



MOTOR ACCIDENT INSURANCE COMMISSION

ANNUAL REPORT 2015-16



ISSN:1837-1450



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 enquiries line 1300 302 568 and we will arrange an interpreter to effectively communicate the report to you.

Motor Accident Insurance Commission

GPO Box 2203, Brisbane Qld 4001

Phone: 1300 302 568

Email: maic@maic.qld.gov.au

Nominal Defendant

GPO Box 2203, Brisbane Qld 4001

Phone: 07 3035 6321

Email: nd@maic.qld.gov.au

Visit www.maic.qld.gov.au to view this annual report.

© Motor Accident Insurance Commission 2016

Licence: This annual report is licensed by the Motor Accident Insurance Commission under a Creative Commons Attribution (CC BY) 4.0 Australia license.

CC BY Licence Summary Statement: In essence, you are free to copy, communicate and adapt this annual report, as long as you attribute the work to the Motor Accident Insurance Commission. To view a copy of this licence, visit: <http://creativecommons.org/licenses/by/3.0/au/deed.en>

Attribution: Content from this annual report should be attributed as: The Motor Accident Insurance Commission Annual Report 2015-16.

Letter of compliance / Certification of financial statements	1
About the CTP scheme and the Motor Accident Insurance Commission	2

PERFORMANCE

Insurance Commissioner's Report	6
2015-16 Year in Review	7
Report Card	8

OUR ACHIEVEMENTS 2015-16

Reducing the incidence of road trauma	9
Support seriously injured people	11
Innovate and improve	13
Prudential supervision and scheme health	15

PEOPLE

Our people	16
Leading the Motor Accident Insurance Commission	17

GOVERNANCE

Audit and risk management committee	19
Internal and external accountability	20
Information systems and recordkeeping	20
Levies and Administration Fee	21

CTP SCHEME STATISTICS

Statistical Information	22
-------------------------	----

FINANCIAL INFORMATION

Financial Information Table of Contents	32
MAIC Financial Information	33
Nominal Defendant Financial Information	57

APPENDICES

1-2: Actuarial Certificates	89
3: Licensed Insurers	91
4: Committees	92
5: Performance Statement (SDS)	93
6: Grants and sponsorships	94
7: Glossary	97

LETTER OF COMPLIANCE / CERTIFICATION OF FINANCIAL STATEMENTS

The Honourable Curtis Pitt MP
Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships,
Minister for Sport
GPO Box 611
BRISBANE Qld 4001

Dear Treasurer

I am pleased to submit for presentation to Parliament the Annual Report 2015-16 and financial statements for the Motor Accident Insurance Commission and the Nominal Defendant.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be accessed at www.maic.qld.gov.au.

Yours sincerely



Neil Singleton
Insurance Commissioner



ABOUT THE CTP SCHEME AND THE MOTOR ACCIDENT INSURANCE COMMISSION

Queensland's CTP scheme

Queensland's Compulsory Third Party (CTP) scheme is a common law, fault-based scheme currently underwritten by four licensed private insurers who accept applications for insurance and manage claims on behalf of their policyholders. The scheme has operated since 1936 and provides motor vehicle owners, drivers, passengers and other insured people 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 *Motor Accident Insurance Act 1994* (MAI Act) applies.

The Queensland scheme is governed by the MAI Act and underwritten by private licensed insurers who accept applications for insurance and manage claims on behalf of their policyholders. Compensation is paid to accident victims from the respective insurer's premium pool. Since 1994, the scheme has had an increased focus on the rehabilitation of injured people and places certain obligations on insurers and claimants.

The Motor Accident Insurance Commission (MAIC) and the Nominal Defendant are statutory bodies established under the MAI Act to regulate and support the CTP scheme. MAIC regulates insurance premium costs by setting floor and ceiling premium bands for each vehicle class within which CTP insurers must set premiums.

The Nominal Defendant determines liability for and manages claims by injured people where the 'at fault' vehicle is uninsured or unidentified. It also acts as insurer of last resort if a licensed insurer becomes insolvent. To achieve efficiencies for Queensland motorists, CTP premiums are collected during vehicle registration with the Department of Transport and Main Roads (DTMR). Combining the process reduces administrative burden and associated costs of the scheme, ensuring levies remain sustainable.

About MAIC

Established under the MAI Act, MAIC has been located in Brisbane since it commenced operations on 1 September 1994.

MAIC is the regulatory authority responsible for the ongoing management of the CTP scheme in Queensland. MAIC is funded by a statutory levy payable with the CTP insurance premium. Revenue from compliance fines and income earned on investment of the Motor Accident Insurance Fund are used to fund MAIC's research initiatives.

Organisationally, as at 30 June 2016, MAIC and the Nominal Defendant were positioned within the Corporate Group of Queensland Treasury.

Vision

MAIC's vision is to ensure financial protection that makes Queensland stronger, fairer and safer through:

- overseeing an affordable and efficient CTP scheme
- actively engaging and consulting with stakeholders on scheme performance and improvement opportunities.

Purpose

MAIC is responsible for regulating and improving Queensland's CTP insurance scheme and managing the Motor Accident Insurance and Nominal Defendant funds.

Responsibilities

MAIC is responsible for:

- ensuring people injured in road accidents receive fair compensation
- compensating people who are injured as a result of the negligent driving of an unidentified or uninsured motor vehicle through the Nominal Defendant
- ensuring Queensland motorists receive affordable premiums
- the regulation of insurers' activity and compliance
- meeting any claim costs of an insolvent insurer.

Functions

MAIC's key functions involve:

- the licensing and supervision of CTP insurers
- monitoring the operation of the scheme
- setting the range within which each insurer's premium must fall and recommending to Government the levies payable
- promoting research, education and the infrastructure to reduce the number of motor vehicle crashes and facilitate rehabilitation of injured people
- developing and maintaining a claims register and statistical database for the purpose of providing management information
- administering the MAI Act and Nominal Defendant Fund.

How MAIC contributes to the Queensland Government objectives for the community

MAIC contributes to building safe, caring and connected communities by investing in road safety initiatives to reduce the frequency of motor vehicle accidents and minimise their impact on the community.

MAIC also supports quality front line services by investing in targeted research and service delivery initiatives to improve health outcomes for people injured in motor vehicle crashes.

Strategic opportunities

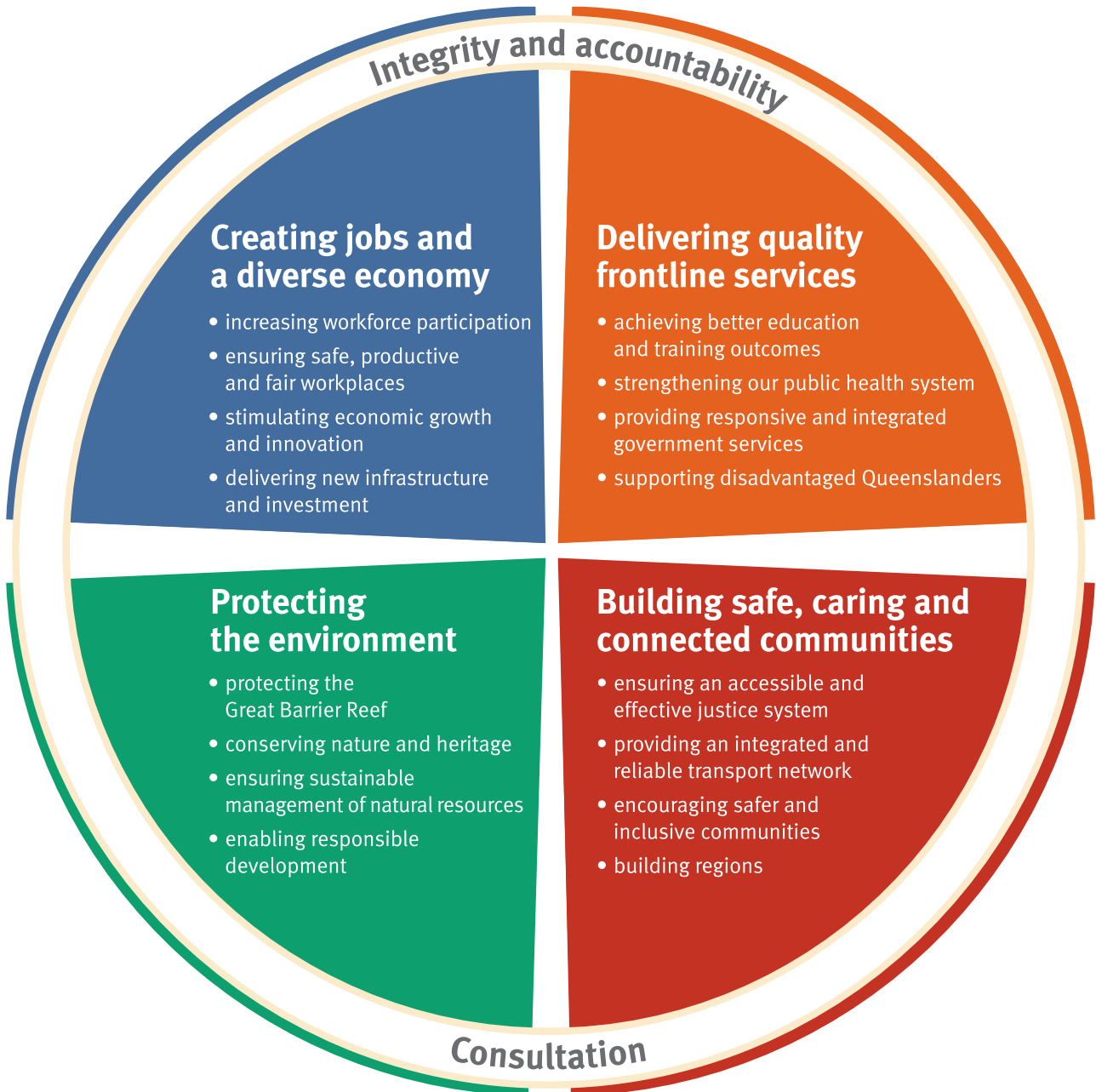
MAIC has the opportunity to:

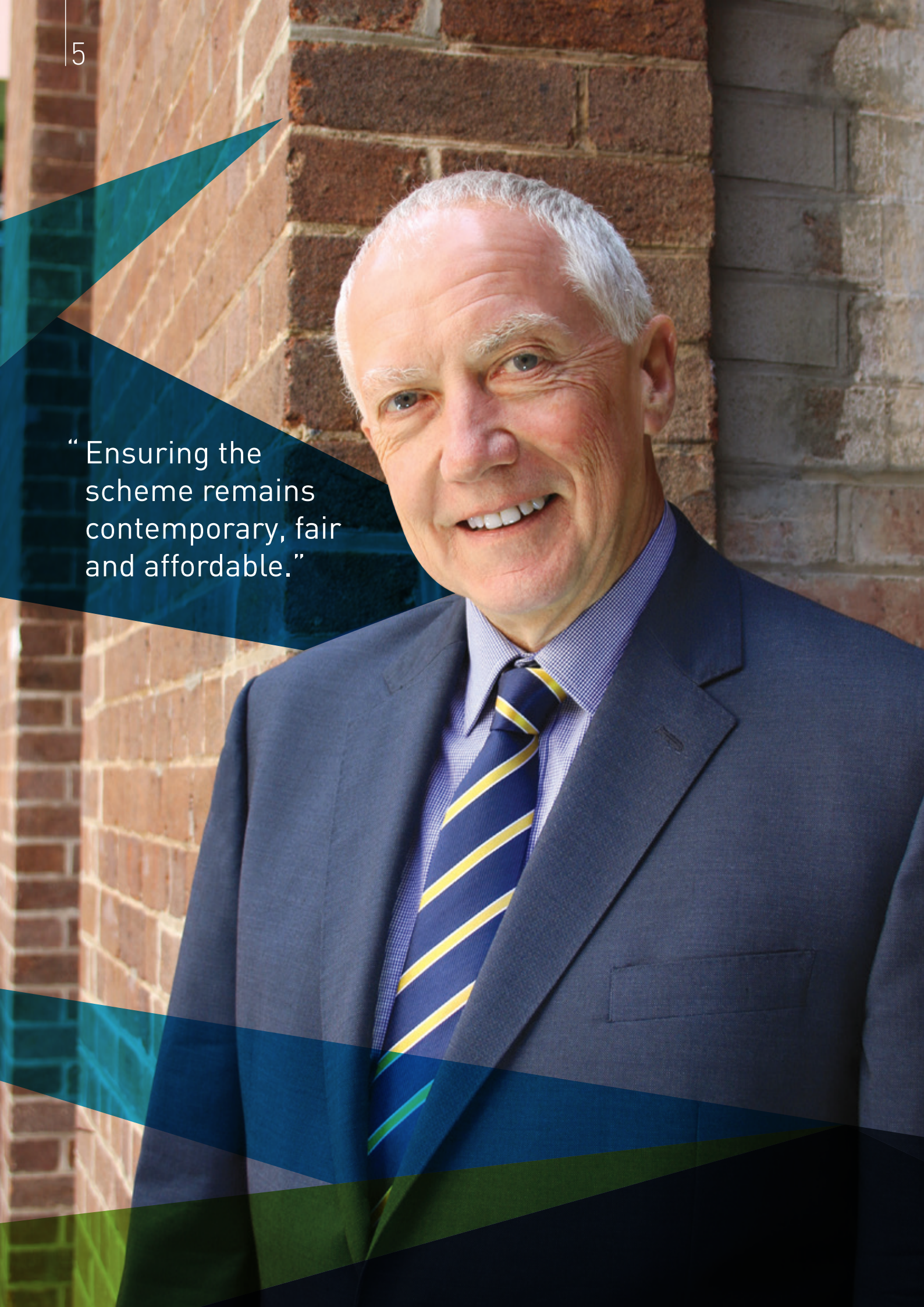
- support broader technological or innovative changes in road safety, trauma injury management and claims management system processes
- reduce the incidence and severity of road trauma
- identify ways to improve MAIC and Nominal Defendant service delivery.

Strategic risks and challenges

Ongoing risks and challenges faced by MAIC and the Nominal Defendant:

- keeping the CTP scheme under review to guard against unexpected adverse developments
- maintaining prudential supervision of licensed insurers
- keeping CTP affordable while managing a competitive insurer premium filing model
- maintaining cost effective claims management of Nominal Defendant claims.





“Ensuring the scheme remains contemporary, fair and affordable.”

INSURANCE COMMISSIONER'S REPORT

The Queensland CTP scheme continues to meet the needs of Queensland motorists and road users in a stable, fair and affordable manner.

MAIC continues to support initiatives that will improve scheme experience while on a broader scale there are a range of reforms and programs that will shape the future of the CTP scheme.

During a year of highlights two are notable.

Firstly the introduction of the National Injury Insurance Scheme Queensland (NIISQ) is a significant milestone and beneficial reform – something the MAIC team is proud to have been a part of. The NIISQ complements the existing CTP scheme and ensures that catastrophically injured people – those who most need lifetime care and support – will receive this regardless of fault and in ways that support personal choice and independence. MAIC will continue to support the establishment of the NIISQ and to work with the many committed stakeholders who are keen to ensure the successful implementation and delivery of the scheme.

Secondly as part of the NIISQ implementation, a review of the CTP Scheme was announced by the Treasurer. MAIC has been directed to find ways to continue improving the CTP scheme – ensuring it is affordable, efficient, fair and flexible to meet immediate needs while also being well positioned to support and benefit from future innovation and improvement. It has been six years since the last scheme review, so this is timely as well as good governance to ensure the scheme remains contemporary, fair and affordable.

In response to a recent increase in the number of CTP claims, (despite anecdotal evidence that crashes on Queensland roads are reducing), MAIC has proactively engaged with CTP insurers and the legal profession on specific aspects of this trend and to identify whether any response is required. This work is ongoing into 2016-17.

My particular thanks to Ms Fanny Lau, Scheme Performance Manager at MAIC, who amongst her many responsibilities has led ongoing MAIC representation in relation to the National Heavy Vehicle Regulator reforms, and collaboration with Department of Transport and Main Roads in relation to the Opportunity for Personalised Transport Review and the National Transport Commission policy paper on autonomous vehicles. MAIC is well positioned to respond appropriately to these various developments and reforms.

I greatly appreciate the ongoing support from stakeholders in the performance and delivery of the CTP scheme along with the professionalism and service focus of MAIC staff. This has ensured Queensland motorists and road users continue to benefit from a stable, fair and affordable CTP scheme that is well positioned to meet current needs and take advantage of future opportunities for improvement.



