

Nominal Defendant

Financial summary 2021–22

For the year ended 30 June 2022, the Nominal Defendant had a total income of \$22.51 million and expenses of \$25.85 million resulting in an operating deficit of \$3.34 million, compared to the prior year's operating surplus of \$64.62 million.

The \$67.96 million decrease in the operating result was driven by negative investment returns on financial assets. Total investment losses on financial assets were \$12.67 million compared to prior year's gain of \$64.05 million. This reflects the volatility and downturn in the equity markets in 2021-2022.

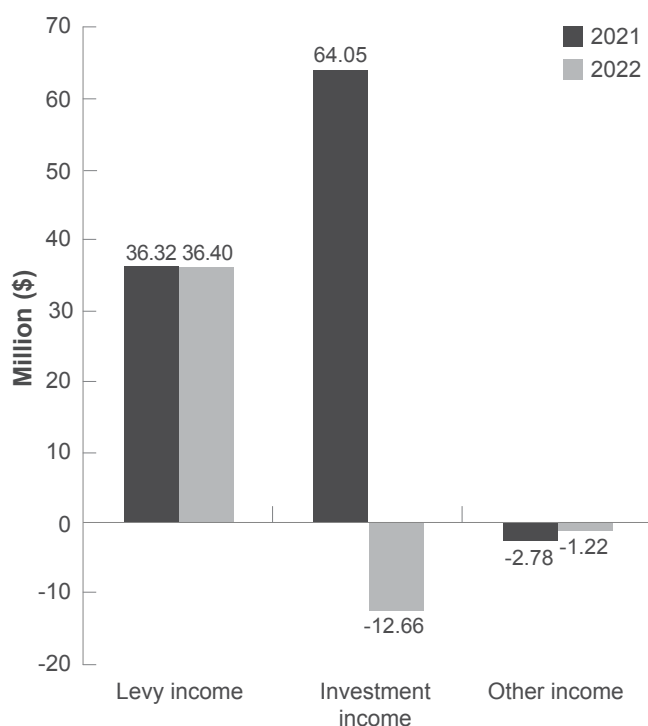
The Nominal Defendant levy remained at \$8.00 per Class 1 vehicle in 2021-2022 and generated income of \$36.40 million, representing a \$0.08 million increase from the prior year. Actuarial assessments at 30 June 2022 resulted in an increase of \$1.58 million in reinsurance and other recoveries from prior year.

Total expenses decreased from \$32.96 million in 2020-2021, to \$25.85 million in 2021-2022. This is primarily a result of lower claim costs. The Nominal Defendant's gross outstanding claims liabilities were actuarially assessed at 30 June 2022 to be \$124.97 million, a decrease of \$12.89 million from the prior year. Nominal Defendant claim payments were \$32.38 million (prior year \$32.59 million) and claim recoveries were \$1.36 million (prior year \$0.27 million).

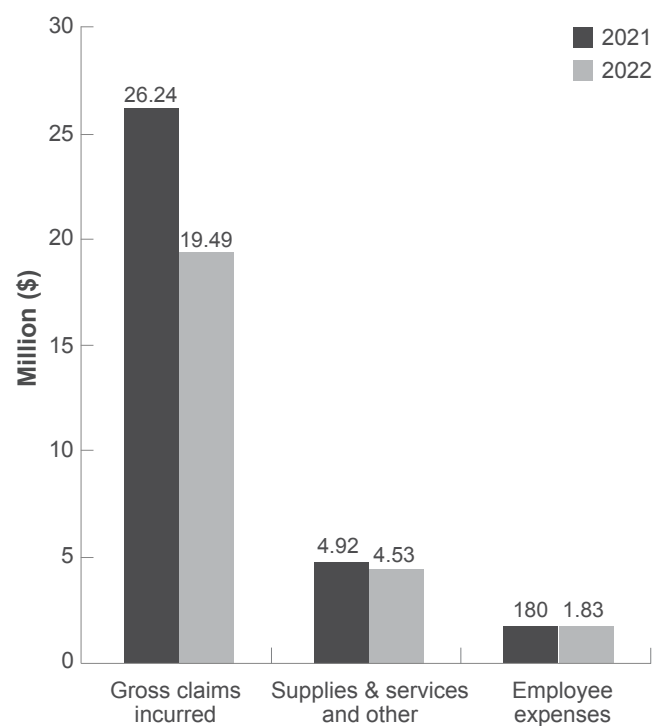
Claim payments of \$2.96 million were made in the preceding year in relation to FAI claims resulting from the insolvency of the HIH Group of companies in 2001. All claims relating to FAI were finalised in 2020-2021, and as such, there are no outstanding claims liability or claim payments in relation to FAI for the year ended 30 June 2022.

