



MAIB

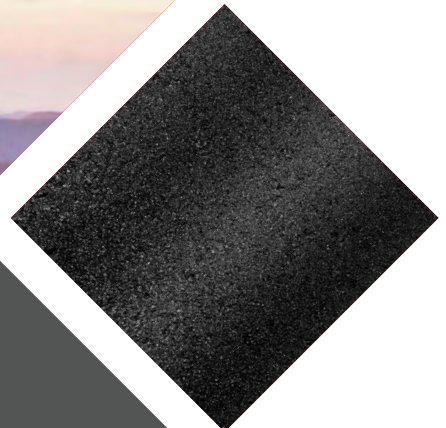
Service·Support·Safety

MOTOR ACCIDENTS INSURANCE BOARD

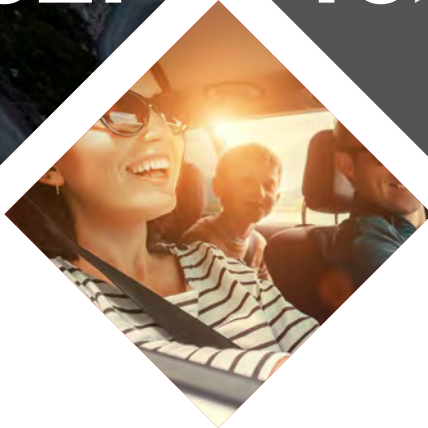
**ANNUAL
REPORT**



2020 - 2021



46
YEARS



PURPOSE STATEMENT

A world class personal injury scheme supporting Tasmanians and road safety.

OUR VALUES

The MAIB's values are:

- Team Commitment;
- Flexibility and Adaptability;
- Community Awareness;
- Accountability; and
- Respect, Understanding and Dignity.

DEDICATED SERVICE

5 YEARS

Duane	Melisa 1	Emma 2
Tanya	Bron 1	Evan 3
Suellen	Taleah 2	Samantha 3
Shay	Lisa 2	Keryn 3
Clare	Nathan 2	Chelsea 3
Belinda	Naomi 2	Teena 4
Leanne	Aidan 2	Josie 5
John 1	Shanay 2	Kate 5
Jack 1		

10 YEARS

Paul 6	Emma 10
Michael 8	Stephen 10
Jade 8	Don 10

15 YEARS

Jocelyn 11	Sara 13
Lucy 11	Anne 13
Laura 12	Annet 13
Catherine 12	Kim 13

OVER 15 YEARS

Karen 16	Ann 23
Kristy 19	Ian 30
Peta 19	Jo 32
Angie 19	Derek 33
Jane 20	Linda 36

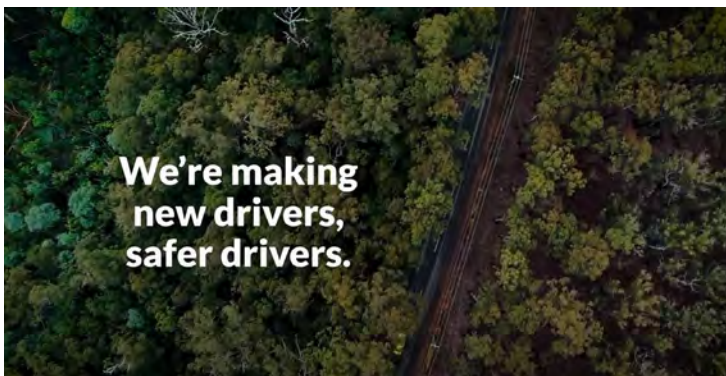


Image from "Plates Plus" campaign

The Motor Accidents Insurance Board is a Tasmanian Government Business Enterprise which operates the compulsory third party insurance scheme for Tasmania.

The scheme provides medical and income benefits on a no-fault basis to people injured as a result of a motor accident while enabling access to common law.

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OVERVIEW

The Motor Accidents Insurance Board (MAIB) was established pursuant to the *Motor Accidents (Liabilities and Compensation) Act 1973 (Act)* and is constituted as a Government Business Enterprise (GBE) under section 6 of the *Government Business Enterprises Act 1995 (GBE Act)*.

The MAIB commenced operations on 1 December 1974 and is the single provider of compulsory third party (CTP) motor accident insurance in Tasmania.

The Tasmanian Economic Regulator provides independent pricing oversight for MAIB premiums.

Benefits of the Tasmanian scheme include:

- ◆ “No-fault” statutory compensation for people who sustain fatal or personal injury as the result of a motor accident;

- ◆ “No-fault” lifetime care and support for the catastrophically injured;
- ◆ Common Law damages when injuries result from the negligence of another party;
- ◆ Indemnity for negligent motor vehicle owners or drivers for common law personal injury damages actions; and
- ◆ “No-fault” payments which allow early access to compensation.

The scheme is fully funded at no cost to the State or its residents, other than the cost of premiums for motor vehicle owners.

CLAIM BENEFITS

Scheduled Benefits

The provisions for scheduled benefits allow people injured as a result of a motor accident to receive benefits irrespective of fault, allowing benefits and rehabilitation to be made available without delay.

Scheduled benefits include the payment of:

- ◆ Reasonable medical and other health professional costs;
- ◆ Ambulance transport and hospital treatment costs;
- ◆ Attendant care costs;
- ◆ Reasonable travel costs for medical treatment;
- ◆ Disability allowance (income replacement);
- ◆ Housekeeping allowance;
- ◆ Funeral expenses;

- ◆ Death benefits; and
- ◆ Counselling fees for relatives of people fatally or seriously injured.

Limitations and caps apply to all benefits except lifetime care.

In addition to the scheduled benefits, those that are catastrophically injured have access to lifetime care and support.

Common Law

Clients can take action for damages for personal injury or death where the fault of another party can be established. There is no threshold restricting access to common law. There is an indexed threshold of \$6,000 for non economic loss, while future economic loss is limited to a maximum of three times adult average weekly earnings. Time limits apply for the commencement of actions for damages.

GOVERNANCE STRUCTURE

As at 30 June 2021

Shareholding Ministers

Portfolio Minister:

The Hon. Michael Ferguson MP

Treasurer:

The Hon. Peter Gutwein MP

Board of Directors

Chairman:

Don Challen AM

Directors:

Kate Cuthbertson
Michael Dontschuk
John Hindmarsh
Naomi Walsh

Management Team

Chief Executive Officer:

Paul Kingston

Chief Operating Officer:

Belinda Pratt

Chief Financial Officer:

Derek Thurm

Manager Continuous Improvement:

Jo Wilson

Manager – Claims:

Evan Sommerville

Team Leader – Claims:

Emma Jarman

Team Leader - Claims:

Duane Turner

Team Leader – Serious Injury Claims:

Jack Hickey

Injury Management Advisor:

Teena James

Executive Officer:

Kim Butterworth

Financial Accountant:

Angie Edwards

STATEMENT OF COMPLIANCE

The Hon. Peter Gutwein MP, Treasurer and Hon. Michael Ferguson MP, Minister for Infrastructure and Transport

In accordance with section 55 of the *Government Business Enterprises Act 1995*, we hereby submit for your information and presentation to Parliament the report of the Motor Accidents Insurance Board for the year ended 30 June 2021. The report has been prepared in accordance with the provisions of the *Government Business Enterprises Act 1995*.

Signed in accordance with a resolution of the Directors:

Dated: 16 September 2021



D W Challen AM

Chairman



K Cuthbertson

Director



CHAIRMAN AND CEO REVIEW

On behalf of the Board and management of the Motor Accidents Insurance Board, it is our pleasure to present the 2020-21 Annual Report.

Despite the ongoing uncertainties and challenges presented by the COVID-19 pandemic, the MAIB continued to maintain our service provision to maximise the continuity of care for clients and their families as well as achieving very strong financial outcomes for the year.

Financial Results

The operating result before tax for the year is a profit of \$302.9 million.

Two key factors determine the financial result (investment income and total claims costs) and both varied significantly from budget over the course of the year. The contribution of these two factors is highlighted in the table below.

Major contributions to business outcomes 2020-21

2020-21	Budget	Actual	Variance
	\$M	\$M	\$M
Claims expense	(142.0)	(73.0)	69.0
Investment income	81.4	255.4	174.0
All other factors	121.1	120.5	(0.6)
Profit before tax	60.5	302.9	242.4

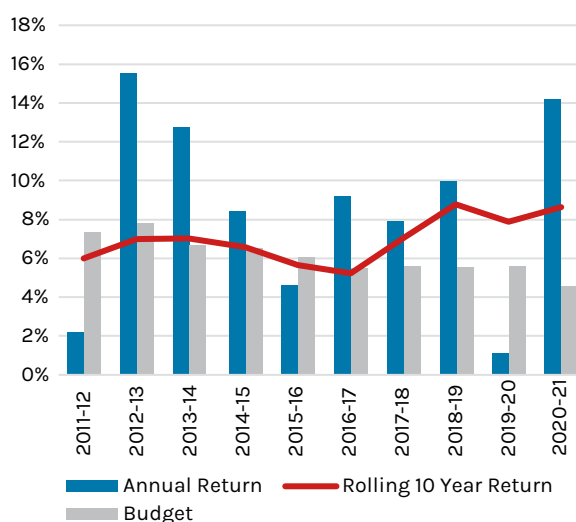
Investments

A diversified investment strategy is adopted which seeks to maximise long term returns within acceptable bounds of risk. The portfolio is invested in a range of asset classes including domestic and international equities, infrastructure, property, diversifying alternatives, Australian Government bonds and cash. The investment strategy is reviewed annually to match the long term nature of the outstanding claims liability and maintain a balance with the achievement of sustainable commercial rates of return for the Government and premium affordability.

The long term strategy is subject to short term volatility, creating variations in annual returns. The portfolio generated net revenue of \$255.4 million in 2020-21, which represents an annual return on investment of 14.2%.

The following chart illustrates the volatility of annual investment returns compared to long term returns.

Investment Returns 2011-12 to 2020-21



Claims Expense

The claims expense comprises the combined impact of the cost of claims and the movement in economic assumptions (discount and inflation rates) underlying the valuation of the outstanding claims liability.

During 2020-21 the final claims expense reported was lower than the initial forecast due to reduced long term care costs and the positive impact of revisions to the economic assumptions.

The individual movements in the components of the claims expense during 2020-21 are summarised below:

Claims expense movement - 1 July 2020 to 30 June 2021

	Change (\$M)	Total (\$M)
Forecast (as at 1 July 2020)		142.0
Claims expense	(50.0)	
Updated discount and inflation rates	(19.0)	
Total revisions		(69.0)
Actual (as at 30 June 2021)		73.0

Volatility in Results

MAIB's operating result before tax of \$302.9 million represents a significant increase over the previous year's profit of \$8.1 million. The volatility over the two-year period is due to factors outside of MAIB's control, primarily short term movements in investment markets and changes in the discount and inflation rates impacting the claims liability.

Despite the variation in profit over the two years, the underlying cash flows relating to claims operations remain largely unchanged. Premium receipts in 2020-21 totalled \$156.2 million (2020: \$158.0 million) with claim payments of \$85.9 million (2020: \$85.4 million).

Capital Position

MAIB's capital position is measured by its funding ratio (insurance assets as a percentage of net claims liabilities). Based on actuarial advice, a target range of 120%-145% has been established, which takes account of volatility in financial results and the desire for a high degree of confidence that the ratio will be at least 100%. The scheme is well positioned around the midpoint of that range with a funding ratio of 133.1% at 30 June 2021.

Dividend to Government

The agreed dividend policy with Government sets the payout ratio based on a sliding scale linked to MAIB's funding ratio and smooths the dividend payment by averaging after tax results over five years. Application of the methodology at the end of 2020-21 has resulted in a payout ratio of 51% and a recommended dividend to Government of \$48.3 million.

Service

Throughout the year the MAIB has continued its focus on quality client service and early engagement which will improve the management of claims and client outcomes. An annual independent client satisfaction survey of all completed claims was undertaken during the year. A high client satisfaction rating was achieved, with an overall score of 86.5%.

Claims

New claims received in 2020-21 totalled 2,163, a decrease of 5.7% compared to the previous year. Following an increase in vehicle numbers of 3.6% during the year there were 573,803 registered vehicles at 30 June 2021. This equates to an annual claim frequency of 3.8 claims per 1,000 registered vehicles.

Premiums

The MAIB reviewed its premium rates during the year and, following consideration of actuarial advice, applied a general premium decrease of 4% effective 1 December 2020. A small number of vehicle classes also received relativity increases or decreases. The MAIB's premium for a motor car remains the lowest of all State and Territory schemes, while providing arguably the most comprehensive benefits of all schemes.

The Tasmanian Economic Regulator undertook its investigations into the MAIB's pricing policies for 1 December 2021 to 30 November 2025 with the draft report released for consultation in June 2021. An amendment order effective from 1 December 2021 will be made to reflect the recommendations in the final report.

Road Safety Funding and Community Support

In 2020-21 the MAIB provided in excess of \$4.7 million to a wide range of community, Government and other organisations in Tasmania through various funding arrangements, grants and sponsorships. The funding was primarily focussed on efforts to improve road safety and motor accident outcomes and includes a \$4.0 million contribution to the education and enforcement strategies of the Road Safety Advisory Council. Other supported activities include funding of regional high schools to provide all-terrain vehicle training, sponsorship of brain injury disability related charities and regional school driver educational programs.

Acknowledgments

We would like to acknowledge all staff for their continued commitment, dedication and professionalism throughout the year and extend our thanks to them for their support in facilitating the care and support provided to the MAIB's clients, and to recognise the management team for leading the organisation. We also wish to recognise the Directors for their contribution, expertise and stewardship throughout the year. COVID-19 has impacted all organisations but the MAIB rose superbly well to the challenges. Our people ensured uninterrupted service to clients in difficult circumstances, when for much of the year, staff were not able to be together in their usual workplaces. We thank them all for their dedication and the flexibility and commitment shown to meet the needs of MAIB's clients.

CLAIMS MANAGEMENT

2020-21 Claims Performance

In 2020-21, the MAIB received 2,163 new claims, with total benefits paid of \$85.9 million.

98% of claims were assessed within one working day of receipt and 93% of the clients received a telephone call from a Claims Officer within one day to check in on their progress and provide advice on their entitlements.

103 Future Care (life-time) clients receive ongoing daily support, treatment and assistance.

Claims Management

The Claims Management team provides support to people injured in motor vehicle accidents including those driving Tasmanian registered vehicles, Tasmanian residents injured on our roads, and non Tasmanians who are injured if the vehicle that caused the accident is a Tasmanian registered vehicle.

High quality customer service is provided to clients and their families by providing guidance and assistance with available MAIB funded services to facilitate recovery post-accident. In 2020-21, our client satisfaction score was 86.5% which was achieved despite the ongoing challenges presented by the COVID-19 pandemic.

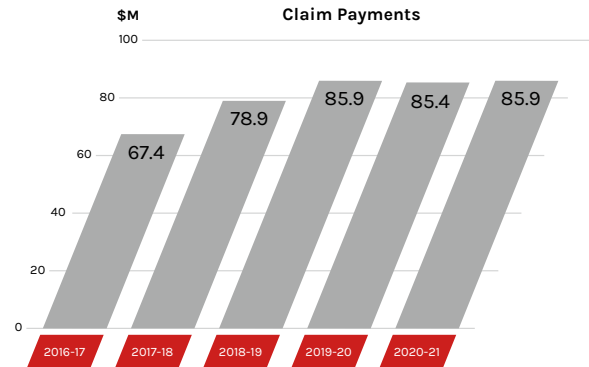
The MAIB team works with hospitals to ensure people are discharged with the appropriate services and home support. Funding is provided to clients to cover the cost of hospitalisation as well as the subsequent costs of treatment including general practitioner and specialist fees, physiotherapy and other therapies, medications and equipment.