Neil Singleton
Insurance Commissioner

2015-16 YEAR IN REVIEW

PREMIUMS

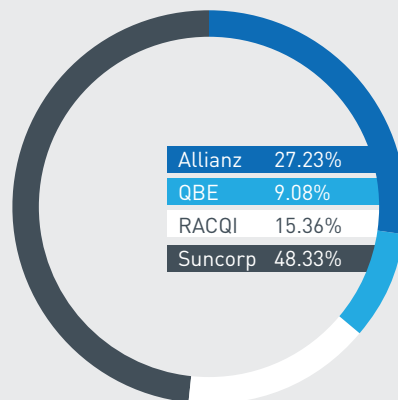
Lowest filed premium Class 1 (annual)

July			June	
Q1	Q2	Q3	Q4	
\$323.60	\$329.60	\$329.60	\$336.60	

\$1.41B

↓ 2.7%

Insurer market shares
as at 30 June 2016



Registered Vehicles in Queensland



4.06M

↑ 2.4%

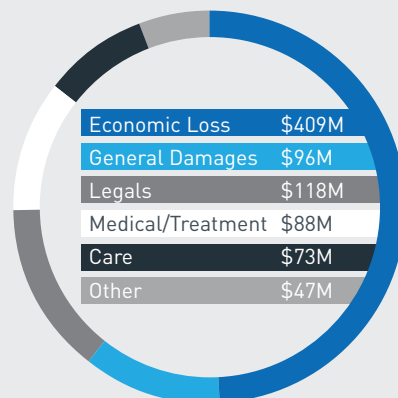
CLAIMS

New claims



7,038

Claim Payments



Claim highlights

- ✓ Duration reducing
- ✓ No super-imposed inflation
- ✓ Claim size stable

LEVIES remain at same level for 2016/17

MAIC levy



\$1.50

Per vehicle

ND levy



\$11

Per vehicle

DTMR fee



\$7.50

Per vehicle

Hospital and Emergency
Services levy



\$19.60

Per vehicle

Scheme highlights

- NIISQ commences 1 July 2016
- Significant investment in health service delivery and research programs to improve outcomes for Queenslanders
- Ongoing support for Queensland Road Safety Strategy to reduce incidence of road trauma

[Class 1 vehicles]

REPORT CARD

Highlights	Performance indicators	Target	Outcome
Objective 1. Provide a viable and equitable personal injury motor accident insurance scheme.			
<ul style="list-style-type: none"> Delivered cost reductions through process improvements. 	Premium bands and levies set within legislated time-frames.	100%	100%
	Premium bands are set at a level to ensure scheme viability.	100%	100%
	Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings.	<45%	<45%
Objective 2. Continually improve the performance of the Nominal Defendant.			
<ul style="list-style-type: none"> Realised the benefits of the Nominal Defendant claims management system. Finalised 328 claims. Recovered \$359,271. Earned \$5,549,456 in investment income on Nominal Defendant fund. 	The percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year. ¹	50%	75.9%
	Percentage of Nominal Defendant claims settled within two years of compliance with the <i>Motor Accident Insurance Act 1994</i> . ²	50%	73.8%
	Percentage of Nominal Defendant claims paid within 60 days of the settlement date.	95%	95.8%
	Investment strategies align with the anticipated claims runoff.	100%	100%
Objective 3. Provide a corporate governance model that facilitates MAIC's vision and meets the State's financial and performance requirements.			
<ul style="list-style-type: none"> Completed internal restructuring to better align staff capabilities with service delivery requirements. 	Financial requirements outlined in the <i>Financial Accountability Act 2009</i> are met.	100%	100%
	Planning and reporting requirements outlined in the <i>Financial and Performance Management Standard 2009</i> are met.	100%	100%
	Staff capabilities align with strategic plan.	100%	100%

1. Favourable variance is due to higher than anticipated number of claims being finalised.

2. Claims can take two to three years to settle, consequently it is difficult to estimate the number of claims that will be finalised in any given period.

REDUCING THE INCIDENCE OF ROAD TRAUMA

MAIC works closely with the lead agencies for road safety in Queensland, the Department of Transport and Main Roads (DTMR) and Queensland Police Service (QPS), in identifying opportunities for collaboration and investment.

Reducing the incidence of road trauma means there will be fewer Queenslanders killed or injured on Queensland roads. This will reduce the social, economic and financial costs of road trauma which amongst the many benefits this will bring, leads to lower CTP scheme costs and a more affordable CTP scheme.

Aside from immediate investments in a range of road safety programs, MAIC will continue to strengthen its focus on a range of programs to help deliver improved road safety outcomes across Queensland, specifically involving young drivers and regional community groups.

THE

COST OF ONE CRASH

HUMAN COSTS

- Workplace and household losses
- Disability-related costs
- Hospital, medical and related costs
- Legal costs
- Correctional services
- Recruitment and re-training
- Premature funeral cost
- Coronial costs
- Loss of quality of life, and pain, grief and suffering



VEHICLE COSTS

- Repair costs
- Vehicle unavailability costs

OTHER COSTS

- Travel delay and vehicle operating costs
- Health costs of crash-induced pollution
- Insurance administration
- Repairing road infrastructure
- Ambulance, police and other emergency services response

Queensland Road Safety Strategy

MAIC supports research and education activities that aim to reduce the number of crashes on Queensland roads generally, along with activities that have a specific focus on reducing the number of claims to the Queensland CTP scheme.

MAIC champions a number of initiatives under the Queensland Road Safety Strategy.

In 2015-16, the funding MAIC provided CARRS-Q, DTMR and QPS has helped progress these initiatives and also contributed to other initiatives outlined in the action plan.

Learner Driver Mentor Programs

With funding provided by MAIC, CARRS-Q undertook research and consultation to develop a best practice toolkit for Learner Driver Mentor Programs to assist practitioners and stakeholders in implementing evidence based programs that are sustainable in the long term. These guidelines have been released publicly and endorsed by DTMR.

MAIC also engaged CARRS-Q to undertake an evaluation of the Braking the Cycle program run by QPS through PCYC.

Learner Driver Mentor Programs provide a valuable and effective way of improving young and novice driver safety by providing disadvantaged young people with the opportunity to obtain the 100 on-road hours necessary to obtain their licence and as a means of reducing unlicensed driving.

Road Trauma Mitigation Fund

In 2015-16, MAIC established the Road Trauma Mitigation Fund to support DTMR and QPS led initiatives aimed at reducing the incidences and effects of motor vehicle crashes.

This financial year \$2.325 million was allocated primarily towards initiatives that are either pilot or proof of concept. These include evaluating the impact on road safety of additional enforcement by QPS during peak motoring periods and DTMR piloting the effectiveness of outdoor billboards highlighting the Fatal Five in targeted regional locations that have been historically overrepresented in crashes.

Taxi industry partnering

MAIC partnered with the Taxi Council of Queensland to identify opportunities to reduce the incidence of taxis in crashes.

The first project will pilot the effectiveness of combining the use of a smartphone app to monitor taxi driver performance with incentives for safe driving performance.

The second project involved a situational and data analysis of the taxi industry in Queensland to gain a greater understanding of the structure and operations of the industry and to identify potential opportunities for enhancement particularly in relation to safety.

Intelligent Transport System

Intelligent Transport Systems are transforming the way transport systems operate with an aim to:

- improve safety
- reduce traffic congestion
- reduce environmental impacts.

MAIC has partnered with DTMR to provide funding to two intelligent transport system pilots, the Cooperative Intelligent Transport System (C-ITS), and the Cooperative and Automated Vehicles (CAV) pilot.

The introduction of ITS and CAV to Queensland's roads has the potential to provide significant economic, social, and environmental benefits, including massive reductions in the number of road crashes and a corresponding decrease in CTP claims.

MAIC is committed to providing \$1 million in 2016-17 to the CAV pilot, which will include the testing of two highly automated vehicles in Queensland. MAIC has also given in-principle support to provide funding in future years, in conjunction with DTMR, to the C-ITS pilot project, which will run until 2020. The C-ITS pilot project will include development and trialling of interconnected safety applications in passenger vehicles and road infrastructure.

CARRS-Q funding agreement

CARRS-Q was established twenty years ago with funding from MAIC and Queensland University of Technology (QUT). It is now recognised internationally for its excellence as a road safety research centre. After undertaking an evaluation of current performance which included independent external advice and considering the future funding submission, MAIC was proud to confirm a further three years of funding to CARRS-Q to ensure the Centre continues its significant research activity which contributes to the evidence base for road safety policy in Queensland and continues to attract researchers and research funding to Queensland.

Young driver research

MAIC has provided over \$60,000 in funding to the Adolescent Risk and Research Unit of the University of the Sunshine Coast.

The funds will support a research program testing the effectiveness of introducing situational skills to novice drivers to reduce the incidence of road trauma involving young and inexperienced drivers.

Stay on Track Outback

Stay on Track Outback is a regionally focused initiative targeted at increasing awareness of road safety issues specific to regional areas.

In 2015-16, MAIC partnered with QPS to provide \$80,000 towards this important initiative, allowing QPS to expand this initiative to additional regional areas. MAIC has committed to providing \$80,000 per annum over 3 years.

www.stayontrackoutback.qld.gov.au



SUPPORT SERIOUSLY INJURED PEOPLE

Each year MAIC invests in activities that prevent road traffic injuries, and improve health and vocational outcomes of people who have been injured on the road.

Transitional Rehabilitation Service investment

MAIC has committed an investment of approximately \$14.7 million over five years to fund a Transitional Rehabilitation Service (TRS) for adults with Acquired Brain Injuries within the continuum of brain injury services of Metro South Hospital and Health Service. The TRS model is based on research findings over a number of years, extensive consultation and a benchmarking process.

This service aims to facilitate early community integration and improve health outcomes of adults with an acquired brain injury. An improved patient flow within the Brain Injury Rehabilitation Services is also expected which will deliver savings for Queensland Health.

Spinal injury support program

MAIC continues its support of the Spinal Education Awareness Team (SEAT) through Spinal Life Australia. The team provides education to Queensland school students about their life and the importance of not taking risks while on Queensland roads. MAIC and Spinal Life Australia are currently exploring opportunities to expand our partnerships.

Brain injury research program

MAIC commenced a new partnership with the Queensland Brain Institute (QBI). MAIC has approved a \$1.5 million funding boost to fund a Senior Research Fellowship in traumatic brain injury, which will focus on developing new methods for assessing damage and change overtime in traumatic injuries. The investment in QBI is building capabilities and fosters the delivery of world-class research within Queensland.

Paediatric rehabilitation focus

MAIC has partnered with Children's Health Queensland Hospital and Health Service and the University of Queensland Child Health Research Centre to establish the Paul Hopkins Chair in Paediatric Rehabilitation. The investment by MAIC of \$1 million over five years will support the Chair to build a high-standard research program focusing specifically on the area of paediatrics, particularly in relation to acquired brain injury and disability.

Housing and community support programs for catastrophically injured people

In 2015-16, MAIC finalised an agreement with Griffith University to be a partner funder for an Australian Research Council Linkage Grant to develop a tool for people with significant disabilities, and other stakeholders, to assist with decision-making about housing design and supply.

This project involves detailed investigations to better understand the housing needs and preferences of consumers with disabilities. Understanding consumers' preferences in this area is an important step towards the development of more suitable and sustainable housing for people with a disability.

Recover Injury Research Centre

The ongoing partnership between MAIC, University of Queensland and Griffith University in the Recover Research Centre provides access to world class researchers to inform policy and practice. During the year CONROD was rebranded as Recover Injury Research Centre and a new Director, world-renowned expert in the psychology of pain and disability Dr Michael Sullivan was appointed. This presents an opportunity to refresh the focus on research programs and funding.



National Injury Insurance Scheme Queensland

In 2015-16, MAIC worked closely with Treasury to draft the *National Injury Insurance Scheme (Queensland) Act 2016*, which was passed by Parliament on 26 May 2016.

The Act establishes the NIISQ, an important social reform that ensures all eligible people who sustain serious personal injuries in motor vehicle crashes receive necessary and reasonable care and support for their lifetime, regardless of fault. The reform will significantly and directly assist injured people and will also bring tremendous peace of mind to their family and carers.

From 1 July 2016, the scheme will be administered by the National Injury Insurance Agency Queensland. MAIC will work closely with the agency and will monitor the operation of the scheme, providing recommendations to the Treasurer about the scheme and the NIISQ levy.

For the 2016-17 financial year, MAIC will report on significant aspects of the operation of the scheme, and information on the cost of administering the scheme in its annual report.



INNOVATE AND IMPROVE

To deliver a contemporary CTP scheme for Queensland, MAIC remains future focused and embraces technological innovations and business improvements.

MAIC has fostered strong relationships with industry leaders and academic experts to enable opportunities of knowledge sharing and research partnerships. Through these partnerships MAIC is able to ensure current business processes are adopted. MAIC has delivered savings for Queenslanders through innovation as seen in the implementation of the Nominal Defendant 'best practice'.

MAIC continues its commitment to remain efficient and adaptable through its Data Management and Insight programs, and reviews in claims mining and the future effects of the digital economy on the CTP scheme.

CTP Scheme Insights Framework

MAIC has commissioned its consulting actuary, in conjunction with State Actuary Office and MAIC Business Intelligence Unit personnel, to develop a monitoring framework to provide deep analysis and insight into CTP scheme experience, and identify priority areas for investment and improvement.

The framework will inform and guide MAIC investment in research and pilot programs to help reduce the incidence and effects of road trauma, as well as develop a deeper understanding of scheme dynamics and performance. This may, for example, help inform MAIC about emerging cost pressures or changes in scheme experience relating to claims cost, emergence of vehicle safety features or changes due to various road safety programs, and also assist in quantifying the appropriate nature and level of any response.

Claim process mining

In 2015-16 MAIC partnered with information systems researchers from QUT to review impediments to CTP claim processing. With the involvement of the Nominal Defendant and one licensed insurer, QUT has completed two case studies and provided initial feedback and insight to the insurers.

Over the next 12 months QUT will continue to review target demographics of both insurers and design tools that can automatically extract impacts on CTP claims processing.

Strategic review – CTP in a digital world

The potential of digital technologies to enable competitiveness, entrepreneurship and innovation has led to a rapidly developing digital economy worldwide. MAIC is aware that this growing economy stands to reshape Queensland's CTP insurance scheme over the next decade and has collaborated with the QUT PwC Chair in Digital Economy to explore a range of scenarios likely to develop.

The QUT PwC Chair in Digital Economy's report 'The future of Compulsory Third Party insurance in the Digital Economy' was released on 17 July 2016 and highlights many of the issues facing Queensland's CTP scheme as a consequence of digital disruption and digital transformation in the next 20 years. The impact of trends such as motor vehicle technology, digital technologies, driver behaviour, motor vehicle ownership trends, and medical advances and costs are likely to fuel significant adjustments to the CTP scheme.

MAIC will use this report to deliver an innovative CTP scheme for Queensland ensuring it remains contemporary and delivers improved outcomes for motorists and people injured in motor vehicles crashes.



Nominal
Defendant

Nominal Defendant best practice

The Nominal Defendant continues to deliver cost effective services to people who sustain an injury through the involvement of an unidentified or unregistered vehicle.

By applying best practice processes the Nominal Defendant has tailored an approach to their claims management that has led to a reduction in legal costs and average claim duration. These improvements have seen better outcomes delivered to claimants and cost savings passed on to Queensland motorists through an affordable and sustainable Nominal Defendant levy.

PRUDENTIAL SUPERVISION AND SCHEME HEALTH

During the 2015-16 financial year, MAIC remained focused on delivering an affordable and viable scheme for all Queenslanders. To maintain the integrity of the scheme MAIC promotes principle-based supervision of licensed insurers, and undertakes a regulatory program including benchmarking, compliance and performance monitoring.

Communication strategies

During 2015-16, MAIC focused on strengthening its communication strategies to ensure it was better able to advise stakeholders of any changes. MAIC and the Nominal Defendant developed new corporate identities and their website was redeveloped with a focus on increasing accessibility of information for claimants, insurers and service providers.

MAIC is currently developing a social media strategy and will continue to investigate ways new technology can be used to stay in touch with motorists and other stakeholders.

Fraud deterrence program

MAIC is committed to identifying and combatting fraud in motor vehicle crash claims. Where insurers refer matters to MAIC, these are thoroughly assessed and, where appropriate, MAIC pursues prosecutions and looks to courts to impose penalties upon those who commit offences under the *Motor Accident Insurance Act 1994*.

Prudential supervision

MAIC undertakes a range of prudential supervision activities in accordance with its powers and responsibilities under the MAIA. The risk of insurer failure is one of the most significant aspects MAIC monitors – given the financial risk to the State as well as the disruptive impact and implications for insured motorists and claimants.

In undertaking its supervision role MAIC has regard to the role of the Australian Prudential Regulatory Authority (APRA). MAIC has a Memorandum of Understanding (MoU) with APRA. The MoU covers a range of prudential supervision and information sharing protocols, and is intended to ensure an efficient supervisory regime that protects the interests of the State while avoiding excessive regulatory burden on licensed insurers. MAIC meets with APRA on a bi-annual basis to discuss matters related to the prudential supervision of Queensland licensed CTP insurers.

