



Motor Accident Insurance Commission

Annual Report 2020-21

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Interpreter

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Motor Accident Insurance Commission

GPO Box 2203, Brisbane QLD 4001
Phone: 1800 CTP QLD (1800 287 753)
Email: maic@maic.qld.gov.au
Web: www.maic.qld.gov.au

Nominal Defendant

GPO Box 2203, Brisbane QLD 4001
Phone: 07 3035 6321
Email: nd@maic.qld.gov.au
Web: www.maic.qld.gov.au/nominal-defendant

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

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Letter of compliance and certification of financial statements

30 August 2021

The Honourable Cameron Dick MP
Treasurer, Minister for Investment
GPO Box 611
BRISBANE QLD 4001

Dear Treasurer,

I am pleased to submit for presentation to the Parliament the Annual Report 2020-21 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 2019*, the *Motor Accident Insurance Act 1994* and the *National Injury Insurance Scheme (Queensland) Act 2016*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed online at:
www.maic.qld.gov.au/publications/annual-report-2020-21.

Yours sincerely,



Neil Singleton
Insurance Commissioner

About us

Queensland Compulsory Third Party insurance scheme

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

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

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

Motor Accident Insurance Commission

The Motor Accident Insurance Commission (MAIC) regulates Queensland's CTP insurance scheme.

This involves a number of important functions:

- licensing and supervising CTP insurers and monitoring their compliance
- establishing and revising standards about the proper management of claims
- keeping the statutory insurance scheme under review and making recommendations for its amendment
- developing and maintaining a claims register and statistical database for the purpose of providing management information
- fixing the range within which each insurer must file their premium and recommending to government the levies payable

- contributing funds towards research and education to reduce the number of motor vehicle crashes and facilitate rehabilitation of injured people
- maintaining a helpline service for motor vehicle owners and injured people
- administering the Nominal Defendant.

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

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

On 2 June 2021, the *Queensland Future Fund (Titles Registry) Act 2021* made changes to the governance arrangements of the NIISQ Agency, resulting in removal of the board and the appointment of the Insurance Commissioner as the new chief executive officer responsible for management of the NIISQ Agency. In line with statutory requirements of the NIISQ Act, the NIISQ Agency is required to produce its own annual report, which can be viewed at [niis.qld.gov.au](https://www.niis.qld.gov.au).

MAIC has been located in Brisbane since it commenced operations on 1 September 1994 as a statutory body reporting to the Treasurer and is located at 1 William Street. MAIC and the Nominal Defendant are positioned within the Economics and Fiscal division of Queensland Treasury.

Our aspiration

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

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

Our purpose

Our role is to:

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

Our objectives

We aim to:

- deliver a financially sound CTP insurance scheme
- strengthen insurer supervision and compliance
- develop and promote best practice claims management
- embed insights-enabled decision making that delivers value to motorists, claimants and the CTP insurance market
- create a positive, engaged community of internal and external stakeholders.

To support the Queensland Government's objectives for the community, built around the *Unite and Recover – Queensland's Economic Recovery Plan*, we also:

- back our frontline services in key areas such as health, education and community services through reasonable funding of road trauma related public services
- invest in skills by ensuring Queenslanders have the skills they need to find meaningful jobs through investing in driver licensing initiatives and back to work programs.

Our opportunities

We are exploring emerging technology resulting in:

- a reduction in road trauma
- simplified motorist processes
- simplified and digitally enabled claimant processes
- increased collaboration with stakeholders resulting in broader data sets and improved data analytics
- improved reporting capabilities leading to better monitoring, insights and decision making.

Our key risks

We focus on mitigating key risks:

- failure to identify and respond to unethical practices resulting in premium increases and poor claimant experiences
- failure to identify and respond to issues of non-compliance, damaging the integrity of the scheme
- scheme failure to respond to environmental or external shocks.

Our success measures

We measure our success with:

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

Insurance Commissioner's report

Despite another challenging year due to the ongoing effects of the COVID-19 pandemic, I am proud to report the Queensland CTP insurance scheme continued to meet its core objective – providing affordable indemnity protection for motorists and delivering fair compensation and timely rehabilitation support for people injured on our roads.

It is notable that this year saw the finalisation of the last FAI Insurance CTP claim - twenty-one years after HIH Insurance (and its subsidiary FAI Insurance) went into liquidation in 2000. At that time, 4,000 claimants were reassured knowing the Nominal Defendant had stepped in to ensure they were fairly compensated for their injuries. My thanks to the Nominal Defendant team for their sustained focus on managing these claims through to resolution.

A personal highlight for me was the cultural awareness presentation by Avelina Tarrago, a proud Wangkamadla woman from central-west Queensland and President of the Indigenous Lawyers Association Queensland. Avelina delivered an insightful session to MAIC and CTP insurer representatives, focusing on culturally appropriate claims management relating to First Peoples engagement with the CTP insurance scheme. All attendees spoke positively about Avelina's engaging presentation style and informative material. We are building on this through a range of initiatives to ensure the CTP scheme is safe, respectful and accessible to all people injured in motor vehicle crashes.

This year saw our strong focus on further embedding the car crash scammer ('claim farming') reforms that commenced in December 2019. It is pleasing to record a significant drop in the number of people reporting they were harassed by a claim farmer or car crash scammer. We are aware some activity persists, and we are committed to eradicating this insidious practice. My thanks to our licensed insurers for their diligence and the Queensland Law Society and Australian Lawyers Alliance for their continued promotion of messages to the legal profession in support of the reforms.

We continue to work on enhancing access to information about the scheme, with improvements to the MAIC website to make it easier to access and use, and through distributing quarterly scheme insights and newsletters to share important information about the scheme which are also made available online at maic.qld.gov.au

For the year ahead, our priorities include:

- enhancing the digital claims process
- improving scheme accessibility and road safety for First Peoples
- harmonising CTP premiums for personalised transport vehicles
- investing in research and initiatives to reduce the incidence and effects of road trauma
- enhancing CTP-NIISQ collaboration.

I thank the MAIC and Nominal Defendant teams for their sustained commitment and support throughout the year in ensuring Queensland road users continue to benefit from the best CTP insurance scheme in Australia.



Neil Singleton
Insurance Commissioner

Report card

Highlights	Performance indicators target outcome	Target	Outcome
Objective 1. Deliver a financially sound, contemporary CTP insurance scheme			
Maintain an affordable and efficient scheme for Queenslanders	<ul style="list-style-type: none"> Highest filed CTP premium for Class 1 vehicles (cars and station wagons) as a percentage of average weekly earnings Premium bands and levies set within legislative timeframes Premium bands set at a level to ensure scheme viability 	<45% 100% 100%	21.4% ¹ 100% 100%
Objective 2. Strengthen insurer supervision and compliance			
Embed a dynamic insurer supervision regime	<ul style="list-style-type: none"> An agile supervision regime embedded Insurer compliance monitoring tools implemented 	Achieved Achieved	Achieved Achieved
Objective 3. Develop and promote best practice claims management			
Focus on the prevention of unethical practices, including car crash scamming and fraud	<ul style="list-style-type: none"> Evaluate and report on the effectiveness of 2019 car crash scammer/claim farming reforms Improved oversight of claims management activity in the scheme 	Achieved Achieved	Achieved Achieved
Encourage best practice claims management through the implementation of claims management standards	<ul style="list-style-type: none"> Percentage of Nominal Defendant managed claims finalised compared to the number outstanding at the start of the financial year² Percentage of Nominal Defendant claims settled within two years of compliance date³ Percentage of Nominal Defendant claims with general damages paid within 60 days of the settlement date⁴ Revised claims manual finalised 	50% 50% 95% Achieved	51.3% 69.4% 89.3% Achieved
Objective 4. Embed insights enabled decision making that delivers value to motorists, claimants and the CTP insurance market			
Continue to improve data analytics capability and use it to make informed decisions	<ul style="list-style-type: none"> Evidence-based data shared through publication of quarterly and annual CTP Scheme Insights reports Improve stakeholder knowledge and timeliness in decision making by optimising existing PowerBI reports which meet their needs Publish and monitor an online question and answer system 	Achieved Achieved Achieved	Achieved Achieved Achieved
Objective 5. Create a positive workplace environment where our people thrive			
Ensure our people have the tools and skills required to fulfil their roles competently	<ul style="list-style-type: none"> Percentage of staff who identified that training they completed improved their performance Percentage of staff who were able to access relevant learning and development opportunities 	80% 78%	80% 78%
Focus on quality, innovation and improvement	<ul style="list-style-type: none"> Promote flexible work practices, support arrangements and other practices that help staff through emerging and emergency situations Actively promote and recognise staff behaviours which model MAIC values 	Achieved Achieved	Achieved Achieved

Notes: 1. The average Affordability Level for the 2020-21 financial year is 21.4%. The Affordability Level as at 30 June 2021 is 21.3%.
 2. Favourable variance is due to higher than anticipated number of claims being finalised.
 3. 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.
 4. The CTP insurance industry, including the Nominal Defendant, is currently experiencing lengthy delays in the receipt of Clearances. A settlement payment cannot be made prior to the receipt of a Clearance. It is widely accepted that these delays are due to the impact of COVID-19.

Levies and administration fee

Queensland's CTP insurance premium contains levies and an administration fee to help cover the costs involved in delivering different components of the CTP insurance scheme. These levies and administration fee are calculated annually and include:

- the statutory insurance scheme levy
- the Nominal Defendant levy
- the hospital and emergency services levy
- the National Injury Insurance Scheme, Queensland levy
- an administration fee.

In setting these levies, advice is sought from the receiving agencies, and the State Actuary's Office. For most Queensland motorists, the 2020-21 levies and administration fee were in total 60 cents lower than in 2019-20.

Statutory insurance scheme levy

The statutory insurance scheme levy covers the estimated operating costs of administering the *Motor Accident Insurance Act 1994* (MAI Act) and also provides funding for research into accident prevention and injury mitigation. From 1 July 2020, the levy remained unchanged at \$1.50 per policy and the levy collected \$6.9 million in 2020-21.

Nominal Defendant levy

The Nominal Defendant levy varies by vehicle class and 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 2020, the levy for Class 1 vehicles was \$8 with \$35.9 million collected in 2020-21.

Hospital and emergency services levy

The hospital and emergency services levy covers a reasonable proportion of the estimated cost of providing public hospital and public emergency services to people who are injured in motor vehicle crashes, who use such services and who are claimants or potential claimants under the CTP insurance scheme. The levy amount calculated varies by vehicle class. From 1 July 2020, the hospital and emergency services levy was \$18.15 for a Class 1 vehicle. Proceeds from this levy are then apportioned to Queensland Health, Queensland Fire and Emergency Services (QFES), Queensland Police Service (QPS) and the Public Safety Business Agency (PSBA). Collecting the levy in this way removes the need for hospitals and emergency services to issue invoices to CTP insurers for each treatment provided to victims of road crashes. This saves significant administration burden for service providers and licensed CTP insurers. In the year 2020-21, \$81.5 million was collected.

National Injury Insurance Scheme, Queensland levy

The National Injury Insurance Scheme Queensland levy (NIISQ levy) varies by vehicle class and covers the estimated costs of the NIISQ which provides necessary and reasonable lifetime treatment, care and support to people who sustain eligible serious personal injuries in motor vehicle accidents in Queensland. The NIISQ levy remained at \$90.50 for a Class 1 vehicle in 2020-21 and collected \$436.2 million.

Administration fee

The administration fee is the fee payable to the Department of Transport and Main Roads for delivering administrative support for the CTP insurance scheme. The administration fee was \$8.45 for a Class 1 vehicle in 2020-21, and \$38.6 million was collected.

Premium levy and fee collection

1 July 2020 to 30 June 2021

Description	\$ ('000)
Total insurance premiums collected*	1,696,495
Nominal Defendant levy	-35,863
Statutory insurance scheme levy	-6,896
Hospital and emergency services levy^	-81,481
Administration fee (Transport fee)	-38,639
NIISQ levy*	-436,234
Insurers' premiums#	1,097,382

Notes: * Net of cancellations.

^ From 1 July 2016, emergency levies collected were remitted separately to PSBA and QFES. In the past the emergency levies were remitted as one payment.

* National Injury Insurance Scheme Queensland levy.

Includes GST.

Levies received for the period 1 July 2020 to 30 June 2021 are on a cash basis.

Achievements

Combating car crash scammers

CTP scheme amendments were introduced in 2019 to proactively address the insidious practice of car crash scamming (also known as 'claim farming'), where people are harassed and pressured into pursuing a CTP claim, even when they have not been injured in a crash. Two years on, those reforms are continuing to prove effective.