If a client is unable to work, compensation may also be available for lost income as well as reimbursement for housekeeping costs where the client is unable to undertake their usual household tasks. Where a client has significant injuries, funding may also be provided for home modifications to increase independence and provide a safe home environment.

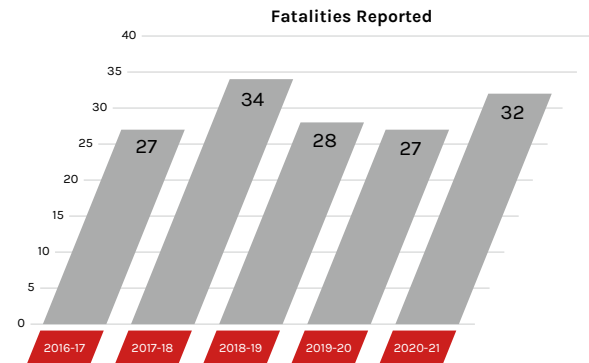
Dependency benefits are also provided to financial dependants of those that lose their life in a motor vehicle accident.

The COVID-19 pandemic continues to impact all our lives and ways of working. The MAIB continues to enable its teams to work flexibly to maximise the best possible client experience during this time.

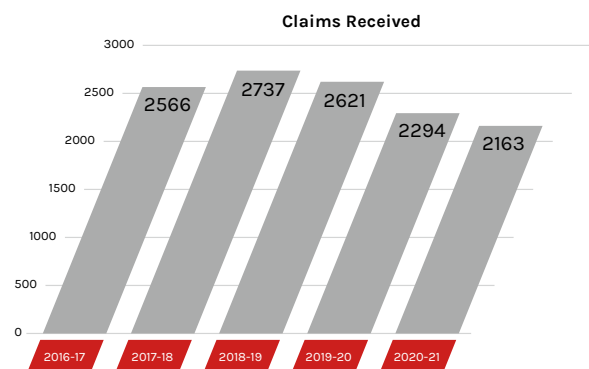
An agreement was finalised with Ambulance Tasmania during the year to simplify how clients are billed after receiving treatment for minor accidents. This has significantly improved client experience with many clients no longer required to complete claim forms for minor accident injuries.



Claims payments made for 2020-21 were \$85.9 million, consistent with recent years.



32 fatalities were reported in 2020-21, broadly in line with the recent trend.



2,163 claims were received in 2020-21, the lowest number in five years.

Clients Achieving

Paula Heyward

Paula Heyward was just 19 years old when she sustained significant injuries as a passenger in a motor vehicle accident. Paula has predominantly been using a wheelchair for mobility since the accident with one of her primary goals being able to walk again.

After completing housing modifications, Paula was highly motivated to engage in her rehabilitation and with the help of her Occupational Therapist she increased her safety and independence within her home and she is now enjoying living in the community.

Through Paula's positive mindset and determination to complete her rehabilitation program she is now able to walk 20 minutes on a treadmill unassisted!



CORPORATE GOVERNANCE

Legislative Authority

The MAIB was established pursuant to the Act and is constituted as a GBE under section 6 of the *Government Business Enterprise Act 1995* (GBE Act).

Corporate Plan and Ministerial Charter

In accordance with the GBE Act, the MAIB has a Corporate Plan and a Ministerial Charter. The Corporate Plan provides a clear strategic direction for the organisation for the next four years, including financial forecasts.

Risk Management

The MAIB has in place a risk management framework including a Risk Appetite Statement, Risk Management Policy, Risk Management Plan, Business Continuity Plan and an ICT Disaster Recovery Plan.

Risk identification, management and review, as well as compliance, are conducted on a continual basis. Formal reporting of compliance with, and effectiveness of, the risk management framework and internal risk mitigation is made to the Board through the Audit Committee.

Pricing Policies

The Tasmanian Economic Regulator provides independent pricing oversight for the MAIB's premiums. The Regulator undertook a review during 2020-21. Recommendations relating to premiums as at 1 December 2021 and for the subsequent three years will be implemented following the Government's consideration of the Regulator's Final Report.

Board of Directors

In fulfilling its oversight role, the Board sets relevant performance targets for the business with a focus on achieving appropriate commercial returns and maintaining affordable premiums. The Board reviews and approves strategies and policies that will assist in the achievement of corporate goals and compliance with legislative requirements.

There are three committees to assist the Board with corporate governance and oversight responsibilities.

Audit Committee

The Audit Committee (constituted in accordance with section 16 of the GBE Act) meets on a regular basis and assists the MAIB in fulfilling its corporate governance and oversight responsibilities in relation to:

- ◆ Financial reports and reporting processes;
- ◆ Internal control structures and monitoring;
- ◆ Risk management; and
- ◆ Internal and external audit.

Claims Committee

The Claims Committee meets on a regular basis to:

- ◆ Consider all settlement decisions on larger claims; and
- ◆ Approve settlements between \$300,000 and \$1,000,000 (the full Board is required to approve settlements above \$1,000,000).

Injury Prevention and Management Foundation (Foundation) Committee

The Foundation Committee meets as required to:

- ◆ Assess all project funding applications; and
- ◆ Provide recommendations to the Board on projects to be funded.

Board Processes

There are a number of processes in place to manage Board performance.

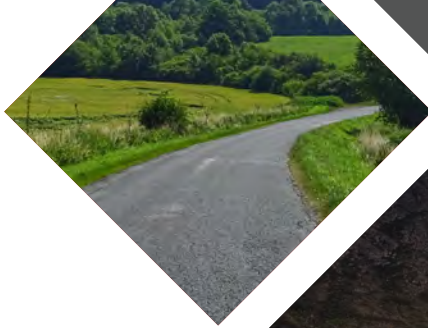
Evaluations

The MAIB has external (every three years) and internal (annual) processes in place to conduct performance assessments of the Board, its Committees, the individual Directors and the Chairman.

An external evaluation of the Board, individual Directors and the Chairman was undertaken in 2021.

Director Induction, Education and Training

The Board has a Director Induction, Education and Training policy in place to provide Directors with an understanding of corporate expectations, as well as appropriate support for their ongoing education and training.



Code of Conduct

The MAIB has a Code of Conduct for Directors. This is reviewed every two years and is available to the public on the MAIB website.

CEO Performance Review

An annual review of the Chief Executive Officer's performance is conducted by the Board. The review includes MAIB's business performance, achievement of strategic objectives, service delivery, leadership and risk management (addressing the requirements under section 20B of the GBE Act).

Nominations

The Board as a whole is responsible for:

- ◆ Considering the required skills and/or appointment of Directors;
- ◆ Reviewing succession plans; and
- ◆ Conducting the annual Board performance evaluation process.

Remuneration Report

The MAIB has complied with the *Guidelines for Tasmanian Government Businesses - Director and Executive Remuneration* for the year ended 30 June 2021.

Remuneration levels for key management personnel are set in accordance with the Director and Executive Remuneration Guidelines issued by the Department of Treasury and Finance.

Under these Guidelines, the CEO's salary is set by the Board of Directors within the allowable remuneration band. Other senior executive salaries are set so as to not breach the thresholds contained within the Guidelines.

The performance of each senior executive, including the CEO, is reviewed annually in accordance with a review of the performance of the business relative to its strategic objectives. No short term incentive payments or bonuses are paid to any member of the senior executive.

Further disclosures on senior executive remuneration is contained in note 22 of the financial report.



Image from "ANCAP - Safe Cars" campaign

BOARD OF DIRECTORS



DON CHALLEN

AM BEc (Hons), MEc, FCA, FCPA, FAICD, FIPAA

Chairman (Independent)

Appointed:

17 December 2010

Member:

Audit Committee
Foundation Committee

Don is an economist specialising in public finance.

He is currently a Senior Adviser with Flagstaff Partners and Chair of the Tasmanian Symphony Orchestra. He chairs the Premier's Economic and Social Recovery Advisory Council.

Don has extensive non-executive director experience. He was formerly Chairman of the Tasmanian Public Finance Corporation, a Director of Tasmanian Networks Pty Ltd and a Trustee Director and President of the Retirement Benefits Fund. He was formerly Secretary of the Department of Treasury and Finance in Tasmania.



KATE CUTHBERTSON

LLB (Hons), BA, Grad Cert in Legal Practice, GAICD

Director (Independent)

Appointed:

27 November 2015

Member:

Claims Committee
Foundation Committee

Kate is a lawyer with over 20 years' experience practising in all areas of General Litigation.

She commenced practice as a Barrister at Malthouse Chambers in Hobart in February 2010 and was appointed Head of Chambers in August 2014.

Kate is a member of the Parole Board, Anti-Discrimination Tribunal, Council of Obstetric and Paediatric Mortality and Morbidity, Sentencing Advisory Council, a Criminal Injuries Compensation Commissioner, Chairperson of the Tasmanian Racing Appeal Board and Chairperson of Mosaic Support Services.



MICHAEL DONTSCHUK

BSc (Hons), FFTP, GAICD

Director (Independent)

Appointed:

1 May 2013

Member:

Audit Committee

Michael is a finance professional with over 35 years' experience in investment, finance, treasury and financial risk management. He worked extensively in corporate financial advisory and investment banking.

He is currently a professional non-executive director and sits on a number of company boards including the Public Trustee, Grange Resources Limited, Australia Ratings and Eticore.

Michael has previously been an executive with Grange Resources Limited, Group Treasurer of ANZ Bank, Managing Director of Treasury Corporation Victoria, President and Director of the Finance and Treasury Association of Australia and Manager at Bankers Trust.



JOHN HINDMARSH

MBA, GAICD

Director (Independent)

Appointed:

1 February 2020

Member:

Claims Committee

John is an experienced executive and director with over 30 years' experience in finance and investment, including twelve years as the CEO of the Tasmanian Public Finance Corporation.

He was a member of the board of the Tasmanian Public Finance Corporation between 2002 and 2014, and of the establishment board for the New Zealand Venture Investment Fund in 2001-02.

John is currently the Chairperson of the Pauanui Business Association Inc.



NAOMI WALSH

FCA, GAICD, MBus

Director (Independent)

Appointed:

1 January 2019

Member:

Audit Committee
Claims Committee

Naomi is a finance professional with 30 years' experience in chartered accounting and commercial roles and was the 2015 Telstra Tasmania Business Woman, Private and Corporate.

She is a Teaching Fellow with the University of Tasmania, Deputy Chair on the Tasmanian Regional Councillor for CAANZ and the Tasmanian representative on the CAANZ Corporate Sector Advisory Committee.

Naomi is a Commissioner for the Legal Aid Commission of Tasmania and a board member of TasTAFE, Mental Health Council of Tasmania, Launceston Chamber of Commerce, the Tasmanian Building and Construction Industry Training Board and Tasmanian Traineeships and Apprenticeships Committee.

Post 30 June 2021, two Directors are to commence with the MAIB to replace retiring Directors:

◆ **Lance Balcombe**

appointment effective 2 August 2021; and

◆ **Kristen FitzGerald**

appointment effective 1 October 2021.

The MAIB 2020-21 financial statements were adopted by a resolution of the Board on 12 August 2021. The Directors party to that approval were Don Challen, Lance Balcombe (appointed from 2 August 2021), Kate Cuthbertson, Michael Dontschuk, John Hindmarsh and Naomi Walsh.

STATEMENT OF CORPORATE INTENT

Introduction

This Statement of Corporate Intent (SCI) is a high level summary of the Corporate Plan (Plan) and includes a performance agreement between the Board of the MAIB and the Shareholding Ministers.

The performance agreement details the key financial and non-financial targets for the MAIB for 2020-21, as agreed between the Board and the Shareholding Ministers through the Corporate Planning process.

The SCI has been prepared in accordance with the *Government Business Enterprises Act 1995* (GBE Act) and the modified corporate planning and reporting process for 2020-21. The Statement of Corporate Intent has been revised and has taken account of the known impacts of COVID-19 on MAIB for 2020-21.

Strategic Direction

The core business of the MAIB is to provide compulsory third party personal injury motor accident insurance and deliver appropriate compensation to people injured in motor accidents.

The three main drivers of the business performance are premiums, investment income and claims expense. Major external influences include financial markets affecting investment returns and changes in prevailing bond yields impacting claims expense. While every attempt is made to monitor and navigate these external influences, it is not possible to predict annual profits with certainty, leaving forecasts open to significant volatility.

The following strategic goals have been identified for the planning period:

1. Quality client service

Maximising recovery and everyday life through quality client service and focusing on what matters most to our clients as individuals.

2. Strong financial management

Maintain a well-funded scheme that maximises value for the State.

Deliver financial outcomes that optimise our risk/return objectives and demonstrate strong governance in order to provide long term sustainability.

3. Towards zero serious road casualties and trauma

Actively support accident prevention and injury management initiatives to assist in reducing the frequency, severity and impact of motor accidents in Tasmania.

Be a key influence on, and participant in, moving toward a future of zero serious road accident casualties, including funding appropriately targeted road safety services and initiatives and influencing good road safety outcomes.

4. Valued, motivated and supported workforce

Sustain a valued, motivated, engaged, accountable, client focused and supported workforce.

5. Enhanced client experience through continuous improvement

Continue to improve efficiency, accuracy and robustness of all business practices and systems to increase productivity, gain time for staff in order to enhance client service and support decision making.

6. Community and stakeholder engagement

Establish and maintain MAIB's standing within the community by actively engaging with all stakeholders and pursuing strong community involvement.

Performance Agreement

Financial Returns to Government

	Target 2020-21	Actual 2020-21
Dividends Paid (\$M)	32.4	32.6
Tax Equivalents Paid (\$M)	0.0	3.3
Total	32.4	35.9

Financial Targets

	Target 2020-21	Actual 2020-21
Financial Result after Tax (\$M)	45.4	214.3
Funding Ratio (%)	125.0	133.1
Return on Equity (%) - 1 Year	8.0	38.4
- 15 Years	8.0	17.6
Return on Assets (%) - 1 Year	3.0	15.3
- 15 Years	3.0	6.6
Return on Investments (%) - 1 Year	4.5	14.2
- 15 Years	4.5	6.6
Premium Increase (%)	<2.5	(3.9)

Non-Financial Targets

	Target 2020-21	Actual 2020-21
General claim rate per 1,000 vehicles	5.0	3.8
Serious claim rate per 1,000 vehicles	1.1	1.0
Number of outstanding claims	2,300	2,373
Client satisfaction (%)	77.0	86.5
Premium affordability of AWOTE (%)	21.0	18.4

MAIB met all its financial targets in 2020-21. The funding ratio of 133.1% is well placed within the target range of 120% to 145% and the financial result after tax of \$214.3 million for 2020-21 was significantly above budget.

The result for the year and the capital position at year end are due primarily to a 14.2% annual investment return (compared to the long term projected return of 4.5% per annum) and a reduction in the claims expense due to reduced long term care costs and revised economic assumptions underlying the valuation of the outstanding claims liability.

The higher profitability is reflected in the corresponding higher returns on equity and total assets.

The MAIB targets long term growth from its investments and structures its portfolio in accordance with the profile of the outstanding claims liability. This strategy is expected to meet MAIB's requirements over the long term, however, it introduces short term volatility which continues to be evident in annual investment returns.

Following receipt of actuarial advice, a 4% general premium rate reduction was applied during the year, with the annual premium for a motor vehicle decreasing from \$294 to \$282. Premium rates relating to a small number of vehicle classes were subject to relativity adjustments during the year (both increases and decreases) as allowed in the current Premiums Order. The general premium reduction continues MAIB's commitment to improving premium affordability for Tasmanian motor vehicle owners.

ROAD SAFETY AND COMMUNITY INVOLVEMENT

Each year the MAIB actively works with other sectors of the Tasmanian community to promote safer driving, as well as advancing practices for the treatment and rehabilitation of injured people. This work supports the MAIB objectives of reducing the number and severity of accidents that occur on Tasmanian roads, as well as improving injury outcomes.