On at least an annual basis MAIC meets with senior executives from each of the licensed insurers to analyse key reports and discuss performance and trends. This process has been generally well received by licensed insurers although opportunities to strengthen and clarify aspects of the MAIC prudential supervision regime appear warranted and will be explored in 2016-17.

Targeted licensed insurer compliance programs

MAIC continues to closely supervise licensed insurer performance through its targeted compliance programs, and monitors claims data on a regular basis. MAIC meets with each CTP insurer claims manager on a bi-annual basis to discuss a range of claims performance and compliance issues. Performance is monitored against benchmarks as well as changes compared to the results of previous reviews.

MAIC also monitors the claims compliance and performance of insurers through sophisticated data and ad-hoc analysis, and monitoring industry trends, court decisions and levels of customer complaints.

OUR PEOPLE

MAIC works in partnership with Queensland Treasury (Treasury) to invest in our people to create the right workplace with the right skills, culture and behaviour. As part of this partnership, MAIC has adopted Treasury's frameworks for capability development, workforce planning, employee performance management, leadership, and industrial and employee relations. Treasury provides MAIC with strategic advice and support on issues such as recruitment, attraction, retention, induction, performance management, talent management, knowledge transfer and recognition.

In addition to providing MAIC with human resource support services, Treasury's Human Resources branch also assists MAIC with meeting its obligations under the *Public Sector Ethics Act 1994*. MAIC staff access Treasury's suite of online training modules specific to public sector ethics and the Queensland Government Code of Conduct. The online training package is rolled out to all new MAIC staff and all staff are required to complete the training annually.

In 2015-16, MAIC continued to develop and improve its complementary framework to Treasury's Great People Capability Development System. The framework has allowed MAIC to reinvigorate its current workforce ensuring MAIC staff demonstrate behaviours and grow capabilities that add value to the organisation. MAIC will continue to review the framework and ensure it remains flexible and relevant to the needs of the business.

In 2016, MAIC underwent a staged reshaping to ensure the organisation's structure aligned with service delivery needs. The revitalised structure allowed MAIC to realise a number of efficiencies and to build the necessary capabilities to provide interim support for NIISQ.

Staff also benefited from Treasury's workplace health and wellbeing policy and services including annual flu vaccinations, the employee assistance program, access to first aid officers, corporate health insurance rates and the opportunity to attend health workshops.

With a planned move to 1 William Street (1WS) in late 2016, MAIC continues to ensure staff remain supported through the transition. MAIC staff have remained engaged and informed of transition activities and the leadership team have worked with staff on ways the organisation can utilise 1WS's contemporary fitout to enhance productivity. MAIC will move to a more contemporary and dynamic way of working making the most of available collaborative spaces of 1WS and further promoting the usage of suburban satellite offices. These changes will further improve staff satisfaction and optimise employee work life balance in 2016-17.

MAIC's full-time equivalent staff establishment, employee expenses and key executive management personnel and remuneration information can be found in the Financial Information section (pages 33-56 for MAIC and pages 57-88 for the Nominal Defendant). Additional information on Treasury's workforce strategies and frameworks, along with workforce statistics that include MAIC, can be located in Treasury's annual report.

LEADING THE MOTOR ACCIDENT INSURANCE COMMISSION

Reporting to the State Parliament through the Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport, the Insurance Commissioner sets the direction for MAIC and the Nominal Defendant. The MAIC leadership team includes the Insurance Commissioner, Director Finance and Procurement, Director Business Solutions, Director Strategic Planning and Business Performance, and Director CTP Scheme Claims.

The leadership team's role is to lead and empower employees and to drive performance, ensuring the organisation meets the objectives and major activities set out in the strategic plan. The leadership team is also responsible for determining operational policy and strategies to identify and manage key areas of risk.

As at 30 June 2016, membership of the leadership team included:



Neil Singleton

Insurance Commissioner

B.Business (Insurance), MBA

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



Lina Lee

Director Finance and Procurement

B.Commerce, CA

Appointed to MAIC in 2006, Lina's responsibilities include financial and procurement management and ensuring MAIC 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.



Sarah Sawyer

Director Business Solutions

GAICD

Appointed to MAIC in June 2014, Sarah's responsibilities include providing strategic and operational direction for the Systems and Development, Business Intelligence and Continuous Improvement areas. Prior to this, Sarah worked for Queensland Treasury for 14 years responsible for a range of services including information technology, data management and urban development research.



Vicki Vanderent

Director Strategic Planning and Business Performance

MBA, B.Business (Communication)

Appointed to MAIC in 2006, Vicki's responsibilities include strategic and business planning, organisational reporting, policy, communication, capability development and business support. Prior to working for MAIC, Vicki worked in marketing and communication roles across government, university and private sector organisations.



Kylie Horton

Director CTP Scheme Claims

Appointed to MAIC in 2012, Kylie has held leadership positions in personal injury insurance across the public and private sectors for more than 15 years. Kylie is responsible for leading the Nominal Defendant, supervising licensed insurer claims management compliance and performance, and managing claims related legislated functions.



Fanny Lau

CTP Scheme Performance Manager

*B.Physiotherapy, MBA,
M.Commerce, AFCHSM, CPA*

Appointed to the Commission in 2006, Fanny's responsibilities include CTP premium setting, policy administration and acquisition matters, licensing and prudential supervision. Fanny also provides operational advice, and contributes to policy development and implementation to support whole-of-government initiatives. Fanny has a physiotherapy background and ten years' experience in health finance and administration with Queensland Health prior to her appointment to the Commission.

GOVERNANCE

Our corporate governance framework ensures we:

- meet our statutory responsibilities under the MAI Act and other legislation
- integrate risk management into organisational activity
- assess and enhance corporate governance processes, including our systems of internal control.

MAIC is committed to effective risk management and has adopted Treasury's framework for proactively identifying, assessing and managing risks. MAIC has continued to work within Treasury's policy framework which is aimed at enhancing risk management capabilities.

MAIC's leadership team is accountable for risks. As part of MAIC's ongoing planning and reporting processes, the leadership team identifies and monitors risks that may affect our ability to achieve our strategic objectives. MAIC maintains a risk register which the leadership team reviews on a quarterly basis. Risks are monitored with risk controls and treatment strategies assigned to each risk, this helps MAIC mitigate negative impacts to its core business. Treasury's Board of Management reviews the MAIC risk register from a consolidated Treasury perspective, and MAIC has external auditors review the register annually. MAIC's commitment to business continuity management ensures continuity of key business services which are essential for or contribute to the achievement of MAIC's objectives.

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

MAIC participates in Treasury wide risk and accountability management through representation on the Audit and Risk Management Committee (ARMC). MAIC also has an active Internal Audit program in place provided by the Treasury Internal Audit function.

Audit and Risk Management Committee

Insurance Commissioner Neil Singleton is a representative on Treasury's ARMC where he accesses advice and assurance on the performance or discharge of functions and duties prescribed in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard Act 2009*, and other relevant legislation and prescribed requirements.

The committee's key responsibilities include:

- considering audit and audit-related findings
- assessing and enhancing our corporate governance processes including our systems of internal control and the internal audit function
- evaluating and facilitating the practical discharge of the internal audit function, particularly in planning, monitoring and reporting
- overseeing and appraising our financial and operational reporting processes through the internal audit function
- reviewing risk management, control and compliance framework and strategies
- considering our external accountability responsibilities and integrity framework.

The committee met five times during the year and had oversight of various matters including (but not limited to):

- the delivery of the 2015-16 Internal Audit plan
- review of the 2014-15 financial statements for Treasury, MAIC and the Nominal Defendant
- fraud and misconduct investigations
- Queensland Audit Office (QAO) activity including reports to Parliament where they related to Treasury.

Internal and external accountability

MAIC's governance framework includes both internal and external accountability measures.

Treasury provides internal audit services to MAIC through an outsourced arrangement with PwC. In 2015-16, Internal Audit provided an independent and objective assurance service operating in accordance with our Internal Audit Charter, which incorporates key internal audit and ethical standards. This function is independent of the QAO, however, it does liaise with the QAO regularly to ensure appropriate assurance services are provided.

In 2015-16, Internal Audit conducted a review of the Road Trauma Mitigation Fund to ensure allocation of funds were occurring efficiently and effectively.

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

More information on Treasury's Audit and Risk Management framework including information about the committee can be located in Treasury's annual report.

Information systems and recordkeeping

In 2015-16, MAIC continued its commitment to prudent information systems and recordkeeping. Effective record keeping is fundamental to good business and ensures transparency and accountability in MAIC decision-making. MAIC's records 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.

MAIC's recordkeeping framework aligns with Treasury's Information Management framework. The framework aims to ensure our record management practices are consistent with other offices within the Treasury portfolio and are compliant with current legislation and best practice record keeping standards. These include *Public Records Act 2002*, *Information Privacy Act 2009* 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*.

MAIC supports the Queensland Government Open Data Initiative. In 2015-16, MAIC released 15 datasets including CTP scheme statistical data and annual report data. MAIC's open data sets are available at the following website: data.qld.gov.au/dataset/compulsory-third-party-ctp-statistics

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 DTMR).

The Statutory Insurance Scheme levy

The Statutory Insurance Scheme levy covers the estimated operating costs of administering the MAI Act and also provides funding for research into crash prevention and injury mitigation. From 1 July 2015, the levy was \$1.50 per policy and the levy collected income of \$6.109 million in 2015-16.

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 2015, the levy for Class 1 vehicles was \$11.00, with \$43.973 million collected in 2015-16.

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 crashes, who use such services and are claimants or potential claimants under the CTP scheme. The levy amount calculated varies by vehicle class. From 1 July 2015, the levy was \$19.60 for Class 1 vehicles, proceeds from this levy are then apportioned to Queensland Health and the Department of Community Safety. In 2015-16, \$78.347 million was collected in levy income.

The Administration fee

The Administration fee is the fee payable to DTMR for delivering administrative support for the CTP scheme. There was no change to this fee in 2015-16.

STATISTICAL INFORMATION 2015-16

Insured vehicles by class

(Registrations as at 30 June 2016)

Class	Description	Vehicles	%
1	Cars and station wagons	2,713,160	66.76%
2	Motorised homes	15,306	0.38%
3	Taxis	2,689	0.07%
4	Hire vehicles	41,549	1.02%
5	Vintage, veteran, historic or street rods	26,462	0.65%
6	Trucks, utilities and vans with a GVM of 4.5t or less	824,761	20.29%
7	Trucks, prime movers and vans with a GVM → 4.5t	73,921	1.82%
8	Non-commercial buses	5,744	0.14%
9	Buses for school/health use	3,770	0.09%
10A	Buses not in class 8, 9 or 10B but used within 350 km of base	2,607	0.06%
10B	Buses operating under an integrated mass transit service contract, other than school service or restricted school service	2,151	0.05%
11	Buses not in class 8, 9, 10A or 10B	6,516	0.16%
12	Motorcycles with driver only	74,021	1.82%
13	Motorcycles with pillion passenger or side car	125,290	3.08%
14	Tractors	24,953	0.61%
15	Self-propelled machinery, fire engines	7,117	0.18%
16	Ambulances	1,096	0.03%
17	Motor vehicles used only for primary production	38,441	0.95%
19	Limited access registration	44,552	1.10%
20	Zone access registration	11,717	0.29%
21	Self-propelled machinery not in classes 14, 15, 19 or 20	8,735	0.21%
23	Dealer plates	5,974	0.15%
24	Trailers	3,433	0.08%
Total		4,063,965	100.00%

Average Class 1 filed premium

Insurer	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
AAMI **	\$290.95	\$272.00	\$305.50	\$344.00	\$317.50	\$311.25	\$325.80			
Allianz	\$292.20	\$270.50	\$302.50	\$344.50	\$315.25	\$310.50	\$325.80	\$332.85	\$334.60	\$331.35
NRMA *	\$281.90	\$259.30	\$300.15	\$345.25	\$319.00	\$314.25	\$325.80	\$331.10		
QBE	\$281.80	\$263.80	\$300.70	\$345.25	\$319.00	\$314.25	\$325.80	\$333.35	\$336.60	\$331.35
RACQI	\$295.70	\$272.00	\$305.50	\$345.25	\$319.00	\$314.25	\$325.80	\$333.35	\$336.60	\$331.35
Suncorp **	\$292.20	\$272.00	\$305.50	\$345.25	\$319.00	\$314.25	\$325.80	\$333.35	\$333.35	\$329.85

Note:

The average Class 1 filed premiums include levies.

* NRMA ceased to operate as a licensed CTP insurer in Queensland on 1 January 2014.

** AAI (trading as Suncorp) has been granted a Qld CTP licence for writing CTP insurance policies as from 1 July 2013. AAMI and Suncorp had transferred their respective general insurance businesses to AAI on 1 July 2013.

Premium levy and fee collection

(1 July 2015 to 30 June 2016)

Description	\$ ('000)
Total insurance premiums collected*	1,410,474
Nominal Defendant levy	-43,973
Statutory insurance scheme levy	-6,109
Hospital and emergency services levy	-78,347
Administration fee (Transport fee)	-33,554
Insurers' premiums#	1,248,491

Note:

* Net of cancellations

Includes GST

Levies received for the period 1 July 2015 to 30 June 2016 are on a cash basis.

Distribution of hospital and emergency services levy

	\$ ('000)
Hospital	-74,411
Emergency	-3,936
	-78,347

Scheme Performance

Delivery

2.5% Superimposed inflation scenario *	Scheme delivery							
	Claim benefits			Delivery costs				
Period	Claim payments	Levies	Total	Claim payments	Levies	Other costs	Insurer Profit	Total
Most recent 2 years	59.6%	5.9%	65.5%	4.5%	3.0%	7.8%	19.3%	34.5%
Most recent 3 years	56.4%	5.8%	62.2%	4.3%	3.0%	7.5%	23.1%	37.8%
Most recent 5 years	54.7%	5.6%	60.3%	4.1%	3.0%	7.3%	25.2%	39.7%

Note:

Scheme delivery is the proportion of Class 1 collected premium that is paid back to, or in respect of claimants.

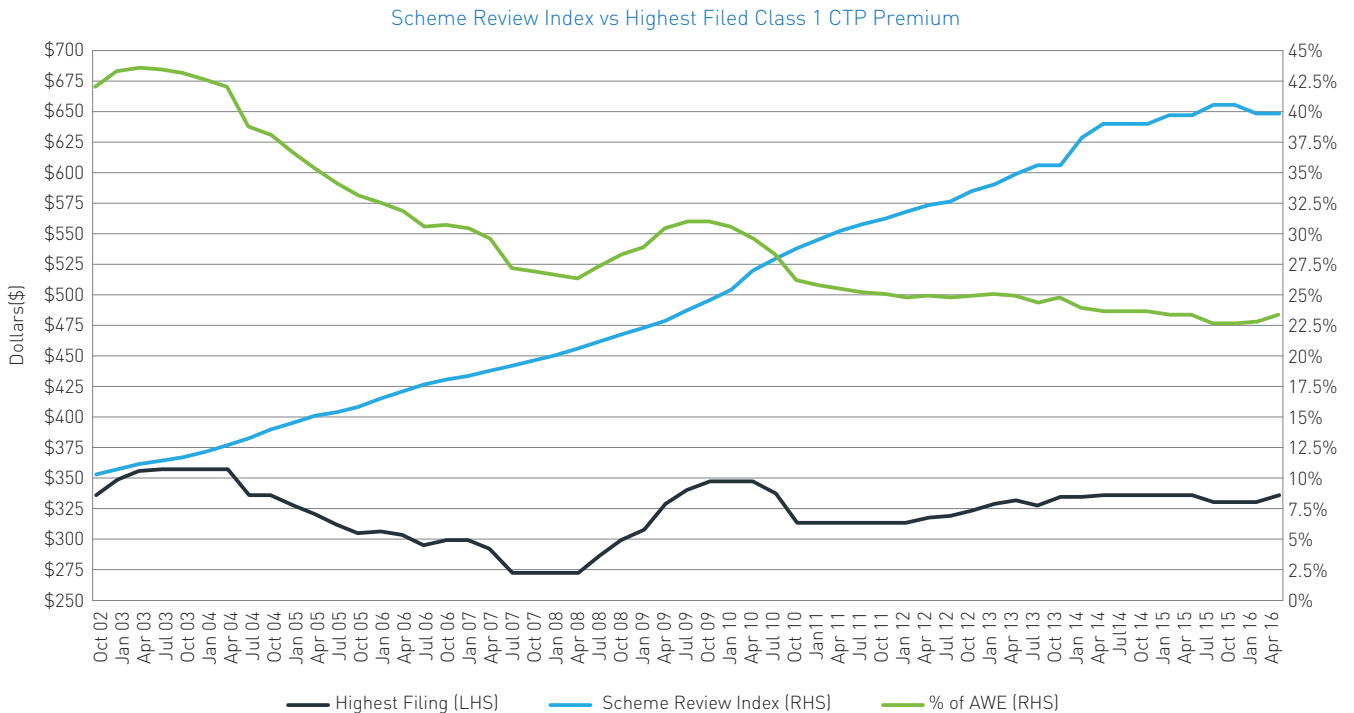
Premium costs and levies can be distinguished as either contributing to claim benefits or delivery costs.