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 2021-22

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
Income					
Levy	3	36,397	36,169	228	36,315
Reinsurance and other recoveries	4	(1,260)	-	(1,260)	(2,840)
Other revenue		38	-	38	57
Total revenue		35,175	36,169	(994)	33,532
Net fair value (losses)/gains on other financial assets		(12,662)	18,150	(30,812)	64,045
Total income		22,513	54,319	(31,806)	97,577
Expenses					
Gross claims incurred	4	19,493	36,072	(16,579)	26,237
Employee expenses	5	1,831	1,930	(99)	1,802
Supplies and services	6	4,484	4,672	(188)	4,445
Depreciation and amortisation		-	-	-	433
Other expenses	7	45	45	-	43
Total expenses		25,853	42,719	(16,866)	32,960
Operating result		(3,340)	11,600	(14,940)	64,617
Total other comprehensive income		-	-	-	-
Total comprehensive income		(3,340)	11,600	(14,940)	64,617

* 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 Budget \$'000	Variance \$'000	2021 Actual \$'000
Current assets					
Cash and cash equivalents		8,104	10,000	(1,896)	9,378
Receivables	8	92	467	(375)	86
Other financial assets	12 & 13	160,780	173,112	(12,332)	167,782
Claim recoveries	10	641	769	(128)	692
Prepayments		7	-	7	14
Total current assets		169,624	184,348	(14,724)	177,952
Non-current assets					
Other financial assets	12 & 13	376,397	362,438	13,959	381,714
Claim recoveries	10	1,591	7,192	(5,601)	4,155
Intangible assets	9	-	-	-	-
Total non-current assets		377,988	369,630	8,358	385,869
Total assets		547,612	553,978	(6,366)	563,821
Current liabilities					
Payables		328	378	(50)	297
Accrued employee benefits		53	95	(42)	49
Outstanding claims liability	10	35,910	45,378	(9,468)	38,735
Unearned levies	3	14,005	14,870	(865)	14,022
Total current liabilities		50,296	60,721	(10,425)	53,103
Non-current liabilities					
Outstanding claims liability	10	89,059	96,428	(7,369)	99,121
Total non-current liabilities		89,059	96,428	(7,369)	99,121
Total liabilities		139,355	157,149	(17,794)	152,224
Net assets		408,257	396,829	11,428	411,597
Equity					
Accumulated surplus	11	408,257	396,829	11,428	411,597
Total equity		408,257	396,829	11,428	411,597

* 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

	Accumulated surplus	Total equity
	\$'000	\$'000
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
 Balance as at 1 July 2021	 411,597	 411,597
Operating result	(3,340)	(3,340)
Balance as at 30 June 2022	408,257	408,257

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	Variance	Actual
	\$'000	Budget	\$'000	\$'000
		\$'000		
Cash flows from operating activities				
<i>Inflows:</i>				
Levy	36,380	36,169	211	35,863
Claim recoveries	1,355	-	1,355	274
GST input tax credits from Australian Taxation Office (ATO)	506	-	506	565
GST collected from customers	4	-	4	2
Other revenue	38	-	38	57
<i>Outflows:</i>				
Gross claims incurred	(32,380)	(33,439)	1,059	(35,545)
Outwards reinsurance premium expense	-	-	-	-
Employee expenses	(1,801)	(1,929)	128	(1,890)
Supplies and services	(816)	(1,371)	555	(795)
GST paid to suppliers	(522)	-	(522)	(550)
GST remitted to ATO	(3)	-	(3)	(2)
Other expenses	(35)	(46)	11	(67)
Net cash provided by / (used in) operating activities	CF-1 2,726	(616)	3,342	(2,088)
Cash flows from investing activities				
<i>Inflow:</i>				
Proceeds from sale of other financial assets	-	616	(616)	-
Distributions received	7,774	-	7,774	-
<i>Outflow:</i>				
Payments for other financial assets	(11,774)	-	(11,774)	(6,000)
Net cash (used in) / provided by investing activities	(4,000)	616	(4,616)	(6,000)
Net decrease in cash and cash equivalents	(1,274)	-	(1,274)	(8,088)
Cash and cash equivalents at beginning of financial year	9,378	10,000	(622)	17,466
Cash and cash equivalents at end of financial year	8,104	10,000	(1,896)	9,378

