equipment | | (10) | (30) |
| Payments for financial assets | | (59,500) | (3,000) |
| **Net cash used in investing activities** | | **(56,510)** | **(1,030)** |
| **Cash flows from financing activities** | | | |
| *Inflows:* | | | |
| Transfer of funds from the Nominal Defendant | | 57,818 | - |
| **Net cash provided by financing activities** | | **57,818** | **-** |
| **Net increase in cash and cash equivalents** | | **196** | **978** |
| Cash and cash equivalents at beginning of financial year | | 1,348 | 370 |
| **Cash and cash equivalents at end of financial year** | 7 | **1,544** | **1,348** |

*The accompanying notes form part of these statements.*

# Financial information 2010-11

## Motor Accident Insurance Commission

## Notes to and forming part of the financial statements 2010-11

**Objectives and principal activities of the Commission**

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

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

### 1 Summary of significant accounting policies

**(a) Statement of compliance**

The Commission has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Financial Reporting Requirements for the year ending 30 June 2011, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit entity. The financial statements have been prepared on a historical cost basis, except for investment securities which are shown at net market value.

**(b) The reporting entity**

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

**(c) Levy collection, contributions and penalties**

Levies received in accordance with Section 27 of the *Motor Accident Insurance Act 1994* are recognised as revenue at the time they are legally due to be paid by the Department of Transport and Main Roads to the Commission, upon receipt of monies from motorists.

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

Details on the levies collected on behalf of and distributed to Queensland Health and the Department of Community Safety are provided in Note 16.

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

**(d) Grants**

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

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(e) Cash and cash equivalents**

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June.

In accordance with AASB 107 *Statement of Cash Flows*, the recognition of Queensland Investment Corporation interest on investments, subscriptions and redemptions have been re-classified as Investing Activities in the Statement of Cash Flows. Balances have been restated in the 2009-10 comparatives for the Statement of Cash Flows and related notes.

**(f) Receivables**

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

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

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

**(g) Acquisitions of assets**

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

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

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

**(h) Plant and equipment**

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

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

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

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

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

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(j) Intangibles**

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

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

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

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

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

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

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

| Class | Rate % |
|---|---|
| *Plant and equipment:* | |
| Computer hardware | 20 – 25 |
| Office equipment | 20 |
| Leasehold improvements | 8.33 |
| *Intangibles:* | |
| Software internally generated | 20 |

**(l) Impairment of non-current assets**

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

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

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

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

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

**1. Summary of significant accounting policies – continued**

**(m) Leases**

The Commission has entered into a number of operating leases whereby the lessor effectively retains substantially the entire risks and benefits incidental to ownership. Non-cancellable operating lease commitments are disclosed under Note 17.

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

The Commission does not have any finance leases.

**(n) Financial assets**

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

**(o) Payables**

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

**(p) Financial instruments**

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

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

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

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

**(q) Employee benefits**

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

*Wages, salaries, recreation leave and sick leave*
Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement.

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(q) Employee benefits – continued**

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of the likely settlement.

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

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

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

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

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

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

*Key executive management personnel and remuneration*
Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum (issued in May 2011) to the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to Note 3 for the disclosures on key executive management personnel and remuneration.

**(r) Insurance**

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

**(s) Contributed equity**

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities. Appropriations for equity adjustments are similarly designated.

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(s) Contributed equity – continued**

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

As funds received from the liquidator exceed the Deed of Indemnity to Nominal Defendant for the assumed HIH CTP liability, the Treasurer directed the Nominal Defendant to transfer the $57,818,000 back to the Motor Accident Insurance Commission on 24 August 2010.

**(t) Reserves**

The funds in equity were sub-classified in the Statement of Financial Position, to fulfil our charter under section 10(1) of the *Motor Accident Insurance Act 1994*. These funds were to be used in the research into the cause and prevention of motor vehicle accidents and the treatment and rehabilitation of those involved in motor vehicle accidents.

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

For the financial year ended 30 June 2011, the reserves were no longer required and the balances transferred to accumulated surplus.

**(u) Taxation**

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

**(v) Issuance of financial statements**

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

**(w) Judgements and assumptions**

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

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

**(x) Rounding and comparatives**

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

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

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(y) New and revised accounting standards**

The Commission did not voluntarily change any of its accounting policies during 2010-11. Only one amendment to an Australian Accounting Standard applicable for the first time for 2010-11 was relevant to the Commission, as explained below.

AASB 2009 – 5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* included certain amendments to AASB 117 *Leases* that revised the criteria for classifying leases involving land and buildings. Consequently, the Commission was required to reassess the classification of the land elements of all unexpired leases the Commission had entered into as at 1 July 2010, on the basis of information existing at the inception of the relevant leases. The outcome of the Commission's reassessment was that no reclassification from an operating lease to a finance lease was necessary.

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

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

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]* becomes effective from reporting periods beginning on or after 1 January 2011. The Commission will then need to make changes to its disclosures about credit risk on financial instruments in note 19(c). No longer will the Commission need to disclose amounts that best represent an entity's maximum exposure to credit risk where the carrying amount of the instrument reflects this. If the Commission holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose – by class of instrument – the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by the Commission.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the Commission are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(y) New and revised accounting standards – continued**

On initial application of AASB 9, the Commission will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of transactions the Commission enters into, it is not expected that any of the Commission's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Commission's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in notes 1(p) and 19). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Commission's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]* and apply to reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "tier 2").

Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.

Pursuant to AASB 1053, public sector entities like the Commission may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledged the power of a regulator to require application of the tier 1 requirements. In the case of the Commission, the Treasury Department is the regulator. Treasury Department has advised that it's policy decision is to require all departments to adopt tier 1 reporting requirements. In compliance with Treasury's policy which prohibits the early adoption of new or revised accounting standards unless Treasury approval is granted, the Commission has not early adopted AASB 1053.

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

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **2. Employee expenses** | | |
| **Employee benefits** | | |
| Salaries and wages | 1,913 | 1,996 |
| Employer superannuation contributions* | 224 | 240 |
| Long service leave levy* | 27 | 31 |
| Other employee benefits | 28 | 28 |
| **Employee related expenses** | | |
| Workers' compensation premium* | 6 | 7 |
| Payroll tax* | 107 | 106 |
| Other employee related expenses | 27 | 18 |
| **Total** | **2,332** | **2,426** |

*Refer to Note 1(q).

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

| | 2011 | 2010 |
|---|---|---|
| Number of employees | 21.57 | 22.39 |

**3. Key executive management personnel and remuneration**

**(a) Key executive management personnel**

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Commission during 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Our People.

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 3. Key executive management personnel and remuneration – continued

**(a) Key executive management personnel – continued**

| Position | Responsibilities | Current incumbents: Contract classification and appointment authority | Current incumbents: Date appointed to position |
|---|---|---|---|
| Insurance Commissioner | The Insurance Commissioner provides strong strategic leadership, administers the QGIF, provides strategic advice to Government and ensures a viable, affordable and equitable CTP scheme in Queensland. | Contract classification SES3.4 appointed under the *Public Service Act 2008* and Governor in Council, in accordance with section 7 of the *Motor Accident Insurance Act 1994*. | 6 December 2010<br>(Prior incumbent resigned 20 August 2010) |
| General Manager, Motor Accident Insurance | The General Manager, Motor Accident Insurance is responsible for leading the effective oversight of Queensland's CTP scheme ensuring affordable premiums to motorists and appropriate compensation to injured parties. | Contract classification SES2.1 appointed under common law contract of employment in accordance with section 8(2) of the *Motor Accident Insurance Act 1994*. | 30 January 2006 |
| Manager, Corporate Governance | The Manager, Corporate Governance is responsible for implementing and maintaining strong governance practices including the delegated responsibility for the financial administration of the Commission. | Contract classification SO.3 appointed under the *Public Service Act 2008*. | 13 February 2006 |

**(b) Remuneration**

Remuneration policy for the Commission's key executive management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of perfomance-related cash bonuses and other benefits including motor vehicles.

For the 2010-11 year, remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits which include:
  - Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
  - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments 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.
- Performance payments are not applicable.

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 3. Key executive management personnel and remuneration – continued

**(b) Remuneration – continued**

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

The remuneration includes remuneration in connection with the management of Nominal Defendant and the Queensland Government Insurance Fund.

***1 July 2010 to 30 June 2011***

| Position (date resigned if applicable) | Short term employee benefits | | Long term employee benefits $'000 | Post employment benefits $'000 | Termination benefits $'000 | Total remuneration $'000 |
|---|---|---|---|---|---|---|
| | Base $'000 | Non-monetary benefits $'000 | | | | |
| Insurance Commissioner (resigned 20/08/10) | 21 | - | - | 3 | 185 | 209 |
| Acting Insurance Commissioner (23/8-3/12/10) | 59 | - | 1 | 5 | - | 65 |
| Insurance Commissioner (appointed 6/12/10) | 127 | - | 3 | 12 | - | 142 |
| General Manager, Motor Accident Insurance | 139 | 16 | (14) | 16 | - | 157 |
| Manager, Corporate Governance | 119 | - | (2) | 15 | - | 132 |

There were no performance bonuses paid in 2010-11 and 2009-10 years.

***1 July 2009 to 30 June 2010***

Consistent with the flexibility provided in the first year of the introduction of new reporting policies, the Commission has not included the comparative data for 2009-10. This reflects the complexity in retrospectively calculating minor movements in accrual balances for prior periods. Key executive management personnel listed in the table who occupy like for like positions received base increases in line with the Government's remuneration policy of 2.5%.