Other costs include insurer acquisition costs, reinsurance and claims handling experience (CHE).

Insurer legals and investigations include administration costs.

* Superimposed Inflation (SI): this is any inflationary factor on claims costs which results in a rate of inflation greater than general economic inflation.

Scheme Review Index vs Highest Filed Class 1 CTP Premium

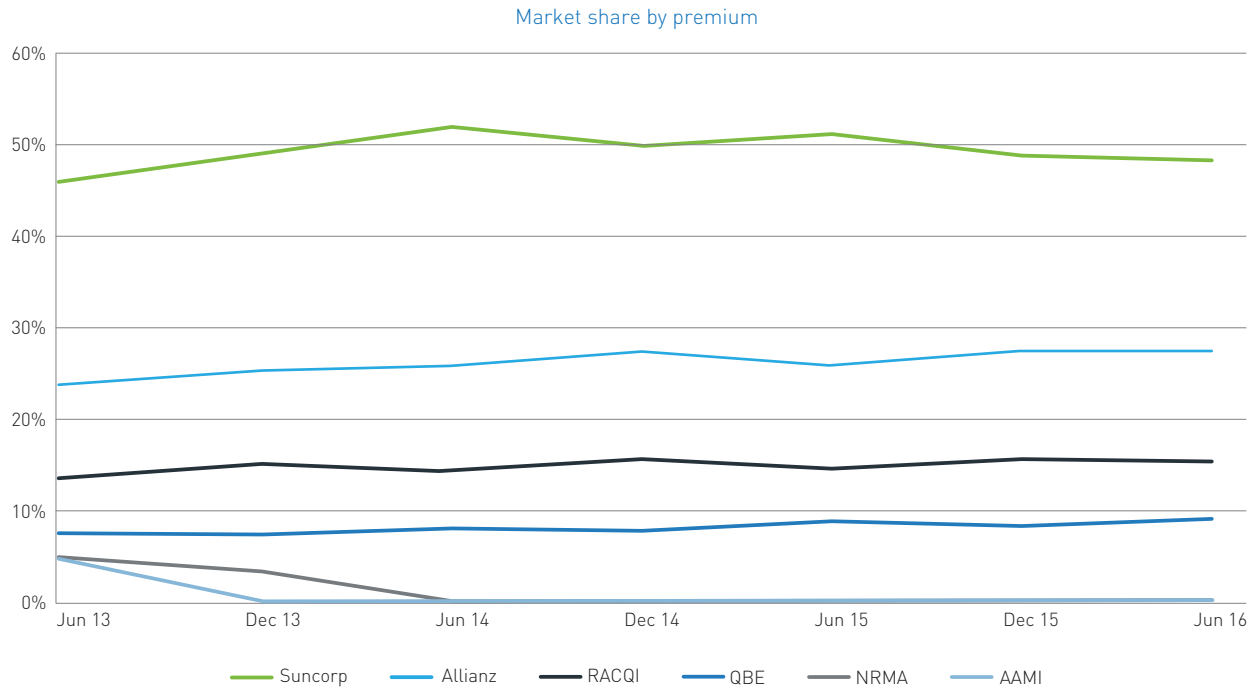


Note:

Due to the Motor Accident Insurance Act 1994 being amended on the date of assent of the Workers Compensation and Rehabilitation and Other Legislation Amendment Act on 29/10/2013, the scheme review index, also known as the affordability index, now means 45 per cent of Queensland full-time adult persons ordinary time weekly earnings declared by the Australian Statistician in the original series of the statistician's average weekly earnings publication most recently published.

Market share by premium

[Six-month intervals from 2013-2016]



Note:

AAI (trading as Suncorp) has been granted a Qld CTP licence for writing CTP insurance policies as from 1 July 2013. AAMI and Suncorp had transferred their respective general insurance businesses to AAI on 1 July 2013.

Number of accidents by region

(Accidents from 1 July 2006 to 30 June 2016)

Accident date	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	
	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%
Brisbane	2,680	49.7%	2,616	49.0%	2,874	50.3%	2,666	49.8%	2,838	49.0%
Other SE QLD region	1,574	29.2%	1,595	29.9%	1,653	28.9%	1,520	28.4%	1,702	29.4%
Regional QLD	882	16.4%	854	16.0%	908	15.9%	871	16.3%	916	15.8%
Interstate	253	4.7%	275	5.1%	281	4.9%	300	5.6%	336	5.8%
Total	5,389	100.0%	5,340	100.0%	5,716	100.0%	5,357	100.0%	5,792	100.0%

Note:

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

The Brisbane region is based on postcodes 4000-4209 and 4500-4529.

Other SE QLD region is based on postcodes 4210-4349, 4550-4601 and 4619-4689 and includes Ipswich, Gold Coast and Sunshine Coast.

Regional QLD is based on postcodes 4350-4499, 4602-4618 and 4690-4899 and includes Toowoomba, Rockhampton, Mackay, Townsville, Mt Isa and Cairns.

Age group of claimants by gender

(All claims for accidents from 1 July 2006 to 30 June 2016 where relevant details are available)

Age group	Male	Female	Total	%
0-5	410	408	818	1.2
6-15	1,236	1,398	2,634	4.0
16-25	5,806	7,331	13,137	19.8
26-35	6,849	7,523	14,372	21.7
36-45	6,592	7,255	13,847	20.9
46-55	5,281	6,034	11,315	17.1
56-65	3,172	3,379	6,551	9.9
66+	1,633	2,006	3,639	5.5
Others	1	0	1	0.0
Total	30,979	35,334	66,313	100.0

Claim severity

(Finalised claims for accidents from 1 July 2006 to 30 June 2016)

AIS Severity*	Description	Claims	%
1	Minor	38,519	71.1
2	Moderate	8,163	15.1
3	Serious	3,136	5.8
4	Severe	417	0.8
5	Critical	185	0.3
6	Maximum [#]	755	1.4
9	Admin [^]	3,018	5.6
	Total	54,193	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, injuries unspecified and business claims.

	1 Jul 2011 - 30 Jun 2012		1 Jul 2012 - 30 Jun 2013		1 Jul 2013 - 30 Jun 2014		1 Jul 2014 - 30 Jun 2015		1 Jul 2015 - 30 Jun 2016	
	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%
	2,846	50.7%	2,813	50.4%	2,827	51.4%	2,991	52.9%	2,140	52.2%
	1,545	27.5%	1,530	27.4%	1,492	27.1%	1,557	27.5%	1,211	29.6%
	923	16.4%	955	17.1%	898	16.3%	812	14.4%	503	12.3%
	301	5.4%	287	5.1%	286	5.2%	295	5.2%	242	5.9%
	5,615	100.0%	5,585	100.0%	5,503	100.0%	5,655	100.0%	4,096	100.0%

Rates of legal representation and litigation

(Accidents from 1 July 2006 to 30 June 2016)

Accident date	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	1 Jul 2011 - 30 Jun 2012	1 Jul 2012 - 30 Jun 2013	1 Jul 2013 - 30 Jun 2014	1 Jul 2014 - 30 Jun 2015	1 Jul 2015 - 30 Jun 2016
Claims	6,522	6,522	7,018	6,570	7,035	6,975	6,915	6,871	6,914	5,089
% Finalised	99.0%	98.3%	97.8%	96.9%	95.5%	93.2%	87.1%	73.9%	45.8%	12.6%
% Legal rep	72.8%	73.4%	74.5%	75.5%	74.1%	75.6%	76.9%	77.1%	76.5%	80.5%
% Litigated	8.5%	9.2%	9.8%	10.0%	9.6%	10.8%	10.2%	6.4%	1.5%	0.0%

Note:

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

Claim duration by licensed insurer

(Finalised claims for accidents from 1 July 2006 to 30 June 2016 where relevant details are available)

	Allianz	NRMA	QBE	RACQI	Suncorp	Average
Notification date to compliance date	0.6	0.7	0.6	0.8	0.8	0.8
Compliance date to liability decision date	2.0	1.8	3.0	3.3	2.3	2.4
Liability decision date to settlement date	14.7	15.5	14.7	14.1	15.4	15.0

Note:

Timeframes = Average in months

Heads of Damage breakdown

(Finalised claims from 1 July 2015 to 30 June 2016 for accidents from 1 July 2006 to 30 June 2016)

	General damages	Economic loss past & future	Treatment and rehab	Care	Legals	Other*	Recoveries #	Total
Finalised claims ^	6,372	5,688	7,230	1,194	4,337	6,735	104	7,754
% Finalised payments	11.4%	48.3%	10.7%	9.6%	14.4%	6.1%	-0.5%	100.0%
Total payments (\$'000)	95,952	407,952	90,483	81,045	121,932	51,720	-3,810	845,274

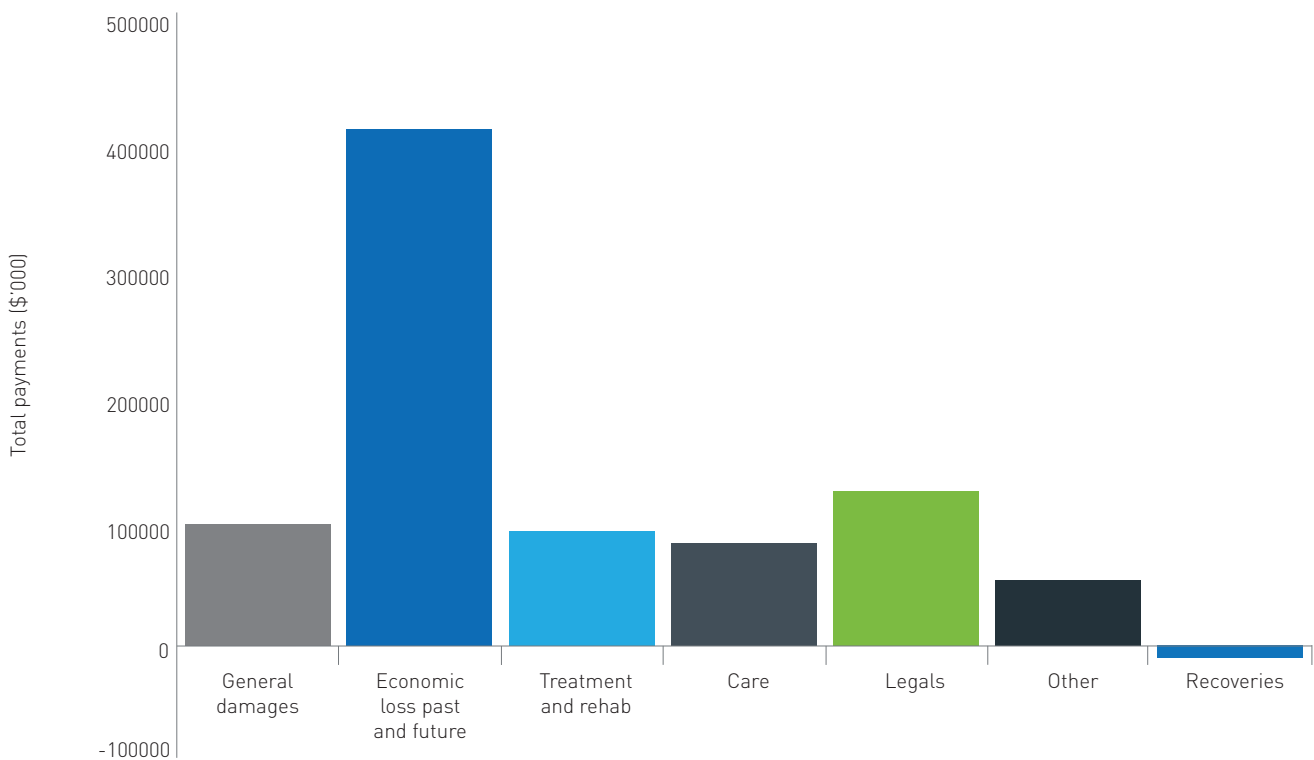
Note:

* 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.

Total payments by Heads of Damage for claims finalised in 2015-16



Injury severity costs breakdown

(Finalised claims from 1 July 2015 to 30 June 2016 for accidents from 1 July 2006 to 30 June 2016)

	AIS severity description							Total
	Minor	Moderate	Serious	Severe	Critical	Maximum*	Admin#	
Finalised claims [^]	5,604	1,161	437	83	42	91	336	7,754
% Total payments	44.4%	19.1%	15.9%	8.2%	9.6%	2.1%	0.7%	100.0%
Average payment (\$)	66,901	139,053	307,180	837,816	1,937,703	196,660	17,448	109,011
Total payments (\$'000)	374,914	161,441	134,238	69,539	81,384	17,896	5,863	845,274

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.

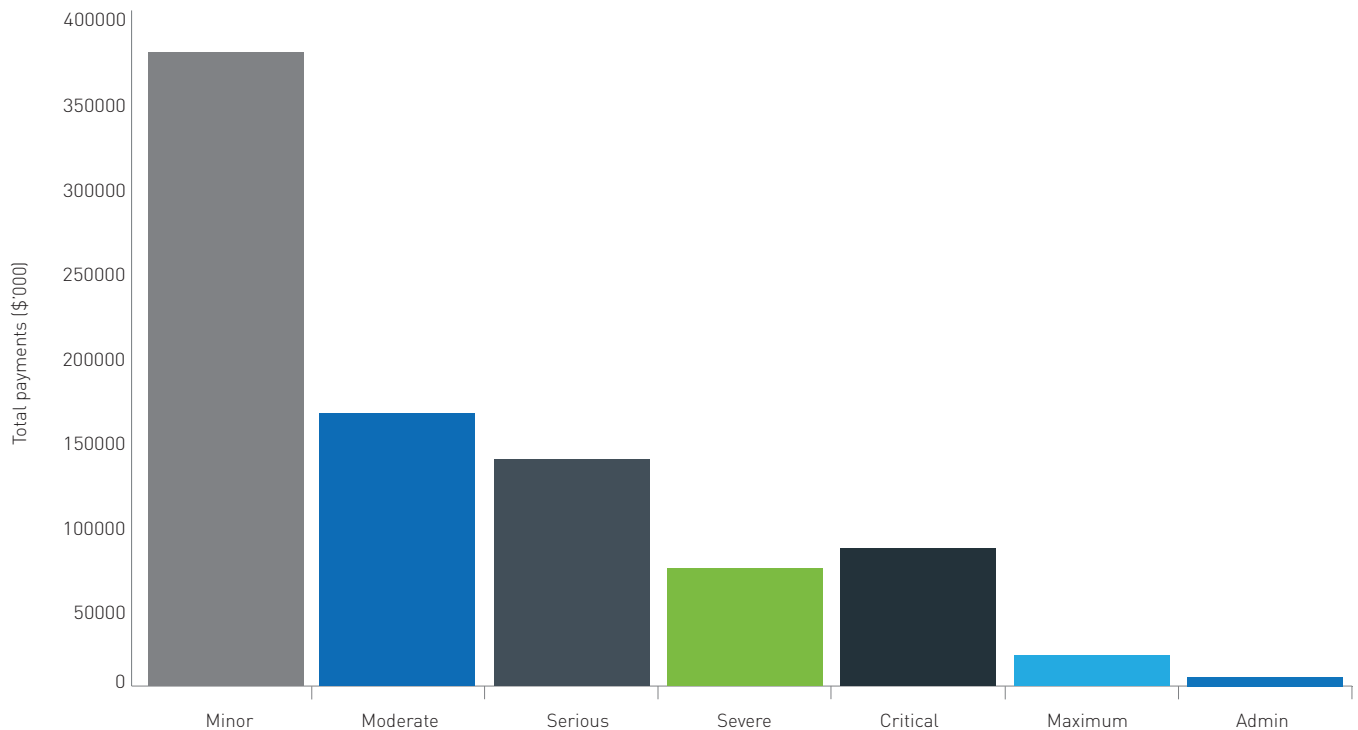
Injury severities are based on AIS 2005.

* Maximum severity is predominantly fatalities.

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

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

Total payments by severity for claims finalised in 2015-16



FINANCIAL INFORMATION 2015-16

The background features a dynamic composition of geometric shapes. A large, dark blue triangle occupies the upper left quadrant. A bright, light blue triangle is positioned on the right side, pointing towards the top right. A dark grey/black shape forms a large, irregular shape at the bottom and right, partially overlapping the other colors. The overall aesthetic is modern and corporate.