The MAIB proudly sponsors a range of community and road safety initiatives each year, including:

Road Safety Advisory Council (RSAC)

Established in 1996, the RSAC enforcement and public education program is an MAIB funded initiative of the Department of State Growth, Tasmania Police and the MAIB. The MAIB's funding of the RSAC program is approximately \$4.0 million per annum.

The RSAC program has significantly grown in profile and research conducted has concluded that the program is perceived by the Tasmanian community as the pre-eminent independent face of road safety. The RSAC activities have contributed to a consistent, and substantial decrease in serious injury claims frequency during this period.

Several road safety marketing campaigns were delivered through RSAC during 2020-21, including:

- ◆ Safe cars - ANCAP rating;
- ◆ Road torque - short stories on road safety messages and the impacts of road casualty;
- ◆ Don't drive blind - mobile phone use while driving (updated campaign);
- ◆ Plates plus - introduction of new Graduated Licensing System for learner and provisional drivers; and
- ◆ Real Mates (The Look) - the latest iteration of anti-drink driving campaign for males aged 17-25.

Injury Prevention and Management Foundation

The Foundation was established under the Act in 1993 with the objective of promoting measures to reduce the number and severity of motor accidents and minimise the costs of the scheme to the Tasmanian community.

The Foundation funds research, education and service development programs directed towards the prevention of motor accidents and/or the reduction in the severity and improved management of injuries resulting from motor accidents. The priority areas of the Foundation are:

- ◆ Promoting and advancing road safety;
- ◆ Reducing the frequency and severity of injuries from road accidents;
- ◆ Improved access to quality medical, rehabilitation and long-term care services; and
- ◆ New development/techniques in areas of injury management.

The MAIB, through the Foundation, provides funding to a maximum of 1% of gross premium revenue per annum.

Foundation Projects Funded in 2020-21

The projects funded through the Foundation in 2020-21 were:

- ◆ Brain Injury Awareness Tasmania - The BIT MAD Project;
- ◆ Campbell Town District High School - Drive to Survive and All-Terrain Vehicle Training (for Year 10 students);
- ◆ Exeter High School - Quad Bike Safety;
- ◆ Hobart Clinical School - Wilderness Skills Weekend;
- ◆ Lilydale District School - All-Terrain Vehicle Training;
- ◆ Paraplegic and Quadriplegic Association of Tasmania - Propel - Traction for people with Spinal Cord Injury;
- ◆ RACT - Regional School Driver Education;
- ◆ Road Trauma Support - Supporting and promoting healing in Tasmania for road crash victims with psychological and emotional trauma; and
- ◆ Yolla District High School - Driver Education and All-Terrain Vehicle Training (for Year 10 students).



Image from the "Real Mates (The Look)" campaign

Motorcycle Course: Returning Riders Road Skills Check Ride

The MAIB has been providing subsidies for returning motorcycle riders since 2005. The current course, the Returning Riders Road Skills Check Ride is provided through the State Government contracted Motorcycle Training and Assessment Program provider. The MAIB subsidises \$150 towards the cost of the course.

Road Rescue Services Funding for Emergency Services

The MAIB provides annual funding to the Tasmanian Fire Service and State Emergency Service for road rescue services. In 2020-21 the total annual funding for these services was around \$610,000.

Tasmanian Community Achievement Awards

The MAIB has provided sponsorship of the MAIB Disability Achievement Award as part of the Tasmanian Community Achievement Awards since its inception in 2007. The Awards aim to encourage, acknowledge and reward the valuable contributions that individuals, groups, communities and businesses are making throughout Tasmania.

The 2020 award went to Judy Huett. Judy advocates for human rights of people with a disability. Judy was the first Australian person with an intellectual disability to go to the United Nations in Geneva to present to the UN Committee about the 2013 UN Convention of the Rights of Persons with Disabilities. She has actively worked with the Independent Advisory Council and the Intellectual Disability Reference Group, advising the National Disability Insurance Agency board from the lived experience of a person living with intellectual disability. Judy works with the Speak Out Association of Tasmania and is an Asia Pacific member of Empower Us Action Group, an international inclusion group.



2020 MAIB Disability Achievement Award - Judy Huett

ROAD SAFETY AND COMMUNITY INVOLVEMENT (CONTINUED)

MAIB/Metro Nightrider

The MAIB has funded the MAIB Nightrider service for the past ten years. The MAIB Nightrider service comprises Metro buses being subsidised to operate on New Year's Eve in Hobart, Launceston and Burnie, thereby providing a low-cost option (\$2 flat fee) to get home safely for those celebrating. The Nightrider services in 2020-21 were offered in a limited format as a result of the lower number of people attending public events, due to COVID-19 restrictions.

Motor Accidents Injury Insurance Schemes

The MAIB is a member of the Heads of Motor Accidents Injury Schemes (HMAIS), which comprises the motor accident personal injury insurance bodies from all Australian states and territories as well as New Zealand. The HMAIS meets regularly to facilitate a shared understanding of trends and advancements in road safety as well as injury management and treatment. During 2020-21, the MAIB chaired the HMAIS and was a participant in a number of sub-committees.

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Human Resources

The MAIB is committed to maintaining a valued, motivated, engaged, accountable, and supported workforce which is able to deliver a high-quality service in accordance with the MAIB's Purpose and Values.

Employment Conditions

The MAIB has approximately 40 FTEs, 77% of whom are female. Twelve staff members work part time using ongoing flexible working arrangements to help achieve a work/life balance and accommodate family commitments.

The wages and conditions for staff are provided for under the MAIB and FSU Enterprise Agreement 2019. A Staff Code of Conduct is in place to which all employees must adhere. The Code is reviewed on an annual basis and is available on the MAIB website.

Employee Development

Staff are provided with ongoing training opportunities to assist in their development. Training that has been undertaken throughout the year includes:

- ◆ Brain Injury Awareness - information session;
- ◆ Road Trauma Support Tasmania - information session; and
- ◆ Right to Information.

Training opportunities were limited in 2020-21 given the challenges presented by the COVID-19 pandemic.

Employee Wellbeing

The MAIB has a Health and Safety Committee to promptly identify risks and address any issues that may affect employee safety.

There is also an Employee Assistance Program available offering counselling services to all staff for both work and personal issues.

Support for Charities

The MAIB staff are passionate about providing support to charities. Some of the charities that were supported throughout the year include:

- ◆ Launceston Benevolent Society - Can Drive - food donations used to help people in the community who need assistance;
- ◆ Samaritan's Purse Operation Christmas Child - MAIB employees continue to participate in this project that provides gift filled "shoe boxes" to underprivileged children in over 100 countries; and
- ◆ Pollie Pedal - The MAIB provided sponsorship for Pollie Pedal 2021, which is a cycling event that raises awareness and funds for Diabetes Tasmania.



FINANCIAL REPORT

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Premium revenue	2	141,588	140,743
Outwards reinsurance expense		(5,941)	(5,751)
		135,647	134,992
Gross claims incurred	3	(81,421)	(138,838)
Recovery revenue	3	8,381	4,648
Net claims incurred		(73,040)	(134,190)
Underwriting expenses	2	(3,065)	(3,121)
Unexpired risk expense	15	1,245	1,216
Underwriting result		60,787	(1,103)
Investment income	4	256,355	24,171
Investment expenses	4	(949)	(1,015)
Other income		767	587
General and administration expenses	5	(8,027)	(7,376)
Road Safety Advisory Council	6	(3,977)	(3,899)
Injury Prevention and Management Foundation	7	(427)	(341)
State Emergency Service	8	(350)	(343)
Other expenses		(1,251)	(929)
Profit/(loss) before tax		302,928	9,752
Tax (expense)/benefit	9	(88,622)	(1,694)
Profit/(loss) after tax		214,306	8,058
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)		281	989
Revaluation of land and buildings		1,646	(1,250)
Tax (expense)/benefit on other comprehensive income		(578)	78
Other comprehensive income net of tax		1,349	(183)
Total comprehensive result		215,655	7,875

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	10	4,888	4,908
Receivables	12	19,729	21,684
Prepaid tax	9	-	5,837
Investments	10	2,064,851	1,795,847
Property, plant and equipment		19,997	18,423
Intangibles		156	173
Total assets		2,109,621	1,846,872
Liabilities			
Payables		2,126	2,271
Provision for tax	9	37,039	-
Unearned premiums	13	63,800	63,795
Outstanding claims	14	1,295,971	1,295,028
Unexpired risk	15	4,398	5,693
Net deferred tax	9	44,716	1,651
Provision for employee benefits	16	9,046	8,930
Total liabilities		1,457,096	1,377,368
Net assets		652,525	469,504
Equity			
Retained earnings attributable to equity holders		645,877	464,008
Reserves		6,648	5,496
Total equity		652,525	469,504

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
Balance at 1 July 2019	547,136	6,371	553,507
Profit/(loss) after tax	8,058	-	8,058
Other comprehensive income net of tax	692	(875)	(183)
Total comprehensive result	8,750	(875)	7,875
Dividends paid	(91,878)	-	(91,878)
Balance at 30 June 2020	464,008	5,496	469,504
Profit/(loss) after tax	214,306	-	214,306
Other comprehensive income net of tax	197	1,152	1,349
Total comprehensive result	214,503	1,152	215,655
Dividends paid	(32,634)	-	(32,634)
Balance at 30 June 2021	645,877	6,648	652,525

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities			
Premiums received		156,205	157,971
Recoveries received		9,950	11,855
Dividends received		60,187	49,179
Interest received		8	393
Rent received		622	580
Other investment revenue received		2,568	1,779
Claims paid		(85,919)	(85,350)
Reinsurance paid		(6,154)	(6,262)
Underwriting expenses paid		(3,426)	(3,449)
General and administration expenses paid		(7,506)	(6,855)
Other expenses paid		(1,036)	(836)
Investment expenses paid		(942)	(1,192)
Road Safety Advisory Council paid		(4,375)	(4,298)
State Emergency Service paid		(385)	(378)
Injury Prevention and Management Foundation paid		(458)	(373)
Tax equivalent paid		(3,259)	(11,172)
Goods and services tax paid		(7,827)	(6,838)
Net cash from operating activities	17	108,253	94,754
Cash flows from investing activities			
Purchase of investments		(376,460)	(1,065,023)
Sale of investments		301,246	1,056,414
Purchase of property, plant and equipment		(396)	(2,408)
Purchase of intangibles		(61)	(128)
Sale of plant and equipment		32	16
Net cash flows from investing activities		(75,639)	(11,129)
Cash flows from financing activities			
Dividends paid		(32,634)	(91,878)
Net cash flows from financing activities		(32,634)	(91,878)
Net increase/(decrease) in cash and cash equivalents held		(20)	(8,253)
Cash and cash equivalents at the beginning of the financial year		4,908	13,161
Cash and cash equivalents at the end of the financial year	10	4,888	4,908

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Basis of preparation

This section of the financial report sets out the accounting policies of the Motor Accidents Insurance Board (MAIB) which relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

(a) Reporting entity

MAIB was established and is governed by the *Motor Accidents (Liabilities and Compensation) Act 1973*. MAIB is a for-profit Tasmanian Government Business Enterprise, which administers the funding and payment of compulsory third party motor accident compensation to eligible people who have been injured in a motor accident.

MAIB is domiciled in Australia and its principal place of business is Level 1, 33 George Street, Launceston, Tasmania 7250.

(b) Statement of compliance

The financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards and Interpretations, the *Government Business Enterprises Act 1995*, and the Treasurer's Instructions and Guidelines.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements cover MAIB for the year ended 30 June 2021 and were certified and authorised for issue by the Board of Directors on 12 August 2021.

(c) Basis of accounting

The financial statements have been prepared on an accruals basis and are based on historical costs, except for:

- ◆ investments and land and buildings which are measured at fair value; and
- ◆ the outstanding claims liability, recoveries receivable and provision for employee benefits which are measured at present value of the expected cash outflows.

Cost is based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian dollars, which is MAIB's functional currency. Amounts have been rounded to the nearest thousand dollars unless otherwise stated.

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments are disclosed in the relevant notes.

The statement of financial position is presented on a liquidity basis, as provided for in AASB 101 *Presentation of Financial Statements* whereby all assets and liabilities are presented in order of liquidity, from most liquid to least liquid. It is deemed by the Board of Directors that this method of disclosure provides information that is more relevant and reliable than the traditional current/non-current classifications. Unless otherwise disclosed, an asset or liability is expected to be recovered either wholly within 12 months or wholly subsequent to this period.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Basis of preparation *Continued*

Australian Accounting Standards adopted during the period

The following standard has been applied for the first time for the annual reporting period commencing 1 July 2020.

(i) *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*

The amendments refine the definition of material in AASB 101 and are applicable for the year ended 30 June 2021. The amendments clarify the definition of material and include guidance relating to obscuring information which could be reasonably expected to influence decisions of the primary users of the financial information. The amendments include additional guidance, give more prominence to, and clarify the definition of material. The adoption of the amendments has had no significant impact on MAIB's financial report disclosures.

Australian Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended 30 June 2021 and have not been adopted by MAIB when preparing the 2020-21 financial report. Relevant standards will be applied in the annual reporting periods beginning on or after the effective dates set out below. MAIB has reviewed the pending standards and considers the following standard may apply. Standards that are not considered relevant to MAIB have not been included.

(i) *AASB 17 Insurance Contracts (operative date 1 January 2023)*

AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. MAIB has commenced a project in relation to the implementation of AASB 17 and is currently assessing the impact of this standard. Initial advice indicates the standard is not expected to have a material impact on the MAIB's financial position. However, it is expected there will be significant changes in the disclosures contained in the notes to the financial statements.

(d) Risk management policies and procedures

MAIB has a risk management framework which is governed by the Risk Appetite Statement and Risk Management Policy and administered through the Risk Management Plan. The plan outlines key risks and mitigating strategies for MAIB's operations and is designed to effectively manage exposure to financial and non-financial risks.

A summary of the mitigation processes relevant to key risks arising from insurance contracts is contained in Note 14 Outstanding Claims. Information in relation to investment risks is contained in Note 11 Financial Instruments.

2 Premium revenue

Premium revenue consists of compulsory third party insurance premiums paid by motor vehicle owners. Premiums are levied at the rates prescribed under the Premiums Order(s) applicable during the year. Premium revenue is collected on behalf of MAIB under a service level agreement with the Department of State Growth. Premium collection fees are levied under this agreement and recognised as underwriting expenses in the statement of comprehensive income.

Premium revenue is recognised in the statement of comprehensive income when it has been earned and is calculated from the date of attachment of risk.

The earned portion of the premiums charged is recognised as revenue from the date of attachment of risk. The pattern of recognition over the policy period is linearly based on time, which is considered to approximate closely the pattern of risks underwritten.

	2021 \$'000	2020 \$'000
Gross written premiums	141,593	143,978
Movement in unearned premiums	(5)	(3,235)
Premium revenue	141,588	140,743

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3 Net claims incurred

The following table shows the impact on the outstanding claims liability of risks borne in the current reporting period separately to the reassessment of the risks borne in all previous reporting periods.

	2021			2020		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred						
Inflated/undiscounted	202,078	(50,064)	152,014	202,152	(113,453)	88,699
Discount movement	(48,344)	(22,249)	(70,593)	(47,378)	97,517	50,139
	153,734	(72,313)	81,421	154,774	(15,936)	138,838
Claim recoveries						
Inflated/undiscounted	(2,786)	(7,383)	(10,169)	(2,941)	(1,180)	(4,121)
Discount movement	236	1,552	1,788	202	(729)	(527)
	(2,550)	(5,831)	(8,381)	(2,739)	(1,909)	(4,648)
Net claims incurred	151,184	(78,144)	73,040	152,035	(17,845)	134,190

4 Net investment income

Dividends are recognised as revenue when the right to receive payment is established. Interest income is recognised on an accruals basis using the contractual interest rate. Following a restructure within the investment portfolio, all investments in 2020-21 comprise units in unlisted trusts, with all income distributions being received as dividends.