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **4. Supplies and services** | | |
| Computer facilities management fee | 398 | 447 |
| Consultants and contractors | 439 | 518 |
| Rent | 296 | 295 |
| Supplies and consumables | 209 | 199 |
| Corporate services fee | 111 | 109 |
| QIC management fee | 301 | 75 |
| Professional services | 20 | 43 |
| Other | 2 | 7 |
| **Total** | **1,776** | **1,693** |
| **5. Depreciation and amortisation** | | |
| Depreciation and amortisation were incurred in respect of: | | |
| Plant and equipment | 11 | 8 |
| Intangibles | 32 | 54 |
| **Total** | **43** | **62** |
| **6. Other expenses** | | |
| External audit fees | 19 | 19 |
| Insurance premiums – QGIF | 26 | 26 |
| Other | 22 | 34 |
| **Total** | **67** | **79** |

Total external audit fees relating to the 2010-11 financial year are estimated to be $19,500 (2009-10 $18,468). There are no non-audit services included in this amount.

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **7. Cash and cash equivalents** | | |
| Cash at bank and on hand | 1,544 | 1,348 |
| **Total** | **1,544** | **1,348** |

Interest earned on cash held with Queensland Treasury earned between 3.84% to 3.96% in 2011 (2010: 2.16% to 3.42%).

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **8. Receivables** | | |
| Accrued investment income | 65 | 49 |
| Penalties receivable | 89 | 75 |
| GST receivable | 22 | 10 |
| Other receivables | 15 | 5 |
| **Total** | **191** | **139** |
| **9. Financial assets** | | |
| **Current** | | |
| Queensland Investment Corporation investments | 11,163 | 36,088 |
| **Total** | **11,163** | **36,088** |
| **Non-current** | | |
| Queensland Investment Corporation investments | 104,207 | 10,500 |
| **Total** | **104,207** | **10,500** |
| **10. Plant and equipment** | | |
| Plant and equipment: | | |
| At cost | 159 | 178 |
| Less: accumulated depreciation | (122) | (140) |
| **Total** | **37** | **38** |

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

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| Carrying amount at 1 July | 38 | 16 |
| Acquisitions | 10 | 30 |
| Disposals | - | - |
| Depreciation | (11) | (8) |
| **Carrying amount at 30 June** | **37** | **38** |

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **11. Intangible assets** | | |
| Purchased software: | | |
| At cost | 270 | 270 |
| Less: accumulated amortisation | (270) | (238) |
| **Total** | **-** | **32** |
| Movements in the carrying amounts of intangibles between the beginning and the end of the current financial year are as follows: | | |
| Carrying amount at 1 July | 32 | 86 |
| Acquisitions | - | - |
| Disposals | - | - |
| Amortisation | (32) | (54) |
| **Carrying amount at 30 June** | **-** | **32** |
| **12. Payables** | | |
| Sundry creditors and accruals | 283 | 1,621 |
| **Total** | **283** | **1,621** |
| **13. Accrued employee benefits** | | |
| **Current** | | |
| Recreation leave | 217 | 187 |
| **Total** | **217** | **187** |
| **Non-current** | | |
| Recreation leave | 6 | 30 |
| **Total** | **6** | **30** |

The discount rate used to calculate the present value of the non-current recreation leave is 4.8% (2010: 4.5%).

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **14. Reserves** | | |
| Composition and movements | | |
| **Income maintenance** | | |
| Balance at beginning of year | 10,500 | 10,500 |
| Transfer to accumulated surplus | (10,500) | - |
| | **-** | **10,500** |
| **Accident prevention initiatives** | | |
| Balance at beginning of year | 2,375 | 2,260 |
| Transfer to accumulated surplus | (2,375) | (2,155) |
| Transfer from accumulated surplus | - | 2,270 |
| **Balance at end of year** | **-** | **2,375** |
| **Rehabilitation initiatives** | | |
| Balance at beginning of year | 3,625 | 3,140 |
| Transfer to accumulated surplus | (3,625) | (3,429) |
| Transfer from accumulated surplus | - | 3,914 |
| **Balance at end of year** | **-** | **3,625** |
| **Total** | **-** | **16,500** |
| **15. Reconciliation of operating result to net cash from operating activies** | | |
| Operating result | 12,501 | 4,942 |
| **Add/(subtract) items classified as investing activities:** | | |
| QIC management fees | 300 | 80 |
| (Increase)/decrease in net market value of investments | (12,582) | (4,982) |
| **Non-cash items:** | | |
| Depreciation | 11 | 8 |
| Amortisation | 32 | 54 |
| **Changes in assets and liabilities:** | | |
| (Increase)/decrease in prepayments | 10 | (17) |
| (Increase)/decrease in receivables | (52) | 591 |
| Increase/(decrease) in payables | (1,338) | 1,388 |
| Increase/(decrease) in accrued employee benefits | 6 | (56) |
| **Net cash from operating activities** | **(1,112)** | **2,008** |

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|

#### 16. Agency transactions

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

**Levies**

Comprise amounts collected from the Department of Transport and Main Roads on gross insurance premiums.

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| Levies collected but not remitted in the previous year | 4,218 | 4,838 |
| Hospital levy | 36,833 | 33,002 |
| Emergency Services levy | 14,006 | 12,549 |
| **Total** | **55,057** | **50,389** |

**Contributions**

Comprise payments to Queensland Health and the Department of Community Safety on account of levies received from the Department of Transport and Main Roads.

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| Hospital levy contributions | 36,669 | 33,451 |
| Emergency Services levy contributions | 13,944 | 12,720 |
| **Total** | **50,613** | **46,171** |

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

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| Hospital levy | 3,220 | 3,056 |
| Emergency Services levy | 1,224 | 1,162 |
| **Total** | **4,444** | **4,218** |

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **17. Commitments for expenditure** | | |
| **(a) Non-cancellable operating lease** | | |
| Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows: | | |
| - Not later than one year | 235 | 287 |
| - Later than one year and not later than five years | - | - |
| **Total** | **235** | **287** |

Operating leases are entered into as a means of acquiring access to office accommodation and motor vehicles. These operating leases are primarily held with the Department of Public Works for office accommodation and QFleet for motor vehicles. Payments are generally fixed with agreements containing inflation escalation clauses from which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **(b) Expenditure commitments** | | |
| Material expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows: | | |
| - Not later than one year | 841 | 453 |
| - Later than one year and not later than five years | 163 | 4 |
| **Total** | **1,004** | **457** |
| **(c) Grant commitments** | | |
| Approval has been given to various grantees in accordance with formal agreements to pay the following grants and subsidies inclusive of GST provided certain criteria are met: | | |
| - Not later than one year | 2,854 | 6,512 |
| - Later than one year and not later than five years | 2,685 | 5,068 |
| **Total** | **5,539** | **11,580** |

**18. Events occurring after the reporting period**

The Queensland Government has approved a Voluntary Separation Program (the program) for eligible employees across the Queensland Public Service. The program is pending an expression of interest stage from eligible employees and as such no formal offers have been made. The program commenced operation in July 2011.

As at 30 June 2011 the Commission is considering 8 expressions of interest. Offers made by the Commission and acceptance by employees under the program is voluntary and therefore the management committee for the program believe there is insufficient information available to determine a value of the future obligation at reporting date. Accordingly, no provision has been taken up in the Commission's financial statements.

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 19. Financial instruments

**(a) Categorisation of financial instruments**

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

| Category | Note | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | 7 | 1,544 | 1,348 |
| Receivables | 8 | 191 | 139 |
| Financial assets | 9 | 115,370 | 46,588 |
| **Total** | | **117,105** | **48,075** |
| **Financial liabilities** | | | |
| Financial liabilities measured at amortised costs: | | | |
| Payables | 12 | 283 | 1,621 |
| **Total** | | **283** | **1,621** |

**(b) Financial risk management**

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

Financial risk management is implemented pursuant to Government and Commission policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Commission.

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

| Risk exposure | Measurement method |
|---|---|
| Credit risk | Ageing analysis |
| Liquidity risk | Sensitivity analysis |
| Market risk | Interest rate sensitivity analysis |

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 19. Financial instruments – continued

**(c) Credit risk exposure**

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

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

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

| Maximum exposure to credit risk<br>Category | Note | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | 7 | 1,544 | 1,348 |
| Receivables | 8 | 191 | 139 |
| Financial assets | 9 | 115,370 | 46,588 |
| **Total** | | **117,105** | **48,075** |

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

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

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

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

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

***2011 Financial assets past due but not impaired***

| | Overdue | | | | |
|---|---|---|---|---|---|
| | Less than 30 days $'000 | 30 - 60 days $'000 | 61 - 90 days $'000 | More than 90 days $'000 | Total $'000 |
| Receivables | 191 | - | - | - | 191 |
| **Total** | **191** | **-** | **-** | **-** | **191** |

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 19. Financial instruments – continued

**(c) Credit risk exposure – continued**

***2010 Financial assets past due but not impaired***

| | Overdue | | | | |
|---|---|---|---|---|---|
| | Less than 30 days $'000 | 30 - 60 days $'000 | 61 - 90 days $'000 | More than 90 days $'000 | Total $'000 |
| Receivables | 139 | - | - | - | 139 |
| **Total** | **139** | **-** | **-** | **-** | **139** |

**(d) Liquidity risk**

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

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

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

| | | 2011 Payable in | | | Total |
|---|---|---|---|---|---|
| | | < 1 year | 1-5 years | > 5 years | |
| **Financial liabilities** | **Note** | **$'000** | **$'000** | **$'000** | **$'000** |
| Payables | 12 | 283 | - | - | 283 |
| **Total** | | **283** | **-** | **-** | **283** |

| | | 2010 Payable in | | | Total |
|---|---|---|---|---|---|
| | | < 1 year | 1-5 years | > 5 years | |
| **Financial liabilities** | **Note** | **$'000** | **$'000** | **$'000** | **$'000** |
| Payables | 12 | 1,621 | - | - | 1,621 |
| **Total** | | **1,621** | **-** | **-** | **1,621** |

# Financial information 2010-11

## Motor Accident Insurance Commission

### Notes to and forming part of the financial statements 2010-11

#### 19. Financial instruments – continued

**(e) Market risk**

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

**(f) Unit price and interest rate sensitivity analysis**

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates would change by +/- 1% from the year-end rates applicable to the Commission's financial assets. With all other variables held constant, the Commission would have a surplus and equity increase/(decrease) of $15,000 (2010: $13,000) due to interest rate risk and $1,154,000 (2010: $466,000) due to unit price risk.