OUR FINANCIAL INFORMATION

Motor Accident Insurance Commission

Financial Statements 2015-2016

Statement of Comprehensive Income	34
Statement of Financial Position	35
Statement of Changes in Equity	36
Statement of Cash Flows	37
Notes to and Forming Part of the Financial Statements	38
Management Certificate	54
Independent Auditor's Report	55

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

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

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

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

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

Nominal Defendant

Financial Statements 2015-2016

Statement of Comprehensive Income	58
Statement of Financial Position	59
Statement of Changes in Equity	60
Statement of Cash Flows	61
Notes to and Forming Part of the Financial Statements	62
Management Certificate	86
Independent Auditor's Report	87

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 4000

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

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

MOTOR ACCIDENT INSURANCE COMMISSION FINANCIAL SUMMARY 2015-16

MAIC managed its business within budget and achieved an operating surplus of \$0.24 million for the year ended 30 June 2016. The major drivers for the \$10.40 million decrease in operating surplus were the reduction in returns on financial assets and increase in grants expense.

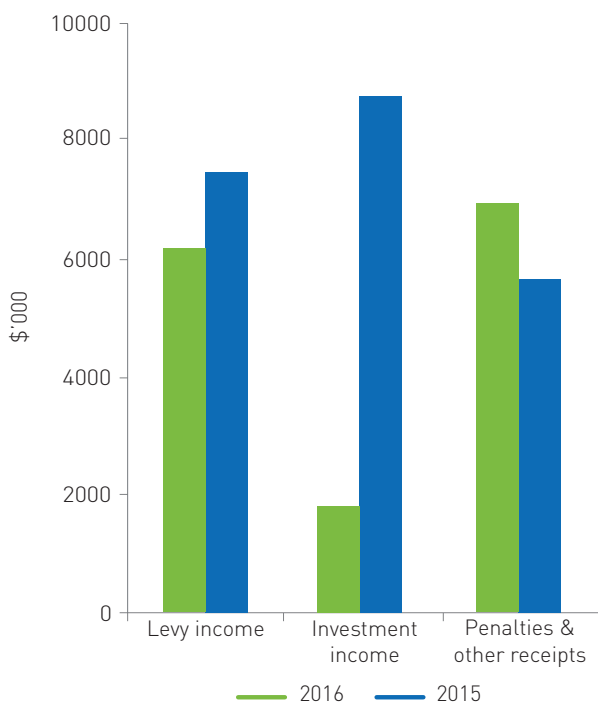
The lower return on investments held with QIC of \$1.76 million versus the prior year's \$8.72 million was due to the uncertainty in the global equity markets during the year.

The Statutory Insurance Scheme Levy per vehicle reduced to \$1.50 in 2015-16 from \$1.85 in the prior year. This led to a decrease in levy income of \$1.30 million. Penalty fines and other receipts rose by \$1.23 million to \$6.87 million.

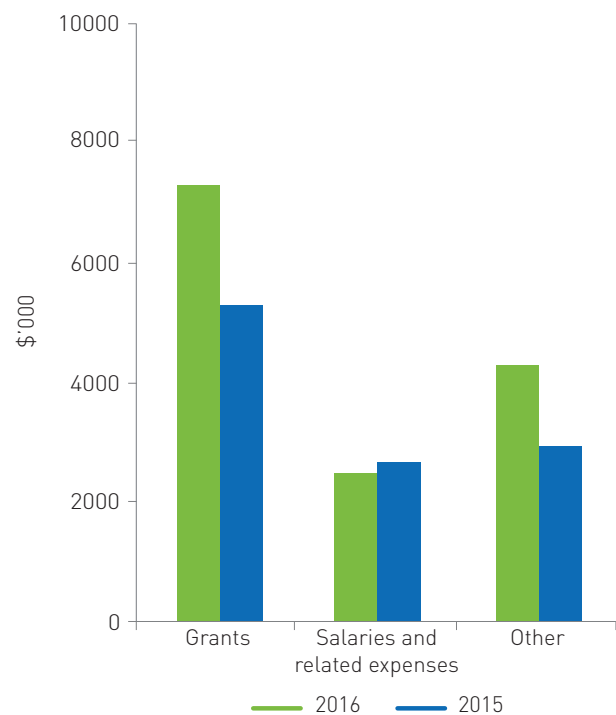
MAIC's total expenses for the year was \$14.50 million (prior year \$11.12 million). MAIC's largest expense item relates to the continued funding of research programs to seek to reduce the incidence and mitigate the effects of road trauma. The increase in grants expense of \$2.17 million was due to additional funding for road safety initiatives under the Road Trauma Mitigation Fund which was established in 2015-16. Details of the grant funding are provided in Appendix 6.

MAIC's other operating expenditure rose by \$1.30 million to \$4.33 million primarily as a result of additional costs incurred in the preparation and implementation phases for the delivery of the National Injury Insurance Scheme Queensland (NIISQ) alongside the Queensland CTP Scheme.

Income



Expenses



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

Statement of Comprehensive Income

for the year ended 30 June 2016

	Notes	2016	2015
		\$'000	\$'000
Income			
Levy income		6,109	7,413
Net fair value gains on other financial assets		1,764	8,719
Interest income		133	165
Penalties and miscellaneous receipts		6,705	5,436
User charges		31	36
Total income		14,742	21,769
Expenses			
Grants	2	7,554	5,388
Employee expenses	3	2,617	2,707
Supplies and services	5	4,254	2,968
Depreciation and amortisation		9	10
Other expenses	6	65	47
Total expenses		14,499	11,120
Operating result		243	10,649
Other comprehensive income		-	-
Total comprehensive income		243	10,649

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents		2,568	2,370
Receivables	7	403	608
Other financial assets		26,421	22,978
Prepayments		28	28
Total current assets		29,420	25,984
Non-current assets			
Other financial assets		137,598	140,804
Plant and equipment		-	10
Total non-current assets		137,598	140,814
Total assets		167,018	166,798
Current liabilities			
Payables		312	363
Accrued employee benefits	8	104	76
Total current liabilities		416	439
Total liabilities		416	439
Net assets		166,602	166,359
Equity			
Contributed equity		57,818	57,818
Accumulated surplus		108,784	108,541
Total equity		166,602	166,359

The accompanying notes form part of these statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

Statement of Changes in Equity

for the year ended 30 June 2016

	Accumulated surplus \$'000	Contributed equity \$'000	Total equity \$'000
Balance as at 1 July 2014	97,892	57,818	155,710
Operating result	10,649	-	10,649
<i>Other comprehensive income</i>	-	-	-
Balance as at 30 June 2015	108,541	57,818	166,359
Balance as at 1 July 2015	108,541	57,818	166,359
Operating result	243	-	243
<i>Other comprehensive income</i>	-	-	-
Balance as at 30 June 2016	108,784	57,818	166,602

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Lewy income		6,109	7,413
Interest income		126	182
Penalties and miscellaneous receipts		6,614	5,250
User charges		32	28
GST input tax credits from ATO		1,134	634
GST collected from customers		3	23
<i>Outflows:</i>			
Grants		(7,442)	(5,716)
Employee expenses		(2,575)	(2,960)
Supplies and services		(3,724)	(2,615)
GST remitted to ATO		(19)	(7)
GST paid to suppliers		(997)	(766)
Other		(63)	(47)
Net cash (used in) / provided by operating activities	9	(802)	1,419
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from sale of other financial assets		4,000	2,000
<i>Outflows:</i>			
Payments for other financial assets		(3,000)	(4,000)
Net cash provided by / (used in) investing activities		1,000	(2,000)
Net increase / (decrease) in cash and cash equivalents		198	(581)
Cash and cash equivalents at beginning of financial year		2,370	2,951
Cash and cash equivalents at end of financial year		2,568	2,370

The accompanying notes form part of these statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

Objectives and principal activities of MAIC

The Motor Accident Insurance Commission (MAIC) 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*, MAIC 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

MAIC 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 Queensland Treasury's Financial Reporting Requirements for reporting periods beginning on or after 1 July 2015, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, MAIC has applied those requirements applicable to not-for-profit entities, as MAIC 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 MAIC.

(c) Levy collection, contributions and penalties

Levies are recognised at the time they are legally payable by the Department of Transport and Main Roads (DTMR) to MAIC under s.27 of the *Motor Accident Insurance Act 1994*. This occurs at the time the levies are paid by motorists to DTMR.

Levies collected on behalf of Queensland Health and the Public Safety Business Agency 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 Public Safety Business Agency have not been included as expenses.

Details on the levies collected on behalf of and distributed to Queensland Health and the Public Safety Business Agency are provided in Note 10.

Penalties are recognised at the time they are legally payable by the Department of Transport and Main Roads (DTMR) and Queensland Treasury (State Penalties Enforcement Registry) to MAIC under s.20 of the *Motor Accident Insurance Act 1994*. This occurs at the time of receipt of monies from uninsured motorists.

(d) Grants

The *Motor Accident Insurance Act 1994* provides for MAIC 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. The expense is recognised when the payment is made.

(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 received but not banked at 30 June.

(f) Receivables

Receivables 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 where an event occurs that would cast doubt on the collectability of the receivable. All known bad debts were written-off as at 30 June.

(g) Fair value measurement

MAIC recognises in its other financial assets funds that are invested with Queensland Investment Corporation (QIC) at net market value in the financial statements using fair value measurement.

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the investments being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the investments being valued. Significant unobservable inputs used by MAIC include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of MAIC's investments. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar investments.

All investments of MAIC for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical investments
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included in level 1) that are observable, either directly or indirectly
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

Other financial assets are held through unlisted unit trusts with MAIC's funds' manager. While the units in the trust have quoted prices and are able to be traded, the market would not be considered active for level 1, therefore they are considered to be level 2. A market comparison valuation approach is used, with the units carried at redemption value as reasonably determined by the funds' manager.

Fair value information about MAIC's financial instruments is outlined in Note 12.

(h) Intangibles

Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to MAIC. MAIC has \$270,000 in intangibles that are fully amortised.

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

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

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 MAIC, namely five years.

(i) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when MAIC 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
- Payables – held at amortised cost.

MAIC does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents and investments held with QIC, MAIC 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 MAIC are included in Note 12.

(j) Employee benefits

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

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current remuneration rates.

As MAIC expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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 when it is taken.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

Annual and long service leave

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

Under the Queensland Government's Long Service Leave Scheme, a levy is made on MAIC 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.

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. MAIC'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 AASB1049 *Whole of Government and General Government Sector Financial Reporting*.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are detailed in Note 4.

(k) Insurance

MAIC'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, MAIC pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(l) 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.

(m) Taxation

MAIC 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 MAIC. GST credits receivable from, and GST payable to the ATO, are recognised in the Statement of Financial Position (refer to Note 7).

(N) Issuance of financial statements

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

(o) 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 only area where MAIC has made a higher degree of judgement is in the use of level 2 for the fair valuation of its investments with QIC, with no other judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(p) 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.

(q) New and revised accounting standards

MAIC did not voluntarily change any of its accounting policies during 2015-16. MAIC adopted AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101, [AASB 7, AASB 101, AASB 134 & AASB 1049]. The amendments seek to improve financial reporting which emphasises only including material disclosures in the notes. MAIC has applied this flexibility in preparing the 2015-16 financial statements.

No new Australian accounting Standards effective for the first time in 2015-16 had any material impact on this financial report.

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

AASB 124 *Related Party Disclosures* will become effective from reporting periods beginning on or after 1 July 2016 and will apply to MAIC. The revised version of AASB 124 requires disclosures about the remuneration of key management personnel (KMP), transactions with related parties, and relationships between parent and controlled entities.

MAIC already discloses detailed information about remuneration of its KMP, based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies. Due to additional guidance from the AASB about the KMP definition in the revised AASB 124, MAIC will be assessing whether its responsible Minister should be part of its KMP from 2016-17. If the responsible Minister is assessed as meeting the KMP definition, no associated remuneration figures will be disclosed by MAIC, as it does not provide the Minister's remuneration. Comparative information will continue to be disclosed in respect of KMP remuneration.

The most significant implications of AASB 124 for MAIC are the required disclosures about transactions between MAIC and its related parties (as defined in AASB 124). For any such transactions, from 2016-17, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/payables, commitments, and any receivables where collection has been assessed as being doubtful. In respect of related party transactions with other Queensland Government controlled entities, the information disclosed will be more high level, unless a transaction is individually significant. No comparative information is required in respect of related party transactions in the 2016-17 financial statements.

AASB 15 Revenue from Contracts with Customers will become effective from reporting periods beginning on or after 1 January 2018. This standard contains much more detailed requirements for the accounting for certain types of revenue from customers. Based on present arrangements, MAIC does not enter into contracts for the sale of goods and services. However, if a contract for sale of goods and services does arise in the future, MAIC will need to follow the relevant accounting treatment specified in AASB15.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) will become effective for reporting periods beginning on or after 1 January 2018. The main impacts of these standards on MAIC are that they will change the requirements for the classification, measurement and disclosures associated with MAIC's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

At this stage and assuming no change in the types of transactions MAIC enters into, all of the financial assets are expected to be required to be measured at fair value as required in the standard (instead of the measurement classifications presently used in Notes 1(i) and 12). In the case of MAIC's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in MAIC's operating result.

Another impact of AASB 9 relates to calculating impairment losses for MAIC's receivables. Assuming no substantial change in the nature of MAIC's receivables, as they do not include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, MAIC will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

	2016	2015
	\$'000	\$'000
2. Grants		
Strategic accident prevention research	2,786	2,916
Rehabilitation initiatives research	2,468	2,472
Road trauma mitigation research	2,300	-
Total	7,554	5,388

3. Employee expenses

Employee benefits

Salaries and wages	2,018	2,069
Employer superannuation contributions*	271	289
Leave levies*	260	285
Other employee benefits	12	6

Employee related expenses

Workers' compensation premium	3	4
Payroll tax	-	1
Other employee related expenses	53	53
Total	2,617	2,707

*Refer to Note 1(j).

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

	2016	2015
Full-Time Equivalent Employees	23	23

4. Key management personnel and remuneration expenses

(a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of MAIC during 2015-16. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents	
		Contract classification and appointment authority	Date appointed to position
Insurance Commissioner	Leads the efficient, effective and economic administration of MAIC.	SES3; <i>Public Service Act 2008</i> and Governor in Council, in accordance with section 7 of the <i>Motor Accident Insurance Act 1994</i>	6-Dec-10
Director, Finance and Procurement*	Responsible for the efficient, effective and economic financial administration of MAIC.	SO; <i>Public Service Act 2008</i>	13-Feb-06
Director, Business Solutions	Responsible for efficient and effective information systems and reporting.	SO; <i>Public Service Act 2008</i>	2-Jun-14
Director, Strategic Planning and Business Performance	Responsible for efficient and effective strategic, operational and capability planning and strategic communication.	SO; <i>Public Service Act 2008</i>	16-May-16
Director, CTP Scheme Claims	Responsible for the Nominal Defendant claims management operation and licensed insurer claims management monitoring.	SO; <i>Public Service Act 2008</i>	23-May-16

* This role was previously named Director, Corporate Governance.

(b) Remuneration expenses

Remuneration policy for MAIC's key 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 (including motor vehicle entitlements) for the key management personnel are specified in employment contracts.

For the 2015-16 year, remuneration of key management personnel increased by 2.5% in accordance with government policy.

The following disclosures include remuneration in connection with the management of MAIC, the Nominal Defendant and the Queensland Government Insurance Fund. The remuneration has been allocated in the Statement of Comprehensive Income in accordance with services provided between the entities. Remuneration for the Director, CTP scheme claims is reported in the Nominal Defendant financial statements under Note 5.

Remuneration expenses for key management personnel comprise the following components:

- Short term employee expenses which include:
 - Salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position.
 - Performance payments recognised as an expense during the year.
 - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

1 July 2015 to 30 June 2016

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses \$'000	Post employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary expenses \$'000				
Insurance Commissioner	224	-	5	25	-	254
Director, Finance and Procurement	138	-	3	17	-	158
Director, Business Solutions	109	-	2	14	-	125
Director, Strategic Planning and Business Performance	14	-	-	1	-	15

1 July 2014 to 30 June 2015

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses \$'000	Post employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary expenses \$'000				
Insurance Commissioner	221	-	5	24	-	250
Director, Corporate Governance	132	-	3	17	-	152
Director, Business Solutions	108	-	2	13	-	123

(c) Performance payments

Performance bonuses are not paid under the contracts in place.

	2016	2015
	\$'000	\$'000
5. Supplies and services		
Consultants and contractors	2,099	1,152
Rent	326	297
Supplies and consumables	272	205
Advertising	263	-
Corporate services fee	270	270
QIC management fee	512	477
Computer facilities management fee	94	81
Professional services	76	152
Actuarial fees	342	334
Total	4,254	2,968

6. Other expenses

External audit fees	21	20
Insurance premiums - QGIF	27	27
Other	17	-
Total	65	47

Total audit fees paid to the Queensland Audit Office relating to the 2015-16 financial year are estimated to be \$20,550 (2015: \$20,000). There are no non-audit services included in this amount.

