

Motor Accident Insurance Commission

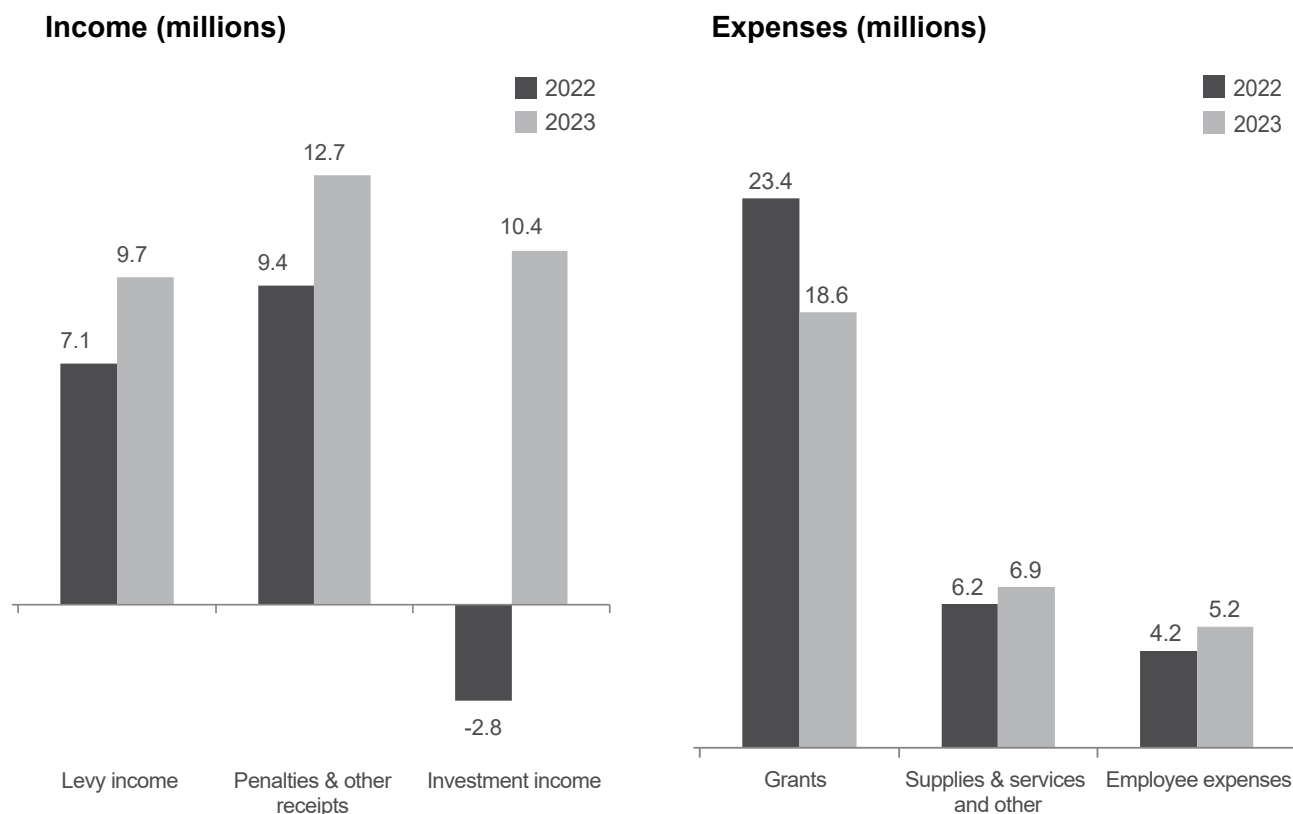
Summary of financial performance 2022–23

The operating result for MAIC for the year ended 30 June 2023 was a surplus of \$2.1 million compared to the prior year's operating deficit of \$20.1 million. The increase was driven by an increase in levy and penalty income, a decrease in grants expenses and positive investment returns on financial assets.

The statutory insurance scheme levy per vehicle increased from \$1.50 to \$2.00 per annum from 1 July 2022. Penalties income increased by \$2.2 million to \$10.3 million.

