

# Motor Accident Insurance Commission

## Financial summary 2021–22

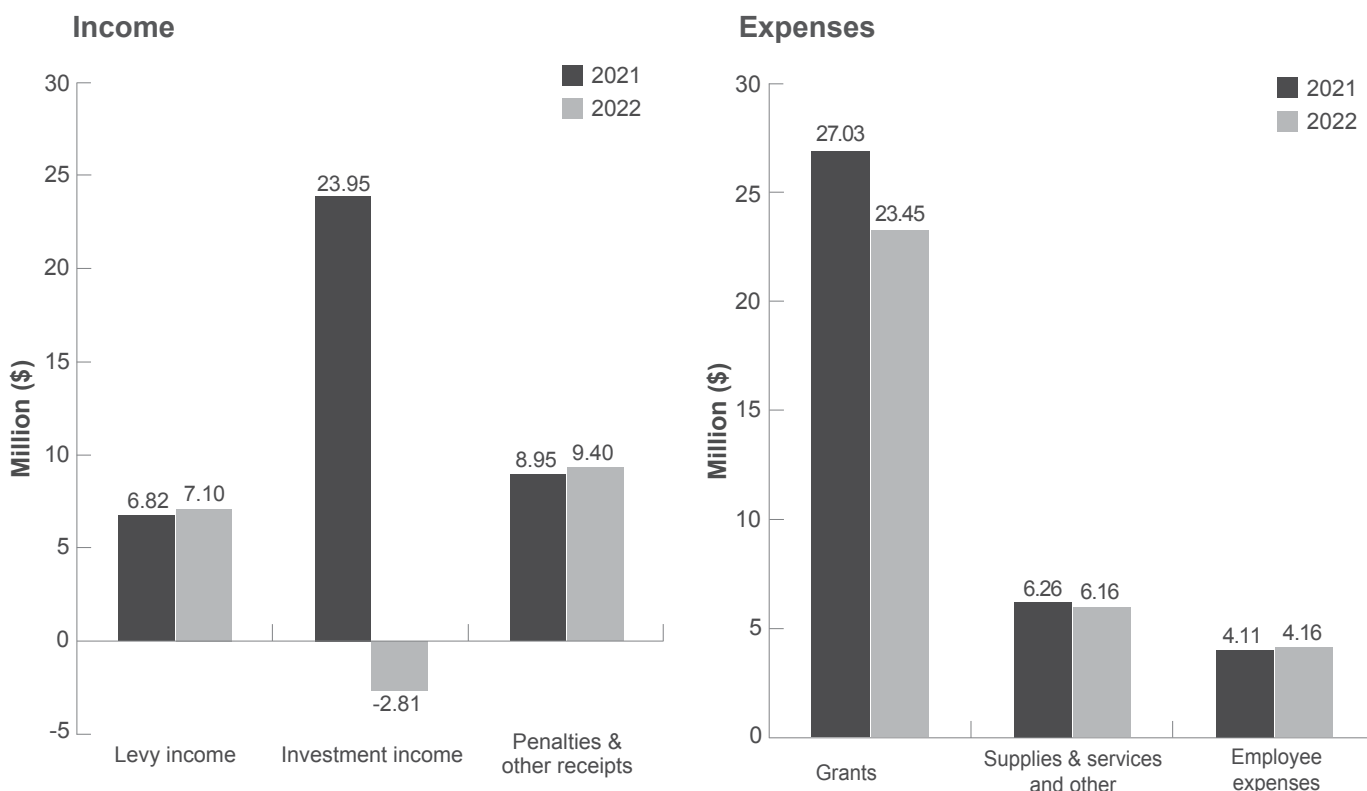
The operating result for MAIC for the year ended 30 June 2022 was a deficit of \$20.07 million compared to the prior year's operating surplus of \$2.32 million. The decrease was driven by negative investment returns on financial assets. MAIC continues to hold a significant financial asset balance to fund the operating losses experienced.

The investment returns on financial assets were \$2.81 million loss compared to prior year's gains of \$23.95 million. This reflects the volatility and downturn in the equity markets in 2021-2022.