7. Receivables

Penalties receivable	242	151
Accrued interest income	40	33
GST receivable	50	188
GST payable	(1)	(17)
Leave reimbursements	39	53
Grant receivable	26	180
Other receivables	7	20
Total	403	608

8. Accrued employee benefits**Current**

Leave levies payable	63	55
Accrued salaries and wages	41	21
Total	104	76

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

	2016	2015
	\$'000	\$'000
9. Reconciliation of operating result to net cash from operating activities		
Operating result	243	10,649
Add/(subtract) items classified as investing activities:		
Net fair value gain on other financial assets	(1,236)	(8,197)
Non-cash items:		
Depreciation and amortisation expense	9	10
Changes in assets and liabilities:		
(Increase)/decrease in prepayments	-	(28)
(Increase)/decrease in receivables	205	(356)
Increase/(decrease) in payables	(51)	(483)
Increase/(decrease) in accrued employee benefits	28	(176)
Net cash (used in) / provided by operating activities	(802)	1,419

	2016	2015
	\$'000	\$'000

10. Agency transactions

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

Levies

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

Levies collected but not remitted in the previous year	6,634	6,585
Hospital levy	74,411	67,894
Emergency Services levy	3,936	5,024
Total	84,981	79,503

Contributions

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

Hospital levy contributions	73,798	67,934
Emergency Services levy contributions	4,017	4,935
Total	77,815	72,869

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

Hospital levy	6,808	6,195
Emergency Services levy	358	439
Total	7,166	6,634

11. Grant commitments

Approval has been given to various grantees in accordance with formal agreements to pay the following grants and subsidies provided certain criteria are met.

Commitments for grant expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

· Not later than one year	10,200	4,851
· Later than one year and not later than five years	13,155	2,094
Total	23,355	6,945

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

12. Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents		2,568	2,370
Receivables	7	403	608
Other financial assets		164,019	163,782
Total		166,990	166,760
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables		312	363
Total		312	363

(b) Financial risk management

MAIC'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 MAIC policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of MAIC.

All financial risk is managed by Finance and Procurement under policies approved by MAIC. MAIC provides written principles for overall risk management, as well as policies covering specific areas.

12. Financial instruments – continued

(c) 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 MAIC's other financial assets. With all other variables held constant, MAIC would have a surplus and equity increase/(decrease) of \$26,000 (2015: \$24,000) due to interest rate risk and \$1,640,000 (2015: \$1,638,000) due to unit price risk.

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

Cash	Movement in variable	Financial impact			
		Profit/(loss)	Equity	Profit/(loss)	Equity
		2016	2016	2015	2015
	%	\$'000	\$'000	\$'000	\$'000
Interest rate risk	+1	26	26	24	24
	-1	(26)	(26)	(24)	(24)

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

QIC Investments	Movement in variable	Financial impact			
		Profit/(loss)	Equity	Profit/(loss)	Equity
		2016	2016	2015	2015
	%	\$'000	\$'000	\$'000	\$'000
Unit price risk	+1	1,640	1,640	1,638	1,638
	-1	(1,640)	(1,640)	(1,638)	(1,638)

(d) Fair value

The recognised fair values of other financial assets are classified according to the fair value hierarchy as disclosed in Note 1(g).

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

The carrying amounts of other 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

13. Budget vs actual comparison

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

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

Statement of Comprehensive Income

		Actual	Original		
	Variance	2016	Budget	Variance	Variance
	Notes	\$'000	\$'000	\$'000	(%)
Income					
Livy income		6,109	6,013	96	2%
Net fair value gains on other financial assets	1	1,764	11,785	(10,021)	-85%
Interest income		133	180	(47)	-26%
Penalties and miscellaneous receipts	2	6,705	5,000	1,705	34%
User charges		31	-	31	-
Total income		14,742	22,978	(8,236)	-36%
Expenses					
Grants	3	7,554	16,000	(8,446)	-53%
Employee expenses		2,617	2,840	(223)	-8%
Supplies and services		4,254	4,075	179	4%
Depreciation and amortisation		9	10	(1)	-10%
Other expenses		65	53	12	23%
Total expenses		14,499	22,978	(8,479)	-37%
Operating result		243	-	243	-
Other comprehensive income		-	-	-	-
Total comprehensive income		243	-	243	-

13. Budget vs actual comparison – continued**Statement of Financial Position**

		Actual	Original		
	Variance	2016	Budget	Variance	Variance
	Notes	\$'000	\$'000	\$'000	(%)
Current assets					
Cash and cash equivalents	4	2,568	2,000	568	28%
Receivables		403	248	155	63%
Other financial assets	5	26,421	22,996	3,425	15%
Prepayments		28	-	28	-
Total current assets		29,420	25,244	4,176	17%
Non-current assets					
Other financial assets	5	137,598	142,418	(4,820)	-3%
Plant and equipment		-	-	-	-
Total non-current assets		137,598	142,418	(4,820)	-3%
Total assets		167,018	167,662	(644)	0%
Current liabilities					
Payables	6	312	854	(542)	-63%
Accrued employee benefits		104	137	(33)	-24%
Total current liabilities		416	991	(575)	-58%
Total liabilities		416	991	(575)	-58%
Net assets		166,602	166,671	(69)	0%
Equity					
Contributed equity		57,818	57,818	-	-
Accumulated surplus		108,784	108,853	(69)	0%
Total equity		166,602	166,671	(69)	0%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

13. Budget vs actual comparison – continued

Statement of Cash Flows

	Variance Notes	Original		Variance \$'000	Variance (%)
		Actual 2016 \$'000	Budget 2016 \$'000		
Cash flows from operating activities					
<i>Inflows:</i>					
Levy income		6,109	6,013	96	2%
Interest income		126	180	(54)	-30%
Penalties and miscellaneous receipts	2	6,614	5,000	1,614	32%
User charges		32	-	32	-
GST input tax credits from ATO		1,134	-	1,134	-
GST collected from customers		3	-	3	-
<i>Outflows:</i>					
Grants	3	(7,442)	(16,000)	8,558	-53%
Employee expenses		(2,575)	(2,838)	263	-9%
Supplies and services		(3,724)	(3,436)	(288)	8%
GST remitted to ATO		(19)	-	(19)	-
GST paid to suppliers		(997)	-	(997)	-
Other		(63)	(161)	98	-61%
Net cash (used in) / provided by operating activities		(802)	(11,242)	10,440	-93%
Cash flows from investing activities					
<i>Inflows:</i>					
Proceeds from sale of other financial assets	7	4,000	-	4,000	-
<i>Outflows:</i>					
Payments for other financial assets	7	(3,000)	11,242	(14,242)	-127%
Net cash provided by / (used in) investing activities		1,000	11,242	(10,242)	-91%
Net increase / (decrease) in cash and cash equivalents		198	-	198	-
Cash and cash equivalents at beginning of financial year		2,370	2,000	370	19%
Cash and cash equivalents at end of financial year		2,568	2,000	568	28%

13. Budget vs actual comparison – continued**Explanations of major variances****Statement of Comprehensive Income**

1. The decrease in net fair value gains on financial assets is primarily due to lower than expected earnings on QIC investments due to uncertainty in the international equity market during the year.
2. The increase in penalties and miscellaneous receipts primarily relates to higher than anticipated penalties collected during the year.
3. The variance in grants payments is due to lower than anticipated investment in research activities and timing of payments with some grants being delayed until 2016-17.

Statement of Financial Position

4. The cash and cash equivalents balance is higher than projected as detailed in the Statement of Cash Flows.
5. The variance in current and non-current other financial assets is primarily due to a reclassification from non-current to current QIC investments.
6. The variance in payables is due to fluctuations in accrued expenses at year end.

Statement of Cash Flows

7. The variances in cash flows from investing activities reflect QIC cash investments and drawdowns performed during the year to meet MAIC's cash flow requirements.

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)*, section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements.

In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects
- (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 (MAIC) for the financial year ended 30 June 2016 and of the financial position of MAIC at the end of that year
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



L. Lee
B. Com, CA
Director Finance and Procurement
24 August 2016



N. Singleton
B. Bus (Insurance), MBA
Insurance Commissioner
24 August 2016

INDEPENDENT AUDITOR'S REPORT

To the Insurance Commissioner

Report on the Financial Report

I have audited the accompanying financial report of the Motor Accident Insurance Commission, which comprises the statement of financial position as at 30 June 2016, 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 Director Finance and Procurement.

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 gives a true and fair view and 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.

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 be removed only 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 the Motor Accident Insurance Commission for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P. Christensen CPA
As Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

NOMINAL DEFENDANT FINANCIAL SUMMARY 2015-16

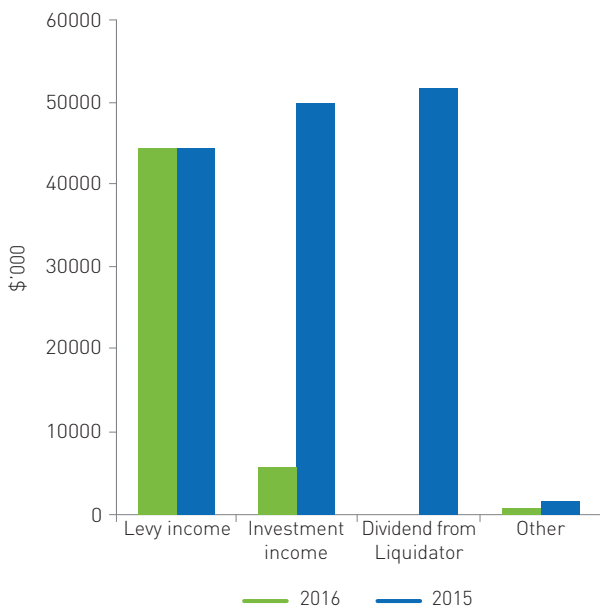
The operating surplus of the Nominal Defendant for the year ended 30 June 2016 was \$21.52 million compared to the prior year's operating surplus of \$116.12 million.

The major drivers for the \$94.6 million decrease in operating surplus were the cessation of dividends from FAI liquidators and the reduction in returns on financial assets. The final dividends from the FAI liquidators were received in the prior financial year (\$51.83 million) with dividends ceasing from 1 July 2015 resulting in nil dividends for the year ended 30 June 2016. The lower return on investments held with QIC of \$5.55 million versus the prior year's \$49.76 million was due to the uncertainty in the global equity markets during the year.

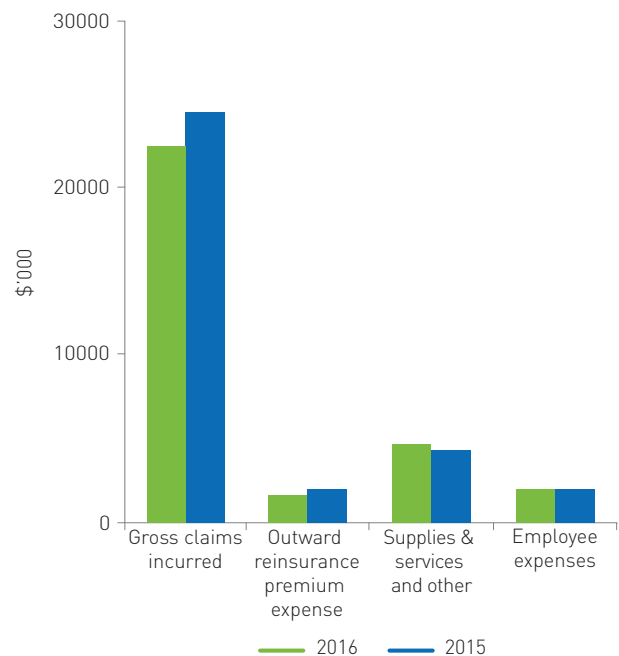
In relation to the normal business of the Nominal Defendant, claim payments were \$24.31 million (prior year \$24.38 million) and claim recoveries were \$0.62 million (prior year \$0.94 million). The gross outstanding claims liabilities were actuarially assessed at 30 June 2016 and decreased by \$2.01 million to \$132.46 million.

The Nominal Defendant levy decreased by \$0.50 to \$11.00 per Class 1 vehicle from 1 July 2015. The reduction in the levy resulted in a \$0.20 million decrease in levy income to \$44.59 million compared to prior year's \$44.80 million.

Income



Expenses



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

Statement of Comprehensive Income

for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Income			
Levy income	2	44,593	44,795
Net fair value gains on other financial assets		5,549	49,759
Dividends received from FAI liquidator		-	51,831
Reinsurance and other recoveries	3	458	914
Interest income		48	53
Total income		50,648	147,352
Expenses			
Gross claims incurred	3	22,585	24,821
Outward reinsurance premium expense	2	1,193	1,239
Employee expenses	4	1,323	1,380
Supplies and services	6	3,469	3,227
Depreciation and amortisation		523	524
Other	7	39	38
Total expenses		29,132	31,229
Operating result		21,516	116,123
Other comprehensive income		-	-
Total comprehensive income		21,516	116,123

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents		3,358	3,118
Receivables	8	1,626	289
Other financial assets		670,702	195,194
Reinsurance and other recoveries on outstanding claims	11	672	972
Prepayments		9	14
Total current assets		676,367	199,587
Non-current assets			
Other financial assets		281,629	741,340
Reinsurance and other recoveries on outstanding claims	11	2,693	3,895
Plant and equipment		-	4
Intangible assets	9	2,509	3,028
Total non-current assets		286,831	748,267
Total assets		963,198	947,854
Current liabilities			
Payables		341	378
Accrued employee benefits	10	60	38
Outstanding claims liability	11	28,377	30,588
Unearned levies		21,827	22,447
Total current liabilities		50,605	53,451
Non-current liabilities			
Outstanding claims liability	11	113,048	116,374
Total non-current liabilities		113,048	116,374
Total liabilities		163,653	169,825
Net assets		799,545	778,029
Equity			
Contributed equity		121	121
Accumulated surplus		799,424	777,908
Total equity		799,545	778,029

The accompanying notes form part of these statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

Statement of Changes in Equity

for the year ended 30 June 2016

	Accumulated surplus \$'000	Contributed equity \$'000	Total equity \$'000
Balance as at 1 July 2014	661,785	121	661,906
Operating result	116,123	-	116,123
<i>Other comprehensive income</i>	-	-	-
Balance as at 30 June 2015	777,908	121	778,029
Balance as at 1 July 2015	777,908	121	778,029
Operating result	21,516	-	21,516
<i>Other comprehensive income</i>	-	-	-
Balance as at 30 June 2016	799,424	121	799,545

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2016

	Notes	2016	2015
		\$'000	\$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Levy income		43,973	45,121
Interest income		40	53
Dividends received from FAI liquidator		-	51,831
Reinsurance and other recoveries		615	3,925
GST input tax credits from ATO		601	681
GST collected from customers		13	15
<i>Outflows:</i>			
Gross claims incurred		(28,122)	(26,862)
Outward reinsurance premium expense		(1,183)	(1,347)
Employee expenses		(1,310)	(1,556)
Supplies and services		(743)	(474)
GST paid to suppliers		(582)	(672)
GST remitted to ATO		(13)	(15)
Other		(49)	(30)
Net cash provided by operating activities	12	13,240	70,670
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from sale of other financial assets		-	4,500
<i>Outflows:</i>			
Payments for other financial assets		(13,000)	(76,000)
Net cash used in investing activities		(13,000)	(71,500)
Net increase/(decrease) in cash and cash equivalents		240	(830)
Cash and cash equivalents at beginning of financial year		3,118	3,948
Cash and cash equivalents at end of financial year		3,358	3,118

The accompanying notes form part of these statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

Objectives and principal activities of 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 accruals basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Financial Reporting Requirements for the year ending 30 June 2016, 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 where otherwise stated.

(b) The reporting entity

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

(c) Funding of the Nominal Defendant

Funding is by way of levies, as explained at Note 1(d), interest on investments, and monies recovered by the Nominal Defendant against owners and/or drivers of uninsured vehicles and failed claimants.

(d) Levy income

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

Levy revenue is recognised in the 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 levies 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.

(e) 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.

(f) 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 received but not banked at 30 June.

(g) Receivables

Receivables 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 where an event occurs that would cast doubt on the collectability of the receivable. 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.

(h) Reinsurance and other recoveries on outstanding claims

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

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

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

(i) Fair Value Measurement

The Nominal Defendant recognises in its other financial assets funds that are invested with Queensland Investment Corporation (QIC) at net market value in the financial statements using fair value measurement.

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the investments being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the investments being valued. Significant unobservable inputs used by the Nominal Defendant include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Nominal Defendant's investments. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar investments.