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

| | | Financial impact | | | |
|---|---|---|---|---|---|
| **Cash** | **Movement in variable %** | **Profit/(loss) 2011 $'000** | **Equity 2011 $'000** | **Profit/(loss) 2010 $'000** | **Equity 2010 $'000** |
| Interest rate risk | +1 | 15 | 15 | 13 | 13 |
| | -1 | (15) | (15) | (13) | (13) |

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

| | | Financial impact | | | |
|---|---|---|---|---|---|
| **Investments** | **Movement in variable %** | **Profit/(loss) 2011 $'000** | **Equity 2011 $'000** | **Profit/(loss) 2010 $'000** | **Equity 2010 $'000** |
| Unit price risk | +1 | 1,154 | 1,154 | 466 | 466 |
| | -1 | (1,154) | (1,154) | (466) | (466) |

**(g) Fair value**

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

Level 1 - fair values that reflect unadjusted quoted prices in active markets for identical assets/liabilities;

Level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices); and

Level 3 - fair values that are derived from data not observable in a market.

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

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

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

# Financial information 2010-11

## Motor Accident Insurance Commission

### Certificate of the Motor Accident Insurance Commission

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

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

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Motor Accident Insurance Commission for the financial year ended 30 June 2011 and of the financial position of the Commission at the end of that year.

Lina Lee CA
Manager Corporate Governance

29 August 2011

Neil Singleton
Insurance Commissioner

29 August 2011

# Financial information 2010-11

## Motor Accident Insurance Commission

### Independent Auditor's Report

To the Insurance Commissioner

**Matters Relating to the Electronic Presentation of the Audited Financial Report**

The auditor's report relates to the financial report of the Motor Accident Insurance Commission (the Commission) for the financial year ended 30 June 2011 included on the Commission's website. The Commission is responsible for the integrity of its website. I have not been engaged to report on the integrity of the Commission's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Insurance Commissioner to confirm the information included in the audited financial report presented on this website. These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

**Report on the Financial Report**

I have audited the accompanying financial report of Motor Accident Insurance Commission, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Insurance Commissioner and Manager Corporate Governance.

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

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

*Auditor's Responsibility*

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

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

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

# Financial information 2010-11

## Motor Accident Insurance Commission

### Independent Auditor's Report – continued

*Independence*

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

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

*Opinion*

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

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

(b) in my opinion –

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

  (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of Motor Accident Insurance Commission for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

J Latif (CA)
As Delegate of the Auditor-General of Queensland

29 August 2011
Brisbane

# Financial information 2010-11

## Nominal Defendant

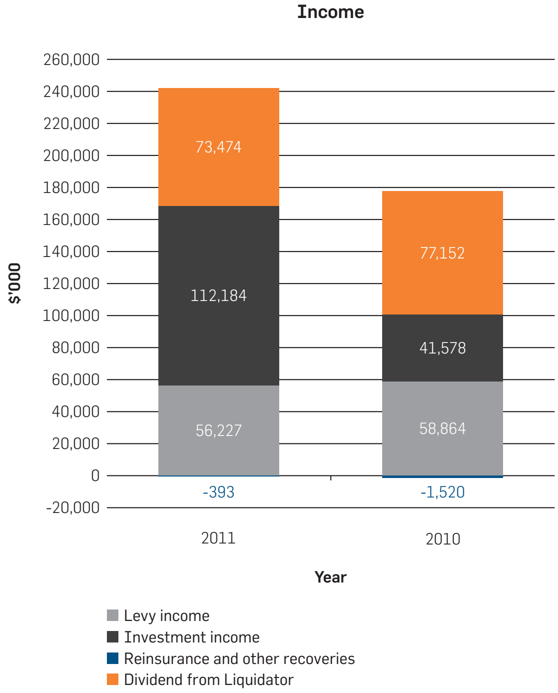
### Financial summary 2010-11

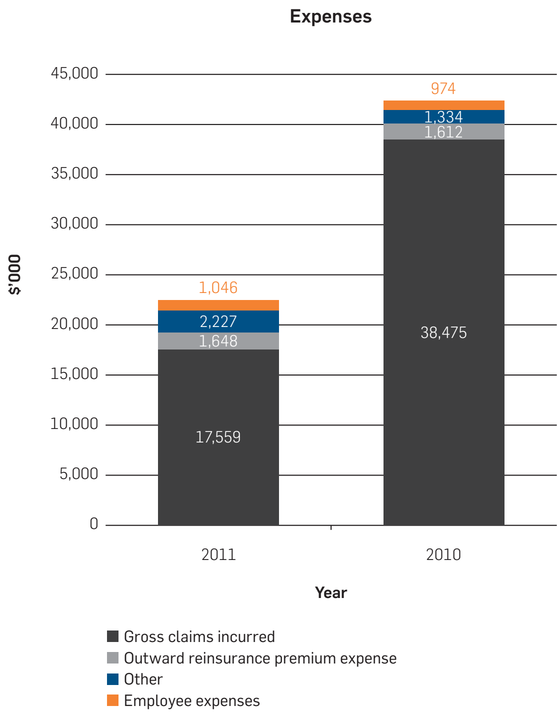
The operating surplus of the Nominal Defendant for the year ended 30 June 2011 was $177.43 million compared to the prior year's operating surplus of $133.68 million. The major driver of the increase are the dividends received from the HIH liquidation of $73.47 million (prior year $77.15 million) and gains on QIC investments of $70.44 million (prior year $41.43 million).

With respect to the HIH insolvency and in accordance with the Deed of Indemnity between the State Government of Queensland and the Nominal Defendant, $57.82 million was reimbursed to the Motor Accident Insurance Commission during 2010-11. This amount was funded by dividends received from the HIH Liquidator during 2010-11.

In relation to the normal business of the Nominal Defendant (claims relating to unidentified and uninsured vehicles under section 31 of the Act), payments on claims and associated costs during the financial year increased to $31.22 million (prior year $29.28 million). The outstanding claims liabilities were actuarially assessed and decreased by $14.41 million from the prior year to $161.47 million.

The income from the levy for the normal business of the Nominal Defendant decreased from $58.86 million to $56.23 million. The main reason for the decrease is the abolishment of the $5 HIH Levy surcharge from 1 October 2010. The Nominal Defendant levy was set at $12.40 per Class 1 policy. Claims recoveries were $0.61 million during the year, an increase from $0.38 million in the previous year.



# Financial information 2010-11

## Nominal Defendant

### Statement of Comprehensive Income

for the year ended 30 June 2011

| | Notes | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Income** | | | |
| Levy income | 2 | 56,227 | 58,864 |
| Net fair value gains on financial assets | | 70,441 | 41,430 |
| Dividends received from FAI liquidator | | 73,474 | 77,152 |
| Reinsurance and other recoveries | 3 | (393) | (1,520) |
| Interest income | | 165 | 148 |
| **Total income** | | **199,914** | **176,074** |
| **Expenses** | | | |
| Gross claims incurred | 3 | 17,559 | 38,475 |
| Outward reinsurance premium expense | 2 | 1,648 | 1,612 |
| Employee expenses | 4, 5 | 1,046 | 974 |
| Supplies and services | 6 | 2,173 | 1,259 |
| Depreciation and amortisation | 7 | 18 | 18 |
| Other | 8 | 36 | 57 |
| **Total expenses** | | **22,480** | **42,395** |
| **Operating result** | | **177,434** | **133,679** |
| **Other comprehensive income** | | **-** | **-** |
| **Total comprehensive income** | | **177,434** | **133,679** |

*The accompanying notes form part of these statements.*

# Financial information 2010-11

## Nominal Defendant

### Statement of Financial Position

as at 30 June 2011

| | Notes | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 1,704 | 2,418 |
| Receivables | 10 | 32,031 | 22,142 |
| Financial assets | 11 | 103,067 | 154,894 |
| Reinsurance and other recoveries on outstanding claims | 16 | 1,257 | 1,878 |
| Prepayments | | 5 | 7 |
| **Total current assets** | | **138,064** | **181,339** |
| **Non-current assets** | | | |
| Financial assets | 11 | 433,180 | 294,532 |
| Reinsurance and other recoveries on outstanding claims | 16 | 5,049 | 6,275 |
| Plant and equipment | 12 | 14 | 19 |
| Intangible assets | 13 | 13 | 26 |
| **Total non-current assets** | | **438,256** | **300,852** |
| **Total assets** | | **576,320** | **482,191** |
| **Current liabilities** | | | |
| Payables | 14 | 366 | 278 |
| Accrued employee benefits | 15 | 106 | 82 |
| Outstanding claims liability | 16 | 35,993 | 45,890 |
| Unearned levies | 1 (e) | 23,342 | 29,381 |
| **Total current liabilities** | | **59,807** | **75,631** |
| **Non-current liabilities** | | | |
| Accrued employee benefits | 15 | 3 | 13 |
| Outstanding claims liability | 16 | 156,244 | 165,898 |
| **Total non-current liabilities** | | **156,247** | **165,911** |
| **Total liabilities** | | **216,054** | **241,542** |
| **Net assets** | | **360,266** | **240,649** |
| **Equity** | | | |
| Contributed equity | | 124 | 57,941 |
| Accumulated surplus | | 360,142 | 182,708 |
| **Total equity** | | **360,266** | **240,649** |

