

# Nominal Defendant financial statements 2022-23

## 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
<b>Income</b>					
Lewy	3	28,554	23,078	5,476	36,397
Reinsurance and other recoveries	4	(190)	-	(190)	(1,260)
Other revenue		-	-	-	38
<b>Total revenue</b>		<b>28,364</b>	<b>23,078</b>	<b>5,286</b>	<b>35,175</b>
Net fair value gains/(losses) on financial assets at fair value through profit and loss	11	43,318	25,000	18,318	(12,662)
<b>Total income</b>		<b>71,682</b>	<b>48,078</b>	<b>23,604</b>	<b>22,513</b>
<b>Expenses</b>					
Gross claims incurred	4	36,330	35,970	360	19,493
Employee expenses	5	1,099	1,269	(170)	1,831
Supplies and services	6	5,431	5,848	(417)	4,484
Other expenses	7	61	75	(14)	45
<b>Total expenses</b>		<b>42,921</b>	<b>43,162</b>	<b>(241)</b>	<b>25,853</b>
<b>Operating result</b>		<b>28,761</b>	<b>4,916</b>	<b>23,845</b>	<b>(3,340)</b>
<b>Total comprehensive income</b>		<b>28,761</b>	<b>4,916</b>	<b>23,845</b>	<b>(3,340)</b>

\* An explanation of major variances is included in Note 16.

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
<b>Current assets</b>					
Cash and cash equivalents		6,405	10,000	(3,595)	8,104
Receivables	8	79	86	(7)	92
Financial assets at fair value through profit and loss	11 & 12	163,315	170,994	(7,679)	160,780
Claim recoveries	9	574	692	(118)	641
Prepayments		-	-	-	7
<b>Total current assets</b>		<b>170,373</b>	<b>181,772</b>	<b>(11,399)</b>	<b>169,624</b>
<b>Non-current assets</b>					
Financial assets at fair value through profit and loss	11 & 12	408,923	415,358	(6,435)	376,397
Claim recoveries	9	1,234	4,155	(2,921)	1,591
<b>Total non-current assets</b>		<b>410,157</b>	<b>419,513</b>	<b>(9,356)</b>	<b>377,988</b>
<b>Total assets</b>		<b>580,530</b>	<b>601,285</b>	<b>(20,755)</b>	<b>547,612</b>
<b>Current liabilities</b>					
Payables		323	397	(74)	328
Accrued employee benefits		28	51	(23)	53
Outstanding claims liability	9	42,683	39,447	3,236	35,910
Unearned levies	3	8,775	14,022	(5,247)	14,005
<b>Total current liabilities</b>		<b>51,809</b>	<b>53,917</b>	<b>(2,108)</b>	<b>50,296</b>
<b>Non-current liabilities</b>					
Outstanding claims liability	9	91,703	101,434	(9,731)	89,059
<b>Total non-current liabilities</b>		<b>91,703</b>	<b>101,434</b>	<b>(9,731)</b>	<b>89,059</b>
<b>Total liabilities</b>		<b>143,512</b>	<b>155,351</b>	<b>(11,839)</b>	<b>139,355</b>
<b>Net assets</b>		<b>437,018</b>	<b>445,934</b>	<b>(8,916)</b>	<b>408,257</b>
<b>Equity</b>					
Accumulated surplus	10	437,018	445,934	(8,916)	408,257
<b>Total equity</b>		<b>437,018</b>	<b>445,934</b>	<b>(8,916)</b>	<b>408,257</b>

\* An explanation of major variances is included in Note 16.

The accompanying notes form part of these financial statements.

## Statement of changes in equity

for the year ended 30 June 2023

	Accumulated surplus	Total equity
	\$'000	\$'000
<b>Balance as at 1 July 2021</b>	411,597	411,597
Operating result	(3,340)	(3,340)
<b>Balance as at 30 June 2022</b>	<b>408,257</b>	<b>408,257</b>
<b>Balance as at 1 July 2022</b>	408,257	408,257
Operating result	28,761	28,761
<b>Balance as at 30 June 2023</b>	<b>437,018</b>	<b>437,018</b>