All investments of the Nominal Defendant for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical investments

- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included in level 1) that are observable, either directly or indirectly
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

Other financial assets are held through unlisted unit trusts with the Nominal Defendant's funds' manager. While the units in the trust have quoted prices and are able to be traded, the market would not be considered active for level 1, therefore they are considered to be level 2. A market comparison valuation approach is used, with the units carried at redemption value as reasonably determined by the funds' manager.

Fair value information about the Nominal Defendant's financial instruments is outlined in Note 14.

(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 are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the Nominal Defendant. The residual value is zero for all of 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.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Internally generated software

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

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 Nominal Defendant, namely seven years, commencing from the date the assets are available for use.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

(k) 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.

(l) 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
- 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 other 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 14.

(m) Employee benefits

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

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current remuneration rates.

As the Nominal Defendant expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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.

Annual and long service leave

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

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the Nominal Defendant 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.

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 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 and General Government Sector Financial Reporting*.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are detailed in Note 5.

(n) 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.

(o) 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.

(p) 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 8).

(q) Issuance of financial statements

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

(r) 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 (h), 1 (k) and 11.

The only other area where the Nominal Defendant has made a higher degree of judgement is in the use of level 2 for the fair valuation of its investments with QIC, with no other judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(s) 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.

(t) New and revised accounting standards

The Nominal Defendant did not voluntarily change any of its accounting policies during 2015-16. The Nominal Defendant adopted *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101, [AASB 7, AASB 101, AASB 134 & AASB 1049]*. The amendments seek to improve financial reporting which emphasises only including material disclosures in the notes. The Nominal Defendant has applied this flexibility in preparing the 2015-16 financial statements.

No new Australian accounting Standards effective for the first time in 2015-16 had any material impact on this financial report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

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

AASB 124 *Related Party Disclosures* will become effective from reporting periods beginning on or after 1 July 2016 and will apply to the Nominal Defendant. The revised version of AASB 124 requires disclosures about the remuneration of key management personnel (KMP), transactions with related parties, and relationships between parent and controlled entities.

The Nominal Defendant already discloses detailed information about remuneration of its KMP, based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies. Due to additional guidance from the AASB about the KMP definition in the revised AASB 124, the Nominal Defendant will be assessing whether its responsible Minister should be part of its KMP from 2016-17. If the responsible Minister is assessed as meeting the KMP definition, no associated remuneration figures will be disclosed by the Nominal Defendant, as it does not provide the Minister's remuneration. Comparative information will continue to be disclosed in respect of KMP remuneration.

The most significant implications of AASB 124 for the Nominal Defendant are the required disclosures about transactions between the Nominal Defendant and its related parties (as defined in AASB 124). For any such transactions, from 2016-17, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/ payables, commitments, and any receivables where collection has been assessed as being doubtful. In respect of related party transactions with other Queensland Government controlled entities, the information disclosed will be more high level, unless a transaction is individually significant. No comparative information is required in respect of related party transactions in the 2016-17 financial statements.

AASB 15 Revenue from *Contracts with Customers* will become effective from reporting periods beginning on or after 1 January 2018. This standard contains much more detailed requirements for the accounting for certain types of revenue from customers. Based on present arrangements, the Nominal Defendant does not enter into contracts for the sale of goods and services. However, if a contract for the sale of goods and services does arise in the future, the Nominal Defendant will need to follow the relevant accounting treatment specified in AASB 15.

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* will become effective for reporting periods beginning on or after 1 January 2018. 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 the Nominal Defendant's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

At this stage and assuming no change in the types of transactions the Nominal Defendant enters into, all of the financial assets are expected to be required to be measured at fair value as required in the standard (instead of the measurement classifications presently used in Notes 1(l) and 14). In the case of the Nominal Defendant's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the Nominal Defendant's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the Nominal Defendant's receivables. Assuming no substantial change in the nature of the Nominal Defendant's receivables, as they do not include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the Nominal Defendant will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

	2016	2015
	\$'000	\$'000
2. Net levy income		
Lewy income	44,593	44,795
Outward reinsurance premium expense	(1,193)	(1,239)
Net levy income	43,400	43,556

3. Net claims incurred**(a) Claims analysis**

Gross claims incurred	22,585	24,821
Reinsurance and other recoveries	(458)	(914)
Total net claims incurred	22,127	23,907

Net claims incurred attributable to Nominal Defendant

Gross claims incurred	22,302	25,711
Reinsurance and claims recoveries	(568)	(971)
	21,734	24,740

Net claims incurred attributable to FAI

Gross claims incurred	283	(890)
Reinsurance and other recoveries	110	57
	393	(833)

Total net claims incurred	22,127	23,907
----------------------------------	---------------	---------------

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

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

	2016			2015		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses						
Undiscounted	59,730	(40,260)	19,470	44,656	(23,492)	21,164
Discount	(4,011)	6,843	2,832	(4,019)	8,566	4,547
	<u>55,719</u>	<u>(33,417)</u>	<u>22,302</u>	<u>40,637</u>	<u>(14,926)</u>	<u>25,711</u>
Reinsurance and other recoveries						
Undiscounted	1,247	(744)	503	926	(60)	866
Discount	(82)	147	65	(82)	187	105
	<u>1,165</u>	<u>(597)</u>	<u>568</u>	<u>844</u>	<u>127</u>	<u>971</u>
Net claims incurred - discounted	<u>54,554</u>	<u>(32,820)</u>	<u>21,734</u>	<u>39,793</u>	<u>(15,053)</u>	<u>24,740</u>

Claims attributable to FAI						
	2016			2015		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses						
Undiscounted	-	(253)	(253)	-	(1,755)	(1,755)
Discount	-	536	536	-	865	865
	<u>-</u>	<u>283</u>	<u>283</u>	<u>-</u>	<u>(890)</u>	<u>(890)</u>
Reinsurance and other recoveries						
Undiscounted	-	(221)	(221)	-	(144)	(144)
Discount	-	111	111	-	87	87
	<u>-</u>	<u>(110)</u>	<u>(110)</u>	<u>-</u>	<u>(57)</u>	<u>(57)</u>
Net claims incurred - discounted	<u>-</u>	<u>393</u>	<u>393</u>	<u>-</u>	<u>(833)</u>	<u>(833)</u>

Total net claims incurred - discounted	<u>54,554</u>	<u>(32,427)</u>	<u>22,127</u>	<u>39,793</u>	<u>(15,886)</u>	<u>23,907</u>
---	----------------------	------------------------	----------------------	----------------------	------------------------	----------------------

	2016	2015
	\$'000	\$'000
3. Net claims incurred – continued		

(c) Claims reconciliation

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

Gross claims incurred attributable to Nominal Defendant

Claims and associated settlement costs	24,314	24,377
Movement in outstanding claims liability	(2,012)	1,334
	<u>22,302</u>	<u>25,711</u>

Gross claims incurred attributable to FAI

Claims and associated settlement costs	3,808	2,486
Movement in outstanding claims liability	(3,525)	(3,376)
	<u>283</u>	<u>(890)</u>

Total gross claims incurred	<u>22,585</u>	<u>24,821</u>
------------------------------------	---------------	---------------

Reinsurance and other recoveries attributable to Nominal Defendant

Reinsurance and other recoveries	615	940
Movement in reinsurance and other recoveries receivable	(47)	31
	<u>568</u>	<u>971</u>

Reinsurance and other recoveries attributable to FAI

Reinsurance and claims recoveries	1,345	82
Movement in reinsurance and other recoveries receivable	(1,455)	(139)
	<u>(110)</u>	<u>(57)</u>

Total reinsurance and other recoveries	<u>458</u>	<u>914</u>
---	------------	------------

Net claims incurred	<u>22,127</u>	<u>23,907</u>
----------------------------	---------------	---------------

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

	2016	2015
	\$'000	\$'000
4. Employee expenses		
Employee benefits		
Salaries and wages	1,049	1,092
Employer superannuation contributions*	134	139
Leave levies*	128	146
Employee related expenses		
Workers' compensation premium	1	2
Payroll tax	-	(1)
Other employee related expenses	11	2
Total	1,323	1,380

*Refer to Note 1(m).

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2016	2015
Number of employees	12	12

5. Key management personnel and remuneration expenses

(a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Nominal Defendant during 2015-16. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents	
		Contract classification and appointment authority	Date appointed to position (End date)
Insurance Commissioner	Leads the efficient, effective and economic administration of the Nominal Defendant.	SES3; <i>Public Service Act 2008</i> and Governor in Council, in accordance with section 7 of the <i>Motor Accident Insurance Act 1994</i>	6-Dec-10
Director, Finance and Procurement*	Responsible for the efficient, effective and economic financial administration of the Nominal Defendant.	SO; <i>Public Service Act 2008</i>	13-Feb-06
Director, Business Solutions	Responsible for efficient and effective information systems and reporting.	SO; <i>Public Service Act 2008</i>	2-Jun-14
Director, Claims	Responsible for the Nominal Defendant claims management unit.	SO; <i>Public Service Act 2008</i>	1-May-14 (29-Feb-16)
Director, Strategic Planning and Business Performance	Responsible for efficient and effective strategic, operational and capability planning and strategic communication.	SO; <i>Public Service Act 2008</i>	16-May-16
Director, CTP Scheme Claims	Responsible for the Nominal Defendant claims management operation and licensed insurer claims management monitoring.	SO; <i>Public Service Act 2008</i>	23-May-16

* This role was previously named Director, Corporate Governance

(b) Remuneration expenses

Remuneration policy for the Nominal Defendant's key 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 (including motor vehicle entitlements) for the key management personnel are specified in employment contracts.

For the 2015-16 year, remuneration of key management personnel increased by 2.5% in accordance with government policy.

The following disclosures include remuneration in connection with the management of the Nominal Defendant, the Motor Accident Insurance Commission and the Queensland Government Insurance Fund. The remuneration has been allocated in the Statement of Comprehensive Income in accordance with services provided between the entities.

The other key management personnel are not included in this table, however, they have been included in the Motor Accident Insurance Commission financial statements under Note 4.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

Remuneration packages for key management personnel comprise the following components:

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

1 July 2015 to 30 June 2016

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses \$'000	Post employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary expenses \$'000				
Director, Claims	92	-	2	10	-	104
Director, CTP Scheme Claims	17	-	-	2	-	19

1 July 2014 to 30 June 2015

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses \$'000	Post employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary expenses \$'000				
Director, Claims	126	-	3	15	-	144

(c) Performance payments

Performance bonuses are not paid under the contracts in place.

	2016	2015
	\$'000	\$'000
6. Supplies and services		
QIC management fee	2,648	2,507
Computer facilities management fee	41	66
Rent	154	140
Consultants and contractors	258	135
Corporate services fee	230	230
Supplies and consumables	48	60
Actuarial fees	90	89
Total	3,469	3,227

7. Other expenses

Audit fees	37	37
Insurance premiums - QGIF	2	1
Total	39	38

Total audit fees paid to the Queensland Audit Office relating to the 2015-16 financial year are estimated to be \$37,525 (2015: \$36,400). There are no non-audit services included in this amount.

8. Receivables

Accrued interest income	14	7
Sharing recoveries receivable on paid claims	1,553	207
GST receivable	37	56
Leave reimbursements	22	19
Total	1,626	289

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

	2016	2015
	\$'000	\$'000
9. Intangible assets		
Internally generated software: At cost		
Gross	3,634	3,634
Less: accumulated amortisation	(1,125)	(606)
Total	2,509	3,028

Intangibles reconciliation

Internally generated software: At cost		
Carrying amount at 1 July	3,028	3,547
Amortisation	(519)	(519)
Carrying amount at 30 June	2,509	3,028

10. Accrued employee benefits

Current

Leave levies payable	40	29
Accrued salaries and wages	20	9
Total	60	38

	2016	2015
	\$'000	\$'000
11. Net outstanding claims		
(a) Net outstanding claims		
Gross outstanding claims liability:		
Current	28,377	30,588
Non-current	113,048	116,374
Total	141,425	146,962
Reinsurance and other recoveries on outstanding claims:		
Current	672	972
Non-current	2,693	3,895
Total	3,365	4,867
Net outstanding claims:		
Current	27,705	29,616
Non-current	110,355	112,479
Total	138,060	142,095
Net outstanding claims attributable to the Nominal Defendant		
Gross outstanding claims/ expected future claim payments	132,311	136,886
Claims settlement costs	7,745	8,013
	140,056	144,899
Discount to present value	(7,596)	(10,427)
Gross outstanding claims liability	132,460	134,472
Current	26,791	28,348
Non-current	105,669	106,124
Gross outstanding claims liability	132,460	134,472
Reinsurance and other recoveries on outstanding claims	3,227	3,339
Discount to present value	(175)	(240)
Reinsurance and other recoveries on outstanding claims	3,052	3,099
Current	617	654
Non-current	2,435	2,445
Reinsurance and other recoveries on outstanding claims	3,052	3,099
Net outstanding claims	129,408	131,373
Central estimate	117,644	119,430
Risk margin	11,764	11,943
Net outstanding claims	129,408	131,373

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

	2016	2015
	\$'000	\$'000
11. Net outstanding claims – continued		
(a) Net outstanding claims – continued		
Net outstanding claims attributable to FAI		
Gross outstanding claims/ expected future claim payments	9,191	13,180
Claims settlement costs	266	339
	9,457	13,519
Discount to present value	(492)	(1,029)
Gross outstanding claims liability	8,965	12,490
Current	1,586	2,240
Non-current	7,379	10,250
Gross outstanding claims liability	8,965	12,490
Reinsurance and other recoveries on outstanding claims	329	1,896
Discount to present value	(16)	(128)
Reinsurance and other recoveries on outstanding claims	313	1,768
Current	55	318
Non-current	258	1,450
Reinsurance and other recoveries on outstanding claims	313	1,768
Net outstanding claims	8,652	10,722
Central estimate	7,459	9,243
Risk margin	1,193	1,479
Net outstanding claims	8,652	10,722

11. Net outstanding claims – continued**(b) Actuarial assumptions**

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

Assumptions attributable to the Nominal Defendant

	2016	2015
Inflation rate	5.60%	5.75%
Discount rate	1.65%	2.35%
Claims handling expenses	6.00%	6.00%
Risk margin	10.00%	10.00%
Weighted average expected term to settlement	3.5 years	3.3 years

Assumptions attributable to FAI

	2016	2015
Inflation rate	5.60%	5.75%
Discount rate	1.60%	2.30%
Claims handling expenses	3.00%	3.00%
Risk margin	16.00%	16.00%
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

Net outstanding claims	Movement in variable	Financial impact			
		Profit/(loss)	Equity	Profit/(loss)	Equity
		2016	2016	2015	2015
		\$'000	\$'000	\$'000	\$'000
Inflation rate	+1%	(3,287)	(3,287)	(4,135)	(4,135)
	-1%	3,120	3,120	3,970	3,970
Discount rate	+1%	3,116	3,116	3,906	3,906
	-1%	(3,354)	(3,354)	(4,152)	(4,152)
Claims handling expenses	+1%	(1,221)	(1,221)	(1,239)	(1,239)
	-1%	1,221	1,221	1,239	1,239
Risk margin	+1%	(1,176)	(1,176)	(1,194)	(1,194)
	-1%	1,176	1,176	1,194	1,194
Weighted average term to settlement	+0.5 years	1,034	1,034	1,480	1,480
	-0.5 years	(1,042)	(1,042)	(1,496)	(1,496)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

11. Net outstanding claims – continued

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

Sensitivity analysis attributable to FAI					
Net outstanding claims	Movement in variable	Financial impact			
		Profit/(loss) 2016	Equity 2016	Profit/(loss) 2015	Equity 2015
		\$'000	\$'000	\$'000	\$'000
Inflation rate	+1%	(288)	(288)	(373)	(373)
	-1%	277	277	358	358
Discount rate	+1%	275	275	354	354
	-1%	(292)	(292)	(376)	(376)
Claims handling expenses	+1%	(84)	(84)	(104)	(104)
	-1%	84	84	104	104
Risk margin	+1%	(75)	(75)	(92)	(92)
	-1%	75	75	92	92
Weighted average term to settlement	+0.5 years	68	68	121	121
	-0.5 years	(68)	(68)	(123)	(123)

(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 36 of the *Financial and Performance Management Standard 2009*) which is for the approved financial institution to have a minimum S&P rating of A-. In the 2015-16 financial year the Nominal Defendant was able to secure unlimited cover with an excess of loss retention level of \$7.5 million. All reinsurers complied with Treasury's minimum requirements as specified by the Financial Management Standards.