Differences between the net fair values of investments at the reporting date and their net fair values at the previous reporting date (or cost of acquisition if acquired during the financial year) are recognised as a gain or loss in investment income in the statement of comprehensive income in the reporting period in which the changes occur. Realised changes in the fair value of investments are calculated using the average cost methodology.

	2021 \$'000	2020 \$'000
Interest	-	4,461
Dividends	60,489	48,293
Other	2,455	1,772
Changes in fair value of investments		
Realised	13,328	8,553
Unrealised	180,083	(38,908)
Investment income	256,355	24,171
Investment expenses	(949)	(1,015)
Net investment income	255,406	23,156

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

5 General and administration expenses

	2021 \$'000	2020 \$'000
Salaries and related expenses	4,622	4,598
Depreciation and amortisation	225	208
Information technology	1,116	875
International travel ¹	-	-
Other operating costs	2,064	1,695
	8,027	7,376

¹ No international travel was undertaken in 2019-20 or 2020-21.

6 Road Safety Advisory Council

MAIB funds enforcement and public education strategies through the Road Safety Advisory Council. A Memorandum of Understanding between MAIB, Department of Police Fire and Emergency Management and the Department of State Growth is in operation and specifies the agreed key performance indicators and level of funding.

7 Injury Prevention and Management Foundation

The Motor Accidents (Liabilities and Compensation) Act 1973 allows MAIB to fund research and education and to service development programs directed towards the prevention and improved management of injuries resulting from motor accidents.

Funding for the Injury Prevention and Management Foundation is by way of up to 1% of premium income each year. A sub-committee of the Board of Directors has been established to administer the Foundation and approve projects up to its delegated authority. Projects above the sub-committee's authority are approved by the Board of Directors upon the sub-committee's recommendation.

8 State Emergency Service

MAIB funds the State Emergency Service (SES) to provide rural road rescue services where occupants have been trapped in their vehicles after a motor accident. The funding arrangement with the SES assists in the provision of a key component of road crash management and the commencement of the injury treatment process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

9 Income tax

Under the provisions of the *Government Business Enterprises Act 1995*, MAIB is required to pay income tax equivalents to the State Government under the National Tax Equivalent Regime (NTER).

The income tax expense or benefit for the period is that tax payable or receivable on the current period's taxable income based on the tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities, and their carrying amounts.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent it is probable sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the assets and liabilities giving rise to them are realised or settled, based on tax rates that have been enacted or substantially enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which MAIB expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NTER instalments are paid monthly. A balancing payment is made subsequent to year end following finalisation of the tax position. Where the instalments paid exceed the tax liability no balancing payment is required. Excess instalment payments are retained by the State Government and offset against future tax obligations.

	2021 \$'000	2020 \$'000
(a) Income tax expenses/(benefit) comprises:		
Current tax expense/(benefit)	46,871	43,348
Movement in net deferred tax asset/(liability)	43,065	(25,613)
Losses incurred/(utilised)	-	(17,416)
Tax on other comprehensive income	(578)	78
Adjustment in respect of prior years	(736)	1,297
Tax expense/(benefit) attributable to operating result	88,622	1,694
Reconciliation between operating result and income tax expense/(benefit)		
Operating result before tax	302,928	9,752
Income tax expense/(benefit) calculated at 30%	90,878	2,926
Tax offsets for franked dividends	(2,353)	(2,143)
(Over)/under provision of income tax expense/(benefit) in previous year	97	911
Tax expense/(benefit) attributable to operating result	88,622	1,694
(b) Tax liability/asset		
Provision for tax/(prepaid tax) at 1 July	(5,837)	(21,893)
Tax payable in respect of current year	46,871	27,228
Less tax instalments paid	(3,259)	(11,172)
(Over)/under provision for tax in previous year	(736)	-
Provision for tax/(prepaid tax)	37,039	(5,837)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

9 Income tax *Continued*

(c) Deferred tax balances

	1 July \$'000	Recognised in profit and loss \$'000	Recognised in other comprehensive income \$'000	30 June \$'000
2021				
Deferred tax assets				
Investments	6,473	6,777	-	13,250
Claims handling provision	31,028	2,791	-	33,819
Other provisions	4,782	(255)	(84)	4,443
Plant and equipment	20	(5)	-	15
Total deferred tax assets	42,303	9,308	(84)	51,527
Deferred tax liabilities				
Investments	41,765	51,793	-	93,558
Property	2,189	2	494	2,685
Total deferred tax liabilities	43,954	51,795	494	96,243
Net deferred tax asset/(liability)	(1,651)	(42,487)	(578)	(44,716)
2020				
Deferred tax assets				
Investments	795	5,678	-	6,473
Claims handling provision	26,178	4,850	-	31,028
Other provisions	5,246	(167)	(297)	4,782
Plant and equipment	28	(8)	-	20
Tax losses	17,416	(17,416)	-	-
Total deferred tax assets	49,663	(7,063)	(297)	42,303
Deferred tax liabilities				
Investments	74,366	(32,601)	-	41,765
Property	2,561	3	(375)	2,189
Total deferred tax liabilities	76,927	(32,598)	(375)	43,954
Net deferred tax asset/(liability)	(27,264)	25,535	78	(1,651)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10 Investments

All investments are held to back insurance and other liabilities. Investments are mandatorily classified at fair value through the statement of comprehensive income as the investments do not meet the 'solely payments of principal and interest' (SPPI) test and are managed as a portfolio based on their fair values.

Investments are recognised on the date MAIB becomes a party to the contractual provisions of the financial instrument. Investments are initially and subsequently recognised at fair value, with any resultant gains or losses recognised within investment income in the statement of comprehensive income.

Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and MAIB has transferred substantially all the risks and rewards of ownership. Any gains or losses arising on derecognition are included in the statement of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

Fair value

Details of the fair value of MAIB's investments are listed below.

- ◆ Cash and cash equivalent assets are held at cost plus accrued interest which approximates their fair value.
- ◆ Units in unlisted trusts are valued at redemption value per unit as reported by the managers of such funds at the reporting date.

Where the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, the fair values are subject to estimation using valuation techniques with inputs based on market conditions prevailing at measurement date. The primary estimation technique is to adopt the net asset value (NAV) per unit applicable for redemption at the end of the reporting period for investments in unlisted trusts.

Investment portfolio

The investment portfolio consists of a range of asset classes designed to meet liquidity needs and to provide for long term growth. The majority of investment assets are held in unlisted unit trusts, with the categorisations below being based on the direct investment in each fund.

MAIB considers the unlisted managed investment schemes (funds) in which it invests satisfy the definition of unconsolidated structured entities as:

- ◆ the funds have narrow and well-defined objectives to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- ◆ the voting rights are not the dominant factor in deciding who controls the entities, as they relate to administrative tasks only; and
- ◆ each fund's activities are restricted by its fund or product offer documents and constitution.

MAIB invests in unrelated managed funds for the purpose of capital appreciation and earning of investment income. The funds' objectives are to generate a return for investors on the capital invested. The funds finance their operations by issuing units to investors and through borrowings. The units issued to investors represent their beneficial interest in the funds' assets. Subject to the redemption terms of each fund, the units can be redeemed at the holder's option and entitle the holder to a proportional stake in the respective fund's net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10 Investments *Continued*

The table below sets out the composition of MAIB's investment portfolio at balance date. Investments in structured entities in which MAIB holds an interest are categorised by investment strategy.

	2021 \$'000	2020 \$'000
Cash and cash equivalents		
Cash at bank	4,888	4,908
	4,888	4,908
Investment assets		
Structured entity investments		
Cash funds	102,513	88,555
Australian Government bonds funds	534,957	436,940
Fixed income funds	50,318	97,979
Australian equities funds	223,728	184,441
International equities funds	557,055	481,212
Diversifying alternatives funds	184,378	163,805
Property funds	277,993	242,780
Infrastructure funds	132,839	99,365
Total structured entity investments	2,063,781	1,795,077
Other investment assets		
Outstanding settlements receivable	1,070	770
Total other investment assets	1,070	770
Total investment assets	2,064,851	1,795,847

At 30 June 2021, MAIB's unit holdings in its Australian Government bonds funds range from 22% to 37% (2020: 18%) of the total units on offer. Unit holdings in all other categories are less than 20% of the total units on offer (2020: less than 20%). MAIB's maximum exposure to loss from its interests in the funds is equal to the total fair value of its investments in the funds, as there are no off-balance sheet exposures. Once MAIB has disposed of its units in a fund, it ceases to be exposed to any risk from that fund.

11 Financial instruments

Fair value measurements are classified using a fair value hierarchy reflecting the subjectivity of the inputs used in making the measurements. The fair value hierarchy comprises the following three levels:

- ◆ Level 1 fair value measurements are derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- ◆ Level 2 fair value measurements are based on market observable inputs other than quoted prices, including dealer quotations or alternative pricing sources and models. The observable inputs include prices and/or those derived from prices.
- ◆ Level 3 fair value measurements are based on significant unobservable inputs where the fair values are derived from valuation techniques based on assumptions which are not supported by observable market data. Level 3 instruments include investments not based on market inputs, or securities in an inactive/illiquid market and are valued using models and internal data.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. All fair value measurements disclosed are recurring fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11 Financial instruments *Continued*

The following tables present the financial assets measured and recognised at fair value and at amortised cost at 30 June 2021 and 30 June 2020.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2021				
Financial assets at fair value through the statement of comprehensive income¹				
Cash and cash equivalents	4,888	-	-	4,888
Cash funds	-	102,513	-	102,513
Australian Government bonds funds	-	534,957	-	534,957
Fixed income funds	-	50,318	-	50,318
Australian equities funds	-	223,728	-	223,728
International equities funds	-	557,055	-	557,055
Diversifying alternatives funds	-	184,378	-	184,378
Property funds	-	65,097	212,896	277,993
Infrastructure funds	-	93,456	39,383	132,839
Total	4,888	1,811,502	252,279	2,068,669
Financial assets at amortised cost²				
Outstanding settlements receivable	1,070	-	-	1,070
Total	1,070	-	-	1,070
Total financial assets	5,958	1,811,502	252,279	2,069,739

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2020				
Financial assets at fair value through the statement of comprehensive income¹				
Cash and cash equivalents	4,908	-	-	4,908
Cash funds	-	88,555	-	88,555
Australian Government bonds funds	-	436,940	-	436,940
Fixed income funds	-	97,979	-	97,979
Australian equities funds	-	184,441	-	184,441
International equities funds	-	481,212	-	481,212
Diversifying alternatives funds	-	163,805	-	163,805
Property funds	-	37,595	205,185	242,780
Infrastructure funds	-	70,160	29,205	99,365
Total	4,908	1,560,687	234,390	1,799,985
Financial assets at amortised cost²				
Outstanding settlements receivable	770	-	-	770
Total	770	-	-	770
Total financial assets	5,678	1,560,687	234,390	1,800,755

¹ The fair value of the financial assets equals the carrying amount.

² The fair value of the financial assets at amortised cost approximates the carrying amount.

There were no transfers between levels 1, 2 or 3 in 2020-21 or 2019-20.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11 Financial instruments *Continued*

The following table presents the level 3 financial instruments at 30 June.

	2021 \$'000	2020 \$'000
Property funds	212,896	205,185
Infrastructure funds	39,383	29,205
	252,279	234,390

The following table presents the changes in level 3 financial instruments.

	2021 \$'000	2020 \$'000
Balance 1 July	234,390	221,028
Realised gain/(loss) recognised in the statement of comprehensive income	7,826	7,142
Unrealised gain/(loss) recognised in the statement of comprehensive income	5,084	(9,578)
Sale of investments	(1,765)	(564)
Purchases of investments	6,744	16,362
Balance at 30 June	252,279	234,390

The disclosures below provide details of the key inputs and assumptions used in the current valuation models. MAIB is reliant on third parties for these valuations and the quantitative information regarding significant unobservable inputs used in the fair value measurement cannot be assessed.

Significant unobservable inputs used in measuring fair value

Property funds

Property investments comprise externally managed unlisted property trusts with exposure to the domestic retail, commercial, and industrial sectors. Fund managers engage independent valuers to value the underlying investments no less than every six months. Properties are valued using appropriate valuation techniques including the capitalisation, discounted cash flow, and direct comparison methodologies.

The key unobservable inputs used in valuing these investments are:

- ◆ capitalisation rates ranging between 4.25% and 6.54% (2020: 4.38% and 6.81%); and
- ◆ discount rates ranging between 5.50% and 7.50% (2020: 5.75% and 7.53%).

It is possible that the latest independent valuation may not fully reflect the proceeds of sale when a property is sold, particularly in a rapidly moving property market or in a market of limited comparable sales evidence.

Infrastructure funds

Infrastructure investments comprise externally managed unlisted infrastructure funds investing in the domestic social housing and international renewable energy sectors.

Fund managers engage independent valuers to value the underlying investments every six months. The valuations of these investments are primarily based on a discounted cash flow methodology. The key unobservable inputs used in valuing these investments include risk free rates and asset utilisation rates.

Sensitivity to changes in significant unobservable inputs

The use of different methodologies or assumptions could lead to different measurements of fair value. Significant movement in any one of the inputs listed above may result in a change in the fair value of the properties. An increase in the discount rate or capitalisation rate would result in a lower fair value of the investment. A reduction in these rates would increase the fair value. An increase/decrease in asset utilisation rates would result in corresponding impacts on the fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11 Financial instruments *Continued*

Volatility in results

MAIB has adopted a strategy that structures its investment portfolio taking account of the expected payment patterns of future financial obligations. Given the long-term nature of the outstanding claims liabilities, the investment strategy contains an allocation to both growth assets (such as listed equities and property) and defensive assets (such as cash and bonds).

Growth assets are held to deliver additional return over the longer term compared to the return expected to be achieved by investing solely in the defensive asset classes. Growth assets are volatile in nature and investment returns may vary significantly from year to year.

Investment risk management

MAIB's financial assets and liabilities are exposed to a variety of financial risks, primarily:

- (a) market risk (including price risk, foreign currency risk and interest rate risk);
- (b) credit risk; and
- (c) liquidity risk.

MAIB, in consultation with its investment consultant, master custodian and external fund managers, is responsible for the management and control of financial risks. MAIB's Investment Policy Statement provides written principles for the overall risk management of the investment framework and outlines the approach for managing specific risk areas including price risk, foreign currency risk, interest rate risk, credit risk, and liquidity risk.

The Risk Management Plan addresses the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance in order to achieve MAIB's investment objectives of satisfactory long term real growth and to maintain an acceptable level of solvency.

The maximum risk for MAIB resulting from financial instruments is determined by the fair value of the financial instruments.

(a) 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 financial markets. Market price risk comprises three types of risk:

- (i) price risk;
- (ii) foreign currency risk; and
- (iii) interest rate risk.

The market risk disclosures are prepared on the basis of MAIB's direct investments. The sensitivity of MAIB's retained earnings attributable to equity holders and operating result to price risk, foreign exchange risk and interest rate risk is determined based on management's best estimate, having regard to a number of factors, including historical levels of change in interest rates and foreign exchange rates and market volatility. However, actual movements in risk variables may be greater or less than anticipated due to a number of factors including unusually large market shocks resulting from changes in the performance of economies, markets and securities in which MAIB invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

(i) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices.

MAIB has exposure to price risk arising from its investments in unlisted unit trusts, which invest in a range of domestic and international asset classes. Fund unit prices are impacted by changes in the price of the underlying assets held by the funds. All unit trust investments present a risk of loss of capital.

MAIB mitigates its price risk through diversification of its portfolio in accordance with the limits set in the Investment Policy Statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11 Financial instruments *Continued*

Sensitivity

The table below demonstrates the impact on profit after tax and equity of movements in unit prices. The analysis is based on the assumption prices increased or decreased 10% as at the reporting date, with all other variables held constant. This analysis represents one scenario from a number of possible scenarios, all of which carry significant uncertainty.