*The accompanying notes form part of these statements.*

# Financial information 2010-11

## Nominal Defendant

### Statement of Changes in Equity

for the year ended 30 June 2011

| | Accumulated surplus $'000 | Contributed equity $'000 | Total equity $'000 |
|---|---|---|---|
| **Balance as at 1 July 2009** | 49,029 | 64,203 | 113,232 |
| Operating result | 133,679 | - | 133,679 |
| Other comprehensive income | - | - | - |
| *Transactions with owners as owners:* | | | |
| - State Government Equity withdrawal refer Note 1 (c) | - | (6,262) | (6,262) |
| **Balance as at 30 June 2010** | **182,708** | **57,941** | **240,649** |
| **Balance as at 1 July 2010** | 182,708 | 57,941 | 240,649 |
| Operating result | 177,434 | - | 177,434 |
| Other comprehensive income | - | - | - |
| *Transactions with owners as owners:* | | | |
| - State Government Equity withdrawal refer Note 1 (c) | - | (57,817) | (57,817) |
| **Balance as at 30 June 2011** | **360,142** | **124** | **360,266** |

*The accompanying notes form part of these financial statements*

# Financial information 2010-11

## Nominal Defendant

### Statement of Cash Flows

for the year ended 30 June 2011

| | Note | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| *Inflows:* | | | |
| Levy income | | 50,188 | 59,301 |
| Interest income | | 163 | 137 |
| Dividends received from FAI liquidator | | 62,746 | 61,964 |
| Reinsurance and other recoveries | | 2,286 | 3,510 |
| GST input tax credits from ATO | | 693 | 604 |
| *Outflows:* | | | |
| Gross claims incurred | | (37,108) | (34,244) |
| Outward reinsurance premium expense | | (1,645) | (1,602) |
| Employee expenses | | (1,019) | (999) |
| Supplies and services | | (476) | (555) |
| GST paid to suppliers | | (690) | (617) |
| Other | | (35) | (54) |
| **Net cash provided by operating activities** | 17 | **75,103** | **87,445** |
| **Cash flows from investing activities** | | | |
| *Inflows:* | | | |
| Proceeds from sale of financial assets | | 55,000 | 2,000 |
| *Outflows:* | | | |
| Payments for plant and equipment | | - | (12) |
| Payment for financial assets | | (73,000) | (72,500) |
| **Net cash used in investing activities** | | **(18,000)** | **(70,512)** |
| **Cash flows from financing activities** | | | |
| *Outflows:* | | | |
| Equity withdrawals | | - | (16,681) |
| Transfer of funds to the Motor Accident Insurance Commission | | (57,817) | - |
| **Net cash used in financing activities** | | **(57,817)** | **(16,681)** |
| **Net (decrease)/increase in cash and cash equivalents** | | **(714)** | **252** |
| Cash and cash equivalents at beginning of financial year | | 2,418 | 2,166 |
| **Cash and cash equivalents at end of financial year** | 9 | **1,704** | **2,418** |

*The accompanying notes form part of these statements.*

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

**Objectives and principal activities of the Nominal Defendant**

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

### 1. Summary of significant accounting policies

**(a) Statement of compliance**

The Nominal Defendant has prepared these financial statements in compliance with section 43(1) of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Treasury's Financial Reporting Requirements for the year ending 30 June 2011, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Nominal Defendant has applied those requirements applicable to not-for-profit entities, as the Nominal Defendant is a not-for-profit entity. The financial statements have been prepared on a historical cost basis, except for investment securities which are shown at net market value.

**(b) The reporting entity**

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

**(c) Deed of Indemnity**

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

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

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

**(d) Funding of the Nominal Defendant**

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

**(e) Levy income**

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

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

**1. Summary of significant accounting policies – continued**

**(e) Levy income – continued**

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

In accordance with AASB 1023 the recognition of earned levy is on the basis of the passage of time, commencing from the week in which motorists remit their CTP premiums to the Department of Transport and Main Roads.

Levy revenue is received from motorists via the Department of Transport and Main Roads in accordance with section 29 of the *Motor Accident Insurance Act 1994* based on a levy on gross premiums collected for Compulsory Third Party motor vehicle insurance policies. These levies are used to fund estimated costs of the Nominal Defendant scheme for the financial year and shortfalls from previous years.

The Nominal Defendant levy rate is fixed each year by regulation in accordance with section 14A(1) of the *Motor Accident Insurance Act 1994*.

The Motor Accident Insurance Commission makes a recommendation to the Minister on the levy rate after obtaining and considering actuarial advice.

**(f) Outwards reinsurance premium expense**

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

**(g) Cash and cash equivalents**

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June.

In accordance with AASB 107 *Statement of Cash Flows*, the recognition of Queensland Investment Corporation interest on investments, subscriptions and redemptions have been re-classified as Investing Activities in the Statement of Cash Flows. Balances have been restated in the 2009-10 comparatives for the Statement of Cash Flows and related notes.

**(h) Receivables**

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

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

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

**(i) Reinsurance and other recoveries on outstanding claims**

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

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(i) Reinsurance and other recoveries on outstanding claims – continued**

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

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

**(j) Acquisitions of assets**

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

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

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

**(k) Plant and equipment**

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

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

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

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

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

**(m) Intangibles**

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

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

*Purchased Software*
The purchase cost, together with any internal development costs, of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Nominal Defendant, namely 7 years.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(n) Amortisation and depreciation of intangibles and property, plant and equipment**

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

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

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

| Class | Rate % |
|---|---|
| *Plant and equipment:* | |
| Computer hardware | 20 – 25 |
| Office equipment | 20 |
| Leasehold improvements | 8.33 |
| *Intangibles:* | |
| Software internally generated | 14.29 |

**(o) Impairment of non-current assets**

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

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

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

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

**(p) Leases**

The Nominal Defendant has entered into a number of operating leases whereby the lessor effectively retains substantially the entire risks and benefits incidental to ownership. Non-cancellable operating lease commitments are disclosed under Note 18.

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

The Nominal Defendant does not have any finance leases.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(q) Financial assets**

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

**(r) Payables**

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

**(s) Outstanding claims liability**

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

Claims incurred expense and a liability for outstanding claims are recognised for claims incurred but not yet paid, incurred but not yet reported claims and anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claims files and estimating unnotified claims and settlement costs using statistics based on past experiences and trends. The liability for outstanding claims is measured as the present value of the expected future payments, reflecting the fact that all claims do not have to be paid out in the immediate future. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal and superimposed inflation.

**(t) Financial instruments**

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

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

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

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

**(u) Employee benefits**

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

*Wages, salaries, recreation leave and sick leave*
Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(u) Employee benefits – continued**

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of the likely settlement.

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

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

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

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

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

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government Sector Financial Reporting*.

*Key executive management personnel and remuneration*
Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum (issued in May 2011) to the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to Note 5 for the disclosures on key executive management personnel and remuneration.

**(v) Insurance**

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

**(w) Contributed equity**

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities. Appropriations for equity adjustments are similarly designated.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(w) Contributed equity – continued**

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

As funds received from the liquidator exceed the Deed of Indemnity to Nominal Defendant for the assumed HIH CTP liability, the Treasurer directed the Nominal Defendant to transfer $57,818,000 back to the Motor Accident Insurance Commission on 24 August 2010.

**(x) Taxation**

The Nominal Defendant is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Nominal Defendant. GST credits receivable from, and GST payable to the ATO, are recognised in the Statement of Financial Position (refer to Note 10).

**(y) Issuance of financial statements**

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

**(z) Judgements and assumptions**

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

The Nominal Defendant places high reliance on actuarial estimates provided by its actuary, Queensland Government State Actuary's Office, in calculating the reinsurance and other recoveries on outstanding claims and the outstanding claims liability as at the end of the financial year. Refer to Notes 1 (i), 1 (s) and 16.

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

**(aa) Rounding and comparatives**

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

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

**(ab) New and revised accounting standards**

The Nominal Defendant did not voluntarily change any of its accounting policies during 2010-11. Those new and amended Australian Accounting Standards that were applicable for the first time in the 2010-11 financial year and that had a significant impact on the Nominal Defendant's financial statements are as follows.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

1. **Summary of significant accounting policies – continued**

**(ab) New and revised accounting standards – continued**

AASB 2009 – 5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* included certain amendments to AASB 117 Leases that revised the criteria for classifying leases involving land and buildings. Consequently, the Nominal Defendant was required to reassess the classification of the land elements of all unexpired leases the Nominal Defendant had entered into as at 1 July 2010, on the basis of information existing at the inception of the relevant leases. The outcome of the Nominal Defendant's reassessment was that no reclassification from an operating lease to a finance lease was necessary.

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

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

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]* becomes effective from reporting periods beginning on or after 1 January 2011. The Nominal Defendant will then need to make changes to its disclosures about credit risk on financial instruments in note 20(c). No longer will the Nominal Defendant need to disclose amounts that best represent an entity's maximum exposure to credit risk where the carrying amount of the instrument reflects this. If the Nominal Defendant holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose – by class of instrument – the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by the Nominal Defendant.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the Nominal Defendant are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 1. Summary of significant accounting policies – continued

**(ab) New and revised accounting standards – continued**

On initial application of AASB 9, the Nominal Defendant will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of transactions the Nominal Defendant enters into, it is not expected that any of the Nominal Defendant's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Nominal Defendant's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in notes 1(q) and 20). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Nominal Defendant's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]* and apply to reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "tier 2").

Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.

Pursuant to AASB 1053, public sector entities like the Nominal Defendant may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledged the power of a regulator to require application of the tier 1 requirements. In the case of the Nominal Defendant, the Treasury Department is the regulator. Treasury Department has advised that it's policy decision is to require all departments to adopt tier 1 reporting requirements. In compliance with Treasury's policy which prohibits the early adoption of new or revised accounting standards unless Treasury approval is granted, the Nominal Defendant has not early adopted AASB 1053.