*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	Budget Variance*	Actual
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
Levy		23,324	23,078	246	36,380
Claim recoveries		234	-	234	1,355
GST input tax credits from Australian Taxation Office (ATO)		552	-	552	506
GST collected from customers		2	-	2	4
Other revenue		-	-	-	38
<i>Outflows:</i>					
Gross claims incurred		(26,913)	(31,913)	5,000	(32,380)
Employee expenses		(1,108)	(1,268)	160	(1,801)
Supplies and services		(1,822)	(2,073)	251	(816)
GST paid to suppliers		(548)	-	(548)	(522)
GST remitted to ATO		(3)	-	(3)	(3)
Other expenses		(37)	(75)	38	(35)
<b>Net cash (used in)/provided by operating activities</b>	CF-1	<b>(6,319)</b>	<b>(12,251)</b>	<b>5,932</b>	<b>2,726</b>
<b>Cash flows from investing activities</b>					
<i>Inflow:</i>					
Proceeds from sale of financial assets at fair value through profit and loss		-	12,251	(12,251)	-
Distributions received		4,620	-	4,620	7,774
<i>Outflow:</i>					
Payments for financial assets at fair value through profit and loss		-	-	-	(11,774)
<b>Net cash provided by/(used in) investing activities</b>		<b>4,620</b>	<b>12,251</b>	<b>(7,631)</b>	<b>(4,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,699)</b>	<b>-</b>	<b>(1,699)</b>	<b>(1,274)</b>
Cash and cash equivalents at the beginning of the financial year		8,104	10,000	(1,896)	9,378
<b>Cash and cash equivalents at the end of the financial year</b>		<b>6,405</b>	<b>10,000</b>	<b>(3,595)</b>	<b>8,104</b>

\* An explanation of major variances is included in Note 16.

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 from operating activities

	Note	2023 \$'000	2022 \$'000
Operating result		28,761	(3,340)
<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 fees		(39,915)	16,066
<i>Change in assets and liabilities:</i>			
Decrease/(increase) in financial assets at fair value through profit and loss		235	253
Decrease/(increase) in prepayments		7	7
Decrease /(increase) in receivables and claim recoveries	8, 9	437	2,609
(Decrease)/increase in current payables		(5)	31
(Decrease)/increase in unearned levies		(5,230)	(17)
Increase/(decrease) in outstanding claims liability	9	9,417	(12,887)
(Decrease)/increase in accrued employee benefits		(26)	4
<b>Net cash (used in)/provided by operating activities</b>		<b>(6,319)</b>	<b>2,726</b>

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 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*
- 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 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'.

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 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.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 1. BASIS OF FINANCIAL STATEMENT PREPARATION - continued

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 9**).

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 financial assets at fair value through profit and loss (**Note 11**).

#### (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 and outstanding claims liability and recoveries expected to be settled 12 or more months after reporting date are measured at present 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 12** for more details on financial assets through profit and loss.

### 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 2023

### 4. NET CLAIMS INCURRED

	2023 \$'000	2022 \$'000
Gross claims incurred	36,330	19,493
Reinsurance and other recoveries	190	1,260
<b>Total net claims incurred</b>	<b>36,520</b>	<b>20,753</b>

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.

#### (a) Claims development

	2023			2022		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
<b>Gross claims incurred and related expenses</b>						
Undiscounted	43,387	(2,719)	40,668	40,645	(12,317)	28,328
Discount	(4,856)	518	(4,338)	(3,937)	(4,898)	(8,835)
<b>Provisions made (Note 9)</b>	<b>38,531</b>	<b>(2,201)</b>	<b>36,330</b>	<b>36,708</b>	<b>(17,215)</b>	<b>19,493</b>
<b>Reinsurance and other recoveries</b>						
Undiscounted	582	(773)	(191)	722	(2,009)	(1,287)
Discount	(65)	66	1	(70)	97	27
	517	(707)	(190)	652	(1,912)	(1,260)
<b>Net claims incurred</b>	<b>38,014</b>	<b>(1,494)</b>	<b>36,520</b>	<b>36,056</b>	<b>(15,303)</b>	<b>20,753</b>
<b>Total gross claims incurred</b>	<b>38,531</b>	<b>(2,201)</b>	<b>36,330</b>	<b>36,708</b>	<b>(17,215)</b>	<b>19,493</b>
<b>Total recoveries</b>	<b>517</b>	<b>(707)</b>	<b>(190)</b>	<b>652</b>	<b>(1,912)</b>	<b>(1,260)</b>
<b>Total net claims incurred</b>	<b>38,014</b>	<b>(1,494)</b>	<b>36,520</b>	<b>36,056</b>	<b>(15,303)</b>	<b>20,753</b>



## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 4. NET CLAIMS INCURRED – continued