	2021 \$'000	2020 \$'000
Impact on profit and equity of a 10% increase in unit prices		
Cash funds	7,176	6,199
Australian Government bonds funds	37,447	30,586
Fixed income funds	3,522	6,859
Australian equities funds	15,661	12,911
International equities funds	38,994	33,685
Diversifying alternatives funds	12,906	11,466
Property funds	19,459	16,995
Infrastructure funds	9,299	6,956
	2021 \$'000	2020 \$'000
Impact on profit and equity of a 10% decrease in unit prices		
Cash funds	(7,176)	(6,199)
Australian Government bonds funds	(37,447)	(30,586)
Fixed income funds	(3,522)	(6,859)
Australian equities funds	(15,661)	(12,911)
International equities funds	(38,994)	(33,685)
Diversifying alternatives funds	(12,906)	(11,466)
Property funds	(19,459)	(16,995)
Infrastructure funds	(9,299)	(6,956)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in exchange rates. Where MAIB holds assets denominated in currencies other than the Australian dollar (the functional currency) it is exposed to foreign currency risk as the value of those assets will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

MAIB's investment exposure to international markets is achieved by investing in unit trusts, domiciled in Australia or overseas. The foreign currency risk disclosures have been prepared on the basis of MAIB's direct investment in those trusts and not on a look-through basis. The impact of currency movement within the trusts is dealt with as a component of market risk (price risk). Consequently the disclosure of currency risk may not represent the true currency risk profile of MAIB.

The following table shows MAIB's direct exposure to foreign currency risk.

	2021 \$'000	2020 \$'000
United States Dollar	289,368	259,174
Euro	4,505	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11 Financial instruments *Continued*

Sensitivity

The foreign currency risk sensitivity analysis is conducted on foreign currency denominated investments and adjusts their translation at period end for a change in foreign currency rates. The following table details MAIB's sensitivity to a 10% increase and decrease in the value of the Australian Dollar against the foreign currencies.

	2021 \$'000	2020 \$'000
Impact on profit and equity of a 10% increase in value of the Australian Dollar	(18,701)	(16,493)
Impact on profit and equity of a 10% decrease in value of the Australian Dollar	22,857	20,158

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. MAIB's primary interest rate risk exposure in relation to financial assets is in the underlying assets held by the unlisted unit trusts in which it invests. The impact of changes in interest rates is dealt with as a component of market risk (price risk) of the units. Consequently the disclosure of interest rate risk may not represent the true interest rate risk profile of MAIB.

MAIB manages a portion of the interest rate risk on its outstanding claims liability by establishing a partial economic hedge in its investment strategy. To the extent the investment assets and claims liabilities are matched, unrealised gains and losses on re-measurement of liabilities resulting from movements in interest rates will be broadly offset by unrealised losses or gains on the re-measurement of these investment assets.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. MAIB is exposed to credit risk on the following financial instruments:

- ◆ investments;
- ◆ cash and cash equivalents; and
- ◆ trade and other receivables.

MAIB's primary credit risk exposure is in the underlying assets held by the unlisted unit trusts in which it invests. The credit risk disclosures have been prepared on the basis of MAIB's direct investment in those trusts and not on a look-through basis. Consequently the disclosure of credit risk may not represent the true credit risk profile of MAIB.

Credit risk on investments is managed by MAIB in accordance with its Investment Policy Statement. MAIB, in conjunction with its investment consultant, reviews the:

- ◆ credit risk management framework of its investment managers; and
- ◆ nature of the underlying securities held by the investment managers and the resulting credit risk profiles.

The underlying credit risk exposure of the unlisted trusts is monitored on a quarterly basis by the Board of Directors.

The level of investment with any one counterparty is assessed based on the market value of the investment.

The majority of trade and other receivables comprises premiums collected on behalf of MAIB by the Department of State Growth. Premiums collected are transferred to MAIB within two business days.

Financial assets are recorded in the statement of financial position at the amount which represents the maximum exposure to credit risk at the reporting date. MAIB has no significant credit risk exposures to any single counterparty or group of counterparties with similar characteristics.

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings or to historical information about counterparty default rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11 Financial instruments *Continued*

MAIB's financial instrument credit risk exposure is shown in the following table.

	2021		2020	
	Investment grade ¹ \$'000	Non investment grade ¹ \$'000	Investment grade ¹ \$'000	Non investment grade ¹ \$'000
Financial assets				
Cash and cash equivalents	4,888	-	4,908	-
Trade and other receivables	1,635	72	2,088	67
	6,523	72	6,996	67

¹ Assets with Standard and Poor's credit ratings of AAA to BBB- are classified as investment grade. Assets falling outside this range, as well as non-rated assets, are classified as non-investment grade.

Credit Risk - Reinsurance and other recoveries receivable

MAIB is also exposed to credit risk associated with reinsurance and other recoveries receivable.

The reinsurance program partially offsets the insurance risk inherent in the outstanding claims liability. MAIB reinsures as a capital protection strategy and to minimise losses associated with catastrophic accidents. MAIB's policy is to place reinsurance with businesses with a minimum Standard and Poor's credit rating of "A". A broker is engaged to facilitate the placement of reinsurance cover. The credit quality of current and past reinsurance counterparties is monitored on an ongoing basis.

Other recoveries receivable comprise estimated amounts recoverable from third parties which are not rated or cannot be reliably rated and are classified as non-investment grade.

The credit risk exposure of the reinsurance and other recoveries receivable is shown in the following table.

	2021		2020	
	Investment grade ¹ \$'000	Non investment grade ¹ \$'000	Investment grade ¹ \$'000	Non investment grade ¹ \$'000
Reinsurance recoveries receivable	12,951	-	15,032	-
Other recoveries receivable	-	5,071	-	4,497
	12,951	5,071	15,032	4,497

¹ Assets with Standard and Poor's credit ratings of AAA to BBB- are classified as investment grade. Assets falling outside this range, as well as non-rated assets, are classified as non-investment grade.

(c) Liquidity risk

Liquidity risk is the risk MAIB will not be able to meet its financial obligations as they fall due. MAIB's approach to managing liquidity is to have sufficient liquidity to meet its liabilities when due, during both normal and abnormal trading conditions, without incurring unacceptable losses or damaging its reputation. Before payment of dividends and tax, MAIB is cash flow positive in relation to its operating activities with annual premium and investment cash inflows exceeding claims and administrative payments.

Liquidity risk is managed in accordance with the Cash Management and Rebalancing Policy under which:

- ◆ Short-term liquidity requirements are monitored daily with excesses/(shortfalls) in the operating account deposited/(withdrawn) from the investment portfolio cash fund, which offers daily liquidity.
- ◆ Medium/long-term liquidity requirements are assessed at least monthly and sufficient liquidity is retained within the investment portfolio to meet known future financial obligations as they fall due. This approach also provides access at very short notice to substantial amounts of cash in the unlikely event of an unforeseen obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11 Financial instruments *Continued*

Maturities of financial instruments

MAIB's financial liabilities comprise payables, all of which have contractual maturity dates of less than three months, as shown in the following table.

	2021 \$'000	2020 \$'000
Financial liabilities		
Payables	2,126	2,271
	2,126	2,271

The maturity analysis of the outstanding claims liability is reported in note 14(c).

(d) Capital management

While MAIB is not subject to any externally imposed capital requirements, for the purposes of good governance and sound commercial practice, in conjunction with its external actuary, it has developed a Capital Adequacy Policy suitable for a government monopoly insurer in a compulsory sector.

The capital position is measured by reference to the funding ratio (representing the ratio of insurance assets to net claims liabilities). A target range of 120% to 145% has been established by the Board of Directors following consultation with its actuary and takes account of the liability profile and an assessment of the investment risk profile. At 30 June 2021 the funding ratio is 133.1% (2020: 126.0%).

The capital position is integral to the annual corporate planning process and the annual review and setting of strategic asset allocation benchmarks. The actual and forecast funding ratios are monitored monthly.

12 Receivables

Premiums receivable and other receivables are recognised at amortised cost less expected credit losses. Third party recoveries are assessed in a manner similar to the measurement of the outstanding claims liability, and assume that the recoveries are made in the same proportions over time as the gross claim payments.

Reinsurance recoveries primarily arise from incidents involving daily care claims and are assessed by MAIB's reinsurance broker at least annually, based on the most recent medical advice. A receivable is recorded where the actual or estimated cost of claims exceeds the reinsurance deductible. The recoverable amount is measured as the present value of the expected future cash flows less expected credit losses.

	2021 \$'000	2020 \$'000
Premiums receivable	1,635	2,088
Other receivables	72	67
Other recoveries receivable	5,071	4,497
Reinsurance recoveries receivable	12,951	15,032
	19,729	21,684
Due within 12 months	3,345	11,958
Due in more than 12 months	16,384	9,726
	19,729	21,684

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

13 Unearned premiums

Unearned premiums represent the portion of premiums written which relate to periods of insurance subsequent to balance date.

	2021 \$'000	2020 \$'000
Balance at 1 July	63,795	60,560
Earning of premiums written in previous periods	(63,795)	(60,560)
Premiums written in current period	141,593	143,978
Earning of premiums written in current period	(77,793)	(80,183)
Balance at 30 June	63,800	63,795

14 Outstanding claims

The outstanding claims liability comprises the estimated costs of settling claims incurred but not yet paid, claims incurred but not reported (IBNR), the anticipated direct claims handling expenses of settling those claims, and a risk margin.

This liability is calculated as the present value of the expected future payments against claims incurred, reflecting the fact that claims do not have to be paid out immediately. Expected future payments are calculated based on the ultimate cost of settling claims, which includes the anticipated effects of claims development, inflation, and other factors. Expected future payments are then discounted to a present value at balance date using market determined risk free interest rates.

Claims handling expenses include those indirect costs of managing claims which are unable to be attributed to individual claims, including administration expenses and other costs of administering the scheme.

A risk margin is added to the total of the net central estimate of the discounted future claim payments plus the estimated claims handling expenses. The addition of the risk margin recognises the inherent uncertainties contained within the actuarial valuation and at 30 June 2021 provides a probability not less than 75% (2020: not less than 75%) that the liability is sufficient to meet the cost of claims incurred. The 75% threshold represents the minimum probability of adequacy required for Australian licensed insurers by the Australian Prudential Regulation Authority.

The allowances for claims handling expenses and the risk margin have been determined for the scheme as a whole. For reporting purposes they have been applied uniformly to each benefit type.

All reasonable steps are taken to obtain appropriate information regarding claims exposure. However, given the uncertainty in establishing the outstanding claims liability, it is likely that the final outcome may prove to be different from the original liability established.

Risks arising from insurance contracts

The main insurance risks for MAIB include claims and rehabilitation management, controlling costs, and collection of appropriate premium revenue.

Key aspects of the processes to mitigate insurance risks include, but are not limited to:

- ◆ A comprehensive database of accident data is maintained which facilitates the provision of a wide range of up-to-date information.
- ◆ An independent actuary is engaged to value the claim liabilities, assess premium requirements annually, assess capital adequacy requirements, annually review the financial condition of MAIB, and monitor and report on trends in costs.
- ◆ As the Tasmanian Government monopoly compulsory third party insurer, MAIB is subject to a periodic review of its operations by the Tasmanian Economic Regulator. The Regulator's role is to recommend maximum premiums to be charged for the ensuing four years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14 Outstanding claims *Continued*

Terms and conditions of insurance business

The terms and conditions of the accident compensation scheme administered by MAIB are established under the *Motor Accidents (Liabilities and Compensation) Act 1973*.

Concentration of insurance risk

MAIB operates the Tasmanian compulsory third party insurance scheme with the exposure to insurance risk concentrated in motor accidents. Catastrophic motor accidents represent a significant risk, with the financial exposure being limited by taking out appropriate reinsurance cover. The retention and limits are approved by the Board of Directors and reinsurance treaties are re-negotiated annually via a broker. Only firms that have at least a Standard and Poor's 'A' rating are considered when selecting reinsurers.

Valuation

The outstanding claims liability is actuarially assessed in three broad categories: scheduled benefits, common law and future care. The valuation methodologies are based on those that are best suited to the characteristics of the benefits being valued and are calculated gross of all recoveries.

Scheduled benefits

Scheduled benefits exhibit high initial payments for most claims with some claims receiving ongoing payments over many years. The actuarial analysis of these costs is undertaken utilising the Payments Per Claim Incurred method.

Common law

Common law projections take into account the following:

- ◆ the ultimate number of common law claims;
- ◆ the rate at which common law claims are settled;
- ◆ the average damages costs at settlement; and
- ◆ the level of other common law costs (primarily legal and other investigation costs).

Damages payments are modelled using the Payments Per Claims Finalised method. Other common law costs are calculated using the Chain Ladder Method.

Future care

Future care liabilities are assessed on an individual claim basis. Each component of future care costs for individuals identified as requiring daily care is reviewed. This assessment examines the details surrounding the claim, medical reports, and care requirements, with a view to determining the likely future needs and ongoing cost.

The estimated liabilities are based on an individual valuation model that converts these assessments into cash flows for each claimant. Forecasts of cash flows are based on allowance for steps up and down in care needs, future claims inflation, and mortality of the claimant. Medical advice is often sought if it is thought that a claimant's injuries may affect his or her life expectancy.

Allowance for IBNR claims for each of the above categories is based on assumed numbers of incurred claims multiplied by an average claim size.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14 Outstanding claims *Continued*

(a) Actuarial assumptions and methods

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

	2021			2020		
	Scheduled benefits	Common law	Future care	Scheduled benefits	Common law	Future care
Inflated mean term (years)	7.6	4.2	29.5	7.0	4.0	30.2
Discounted mean term (years)	5.7	3.9	21.1	5.6	3.9	21.9
Number of claims incurred but not reported	370	290	18	413	318	17
Average claim size (\$ '000)	18.7	169.0	6,498.4	13.5	172.2	7,910.8
Superimposed inflation	1.0%	1.5%	0.0%	1.0%	1.5%	0.0%
Claims handling expenses	9.0%	9.0%	9.0%	8.0%	8.0%	8.0%
Risk margin	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

	2021		2020	
	Wage inflation rates ¹	Interest rates ²	Wage inflation rates ³	Interest rates ⁴
Claims expected to be paid in:				
Year 1 (following end of financial year)	2.25%	-0.03%	1.18%	0.21%
Year 2	2.35%	0.21%	1.58%	0.27%
Year 3	2.45%	0.79%	1.84%	0.40%
Year 4	2.59%	1.28%	2.45%	0.57%
Year 5	2.95%	1.73%	2.63%	0.78%
Year 6	2.99%	2.03%	2.64%	0.98%
Year 7	2.98%	2.22%	2.63%	1.17%
Year 8	2.98%	2.34%	2.64%	1.36%
Year 9	2.98%	2.44%	2.67%	1.54%
Year 10	2.99%	2.52%	2.71%	1.71%
Year 11	3.01%	2.60%	2.76%	1.88%
Year 12	3.04%	2.66%	2.82%	2.04%
Year 13	3.05%	2.73%	2.87%	2.19%
Year 14	3.07%	2.78%	2.92%	2.33%
Year 15	3.09%	2.83%	2.96%	2.47%
Year 16	3.11%	2.88%	3.01%	2.61%
Year 17	3.13%	2.94%	3.06%	2.75%
Year 18	3.14%	2.97%	3.10%	2.87%
Year 19	3.15%	3.01%	3.14%	2.97%
Year 20	3.17%	3.05%	3.18%	3.07%
Year 21	3.18%	3.08%	3.21%	3.16%
Year 22	3.19%	3.11%	3.22%	3.21%
Year 23	3.20%	3.14%	3.23%	3.23%
Year 24	3.21%	3.17%	3.23%	3.24%
Year 25	3.22%	3.21%	3.23%	3.24%

¹ projected inflation rates after year 25 increase annually by 0.011% until they reach 3.5% in year 50.

² projected interest rates after year 25 increase annually by 0.032% until they reach 4.0% in year 50.