All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to the Nominal Defendant's activities, or have no material impact on the Nominal Defendant.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **2. Net levy income** | | |
| Levy income | 56,227 | 58,864 |
| Outward reinsurance premium expense | (1,648) | (1,612) |
| **Net levy income** | **54,579** | **57,252** |
| **3. Net claims incurred** | | |
| **(a) Claims analysis** | | |
| Gross claims incurred | 17,559 | 38,475 |
| Reinsurance and other recoveries | 393 | 1,520 |
| **Total net claims incurred** | **17,952** | **39,995** |
| **Net claims incurred attributable to Nominal Defendant** | | |
| Gross claims incurred | 16,810 | 43,851 |
| Reinsurance and claims recoveries | 52 | 621 |
| | 16,862 | 44,472 |
| **Net claims incurred attributable to FAI** | | |
| Gross claims incurred | 749 | (5,376) |
| Reinsurance and other recoveries | 341 | 899 |
| | 1,090 | (4,477) |
| **Total net claims incurred** | **17,952** | **39,995** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

**3. Net claims incurred – continued**

**(b) Claims development**

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

**Claims attributable to Nominal Defendant**

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Current Year $'000 | Prior Years $'000 | Total $'000 | Current Year $'000 | Prior Years $'000 | Total $'000 |
| **Gross claims incurred and related expenses** | | | | | | |
| Undiscounted | 50,190 | (26,003) | 24,187 | 62,469 | (17,469) | 45,000 |
| Discount | (10,470) | 3,093 | (7,377) | (11,127) | 9,978 | (1,149) |
| | 39,720 | (22,910) | 16,810 | 51,342 | (7,491) | 43,851 |
| **Reinsurance and other recoveries** | | | | | | |
| Undiscounted | 1,249 | (1,139) | 110 | 1,557 | (2,417) | (860) |
| Discount | (260) | 98 | (162) | (275) | 514 | 239 |
| | 989 | (1,041) | (52) | 1,282 | (1,903) | (621) |
| **Net claims incurred – discounted** | **38,731** | **(21,869)** | **16,862** | **50,060** | **(5,588)** | **44,472** |

**Claims attributable to FAI**

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Current Year $'000 | Prior Years $'000 | Total $'000 | Current Year $'000 | Prior Years $'000 | Total $'000 |
| **Gross claims incurred and related expenses** | | | | | | |
| Undiscounted | - | 44 | 44 | - | (7,587) | (7,587) |
| Discount | - | 705 | 705 | - | 2,211 | 2,211 |
| | - | 749 | 749 | - | (5,376) | (5,376) |
| **Reinsurance and other recoveries** | | | | | | |
| Undiscounted | - | (575) | (575) | - | (1,285) | (1,285) |
| Discount | - | 234 | 234 | - | 386 | 386 |
| | - | (341) | (341) | - | (899) | (899) |
| **Net claims incurred – discounted** | **-** | **1,090** | **1,090** | **-** | **(4,477)** | **(4,477)** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total net claims incurred – discounted** | **38,731** | **(20,779)** | **17,952** | **50,060** | **(10,065)** | **39,995** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

### 3. Net claims incurred – continued

#### (c) Claims reconciliation

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

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **Gross claims incurred attributable to Nominal Defendant** | | |
| Claims and associated settlement costs | 31,215 | 29,275 |
| Movement in outstanding claims liability | (14,405) | 14,576 |
| | **16,810** | **43,851** |
| **Gross claims incurred attributable to FAI** | | |
| Claims and associated settlement costs | 5,895 | 4,970 |
| Movement in outstanding claims liability | (5,146) | (10,346) |
| | **749** | **(5,376)** |
| **Total gross claims incurred** | **17,559** | **38,475** |
| **Reinsurance and other recoveries attributable to Nominal Defendant** | | |
| Reinsurance and other recoveries | 615 | 377 |
| Movement in reinsurance and other recoveries receivable | (667) | (998) |
| | **(52)** | **(621)** |
| **Reinsurance and other recoveries attributable to FAI** | | |
| Reinsurance and claims recoveries | 839 | 591 |
| Movement in reinsurance and other recoveries receivable | (1,180) | (1,490) |
| | **(341)** | **(899)** |
| **Total reinsurance and other recoveries** | **(393)** | **(1,520)** |
| **Net claims incurred** | **17,952** | **39,995** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **4. Employee expenses** | | |
| **Employee benefits** | | |
| Salaries and wages | 861 | 813 |
| Employer superannuation contributions* | 111 | 96 |
| Long service leave levy* | 16 | 13 |
| Other employee benefits | 1 | 1 |
| **Employee related expenses** | | |
| Workers' compensation premium* | 3 | 3 |
| Payroll tax* | 51 | 43 |
| Other employee related expenses | 3 | 5 |
| **Total** | **1,046** | **974** |

*Refer to Note 1(u).

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

| | 2011 | 2010 |
|---|---|---|
| Number of employees | 12.6 | 10.4 |

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

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **Employee benefits** | | |
| Salaries and wages | 59 | 100 |
| Employer superannuation contributions* | 8 | 15 |
| Long service leave levy* | 1 | 2 |
| Other employee benefits | - | - |
| **Employee related expenses** | | |
| Workers' compensation premium* | 1 | - |
| Payroll tax* | 4 | 7 |
| Other employee related expenses | - | - |
| **Total** | **73** | **124** |

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

| | 2011 | 2010 |
|---|---|---|
| Number of employees | 0.6 | 1.2 |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 5. Key executive management personnel and remuneration

**(a) Key executive management personnel**

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Nominal Defendant during 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Our People.

| Position | Responsibilities | Current incumbents: Contract classification and appointment authority | Current incumbents: Date appointed to position |
|---|---|---|---|
| Insurance Commissioner | The Insurance Commissioner provides strong strategic leadership, administers the QGIF, provides strategic advice to Government and ensures a viable, affordable and equitable CTP scheme in Queensland. | Contract classification SES3.4 appointed under the *Public Service Act 2008* and Governor in Council, in accordance with section 7 of the *Motor Accident Insurance Act 1994*. | 6 December 2010<br>(Prior incumbent resigned 20 August 2010) |
| General Manager, Motor Accident Insurance | The General Manager, Motor Accident Insurance is responsible for leading the effective oversight of Queensland's CTP scheme ensuring affordable premiums to motorists and appropriate compensation to injured parties. | Contract classification SES2.1 appointed under common law contract of employment in accordance with section 8(2) of the *Motor Accident Insurance Act 1994*. | 30 January 2006 |
| Manager, Corporate Governance | The Manager, Corporate Governance is responsible for implementing and maintaining strong governance practices including the delegated responsibility for the financial administration of the Commission. | Contract classification SO.3 appointed under the *Public Service Act 2008*. | 13 February 2006 |
| Manager, Claims | The Manager, Claims is responsible for the effective management and internal control of the Nominal Defendant claims management unit. | Contract classification SO.2 appointed under the *Public Service Act 2008*. | 1 July 2010 |

**(b) Remuneration**

Remuneration policy for the Commission's key executive management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of perfomance-related cash bonuses and other benefits including motor vehicles.

For the 2010-11 year, remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 5. Key executive management personnel and remuneration – continued

**(b) Remuneration – continued**

Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits which include:
  - Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
  - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments 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.
- Performance payments are not applicable.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

The remuneration includes remuneration in connection with the management of Nominal Defendant and the Queensland Government Insurance Fund.

***1 July 2010 to 30 June 2011***

| Position (date resigned if applicable) | Short term employee benefits | | Long term employee benefits $'000 | Post employment benefits $'000 | Termination benefits $'000 | Total remuneration $'000 |
|---|---|---|---|---|---|---|
| | Base $'000 | Non-monetary benefits $'000 | | | | |
| Manager, Claims | 128 | - | 4 | 15 | - | 147 |

There were no performance bonuses paid in 2010-11 and 2009-10 years.

The other three key executive management personnel are not included in this table, however, they have been included in the Motor Accident Insurance Commission financial statements under note 3.

***1 July 2009 to 30 June 2010***

Consistent with the flexibility provided in the first year of the introduction of new reporting policies, Nominal Defendant has not included the comparative data for 2009-10. This reflects the complexity in retrospectively calculating minor movements in accrual balances for prior periods. Key executive management personnel listed in the table who occupy like for like positions received base increases in line with the Government's remuneration policy of 2.5%.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **6. Supplies and services** | | |
| QIC management fee | 1,583 | 668 |
| Computer facilities management fee | 252 | 231 |
| Rent | 123 | 122 |
| Consultants and contractors | 69 | 73 |
| Corporate services fee | 96 | 93 |
| Supplies and consumables | 49 | 71 |
| Other supplies and services | 1 | 1 |
| **Total** | **2,173** | **1,259** |

**Supplies and services attributable to FAI are included in the figures listed above:**

| | | |
|---|---|---|
| Computer facilities management fee | 21 | 96 |
| Rent | 10 | 10 |
| Supplies and consumables | 2 | 7 |
| **Total** | **33** | **113** |

**7. Depreciation and amortisation**

Depreciation and amortisation were incurred in respect of:

| | | |
|---|---|---|
| Plant and equipment | 5 | 4 |
| Intangibles | 13 | 14 |
| **Total** | **18** | **18** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **8. Other expenses** | | |
| Audit fees | 35 | 34 |
| Insurance premiums – QGIF | 1 | 1 |
| Other | - | 22 |
| **Total** | **36** | **57** |

Total external audit fees relating to the 2010-11 financial year are estimated to be $35,000 (2009-10 $33,628). There are no non-audit services included in this amount.