The investment returns on financial assets were gains of \$10.4 million compared to prior year's losses of \$2.8 million. This reflects improvements in the equity market.

Total expenses decreased by \$3.1 million to \$30.7 million in 2022–23. MAIC's largest expense item relates to grants spend of \$18.6 million for the continued funding of research programs to reduce the incidence and mitigate the effects of road trauma. The decrease in grants expense of \$4.9 million was largely due to completion of a transitional rehabilitation service pilot and timing of continued funding of spinal cord therapy research. Details of grants funding are provided in Appendix 4.



Statement of comprehensive income

for the year ended 30 June 2023

	Note	2023 Actual \$'000	2023 Original Budget \$'000	Budget Variance* \$'000	2022 Actual \$'000
Income					
Lewy	3	9,651	9,468	183	7,099
Penalties	4	10,289	8,500	1,789	8,131
User charges	5	1,321	1,322	(1)	429
Other revenue	6	1,044	-	1,044	836
Total revenue		22,305	19,290	3,015	16,495
Net fair value gains/(losses) on financial assets at fair value through profit and loss	12	10,444	6,556	3,888	(2,808)
Total income		32,749	25,846	6,903	13,687
Expenses					
Grants	6	18,582	24,000	(5,418)	23,447
Employee expenses	7	5,194	5,560	(366)	4,159
Supplies and services	8	6,832	7,092	(260)	6,103
Depreciation and amortisation		13	-	13	4
Other expenses	9	49	46	3	48
Total expenses		30,670	36,698	(6,028)	33,761
Operating result		2,079	(10,852)	12,931	(20,074)
Total comprehensive income/(losses)		2,079	(10,852)	12,931	(20,074)

* An explanation of major variances is included in Note 18.

The accompanying notes form part of these financial statements.

Statement of financial position

as at 30 June 2023

	Note	2023 Actual \$'000	2023 Original Budget \$'000	Budget Variance* \$'000	2022 Actual \$'000
Current assets					
Cash and cash equivalents		7,297	10,000	(2,703)	4,313
Receivables	10	1,387	775	612	830
Prepayments		-	-	-	18
Total current assets		8,684	10,775	(2,091)	5,161
Non-current assets					
Financial assets at fair value through profit and loss	12&13	123,084	118,123	4,961	124,581
Plant and equipment		121	-	121	48
Total non-current assets		123,205	118,123	5,082	124,629
Total assets		131,889	128,898	2,991	129,790
Current liabilities					
Payables	11	560	2,805	(2,245)	560
Accrued employee benefits		140	116	24	120
Total current liabilities		700	2,921	(2,221)	680
Total liabilities		700	2,921	(2,221)	680
Net assets		131,189	125,977	5,212	129,110
Equity					
Contributed equity		57,818	57,818	-	57,818
Accumulated surplus		73,371	68,159	5,212	71,292
Total equity		131,189	125,977	5,212	129,110

* An explanation of major variances is included in Note 18.

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the year ended 30 June 2023

	Accumulated Surplus	Contributed Equity	Total Equity
	\$'000	\$'000	\$'000
Balance as at 1 July 2021	91,366	57,818	149,184
Operating result	(20,074)	-	(20,074)
Balance as at 30 June 2022	71,292	57,818	129,110
Balance as at 1 July 2022	71,292	57,818	129,110
Operating result	2,079	-	2,079
Balance as at 30 June 2023	73,371	57,818	131,189