#### (b) Claims reconciliation

	Total	
	2023	2022
	\$'000	\$'000
<b><i>Gross claims incurred and related expenses</i></b>		
Claims and associated settlement costs	26,913	32,380
Movement in outstanding claims liability	9,417	(12,887)
<b>Total gross claims incurred</b>	<b>36,330</b>	<b>19,493</b>
<b><i>Reinsurance and other recoveries</i></b>		
Reinsurance and other recoveries	234	1,355
Movement in other recoveries receivable	(424)	(2,615)
<b>Total recoveries</b>	<b>(190)</b>	<b>(1,260)</b>
<b>Net claims incurred</b>	<b>36,520</b>	<b>20,753</b>

#### ***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 9**). Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the outstanding claims liability.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 5. EMPLOYEE EXPENSES

	2023	2022
	\$'000	\$'000
<b>Employee benefits and employee related expenses</b>		
Salaries and wages	863	1,427
Employer superannuation contributions	118	195
Leave levies	112	197
Employee related expenses	6	12
<b>Total</b>	<b>1,099</b>	<b>1,831</b>

The number of employees, including both full-time employees and part-time employees, measured on a full-time equivalent basis is 8 as at 30 June 2023 (based on pay fortnight ended 30 June 2023) and 14 as at 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 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 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 Nominal Defendant'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 17**.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 6. SUPPLIES AND SERVICES

	2023	2022
	\$'000	\$'000
QIC management fee	3,403	3,404
MAIC* and NIISQ^ corporate services fee	767	26
IT related expense	476	207
Queensland Treasury corporate services fee	431	440
Rent	190	233
Queensland Treasury actuarial fees	125	124
Consultants and contractors	33	37
Supplies and consumables	6	13
<b>Total</b>	<b>5,431</b>	<b>4,484</b>

\* Motor Accident Insurance Commission (MAIC)

^ National Injury Insurance Agency, 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

	2023	2022
	\$'000	\$'000
Queensland Audit Office - external audit fees	59	43
Insurance premiums - Queensland Government Insurance Fund	2	2
<b>Total</b>	<b>61</b>	<b>45</b>

Total audit fees quoted by the Queensland Audit Office relating to the 2022-23 financial statements are \$58,728 (2022: \$43,500). The fees include \$13,728 paid to external actuary peer reviewer.

### 8. RECEIVABLES

	2023	2022
	\$'000	\$'000
GST receivable	59	63
Leave reimbursements	20	29
<b>Total</b>	<b>79</b>	<b>92</b>

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 8. RECEIVABLES – continued

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.

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 12** 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.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 9. NET OUTSTANDING CLAIMS

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Gross outstanding claims	138,563	126,097
Claims settlement costs	13,652	12,363
	<u>152,215</u>	<u>138,460</u>
Discount to present value	(17,829)	(13,491)
<b>Gross outstanding claims liability</b>	<b><u>134,386</u></b>	<b><u>124,969</u></b>
<i>Represented by</i>		
Current	42,683	35,910
Non-current	91,703	89,059
<b>Gross outstanding claims liability</b>	<b><u>134,386</u></b>	<b><u>124,969</u></b>
Reinsurance and other recoveries	2,048	2,473
Discount to present value	(240)	(241)
<b>Reinsurance and other recoveries</b>	<b><u>1,808</u></b>	<b><u>2,232</u></b>
<i>Represented by</i>		
Current	574	641
Non-current	1,234	1,591
<b>Reinsurance and other recoveries</b>	<b><u>1,808</u></b>	<b><u>2,232</u></b>
<b>Net outstanding claims</b>	<b><u>132,578</u></b>	<b><u>122,737</u></b>
Central estimate	132,578	122,737
Risk margin	-	-
<b>Net outstanding claims</b>	<b><u>132,578</u></b>	<b><u>122,737</u></b>

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 9. NET OUTSTANDING CLAIMS – continued

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July	122,737	133,009
<b><i>Prior periods</i></b>		
Claim payments	(26,529)	(30,845)
Claims handling expenses	(3,170)	(2,940)
Discount unwind	3,020	48
Risk margin release	-	-
Effect of changes in assumptions and experience	(1,344)	(12,412)
<b><i>Current period</i></b>		
Provision for current period	37,864	35,877
<b>Net outstanding claims</b>	<b>132,578</b>	<b>122,737</b>
Reinsurance and other recoveries	(1,808)	(2,232)
<b>Gross outstanding claims</b>	<b>134,386</b>	<b>124,969</b>

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

Claims incurred expense and a liability for outstanding claims are recognised for claims incurred but not yet paid, incurred but not yet reported claims and anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claims files and estimating unnotified claims and settlement costs using statistics based on past experiences and trends. The liability for outstanding claims is measured as the present value of the expected future payments. 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.