Car crash scamming complaints from Queensland motorists have continued to trend down from more than 1,300 complaints in 2019, with 448 car crash scams being reported in 2020-21.

Our team actively investigates these complaints and will prosecute where appropriate. We are committed to preserving the rights of genuinely injured people and the integrity of the Queensland CTP scheme, which is widely regarded as one of the most stable and affordable in the country.

Possible instances of car crash scamming activity is reported by a variety of stakeholders for MAIC investigation. Queenslanders can play their part by hanging up and reporting car crash scammers at maic.qld.gov.au/hangup.

Preparing for cooperative and automated vehicles

Cooperative and highly automated vehicles are being trialled for use on Queensland roads. We have partnered with the Department of Transport and Main Roads and the Queensland University of Technology, as an active participant in many of these trials.

Australia's largest cooperative vehicle trial involves connected vehicles and infrastructure in the City of Ipswich. The trial is being run over a total of 12 months and involves around 350 participants each using their own vehicles for a period of nine months. Vehicle data and participant feedback will be used for a safety evaluation. The vehicle technology installed in participant vehicles to support the trial is currently being uninstalled, which is expected to conclude in September 2021.

A related initiative, the Cooperative and Highly Automated Driving Pilot, is trialling automated vehicles.

A prototype level 4 highly automated vehicle was first demonstrated in Shailer Park, Logan in August 2019. ZOE2 is driven by pre-qualified test drivers on public roads, and on test roads at the Mt Cotton Mobility Centre of Excellence, near Brisbane. This year more complex environments, such as regional areas including Charleville, were tested. Testing automated vehicles in both urban and regional areas is imperative to ensure they can operate safely on our roads as more cooperative and automated vehicles take to Queensland's road network.

Throughout the year, we have continued to work alongside our interstate counterparts, the Heads of Motor Accident Injury Insurance Schemes (HMAIIS), the Department of Transport and Main Roads (DTMR) and the National Transport Commission (NTC) to inform policy considerations of a nationally consistent approach to personal injury insurance for people injured by highly automated and connected vehicles. Our collaborations are guided by the key principles that no one should be worse off if they are injured in an accident by an automated vehicle than if they were injured by a non-automated vehicle either in terms of the compensation they receive or through the process of making a CTP insurance claim. In addition to this work, we continued our active engagement in HMAIIS, which met twice during the year, as a forum for CTP regulatory authorities to address common issues impacting all State CTP schemes.

Improving the experience of managing CTP insurance claims

In 2020-21, we continued to enhance the claims experience for people lodging claims, their legal representatives, and industry stakeholders. This involved creating new solutions to streamline key steps involved in managing CTP insurance claims.

The *Online claim form* (eNOAC) was released in December 2020 to help individuals and legal representatives to easily lodge CTP insurance claims faster and securely. It is equipped with interactive information boxes, built-in insurer search functionality and behavioural nudges to help people complete the claim form and start their journey to recovery.

In June 2021, we introduced an online version of the medical certificate that practitioners provide to support CTP insurance claims. The new *Online medical certificate* is securely and conveniently bundled within existing software used by medical practitioners, to expedite this important step.

We also enhanced the steps involved with seeking rehabilitation and treatment for injury. Introducing an *Online treatment plan* helps rehabilitation providers to efficiently outline their plan to support recovery. *Online rehabilitation and reimbursement requests* make it quicker and easier for individuals to seek approval and reimbursement for rehabilitation and treatment.

Each of these tools were co-designed with stakeholders embracing the latest technology to more easily and promptly guide people through their journey to recovery. Visit maic.qld.gov.au to learn more.

Improving outcomes for First Peoples

As part of our ongoing commitment to ensure the CTP scheme is safe, respectful and accessible to all injured people, we consulted with elders and key stakeholders to develop and deliver a range of First Peoples' CTP insurance initiatives. This included providing key funding to support research into First Peoples' experience with the CTP scheme, developing free First Peoples resources and delivering a series of targeted workshops to key stakeholders to inform and boost awareness around First Peoples' CTP insurance needs.

Our key achievements this financial year included:

- secured a cultural awareness presentation by Avelina Tarrago, President of the Indigenous Lawyers Association Queensland, to more than 50 CTP insurer representatives
- provided key support for Griffith University to launch their inaugural research project to explore First Peoples and CTP insurance
- provided support towards Police Citizens and Youth Welfare Association (PCYC's) pilot of *Changing Gears*, a First Peoples specific adaption of the *Braking the Cycle* learner driver mentor program. This pilot will occur in Napranum and if successful will open up opportunities to potentially apply this program in other key remote and regional Queensland communities.
- created and distributed videos, brochures and posters featuring bespoke artwork that brought the Queensland CTP insurance story to life to highlight the importance to *drive safe and drive deadly*. These free resources have been used by partners across Queensland to promote greater awareness of CTP insurance and to help First Peoples *get strong again* if they have been impacted by a car crash.

The free suite of First Peoples resources is available at maic.qld.gov.au/for-drivers/first-peoples-ctp

Managing Nominal Defendant claims prudently

The Nominal Defendant continues to deliver important protection for Queensland road users who are injured by an unidentified or uninsured vehicle. Nominal Defendant claims require a particularly stringent approach to claims management, especially where the involvement of an unidentified vehicle is alleged. The Nominal Defendant has strived in support of MAIC to enhance the experience of claimants, and their legal representatives, throughout the claim experience. Members of the Nominal Defendant team have worked closely with the development of the online claim process. Sharing their comprehensive knowledge of the claims process as well as rehabilitation services, the Nominal Defendant is excited to be a part of this innovation that aims to improve customer experience. Over the past decade, the Nominal Defendant levy paid by all motorists has decreased or remained stable evidencing the efficiency of the Nominal Defendant Fund.

Finalisation of last FAI Claim

On 1 April 2021, the Nominal Defendant finalised the last FAI Insurance Queensland CTP claim. This closed a chapter on one of the most turbulent events in the history of the Queensland CTP scheme, the collapse of HIH Insurance in 2001.

Our Nominal Defendant team received more than 4,000 FAI claims, open claims and outstanding claim liabilities in excess of \$400 million following the collapse of Australia's second-largest insurer. We are proud to have supported and helped the thousands of claimants over the past two decades secure fair compensation for their injuries under the insurer insolvency provisions in the *Motor Accident Insurance Act 1994*.

Monitoring the NIISQ

In accordance with our obligations under the *National Injury Insurance Scheme (Queensland) Act 2016* we monitor the efficiency and effectiveness of the NIISQ Agency, Queensland which administers the NIISQ. The National Injury Insurance Agency, Queensland (NIISQ Agency) assesses, decides and funds necessary and reasonable lifetime treatment, care and support for people who sustain an eligible serious personal injury in a motor accident in Queensland, on or after 1 July 2016.

The cost of administering NIISQ during 2020-21 was \$781.80 million. As at 30 June 2021, NIISQ has 369 interim and lifetime participants. Further information about NIISQ and NIISQ Agency's operations can be found in the **NIISQ Agency Annual Report**.

Investing in road safety and rehabilitation

Institution	Title
University of Sunshine Coast	<ul style="list-style-type: none"> Road Safety Research Collaboration Drug Driving Unit
Queensland University of Technology	<ul style="list-style-type: none"> Centre for Accident Research and Road Safety Fatal and serious crash analysis by region
Griffith University	<ul style="list-style-type: none"> Healthy Heads in Trucks and Sheds Pilot First Peoples and CTP Initiative
Police Citizens and Youth Welfare Association	<ul style="list-style-type: none"> Support operations of Braking the Cycle learner driver mentor program Pilot 'Changing Gears' in the Napranum community
Queensland Trucking Association	<ul style="list-style-type: none"> Driving monitoring pilot
Department of Transport and Main Roads	<ul style="list-style-type: none"> Cooperative and Autonomous Vehicles Initiative
Transport New South Wales	<ul style="list-style-type: none"> MotoCAP motorcycle safety gear ratings
Sunshine Coast Council	<ul style="list-style-type: none"> Study on reducing rear-end collisions
Gold Coast City Council	<ul style="list-style-type: none"> Analytics pilot study

Prevention of road crashes

We support a range of research and education activities contributing to an effective CTP insurance scheme. Investments range from targeting the prevention of road crashes, helping to reduce the number of motor vehicle crashes, through to initiatives focused on improving the treatment, care and rehabilitation of those injured in road trauma.

The 2020-21 financial year saw MAIC partner with disability Elder Uncle Paul Calcott to develop a 'Drive Safe, Drive Deadly' campaign for First Peoples with a suite of resources on the importance of maintaining a registered vehicle and how CTP insurance can help First Peoples get strong again after a road crash.

In line with this initiative, we also invested in a tailored version of the *Braking the Cycle* learner driver mentor program, *Changing Gears* run by PCYC, to help young First Peoples obtain the 100 hours of supervised driving necessary to be eligible to sit their driving test. The tailored program is being trialled in the community of Napranum and will incorporate culture and learning needs of First Peoples living in rural and remote communities. If successful, there is potential for this program to be introduced into similar communities in the future.

In partnership with the University of the Sunshine Coast, we provided funding to establish a specialised Drug Driving Research Unit. Operating under the umbrella of the University's Road Safety Research Collaboration, the unit will undertake a program of work with a focus on improving knowledge in how to prevent and detect driving under the influence of drugs, and to help educate and deter higher risk motorists from reoffending.

We also continue to work closely with the Department of Transport and Main Roads and Queensland Police Service on areas of mutual benefit. This includes contributing towards the rollout of the enhanced Hazard Perception Test for novice drivers in Queensland, expansion of available Automatic Number Plate Recognition technology to detect unregistered vehicles and funding towards a multi-staged project focused on driver distraction.

We have provided support for a Griffith University led First Peoples and CTP Initiative. The initiative will explore factors that influence First Peoples to seek compensation, treatment and rehabilitation, and how the scheme can provide better systems to improve First Peoples' experiences in terms of both claimant and rehabilitation outcomes.

Maximising recovery

Institution	Title
University of Queensland	<ul style="list-style-type: none"> Recover Injury Research Centre Whiplash Clinical Pathway Healthcare utilisation after a traumatic brain injury in children Non-invasive study to treat post-concussion syndrome Acquired brain injury in children project focusing on sleep as a restorative process Older drivers and GPs assessment pilot study
Griffith University	<ul style="list-style-type: none"> The Hopkins Centre Spinal Injury Project BioSpine Project
Queensland University of Technology	<ul style="list-style-type: none"> Data Linkage Fellowship Road Trauma Modelling
Metro North Hospital and Health Service	<ul style="list-style-type: none"> Jamieson Trauma Institute Associate Professor Cliff Pollard Trauma Fellowship
Metro South Hospital and Health Service	<ul style="list-style-type: none"> Acquired Brain Injury Transitional Rehabilitation Service
Spinal Life Australia	<ul style="list-style-type: none"> Back2Work Vocational Rehabilitation Program
Queensland Brain Institute	<ul style="list-style-type: none"> Senior Research Fellowship in Traumatic Brain Injury
Children's Health Foundation	<ul style="list-style-type: none"> Chair of Paediatric Rehabilitation
Emergency Medicine Foundation	<ul style="list-style-type: none"> Trauma research in rural, remote and regional Queensland
Bionics Queensland	<ul style="list-style-type: none"> 2021 Challenge
University of Sydney	<ul style="list-style-type: none"> Physiotherapy database

The activities we supported in rehabilitation research reflect the spectrum of injuries that can result from road crashes, from musculoskeletal injuries through to severe and lifelong injuries including spinal cord and brain injuries. In addition, we fund research that focuses on improving healthcare from point of injury, through to emergency department, hospital care, and community-based rehabilitation services.

This financial year, we partnered with Bionics Queensland to help improve and expand the rehabilitation technologies and bionic innovations available to individuals injured in road crashes. A component of MAIC's investment helped drive the 2021 Bionics Challenge which supports teams working on life-changing bionic devices, implants, treatments and healthcare solutions for people impacted by road trauma, disability, disease or chronic health conditions.

We extended our Fellowship in Traumatic Brain Injuries with the Queensland Brain Institute located at the University of Queensland. The fellowship will run for a further three years and focus on a triage of biomarkers that could potentially be used to predict long-term outcomes in order to develop early interventions to improve a patient's recovery trajectory.

In line with this, we also provided support for Professor Karen Barlow at the Child Health Research Centre, to conduct two pilot studies focused on improving sleep and environments in hospitals to assist in a child's rehabilitation process following a traumatic brain injury. Sleep is an integral part to the recovery process and brain health, and these studies could help aid recovery and outcomes for children with brain injuries.