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 30 June 2023

	2023	2023		2022
Note	Actual	Original	Budget	Actual
	\$'000	Budget	Variance*	\$'000
Cash flows from operating activities				
<i>Inflows:</i>				
Lewy	9,650	9,468	182	7,099
Penalties	10,042	8,500	1,542	8,185
User charges	1,321	1,322	(1)	429
GST input tax credits from Australian Taxation Office (ATO)	2,245	-	2,245	2,275
GST collected from customers	121	-	121	118
Other revenue	813	-	813	836
<i>Outflows:</i>				
Grants	(18,648)	(24,000)	5,352	(25,557)
Employee expenses	(5,186)	(5,558)	372	(4,154)
Supplies and services	(6,104)	(6,306)	202	(5,357)
GST remitted to ATO	(161)	-	(161)	(71)
GST paid to suppliers	(2,234)	-	(2,234)	(2,360)
Other expenses	(45)	(46)	1	(65)
Net cash (used in)/provided by operating activities	CF-1 (8,186)	(16,620)	8,434	(18,622)
Cash flows from investing activities				
<i>Inflow:</i>				
Proceeds from sale of other financial assets	10,000	16,620	(6,620)	10,000
Distributions received	1,170	-	1,170	1,969
<i>Outflow:</i>				
Payments for plant and equipment	-	-	-	(53)
Net cash provided by/(used in) investing activities	11,170	16,620	(5,450)	11,916
Net increase/(decrease) in cash and cash equivalents	2,984	-	2,984	(6,706)
Cash and cash equivalents at the beginning of the financial year	4,313	10,000	(5,687)	11,019
Cash and cash equivalents at the end of the financial year	7,297	10,000	(2,703)	4,313

* An explanation of major variances is included in Note 18.

The accompanying notes form part of these financial 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 2023

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

	2023 \$'000	2022 \$'000
Operating result	2,079	(20,074)
<i>Non-cash items included in operating result:</i>		
Net fair value (gains)/losses on financial assets at fair value through profit and loss less management fee	(9,728)	3,645
Depreciation and amortisation	13	4
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in financial assets at fair value through profit and loss	55	69
Decrease/(increase) in prepayments	18	18
(Increase)/decrease in receivables	(557)	(55)
(Decrease)/increase in current payables	(86)	(2,237)
Increase/(decrease) in accrued employee benefits	20	8
Net cash (used in) operating activities	(8,186)	(18,622)

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 2023

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).

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*
- section 62(1) of the *Financial Accountability Act 2009*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2022.

(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 2021-22 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'.

Financial assets at fair value through profit and loss 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 financial assets at fair value through profit and loss (refer to **Note 12**).

Notes to and forming part of the financial statements

for the year ended 30 June 2023

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 Acting 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 financial assets at fair value through profit and loss which are shown at fair value.

(i) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Refer to **Note 13** for more details on financial assets through profit and loss.

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. USER CHARGES

	2023	2022
	\$'000	\$'000
ND corporate services charges	705	-
NIISQ corporate services charges	616	429
Total	1,321	429

MAIC has a corporate support services tripartite memorandum of understanding (MOU) in place with the National Injury Insurance Agency, Queensland (NIISQ Agency) and the Nominal Defendant (ND) for the receipt (**Note 8**) and provision of corporate support services among the three entities. The charges above represent the services provided to the two agencies.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

6. GRANTS

	2023 \$'000	2022 \$'000
Rehabilitation initiatives research	7,230	10,665
Strategic accident prevention research	7,227	7,930
Road trauma mitigation research	4,120	4,810
Other	5	42
Total	18,582	23,447

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. Unspent grants need to be returned to MAIC unless approval is obtained to retain the funds and is disclosed as part of other revenue in the Statement of Comprehensive Income.

7. EMPLOYEE EXPENSES

	2023 \$'000	2022 \$'000
Employee benefits and employee related expenses		
Salaries and wages	3,968	3,201
Employer superannuation contributions	547	438
Leave levies	529	443
Other employee benefits	95	16
Employee related expenses	55	61
Total	5,194	4,159

The number of employees, including both full-time employees and part-time employees, measured on a full-time equivalent basis is 33 as at 30 June 2023 (based on fortnight ended 30 June 2023) and 29 for 30 June 2022 (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.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

7. EMPLOYEE EXPENSES - continued

Superannuation

Employer superannuation contributions are provided through defined contribution (accumulation) plans or the Queensland Government's defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) 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. The MAIC's obligations are limited to those contributions paid.

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 19**.