| **Other expenses attributable to FAI are included in the figures listed above:** | | |
|---|---|---|
| Audit fees | 10 | 13 |
| **Total** | **10** | **13** |

| **9. Cash and cash equivalents** | | |
|---|---|---|
| Cash at bank and on hand | 1,704 | 2,418 |
| **Total** | **1,704** | **2,418** |

Interest earned on cash held with Queensland Treasury earned between 3.84% to 3.96% in 2011 (2010: 2.16% to 3.42%).

| **10. Receivables** | | |
|---|---|---|
| Accrued investment income | 43 | 41 |
| Sharing recoveries receivable on paid claims | 71 | 91 |
| Reinsurance recoveries on paid claims | - | 811 |
| Dividend receivable from FAI liquidator | 31,860 | 21,132 |
| GST receivable | 61 | 65 |
| Other receivables | (4) | 2 |
| **Total** | **32,031** | **22,142** |

| **Receivables attributable to FAI are included in the figures listed above:** | | |
|---|---|---|
| Sharing recoveries receivable on paid claims | 71 | 91 |
| Reinsurance recoveries on paid claims | - | 811 |
| **Total** | **71** | **902** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **11. Financial assets** | | |
| **Current** | | |
| Queensland Investment Corporation investments | 103,067 | 154,894 |
| **Total** | **103,067** | **154,894** |
| **Non-current** | | |
| Queensland Investment Corporation investments | 433,180 | 294,532 |
| **Total** | **433,180** | **294,532** |
| **12. Plant and equipment** | | |
| Plant and equipment: | | |
| At cost | 27 | 41 |
| Less: accumulated depreciation | (13) | (22) |
| **Total** | **14** | **19** |
| Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year are as follows: | | |
| Carrying amount at 1 July | 19 | 11 |
| Acquisitions | - | 12 |
| Disposals | - | - |
| Depreciation | (5) | (4) |
| **Carrying amount at 30 June** | **14** | **19** |
| **13. Intangible Assets** | | |
| Purchased software: | | |
| At cost | 219 | 219 |
| Less: accumulated amortisation | (206) | (193) |
| **Total** | **13** | **26** |
| Movements in the carrying amounts for of intangibles between the beginning and the end of the current financial year are as follows: | | |
| Carrying amount at 1 July | 26 | 40 |
| Acquisitions | - | - |
| Disposals | - | - |
| Amortisation | (13) | (14) |
| **Carrying amount at 30 June** | **13** | **26** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **14. Payables** | | |
| Sundry creditors and accruals | 366 | 278 |
| **Total** | **366** | **278** |

**Payables attributable to FAI are included in the figures listed above:**

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| Sundry creditors and accruals | 11 | 11 |
| **Total** | **11** | **11** |

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **15. Accrued employee benefits** | | |
| **Current** | | |
| Recreation leave | 106 | 82 |
| **Total** | **106** | **82** |
| **Non-current** | | |
| Recreation leave | 3 | 13 |
| **Total** | **3** | **13** |

**Accrued employee benefits attributable to FAI are included in the figures listed above:**

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **Current** | | |
| Recreation leave | 11 | 11 |
| Accrued salaries and wages | 4 | 4 |
| **Total** | **15** | **15** |
| **Non-current** | | |
| Recreation leave | 3 | 3 |
| **Total** | **3** | **3** |

The discount rate used to calculate the present value of the non-current recreation leave is 4.8% (2010: 4.5%).

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **16. Net outstanding claims** | | |
| **(a) Net outstanding claims** | | |
| **Gross outstanding claims liability:** | | |
| Current | 35,993 | 45,890 |
| Non-current | 156,244 | 165,898 |
| **Total** | **192,237** | **211,788** |
| **Reinsurance and other recoveries on outstanding claims:** | | |
| Current | 1,257 | 1,878 |
| Non-current | 5,049 | 6,275 |
| **Total** | **6,306** | **8,153** |
| **Net outstanding claims:** | | |
| Current | 34,736 | 44,012 |
| Non-current | 151,195 | 159,623 |
| **Total** | **185,931** | **203,635** |
| **Net outstanding claims attributable to the Nominal Defendant** | | |
| Gross outstanding claims/ expected future claim payments | 189,295 | 195,954 |
| Claims settlement costs | 11,027 | 11,396 |
| | 200,322 | 207,350 |
| Discount to present value | (38,851) | (31,473) |
| **Gross outstanding claims liability** | **161,471** | **175,877** |
| Current | 27,692 | 36,240 |
| Non-current | 133,779 | 139,637 |
| **Gross outstanding claims liability** | **161,471** | **175,877** |
| Reinsurance and other recoveries on outstanding claims | 5,513 | 6,019 |
| Discount to present value | (1,069) | (908) |
| **Reinsurance and other recoveries on outstanding claims** | **4,444** | **5,111** |
| Current | 762 | 1,073 |
| Non-current | 3,682 | 4,038 |
| **Reinsurance and other recoveries on outstanding claims** | **4,444** | **5,111** |
| **Net outstanding claims** | **157,027** | **170,766** |
| Central estimate | 142,752 | 155,242 |
| Risk margin | 14,275 | 15,524 |
| **Net outstanding claims** | **157,027** | **170,766** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **16. Net outstanding claims – continued** | | |
| **(a) Net outstanding claims – continued** | | |
| **Net outstanding claims attributable to FAI** | | |
| Gross outstanding claims/ expected future claim payments | 34,691 | 40,328 |
| Claims settlement costs | 1,318 | 1,531 |
| | 36,009 | 41,859 |
| Discount to present value | (5,243) | (5,948) |
| **Gross outstanding claims liability** | **30,766** | **35,911** |
| Current | 8,301 | 9,650 |
| Non-current | 22,465 | 26,261 |
| **Gross outstanding claims liability** | **30,766** | **35,911** |
| Reinsurance and other recoveries on outstanding claims | 2,200 | 3,614 |
| Discount to present value | (338) | (572) |
| **Reinsurance and other recoveries on outstanding claims** | **1,862** | **3,042** |
| Current | 495 | 805 |
| Non-current | 1,367 | 2,237 |
| **Reinsurance and other recoveries on outstanding claims** | **1,862** | **3,042** |
| **Net outstanding claims** | **28,904** | **32,869** |
| Central estimate | 24,917 | 28,335 |
| Risk margin | 3,987 | 4,534 |
| **Net outstanding claims** | **28,904** | **32,869** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 16. Net outstanding claims – continued

**(b) Actuarial assumptions**

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

| | 2011 | 2010 |
|---|---|---|
| **Assumptions attributable to the Nominal Defendant** | | |
| Inflation rate | 6.70% | 5.90% |
| Discount rate | 5.10% | 4.90% |
| Claims handling expenses | 6% | 6% |
| Risk margin | 10% | 10% |
| Weighted average expected term to settlement | 4.7 years | 3.78 years |
| **Assumptions attributable to FAI** | **2011** | **2010** |
| Inflation rate | N/A | N/A |
| Discount rate | 5.00% | 4.80% |
| Claims handling expenses | 4% | 4% |
| Risk margin | 16% | 16% |
| Weighted average expected term to settlement | 3.4 years | 3.5 years |

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

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

**Sensitivity analysis attributable to the Nominal Defendant**

| | | Financial impact | | | |
|---|---|---|---|---|---|
| **Net outstanding claims** | **Movement in variable** | **Profit/(loss) 2011 $'000** | **Equity 2011 $'000** | **Profit/(loss) 2010 $'000** | **Equity 2010 $'000** |
| Inflation rate | +1% | (4,273) | (4,273) | (4,734) | (4,734) |
| | -1% | 4,027 | 4,027 | 4,466 | 4,466 |
| Discount rate | +1% | 3,927 | 3,927 | 5,066 | 5,066 |
| | -1% | (4,273) | (4,273) | (5,434) | (5,434) |
| Claims handling expenses | +1% | (1,473) | (1,473) | (1,634) | (1,634) |
| | -1% | 1,527 | 1,527 | 1,566 | 1,566 |
| Risk margin | +1% | (1,473) | (1,473) | (1,534) | (1,534) |
| | -1% | 1,427 | 1,427 | 1,566 | 1,566 |
| Weighted average term to settlement | +0.5 years | 3,557 | 3,557 | 3,677 | 3,677 |
| | -0.5 years | (3,639) | (3,639) | (3,758) | (3,758) |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 16. Net outstanding claims – continued

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

**Sensitivity analysis attributable to FAI**

| | | Financial impact | | | |
|---|---|---|---|---|---|
| **Net outstanding claims** | **Movement in variable** | **Profit/(loss) 2011 $'000** | **Equity 2011 $'000** | **Profit/(loss) 2010 $'000** | **Equity 2010 $'000** |
| Inflation rate | +1% | N/A | N/A | N/A | N/A |
| | -1% | N/A | N/A | N/A | N/A |
| Discount rate | +1% | 803 | 803 | 969 | 969 |
| | -1% | (897) | (897) | (1,031) | (1,031) |
| Claims handling expenses | +1% | (297) | (297) | (331) | (331) |
| | -1% | 303 | 303 | 369 | 369 |
| Risk margin | +1% | (297) | (297) | (331) | (331) |
| | -1% | 203 | 203 | 269 | 269 |
| Weighted average term to settlement | +0.5 years | 654 | 654 | 709 | 709 |
| | -0.5 years | (669) | (669) | (724) | (724) |

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

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

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

Reinsurers must comply with Queensland Treasury's minimum requirement for performance guarantee under a contract (per Section 87 of the *Queensland Government Financial and Performance Management Standard 2009*) which is for the approved financial institution to have a minimum S&P rating of A-. In the 2010-11 financial year the Nominal Defendant was able to secure unlimited cover with an excess of loss retention level of $6.0 million. All reinsurers complied with Treasury's minimum requirements as specified by the Financial Management Standards.