The Statutory Insurance Scheme levy per vehicle remained unchanged from 1 July 2020 at \$1.50 per annum. Penalties and other revenue increased by \$0.44 million to \$9.40 million. User charges revenue increased by \$0.43 million due to the provision of corporate support services to the NIISQ Agency.

Total expenses decreased by \$3.65 million to \$33.76 million in 2021–22. MAIC's largest expense item relates to \$23.45 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 \$3.58 million was largely due to the completion of contracts funding rehabilitation initiatives research and strategic accident prevention research. Details of grant funding are provided in Appendix 4.

Other operating expenditure decreased by \$0.11 million to \$6.15 million primarily due to lower than anticipated expenditure on improving the CTP claim lodgement process.



# Motor Accident Insurance Commission financial statements 2020-21

## Statement of comprehensive income for the year ended 30 June 2022

	Note	2022 Actual \$'000	2022 Original Budget \$'000	* Budget Variance \$'000	2021 Actual \$'000
<b>Income</b>					
Levy	3	7,099	6,883	216	6,824
Penalties	4	8,131	8,000	131	8,156
User charges		429	-	429	-
Other revenue		836	-	836	798
<b>Total revenue</b>		<b>16,495</b>	<b>14,883</b>	<b>1,612</b>	<b>15,778</b>
Net fair value (losses)/gains on other financial assets		(2,808)	5,200	(8,008)	23,947
<b>Total income</b>		<b>13,687</b>	<b>20,083</b>	<b>(6,396)</b>	<b>39,725</b>
<b>Expenses</b>					
Grants	5	23,447	31,000	(7,553)	27,031
Employee expenses	6	4,159	4,236	(77)	4,110
Supplies and services	7	6,103	6,631	(528)	6,218
Depreciation and amortisation		4	-	4	-
Other expenses	8	48	46	2	44
<b>Total expenses</b>		<b>33,761</b>	<b>41,913</b>	<b>(8,152)</b>	<b>37,403</b>
<b>Operating result</b>		<b>(20,074)</b>	<b>(21,830)</b>	<b>1,756</b>	<b>2,322</b>
<b>Total other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income</b>		<b>(20,074)</b>	<b>(21,830)</b>	<b>1,756</b>	<b>2,322</b>

\* 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 2022

	Note	2022 Actual \$'000	2022 Original Budget \$'000	* Budget Variance \$'000	2021 Actual \$'000
<b>Current assets</b>					
Cash and cash equivalents		4,313	2,500	1,813	11,019
Receivables	9	830	712	118	775
Other financial assets	11&12	-	168	(168)	-
Prepayments		18	-	18	36
<b>Total current assets</b>		<b>5,161</b>	<b>3,380</b>	<b>1,781</b>	<b>11,830</b>
<b>Non-current assets</b>					
Other financial assets	11&12	124,581	111,381	13,200	140,263
Plant and equipment		48	-	48	-
<b>Total non-current assets</b>		<b>124,629</b>	<b>111,381</b>	<b>13,248</b>	<b>140,263</b>
<b>Total assets</b>		<b>129,790</b>	<b>114,761</b>	<b>15,029</b>	<b>152,093</b>
<b>Current liabilities</b>					
Payables	10	560	553	7	2,797
Accrued employee benefits		120	196	(76)	112
<b>Total current liabilities</b>		<b>680</b>	<b>749</b>	<b>(69)</b>	<b>2,909</b>
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>680</b>	<b>749</b>	<b>(69)</b>	<b>2,909</b>
<b>Net assets</b>		<b>129,110</b>	<b>114,012</b>	<b>15,098</b>	<b>149,184</b>
<b>Equity</b>					
Contributed equity		57,818	57,548	270	57,818
Accumulated surplus		71,292	56,464	14,828	91,366
<b>Total equity</b>		<b>129,110</b>	<b>114,012</b>	<b>15,098</b>	<b>149,184</b>

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

The accompanying notes form part of these statements.

