

**MAIB**  
Service·Support·Safety



**2021 - 2022**  
MOTOR ACCIDENTS INSURANCE BOARD  
**ANNUAL  
REPORT**

**47**  
YEARS



## Vision Statement

Supporting people impacted by road trauma.

## Mission Statement

Deliver a sustainable high quality personal injury scheme by:

- recognising and delivering client centred outcomes and acting fairly, within our scheme;
- providing a safe and supportive workplace for our people;
- partnering with quality providers;
- maintaining financial sustainability and affordable premiums;
- contributing to making Tasmania's roads safer; and
- making a valued contribution to the Tasmanian community.

## Our Values

The MAIB's values are:

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



Image from "Pedestrian safety" campaign

## Dedicated Service

### Up to 5 Years

David  
John  
Richelle  
Kristen  
Lance  
Sarah  
Duane 1  
Tanya 1  
Suellen 1  
Shay 1  
Clare 1  
Belinda 1  
Leanne 1  
John 2  
Bron 2  
Taleah 3  
Lisa 3  
Nathan 3  
Naomi 3  
Aidan 3  
Shanay 3  
Emma 3  
Evan 4  
Samantha 4  
Keryn 4  
Chelsea 4

### 5 - 10 Years

Teena 5  
Josie 6  
Paul 7  
Jade 9

### 10 - 15 Years

Emma 11  
Stephen 11  
Don 11  
Jocelyn 12  
Lucy 12  
Laura 13  
Catherine 13  
Sara 14  
Anne 14  
Annet 14  
Kim 14

### Over 15 Years

Karen 17  
Kristy 20  
Peta 20  
Angie 20  
Jane 21  
Ann 24  
Ian 31  
Jo 33  
Derek 34  
Linda 37



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Image from "You can't beat Tassie Roads - Ride Safe" 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.

## 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 sole provider of compulsory third party (CTP) motor accident insurance in Tasmania.

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

Benefits of the Tasmanian scheme include:

- “No-fault” statutory compensation for people who sustain fatal or personal injury as a 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 vehicle 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 for clients requiring lifetime care.

Clients that are catastrophically injured and require lifetime care have access to unlimited scheduled benefits 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 2022:

### Shareholding Ministers

#### Portfolio Minister:

The Hon. Michael Ferguson MP

#### Treasurer:

The Hon. Michael Ferguson MP

### Board of Directors

#### Chairman:

Don Challen AM

#### Directors:

Lance Balcombe

Kristen FitzGerald

John Hindmarsh

Naomi Walsh

### Executive Management Team

#### Chief Executive Officer:

Paul Kingston

#### Chief Operating Officer:

Belinda Pratt

#### Chief Financial Officer:

Derek Thurm

#### Manager Continuous Improvement:

Jo Wilson

## Statement of Compliance

### The Hon. Michael Ferguson MP, Treasurer and Minister for Infrastructure

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 2022. 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: 15 September 2022



**D W Challen AM**  
Chairman



**Naomi Walsh**  
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 2021-22 Annual Report.

Despite the ongoing uncertainties and challenges presented by the COVID-19 pandemic and volatility in global investment markets, the MAIB continued to maintain its service provision in order to maximise the continuity of care for clients and their families and preserve the long term sustainability of the MAIB scheme.

### Financial Results

The operating result before tax for the year is a loss of \$73.9 million.

Two key factors determine the financial result (investment income and claims expense) 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 2021-22

2021-22	Budget	Actual	Variance
	\$M	\$M	\$M
Claims expense	(128.2)	(102.0)	26.2
Investment income	91.5	(86.7)	(178.2)
All other factors	116.2	114.8	(1.4)
<b>Profit/(loss) before tax</b>	<b>79.5</b>	<b>(73.9)</b>	<b>(153.4)</b>