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **17. Reconciliation of operating surplus to net cash from operating activities** | | |
| Operating surplus | 177,434 | 133,679 |
| **Add/(subtract) items classified as investing activities:** | | |
| QIC management fees | 1,583 | 667 |
| (Increase)/decrease in net market value of investments | (70,440) | (41,430) |
| **Non-cash items:** | | |
| Depreciation | 5 | 4 |
| Amortisation | 13 | 14 |
| **Changes in assets and liabilities:** | | |
| (Increase)/decrease in prepayments | 2 | (6) |
| (Increase)/decrease in receivables | (8,042) | (12,670) |
| Increase/(decrease) in payables | 124 | 39 |
| Increase/(decrease) in unearned levies | (6,039) | 437 |
| Increase/(decrease) in outstanding claims liability | (19,551) | 6,721 |
| Increase/(decrease) in accrued employee benefits | 14 | (10) |
| **Net cash from operating activities** | **75,103** | **87,445** |

**18. Commitments for expenditure**

**(a) Non-cancellable operating lease**

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

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| - Not later than one year | 121 | 119 |
| - Later than one year and not later than five years | - | - |
| **Total** | **121** | **119** |

Operating leases are entered into as a means of acquiring access to office accommodation and motor vehicles. These operating leases are primarily held with the Department of Public Works for office accommodation and QFleet for motor vehicles. Payments are generally fixed with agreements containing inflation escalation clauses from which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

**(b) Other expenditure commitments**

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

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| - Not later than one year | 287 | 278 |
| - Later than one year and not later than five years | - | - |
| **Total** | **287** | **278** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 19. Events occurring after reporting period

The Queensland Government has approved a Voluntary Separation Program (the program) for eligible employees across the Queensland Public Service. The program is pending an expression of interest stage from eligible employees and as such no formal offers have been made. The program commenced operation in July 2011.

As at 30 June 2011 the Nominal Defendant is considering 2 expressions of interest. Offers made by the Nominal Defendant and acceptance by employees under the program is voluntary and therefore the management committee for the program believe there is insufficient information available to determine a value of the future obligation at reporting date. Accordingly, no provision has been taken up in the Nominal Defendant's financial statements.

#### 20. Financial instruments

**(a) Categorisation of financial instruments**

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

| Category | Note | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | 9 | 1,704 | 2,418 |
| Receivables | 10 | 32,031 | 22,142 |
| Financial assets | 11 | 536,247 | 449,426 |
| **Total** | | **569,982** | **473,986** |
| **Financial liabilities** | | | |
| Financial liabilities measured at amortised costs: | | | |
| Payables | 14 | 366 | 278 |
| **Total** | | **366** | **278** |

**(b) Financial risk management**

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

Financial risk management is implemented pursuant to Government and Nominal Defendant policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Nominal Defendant.

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

| Risk exposure | Measurement method |
|---|---|
| Credit risk | Ageing analysis |
| Liquidity risk | Sensitivity analysis |
| Market risk | Interest rate sensitivity analysis |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 20. Financial instruments – continued

**(c) Credit risk exposure**

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.

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

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

| Maximum exposure to credit risk<br>Category | Note | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | 9 | 1,704 | 2,418 |
| Receivables | 10 | 32,031 | 22,142 |
| Financial assets | 11 | 536,247 | 449,426 |
| **Total** | | **569,982** | **473,986** |

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

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

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

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

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

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

***2011 Financial assets past due but not impaired***

| | Overdue | | | | |
|---|---|---|---|---|---|
| | Less than 30 days $'000 | 30 - 60 days $'000 | 61 - 90 days $'000 | More than 90 days $'000 | Total $'000 |
| Receivables (excluding sharing recoveries) | 31,960 | - | - | - | 31,960 |
| **Total** | **31,960** | **-** | **-** | **-** | **31,960** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 20. Financial instruments – continued

**(c) Credit risk exposure – continued**

***2010 Financial assets past due but not impaired***

| | Overdue | | | | |
|---|---|---|---|---|---|
| | Less than 30 days $'000 | 30 - 60 days $'000 | 61 - 90 days $'000 | More than 90 days $'000 | Total $'000 |
| Receivables (excluding sharing recoveries) | 22,051 | - | - | - | 22,051 |
| **Total** | **22,051** | **-** | **-** | **-** | **22,051** |

**(d) Liquidity risk**

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

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

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

| | | 2011 Payable in | | | Total |
|---|---|---|---|---|---|
| | | < 1 year | 1-5 years | > 5 years | |
| **Financial liabilities** | **Note** | **$'000** | **$'000** | **$'000** | **$'000** |
| Payables | 14 | 366 | - | - | 366 |
| **Total** | | **366** | **-** | **-** | **366** |

| | | 2010 Payable in | | | Total |
|---|---|---|---|---|---|
| | | < 1 year | 1-5 years | > 5 years | |
| **Financial liabilities** | **Note** | **$'000** | **$'000** | **$'000** | **$'000** |
| Payables | 14 | 278 | - | - | 278 |
| **Total** | | **278** | **-** | **-** | **278** |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 20. Financial instruments – continued

**(e) Market risk**

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

**(f) Unit price and interest rate sensitivity analysis**

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates would change by +/-1% from the year-end rates applicable to the Nominal Defendant's financial assets. With all other variables held constant, the Nominal Defendant would have a surplus and equity increase/(decrease) of $17,000 (2010: $24,000) due to interest rate risk and $5,362,000 (2010: $4,494,000) due to unit price risk.

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

| | | Financial impact | | | |
|---|---|---|---|---|---|
| **Cash** | **Movement in variable %** | **Profit/(loss) 2011 $'000** | **Equity 2011 $'000** | **Profit/(loss) 2010 $'000** | **Equity 2010 $'000** |
| Interest rate risk | +1 | 17 | 17 | 24 | 24 |
| | -1 | (17) | (17) | (24) | (24) |

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

| | | Financial impact | | | |
|---|---|---|---|---|---|
| **Investments** | **Movement in variable %** | **Profit/(loss) 2011 $'000** | **Equity 2011 $'000** | **Profit/(loss) 2010 $'000** | **Equity 2010 $'000** |
| Unit price risk | +1 | 5,362 | 5,362 | 4,494 | 4,494 |
| | -1 | (5,362) | (5,362) | (4,494) | (4,494) |

# Financial information 2010-11

## Nominal Defendant

### Notes to and forming part of the financial statements 2010-11

#### 20. Financial instruments – continued

**(g) Fair value**

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

Level 1 - fair values that reflect unadjusted quoted prices in active markets for identical assets/liabilities;

Level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices); and

Level 3 - fair values that are derived from data not observable in a market.

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

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

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

# Financial information 2010-11

## Nominal Defendant

### Certificate of the Nominal Defendant

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

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

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the financial year ended 30 June 2011 and of the financial position of the Nominal Defendant at the end of that year.

Lina Lee CA
Manager Corporate Governance

29 August 2011

Neil Singleton
Insurance Commissioner

29 August 2011

# Financial information 2010-11

## Nominal Defendant

### Independent Auditor's Report

To the Insurance Commissioner

**Matters Relating to the Electronic Presentation of the Audited Financial Report**

The auditor's report relates to the financial report of the Nominal Defendant for the financial year ended 30 June 2011 included on Nominal Defendant's website. The Nominal Defendant is responsible for the integrity of its website. I have not been engaged to report on the integrity of the Nominal Defendant's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Nominal Defendant to confirm the information included in the audited financial report presented on this website.

**Report on the Financial Report**

I have audited the accompanying financial report of the Nominal Defendant which comprises the statement of financial position as at 30 June 2011 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Insurance Commissioner and Manager Corporate Governance.

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

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

*Auditor's Responsibility*

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

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

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

# Financial information 2010-11

## Nominal Defendant

### Independent Auditor's Report – continued

*Independence*

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

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

*Opinion*

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

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

(b) in my opinion –

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

(ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of Nominal Defendant for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

J Latif (CA)
As Delegate of the Auditor-General of Queensland

29 August 2011
Brisbane

# APPENDICES

# Appendices

## Appendix 1 : Actuarial Certificate, Nominal Defendant Fund

### ACTUARIAL CERTIFICATE

QUEENSLAND NOMINAL DEFENDANT FUND
OUTSTANDING CLAIMS LIABILITY AS AT 30 JUNE 2011

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 2011 and to advise on an appropriate balance sheet provision for these liabilities.

The data, assumptions, approach and results of this valuation are described in detail in our report entitled *"Nominal Defendant Outstanding Claims Liability Review 30 June 2011"*. 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 2011 is $157.0 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 10% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

***Reliances and Limitations***

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

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

A.A. van den Berg
C. A. Harrison
Fellows of the Institute of Actuaries of Australia

11 August 2011

# Appendices

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

### ACTUARIAL CERTIFICATE

QUEENSLAND NOMINAL DEFENDANT FUND – FAI RUN-OFF
OUTSTANDING CLAIMS LIABILITY AS AT 30 JUNE 2011

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 2011 and to advise on an appropriate balance sheet provision for these liabilities.

The data, assumptions, approach and results of this valuation are described in detail in our report entitled *"Nominal Defendant – FAI Run-Off Outstanding Claims Liability Review 30 June 2011"*. 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 2011 is $28.9 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 16% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

***Reliances and Limitations***

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

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

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

A.A. van den Berg C. A. Harrison
Fellows of the Institute of Actuaries of Australia

11 August 2011

# Appendices

## Appendix 3 : Information sources

### Publications

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

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

### Website

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

- CTP claims information
- Injury management information
- Information on the CTP premium setting process
- Forms for claimants, legal practitioners and medical practitioners
- Information for medical practitioners, rehabilitation providers and legal practitioners
- Guidelines and information for insurers
- Commission's funding initiatives
- A CTP premium calculator to assist motorists in obtaining information on premium rates
- The Commission's Strategic Plan 2011-2015

### Telephone services and community participation

The Commission operates a helpline where staff can provide interested parties with information about the operations of the CTP scheme, premium prices and the claim process. The helpline number is 1300 302 568.