## Statement of changes in equity

for the year ended 30 June 2022

	<b>Accumulated surplus</b>	<b>Contributed equity</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance as at 1 July 2020</b>	89,044	57,818	146,862
Operating result	2,322	-	2,322
<b>Balance as at 30 June 2021</b>	<b>91,366</b>	<b>57,818</b>	<b>149,184</b>
<b>Balance as at 1 July 2021</b>	91,366	57,818	149,184
Operating result	(20,074)	-	(20,074)
<b>Balance as at 30 June 2022</b>	<b>71,292</b>	<b>57,818</b>	<b>129,110</b>

*The accompanying notes form part of these statements.*

**Statement of cash flows**  
for the year ended 30 June 2022

	2022	2022	Budget	2021
Note	Actual	Original Budget	Variance	Actual
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Levy	7,099	6,883	216	6,896
Penalties	8,185	8,000	185	8,138
User charges	429	-	429	-
GST input tax credits from ATO	2,275	-	2,275	2,755
GST collected from customers	118	-	118	42
Other revenue	836	-	836	798
<i>Outflows:</i>				
Grants	(25,557)	(31,000)	5,443	(27,056)
Employee expenses	(4,154)	(4,234)	80	(4,295)
Supplies and services	(5,357)	(5,867)	510	(5,008)
GST remitted to ATO	(71)	-	(71)	(42)
GST paid to suppliers	(2,360)	-	(2,360)	(2,804)
Other expenses	(65)	(46)	(19)	(39)
<b>Net cash used in operating activities</b>	<b>CF-1 (18,622)</b>	<b>(26,264)</b>	<b>7,642</b>	<b>(20,615)</b>
<b>Cash flows from investing activities</b>				
<i>Inflow:</i>				
Proceeds from sale of other financial assets	10,000	26,264	(16,264)	28,000
Distributions received	1,969	-	1,969	-
<i>Outflow:</i>				
Payments for plant and equipment	(53)	-	(53)	-
<b>Net cash provided by investing activities</b>	<b>11,916</b>	<b>26,264</b>	<b>(14,348)</b>	<b>28,000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,706)</b>	<b>-</b>	<b>(6,706)</b>	<b>7,385</b>
Cash and cash equivalents at beginning of financial year	11,019	2,500	8,519	3,634
<b>Cash and cash equivalents at end of financial year</b>	<b>4,313</b>	<b>2,500</b>	<b>1,813</b>	<b>11,019</b>

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

The accompanying notes form part of these statements.

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

## Note to the Statement of cash flows

for the year ended 30 June 2022

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

	2022	2021
	\$'000	\$'000
Operating result	(20,074)	2,322
<i>Non-cash items included in operating result:</i>		
Net fair value losses/(gains) on other financial assets	3,714	(23,010)
Depreciation and amortisation	4	-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in prepayments	18	(36)
(Increase)/decrease in receivables	(55)	(63)
Increase/(decrease) in current payables	(2,237)	252
Increase/(decrease) in accrued employee benefits	8	(80)
<b>Net cash used in operating activities</b>	<b>(18,622)</b>	<b>(20,615)</b>

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 2022

### 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 for Trade and 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 275 George Street, 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 2021.

#### (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 2020-21 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 2022

**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, Risk and Assurance 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 section 20 of the Act. This occurs at the time of receipt of monies from uninsured motorists.

**5. GRANTS**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Rehabilitation initiatives research	10,665	12,102
Strategic accident prevention research	7,930	9,918
Road trauma mitigation research	4,810	5,008
Other	42	3
<b>Total</b>	<b>23,447</b>	<b>27,031</b>

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 2022

**6. EMPLOYEE EXPENSES**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Employee benefits and employee related expenses</b>		
Salaries and wages	3,201	3,174
Employer superannuation contributions	438	422
Leave levies	443	433
Employee related expenses	61	63
Other employee benefits	16	18
<b>Total</b>	<b>4,159</b>	<b>4,110</b>

The number of employees, including both full-time employees and part-time employees, measured on a full-time equivalent basis is 29 as at 30 June 2022 (based on fortnight ending 1 July 2022) and 30 for 30 June 2021 (reflecting Minimum Obligatory Human Resource Information).