We also established a new funding arrangement with Emergency Medicine Foundation (EMF). EMF will administer a grants program which is aimed at increasing the involvement of trauma clinicians in research, with the intent that these research learnings are then applied to enhance the treatment of those injured through road trauma. The first call for submission for these grants will close in the new financial year with first projects due to commence in 2022.

Governance

Our people

We strive to create a positive workplace environment where our people are engaged, committed and highly capable. Employees adapted well to a turbulent 2020-21 with COVID-related restrictions and implemented a successful return to office plan, aligned with Queensland Government health advice to ensure a safe and gradual return to office.

During the year, employees participated in the Working for Queensland survey. In response to the feedback received, we ran training on managing meetings effectively, respectful workplace relationships and Agile project management.

To help rollout the new MAIC complaints framework, we delivered online complaints management training. Employees were also provided with the opportunity to attend cultural awareness training as part of our ongoing First Peoples CTP initiative.

The health and wellbeing of our team is essential and during 2020-21, we emphasised the importance of an appropriate work-life balance and supported flexible workplace practices.

We further supported our employees through strong employee performance management and development programs, regular check-ins, through the Working for Queensland survey, pulse surveys, and workplace health and safety strategies.

We met our obligations under the *Public Service Ethics Act 1994* by ensuring MAIC and ND staff completed Treasury's suite of online training modules, including modules related to the Code of Conduct. The online training package is rolled out to all new staff.

Our employee expenses and key executive management personnel and remuneration information can be found in the Financial Information (page 21 for MAIC, and page 46 for the Nominal Defendant). To see MAIC's workforce profile, including full-time equivalent (FTE) staff and permanent separation rate, view the annual report of Queensland Treasury.

Our values

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

Customers first

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

Unleash potential

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

Empower people

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

Ideas into action

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

Be courageous

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

Human Rights

As part of our commitment to furthering the objectives of Queensland's *Human Rights Act 2019*, we:

- completed Human Rights Certificates to accompany amendments to the *Motor Accident Insurance Regulation 2018*
- made sure training opportunities on the *Human Rights Act 2019* continued to be shared with staff when available
- ensured all new staff learnt about human rights obligations via our staff induction and orientation programs
- continued to incorporate a commitment to human rights into our strategic and operational plans
- continued to review all decision-making frameworks on new policies, procedures, and processes to incorporate human rights considerations
- encouraged our Human Rights Champions to attend regular complaints, decision-making and legislative community of practice meetings within Treasury
- established a First Peoples' initiative to support Aboriginal and Torres Strait Islander peoples through the CTP claims process and related road safety initiatives
- delivered CTP insurance cultural awareness training to industry stakeholders on 13 May 2021 to support consideration of cultural rights in CTP claims decision making.

To continue supporting Human Rights during the COVID-19 pandemic, we also:

- continued to enable employees to work effectively from home where required and focused on employee wellbeing
- implemented a successful return to office plan, aligned with Queensland Government health advice to ensure a safe and gradual return to office

- continued to collaborate with stakeholders to implement protocols aimed at encouraging a flexible approach to claims management
- continued to support changes to digital signatures, telehealth and virtual settlement conferences to ensure claimants could continue to access treatment
- supported claimants to have their claims resolved while ensuring compliance with social distancing requirements, whether this be via virtual options or suitable in-person meetings that comply with the latest government advice.

No human rights complaints were received during the 2020-21 reporting period.

Our leadership team

The Insurance Commissioner sets the direction for MAIC and the Nominal Defendant and reports to the State Parliament through the Treasurer and Minister for Investment. Our leadership team includes the Insurance Commissioner; General Manager Motor Accident Insurance Commission; Director Finance, Procurement and Systems; Director Policy, Performance and Improvement; and Director Analytics.

Our leadership team is responsible for setting the strategic direction of MAIC and the Nominal Defendant, overseeing operational performance, determining operation policy and project management.

The leadership team supports the Insurance Commissioner, as the accountable officer, to meet legislative requirements and accountabilities as well as identify and manage key areas of risk. As at 30 June 2021, the leadership team comprised of:

Neil Singleton

*Insurance Commissioner
B. Business (Insurance), MBA*

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

David Vincent

General Manager Motor Accident Insurance Commission

Appointed in 2002, David has over 25 years' insurance experience including roles in personal injury claims management and underwriting, along with positions involving insurance regulation and government policy development. David is responsible for leading the strategic management of the Nominal Defendant claims unit, the supervision of licensed insurer claims management compliance and performance and managing claims related legislative functions.

Lina Lee

*Director Finance, Procurement and Systems
B. Commerce, CA*

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

Vicki Vanderent

*Director Policy, Performance and Improvement
B. Business, MBA, Grad. Cert Business (Behavioural Economics)*

Appointed in 2006, Vicki leads the policy, performance and improvement functions for MAIC. She defines and shapes strategies, policies and plans that improve the Queensland CTP insurance scheme and promotes measures that eliminate or reduce causes of motor vehicle accidents and mitigates their results. Vicki has more than 20 years' experience across government, university and private sectors.

Youyou Luo

*Director Analytics
B. Actuarial Studies, PhD (Finance)*

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

Risk management

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

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

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

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

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

Audit and Risk Management Committee

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

The Audit and Risk Management Committee (ARMC) supports Treasury's accountable officer – the Under Treasurer – to meet the responsibilities under the *Financial Accountability Act 2009* (QLD), the *Financial and Performance Management Standard 2019* and other prescribed requirements.

The role of the committee is to provide independent assurance and assistance to the Under Treasurer on Treasury's risk and control frameworks and external accountability responsibilities as prescribed in the relevant legislation and standards.

The committee also provides oversight for select Treasury related entities that sit within Treasury's broader portfolio (but prepare independent financial statements). In 2020–21, these entities were the Motor Accident Insurance Commission and the Nominal Defendant. Through participation in this forum, the Insurance Commissioner accesses advice and assurance on the performance or discharge of functions and duties prescribed in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019*, and other prescribed requirements.

2020–21 Audit and Risk Management Committee

Chair:

Independent member

Members:

- Assistant Under Treasurer, Policy and Performance
- Insurance Commissioner
- Commissioner, State Revenue
- Independent member and finance expert

The Under Treasurer, Deputy Under Treasurer, Policy Performance and Corporate, Head of Corporate, Chief Finance Officer (CFO), Queensland Audit Office (QAO) and Internal Audit (including Head of Internal Audit) have standing invitations as observers to attend all ARMC meetings. Treasury officers are invited to attend meetings as required.

Achievements in 2020–21

In 2020–21, the Committee met six times and fulfilled its responsibilities in accordance with its charter and an approved work plan. Key achievements included:

- endorsing the 2019-20 Financial Statements for Queensland Treasury, MAIC and Nominal Defendant
- endorsing the three-year strategic Internal Audit Plan and monitoring 2020–21 internal audit activity
- reviewing the effectiveness of the department's risk management framework and overseeing the management of significant business risks
- monitoring progress of the implementation status of internal audit recommendations
- considering issues raised by QAO including recommendations from performance audits and Treasury related reports to Parliament.

Internal and external accountability

Our governance framework includes both internal and external accountability measures. Treasury provides internal audit services to MAIC through an external audit provider. Independent and objective internal audit services are provided in accordance with our Internal Audit Charter and ethical standards. Although independent, Internal Audit regularly liaises with QAO to ensure appropriate assurance services are provided to Treasury. In 2020–21, Internal Audit delivered a plan that is aligned to our key risk areas, operations, and strategic objectives and draws on additional specialist expertise as needed.

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

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

Information systems and recordkeeping

Our records are managed throughout their lifecycle with archiving and disposal performed in accordance with the *General Retention and Disposal schedule* and/or Treasury's *Retention and Disposal schedule* (implementation version).

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

The Motor Accident Insurance Commission and Nominal Defendant are both within the scope of Queensland Treasury's Information Security Management System (ISMS) and are included in Treasury's annual information Security Return. As such, during the mandatory annual Information Security reporting process, the Under Treasurer attested to the appropriateness of the information security risk management within Treasury to the Queensland Government Chief Information Security Officer, noting that appropriate assurance activities have been undertaken to inform this opinion and Treasury's information security risk position.

Statistics

We produce quarterly and annual *CTP Scheme Insights* reports to demonstrate key aspects of scheme performance. We measure the performance of the scheme based on the key measures of affordability, efficiency, fairness and responsiveness.

These reports objectively inform our stakeholders and the broader community about the operation of the scheme, the management of claims, as well as enhancing scheme awareness and understanding. These publications, including the CTP scheme insights: 2020-21 report, are available through the MAIC website: maic.qld.gov.au/ctp-scheme-insights.

We support the *Queensland Government Open Data Initiative*. In 2020-21, we released 14 datasets in addition to CTP insurance scheme statistical insights and annual report statistics. Our Open Data sets are available at data.qld.gov.au/dataset/compulsory-third-party-ctp-statistics.

Finances

Our financial information

Motor Accident Insurance Commission

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

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

For information in relation to MAIC's financial report call 1800 CTP QLD (1800 287 753), email maic@maic.qld.gov.au or visit MAIC's website www.maic.qld.gov.au.

Nominal Defendant

Financial statements 2020-21

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

The head office and principal place of business is:
Level 26, 1 William Street
GPO Box 2203
Brisbane, Queensland 4000

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

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

Motor Accident Insurance Commission

Financial summary 2020-21

The operating result for MAIC for the year ended 30 June 2021 was a surplus of \$2.32 million compared to the prior year's operating deficit of -\$31.04 million. The increase was driven by a decrease in grants expenses and increased returns on financial assets.

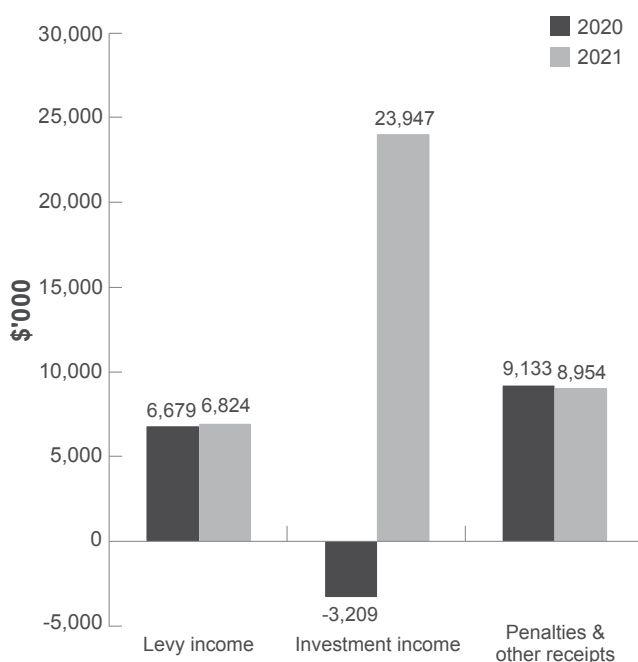
The investment returns on financial assets were \$23.95 million compared to the prior year's -\$3.21 million loss. This reflects the economic recovery from the impact of the COVID-19 pandemic on equity markets in the prior year.

The statutory insurance scheme levy per vehicle remained unchanged from 1 July 2020 at \$1.50 per annum. Penalties and other revenue decreased by \$0.18 million to \$8.95 million.

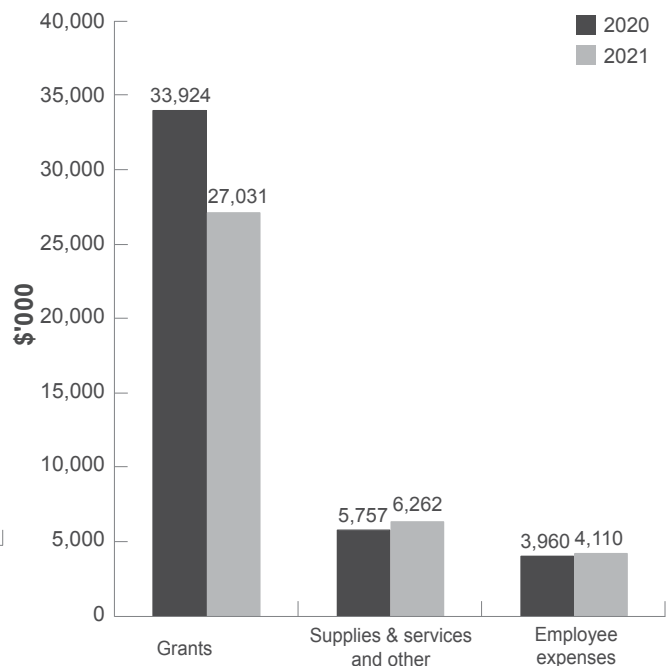
Total expenses decreased by \$6.24 million to \$37.40 million in 2020-21. MAIC's largest expense item relates to \$27.03 million grants spent on the continued funding of research programs to reduce the incidence and mitigate the effects of road trauma. The decrease in grants expense of \$6.89 million was largely due to the cessation of contracts funding rehabilitation initiatives research and strategic accident prevention research. Details of grant funding are provided in Appendix 4.