	2016	2015
	\$'000	\$'000
12. Reconciliation of operating result to net cash from operating activities		
Operating result	21,516	116,123
Add/(subtract) items classified as investing activities:		
Net fair value gain on other financial assets	(2,797)	(47,026)
Non-cash items:		
Depreciation	4	5
Amortisation	519	519
Changes in assets and liabilities:		
(Increase)/decrease in prepayments	5	(14)
(Increase)/decrease in receivables	165	3,031
Increase/(decrease) in payables	(37)	(74)
Increase/(decrease) in unearned levies	(620)	319
Increase/(decrease) in outstanding claims liability	(5,537)	(2,041)
Increase/(decrease) in accrued employee benefits	22	(172)
Net cash from operating activities	13,240	70,670

13. Events occurring after reporting date

The *National Injury Insurance Scheme (Queensland) Act 2016* commenced on 1st July 2016 and establishes the National Injury Insurance Scheme, the National Injury Insurance Agency Queensland and the National Injury Insurance Scheme Fund.

Approval has been sought from and granted by the Treasurer under section 95 of the *National Injury Insurance Scheme (Queensland) Act 2016* to direct the Nominal Defendant to transfer \$600 million to the National Injury Insurance Scheme Fund. The transfer took effect on 22 August 2016.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

14. Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents		3,358	3,118
Receivables	8	1,626	289
Other financial assets		952,331	936,534
Total		957,315	939,941
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables		341	378
Total		341	378

(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 the 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 Finance and Procurement under policies approved by the Nominal Defendant. The Nominal Defendant provides written principles for overall risk management, as well as policies covering specific areas.

14. Financial instruments – continued

(c) 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 \$34,000 (2015: \$31,000) due to interest rate risk and \$9,523,000 (2015: \$9,365,000) 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.

Cash	Movement in variable %	Profit/(loss) 2016 \$'000	Financial impact		
			Equity 2016 \$'000	Profit/(loss) 2015 \$'000	Equity 2015 \$'000
			Interest rate risk	+1	34
	-1	(34)	(34)	(31)	(31)

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

Investments	Movement in variable %	Profit/(loss) 2016 \$'000	Financial impact		
			Equity 2016 \$'000	Profit/(loss) 2015 \$'000	Equity 2015 \$'000
			Unit price risk	+1	9,523
	-1	(9,523)	(9,523)	(9,365)	(9,365)

(d) Fair value

The recognised fair values of other financial assets are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements as outlined in Note 1(i).

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

15. Budget vs actual comparison

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

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

Statement of Comprehensive Income

		Original			
	Variance	Actual	Budget	Variance	Variance
	Notes	2016	2016		
		\$'000	\$'000	\$'000	(%)
Income					
Ley income		44,593	43,787	806	2%
Net fair value gains on other financial assets	1	5,549	66,325	(60,776)	-92%
Reinsurance and other recoveries	2	458	-	458	-
Interest income		48	50	(2)	-4%
Total income		50,648	110,162	(59,514)	-54%
Expenses					
Gross claims incurred	3	22,585	51,590	(29,005)	-56%
Outward reinsurance premium expense	4	1,193	1,575	(382)	-24%
Employee expenses		1,323	1,303	20	2%
Supplies and services	5	3,469	3,805	(336)	-9%
Depreciation and amortisation		523	523	-	-
Other		39	42	(3)	-7%
Total expenses		29,132	58,838	(29,706)	-50%
Operating result		21,516	51,324	(29,808)	-58%
Other comprehensive income		-	-	-	-
Total comprehensive income		21,516	51,324	(29,808)	-58%

15. Budget vs actual comparison – continued**Statement of Financial Position**

	Variance Notes	Original		Variance \$'000	Variance (%)
		Actual 2016 \$'000	Budget 2016 \$'000		
Current assets					
Cash and cash equivalents	6	3,358	3,000	358	12%
Receivables	7	1,626	89	1,537	1727%
Other financial assets	8	670,702	219,916	450,786	205%
Reinsurance and other recoveries on outstanding claims	9	672	1,043	(371)	-36%
Prepayments		9	-	9	-
Total current assets		676,367	224,048	452,319	202%
Non-current assets					
Other financial assets	8	281,629	798,868	(517,239)	-65%
Reinsurance and other recoveries on outstanding claims	9	2,693	4,171	(1,478)	-35%
Plant and equipment		-	-	-	-
Intangible assets		2,509	2,513	(4)	0%
Total non-current assets		286,831	805,552	(518,721)	-64%
Total assets		963,198	1,029,600	(66,402)	-6%
Current liabilities					
Payables		341	552	(211)	-38%
Accrued employee benefits		60	76	(16)	-21%
Outstanding claims liability	10	28,377	39,763	(11,386)	-29%
Unearned levies		21,827	22,128	(301)	-1%
Total current liabilities		50,605	62,519	(11,914)	-19%
Non-current liabilities					
Outstanding claims liability	10	113,048	149,585	(36,537)	-24%
Total non-current liabilities		113,048	149,585	(36,537)	-24%
Total liabilities		163,653	212,104	(48,451)	-23%
Net assets		799,545	817,496	(17,951)	-2%
Equity					
Contributed equity		121	121	-	-
Accumulated surplus	11	799,424	817,375	(17,951)	-2%
Total equity		799,545	817,496	(17,951)	-2%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

15. Budget vs actual comparison – continued

Statement of Cash Flows

	Variance Notes	Original		Variance \$'000	Variance (%)
		Actual 2016 \$'000	Budget 2016 \$'000		
Cash flows from operating activities					
<i>Inflows:</i>					
Livy income		43,973	43,787	186	0%
Interest income		40	50	(10)	-20%
Reinsurance and other recoveries	12	615	-	615	-
GST input tax credits from ATO		601	-	601	-
GST collected from customers		13	-	13	-
<i>Outflows:</i>					
Gross claims incurred	13	(28,122)	(31,977)	3,855	-12%
Outward reinsurance premium expense	4	(1,183)	(1,575)	392	-25%
Employee expenses		(1,310)	(1,302)	(8)	1%
Supplies and services	5	(743)	(981)	238	-24%
GST paid to suppliers		(582)	-	(582)	-
GST remitted to ATO		(13)	-	(13)	-
Other		(49)	(52)	3	-6%
Net cash provided by operating activities		13,240	7,950	5,290	67%
Cash flows from investing activities					
<i>Outflows:</i>					
Payments for other financial assets	14	(13,000)	(7,950)	(5,050)	64%
Net cash used in investing activities		(13,000)	(7,950)	(5,050)	64%
Net decrease in cash and cash equivalents		240	-	240	-
Cash and cash equivalents at beginning of financial year		3,118	3,000	118	4%
Cash and cash equivalents at end of financial year		3,358	3,000	358	12%

15. Budget vs actual comparison – continued**Explanations of major variances****Statement of Comprehensive Income**

1. The decrease in net fair value gains on financial assets is primarily due to lower than expected earnings on QIC investments due to uncertainty in the international equity market during the year.
2. The increase in reinsurance and other recoveries primarily relates to unanticipated claim recoveries.
3. The variance in gross claims incurred is a result of \$25.1M lower than anticipated movement in outstanding claims liability and \$3.9M lower than anticipated claims costs. The outstanding claims liability is based on actuarial assessment.
4. The decrease in outward reinsurance premium expense is primarily due to savings from moving the self-retention limit from \$6M to \$7.5M. The Original Budget was based on a limit of \$6M.
5. A decrease in supplies and services is primarily due to lower than anticipated support costs for the Connect claims management system. Also contributing is a reduction in management costs associated with QIC investments as a result of a change in investment mandate during 2015-16.

Statement of Financial Position

6. The cash and cash equivalents balance is higher than projected as detailed in the Statement of Cash Flows.
7. The increase in receivables is primarily due to higher than anticipated sharing recoveries receivable on paid FAI-Tail claims.
8. The variance in current and non-current other financial assets relates to a reclassification from non-current to current QIC investments as \$600M will be transferred to the National Injury Insurance Scheme Fund in 2016-17. The overall decrease in current and non-current other financial assets is primarily due a decrease in the operating result available for investment.
9. The variance in reinsurance and other recoveries on outstanding claims reflects actuarial assessment as at 30 June 2016.
10. The movement in the current and non-current outstanding claims liability reflects actuarial assessment as at 30 June 2016.
11. The decrease in accumulated surplus reflects lower than anticipated operating result in 2015-16 and actual audited opening balances lower than projected in the 2015-16 budget.

Statement of Cash Flows

12. The variance is due to receipt of receivables recorded as at 30 June 2015 which were not anticipated in the 2015-16 budget.
13. The variance in gross claims incurred is a result of lower than expected claim payments as the 2015-16 budget was based on 30 June 2014 projections.
14. The variances in cash flows from investing activities reflect the investment of higher than expected surplus funds provided by operating activities.

CERTIFICATE OF THE NOMINAL DEFENDANT

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements.

In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the financial year ended 30 June 2016 and of the financial position of the Nominal Defendant at the end of that year
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



L. Lee
B. Com, CA
Director Finance and Procurement
24 August 2016



N. Singleton
B. Bus (Insurance), MBA
Insurance Commissioner
24 August 2016

INDEPENDENT AUDITOR'S REPORT

To the Insurance Commissioner

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 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the Insurance Commissioner and Director Finance and Procurement.

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 gives a true and fair view and 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.

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 be removed only 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 the Nominal Defendant for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P. Christensen CPA
As Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

APPENDICES

Appendix 1: Actuarial Certificate, Nominal Defendant Fund

Actuarial Certificate Queensland Nominal Defendant Fund Outstanding Claims Liability as at 30 June 2016

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 2016 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 2016". 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 2016 is \$129.4 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 10% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

Reliances and Limitations

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

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



A.A. van den Berg
Fellows of the Institute of Actuaries of Australia
3 August 2016



M. J. Clacher

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 2016

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 2016 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 2016". 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 2016 is \$8.7 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 16% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

Reliances and Limitations

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

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
Fellows of the Institute of Actuaries of Australia
3 August 2016



M. J. Clacher

Appendix 3: Licensed insurers

Current licensed CTP insurers

AAI Limited (trading as Suncorp)

GPO Box 1453
Brisbane QLD 4001
Ph 13 11 60
ABN 48 005 297 807

Allianz Australia Insurance Limited

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

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

Previous licensed CTP insurers

Suncorp Metway Insurance Limited

ABN 83 075 695 966 *Licence withdrawn 01/07/2013*

Australian Associated Motor Insurers Limited (trading as AAMI)

ABN 92 004 791 744 *Licence withdrawn 01/07/2013*

Insurance Australia Limited (trading as NRMA Insurance)

ABN 11 000 016 722 *Licence withdrawn 01/01/2014*

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*

Appendix 4: Committees

Committees as at 30 June 2016

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

The structure of the 2015-16 Advisory Committee was:

Chairperson – Bernard Rowley

Members – Rowan Ward

The Advisory Committee has extensive industry experience within 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
Rowan Ward, former executive General Manager, Actuarial services at Suncorp	Insurance industry and actuarial experience

From **1 July 2015 to 30 June 2016**, a total of seven meetings of the Advisory Committee were held. The total remuneration to the Committee for the year was **\$7,875.00**. 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.

Appendix 5: Performance Statement (SDS)

Service standards	Notes	2015-16 Published Annual Target	2015-16 Revised Annual Target	2015-16 Progress to Date
<i>Effectiveness measure</i>				
Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings		<45%	<45%	23.36%
<i>Efficiency measures</i>				
Percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year		50%	50%	75.9%
Percentage of Nominal Defendant claims settled within two years of compliance	1	50%	50%	73.8%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date	2	95%	95%	95.8%

1. Favourable variance is due to higher than anticipated number of claims being finalised.

2. Claims can take two to three years to settle, consequently it is difficult to estimate the number of claims that will be finalised in any given period.

Appendix 6: Grants and sponsorships

Organisation	Future commitment*	2015-16 \$	2014-15 \$
Recover Injury Research Centre formerly (CONROD) (2014-2017) incorporating: University of Queensland Griffith University allocation	2,068,755 1,152,941 915,814	1,964,860 1,075,719 889,141	2,400,000 1,536,758 863,242
Centre for Accident Research and Road Safety Queensland (CARRS-Q) (2011 – 2016) ^Additional funding for three years commencing 1 September 2016 approved in May 2016.	^8,432,873	2,730,047	2,637,396
Department of Transport and Main Roads Funding to support Transport Academic Partnership 2015-2020 - formerly Academic Strategic Transport Alliance (ASTRA).	285,606	0	52,999
Queensland Police Service Funding to support 'Stay on Track Outback'.	240,000	0	0
University of Sunshine Coast Young driver situation awareness fast tracking including identifying escape routes (SAFER) : a pilot project.	30,923	30,923	0
The George Institute for Global Health Contribution towards ongoing costs of Physiotherapy Evidence Database (PEDro).	25,000	25,000	25,000
University of Sydney Partnership funding to develop software to support improved management of people with whiplash.	8,000	28,000	4,000
University of Queensland To establish a Professorial Fellowship in Traumatic Brain Injury Research at the Queensland Brain Institute (2015-2020).	1,200,000	300,000	0
Griffith University Partnership funding to develop and test a decision system for identifying housing options, preferences and priorities in the disability market.	127,251	72,743	0
Metro South Hospital and Health Service Transitional rehabilitation service pilot (2016-2021).	14,675,918	0	0
University of Queensland via Children's Health Foundation Queensland Partnership funding to establish a Queensland Chair in Paediatric Rehabilitation (2016-2021).	998,087	0	0
Griffith University Partnership funding to develop a clinical pathway of care for whiplash injury.	110,625	36,875	0
Griffith University Partnership funding to establish a Professor of Disability and Rehabilitation.	60,000	40,000	0

Organisation	Future commitment*	2015-16 \$	2014-15 \$
Spinal Injuries Association of Australia Contribution towards continuation of Queensland school awareness programme –Spinal Education Awareness Team (SEAT).	0	25,000	25,000
Centre for Accident Research and Road Safety Queensland (CARRS-Q) Reduce the crash involvement of taxis in Queensland: situational analysis and crash and exposure analyses.	0	0	99,585
Spinal Injuries Association of Australia Equipment for rehabilitation assessment centre.	0	0	42,818
Centre for Accident Research and Road Safety Queensland (CARRS-Q) Improving taxi driver safety with a smartphone feedback system: a pilot study.	0	0	101,013
Road Trauma Mitigation Fund Collaborate with Queensland Police Service (QPS) and Department of Transport and Main Roads (DTMR) around identified initiatives to reduce claims frequency and support Qld Road Safety Strategy and Action Plan.	3,795,000	2,325,000 DTMR-1,325,000 QPS-1,000,000	0
Total funding committed/allocated	32,058,038	7,578,448	5,387,811
Less refunds of residual grant funding			
Centre for Accident Research and Road Safety Queensland (CARRS-Q) To undertake an evaluation of the 'Braking the Cycle' intervention to assist disadvantaged youth to meet learner driver requirements.		(674)	0
Centre of National Research on Disability and Rehabilitation Medicine (CONROD) (2010-2014)		0	(463,560)
Centre for Accident Research and Road Safety Queensland (CARRS-Q) Undertake preliminary investigation and the production of a toolkit for use by providers of a community based mentor driving program.		0	(20,636)
Centre for Accident Research and Road Safety Queensland (CARRS-Q) To undertake an in-depth analysis of crashes involving young drivers in order to better understand factors behind these crashes and identify appropriate interventions.		0	(7,648)
Road Trauma Mitigation Fund		(24,940)	0
Total funding returned		(25,614)	(491,844)
GRANT TOTAL (Allocated less returned)		7,552,834	4,895,967

* Estimate of grant funding committed for expenditure from 1 Jul 2016.

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 and financial reporting.

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

Research centres

The two Commission funded research centres (RECOVER 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 RECOVER's research and activities is available by visiting www.carrsq.qut.edu.au and www.recover.edu.au

Sponsorship Program

In the 2015-16 financial year MAIC also provided \$132,318 in sponsorship funding for events and activities that promote either improved outcomes for persons injured in motor vehicle accidents or research and education about road safety and injury prevention. Sponsorships awarded include contributions towards Queensland Road Safety Week, Australian Physiotherapy Association Conference and Australasian Road Safety Conference held on the Gold Coast.

Appendix 7: Glossary

Term	Definition
1WS	1 William Street
ABI	Acquired Brain Injury
APRA	Australian Prudential Regulation Authority
ARMC	Audit and Risk Management Committee
CARRS-Q	Centre for Accident Research and Road Safety Queensland
CAV	Cooperative and Automated Vehicles
C-ITS	Cooperative Intelligent Transport System
CONROD	Centre of National Research on Disability and Rehabilitation Medicine
CTP	Compulsory Third Party
DTMR	the Department of Transport and Main Roads
MAIA	Motor Accident Insurance Act
MAIC	Motor Accident Insurance Commission
NIISQ	National Injury Insurance Scheme Queensland
QAO	Queensland Audit Office
QBI	Queensland Brain Institute
QPS	Queensland Police Service
QUT	Queensland University Of Technology
SEAT	Spinal Education Awareness Team
TRS	Transitional Rehabilitation Service
UQ	University of Queensland