***Wages, salaries and sick leave***

Salaries and wages expense is recognised in the Statement of Comprehensive Income when 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 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. Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

***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 2022

**7. SUPPLIES AND SERVICES**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Consultants and contractors	1,557	2,213
Legal fee	983	788
Queensland Treasury corporate services fee	911	903
QIC management fee	837	871
IT related expenses	561	516
Rent	503	421
Queensland Treasury actuarial fees	483	420
NIISQ* corporate services fee	191	-
Supplies and consumables	71	86
Advertising	6	-
<b>Total</b>	<b>6,103</b>	<b>6,218</b>

\* *National Injury Insurance Scheme Queensland (NIISQ)*

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**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Queensland Audit Office - external audit fees	24	22
Insurance premiums - QGIF	24	22
<b>Total</b>	<b>48</b>	<b>44</b>

Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$24,000 (2021: \$22,500).

## Notes to and forming part of the financial statements

for the year ended 30 June 2022

### 9. RECEIVABLES

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued penalties	350	405
GST receivable	381	296
Leave reimbursements	95	74
Other receivables	4	-
<b>Total</b>	<b>830</b>	<b>775</b>

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. 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

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade creditors	349	2,473
Accrued expenses	163	322
GST payable	47	-
FBT payable	1	2
<b>Total</b>	<b>560</b>	<b>2,797</b>

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 2022

**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) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

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.

	Level 2		Level 3		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Other financial assets	109,634	140,263	14,947	-	124,581	140,263
<b>Total</b>	<b>109,634</b>	<b>140,263</b>	<b>14,947</b>	<b>-</b>	<b>124,581</b>	<b>140,263</b>

MAIC recognises other financial assets invested with QIC at fair value through profit or loss. Fair value gains and losses are recognised in the Statement of Comprehensive Income. Classification of instruments into fair value hierarchy levels is reviewed annually.

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

The carrying amount for cash assets represents the fair value.

**Fair value hierarchy – Level 1**

None of MAIC's valuation of financial assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy.

**Fair value hierarchy – Level 2**

MAIC measures investments in the QIC Long Term Diversified Fund at market value based on closing unit prices of QIC unlisted unit trusts.

While the units in this unit 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.

**Fair value hierarchy – Level 3**

MAIC holds investments in the QIC Registry Trust. These financial assets are not traded in an active market and include infrastructure assets which are held through investments in unlisted debt and equity instruments issued by portfolio companies.

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2022

**11. FAIR VALUE MEASUREMENT – continued**

The fair value reported by MAIC is based on QIC's determination of the investments' fair value. The valuations of the underlying investments are based on unobservable inputs and their fair value is determined by QIC via independent valuations in accordance with QIC's Investment Valuations Policy. The sensitivity of the fair value measurement to market changes is outlined in **Note 12(c)**.

MAIC transferred funds from the QIC Long Term Diversified Fund to the QIC Registry Trust in 2021-22, resulting in a transfer from level 2 to level 3. The transfer between the fair value hierarchy levels is recognised at the time of the QIC funds transfer

**Reconciliation of Level 3 fair value movements**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other financial assets - QIC Registry Trust</b>		
<b>Carrying amount at 1 July</b>	-	-
Transfers into level 3 from level 2	13,600	-
Distributions	(1,969)	-
Gains/(losses) recognised in operating result	3,316	-
<b>Carrying amount at 30 June</b>	<b>14,947</b>	<b>-</b>

**12. FINANCIAL RISK DISCLOSURES**

**(a) Categorisation of financial instruments**

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

<b>Category</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>			
Cash and cash equivalents		4,313	11,019
Receivables (amortised cost)	9	830	775
Other financial assets (FVTPL)		124,581	140,263
<b>Total</b>		<b>129,724</b>	<b>152,057</b>
<b>Financial liabilities</b>			
Current payables (amortised cost)	10	560	2,797
<b>Total</b>		<b>560</b>	<b>2,797</b>

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. As disclosed in **Note 11**, these are measured at fair value through profit or loss (FVTPL) in accordance with AASB 9 *Financial Instruments*. The investments are held within a business model of being managed and evaluated on a fair value basis according to QIC's investment strategy.

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 2022

**12. FINANCIAL RISK DISCLOSURES – continued**

**(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:

<b>Risk Exposure</b>	<b>Measurement Method</b>
Credit risk	Earnings at risk
Liquidity risk	Maturity analysis
Market risk	Sensitivity analysis

**(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.

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2022

**12. FINANCIAL RISK DISCLOSURES – continued**

**(iii) Market risk**

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

The significant market risks to 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.