* 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 from operating activities

	Note	2022 \$'000	2021 \$'000
Operating result		(3,340)	64,617
<i>Non-cash items included in operating result:</i>			
Net fair value losses/(gains) on other financial assets		16,319	(60,438)
Depreciation and amortisation		-	433
<i>Change in assets and liabilities:</i>			
(Increase)/decrease in prepayments		7	(14)
(Increase)/decrease in receivables and claim recoveries	8,10	2,609	3,495
Increase/(decrease) in current payables		31	19
Increase/(decrease) in unearned levies		(17)	(848)
Increase/(decrease) in outstanding claims liability	10	(12,887)	(9,308)
Increase/(decrease) in accrued employee benefits		4	(44)
Net cash provided by / (used in) operating activities		2,726	(2,088)

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 Nominal Defendant 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).

The head office and principal place of business of the Nominal Defendant is 275 George Street, 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 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 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, 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 2022

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, 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 and outstanding claims liability and recoveries expected to be settled 12 or more months after reporting date are measured at present 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 2022

4. NET CLAIMS INCURRED

	2022 \$'000	2021 \$'000
Gross claims incurred	19,493	26,237
Reinsurance and other recoveries	1,260	2,840
Total net claims incurred	20,753	29,077

(a) Claims development

Attributable to Nominal Defendant

	2022			2021		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses						
Undiscounted	40,645	(12,317)	28,328	35,538	(5,028)	30,510
Discount	(3,937)	(4,898)	(8,835)	(853)	(1,164)	(2,017)
Provisions made (Note 10)	36,708	(17,215)	19,493	34,685	(6,192)	28,493
Reinsurance and other recoveries						
Undiscounted	722	(2,009)	(1,287)	632	(3,451)	(2,819)
Discount	(70)	97	27	(15)	(9)	(24)
	652	(1,912)	(1,260)	617	(3,460)	(2,843)
Net claims incurred	36,056	(15,303)	20,753	34,068	(2,732)	31,336

Attributable to FAI						
	2022			2021		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred and related expenses						
Undiscounted	-	-	-	-	(2,268)	(2,268)
Discount	-	-	-	-	12	12
Provisions made (Note 10)	-	-	-	-	(2,256)	(2,256)
Reinsurance and other recoveries						
Undiscounted	-	-	-	-	3	3
Discount	-	-	-	-	-	-
	-	-	-	-	3	3
Net claims incurred	-	-	-	-	(2,259)	(2,259)

Total gross claims incurred	36,708	(17,215)	19,493	34,685	(8,448)	26,237
Total recoveries	652	(1,912)	(1,260)	617	(3,457)	(2,840)
Total net claims incurred	36,056	(15,303)	20,753	34,068	(4,991)	29,077

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 2022

4. NET CLAIMS INCURRED – continued

(b) Claims reconciliation

	Nominal Defendant		FAI		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross claims incurred and related expenses						
Claims and associated settlement costs	32,380	32,590	-	2,955	32,380	35,545
Movement in outstanding claims liability	(12,887)	(4,097)	-	(5,211)	(12,887)	(9,308)
Total gross claims incurred	19,493	28,493	-	(2,256)	19,493	26,237
Reinsurance and other recoveries						
Reinsurance and other recoveries	1,355	271	-	3	1,355	274
Movement in other recoveries receivable	(2,615)	(3,114)	-	-	(2,615)	(3,114)
Total recoveries	(1,260)	(2,843)	-	3	(1,260)	(2,840)
Net claims incurred	20,753	31,336	-	(2,259)	20,753	29,077

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 State Actuary's Office. 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. All claims relating to FAI following the insolvency of the HIH Group of companies in March 2001 was finalised by the Nominal Defendant in 2020-21. Therefore outstanding claims liability attributable to FAI is nil as at 30 June 2022.