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

### Right to Information

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

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

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

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

#### How do I access the Commission's information?

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

You can access the scheme at the following address:

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

To access other Commission information, you will need to make a formal application under the *Right to Information Act 2009* or the *Information Privacy Act 2009* (if it relates to your personal information).

#### How do I make an application?

Your application must:

- be in writing in the approved form (https://www.smartservice.qld.gov.au/services/information-requests/form/Form-1_RTI_IP-Access-Application-Form.pdf)
- provide an address to which a notification of the decision may be sent
- be addressed to the Manager, Administrative Review (contact details provided below)
- include payment of application fee of $39 if the information you request is not related to your personal information.

# Appendices

## Appendix 3 : Information sources – continued

### Right to Information – continued

#### How do I amend personal information?

A formal application under the *Information Privacy Act 2009* to amend personal information must:

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

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

If you are applying to access the Commission's information under the *Right to Information Act 2009*, you may need to pay an application fee or processing charges, depending on the nature of your application.

***For accessing non-personal information***

If you are applying for access to information that is not your personal information, you must pay an initial application fee of $39. This fee must be paid before your application will be processed.

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

- processing documents if your application takes longer than five hours to process ($6.00 for each 15 minutes or part thereof)
- photocopying documents (20 cents per photocopied page) or, alternatively, for providing documents in electronic format on compact disc.
- accessing personal information
- if you are applying for access to information that is your personal information, you do not need to pay an application fee, but access charges may be payable.

***For amending personal information***

If you are applying under the *Information Privacy Act 2009* to amend your personal information, you do not need to pay an application fee or access charges.

To pay the application fee of $39, please complete a cheque or money order made payable to The Accountant, Treasury Department and post it to the address provided below.

### Contact details

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

# Appendices

## Appendix 4 : Compulsory Third Party Insurers

### Currently licensed CTP insurers

**Allianz Australia Insurance Limited**

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

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

CTP Claims
IPC: GI-008
GPO Box 1453
Brisbane Qld 4001
Ph 132 244
ABN 92 004 791 744

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

GPO Box 5730
Brisbane Qld 4001
Ph 07 3135 1600
ABN 11 000 016 722

**QBE Insurance (Australia) Limited**

GPO Box 1072
Brisbane Qld 4001
Ph 07 3859 5666
ABN 78 003 191 035

**RACQ Insurance Limited**

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

**Suncorp Metway Insurance Limited**

CTP Claims
IPC: GI-008
GPO Box 1453
Brisbane Qld 4001
Ph 131 160
ABN 83 075 695 966

### Previously licensed CTP insurers

**CIC Insurance Limited**

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

**GIO General Limited**

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

**Mercantile Mutual Insurance (Australia) Ltd**

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

**Commercial Union Assurance of Australia Ltd**

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

**Zurich Australian Insurance Limited**

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

**Fortis Insurance Limited**
(formerly VACC Insurance Co. Limited)

ACN 004 167 953
*Licence suspended 30/03/1999 pending withdrawal*

**FAI General Insurance Company Limited**

ABN 15 000 327 855
*Licence suspended on 1 January 2001*
*Insurer became insolvent on 15 March 2001.*

**FAI Allianz Limited**
(trading as FAI Insurance)

ABN 80 094 802 525
*Licence withdrawn 01/07/2002*

# Appendices

## Appendix 5 : Grants and funding

| Organisation | Future commitment* | 2010/11 $ | 2009/10 $ |
|---|---|---|---|
| **Centre of National Research on Disability and Rehabilitation Medicine (CONROD)** | 4,473,939 | 1,703,320 | 1,506,059 |
| **Centre for Accident Research and Road Safety Queensland (CARRS-Q)** | Currently under consideration | 1,800,000 | 1,800,000 |
| **University of Sydney** – PEDro database | 0 | 0 | 25,000 |
| **Department of Transport and Main Roads** – Road Safety Initiatives | 0 | 525,000 | 355,000 |
| **Queensland Health** – Queensland Trauma Registry | To be confirmed | 1,358,507 | 1,303,125 |
| **University of Queensland ARC Linkage Grant** – Financing and management of lifetime care and support in a mixed economy of care : a study of working age people with acquired disabilities and high support needs | 0 | 18,100 | 22,250 |
| **University of Queensland** – Fellowship in Human Movement Studies (conversion of status of funding from loan to grant) | 0 | 0 | 250,000 |
| **University of Queensland** – School of Health and Rehabilitation Sciences Research Unit (conversion of status of funding from loan to grant) | 0 | 0 | 250,000 |
| **University of Queensland ARC Linkage Grant** – Does self management increase the effectiveness of Vocational Rehabilitation for chronic compensated disorders? | 0 | 50,000 | 0 |
| **University of Queensland** – Evaluation of information based intervention for children with mild traumatic brain injury. | 0 | 0 | 63,214 |
| **University of Queensland** – Investigate effectiveness of dry needling for chronic whiplash | 80,000 | 80,000 | 0 |
| **University of Queensland** – Randomised controlled trial to investigate effectiveness of a new exercise based treatment for chronic whiplash | 28,124 | 28,062 | 0 |
| **University of Queensland** – To undertake a review of the 'Recovery from Whiplash Injury : A Self Management guide'. | 0 | 0 | 9,423 |
| **University of Queensland** – To undertake stage two of study on the use of stimulants in children with Traumatic Brain Injury | 101,068 | 101,069 | 0 |
| **University of Queensland** – To undertake a pilot project looking at the development of resources and trial of a Transition Coordinator position to facilitate the transition from child to adult based services for those with acquired brain injury. | 149,288 | 159,288 | |
| **Department of Transport and Main Roads** – Funding to support Academic Strategic Transport Alliance (ASTRA) | 202,911 | 47,089 | |
| **Total funding allocated** | **5,035,330** | **5,870,435** | **5,584,071** |
| **Less refunds of residual grant funding** | | | |
| **Total funding returned** | | | |
| **Grant Total (allocated less returned)** | **5,035,330** | **5,870,435** | **5,584,071** |

* Indicates all grant funding committed for expenditure from 1 July 2011 onwards

# Appendices

## Appendix 5 : Grants and funding – continued

### Ongoing projects funded in previous years

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

### Research centres

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

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

### Sponsorship Program

MAIC also provided $96,094 through its sponsorship program for events or activities which demonstrate benefits to the CTP scheme and its stakeholders in 2010/11. Of these allocations, Spinal Injuries Association of Queensland received $25,000 towards subsidising the operations of the Spinal Education Awareness Team (SEAT) and a one-off allocation of $10,000 to purchase equipment for SEAT presenters. $25,000 was also provided to the University of Sydney towards costs of maintaining PEDro, a free database of over 19,000 randomised trials, systematic reviews and clinical practice guidelines in physiotherapy.

# Appendices

## Appendix 6 : Committees as at 30 June 2011

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

The structure of the 2010-11 committee was:

Chairperson: Bernard Rowley

Members: Henry Smerdon
Shauna Tomkins

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

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

From 1 July 2010 to 30 June 2011, a total of nine meetings of the Advisory Committee were held with no special assignments. The total remuneration to the Committee for the year was $11,916. These payments were made within the framework of the Government's *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities* arrangements administered by the Department of Justice and Attorney-General.

# Appendices

## Appendix 7 : Consultancies and overseas travel

**Motor Accident Insurance Commission Consultancies**

| Actual expenditure – end of financial year | |
|---|---|
| Professional and technical | $529,979 |
| Legal | $13,798 |

**Nominal Defendant Consultancies**

| Actual expenditure – end of financial year | |
|---|---|
| Professional and technical | $53,074 |

Nil overseas travel for 2010-11

# Appendices

## Appendix 8 : Performance statement

### Motor Accident Insurance Administration

| Measures | Notes | 2010-11 Target/Est. | 2010-11 Est. Actual | 2010-11 Actual |
|---|---|---|---|---|
| Setting of premium bands within legislative timeframes. | | 100% | 100% | 100% |
| Recommendation to the Treasurer of annual CTP levies by legislated time frame | | 100% | 100% | 100% |
| CTP levy funds expended on grants per registered vehicle | | $0.52 | $0.43 | $0.60 |
| Number of Nominal Defendant claims finalised as a percentage of total outstanding claims | | 50% | 50% | 52% |
| Percentage of Nominal Defendant claims settled within two years of compliance | | 50% | 52% | 48% |
| Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date | | 95% | 85% | 83% |

# Appendices

## Appendix 9 : Glossary

| Term | Definition |
|---|---|
| Affordability index | 45 percent of average weekly earnings |
| ASTRA | Academic Strategic Transport Alliance |
| ARC | Australian Research Council |
| CARRS-Q | Centre of Accident Research and Road Safety Queensland |
| CLF | Capabilities Leadership Framework |
| CONROD | Centre of National Research on Disability and Rehabilitation Medicine |
| CTP | Compulsory Third Party |
| DTMR | Department of Transport and Main Roads |
| FAA | *Financial Accountability Act 2009* |
| FOI | Freedom of Information |
| IPA | *Information Privacy Act 2009* |
| MAIA | *Motor Accident Insurance Act 1994* |
| QPRS | Queensland Paediatric Rehabilitation Service |
| QPS | Queensland Police Service |
| QUT | Queensland University of Technology |
| RCH | Royal Children's Hospital |
| RTI | Right to Information |
| RTIA | *Right to Information Act 2009* |
| SEAT | The Spinal Injuries Association's Spinal Education Awareness Team |
| TBI | Traumatic brain injury |
| The Commission | Motor Accident Insurance Commission |