8. SUPPLIES AND SERVICES

	2023	2022
	\$'000	\$'000
Consultants and contractors	1,919	1,557
IT related expenses	1,086	561
Legal fee	906	983
Queensland Treasury corporate services fee	862	911
QIC management fee	716	837
Queensland Treasury actuarial fees	490	483
Rent	419	503
NISQ corporate services fee	312	191
Supplies and consumables	122	71
Advertising	-	6
Total	6,832	6,103

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.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

9. OTHER EXPENSES

	2023	2022
	\$'000	\$'000
Queensland Audit Office - external audit fees	25	24
Insurance premiums - Queensland Government Insurance Fund	24	24
Total	49	48

Total audit fees quoted by the Queensland Audit Office relating to the 2022-23 financial statements are \$25,000 (2022: \$24,000).

10. RECEIVABLES

	2023	2022
	\$'000	\$'000
Accrued penalties	597	350
GST receivable	371	381
Other receivables	235	4
Leave reimbursements	184	95
Total	1,387	830

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 13** 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.

11. PAYABLES

	2023	2022
	\$'000	\$'000
Current		
Accrued expenses	362	163
Trade creditors	189	349
GST payable	7	47
FBT payable	2	1
Total	560	560

Trade creditors are recognised upon receipt of the invoices for goods or services ordered, while accrued expenses are recognised upon receipt of the goods or services ordered where invoices have yet to be received. Grants payable, included in the trade creditors, 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 2023

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 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets at fair value through profit and loss	107,543	109,634	15,541	14,947	123,084	124,581
Total	107,543	109,634	15,541	14,947	123,084	124,581

MAIC recognises 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.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

12. FAIR VALUE MEASUREMENT - continued

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

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 13(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

	2023	2022
Financial assets at fair value through profit and loss - QIC Registry Trust	\$'000	\$'000
Carrying amount at 1 July	14,947	-
Transfers into level 3 from level 2	-	13,600
Distributions	(1,170)	(1,969)
Gains recognised in operating result	1,764	3,316
Carrying amount at 30 June	15,541	14,947

13. FINANCIAL RISK DISCLOSURES

(a) Categorisation of financial instruments

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

Category	Note	2023	2022
		\$'000	\$'000
Financial assets			
Cash and cash equivalents		7,297	4,313
Receivables (amortised cost)	10	1,387	830
Financial assets at fair value through profit and loss		123,084	124,581
Total		131,768	129,724
Financial liabilities			
Current payables (amortised cost)	11	560	560
Total		560	560

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 financial assets consists of investments with QIC. As disclosed in **Note 12**, these are measured at fair value through profit or loss 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 2023

13. 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:

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 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 10** and **Note 13(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 10**. 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 payables. The current classification represents the expected maturity of the payables. MAIC manages its exposure to liquidity risk by ensuring that MAIC has sufficient funds available to meet its liabilities. This is achieved by monitoring the QIC investment funds and maintaining minimum cash balances within its bank account to meet both short-term and long-term cash flow requirements.

(iii) Market risk

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

Notes to and forming part of the financial statements

for the year ended 30 June 2023

13. FINANCIAL RISK DISCLOSURES – continued

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	2023				2022			
	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	-9	8	(9,679)	8,603	-12	12	(13,156)	13,156
QIC Registry Trust	-10	10	(1,554)	1,554	-10	10	(1,495)	1,495
Total			(11,233)	10,157			(14,651)	14,651

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

14. CONTINGENCIES

MAIC did not have any contingent assets or liabilities at 30 June 2023.

15. 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:

	2023 \$'000	2022 \$'000
Not later than one year	3,452	2,518
Later than one year and not later than five years	262	127
Total	3,714	2,645

Notes to and forming part of the financial statements

for the year ended 30 June 2023

15. COMMITMENTS - continued

(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:

	2023 \$'000	2022 \$'000
Not later than one year	19,022	13,417
Later than one year and not later than five years	30,972	15,805
Total	49,994	29,222

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

16. EVENTS OCCURRING AFTER THE REPORTING DATE

On 28 June 2023, RACQ Insurance (RACQ) notified MAIC for their intention to exit the scheme from 1 October 2023 for commercial reasons. On 7 July 2023, MAIC confirmed and approved RACQ's request to exit the scheme. MAIC is now engaged with the remaining three licensed insurers and the Department of Transport and Main Roads (DTMR) to ensure a smooth transition of RACQ policies over the coming year. MAIC will also be ensuring RACQ continue to manage claims in accordance with their legislative requirements so people with claims are not affected by this decision. The scheme review is on hold while MAIC prioritises working with RACQ and DTMR to facilitate the transition.