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

5. EMPLOYEE EXPENSES

	2022	2021
	\$'000	\$'000
Employee benefits and employee related expenses		
Salaries and wages	1,427	1,419
Employer superannuation contributions	195	194
Leave levies	197	186
Employee related expenses	12	3
Total	1,831	1,802

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 2022 (based on pay fortnight ending 1 July 2022) and 14 as at 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 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. 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's Office.

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

6. SUPPLIES AND SERVICES

	2022	2021
	\$'000	\$'000
QIC management fee	3,404	3,369
Queensland Treasury corporate services fee	440	487
Rent	233	202
IT related expense	207	161
Queensland Treasury actuarial fees	124	107
NIISQ* corporate services fee	26	-
Consultants and contractors	37	82
Supplies and consumables	13	37
Total	4,484	4,445

* 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 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

	2022	2021
	\$'000	\$'000
Queensland Audit Office - external audit fees	43	41
Insurance premiums - QGIF	2	2
Total	45	43

Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$43,500 (2021: \$41,200).

8. RECEIVABLES

	2022	2021
	\$'000	\$'000
GST receivable	63	48
Leave reimbursements	29	38
Total	92	86

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 2022

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

	2022	2021
	\$'000	\$'000
Internally generated software: At cost		
Gross	3,634	3,634
Less: Accumulated amortisation	(3,634)	(3,634)
Carrying amount at 30 June	-	-
<i>Represented by movements in carrying amount:</i>		
Carrying amount at 1 July	-	433
Amortisation	-	(433)
Carrying amount at 30 June	-	-

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 had an estimated useful life of 7 years and was fully amortised in 2020-21. The asset 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. As the Nominal Defendant's intangible asset has been fully amortised, an impairment assessment was not required in 2021-22.

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

10. NET OUTSTANDING CLAIMS

	2022	2021
	\$'000	\$'000
Gross outstanding claims	126,097	130,021
Claims settlement costs	12,363	12,491
	<u>138,460</u>	<u>142,512</u>
Discount to present value	(13,491)	(4,656)
Gross outstanding claims liability	124,969	137,856
<i>Represented by</i>		
Current	35,910	38,735
Non-current	89,059	99,121
Gross outstanding claims liability	124,969	137,856
Reinsurance and other recoveries	2,473	5,115
Discount to present value	(241)	(268)
Reinsurance and other recoveries	2,232	4,847
<i>Represented by</i>		
Current	641	692
Non-current	1,591	4,155
Reinsurance and other recoveries	2,232	4,847
Net outstanding claims	122,737	133,009
Central estimate	122,737	133,009
Risk margin	-	-
Net outstanding claims	122,737	133,009

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

	Nominal Defendant		FAI		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	133,009	133,992	-	5,211	133,009	139,203
Prior periods						
Claim payments	(30,845)	(32,176)	-	(2,952)	(30,845)	(35,128)
Claims handling expenses	(2,940)	(3,334)	-	-	(2,940)	(3,334)
Discount unwind	48	172	-	9	48	181
Risk margin release	-	-	-	(473)	-	(473)
Effect of changes in assumptions and experience	(12,412)	431	-	(1,795)	(12,412)	(1,364)
Current period						
Provision for current period	35,877	33,924	-	-	35,877	33,924
Net outstanding claims	122,737	133,009	-	-	122,737	133,009
Reinsurance and other recoveries	(2,232)	(4,847)	-	-	(2,232)	(4,847)
Gross outstanding claims	124,969	137,856	-	-	124,969	137,856

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

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

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.

There are no outstanding claims liability attributable to FAI as noted in **Note 4**.

(b) Actuarial assumptions

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

	2022	2021
	\$'000	\$'000
Inflation rate	4.32%	2.61%
Discount rate	3.37%	0.99%
Claims handling expenses	10.00%	10.00%
Risk margin	0.00%	0.00%
Weighted average term to settlement	3.3 years	3.4 years

As there is nil outstanding claims liability attributable to FAI as at 30 June 2021 and 30 June 2022, the actuarial assumptions are not applicable for FAI.

(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.