Other operating expenditure increased by \$0.51 million to \$6.26 million primarily due to higher than anticipated expenditure on improving the CTP claim lodgement process, and legal costs for claim farming and fraud prosecutions.

Income



Expenses



Motor Accident Insurance Commission financial statements 2020-21

Statement of comprehensive income

for the year ended 30 June 2021

	Note	2021 Actual \$'000	2021 Original Budget \$'000	* Budget Variance \$'000	2020 Actual \$'000
Income					
Levy	3	6,824	6,675	149	6,679
Penalties	4	8,156	8,000	156	8,273
Other revenue		798	-	798	860
Total revenue		15,778	14,675	1,103	15,812
Net fair value gains/(losses) on other financial assets		23,947	5,708	18,239	(3,209)
Total income		39,725	20,383	19,342	12,603
Expenses					
Grants	5	27,031	31,088	(4,057)	33,924
Employee expenses	6	4,110	4,076	34	3,960
Supplies and services	7	6,218	5,473	745	5,656
Other expenses	8	44	46	(2)	101
Total expenses		37,403	40,683	(3,280)	43,641
Operating result		2,322	(20,300)	22,622	(31,038)
Total other comprehensive income		-	-	-	-
Total comprehensive income		2,322	(20,300)	22,622	(31,038)

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

The accompanying notes form part of these statements.

Statement of financial position

as at 30 June 2021

		\$'000	\$'000
Current assets			
Cash and cash equivalents		11,019	3,634
Receivables	9	775	712
Other financial assets	11&12	-	168
Prepayments		36	-
Total current assets		11,830	4,514
Non-current assets			
Other financial assets	11&12	140,263	145,085
Total non-current assets		140,263	145,085
Total assets		152,093	149,599
Current liabilities			
Payables	10	2,797	2,545
Accrued employee benefits		112	192
Total current liabilities		2,909	2,737
Total non-current liabilities		-	-
Total liabilities		2,909	2,737
Net assets		149,184	146,862
Equity			
Contributed equity		57,818	57,818
Accumulated surplus		91,366	89,044
Total equity		149,184	146,862

The accompanying notes form part of these statements.

Statement of changes in equity

for the year ended 30 June 2021

	Accumulated surplus	Contributed equity	Total equity
	\$'000	\$'000	\$'000
Balance as at 1 July 2019	119,922	57,818	177,740
Net effect of change in accounting treatment*	160	-	160
Operating result	(31,038)	-	(31,038)
Balance as at 30 June 2020	89,044	57,818	146,862
Balance as at 1 July 2020	89,044	57,818	146,862
Operating result	2,322	-	2,322
Balance as at 30 June 2021	91,366	57,818	149,184

* Derecognition of \$0.160M non-current liabilities relating to the straight-lining of former operating leases for office accommodation under AASB 16 which was applied for the first time in 2019-20.

The accompanying notes form part of these statements.

Statement of cash flows

for the year ended 30 June 2021

	2021	2020
Note	Actual	Actual
	\$'000	\$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Levy	6,896	6,779
Penalties	8,138	8,269
GST input tax credits from ATO	2,755	3,662
GST collected from customers	42	85
Other revenue	798	886
<i>Outflows:</i>		
Grants	(27,056)	(33,997)
Employee expenses	(4,295)	(3,849)
Supplies and services	(5,008)	(2,271)
GST remitted to ATO	(42)	(85)
GST paid to suppliers	(2,804)	(3,439)
Other expenses	(39)	(95)
Net cash used in operating activities	CF-1 (20,615)	(24,055)
Cash flows from investing activities		
<i>Inflow:</i>		
Proceeds from sale of other financial assets	28,000	26,000
Net cash provided by investing activities	28,000	26,000
Net increase in cash and cash equivalents	7,385	1,945
Cash and cash equivalents at beginning of financial year	3,634	1,689
Cash and cash equivalents at end of financial year	11,019	3,634

The accompanying notes form part of these statements.

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

Note to the Statement of cash flows

for the year ended 30 June 2021

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

	2021 \$'000	2020 \$'000
Operating result	2,322	(31,038)
<i>Non-cash items included in operating result:</i>		
Net fair value (gains)/losses on other financial assets	(23,010)	4,245
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in prepayments	(36)	-
(Increase)/decrease in receivables	(63)	416
Increase/(decrease) in current payables	252	2,281
Increase/(decrease) in accrued employee benefits	(80)	41
Net cash used in operating activities	(20,615)	(24,055)

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1. BASIS OF FINANCIAL STATEMENT PREPARATION

(a) General information

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

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

(b) Compliance with prescribed requirements

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

- section 39 of the *Financial and Performance Management Standard 2019*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2020.

(c) Currency and rounding

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

(d) Comparatives

Comparative information reflects the audited 2019-20 financial statements except where restatement was necessary to be consistent with disclosures in the current reporting period. There have been no material restatements made to the comparative amounts.

(e) Current / non-current classification

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

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are expected to be settled within 12 months after the reporting date, or where MAIC does not have a right to defer settlement beyond the 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

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

(f) Judgements and assumptions

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

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1. BASIS OF FINANCIAL STATEMENT PREPARATION - continued

(g) Authorisation of financial statements for issue

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

(h) Basis of measurement

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

2. OBJECTIVES OF MAIC

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

3. LEVY

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

Levies are recognised at the time they are legally payable by the Department of Transport and Main Roads (DTMR) to MAIC in accordance with section 27 of the Act. Under current arrangements, the levies are payable on a weekly basis.

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

4. PENALTIES

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

5. GRANTS

	2021 \$'000	2020 \$'000
Rehabilitation initiatives research	12,102	15,580
Strategic accident prevention research	9,918	12,656
Road trauma mitigation research	5,008	5,669
Other	3	19
Total	27,031	33,924

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

6. EMPLOYEE EXPENSES

	2021 \$'000	2020 \$'000
Employee benefits and employee related expenses		
Salaries and wages*	3,174	3,083
Employer superannuation contributions	422	395
Leave levies	433	386
Employee related expenses	63	63
Other employee benefits	18	33
Total	4,110	3,960

*2019-20 Wages and salaries include \$30,873 of \$1,250 one-off, pro-rata payments for 24.70 full-time equivalent employees (announced in September 2019).

The number of employees, including both full-time employees and part-time employees, measured on a full-time equivalent basis is 30 as at 30 June 2021 (based on fortnight ending 2 July 2021) and 29 for 30 June 2020 (reflecting Minimum Obligatory Human Resource Information).

Wages, salaries and sick leave

Wages and salaries are recognised as an expense when services are performed.

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

Annual and long service leave

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

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

Superannuation

Employer superannuation contributions are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Contributions for accumulation plans are made to eligible complying superannuation funds based on the rates specified in the relevant enterprise bargaining agreements or other conditions of employment.

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*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary.

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

7. SUPPLIES AND SERVICES

	2021 \$'000	2020 \$'000
Consultants and contractors	2,213	2,110
Corporate services fee	903	845
QIC management fee	871	994
Legal Fee	788	359
IT related expenses	516	257
Rent	421	403
Queensland Treasury Actuarial fees	420	407
Supplies and consumables	86	192
Advertising	-	89
Total	6,218	5,656

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

Under AASB 16 *Leases*, lease arrangements with substantive substitution rights or are of low value are recognised as an expense when incurred and exempt from recognition on the Statement of Financial Position. MAIC's office accommodation falls under government-wide framework arrangements which are exempt under AASB 16 as the arrangements are categorised as procurement of services rather than as leases because the Department of Energy and Public Works has substantive substitution rights over the assets. As such, accommodation costs incurred by MAIC are recognised under "Rent" expense.

8. OTHER EXPENSES

	2021 \$'000	2020 \$'000
Queensland Audit Office - external audit fees	22	22
Insurance premiums - QGIF	22	23
Internal audit fees	-	56
Total	44	101

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$22,500 (2020: \$22,500).

Notes to and forming part of the financial statements

for the year ended 30 June 2021

9. RECEIVABLES

	2021 \$'000	2020 \$'000
Accrued penalties	405	387
GST receivable	296	247
Accrued SIS levy	-	72
Leave reimbursements	74	6
Total	775	712

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

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

10. PAYABLES

	2021 \$'000	2020 \$'000
Current		
Trade creditors	2,473	2,143
Accrued expenses	322	400
FBT payable	2	2
Total	2,797	2,545

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

11. FAIR VALUE MEASUREMENT

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

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

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

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued.

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

While the units in the trust have redemption prices and are able to be traded, the market would not be considered active for level 1, therefore, they are considered to be level 2. A market comparison valuation approach is used, with the units carried at redemption value as reasonably determined by the fund manager. Classification of instruments into fair value hierarchy levels is reviewed annually. There were no transfers of assets between fair value hierarchy levels during the period.

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

The carrying amount for cash assets represents the fair value.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

12. FINANCIAL RISK DISCLOSURES

(a) Categorisation of financial instruments

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

Category	Note	2021 \$'000	2020 \$'000
Financial assets			
Cash and cash equivalents		11,019	3,634
Receivables (amortised cost)	9	775	712
Other financial assets (FVTPL)		140,263	145,253
Total		152,057	149,599
Financial liabilities			
Current payables (amortised cost)	10	2,797	2,545
Total		2,797	2,545

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

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

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

(b) Financial risk management

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

Risk exposure is measured using a variety of methods:

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

12. FINANCIAL RISK DISCLOSURES - continued

(i) Credit risk

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

The carrying amount of financial assets disclosed in **Note 9** and **Note 12(a)** represents MAIC's maximum exposure to credit risk at balance date.

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

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

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

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

(ii) Liquidity risk

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

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

(iii) Market risk

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

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

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

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

12. FINANCIAL RISK DISCLOSURES - continued

(c) Market risk sensitivity analysis

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

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

Investment	2021				2020			
	Movement in variable		Impact on Profit / Equity		Movement in variable		Impact on Profit / Equity	
	Low	High	Decrease	Increase	Low	High	Decrease	Increase
	%	%	\$'000	\$'000	%	%	\$'000	\$'000
QIC Long Term Diversified Fund	-11	11	(15,429)	15,429	-11	10	(15,959)	14,509

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

13. CONTINGENCIES

MAIC did not have any contingent assets or liabilities at 30 June 2021.

14. GRANT COMMITMENTS

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

	2021 \$'000	2020 \$'000
Not later than one year	16,721	25,734
Later than one year and not later than five years	17,451	29,037
Total	34,172	54,771

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

15. EVENTS OCCURRING AFTER THE REPORTING DATE

MAIC has not had any material events occurring after 30 June 2021.

16. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, there are no expected material impacts from any new or amended Australian Accounting Standards with a future effective date.

17. BUDGETARY REPORTING DISCLOSURES

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.

As the 2020-21 original budget presented to parliament does not include a budgeted Statement of Financial Position and Statement of Cash Flows, no disclosure of budget to actual variance is required under AASB 1055 for these statements and no explanation of variances are provided.

A budget versus actual comparison and explanation of major variances has not been included for the Statement of Changes in Equity.

Explanations of major variances

Statement of Comprehensive Income

<i>Other revenue</i>	The increase in other revenue relates to return of unspent grant funds.
<i>Net fair value losses/gains on other financial assets</i>	The increase in net fair value gain on other financial assets is primarily due to higher than expected earnings on investments as a result of improvements in global equity markets.
<i>Grants</i>	The variance in grant payments is due to lower than anticipated investment in research activities.
<i>Supplies and services</i>	The increase in supplies and services is primarily due to higher than anticipated expenditure on improving the CTP claim lodgement process, and legal costs for claim farming and fraud prosecutions.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

18. KEY MANAGEMENT PERSONNEL AND REMUNERATION

Details of key management personnel

The Treasurer and Minister of Investment is identified as part of MAIC's KMP, consistent with additional guidance included in the revised version of AASB124 *Related Party Disclosures*.