³ projected inflation rates after year 25 increase annually by 0.011% until they reach 3.5% in year 50.

⁴ projected interest rates after year 25 increase annually by 0.032% until they reach 4.0% in year 50.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14 Outstanding claims *Continued*

Inflated mean term

The inflated mean term represents the dollar weighted average period to payment of claims and is unaffected by discounting. It provides an indication of the timeframe over which MAIB must manage and control the cost of these claims.

Discounted mean term

The discounted mean term is based on the inflated and discounted cash flows weighted by the period to payment.

Number of claims incurred but not reported

The number of IBNR claims is estimated by projecting the number of claims to be reported after the balance date arising from incidents prior to that date. This projection is based on analysis of historical reporting patterns.

Average claim size

The average claim size is shown in current dollars on estimated incurred claim numbers (reported claims plus IBNR claims).

Inflation

Wage inflation is adopted as the base for the inflation of projected future payments and is set by reference to current economic indicators.

Superimposed inflation

Superimposed inflation describes the growth in claims costs that is not explained by wage inflation, for example, increases in court settlements.

Claims handling expenses

Claims handling expenses represent the future cost of managing the claims outstanding at balance date and are calculated by reference to past experience of claims handling costs as a percentage of past payments. Claims handling expenses at 30 June 2021 are included at the rate of 9.0% of future claim payments (2020: 8.0%).

Risk margin

Estimates of claim payments contain a considerable degree of uncertainty owing to:

- ◆ random fluctuations occurring in the future claims experience;
- ◆ future fundamental changes to the underlying claims experience; and
- ◆ imperfect analysis and modelling of the claims experience.

Given the long tail nature of the scheme, a risk margin is added to the actuarially assessed central estimate of the discounted future claims payments, and claims handling expenses, to provide for a higher probability at balance date, that the outstanding claims liability will be adequate to cover possible adverse developments arising from those areas of uncertainty.

Each benefit type (scheduled benefits, common law and future care) is analysed taking into consideration the potential areas of uncertainty described above. The assumptions regarding uncertainty are applied to the central estimates in order to arrive at a total liability that provides for a probability of not less than 75% that the liability is sufficient to meet the actual cost of claims. This resulted in the application of a 20% risk margin at 30 June 2021 (2020: 20%).

Interest rates

Interest rates are based on market yields available on Commonwealth Government securities, which approximate risk free interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14 Outstanding claims *Continued*

(b) Sensitivity analysis

The valuation of the outstanding claims liability may be subject to substantial influence by factors external to MAIB, particularly by movements in the economic assumptions (interest and inflation rates) and changes in claims experience. These external factors can cause significant variations in the value of the outstanding claims liability from year to year.

Sensitivity analyses are undertaken to quantify the exposure to risk of changes in the key valuation variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed in section (a) above. The movement in any key variable will impact MAIB's performance and equity.

The outstanding claims liability is inherently uncertain, for the following reasons:

- (a) Models used to estimate future claims payments represent a simplification of a complex claims process.
- (b) Even if a model perfectly represented the nature of the underlying claims process, past random fluctuations in the claims experience mean that uncertainty arises from estimating the parameters of the model.
- (c) Any shortcomings of the data available increase uncertainty regarding the estimated parameters of the model.
- (d) Even if the true underlying parameters could be determined precisely for a perfect model, the resulting liability would still be uncertain because of:
 - (i) random fluctuations in the future claim experience; and
 - (ii) the possibility of future systemic, i.e. non-random, changes in the claims experience.

For some portfolios, the extent of uncertainty attributable to the sources described in points (b) and (d)(i) above can be estimated using statistical techniques. However, uncertainty attributable to the general sources described in points (a), (c) and (d)(ii) is much more difficult to quantify.

The following table describes how a change in some of the key valuation assumptions affects the outstanding claims liability.

Variable	Impact of movement in variable
Inflated and discounted mean terms	A decrease in the average mean term to settlement will lead to claims being paid sooner than anticipated. Expected payment patterns are used in determining the outstanding claims liability. During periods when assumed interest rates are higher than assumed inflation rates, an increase or decrease in the discounted mean term will have an opposing effect on the outstanding claims liability.
Number of claims incurred but not reported	An increase or decrease in the assumed number of IBNR claims will have a corresponding impact on the outstanding claims liability.
Average claim size	An increase or decrease in the average claim size will have a corresponding impact on the outstanding claims liability.
Wage inflation and superimposed inflation	Expected future payments are inflated to take account of inflationary increases. An increase or decrease in the assumed levels of wage inflation or superimposed inflation will have a corresponding impact on the outstanding claims liability.
Claims handling expenses	An increase or decrease in the expected claims handling expenses will have a corresponding impact on the outstanding claims liability.
Risk margin	An increase or decrease in the risk margin will have a corresponding impact on the outstanding claims liability.
Interest rate	The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted at prevailing rates of interest to adjust for the time value of money. An increase or decrease in the assumed interest rate will have an opposing impact on the outstanding claims liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14 Outstanding claims *Continued*

The following tables illustrate the sensitivity of profit/(loss) and equity to changes in some of the key valuation assumptions described above. Note that the tables are illustrative only, and it is not intended they cover the range of potential variations.

	Impact \$'000	Profit/(loss) after tax \$'000	Equity \$'000
Recognised amounts as per the 2021 financial report		214,306	652,525
Inflation rate increased by 50 basis points	(74,228)	140,078	578,297
Inflation rate decreased by 50 basis points	64,686	278,992	717,211
Interest rate increased by 50 basis points	64,788	279,094	717,313
Interest rate decreased by 50 basis points	(75,095)	139,211	577,430
Cost of current year Future Care IBNR claims increased by 10%	(10,128)	204,178	642,397
Cost of current year Future Care IBNR claims decreased by 10%	10,128	224,434	662,653
Common Law settlement size increased by 10%	(23,503)	190,803	629,022
Common Law settlement size decreased by 10%	23,503	237,809	676,028
Scheduled Benefits average size increased by 10%	(5,454)	208,852	647,071
Scheduled Benefits average size decreased by 10%	5,454	219,760	657,979
Recognised amounts as per the 2020 financial report		8,058	469,504
Inflation rate increased by 50 basis points	(79,269)	(71,211)	390,235
Inflation rate decreased by 50 basis points	68,755	76,813	538,259
Interest rate increased by 50 basis points	68,909	76,967	538,413
Interest rate decreased by 50 basis points	(80,266)	(72,208)	389,238
Cost of current year Future Care IBNR claims increased by 10%	(12,380)	(4,322)	457,124
Cost of current year Future Care IBNR claims decreased by 10%	12,380	20,438	481,884
Common Law settlement size increased by 10%	(21,616)	(13,558)	447,888
Common Law settlement size decreased by 10%	21,616	29,674	491,120
Scheduled Benefits average size increased by 10%	(4,785)	3,273	464,719
Scheduled Benefits average size decreased by 10%	4,785	12,843	474,289

(c) Maturity analysis

The following table presents a maturity analysis of the outstanding claims liability based on the remaining term to payment at the reporting date.

	Less than 12 months \$'000	12 months to 10 years \$'000	11 years to 20 years \$'000	20+ years \$'000	Total \$'000
30 June 2021					
Outstanding claims liability	108,284	510,143	258,530	419,014	1,295,971
	108,284	510,143	258,530	419,014	1,295,971
30 June 2020					
Outstanding claims liability	97,025	480,197	262,628	455,178	1,295,028
	97,025	480,197	262,628	455,178	1,295,028

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14 Outstanding claims *Continued*

(d) Outstanding claims liability by benefit type

In recognition of the three benefit type streams, the outstanding claims liability is calculated under the categories of scheduled benefits, common law, and future care claims. The reconciliation between the undiscounted and discounted outstanding claims liability is shown in the following table.

	2021 \$'000	2020 \$'000
Scheduled benefits claims		
Expected future claims payments (inflated/undiscounted)	71,989	61,678
Discount to present value	(8,079)	(5,019)
Claims handling expenses	6,086	4,797
Risk margin	12,985	11,392
	82,981	72,848
Common law claims		
Expected future claims payments (inflated/undiscounted)	266,253	243,162
Discount to present value	(10,966)	(6,065)
Claims handling expenses	24,509	20,234
Risk margin	55,959	51,466
	335,755	308,797
Future care claims		
Expected future claims payments (inflated/undiscounted)	1,262,950	1,253,590
Discount to present value	(593,110)	(551,092)
Claims handling expenses	63,348	61,160
Risk margin	144,047	149,725
	877,235	913,383
All claims		
Expected future claims payments (inflated/undiscounted)	1,601,192	1,558,430
Discount to present value	(612,155)	(562,176)
Claims handling expenses	93,943	86,191
Risk margin	212,991	212,583
	1,295,971	1,295,028
Due within 12 months	108,284	97,025
Due in more than 12 months	1,187,687	1,198,003
	1,295,971	1,295,028

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14 Outstanding claims *Continued*

(e) Reconciliation of movement in outstanding claims liability

	2021			2020		
	Gross \$'000	Recoveries \$'000	Net \$'000	Gross \$'000	Recoveries \$'000	Net \$'000
Balance at 1 July	1,295,028	19,529	1,275,499	1,236,059	26,735	1,209,324
Adjustment to prior years						
Effect of actual versus expected payments	(14,341)	513	(14,854)	(11,145)	5,686	(16,831)
Effect of changes in actuarial assumptions	(21,172)	6,331	(27,503)	(57,609)	(3,485)	(54,124)
Effect of changes in economic assumptions	(18,310)	(596)	(17,714)	61,693	366	61,327
Effect of prior year claims moving closer to payment	(18,490)	(417)	(18,073)	(8,875)	(658)	(8,217)
Net revision to prior years' claims costs	(72,313)	5,831	(78,144)	(15,936)	1,909	(17,845)
Incurred claims for the current accident year	153,734	2,550	151,184	154,774	2,739	152,035
Net claims incurred	81,421	8,381	73,040	138,838	4,648	134,190
Claims payments and recoveries during the year	(80,478)	(9,888)	(70,590)	(79,869)	(11,854)	(68,015)
Balance at 30 June	1,295,971	18,022	1,277,949	1,295,028	19,529	1,275,499

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14 Outstanding claims *Continued*

(f) Claims development table

The following tables show the development of undiscounted outstanding claims gross and net of reinsurance recoveries relative to the ultimate expected claims for the ten most recent accident years.

	Accident year										Total \$'000
	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	
Gross of reinsurance recoveries											
Estimate of ultimate claims cost:											
End of accident year	218,081	249,933	240,801	208,032	156,465	183,794	200,655	167,538	158,780	158,582	
One year later	221,189	210,096	162,877	113,989	150,202	163,990	219,870	157,701	186,021		
Two years later	106,355	158,319	103,068	127,180	102,191	153,349	173,063	114,039			
Three years later	176,931	124,051	95,409	126,365	94,957	120,133	111,677				
Four years later	155,313	127,994	66,926	104,579	100,589	122,359					
Five years later	169,775	119,914	63,008	106,458	102,369						
Six years later	122,085	126,312	65,167	118,723							
Seven years later	115,278	134,975	68,780								
Eight years later	124,163	145,892									
Nine years later	123,486										
Current estimate of cumulative claims cost	123,486	145,892	68,780	118,723	102,369	122,359	111,677	114,039	186,021	158,582	1,251,928
Cumulative payments	(58,293)	(68,379)	(47,341)	(53,925)	(50,134)	(49,616)	(41,701)	(36,167)	(23,699)	(18,798)	(448,053)
Outstanding claims (undiscounted)	65,193	77,513	21,439	64,798	52,235	72,743	69,976	77,872	162,322	139,784	803,875
Discount											(252,805)
2011 and prior (discounted)											437,967
Claims handling expense											93,943
Risk margins											212,991
Outstanding claims (inflated & discounted)											1,295,971

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14 Outstanding claims *Continued*

	Accident year										Total \$'000
	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	
Net of reinsurance recoveries											
Estimate of ultimate claims cost:											
End of accident year	218,081	249,933	240,801	208,032	156,465	181,328	198,001	164,396	155,847	155,804	
One year later	221,189	210,096	162,877	113,989	149,783	162,009	216,047	155,212	171,299		
Two years later	106,355	158,319	103,068	126,850	101,844	151,248	168,582	113,315			
Three years later	176,931	123,887	95,208	126,069	94,634	119,658	111,281				
Four years later	155,313	127,810	66,774	104,290	100,372	122,034					
Five years later	169,644	119,797	62,846	106,203	102,197						
Six years later	121,970	126,176	65,041	118,488							
Seven years later	115,165	134,868	68,647								
Eight years later	124,071	145,805									
Nine years later	123,409										
Current estimate of cumulative claims cost	123,409	145,805	68,647	118,488	102,197	122,034	111,281	113,315	171,299	155,804	1,232,279
Cumulative payments	(58,293)	(68,379)	(47,341)	(53,925)	(50,134)	(49,616)	(41,701)	(36,167)	(23,699)	(18,798)	(448,053)
Outstanding claims (undiscounted)	65,116	77,426	21,306	64,563	52,063	72,418	69,580	77,148	147,600	137,006	784,226
Discount											(250,217)
2011 and prior (discounted)											437,006
Claims handling expense											93,943
Risk margins											212,991
Outstanding claims (inflated & discounted)											1,277,949

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

15 Unexpired risk

At each reporting date the unearned premium liability is actuarially assessed to determine if it is sufficient to cover all expected cash flows relating to future claims against current insurance contracts. This assessment is referred to as the liability adequacy test. If the present value of the expected net of reinsurance cash outflows relating to future claims plus claims handling expenses and a risk margin exceeds the unearned premium liability less deferred acquisition costs, then the unearned premium liability is deemed to be deficient. This deficiency is initially accounted for by a write-down in deferred acquisition costs, with any remaining deficiency recognised as an unexpired risk liability.

The movement in the deficiency net of reinsurance is recognised in the statement of comprehensive income.

The application of the liability adequacy test in respect of the unearned premium liability at 30 June is presented below.

	2021 \$'000	2020 \$'000
(a) Unexpired risk liability		
Net central estimate	52,686	54,323
Claims handling expenses	5,056	4,672
Risk margin	11,366	11,581
Reinsurance recoveries	(910)	(1,088)
Premium liability	68,198	69,488
Unearned premiums net of deferred acquisition costs	62,434	62,479
Deficiency	5,764	7,009
Less deferred acquisition costs	(1,366)	(1,316)
Unexpired risk liability	4,398	5,693
(b) Deficiency recognised in the statement of comprehensive income		
Deficiency 1 July	7,009	8,225
Deficiency 30 June	5,764	7,009
Unexpired risk expense	(1,245)	(1,216)

Claims handling expenses

Claims handling expenses as at 30 June 2021 are included at the rate of 9.0% (2020: 8.0%).

Risk margin

As at 30 June 2021 a risk margin of 20% (2020: 20%) of the net central estimate of the present value of expected future cash flows arising from future claims plus claims handling expenses has been added. The 20% risk margin provides a probability at 30 June 2021 of not less than 75% (2020: not less than 75%) that the liability is sufficient to meet the cost of claims incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

16 Provision for employee benefits

Annual leave, long service leave and sick leave

Provisions for annual leave and long service leave owing at balance date which are expected to be wholly settled within 12 months are reported at their nominal values using the remuneration rates expected to apply at the time of settlement. It is expected that all annual leave owing at balance date will be taken within the next twelve months.

In calculating the provision for long service leave, consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Provision for long service leave not expected to be settled within 12 months is measured as the present value of the estimated future cash outflows, in respect of services provided by employees up to the reporting date. Discounting is applied at the appropriate corporate bond rate.

No provision for sick leave is raised. All sick leave is expensed in the statement of comprehensive income at nominal values when taken.

Superannuation

The Retirement Benefits Fund defined benefits scheme covers eligible employees who commenced prior to 15 May 1999. The defined benefits scheme was closed to new members from that date.