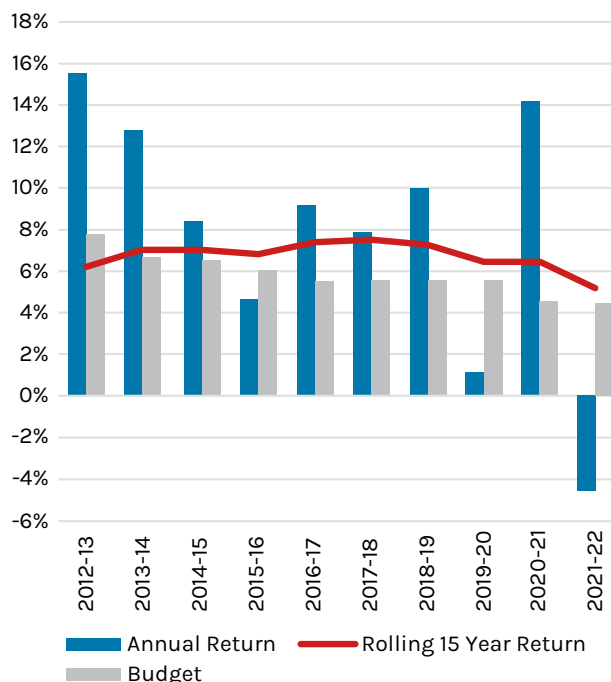
### Investments

The MAIB adopts a diversified investment strategy 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 bonds and cash. The investment strategy is reviewed annually against the long term nature of the outstanding claims liability and, the requirement to maintain a balance between the achievement of sustainable commercial rates of return for the Government and premium affordability.

The strategy is subject to short term volatility in financial markets, which can create variations in annual returns. The portfolio generated a net loss of \$86.7 million in 2021-22, which represents an annual return on investment of negative 4.5%, compared to the positive investment return of 14.2% in 2020-21.

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

#### Investment Returns 2012-13 to 2021-22



### 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 2021-22, the final claims expense reported was lower than forecast at the beginning of the year due to the net impact of reductions arising from revisions to economic assumptions during the year, partially offset by increases in the cost of claims.

The individual movements in the components of the claims expense during 2021-22 are summarised below:

#### Claims expense movement - 1 July 2021 to 30 June 2022

	Change (\$M)	Total (\$M)
Forecast (as at 1 July 2021)		128.2
Revisions to costs of claims	93.6	
Updated discount and inflation rates	(119.8)	
<b>Total revisions</b>		<b>(26.2)</b>
<b>Actual (as at 30 June 2022)</b>		<b>102.0</b>

## Volatility in Results

MAIB's operating loss before tax of \$73.9 million represents a significant decrease over the previous year's profit of \$302.9 million. The volatility in financial results over the two-year period is due to factors outside of the MAIB's control, primarily movements in investment values and changes in the discount and inflation rates impacting the claims liability.

Despite the volatility in financial results over the past two years, the key cash flows from operations have remained relatively stable. Premium receipts in 2021-22 totalled \$154.6 million (2021: \$156.2 million) with claim payments of \$92.6 million (2021: \$85.9 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 remains positioned around the midpoint of the target range with a funding ratio of 131.1% as at 30 June 2022.

## Dividend to Government

The agreed dividend policy with Government sets the payout ratio based on a sliding scale linked to the MAIB's funding ratio and after tax results averaged over five years. Application of the methodology at the end of 2021-22 has resulted in a payout ratio of 50% and a recommended dividend to Government of \$30.9 million.

## Service

Throughout the year the MAIB has continued its focus on quality client service and early engagement to improve the management of claims and client outcomes. An annual independent client satisfaction survey of clients was undertaken during the year. A high client satisfaction rating was achieved, with an overall score of 81%.

In addition, for the first time, a separate survey was completed for our Future Care clients (who require ongoing treatment for lifelong injuries), their families and (or) their carer. A similarly high client satisfaction rating was achieved from these clients with an overall score of 82%.

## Claims

New claims received in 2021-22 totalled 1,923, a decrease of 11.1% compared to the previous year. Accounting for the increase in vehicle numbers of 2.7% during the year, there were 589,169 registered vehicles as at 30 June 2022. This equates to an annual claim frequency of 3.3 claims per 1,000 registered vehicles (3.8 in 2020-21).

## Premiums

The Tasmanian Economic Regulator's final report into MAIB's pricing policies was released in July 2021. An amendment order was subsequently issued setting the maximum premiums MAIB can levy in the four year period commencing 1 December 2021. Consistent with the Regulator's recommendation, no general premium indexation was applied on 1 December 2021, with a small number of vehicle classes receiving 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.

## Road Safety Funding and Community Support

In 2021-22 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 Directors for their contribution, expertise and stewardship throughout the year. In particular, we would like to thank our two long serving Directors who completed their terms with the MAIB Board this year, Mike Dontschuk and Kate Cuthbertson. Both provided excellent contributions to the MAIB Board over many years. We also welcomed Lance Balcombe and Kristen FitzGerald to the Board during the year.

# Claims Management

## 2021-22 Claims Performance

The MAIB assists people who are injured in a motor vehicle accident and funds a range of care, treatment and support services, regardless of who was at fault.

During the 2021-22 financial year, the MAIB supported 1,923 people involved in motor vehicle accidents. This is a welcome reduction from the previous year, with 240 less people injured on Tasmanian roads.

When people are impacted by a motor vehicle accident and require treatment or support, the MAIB works to make the process as simple as possible. To achieve optimal client outcomes, the MAIB liaises with hospitals, doctors, allied health professionals and other providers to ensure clients obtain the treatment they need.