The following details for non-Ministerial key management personnel (KMP) include those positions that had authority and responsibility for planning, directing and controlling the activities of MAIC during 2020-21 and 2019-20. All key management personnel also provide services to the Nominal Defendant and the Queensland Government Insurance Fund (QGIF) within Queensland Treasury as part of their overall role. The Insurance Commissioner also provides services to the National Injury Insurance Scheme (Queensland) (NIISQ) as Chief Executive Officer commencing 2 June 2021. The remuneration disclosed below relates to their service as a KMP of MAIC for the period. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

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

Remuneration policies

The Treasurer's ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. MAIC does not bear any cost of remuneration of Ministers. The majority of ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and whole-of-government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

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

Remuneration expenses for KMP comprise the following components:

- Short term employee expenses which include:
 - Salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position.
 - Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

18. KEY MANAGEMENT PERSONNEL AND REMUNERATION - continued

- 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.

Remuneration expense

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

1 July 2020 to 30 June 2021

Position	Short term employee expenses - monetary expenses* \$'000	Long term employee expenses \$'000	Post-employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
Insurance Commissioner	146	3	16	-	165
General Manager MAIC	141	3	15	-	159
Director Finance, Procurement and Systems	104	2	13	-	119
Director Policy, Performance and Improvement	96	2	12	-	110
Director Analytics	103	2	13	-	118

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

1 July 2019 to 30 June 2020

Position	Short term employee expenses - monetary expenses* \$'000	Long term employee expenses \$'000	Post-employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
Insurance Commissioner	142	3	16	-	161
General Manager MAIC	140	3	15	-	158
Director Finance, Procurement and Systems	103	2	13	-	118
Director Policy, Performance and Improvement	93	2	11	-	106
Director Analytics	103	2	12	-	117

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

No KMP remuneration packages provide for performance or bonus payments.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

19. RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP

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

Transactions with other Queensland Government-controlled entities

MAIC received levy income from the Department of Transport and Main Roads (DTMR) in accordance with the Act (**Note 3**).

MAIC received penalty income from DTMR and Queensland Treasury (State Penalties Enforcement Registry) in accordance with the act (**Note 4**).

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

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

The Insurance Commissioner was appointed as Chief Executive Officer of the National Injury Insurance Scheme (Queensland) (NIISQ) on 2 June 2021, and provided services to them as a related party from that date.

MAIC receives corporate support and actuarial services from Queensland Treasury, and incurs management fees from QIC for the management of the QIC unlisted unit trusts. These supplies and services are disclosed in (**Note 7**).

Notes to and forming part of the financial statements

for the year ended 30 June 2020

20. AGENCY TRANSACTIONS

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

Type of Levy	Levies collected from DTMR		Contributions paid to QH, PSBA, QFES & QPS		Outstanding levies for remittance to QH, PSBA, QFES & QPS	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Levies collected but not remitted in the previous year	8,984	7,205	-	-	-	-
Hospital levy	76,794	76,887	(78,369)	(75,203)	6,954	8,528
Emergency Services levy - QFES	3,244	2,758	(3,265)	(2,691)	290	312
Emergency Services levy - PSBA	1,298	1,295	(1,327)	(1,267)	115	144
Emergency Services levy - QPS	145	-	-	-	145	-
Total	90,465	88,145	(82,961)	(79,161)	7,504	8,984

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

21. TAXATION

MAIC is a statutory body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by MAIC. GST credits receivable from, and GST payable to the ATO, are recognised in the Statement of Financial Position (refer to **Note 9** and **Note 10** respectively).

Notes to and forming part of the financial statements

for the year ended 30 June 2020

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

Accounting standards applied for the first time

MAIC applied AASB 1059 *Service Concession Arrangements: Grantors* for the first time in 2020-21.

This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities. MAIC does not currently have any arrangements that would fall within the scope of AASB 1059.

No other accounting standards or interpretations that apply to MAIC for the first time in 2020-21 have any material impact on the financial statements.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2020-21.

23. IMPACT OF COVID-19 PANDEMIC

MAIC has not identified any significant impacts of COVID-19 on the financial report as at 30 June 2021.

The impact of the COVID-19 pandemic on the market value of MAIC's other financial assets in 2019-20 are reflected in the fair value of the financial assets as reported in the comparative figures in the Statement of Financial Position, and the fair value loss reported in the Statement of Comprehensive Income. The fair value measurement and financial risk disclosures, including market risk, are disclosed in **Notes 11 & 12**.

24. CLIMATE RISK DISCLOSURE

MAIC has not identified any material climate related risks relevant to the financial report at the reporting date however, constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

Management certificate

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Motor Accident Insurance Commission (MAIC) for the financial year ended 30 June 2021 and of the financial position of MAIC at the end of that year; and

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



L LEE
B.Com, CA
Director Finance, Procurement and Systems
24 August 2021



N SINGLETON
B.Bus (Insurance), MBA
Insurance Commissioner
24 August 2021

Independent auditor's report

To the Insurance Commissioner of Motor Accident Insurance Commission

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Motor Accident Insurance Commission. In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Responsibilities of the Insurance Commissioner for the financial report

The Insurance Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Insurance Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Insurance Commissioner is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019.

The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



Paul Christensen
as delegate of the Auditor-General

26 August 2021

Queensland Audit Office
Brisbane

Nominal Defendant

Financial summary 2020-21

The Nominal Defendant's operating surplus for the 2020-2021 financial year was \$64.62 million.

The \$55.94 million increase in operating surplus from prior year's \$8.68 million was driven by strong investment returns on financial assets. Total investment returns on financial assets were \$64.05 million compared to the prior year's -\$1.30 million loss. This reflects the recovery from the impact of the COVID-19 pandemic on the equity markets in 2019-2020.

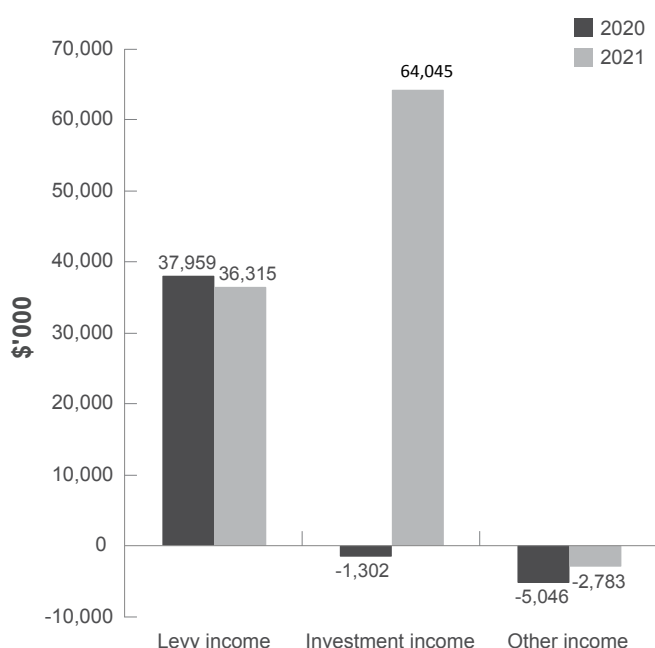
From 1 July 2020, the Nominal Defendant levy decreased by \$0.50 to \$8.00 per Class 1 vehicle and generated income of \$36.32 million, representing a \$1.64 million reduction from the prior year. Actuarial assessments at 30 June 2021 resulted in a decrease of \$2.26 million in reinsurance and other recoveries.

Total expenses increased from \$22.94 million in 2019-2020, to \$32.96 million in 2020-2021. This is primarily a result of higher claim payments and associated settlement costs. The Nominal Defendant's gross outstanding claims liabilities were actuarially assessed at 30 June 2021 to be \$137.86 million, a decrease of \$4.10 million from the prior year. Nominal Defendant claim payments were \$32.59 million (prior year \$20.61 million) and claim recoveries were \$0.27 million (prior year \$0.45 million).

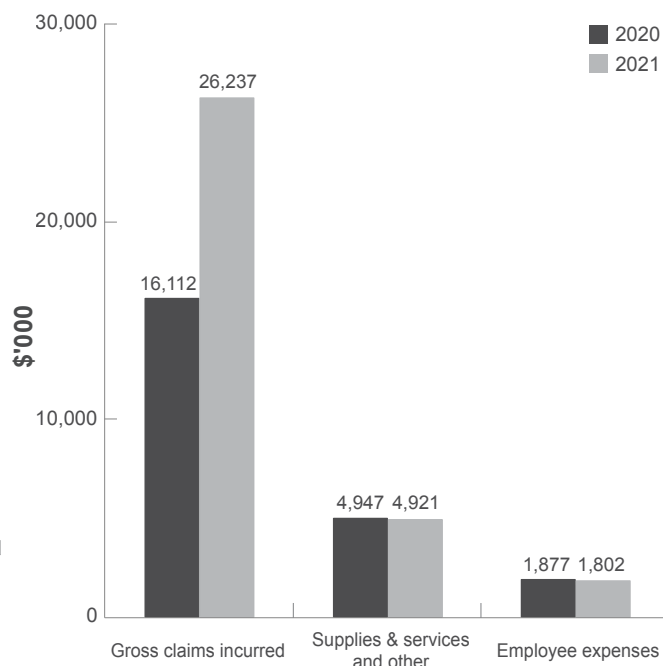
Claim payments of \$2.96 million were made in 2020-2021 in relation to FAI claims resulting from the insolvency of the HHH Group of companies in 2001. The Nominal Defendant has now finalised all claims relating to FAI and has no outstanding claims liability for FAI at 30 June 2021.

The Nominal Defendant is in a fully funded position with financial assets more than sufficient to meet all obligations arising from the outstanding claims liability.

Income



Expenses



Nominal Defendant financial statements 2020-21

Statement of comprehensive income

for the year ended 30 June 2021

	Note	2021 Actual \$'000	2021 Original Budget \$'000	* Budget Variance \$'000	2020 Actual \$'000
Income					
Levy	3	36,315	35,330	985	37,959
Reinsurance and other recoveries	4	(2,840)	-	(2,840)	(5,101)
Other revenue		57	-	57	55
Total revenue		33,532	35,330	(1,798)	32,913
Net fair value gains/(losses) on other financial assets		64,045	16,310	47,735	(1,302)
Total income		97,577	51,640	45,937	31,611
Expenses					
Gross claims incurred	4	26,237	34,302	(8,065)	16,112
Employee expenses	5	1,802	1,991	(189)	1,877
Supplies and services	6	4,445	4,459	(14)	4,373
Depreciation and amortisation		433	433	-	519
Other expenses	7	43	45	(2)	55
Total expenses		32,960	41,230	(8,270)	22,936
Operating result		64,617	10,410	54,207	8,675
Total other comprehensive income		-	-	-	-
Total comprehensive income		64,617	10,410	54,207	8,675

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

The accompanying notes form part of these statements.

Statement of financial position

as at 30 June 2021

	Note	2021 Actual \$'000	2020 Actual \$'000
Current assets			
Cash and cash equivalents		9,378	17,466
Receivables	8	86	467
Other financial assets	12 & 13	167,782	186,076
Claim recoveries	10	692	769
Prepayments		14	-
Total current assets		177,952	204,778
Non-current assets			
Other financial assets	12 & 13	381,714	346,982
Claim recoveries	10	4,155	7,192
Intangible assets	9	-	433
Total non-current assets		385,869	354,607
Total assets		563,821	559,385
Current liabilities			
Payables		297	278
Accrued employee benefits		49	93
Outstanding claims liability	10	38,735	46,472
Unearned levies	3	14,022	14,870
Total current liabilities		53,103	61,713
Non-current liabilities			
Outstanding claims liability	10	99,121	100,692
Total non-current liabilities		99,121	100,692
Total liabilities		152,224	162,405
Net assets		411,597	396,980
Equity			
Accumulated surplus	11	411,597	396,980
Total equity		411,597	396,980

The accompanying notes form part of these statements.

Statement of changes in equity

for the year ended 30 June 2021

	Accumulated surplus	Total equity
	\$'000	\$'000
Balance as at 1 July 2019	388,220	388,220
Operating result	8,675	8,675
Net effect of change in accounting treatment*	85	85
Balance as at 30 June 2020	396,980	396,980
 Balance as at 1 July 2020	 396,980	 396,980
Operating result	64,617	64,617
Transfer out to other Queensland Government entity (Note 11)	(50,000)	(50,000)
Balance as at 30 June 2021	411,597	411,597

* Derecognition of \$0.085M non-current liabilities relating to the straight-lining of former operating leases for office accommodation under AASB 16 which was applied for the first time in 2019-20.

The accompanying notes form part of these statements.