Other than disclosed above, MAIC has not had any material events occurring after 30 June 2023.

17. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

18. 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 2023

18. BUDGETARY REPORTING DISCLOSURES – continued

Explanations of major variances

Statement of Comprehensive Income

<i>Penalties</i>	Higher penalties revenue from uninsured motorists collected by the DTMR and Queensland Treasury (SPER) and remitted to MAIC.
<i>Other revenue</i>	The increase in other revenue relates to return of unspent grant funds.
<i>Net fair value gains/(losses) on financial assets at fair value through profit and loss</i>	The increase in net fair value gains on financial assets at fair value through profit and loss is primarily due to higher than expected earnings on investments as a result of improvements in the equity market.
<i>Grants</i>	The variance in grants payments is due to lower than anticipated investment in rehabilitation initiatives research.
<i>Employee expenses</i>	The variance in employee expenses is primarily due to delays in filling vacancies during 2022-23.

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, and accrued penalties as at 30 June not budgeted.
<i>Financial assets at fair value through profit and loss</i>	The variance in financial assets at fair value through profit and loss reflects a higher audited opening balance than projected in the budget.
<i>Payables</i>	The variance is due to fluctuations in trade creditors as at 30 June.
<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>Penalties</i>	Higher penalties revenue from uninsured motorists collected by the DTMR and Queensland Treasury (SPER) and remitted to MAIC.
<i>GST input tax credits from ATO</i>	The variance is due to the amount of input tax credits paid by the ATO for supplier invoices processed which was not budgeted for.
<i>Other revenue</i>	The variance in other revenue relates to return of unspent grant funds which was not budgeted for.
<i>Grants</i>	The variance in grants payments is due to lower than anticipated investment in rehabilitation initiatives research.
<i>Employee expenses</i>	The variance in employee expenses is primarily due to delays in filling vacancies during 2022-23.
<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.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

18. BUDGETARY REPORTING DISCLOSURES – continued

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

19. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Details of KMP

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

The following details for non-Ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of MAIC during 2022-23 and 2021-22. Key Management Personnel also provided services to the Nominal Defendant and the NIISQ Agency as part of their overall role.

Position	Responsibilities
Insurance Commissioner	Leads the efficient, effective and economic administration of MAIC.
General Manager MAIC	Leads and manages the strategies, policies and performance with respect to the regulation of the CTP scheme.
General Manager Innovation and Delivery ⁽¹⁾	Responsible for driving innovation and delivering business-led solutions for MAIC.
General Manager Business Advisory and Services ⁽¹⁾ (KMP from 5 June 2023)	Responsible for the leadership and supervision, compliance and performance of the MAIC's corporate services functions, including finance, risk and assurance, human resources, communication, and analytics.
Director Finance, Risk and Assurance ⁽²⁾ (KMP to 4 June 2023)	No longer KMP as at reporting date. The position was responsible for the risk management function and ensuring the efficient, effective and economical financial management of MAIC.
Director People, Policy and Communication ⁽²⁾ (KMP to 29 January 2023)	No longer KMP as at reporting date and the role was transferred to NIISQ from 30 January 2023. The position was responsible for managing MAIC's human resources, communication and policy function.
Director People, Policy, and Communication ⁽¹⁾⁽²⁾ (KMP from 30 January 2023 to 4 June 2023)	No longer KMP as at reporting date. The position was responsible for managing MAIC's human resources, communication and policy function.
Director Analytics ⁽²⁾ (KMP to 4 June 2023)	No longer KMP as at reporting date. The position was responsible for data analysis, reporting and business intelligence functions for MAIC.

(1) This is a NIISQ position and the remuneration is disclosed in the NIISQ financial statements.