Net outstanding claims	Movement in variable	Financial impact			
		Profit/(loss)	Equity	Profit/(loss)	Equity
		2022 \$'000	2022 \$'000	2021 \$'000	2021 \$'000
Inflation rate	+1%	(3,883)	(3,883)	(4,771)	(4,771)
	-1%	3,688	3,688	4,503	4,503
Discount rate	+1%	3,269	3,269	4,042	4,042
	-1%	(3,510)	(3,510)	(4,372)	(4,372)
Claims handling expenses	+1%	(1,116)	(1,116)	(1,209)	(1,209)
	-1%	1,116	1,116	1,209	1,209
Weighted average term to settlement	+0.5 years	(984)	(984)	(963)	(963)
	-0.5 years	976	976	956	956

Notes to and forming part of the financial statements

for the year ended 30 June 2022

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 2020-21 and 2021-22 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 NIISQ Act). The NIISQ 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 \$50 million 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) 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 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.

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

12. FAIR VALUE MEASUREMENT – continued

	Level 2		Level 3		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other financial assets	478,160	549,496	59,017	-	537,177	549,496
Total	478,160	549,496	59,017	-	537,177	549,496

The Nominal Defendant 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 the Nominal Defendant's valuation of financial assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy.

Fair value hierarchy – Level 2

The Nominal Defendant measures investments in the QIC Short Term Income Fund, QIC Australian Fixed Interest Fund and QIC Long Term Diversified Fund at market value based on closing unit prices of QIC unlisted unit trusts.

While the units in these unit trusts 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

The Nominal Defendant 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.

The fair value reported by the Nominal Defendant 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 13(c)**.

The Nominal Defendant 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.

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

12. FAIR VALUE MEASUREMENT – continued

Reconciliation of Level 3 fair value movements

	2022	2021
	\$'000	\$'000
Other financial assets - QIC Registry Trust		
Carrying amount at 1 July	-	-
Transfers into level 3 from level 2	53,700	-
Distributions	(7,774)	-
Gains/(losses) recognised in operating result	13,091	-
Carrying amount at 30 June	59,017	-

13. FINANCIAL RISK DISCLOSURES

(a) Categorisation of financial instruments

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

Category	Note	2022	2021
		\$'000	\$'000
Financial assets			
Cash and cash equivalents		8,104	9,378
Receivables (amortised cost)	8	92	86
Other financial assets (FVTPL)		537,177	549,496
Total		545,373	558,960
Financial liabilities			
Current payables (amortised cost)		328	297
Total		328	297

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. As disclosed in **Note 12**, 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

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 2022

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, US Federal Reserve 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.

	2022				2021			
	Movement in variable		Impact on Profit / Equity		Movement in variable		Impact on Profit / Equity	
	Low %	High %	Decrease \$'000	Increase \$'000	Low %	High %	Decrease \$'000	Increase \$'000
Investments								
QIC Short Term Income Fund	-2.00	2.00	(3,216)	3,216	-1.00	1.00	(849)	849
QIC Australian Fixed Interest Fund	-	-	-	-	-0.25	0.25	(207)	207
QIC Long Term Diversified Fund	-12.00	12.00	(38,086)	38,086	-11.00	11.00	(41,989)	41,989
QIC Registry Trust	-10.00	10.00	(5,902)	5,902	-	-	-	-
Total			(47,203)	47,203			(43,045)	43,045

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

14. CONTINGENCIES AND COMMITMENTS

(a) Contingencies

The Nominal Defendant 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. CONTINGENCIES AND COMMITMENTS – continued

(b) Operating expenditure commitments

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

	2022	2021
	\$'000	\$'000
No later than one year	1,362	163
1-5 years	46	-
Total	1,408	163

15. EVENTS OCCURRING AFTER THE REPORTING DATE

The Nominal Defendant has not had any material events occur after 30 June 2022.

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

AASB 17 *Insurance Contracts* applies to annual reporting periods beginning on or after 1 January 2023 and establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. The standard 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'. When applied, AASB 17 will replace AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*.

Public sector entities are currently excluded from the scope of AASB 17. The Australian Accounting Standards Board (AASB) has issued Exposure Draft 319 proposing public sector specific amendments to AASB 17, including a proposed effective date of 1 July 2025 for public sector entities.

The Nominal Defendant will continue to monitor updates from the AASB in this regard and will undertake an assessment of any significant impacts to recognition, measurement, presentation, and disclosure of its insurance contracts against this new standard as appropriate.