Statement of cash flows

for the year ended 30 June 2021

		2021	2020
	Note	Actual	Actual
		\$'000	\$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Levy		35,863	37,640
Claim recoveries		274	451
GST input tax credits from Australian Taxation Office (ATO)		565	629
GST collected from customers		2	1
Other revenue		57	62
<i>Outflows:</i>			
Gross claims incurred		(35,545)	(20,680)
Employee expenses		(1,890)	(1,825)
Supplies and services		(795)	(828)
GST paid to suppliers		(550)	(598)
GST remitted to ATO		(2)	(2)
Other expenses		(67)	(34)
Net cash (used in) / provided by operating activities	CF-1	(2,088)	14,816
Cash flows from investing activities			
<i>Inflow:</i>			
Proceeds from sale of other financial assets		-	7,500
<i>Outflow:</i>			
Payments for other financial assets		(6,000)	(7,500)
Net cash used in investing activities		(6,000)	-
Net (decrease) / increase in cash and cash equivalents		(8,088)	14,816
Cash and cash equivalents at beginning of financial year		17,466	2,650
Cash and cash equivalents at end of financial year		9,378	17,466

The accompanying notes form part of these statements.

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

Note to the Statement of cash flows

for the year ended 30 June 2021

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

	Note	2021 \$'000	2020 \$'000
Operating result		64,617	8,675
<i>Non-cash items included in operating result:</i>			
Net fair value (gains)/losses on other financial assets		(60,438)	4,742
Depreciation and amortisation		433	519
<i>Change in assets and liabilities:</i>			
(Increase)/decrease in prepayments		(14)	-
(Increase)/decrease in receivables and claim recoveries	8,10	3,495	6,227
Increase/(decrease) in current payables		19	124
Increase/(decrease) in unearned levies		(848)	(918)
Increase/(decrease) in outstanding claims liability	10	(9,308)	(4,568)
Increase/(decrease) in accrued employee benefits		(44)	15
Net cash (used in) / provided by operating activities		(2,088)	14,816

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1. BASIS OF FINANCIAL STATEMENT PREPARATION

(a) General information

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

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

(b) Compliance with prescribed requirements

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

- section 39 of the *Financial and Performance Management Standard 2019*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2020.

(c) Currency and rounding

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

(d) Comparatives

Comparative information reflects the audited 2019-20 financial statements except where restatement was necessary to be consistent with disclosures in the current reporting period. There have been no material restatements made to the comparative amounts.

(e) Current / Non-current classification

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

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are expected to be settled within 12 months after the reporting date, or where the Nominal Defendant does not have a right to defer settlement beyond the 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

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

(f) Judgements and assumptions

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

The Nominal Defendant places high reliance on actuarial estimates provided by Queensland Government State Actuary's Office (the Actuary), in calculating the recoveries on outstanding claims and the outstanding claims liability as at 30 June (**Notes 4 and 10**).

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1. BASIS OF FINANCIAL STATEMENT PREPARATION - continued

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

- Levy income (**Note 3**), and
- Fair value measurement of other financial assets (**Note 12**).

(g) Authorisation of financial statements for issue

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

(h) Basis of Measurement

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

2. OBJECTIVES OF THE NOMINAL DEFENDANT

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

3. LEVY

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

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

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

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

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

4. NET CLAIMS INCURRED

	2021			2020		
	\$'000			\$'000		
Gross claims incurred	26,237			16,112		
Reinsurance and other recoveries	2,840			5,101		
Total net claims incurred	29,077			21,213		
(a) Claims development						
Attributable to Nominal Defendant						
	2021			2020		
	Current	Prior	Total	Current	Prior	Total
	Year	Years		Year	Years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross claims incurred and related expenses						
Undiscounted	35,538	(5,028)	30,510	38,110	(23,978)	14,132
Discount	(853)	(1,164)	(2,017)	(607)	3,158	2,551
Provisions made (Note 10)	34,685	(6,192)	28,493	37,503	(20,820)	16,683
Reinsurance and other recoveries						
Undiscounted	632	(3,451)	(2,819)	680	(6,202)	(5,522)
Discount	(15)	(9)	(24)	(11)	432	421
	617	(3,460)	(2,843)	669	(5,770)	(5,101)
Net claims incurred	34,068	(2,732)	31,336	36,834	(15,050)	21,784

Attributable to FAI						
	2021			2020		
	Current	Prior	Total	Current	Prior	Total
	Year	Years		Year	Years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross claims incurred and related expenses						
Undiscounted	-	(2,268)	(2,268)	-	(627)	(627)
Discount	-	12	12	-	56	56
Provisions made (Note 10)	-	(2,256)	(2,256)	-	(571)	(571)
Reinsurance and other recoveries						
Undiscounted	-	3	3	-	-	-
Discount	-	-	-	-	-	-
	-	3	3	-	-	-
Net claims incurred	-	(2,259)	(2,259)	-	(571)	(571)

Total gross claims incurred	34,685	(8,448)	26,237	37,503	(21,391)	16,112
Total recoveries	617	(3,457)	(2,840)	669	(5,770)	(5,101)
Total net claims incurred	34,068	(4,991)	29,077	36,834	(15,621)	21,213

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

4. NET CLAIMS INCURRED – continued

(b) Claims reconciliation

	Nominal Defendant		FAI		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross claims incurred and related expenses						
Claims and associated settlement costs	32,590	20,614	2,955	66	35,545	20,680
Movement in outstanding claims liability	(4,097)	(3,931)	(5,211)	(637)	(9,308)	(4,568)
Total gross claims incurred	28,493	16,683	(2,256)	(571)	26,237	16,112
Reinsurance and other recoveries						
Reinsurance and other recoveries	271	451	3	-	274	451
Movement in other recoveries receivable	(3,114)	(5,552)	-	-	(3,114)	(5,552)
Total recoveries	(2,843)	(5,101)	3	-	(2,840)	(5,101)
Net claims incurred	31,336	21,784	(2,259)	(571)	29,077	21,213

Gross claims

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

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

Reinsurance and other recoveries

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

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

FAI General Insurance Company Limited (FAI)

Under the *Motor Accident Insurance Act 1994*, the Nominal Defendant is required to meet any outstanding CTP claims in the event of the insolvency of a licensed CTP insurer. The Nominal Defendant has now finalised all claims relating to FAI following the insolvency of the HIH Group of companies in March 2001. Therefore outstanding claims liability attributable to FAI is nil as at 30 June 2021.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

5. EMPLOYEE EXPENSES

	2021	2020
	\$'000	\$'000
Employee benefits and employee related expenses		
Salaries and wages*	1,419	1,485
Employer superannuation contributions	194	197
Leave levies	186	187
Employee related expenses	3	8
Total	1,802	1,877

*2019-20 Wages and salaries includes \$18,520 of \$1,250 one-off, pro-rata payments for 14.82 full-time equivalent employees (announced in September 2019).

The number of employees, including both full-time employees and part-time employees, measured on a full-time equivalent basis is 14 as at 30 June 2021 (based on pay fortnight ending 2 July 2021) and 15 for 30 June 2020 (reflecting Minimum Obligatory Human Resource Information).

Wages, salaries and sick leave

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

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

Annual and long service leave

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

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

Superannuation

Employer superannuation contributions are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Contributions for accumulation plans are made to eligible complying superannuation funds based on the rates specified in the relevant enterprise bargaining agreements or other conditions of employment.

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*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary.

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

6. SUPPLIES AND SERVICES

	2021 \$'000	2020 \$'000
QIC management fee	3,369	3,347
Corporate services fee	487	455
Rent	202	203
IT related expense	161	151
Queensland Treasury Actuarial fees	107	104
Supplies and consumables	37	62
Consultants and contractors	82	51
Total	4,445	4,373

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

Under AASB 16 *Leases*, lease arrangements with substantive substitution rights or of low value are recognised as an expense when incurred and exempt from recognition on the Statement of Financial Position. The Nominal Defendant's office accommodation falls under government-wide framework arrangements which are exempt under AASB 16 as the arrangements are categorised as procurement of services rather than as leases because the Department of Energy and Public Works has substantive substitution rights over the assets. As such, accommodation costs incurred by the Nominal Defendant are recognised under "Rent" expense.

7. OTHER EXPENSES

	2021 \$'000	2020 \$'000
Queensland Audit Office - external audit fees	41	54
Insurance premiums - QGIF	2	1
Total	43	55

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$41,200 (2020: \$53,680 including costs of engaging an actuarial specialist).

8. RECEIVABLES

	2021 \$'000	2020 \$'000
Accrued ND levy	-	396
GST receivable	48	63
Leave reimbursements	38	8
Total	86	467

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

8. RECEIVABLES – continued

The Nominal Defendant's receivables are from Queensland and Australian Government entities. No loss allowance is recognised for these receivables on the basis of materiality. Refer to **Note 13** for the Nominal Defendant's credit risk disclosures. Where the Nominal Defendant has no reasonable expectation of recovering an amount owed by a debtor, the debt will be written off.

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

9. INTANGIBLES

	2021 \$'000	2020 \$'000
Internally generated software: At cost		
Gross	3,634	3,634
Less: Accumulated amortisation	(3,634)	(3,201)
Carrying amount at 30 June	-	433
<i>Represented by movements in carrying amount:</i>		
Carrying amount at 1 July	433	952
Amortisation	(433)	(519)
Carrying amount at 30 June	-	433

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

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

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

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

A review of asset useful life and assessment for impairment indicators is performed annually. Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset. During the financial year 2020-21, the Nominal Defendant did not identify any impairment events.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

10. NET OUTSTANDING CLAIMS

	Nominal Defendant		FAI		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross outstanding claims	130,021	133,330	-	5,223	130,021	138,553
Claims settlement costs	12,491	11,261	-	-	12,491	11,261
	142,512	144,591	-	5,223	142,512	149,814
Discount to present value	(4,656)	(2,638)	-	(12)	(4,656)	(2,650)
Gross outstanding claims liability	137,856	141,953	-	5,211	137,856	147,164
<i>Represented by</i>						
Current	38,735	42,700	-	3,772	38,735	46,472
Non-current	99,121	99,253	-	1,439	99,121	100,692
Gross outstanding claims liability	137,856	141,953	-	5,211	137,856	147,164
Reinsurance and other recoveries	5,115	8,205	-	-	5,115	8,205
Discount to present value	(268)	(244)	-	-	(268)	(244)
Reinsurance and other recoveries	4,847	7,961	-	-	4,847	7,961
<i>Represented by</i>						
Current	692	769	-	-	692	769
Non-current	4,155	7,192	-	-	4,155	7,192
Reinsurance and other recoveries	4,847	7,961	-	-	4,847	7,961
Net outstanding claims	133,009	133,992	-	5,211	133,009	139,203
Central estimate	133,009	133,992	-	4,492	133,009	138,484
Risk margin	-	-	-	719	0	719
Net outstanding claims	133,009	133,992	-	5,211	133,009	139,203

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

	Nominal Defendant		FAI		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	133,992	132,371	5,211	5,848	139,203	138,219
Prior periods						
Claim payments	(32,176)	(19,798)	(2,952)	(66)	(35,128)	(19,864)
Claims handling expenses	(3,334)	(3,398)	-	-	(3,334)	(3,398)
Discount unwind	172	1,020	9	58	181	1,078
Risk margin release	-	-	(473)	(10)	(473)	(10)
Effect of changes in assumptions and experience	431	(12,672)	(1,795)	(619)	(1,364)	(13,291)
Current period						
Provision for current period	33,924	36,469	-	-	33,924	36,469
Net outstanding claims	133,009	133,992	-	5,211	133,009	139,203
Reinsurance and other recoveries	(4,847)	(7,961)	-	-	(4,847)	(7,961)
Gross outstanding claims	137,856	141,953	-	5,211	137,856	147,164

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

10. NET OUTSTANDING CLAIMS – continued

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

FAI General Insurance Company Limited (FAI)

Under the *Motor Accident Insurance Act 1994*, the Nominal Defendant is required to meet any outstanding CTP claims in the event of the insolvency of a licensed CTP insurer. The Nominal Defendant has now finalised all claims relating to FAI following the insolvency of the HIH Group of companies in March 2001. Therefore outstanding claims liability attributable to FAI is nil as at 30 June 2021.