(2) These positions were only considered as key management personnel up until the appointment of the General Manager Business Advisory and Services.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

19. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES - continued

Remuneration policies

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

Remuneration policy for MAIC's other KMP is set by the Queensland Public Service Commission as provided for under the *Public Sector Act 2022* (formerly 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.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

19. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES – continued

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 2022 to 30 June 2023

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	305	8	35	-	348
General Manager MAIC	199	5	22	-	226
General Manager Innovation and Delivery	-	-	-	-	-
General Manager Business Advisory and Services (from 5 June 2023)	-	-	-	-	-
Director Finance, Risk and Assurance (to 4 June 2023)	146	4	18	-	168
Director People, Policy and Communication (from 1 July 2022 to 29 January 2023)	81	2	10	-	93
Director People, Policy and Communication (Acting from 8 February 2023 to 4 June 2023)	-	-	-	-	-
Director Analytics (from 1 July to 15 February 2023)	106	3	12	-	121
Director Analytics (Acting, from 6 February to 4 June 2023)	50	1	5	-	56

*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 2023

19. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES – continued

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.

Performance Payments

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

20. 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 6**).

MAIC provided grant funding to DTMR to support research for Road Safety Data Bureau and the Transport Academic Partnership. (**Note 6**).

Notes to and forming part of the financial statements

for the year ended 30 June 2023

20. RELATED PARTY TRANSACTIONS - continued

MAIC provided grant funding to Metro North Hospital and Health Services for supporting the Jamieson Trauma Institute. (**Note 6**).

MAIC has a corporate support services tripartite memorandum of understanding (MOU) in place with the ND and the NIISQ Agency for the receipt and provision of corporate support services among the three entities (**Note 5 and Note 8**).

Queensland Treasury also provides corporate support and actuarial services to MAIC. These are disclosed in **Note 8**.

MAIC incurred management fees from QIC for the management of the QIC unlisted unit trusts as disclosed in **Note 8**.

21. 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:

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.

Type of Levy	Levies collected from DTMR		Contributions paid to QH, QFES, QPS & QGAir		Outstanding levies for remittance to QH, QFES, QPS & QGAir	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Levies collected but not remitted in the previous year	7,339	7,504	-	-	-	-
Hospital levy	48,078	71,288	(49,951)	(72,031)	4,338	6,211
Emergency Services levy - QFES	2,481	2,785	(2,508)	(2,824)	225	252
Emergency Services levy - QPS	7,454	8,790	(7,578)	(8,136)	676	799
Emergency Services levy - QPS - QGAir	17	1,000	(93)	(1,037)	-	77
Total	65,369	91,367	(60,130)	(84,028)	5,239	7,339

22. 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 10** and **Note 11**).

Notes to and forming part of the financial statements

for the year ended 30 June 2023

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

Changes in accounting policies

MAIC did not voluntarily change any of its accounting policies during 2022-23.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2022-23.

Accounting standards applied for the first time

No new accounting standards or interpretations that apply to MAIC for the first time in 2022-23 have any material impact on the financial statements.

24. CLIMATE RISK DISCLOSURE

No adjustments to the carrying value of assets were recognised during the financial year as a result of climate-related risks impacting current accounting estimates and judgements. No other transactions have been recognised during the financial year specifically due to climate-related risks impacting MAIC. MAIC continues to monitor the emergence of material climate-related risks that may impact the financial statements, including those arising under the Queensland Government Climate Action Plan 2020-2030 and other Government publications or directives.

Management certificate for the year ended 30 June 2023

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 Motor Accident Insurance Commission (MAIC) for the financial year ended 30 June 2023 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.



I HIDAYAT

M (Bus) Finance and Accounting, CA

Acting Director Finance, Risk and Assurance

29 August 2023



N SINGLETON

B.Bus (Insurance), MBA

Insurance Commissioner

29 August 2023

INDEPENDENT AUDITOR'S REPORT

To the 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 2023, 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 2023, 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 material accounting policy 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 forming an opinion on the effectiveness of the entity's internal controls, but allows me to form an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of material accounting policy information 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 2023:

- 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.

mluwinga

29 August 2023

Martin Luwinga
as delegate of the Auditor-General

Queensland Audit Office
Brisbane