The benefit is calculated as a function of the members' salaries, level of contributions, and length of service.

Each year, at the reporting date, the State Actuary conducts a valuation of the past service and accrued liabilities within the defined benefits scheme. Any shortfall between the defined benefit obligation and the fair value of assets relevant to those members determines the value of any unfunded superannuation liability, and is shown as a liability in the statement of financial position. Actuarial gains and losses are recognised in the statement of comprehensive income through other comprehensive income.

For all employees who are not members of the defined benefits scheme, the MAIB contributes at least the minimum level of superannuation required by the Commonwealth *Superannuation Guarantee (Administration) Act 1992*. Contributions are made to nominated accumulation schemes and are expensed when they fall due.

	2021 \$'000	2020 \$'000
Due within 12 months		
Annual leave	370	393
Long service leave	27	34
Defined benefit superannuation obligation	27	21
	424	448
Due in more than 12 months		
Long service leave	400	429
Defined benefit superannuation obligation	8,222	8,053
	8,622	8,482
Total employee benefits	9,046	8,930

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

17 Statement of cash flows

Cash and cash equivalents reported in the statement of financial position and statement of cash flows includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalent investments are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

(a) Reconciliation of net cash provided by operating activities to profit/(loss) after tax

	2021 \$'000	2020 \$'000
Profit/(loss) after tax	214,306	8,058
Depreciation and amortisation	521	493
Loss/(profit) on sale of plant and equipment	(7)	(5)
Net unrealised loss/(gain) in net market value of investments	(180,083)	38,908
Net realised loss/(gain) in net market value of investments	(13,328)	(8,553)
Decrease/(increase) in accrued dividends and interest	(380)	(3,237)
Decrease/(increase) in other assets	1,955	6,754
Increase/(decrease) in outstanding claims liability	943	58,969
Increase/(decrease) in unexpired risk liability	(1,295)	(1,230)
Increase/(decrease) in unearned premium liability	5	3,235
Increase/(decrease) in tax payable	42,876	16,056
Decrease/(increase) in net deferred tax asset/liability	43,065	(25,613)
Increase/(decrease) in other liabilities	(325)	919
Net cash flow from operating activities	108,253	94,754

(b) Financing facilities

At 30 June 2021 MAIB has four corporate credit cards (2020: four) with a total limit of \$50,000 (2020: \$62,000). The balance is paid in full on a monthly basis. MAIB has no formal credit standby arrangements or unused loan facilities.

18 Auditor's remuneration

The amount payable to the Auditor-General for the year ended 30 June 2021 is \$83,020 (2020: \$80,630).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

19 Dividends

Dividends are payable annually to the State Government, in accordance with the Guidelines for Tasmanian Businesses - Dividends. Ordinary dividends are brought to account in the financial statements in the year in which they are declared. Special dividends are brought to account in the financial statements in the year in which the dividend receives Parliamentary approval.

Dividend payments to the State Government are shown in the following table.

	2021 \$'000	2020 \$'000
Ordinary dividend	32,634	41,878
Special dividend	-	50,000
	32,634	91,878

Following the end of the financial year, a final ordinary dividend relating to the year ended 30 June 2021 of \$48,291,503 (2020: \$32,634,304) was recommended by directors to be paid in 2021-22.

20 Contingent liabilities

MAIB has no contingent liabilities.

21 Events after the reporting date

There has been no matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect the operations of MAIB.

22 Key management personnel information

(a) Directors

The following persons were non-executive directors of MAIB during the financial year:

D Challen AM
K Cuthbertson
M Dontschuk
J Hindmarsh
N Walsh

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of MAIB, directly or indirectly, during the financial year:

P Kingston Chief Executive Officer
S Tuff Chief Operating Officer (to 2 April 2021)
B Pratt Chief Operating Officer (from 3 May 2021)
D Thurm Chief Financial Officer
J Wilson Manager Continuous Improvement

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

22 Key management personnel information *Continued*

(c) Key management personnel compensation

	Directors		Executive		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Short-term employee benefits	262	262	841	842	1,103	1,104
Post employment benefits	24	24	84	84	108	108
Other long-term employee benefits	-	-	6	61	6	61
Termination benefits	-	-	17	-	17	-
	286	286	948	987	1,234	1,273

(d) Non-executive director remuneration

The following table discloses the remuneration details for each person that acted as a non-executive director during the financial year.

Name	Position	Period	Director Fees \$'000	Committee Fees \$'000	Super-annuation \$'000	Total \$'000
2021						
DW Challen AM	Chairman	Full Year	78	7	8	93
K Cuthbertson	Director	Full Year	37	7	4	48
M Dontschuk	Director	Full Year	37	8	4	49
J Hindmarsh	Director	Full Year	37	7	4	48
N Walsh	Director	Full Year	37	7	4	48
			226	36	24	286
2020						
DW Challen AM	Chairman	Full Year	78	7	8	93
K Cuthbertson	Director	Full Year	37	7	4	48
M Dontschuk	Director	Full Year	37	8	4	49
J Hindmarsh	Director	From 1 Feb 2020	15	3	2	20
E Horton	Director	To 31 Jan 2020	22	4	2	28
N Walsh	Director	Full Year	37	7	4	48
			226	36	24	286

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

22 Key management personnel information *Continued*

(e) Executive remuneration

The following table discloses the remuneration details for those persons who acted as senior executives during the financial year.

Name	Position	Period	Base Salary ¹ \$'000	Super-annuation ² \$'000	Vehicle ³ \$'000	Total Remuneration Package \$'000	Termination Benefits ⁴ \$'000	Other Long-Term Benefits ⁵ \$'000	Total ⁶ \$'000
2021									
P Kingston	CEO	Full year	283	28	15	326	-	8	334
S Tuff	COO	to 2 Apr 21	147	14	2	163	17	(21)	159
B Pratt	COO	from 3 May 21	30	3	1	34	-	3	37
D Thurm	CFO	Full Year	198	22	3	223	-	12	235
J Wilson	MCI	Full Year	159	17	3	179	-	4	183
			817	84	24	925	17	6	948
2020									
P Kingston	CEO	Full year	280	28	17	325	-	26	351
S Tuff	COO	Full year	188	18	3	209	-	13	222
D Thurm	CFO	Full year	192	21	4	217	-	17	234
J Wilson	MCI	Full year	154	17	4	175	-	5	180
			814	84	28	926	-	61	987

¹ Base salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Superannuation means the contribution to the superannuation fund of the individual. Where an individual is a member of a defined benefit scheme the superannuation benefit for the defined benefit component is a notional cost calculated as the base salary multiplied by 11%.

³ Vehicle costs represent the cost of the private use component of vehicles provided to executives as part of their remuneration package.

⁴ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

⁵ Other long-term benefits comprise only annual leave and long service leave movements.

⁶ Total includes all forms of remuneration and benefits paid or payable. No other monetary or non-monetary benefits are paid or provided.

(f) Remuneration policies

Non-executive director remuneration

Non-executive directors are appointed by the Governor-in-Council on the joint recommendation of the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed in accordance with the *Guidelines for Tasmanian Government Businesses - Board Appointments*.

Non-executive directors' remuneration is administered by the Department of Premier and Cabinet. Remuneration levels are reviewed periodically, with increases subject to approval by the Treasurer and Portfolio Minister.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation.

No other leave, termination or retirement benefits are accrued or paid to directors.

Directors are entitled to reimbursement of expenses incurred while attending to MAIB business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

22 Key management personnel information *Continued*

Executive remuneration

Remuneration levels for key management personnel are set in accordance with the current Director and Executive Remuneration Guidelines. Under these Guidelines, remuneration bands for Chief Executive Officers (CEOs) are determined by the Government Business Executive Remuneration Panel, reflect the principles outlined in the Guidelines and broadly align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's salary.

The CEO is appointed by the Premier following selection and recommendation by the Board of MAIB. The Board of Directors consults with the Government Business Executive Remuneration Advisory Panel when determining the CEO's remuneration package.

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, motor vehicle and salary sacrifice provisions.

The performance of each senior executive, including the CEO, is reviewed annually which includes a review of the remuneration package.

Consistent with the requirements of the *Government Business Enterprises Act 1995*, employment contracts have durations not exceeding five years. Whilst not automatic, contracts can be extended.

Short Term Incentive Payments

Senior executive contracts do not contain provisions for the payment of short term incentives or bonuses.

Termination Benefits

Sonia Tuff ceased employment effective 2 April 2021 and was paid a total termination benefit of \$17,207 comprising accrued leave entitlements.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to the key management position during their period of absence. No acting arrangements were in place during 2020-21.

Other transactions of key management personnel and related parties

For all Tasmanian Government businesses, related parties are considered to include:

- ◆ a subsidiary or joint venture;
- ◆ key management personnel or close family members of key management personnel;
- ◆ Ministers or close family members of Ministers;
- ◆ any entities controlled or jointly controlled by key management personnel or their close family members; and
- ◆ any entities controlled or jointly controlled by Ministers or their close family members.

Some key management personnel, or their related parties, transacted with MAIB in the reporting period as owners of registered motor vehicles on terms and conditions no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel.

There were no material related party transactions requiring disclosure.

Independent Auditor's Report
To the Members of Parliament
Motor Accidents Insurance Board
Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Motor Accidents Insurance Board (MAIB), which comprises the statement of financial position as at 30 June 2021 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by the directors.

In my opinion, the accompanying financial report is in accordance with the *Government Business Enterprises Act 1995*, including:

- (a) giving a true and fair view of MAIB's financial position as at 30 June 2021 and of its financial performance and its cash flows for the year then ended
- (b) complying with Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with 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 MAIB in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I confirm that the independence declaration was provided to the directors of MAIB on the same date as this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
<p>Significant investment and investment revenue <i>Refer to notes 4 and 10</i></p>	
<p>MAIB held significant investments, totalling \$2.06bn at 30 June 2021. This investment backs MAIB's insurance liabilities. All investments were held with fund managers who are responsible for achieving agreed performance targets, whilst operating within established an established framework.</p> <p>MAIB also earned significant investment revenue of \$256.36m, which included dividends, interest and realised and unrealised gains and losses resulting from the change in the fair value of investments.</p> <p>MAIB placed significant reliance on the appointed investment managers and custodian in regards to the existence, rights and obligations, and valuation of the investments and disclosures in the financial report.</p> <p>These matters are complex and the nature of the market-to-market valuation of the investments can significantly impact their balances.</p>	<ul style="list-style-type: none"> • Evaluating MAIB's internal control and oversight processes over investment management arrangements with fund managers. • Assessing the scope agreed between MAIB and the fund custodian for reliance on the Independent Service Auditor's Assurance Report, issued in accordance with the Australian Auditing Standards on Assurance Engagements ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i> and with reference to Auditing Guidance Statement GS 007 <i>Audit Implications of the Use of Service Organisations for Investment Management Services</i>. • Verifying investments revenues to the custodian portfolio reconciliation report. • Obtaining and confirming the custodian valuation report with MAIB's investment balances at balance date. • Obtaining and confirming the individual fund statements at 30 June 2021 with MAIB's investment balances at balance date. • Reviewing MAIB's internal assessment of investment compliance.
<p>Outstanding claims liability and claims expense <i>Refer to notes 3 and 14</i></p>	
<p>The estimation of outstanding claims liabilities involves significant judgement given the high degree of uncertainty that is inherent in estimating the expected future payments for</p>	<ul style="list-style-type: none"> • Reviewing MAIB's internal control framework in relation to claim payments.

<p>claims incurred. In addition, long-tail liability businesses such as MAIB, experience a high level of uncertainty in the estimation for outstanding claims. Inherent subjectivity involved in making judgements in relation to the assumptions applied in the valuation methodology can significantly impact the liability balance and resulting claims expense. This includes assumptions which are susceptible to changed economic conditions such as movements in the Australian Commonwealth Government bond rate, inflation rate and changes in claims experience.</p> <p>MAIB relied upon external actuarial advice for the valuation of the outstanding claims liability of \$1.30bn.</p>	<ul style="list-style-type: none"> • Verifying expense and liability disclosures to the external actuarial report at 30 June 2021. • Engaging an independent actuarial expert to assess the appropriateness of MAIB's actuarial methods and key assumptions to assess the reasonableness of the estimation of the outstanding claims liabilities as at 30 June 2021. • Assessing the adequacy and completeness of disclosures in the financial statements as required by AASB 1023 <i>General Insurance Contracts</i>.
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Responsibilities of the Directors for the Financial Report

The directors of MAIB are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Government Business Enterprises Act 1995* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing MAIB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate MAIB or to cease operations, or have no realistic alternative but to do so.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of MAIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 MAIB'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. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause MAIB 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 directors 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.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Jeff Tongs
**Assistant Auditor-General, Audit
Delegate of the Auditor-General**
Tasmanian Audit Office

13 August 2021
Hobart

13 August 2021

The Board of Directors
Motor Accidents Insurance Board
33 George Street
LAUNCESTON TAS 7250

Dear Board Members

Auditor's Independence Declaration

In relation to my audit of the financial report of Motor Accidents Insurance Board for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of Australian Auditing Standards in relation to the audit
- (b) any applicable code of professional conduct in relation to the audit.

As agreed with the Audit Committee a copy of this declaration must be included in the Annual Report.

Yours sincerely



Jeff Tongs
**Assistant Auditor-General, Audit
Delegate of the Auditor-General**

CERTIFICATION

In the opinion of the directors of the Motor Accidents Insurance Board:

- (a) the financial statements and notes of the Enterprise are in accordance with the *Government Business Enterprises Act 1995*, including:
 - i. giving a true and fair view of the results and cash flows for the year ended 30 June 2021 and the financial position as at 30 June 2021 of the Enterprise; and
 - ii. complying with the Australian Accounting Standards and Interpretations and with the Treasurer's Instructions.
- (b) there are reasonable grounds to believe that the Enterprise will be able to pay its debts as and when they fall due.

This declaration has been made after receiving the following declaration from the Chief Executive Officer and the Chief Financial Officer of the Enterprise:

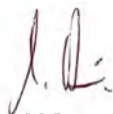
- (a) the financial records of the Enterprise for the period ended 30 June 2021 have been properly maintained in accordance with Section 51 of the *Government Business Enterprises Act 1995*;
- (b) the financial statements, and notes for the period ended 30 June 2021 have been prepared in accordance with Section 52 of the *Government Business Enterprises Act 1995*; and
- (c) the financial statements and notes for the period ended 30 June 2021 give a true and fair view.