**(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, US Federal Reserve 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	2022				2021			
	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	-12	12	(13,156)	13,156	-11	11	(15,429)	15,429
QIC Registry Trust	-10	10	(1,495)	1,495	-	-	-	-
<b>Total</b>			<b>(14,651)</b>	<b>14,651</b>			<b>(15,429)</b>	<b>15,429</b>

The interest rate risk associated with MAIC's cash and cash equivalents is immaterial.

**13. CONTINGENCIES**

MAIC did not have any contingent assets or liabilities at 30 June 2022.

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2022

**14. COMMITMENTS**

**(a) Operating expenditure commitments**

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

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	2,518	1,186
Later than one year and not later than five years	127	-
<b>Total</b>	<b>2,645</b>	<b>1,186</b>

**(b) Grant expenditure 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:

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	13,417	16,721
Later than one year and not later than five years	15,805	17,451
<b>Total</b>	<b>29,222</b>	<b>34,172</b>

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

**15. EVENTS OCCURRING AFTER THE REPORTING DATE**

MAIC has not had any material events occurring after 30 June 2022.

**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.

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



**Notes to and forming part of the financial statements**  
for the year ended 30 June 2022

**17. BUDGETARY REPORTING DISCLOSURES – continued**

**Explanations of major variances**

**Statement of Comprehensive Income**

<i>User charges</i>	The increase in user charges relates to the provision of corporate support services to NIISQ.
<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 decrease in net fair value losses on other financial assets is primarily due to lower than expected earnings on investments as a result of downturns in the equity market.
<i>Grants</i>	The variance in grant payments is due to lower than anticipated investment in research activities.
<i>Supplies and services</i>	The decrease in supplies and services is primarily due to lower than anticipated expenditure on improving the CTP claim lodgement process.

**Statement of Financial Position**

<i>Cash and cash equivalents</i>	The cash balance is higher than projected as detailed in the Statement of Cash Flows.
<i>Receivables</i>	The variance is due to fluctuations in accrued receivables as at 30 June.
<i>Other financial assets</i>	The variance in other financial assets reflects a higher audited opening balance than projected in the budget and a reclassification from current to non-current other financial assets.
<i>Accumulated surplus</i>	The increase in accumulated surplus reflects a higher audited opening balance than projected in the budget.

**Statement of Cash Flows**

<i>User charges</i>	The increase in user charges relates to the provision of corporate support services to NIISQ.
<i>GST input tax credits from ATO</i>	The variance is due to the amount of input tax credits paid by the Australian Taxation Office (ATO) for supplier invoices processed which was not budgeted for.
<i>Other revenue</i>	The increase in other revenue relates to return of unspent grant funds.
<i>Grants</i>	The variance in grants payments is due to lower than anticipated investment in research activities, partially offset by movement in payables.
<i>Supplies and services</i>	The decrease in supplies and services is primarily due to lower than anticipated expenditure on improving the CRP claim lodgement process.
<i>GST paid to suppliers</i>	The variance is due to the amount of GST paid for supplier invoices processed which was not budgeted for.
<i>Investing activities</i>	The variances in cash flows from investing activities reflect QIC cash investments and drawdowns performed during the year to meet cash flow requirements.

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2022

**18. KEY MANAGEMENT PERSONNEL AND REMUNERATION**

**Details of key management personnel**

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

The following details for non-Ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of MAIC during 2021-22 and 2020-21. KMP also provided services to the Nominal Defendant, the Queensland Government Insurance Fund (QGIF) within Queensland Treasury and the NIISQ as part of their overall role. The remuneration disclosed below relates to their service as a KMP of MAIC for the period. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

<b>Position</b>	<b>Responsibilities</b>
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.
General Manager Innovation and Delivery <sup>(1)</sup> (from 1 November 2021)	Responsible for efficient and effective project management, development, business systems strategic planning and management for MAIC.
Director Finance, Procurement and Systems (to 19 November 2021)	Responsible for the efficient, effective and economic financial management and procurement of MAIC and oversight of the IT system roadmap for the organisation.
Director Finance, Risk and Assurance (from 29 November 2021)	Responsible for the risk management and procurement function and ensuring the efficient, effective and economical financial management of MAIC.
Director People, Policy and Communication <sup>(2)</sup>	Responsible for managing MAIC's human resources, communication and policy function.
Director Analytics	Responsible for data analysis and reporting, premiums and levies advice and business intelligence functions for MAIC.