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>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 based on actuarial assessment.
<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>Gross claims incurred</i>	The variance in gross claims incurred is a result of \$1.1 million lower than anticipated claims costs and \$15.5 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 2021-22.
<i>Supplies and services</i>	The variance in supplies and services is primarily due to lower than anticipated computer related costs associated with the claims management system.

Statement of Financial Position

<i>Cash and cash equivalents</i>	The cash balance is lower 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 (current and non-current)</i>	The variances in other financial assets reflects reclassifications between current and non-current other financial assets combined with higher audited opening balances than projected in the budget.
<i>Claim Recoveries (current and non-current)</i>	The variance in claim recoveries on outstanding claims reflects actuarial assessment as at 30 June.
<i>Unearned levies</i>	The variance in unearned levies reflects a lower audited opening balance than projected in the budget.
<i>Outstanding claims liability (current and non-current)</i>	The movement in the current and non-current outstanding claims liability reflects actuarial assessment as at 30 June.
<i>Accumulated surplus</i>	The increase in accumulated surplus reflects a higher audited opening balance partially offset by a lower than anticipated operating result in 2021-22.

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

17. BUDGETARY REPORTING DISCLOSURES – continued

Statement of Cash Flows

<i>Claim recoveries</i>	The increase in other recoveries is due to recoveries received which was not budgeted for.
<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>Gross claims incurred</i>	The variance in gross claims incurred is a result of lower than anticipated claim payments.
<i>Employee expenses</i>	The variance in employee expenses is primarily due to delays in filling vacancies during 2021-22.
<i>Supplies and services</i>	The variance in supplies and services is primarily due to lower than anticipated computer related costs associated with the claims management system.
<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.

18. KEY MANAGEMENT PERSONNEL AND REMUNERATION

Details of key management personnel

The Treasurer and Minister for Trade and Investment is identified as part of Nominal Defendant'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 the Nominal Defendant during 2021-22 and 2020-21. Key management personnel also provided services to the Motor Accident Insurance Commission (MAIC), the Queensland Government Insurance Fund (QGIF) within Queensland Treasury and NIISQ as part of their overall role. The remuneration disclosed below relates to their service as a KMP of the Nominal Defendant for the period. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

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

18. KEY MANAGEMENT PERSONNEL AND REMUNERATION - continued

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.
General Manager Innovation and Delivery ⁽¹⁾ (from 1 November 2021)	Responsible for efficient and effective project management, development, business systems strategic planning and management for the Nominal Defendant.
Director Finance, Procurement and Systems (to 19 November 2021)	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 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 the Nominal Defendant.
Director People, Policy and Communication ⁽²⁾	Responsible for managing the Nominal Defendant's human resources, communication and policy function.
Director Analytics	Responsible for data analysis, reporting and business intelligence functions for the Nominal Defendant.

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

(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. 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 2022

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 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	29	1	3	-	33
General Manager MAIC	47	1	5	-	53
Director Finance, Procurement and Systems (to 19 November 2021)	14	-	1	-	15
Director Finance, Risk & Assurance (from 29 November 2021)	10	-	1	-	11
Director People, Policy and Communication	16	-	2	-	18
Director Analytics	19	-	2	-	21

*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 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	49	1	5	-	55
General Manager MAIC	47	1	5	-	53
Director Finance, Procurement and Systems	30	1	4	-	35
Director People, Policy and Communication	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.

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 levy income from DTMR in accordance with the Act. These are disclosed in **Note 3**.

Claim payments of \$0.8 million were made by the Nominal Defendant to Workcover in 2021-22, which are included in the claims and associated settlement costs disclosed in **Note 4**.

The Nominal Defendant has a corporate support arrangement in place with MAIC and 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 the Nominal Defendant. These are disclosed in **Note 6**.

The Nominal Defendant incurred management fees from QIC for the management of the QIC unlisted unit trusts as disclosed in **Note 6**.

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

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

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

Accounting standards early adopted

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

22. CLIMATE RISK DISCLOSURE

The Nominal Defendant has not identified any material climate related risks relevant to the financial report at the reporting date. The Nominal Defendant 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 Nominal Defendant for the financial year ended 30 June 2022 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.



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 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 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

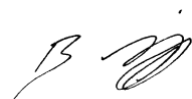
Statement

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