Signed in accordance with a resolution of the directors:

Dated 12 August 2021

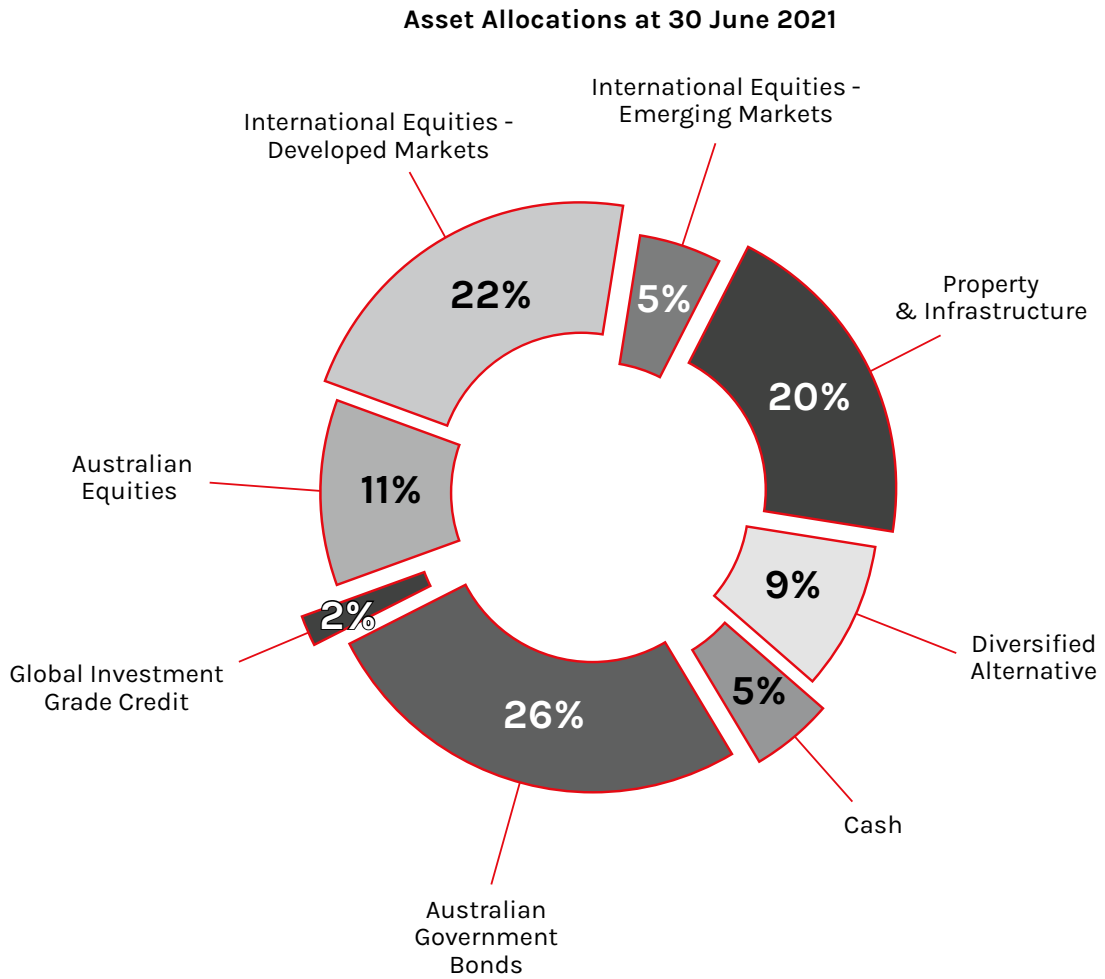
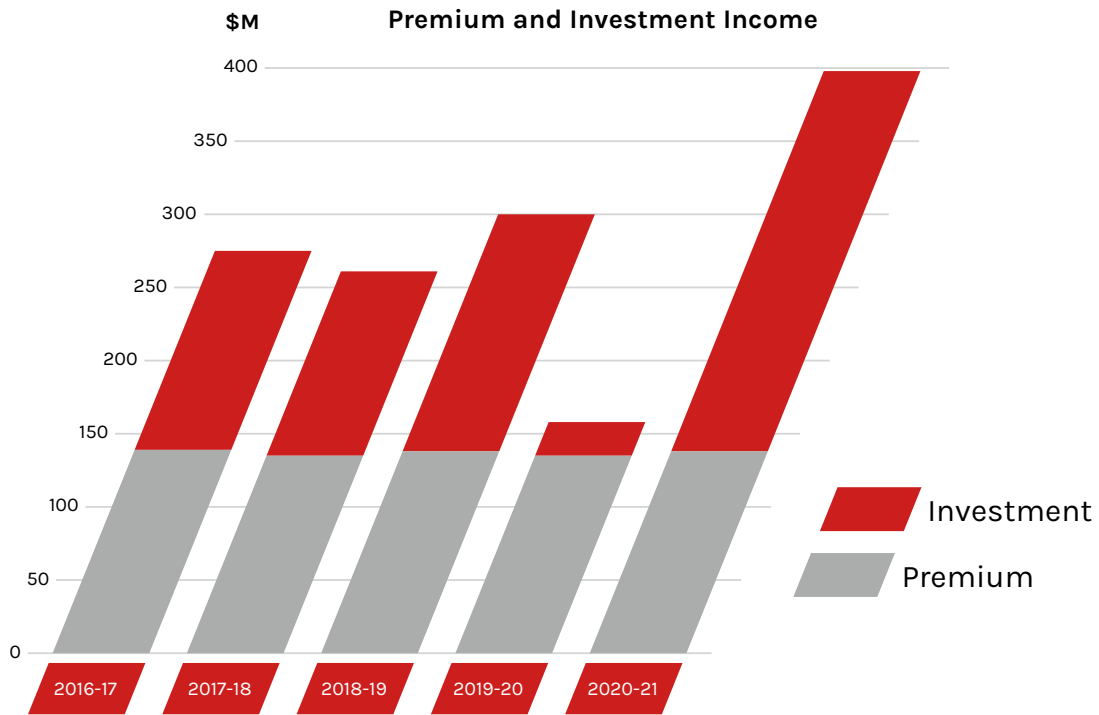


D W Challen AM
Chairman



M Dontschuk
Director

APPENDIX



APPENDIX *Continued*

FIVE YEAR SUMMARY - FINANCIAL	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Premium revenue	138,867	135,091	138,353	140,743	141,588
Outwards reinsurance expense	(5,879)	(5,776)	(5,696)	(5,751)	(5,941)
Recovery revenue	3,856	3,794	6,836	4,647	8,381
Gross claims incurred	(91,601)	(108,782)	(247,130)	(138,837)	(81,421)
Unexpired risk expense	(2,477)	1,086	(5,430)	1,216	1,245
Other underwriting expenses	(2,874)	(2,930)	(3,006)	(3,121)	(3,065)
Underwriting result	39,892	22,483	(112,261)	(1,103)	60,787
Investment and other revenue	137,322	126,768	162,811	23,743	256,173
Administration, funding and other expenses	(11,536)	(12,015)	(12,141)	(12,888)	(14,032)
Profit/(loss) before tax	165,678	137,236	38,409	9,752	302,298
Tax (expense)/benefit	(46,262)	(37,125)	(8,249)	(1,694)	(88,622)
Profit/(loss) after tax	119,416	100,111	30,160	8,058	215,655
Net assets	531,643	575,237	553,507	464,504	652,525
Dividend paid	49,705	56,258	51,427	91,878	32,634

FIVE YEAR SUMMARY - OPERATIONAL	2016-17	2017-18	2018-19	2019-20	2020-21
Number of vehicles registered	518,076	532,281	548,528	553,796	573,803
Claim payments (\$'000)	67,269	78,944	85,929	85,350	85,919
Number of current claims	2,105	2,100	2,047	2,198	2,373
New claims received	2,566	2,737	2,621	2,294	2,163
Number of fatalities	27	33	29	27	32
Fatality rate per 1,000 vehicles	0.05	0.06	0.05	0.05	0.06
Claims per 1,000 vehicles	4.95	5.1	4.8	4.2	3.8
Tasmanian car premium (\$)	294	294	294	294	282

Interstate Scheme Comparisons

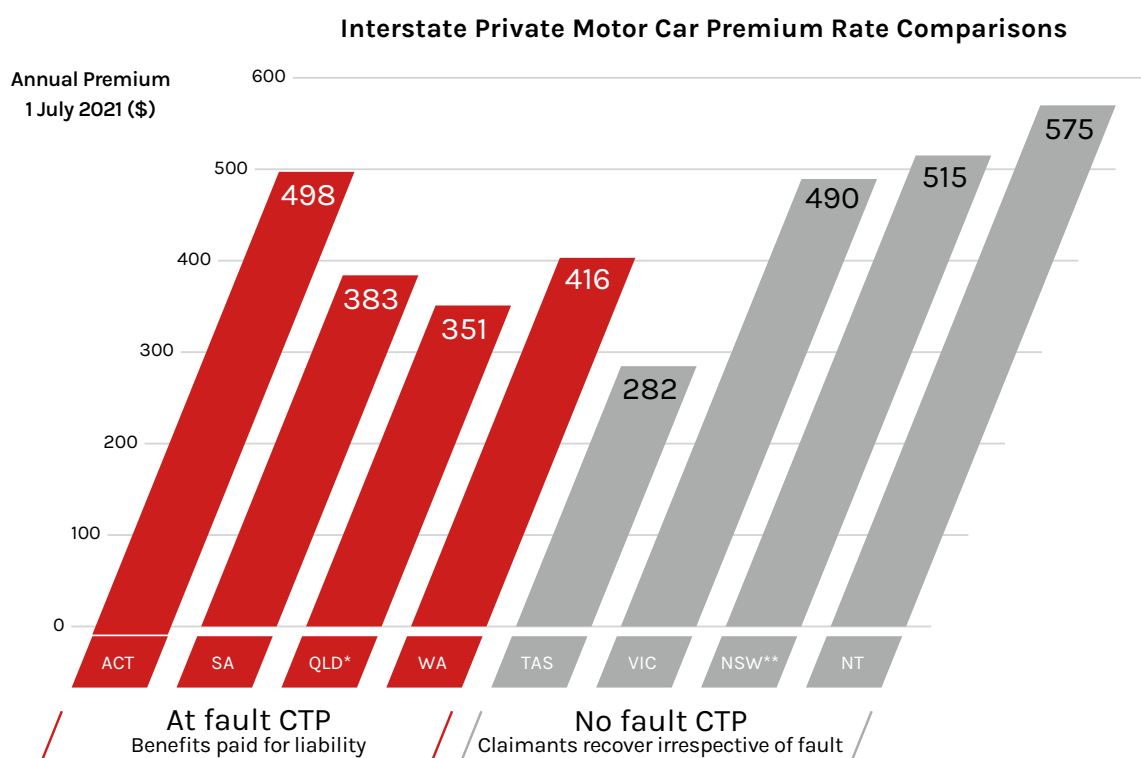
SCHEME COMPONENT	TAS	VIC	NT	NSW	QLD	WA	SA	ACT
No fault	Yes	Yes	Yes	Yes ¹	No	No	No	No
Lifetime Care (support for catastrophically injured)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Common Law Rights	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Monopoly Scheme	Yes	Yes	Yes	No	No	Yes	No	No
Motor Car Premium ²	\$282	\$490	\$575	\$515 ³	\$351	\$416	\$383 ⁴	\$498

¹ For the first six months (unless charged with a serious driving offence)

² Inclusive of GST and as at 1 July 2021.

³ Average rates for Sydney Metropolitan passenger vehicles (premiums range from \$427 to \$738).

⁴ Based on the lowest insurer filed rates for Adelaide Metropolitan passenger vehicles.



*For necessary and reasonable treatment, care and support for children aged under 16 years

**For necessary and reasonable treatment, care and support for victims of motor vehicle accidents who suffer minor injuries, for a period of up to 26 weeks

Payment of Accounts

In accordance with Treasurer’s Instruction GBE-13-114-09 (Payment of Accounts), the MAIB is required to report on the timeliness of its payment of accounts. The MAIB has internal policies and procedures in place to comply with the Treasurer’s Instructions and Treasury Guidelines, specifically:

- ◆ All relevant, correctly rendered invoices to be paid by the due date, and where they are less than \$50,000 to be paid within 30 days, or by the due date if the payment terms are less than 30 days;
- ◆ If payment is made late, interest is to be self-assessed and paid to providers in accordance with negotiated arrangements. The penalty interest to be paid is the greater of \$20, or an amount calculated on a daily basis from the payment due date of the correctly rendered invoice until the date of payment; and
- ◆ A formal complaint procedure exists if a provider is not satisfied with the payment of an invoice and/or the payment of penalty interest.

The following payments are excluded from the requirements of the Treasurer’s Instructions and Treasury Guidelines:

- ◆ Payments made to, or on behalf of, clients (hospital, ambulance, treatment etc.) – these reimbursements are outside the intended scope of the Guideline; and
- ◆ Payments by credit card (credit card payments are made at the time of purchase and have been excluded from being assessed against the requirements of the Guideline).

APPENDIX *Continued*

Accounts due or paid within 2020-21

Measure	
Creditor Days	9
Number of accounts due for payment	11,574
Number of accounts paid on time	11,556
Amount due for payment	\$27,460,465
Amount paid on time	\$27,448,619
Number of payments for interest on overdue accounts	2 ¹
Interest paid on overdue accounts	\$40

¹ Not all creditors sought interest payments on overdue accounts.

Procurement (Buy Local)

In accordance with Treasurer's Instruction GBE-13-114-11 (Buy Local), the MAIB is required to report on its procurement policies and practices and how these support local businesses.

Payments made to, or on behalf of, clients (hospital, ambulance, treatment etc.) are excluded as these reimbursements are outside the intended scope of the Guideline.

MAIB purchases¹ from Tasmanian Businesses 2020-21

Percentage of purchases from Tasmanian businesses	83%
Value of purchases from Tasmanian businesses	\$18.0M

¹ Excludes payments to specialist reinsurers (\$5.7 million)-there are no appropriately licenced reinsurers located in Tasmania.

Consultancies¹ valued at more than \$50,000 (ex GST) in 2020-21

Name of consultant	Location	Description	Period of engagement	Amount (\$)
Aon Benfield	Sydney, NSW	Reinsurance broker	Full Year	449,953
People Talking	Sydney, NSW	Leadership program	Full Year	89,894
Taylor Fry Pty Ltd	Melbourne, Victoria	Actuary	Full Year	360,346
Willis Towers Watson	Melbourne, Victoria	Investment consultant	Full Year	340,253
Total				1,240,446
There were 3 consultants engaged for \$50,000 or less totalling				81,627
Total Payment to Consultants				1,322,073

¹ Excludes standard professional services such as accounting, audit, tax and legal services.

Directors' Meetings

The number of Board and associated Committee meetings held and attendance by Directors in 2020-21 is provided below.

Director	Board (12 meetings held)	Audit Committee (5 meetings held)	Claims Committee (11 meetings held)	Foundation Committee (3 meeting held)
Don Challen AM	◆◆◆◆◆◆◆◆◆◆◆◆	◆◆◆◆◆		◆◆◆
Kate Cuthbertson	◆◆◆◆◆◆◆◆◆◆◆◆		◆◆◆◆◆◆◆◆◆◆◆◆	◆◆◆
Michael Dontschuk	◆◆◆◆◆◆◆◆◆◆◆◆	◆◆◆◆◆		
John Hindmarsh	◆◆◆◆◆◆◆◆◆◆◆◆		◆◆◆◆◆◆◆◆◆◆◆◆	
Naomi Walsh	◆◆◆◆◆◆◆◆◆◆◆◆	◆◆◆◆◆	◆◆◆◆◆◆◆◆◆◆◆◆	

APPENDIX *Continued*

Directors' Appointment Terms

The appointment details of all Directors is provided below.

Director	Date of original appointment	Commencement date of current term	Expiry date of current term
Don Challen AM	17-12-2010	17-12-2019	16-12-2022
Kate Cuthbertson	27-11-2015	27-11-2018	26-12-2021
Michael Dontschuk	01-05-2013	21-05-2018	20-08-2021
John Hindmarsh	01-02-2020	01-02-2020	31-01-2023
Naomi Walsh	01-01-2019	01-01-2019	31-12-2021

Public Interest Disclosures Act 2002

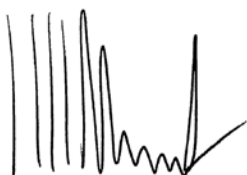
The MAIB is committed to the aims and objectives of the *Public Interest Disclosures Act 2002* (PID Act). It does not accept improper conduct by its employees or officers or the taking of detrimental action against those who come forward to disclose such conduct.

Value is placed upon transparency and accountability in administrative and management practices and support is given to the making of disclosures that reveal the type of conduct to which the PID Act is directed. All reasonable steps are taken to protect the welfare of people who make such disclosure from any detrimental reprisal or action. Natural justice is afforded to all parties involved in any investigations of a disclosure.

Procedures that comply with the requirements of the PID Act are available on the MAIB website. There were no reported or reportable disclosures under the PID Act during the 2020-21 period.

Superannuation

I certify that the MAIB has met its obligations under the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* in respect of any employee who is a member of a complying superannuation scheme to which the MAIB contributes.



Paul Kingston
Chief Executive Officer





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