(1) This is a NIISQ position and remuneration is disclosed in the NIISQ financial statements. NIISQ charges a corporate support fee for services provided to MAIC.

(2) This role was previously named Director Policy, Performance and Improvement.

**Remuneration policies**

The Treasurer and Minister for Trade and Investment'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.

## Notes to and forming part of the financial statements

for the year ended 30 June 2022

### 18. KEY MANAGEMENT PERSONNEL AND REMUNERATION - continued

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.
- 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 2021 to 30 June 2022

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	239	6	26	-	271
General Manager MAIC	142	3	16	-	161
Director Finance, Procurement and Systems (to 19 November 2021)	48	1	5	-	54
Director Finance, Risk and Assurance (from 29 November 2021)	88	2	11	-	101
Director People, Policy and Communication	116	3	14	-	133
Director Analytics	118	3	14	-	135

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

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2022

**18. KEY MANAGEMENT PERSONNEL AND REMUNERATION – continued**

*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 People, Policy and Communication	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.

No KMP remuneration packages provide 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 MAIC.

**Transactions with other Queensland Government-controlled entities**

MAIC received levy income from 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) 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. (**Note 5**).

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

MAIC has a corporate support arrangement in place with the Nominal Defendant and the NIISQ for the receipt and provision of administrative and corporate support services between the three entities. Queensland Treasury also provides corporate support and actuarial services to MAIC. These are disclosed in **Note 7**.

MAIC incurred management fees from QIC for the management of the QIC unlisted unit trusts as disclosed in **Note 7**.

## Notes to and forming part of the financial statements

for the year ended 30 June 2022

### 20. AGENCY TRANSACTIONS

MAIC receives Hospital and Emergency Services Levy amounts from DTMR on gross insurance premiums on behalf of Queensland Health (QH), Queensland Fire and Emergency Services (QFES), QPS and Queensland Government Air (QGAir) an area of QPS previously part on the Public Safety Business Agency (PSBA). 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, QFES, QPS & QGAir		Outstanding levies for remittance to QH, QFES, QPS & QGAir	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Levies collected but not remitted in the previous year	7,504	8,984	-	-	-	-
Hospital levy	71,288	76,794	(72,031)	(78,369)	6,211	6,954
Emergency Services levy - QFES	2,785	3,244	(2,824)	(3,265)	252	290
Emergency Services levy - QPS	8,790	145	(8,136)	-	799	145
Emergency Services levy - QPS - QGAir	1,000	1,298	(1,037)	(1,327)	77	115
<b>Total</b>	<b>91,367</b>	<b>90,465</b>	<b>(84,028)</b>	<b>(82,961)</b>	<b>7,339</b>	<b>7,504</b>

Levies collected on behalf of QH, 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).

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

#### Accounting standards applied for the first time

No new accounting standards or interpretations that apply to MAIC for the first time in 2021-22 have any material impact on the financial statements.

#### Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2021-22.

## **Notes to and forming part of the financial statements**

for the year ended 30 June 2022

### **23. CLIMATE RISK DISCLOSURE**

MAIC has not identified any material climate related risks relevant to the financial report at the reporting date. MAIC continues to monitor the emergence of such risks under the Queensland Government's Climate Transition Strategy, and Climate Action Plan 2030.

# 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 2022 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.



A BUI

B.Bus, LLB, FGIA, CPA

Director Finance, Risk and Assurance

31 August 2022



N SINGLETON

B.Bus (Insurance), MBA

Insurance Commissioner

31 August 2022

## 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 2022, 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 2022, 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 Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General 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 entity's 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 2022:

- 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.



Brydie Morris  
as delegate of the Auditor-General

1 September 2022

Queensland Audit Office  
Brisbane