(b) Actuarial assumptions

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

	Nominal Defendant		FAI	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Inflation rate	2.61%	2.41%	N/A	2.10%
Discount rate	0.99%	0.60%	N/A	0.25%
Claims handling expenses	10.00%	9.00%	N/A	0.00%
Risk margin	0.00%	0.00%	N/A	16.00%
Weighted average expected term to settlement	3.4 years	3.1 years	N/A	0.9 years

As there is nil outstanding claims liability attributable to FAI as at 30 June 2021, the actuarial assumptions are not applicable. A risk margin of 16% of the net central estimate was applied to FAI in 2020 and was intended to provide an approximately 75% probability of sufficiency for the outstanding claims liability.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

10. NET OUTSTANDING CLAIMS – continued

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

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

Attributable to the Nominal Defendant

Net outstanding claims	Movement in variable	Financial impact			
		Profit/(loss)	Equity	Profit/(loss)	Equity
		2021 \$'000	2021 \$'000	2020 \$'000	2020 \$'000
Inflation rate	+1%	(4,771)	(4,771)	(4,462)	(4,462)
	-1%	4,503	4,503	4,216	4,216
Discount rate	+1%	4,042	4,042	3,767	3,767
	-1%	(4,372)	(4,372)	(4,073)	(4,073)
Claims handling expenses	+1%	(1,209)	(1,209)	(1,229)	(1,229)
	-1%	1,209	1,209	1,229	1,229
Weighted average term to settlement	+0.5 years	(963)	(963)	(1,316)	(1,316)
	-0.5 years	956	956	1,303	1,303

Attributable to FAI

Net outstanding claims	Movement in variable	Financial impact			
		Profit/(loss)	Equity	Profit/(loss)	Equity
		2021 \$'000	2021 \$'000	2020 \$'000	2020 \$'000
Inflation rate	+1%	-	-	(54)	(54)
	-1%	-	-	53	53
Discount rate	+1%	-	-	47	47
	-1%	-	-	(49)	(49)
Claims handling expenses	+1%	-	-	(52)	(52)
	-1%	-	-	52	52
Risk margin	+1%	-	-	(45)	(45)
	-1%	-	-	45	45
Weighted average term to settlement	+0.5 years	-	-	(54)	(54)
	-0.5 years	-	-	54	54

Notes to and forming part of the financial statements

for the year ended 30 June 2021

10. NET OUTSTANDING CLAIMS – continued

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

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

The Nominal Defendant did not enter into a contract for reinsurance cover for the 2019-20 and 2020-21 financial years. This was based on considerations of the cost of reinsurance and the Nominal Defendant's exposure to large loss claims.

11. EQUITY

In accordance with *Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*, non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities are adjusted against Contributed Equity. To the extent this causes the Contributed Equity to reduce below zero, the balance is adjusted against Accumulated surplus.

Effective 10 February 2021, the Nominal Defendant transferred \$50 million to the National Injury Insurance Scheme Fund, Queensland (NIISQ Fund) as approved by the Treasurer, Minister for Infrastructure and Planning under section 95 of the *National Injury Insurance Scheme (Queensland) Act 2016* (the Act). The Act commenced on 1 July 2016 and established the National Injury Insurance Scheme, Queensland (NIISQ), The National Injury Insurance Agency, Queensland (NIIAQ) and the NIISQ Fund.

The decrease in net assets as a result of the transfer has been accounted for as a transaction with owners as owners and is disclosed in the Statement of Changes in Equity as a \$50M decrease in accumulated surplus.

12. FAIR VALUE MEASUREMENT

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

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

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

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued.

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

12. FAIR VALUE MEASUREMENT – continued

While the units in the trust have redemption prices and are able to be traded, the market would not be considered active for level 1, therefore, they are considered to be level 2. A market comparison valuation approach is used, with the units carried at redemption value as reasonably determined by the fund manager. Classification of instruments into fair value hierarchy levels is reviewed annually. There were no transfers of assets between fair value hierarchy levels during the period.

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

The carrying amount for cash assets represents the fair value.

13. FINANCIAL RISK DISCLOSURES

(a) Categorisation of financial instruments

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

Category	Note	2021 \$'000	2020 \$'000
Financial assets			
Cash and cash equivalents		9,378	17,466
Receivables (amortised cost)	8	86	467
Other financial assets (FVTPL)		549,496	533,058
Total		558,960	550,991
Financial liabilities			
Current payables (amortised cost)		297	278
Total		297	278

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

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

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

13. FINANCIAL RISK DISCLOSURES - continued

(b) Financial risk management

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

Risk exposure is measured using a variety of methods:

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

(i) Credit risk

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

The carrying amount of financial assets disclosed in **Notes 8** and **13(a)** represents the Nominal Defendant's maximum exposure to credit risk at balance date.

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

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

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

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

(ii) Liquidity risk

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

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

13. FINANCIAL RISK DISCLOSURES - continued

(iii) Market risk

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

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

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

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

(c) Market risk sensitivity analysis

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

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

	2021				2020			
	Movement in variable		Impact on Profit / Equity		Movement in variable		Impact on Profit / Equity	
	Low	High	Decrease	Increase	Low	High	Decrease	Increase
Investments	%	%	\$'000	\$'000	%	%	\$'000	\$'000
QIC Cash fund	-	-	-	-	-0.23	0.23	(110)	110
QIC Short Term Income Fund	-1.00	1.00	(849)	849	-	-	-	-
QIC Australian Fixed Interest Fund	-0.25	0.25	(207)	207	-0.51	0.52	(705)	719
QIC Long Term Diversified Fund	-11.00	11.00	(41,989)	41,989	-11.00	10.00	(38,168)	34,698
Total			(43,045)	43,045			(38,983)	35,527

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

14. CONTINGENCIES

The Nominal Defendant did not have any contingent assets or liabilities at 30 June 2021.

15. EVENTS OCCURRING AFTER THE REPORTING DATE

The Nominal Defendant has not had any material events occur after 30 June 2021.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

16. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

AASB 17 Insurance Contracts

The Australian Accounting Standards Board (AASB) has issued a new standard which establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. AASB 17 requires all insurance contracts to be accounted for in a consistent manner and measures insurance contracts either under the general model or a simplified version of this called 'premium allocation approach'.

During 2020 the AASB issued amendments to AASB 17 to address concerns and implementation challenges that were identified after AASB 17 was published. The amendments defer the date of initial application of AASB 17 to annual reporting periods beginning on or after 1 January 2023. The AASB has temporarily excluded not-for-profit public sector entities from the scope of AASB 17 to allow for specific consideration surrounding applicability and suitability of this new standard. As such, the Nominal Defendant is yet to commence analysing changes in recognition, measurement, presentation, and disclosure of its insurance contracts against this new standard and to form conclusions about significant impacts. The Nominal Defendant will continue to monitor updates from the AASB in this regard.

17. BUDGETARY REPORTING DISCLOSURES

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.

As the 2020-21 original budget presented to parliament does not include a budgeted Statement of Financial Position or budgeted Statement of Cash Flows, no disclosure of budget to actual variance is required under AASB 1055 for these statements and no explanation of variances are provided.

A budget versus actual comparison and explanation of major variances has not been included for the Statement of Changes in Equity.

Explanations of major variances

Statement of Comprehensive Income

<i>Reinsurance and other recoveries</i>	The decrease in reinsurance and other recoveries reflects the movement in claim recoveries on outstanding claims as at 30 June. The outstanding claims liability is based on actuarial assessment.
<i>Net fair value losses/gains on other financial assets</i>	The increase in net fair value gain on other financial assets is primarily due to higher than expected earnings on investments as a result of improvements in global equity markets.
<i>Gross claims incurred</i>	The variance in gross claims incurred is a result of \$6.7 million lower than anticipated claims costs and \$1.3 million lower than anticipated movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment.
<i>Employee expenses</i>	The variance in employee expenses is primarily due to delays in filling vacancies during 2020-21.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

18. KEY MANAGEMENT PERSONNEL AND REMUNERATION

Details of key management personnel

The Treasurer and Minister of Investment is identified as part of ND's KMP, consistent with additional guidance included in the revised version of *AASB124 Related Party Disclosures*.

The following details for non-Ministerial key management personnel (KMP) include those positions that had authority and responsibility for planning, directing and controlling the activities of the Nominal Defendant during 2020-21 and 2019-20. All key management personnel also provide services to the Motor Accident Insurance Commission (MAIC) and the Queensland Government Insurance Fund (QGIF) within Queensland Treasury as part of their overall role. The Insurance Commissioner also provides services to the National Injury Insurance Scheme (Queensland) (NIISQ) as Chief Executive Officer commencing 2 June 2021. The remuneration disclosed below relates to their service as a KMP of the Nominal Defendant for the period. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

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

Remuneration policies

The Treasurer's ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Nominal Defendant does not bear any cost of remuneration of Ministers. The majority of ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and whole-of-government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

18. KEY MANAGEMENT PERSONNEL AND REMUNERATION – continued

Remuneration packages for KMP comprise the following components:

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

Remuneration expense

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

1 July 2020 to 30 June 2021

Position	Short term employee expenses - monetary expenses* \$'000	Long term employee expenses \$'000	Post-employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
Insurance Commissioner	49	1	5	-	55
General Manager MAIC	47	1	5	-	53
Director Finance, Procurement and Systems	30	1	4	-	35
Director Policy, Performance and Improvement	17	-	2	-	19
Director Analytics	15	-	2	-	17

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

Notes to and forming part of the financial statements

for the year ended 30 June 2021

18. KEY MANAGEMENT PERSONNEL AND REMUNERATION – continued

1 July 2019 to 30 June 2020

Position	Short term employee expenses - monetary expenses* \$'000	Long term employee expenses \$'000	Post-employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
Insurance Commissioner	47	1	5	-	53
General Manager MAIC	47	1	5	-	53
Director Finance, Procurement and Systems	29	1	4	-	34
Director Policy, Performance and Improvement	20	-	2	-	22
Director Analytics	15	-	2	-	17

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

No KMP remuneration packages were provided for performance or bonus payments.

19. RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP

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

Transactions with other Queensland Government-controlled entities

The Nominal Defendant received corporate support and actuarial services from Queensland Treasury, and incurred management fees from QIC for the management of the QIC unlisted unit trusts. These supplies and services are disclosed in **Note 6**.

The Nominal Defendant received levy income from the Department of Transport and Main Roads in accordance with the Act. These are disclosed in **Note 3**.

The Nominal Defendant made claim payments of \$1.8 million to Workcover in 2020-2021, which are included in the claims and associated settlement costs disclosed in **Note 4**.

The Insurance Commissioner was appointed as Chief Executive Officer of the National Injury Insurance Scheme (Queensland) (NIISQ) on 2 June 2021, and provided services to them as a related party from that date.

Notes to and forming part of the financial statements

for the year ended 30 June 2021

20. TAXATION

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

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

Accounting standards applied for the first time

The Nominal Defendant applied AASB 1059 *Service Concession Arrangements: Grantors* for the first time in 2020-21.

This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities. The Nominal Defendant does not currently have any arrangements that would fall within the scope of AASB 1059.

No other accounting standards or interpretations that apply to the Nominal Defendant for the first time in 2020-21 have any material impact on the financial statements.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2020-21.

22. IMPACT OF COVID-19 PANDEMIC

The Nominal Defendant has not identified any significant impacts of COVID-19 on the financial report as at 30 June 2021.

The impact of the COVID-19 pandemic on the market value of Nominal Defendant's other financial assets in 2019-20 are reflected in the fair value of the financial assets as reported in the comparative figures in the Statement of Financial Position, and the fair value loss reported in the Statement of Comprehensive Income. The fair value measurement and financial risk disclosures, including market risk, are disclosed in **Notes 12 & 13**.

23. CLIMATE RISK DISCLOSURE

The Nominal Defendant has not identified any material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

Management certificate

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the financial year ended 30 June 2021 and of the financial position of the Nominal Defendant at the end of that year; and

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



L LEE
B.Com, CA
Director Finance, Procurement and Systems
24 August 2021



N SINGLETON
B.Bus (Insurance), MBA
Insurance Commissioner
24 August 2021

Independent auditor's report

To the Insurance Commissioner of Nominal Defendant

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Nominal Defendant.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the responsibilities for the audit of the financial report section of my report.

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

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

Responsibilities of the Insurance Commissioner for the financial report

The Insurance Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Insurance Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Insurance Commissioner is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

Report on other legal and regulatory requirements Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019.

The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



Paul Christensen
as delegate of the Auditor-General

26 August 2021

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 2021

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 2021 and to advise on an appropriate balance sheet provision for these liabilities.

The data, assumptions, approach and results of this valuation are described in detail in our report entitled "Outstanding Claims Liability Review 30 June 2021 Nominal Defendant". The advice set out in our report has been prepared in compliance with the relevant accounting standard AASB 137 and Professional Standard 302 of the Institute of Actuaries of Australia.

Results

The recommended provision for the Nominal Defendant as at 30 June 2021 is \$133.0 million, comprising the central estimate of the liability for outstanding claims. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses.