#### (b) Actuarial assumptions

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Inflation rate	4.71%	4.32%
Discount rate	4.15%	3.37%
Claims handling expenses	10.00%	10.00%
Risk margin	0.00%	0.00%
Weighted average term to settlement	3.3 years	3.3 years

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 9. NET OUTSTANDING CLAIMS – continued

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

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

Net outstanding claims	Movement in variable	Financial impact			
		Profit/(loss)	Equity	Profit/(loss)	Equity
		2023 \$'000	2023 \$'000	2022 \$'000	2022 \$'000
Inflation rate	+1%	(4,163)	(4,163)	(3,883)	(3,883)
	-1%	3,951	3,951	3,688	3,688
Discount rate	+1%	3,484	3,484	3,269	3,269
	-1%	(3,745)	(3,745)	(3,510)	(3,510)
Claims handling expenses	+1%	(1,205)	(1,205)	(1,116)	(1,116)
	-1%	1,205	1,205	1,116	1,116
Weighted average term to settlement	+0.5 years	(827)	(827)	(984)	(984)
	-0.5 years	821	821	976	976

#### (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 2022-23 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.

### 10. 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.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 11. FAIR VALUE MEASUREMENT

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

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

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

	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	510,873	478,160	61,365	59,017	572,238	537,177
<b>Total</b>	<b>510,873</b>	<b>478,160</b>	<b>61,365</b>	<b>59,017</b>	<b>572,238</b>	<b>537,177</b>

The Nominal Defendant 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 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.



## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 11. FAIR VALUE MEASUREMENT – continued

#### 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 12(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.

#### Reconciliation of Level 3 fair value movements

	2023	2022
	\$'000	\$'000
<b>Financial assets at fair value through profit and loss - QIC Registry Trust</b>		
<b>Carrying amount at 1 July</b>	59,017	-
Transfers into level 3 from level 2	-	53,700
Distributions	(4,620)	(7,774)
Gains recognised in operating result	6,968	13,091
<b>Carrying amount at 30 June</b>	<b>61,365</b>	<b>59,017</b>

### 12. FINANCIAL RISK DISCLOSURES

#### (a) Categorisation of financial instruments

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

Category	Note	2023	2022
		\$'000	\$'000
<b>Financial assets</b>			
Cash and cash equivalents		6,405	8,104
Receivables (amortised cost)	8	79	92
Financial assets at fair value through profit and loss		572,238	537,177
<b>Total</b>		<b>578,722</b>	<b>545,373</b>
<b>Financial liabilities</b>			
Current payables (amortised cost)		323	328
<b>Total</b>		<b>323</b>	<b>328</b>

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.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 12. FINANCIAL RISK DISCLOSURES - continued

Nominal Defendant's financial assets at fair value through profit or loss consists of investments with QIC. As disclosed in **Note 11**, 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.

#### (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:

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

#### (i) Credit risk

Credit risk exposure refers to the situation where 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 **12(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.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 12. FINANCIAL RISK DISCLOSURES - continued

#### (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.

#### (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.

	2023				2022			
	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
<b>Investments</b>								
QIC Short Term Income Fund	-0.26	0.26	(425)	425	-2.00	2.00	(3,216)	3,216
QIC Long Term Diversified Fund	-9.00	8.00	(31,280)	27,805	-12.00	12.00	(38,086)	38,086
QIC Registry Trust	-10.00	10.00	(6,137)	6,137	-10.00	10.00	(5,902)	5,902
<b>Total</b>			<b>(37,842)</b>	<b>34,367</b>			<b>(47,203)</b>	<b>47,203</b>

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

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 13. CONTINGENCIES AND COMMITMENTS

#### (a) Contingencies

The Nominal Defendant did not have any contingent assets or liabilities at 30 June 2023.

#### (b) 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	2022
	\$'000	\$'000
No later than one year	1,606	1,362
1-5 years	200	46
<b>Total</b>	<b>1,806</b>	<b>1,408</b>

### 14. EVENTS OCCURRING AFTER THE REPORTING DATE

The Nominal Defendant has not had any material events occur after 30 June 2023.

### 15. 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

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*.

The Australian Accounting Standards Board (AASB) has deferred the mandatory application date of AASB 17 for public sector entities to annual periods beginning on or after 1 July 2026. It has issued AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* and AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* to amend AASB 17 to include modifications that apply to 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.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 16. 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.

#### Explanations of major variances

##### Statement of Comprehensive Income

<i>Levy</i>	The increase in levy is due to the release of unearned levies collected in prior year at the higher rate of \$8 instead of \$5.
<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 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>Employee expenses</i>	The variance in employee expenses is primarily due to delays in filling vacancies during 2022-23.
<i>Supplies and services</i>	The variance in supplies and services is primarily due to lower than anticipated QIC management fees and contactor payments.