Reliances and Limitations

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

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



Arie van den Berg

Fellows of the Institute of Actuaries of Australia
29 July 2021



Michael Clacher

Appendix 2: Licensed insurers

Currently licensed CTP insurers	Previously licensed CTP insurers
AAI Limited (trading as Suncorp Insurance) GPO Box 1453 Brisbane QLD 4001 Ph 13 11 60 (CTP) ABN 48 005 297 807	Insurance Australia Limited (trading as NRMA Insurance) ABN 11 000 016 722 <i>Licence withdrawn 1 January 2014.</i>
Allianz Australia Insurance Limited GPO Box 2226 Brisbane Qld 4001 Ph 131 000 ABN 15 000 122 850	Suncorp Metway Insurance Limited ABN 83 075 695 966 <i>Licence withdrawn 1 July 2013.</i>
QBE Insurance (Australia) Limited GPO Box 1072 Brisbane Qld 4001 Ph (07) 3031 8418 (CTP) ABN 78 003 191 035	Australian Associated Motor Insurers Limited ABN 92 004 791 744 <i>Licence withdrawn 1 July 2013.</i>
RACQ Insurance Limited PO Box 3004 Logan City DC QLD 4114 Ph (07) 3893 9001 (CTP) ABN 50 009 704 152	FAI Allianz Limited (trading as FAI Insurance) ABN 80 094 802 525 <i>Licence withdrawn 1 July 2002.</i>
	FAI General Insurance Company Limited ABN 15 000 327 855 <i>Licence suspended on 1 January 2001.</i> <i>Insurer became insolvent on 15 March 2001.</i>
	Fortis Insurance Limited (formerly VACC Insurance Co. Limited) ACN 004 167 953 <i>Licence withdrawn 25 September 2017.</i>
	Zurich Australian Insurance Limited ACN 000 296 640 <i>Licence withdrawn 15 November 1997.</i>
	Commercial Union Assurance of Australia Ltd ACN 004 478 371 <i>Licence withdrawn 1 March 1997.</i>
	CIC Insurance Limited ACN 004 078 880 <i>Licence withdrawn 22 January 1996.</i> <i>Insurer became insolvent on 15 March 2001.</i>
	GIO General Limited ACN 002 861 583 <i>Licence withdrawn 30 June 1996.</i>
	Mercantile Mutual Insurance (Australia) Ltd ACN 000 456 799 <i>Licence withdrawn 1 November 1996.</i>

Appendix 3: Performance statement (SDS)

Service standards	Notes	2020-21 Published Annual Target	2020-21 Revised Annual Target	2020-21 Actual
Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings	1	<45%	<45%	21.4%
Percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year	2	50%	50%	51.3%
Percentage of Nominal Defendant claims settled within two years of compliance		50%	50%	69.4%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date	3	95%	95%	89.3%

Notes: 1. The average Affordability Level for the 2020-21 Financial Year is 21.4%. The Affordability Level as at 30 June 2021 is 21.3%.

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.

3. The CTP insurance industry, including the Nominal Defendant, is currently experiencing lengthy delays in the receipt of Clearances. A settlement payment cannot be made prior to the receipt of a Clearance. It is widely accepted that these delays are due to the impact of COVID-19.

Appendix 4: Grants and sponsorships

Organisation	Future commitment*	2020/21 \$	2019/20 \$
University of Queensland RECOVER Injury Research Centre formerly (CONROD) (2020- 2022)	1,422,280	1,378,792	2,639,305
Queensland University of Technology Centre for Accident Research and Road Safety Queensland (CARRS-Q) (2019 – 2021)	801,081	2,449,744	2,384,317
Griffith University Provide funding to establish Hopkins Centre to foster research into disability and rehabilitation.	1,124,082	1,208,441	1,278,539
Metro North Hospital and Health Service Jamieson Trauma Institute advancing trauma prevention, research, systems and care for people who suffer a traumatic injury.	4,040,862	2,013,210	1,774,094
University of Sunshine Coast Road Safety Research Collaboration.	1,869,405	883,205	846,895
University of Sunshine Coast Specialised Drug Driving Research Unit.	2,135,130	996,282	0
Department of Transport and Main Roads Funding to support Transport Academic Partnership 2020-2025 formerly Academic Strategic Transport Alliance (ASTRA).	261,045	61,327	59,981
Griffith University Spinal Cord Therapy research.	2,053,956	1,854,091	1,805,852
Police Citizens Youth Welfare Association (PCYC Queensland) Funding to support operation of Braking the Cycle program across Queensland.	12,982,944	2,982,726	1,744,790
Spinal Life Australia Back 2 Work – Vocational rehabilitation project.	735,102	0	264,366
University of Sydney Partnership funding to develop website to support improved physiotherapy treatment for people with whiplash.	*To be determined	25,000	25,000
Metro South Hospital and Health Service Transitional rehabilitation service pilot (2016-2021).	*To be determined	3,105,725	3,002,467
University of Queensland via Children's Health Foundation Queensland Partnership funding to establish a Queensland Chair in Paediatric Rehabilitation (2017 – 2022).	150,000	200,000	200,000
Spinal Life Australia Contribution towards continuation of Queensland school awareness programme –Spinal Education Awareness Team (SEAT).	0	0	60,000
Queensland University of Technology Establish Trauma Data Warehouse Fellowship.	0	0	199,078
University of Sunshine Coast A study of situation awareness fast tracking, including identifying escape routes (SAFER) focused on peer passengers.	0	0	89,491

Organisation	Future commitment*	2020/21 \$	2019/20 \$
Metro North Hospital and Health Service Dr Cliff Pollard Trauma Fellowship.	512,912	210,510	241,527
University of Sunshine Coast Process and impact evaluation of Braking the Cycle program incorporating SAFER.	0	0	47,981
Centre for Accident Research and Road Safety (CARRS-Q) Undertake analysis of fatal and serious injury crashes by region.	0	0	39,000
Road Trauma Mitigation Fund Collaborate with Queensland Police Service (QPS) and Department of Transport and Main Roads (TMR) around identified initiatives to reduce claims frequency and support Qld Road Safety Strategy and Action Plan.	2,980,562	5,008,046	5,595,277
Transport New South Wales Contributory funding towards Motorcycle Protective Clothing testing initiative.	*To be determined	85,000	82,500
Department of Transport and Main Roads Queensland Contributory funding towards Cooperative and Autonomous Vehicle pilot.	0	1,500,000	6,000,000
Queensland University of Technology Support Fellowship to establish a linked road crash injury database.	0	157,603	147,975
University of Queensland Healthcare utilisation after childhood traumatic brain injury in Queensland.	0	0	57,223
University of Queensland Improving outcomes for children with persistent post-concussive symptoms.	70,343	113,816	115,815
Griffith University Driver monitoring pilot research.	0	0	59,223
Griffith University Taxi Claims data analysis.	0	0	12,982
Griffith University Developing and testing a novel neural restoration technology for people with a spinal cord injury.	729,095	752,185	518,720
Spinal Life Australia Contribution towards establishment of Healthy Living Centre in Cairns.	0	0	3,000,000
RACQ Contribution towards Driver Distraction Campaign.	0	0	943,867
Queensland Trucking Association A pilot study monitoring truck drivers.	0	49,100	196,400

Organisation	Future commitment*	2020/21 \$	2019/20 \$
Metro North Hospital and Health Service Professor and Chair of Trauma Surveillance and Data Analytics.	0	0	97,786
Emergency Medicine Foundation Funding to support research for trauma and emergency care in regional, rural and remote Queensland.	230,000	120,000	0
University of Queensland Funding to support sleep studies in children with traumatic brain injuries.	492,398	0	0
Griffith University First Peoples and CTP Initiative.	460,193	0	0
Queensland University of Queensland Road Trauma Modelling.	168,092	160,059	0
University of Queensland Assessing older adults' fitness to drive and a GP assessment tool.	0	32,624	0
Police Citizens Youth Welfare Association (PCYC Queensland) Funding to pilot a culturally appropriate Braking the Cycle program in the Naprannum community.	97,391	67,776	0
Griffith University Healthy Heads in Trucks and Sheds Pilot study evaluating an initiative to improve the safety, health and well-being of heavy vehicle drivers.	0	96,760	0
Bionics Queensland Funding to support a range of initiatives including the Bionics Queensland Challenge 2021.	76,000	614,000	0
Centre for Accident Research and Road Safety (CARRS-Q) Recidivist drivers research study.	38,757	38,758	0
Sunshine Coast Council Rear Enders Pilot Study.	0	196,000	0
Gold Coast City Council Analytics pilot study to improve road safety management capabilities for the City of Gold Coast.	0	171,064	0
Queensland Health Contribution towards Queensland Government Data Analytics pilot.	0	150,000	0
Sponsorships Provide sponsorships to one off activities aimed at accident prevention or enhancing injury management/rehabilitation.	3,500	3,230	19,009

Organisation	Future commitment*	2020/21 \$	2019/20 \$
Total funding committed/allocated	34,175,990	27,030,638	33,849,460
<i>Less refunds of residual grant funding</i>			
Road Trauma Mitigation Fund		(413,674.63)	(436,064.44)
Metro South Hospital and Health Service Transitional rehabilitation service pilot (2016-2021).		(113,767.83)	(274,084)
Police Citizens Youth Welfare Association (PCYC Queensland) Funding to support operation of Braking the Cycle program across 14 branches over three years.		(89,686.78)	0
Metro North Hospital and Health Service Jamieson Trauma Institute advancing trauma prevention, research, systems and care for people who suffer a traumatic injury.		(90,946.73)	0
University of Queensland RECOVER Injury Research Centre (formerly CONROD).		(7,254.07)	(43,044.38)
Spinal Life Australia- Contribution towards continuation of Queensland school awareness programme –Spinal Education Awareness Team (SEAT).		(62,274)	0
University of Sunshine Coast A study of situation awareness fast tracking, including identifying escape routes (SAFER) with senior drivers.		(3,818.15)	0
Queensland University of Technology Trauma Data Fellowship.		0	(98,011.35)
Total Funding Returned		(781,422.19)	(851,204.17)
GRANT TOTAL (Allocated less returned)		26,249,215.81	32,998,256

Note: *Estimate of grant funding committed for expenditure from 1 Jul 2021.

Ongoing projects funded in previous years

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

- Royal Australian College of General Practitioners Research Fellowship
- Royal Australasian College of Physicians Research Fellowship
- Royal Australasian College of Surgeons Research Fellowship

Research centres

The four MAIC funded research centres (RECOVER, CARRS-Q, Hopkins Centre and Jamieson Trauma Institute) produce six monthly activity and financial reports covering the research conducted within the centres and providing details on projects funded through other competitive grant processes. MAIC also supports the ongoing program of work of the Road Safety Research Collaboration at the University of the Sunshine Coast.

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

Appendix 5: Glossary

Term	Definition
Claim farming (car crash scamming)	A process where people receive unsolicited contact from someone they do not know about being involved in a motor vehicle accident. Car crash scammers may use unethical or high-pressure tactics to obtain personal details and encourage people to submit or exaggerate a CTP insurance claim.
Compulsory Third Party (CTP) insurance	In Queensland, CTP insurance protects motor vehicle owners and drivers from being personally sued if they are responsible for injuring someone in a motor vehicle accident. It also enables the injured person to claim fair and timely compensation for their injuries and access prompt medical and rehabilitation treatment.
Level 4 highly automated vehicle	Level 4 vehicles – are sometimes known as ‘highly automated’ vehicles – are capable of operating in some driving modes without a human ready to take control. These driving modes may be limited by factors such as speed, weather conditions, or access to high quality digital mapping.
<i>Motor Accident Insurance Act 1994 (MAI Act)</i>	Legislation that governs Queensland’s CTP insurance scheme.
Motor Accident Insurance Commission (MAIC)	A statutory body established under the MAI Act to regulate Queensland’s CTP insurance scheme. This includes licensing and supervising the four private insurers who cover the risk of Queensland motor vehicle owners through the scheme.
Nominal Defendant (ND)	A statutory body that acts as a licensed insurer in the CTP insurance scheme for claims that involve motor vehicles that are unidentified or uninsured (not covered by CTP insurance). It also meets the claims costs associated with licensed insurers that become insolvent.
<i>National Injury Insurance Scheme (Queensland) Act 2016 (NIISQ Act)</i>	Legislation that governs the National Injury Insurance Scheme, Queensland.
National Injury Insurance Scheme, Queensland (NIISQ)	A scheme to ensure that people who suffer eligible serious personal injuries as a result of a motor accident in Queensland receive necessary and reasonable treatment, care and support, regardless of who was at fault.
National Injury Insurance Agency, Queensland (NIIAQ or NIISQ Agency)	The agency that administers the National Injury Insurance Scheme, Queensland.
Queensland Audit Office (QAO)	The independent auditor that promotes accountability and transparency in the Queensland public sector.