##### 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>Financial assets at fair value through profit and loss (current and non-current)</i>	The variances reflects reclassifications between current and non-current financial assets at fair value through profit and loss combined with lower 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.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 16. BUDGETARY REPORTING DISCLOSURES – continued

*Accumulated surplus* The decrease in accumulated surplus reflects a lower audited opening balance partially offset by a higher than anticipated operating result in 2022-23.

#### **Statement of Cash Flows**

*Claim recoveries* The increase in other recoveries is due to recoveries received which was not budgeted for.

*GST input tax credits from ATO* The variance is due to the amount of input tax credits paid by the ATO for supplier invoices processed which was not budgeted for.

*Gross claims incurred* The variance in gross claims incurred is a result of lower than anticipated claim payments.

*Employee expenses* The variance in employee expenses is primarily due to delays in filling vacancies during 2022-23.

*Supplies and services* The variance in supplies and services is primarily due to lower than anticipated QIC management fees and contractor payments.

*GST paid to suppliers* The variance is due to the amount of GST paid for supplier invoices processed which was not budgeted for.

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

### 17. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

#### **Details of KMP**

The Treasurer and Minister for Trade and Investment is identified as part of Nominal Defendant'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 the Nominal Defendant during 2022-23 and 2021-22. Key management personnel also provided services to the MAIC and the NIISQ as part of their overall role.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 17. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES - continued

Position	Responsibilities
Insurance Commissioner <sup>(1)</sup>	Leads the efficient, effective and economic administration of the Nominal Defendant.
General Manager MAIC <sup>(1)</sup>	Leads and manages the strategies, policies and performance with respect to the Nominal Defendant claims unit.
General Manager Innovation and Delivery <sup>(2)</sup>	Responsible for driving innovation and delivering business-led solutions for the Nominal Defendant.
General Manager Business Advisory and Services <sup>(2)</sup> (KMP from 5 June 2023)	Responsible for the leadership and supervision, compliance and performance of the Nominal Defendant's corporate service functions, including finance, risk and assurance, human resources, communication and analytics.
Director Finance, Risk and Assurance <sup>(1) &amp; (3)</sup> (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 administration of the Nominal Defendant.
Director People, Policy and Communication <sup>(1) &amp; (3)</sup> (KMP to 29 January 2023)	No longer KMP as at reporting date. The role was transferred to NIISQ from 30 January 2023. The position was responsible for managing the Nominal Defendant's human resources, communication and policy function.
Director People, Policy and Communication <sup>(2) &amp; (3)</sup> (KMP from 30 January 2023 to 4 June 2023)	No longer KMP as at reporting date. The position was responsible for managing the Nominal Defendant's human resources, communication and policy function.
Director Analytics <sup>(1) &amp; (3)</sup> (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 the Nominal Defendant.

- (1) This is a MAIC position from 1 July 2022 and the remuneration is disclosed in the MAIC financial statements.
- (2) This is a NIISQ position and the remuneration is disclosed in the NIISQ financial statements.
- (3) These positions were only considered as key management personnel up until the appointment of the General Manager Business Advisory and Services.

#### Remuneration policies

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.

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 17. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES - continued

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 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 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.

There was nil remuneration for 2022-23 as the KMP was not employed directly by the Nominal Defendant from 1 July 2022. They were employed by either MAIC or the NIISQ, which charges a corporate support fee for services provided to the Nominal Defendant. Further information including remuneration for the KMP can be found in the body of the MAIC and the NIISQ Annual reports under the section relating to Key Management Personnel and Remuneration.

#### 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
	-	-	-	-	-



## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 17. 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	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.

#### Performance payments

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

## Notes to and forming part of the financial statements

for the year ended 30 June 2023

### 18. 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**.

The Nominal Defendant has a corporate support services tripartite memorandum of understanding (MOU) in place with MAIC and the NIISQ for the receipt and provision of corporate support services among 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**.

### 19. 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**).

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

#### Changes in accounting policies

The Nominal Defendant 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 the Nominal Defendant for the first time in 2022-23 had any material impact on the financial statements.

### 21. 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 the Nominal Defendant. The Nominal Defendant 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 the Nominal Defendant for the financial year ended 30 June 2023 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.



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 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 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.

### **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*

Martin Luwina  
as delegate of the Auditor-General

29 August 2023  
Queensland Audit Office  
Brisbane