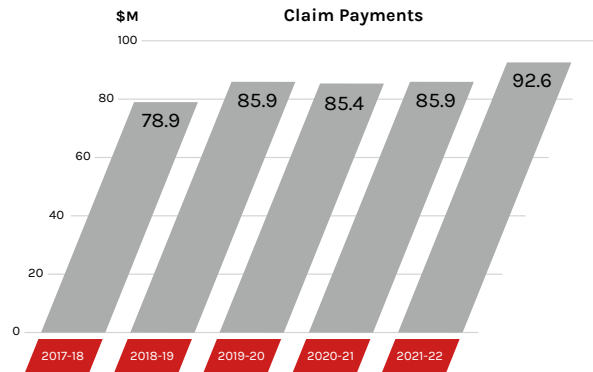
Returning to work is an important part of a person's recovery and the MAIB continues to proactively assist people to return to work sooner with vocation rehabilitation services provided to explore workplace options.

As part of ongoing work to streamline and improve service delivery for clients, changes were implemented to the website in July 2021, to provide clients with the ability to submit a claim online. Approximately 40% of new claims from clients are now received online. Benefits for clients include a significant reduction in the time taken to submit a claim together with a simplified form completion process where a client is presented with only the questions relevant to their personal circumstances.

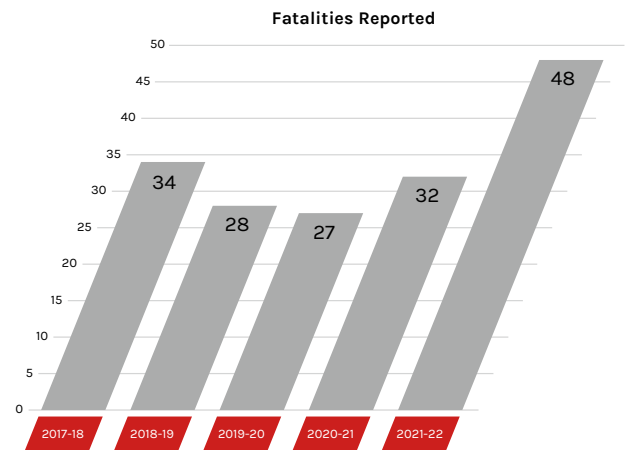
The MAIB assessed 99% of claims lodged within one working day. Once claims are assessed, the MAIB contacts clients to discuss their claim.

Total claims payments of \$92.6 million of benefits were paid this year to assist people in recovering after their accident. This expenditure includes funding for attendant care support, hospital and medical costs, income replacement and common law entitlements.

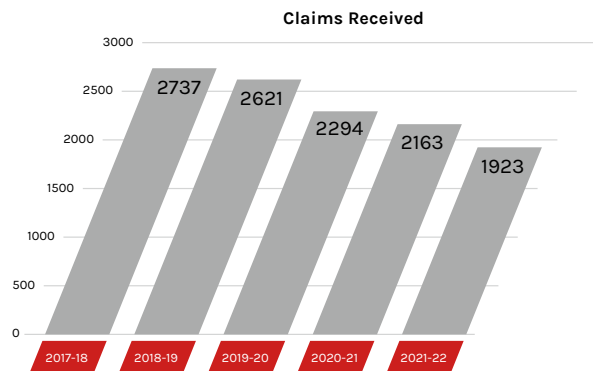
The MAIB's Future Care program funds ongoing treatment and services for people who have sustained lifelong injuries (for example, spinal cord or acquired brain injuries) and require lifetime care. As at 30 June 2022, there are 100 clients in this cohort with the MAIB funding \$16.6 million for attendant care, support and treatment in 2021-22.



Claims payments made for 2021-22 were \$92.6 million, which is slightly above recent years.



48 fatalities were reported in 2021-22, an increase over recent years.



1,923 claims were received in 2021-22, continuing a downward trend.



## Clients Achieving

### Verdun Wickham

In 1997, Verdun Wickham (who was 10 years old at the time) sustained a significant brain injury as a result of colliding with a motor vehicle while riding his bicycle. Verdun is a long-term resident at one of the MAIB's care facilities located in Tasmania.

Verdun has been attending art sessions at Interweave which he says "is almost his favourite thing to do and favourite place to be at". His best place to be is "on the farm with his Mum".

Verdun enjoys going to Interweave because he likes helping others at art setting up for the day but is not a fan of the clean-up at the end of the day!

After completing one of his art projects Verdun feels very happy with his beautiful artwork as it "makes me feel beautiful myself".

Verdun thinks of his projects by "just thinking". He does not like to look at books for pictures, just have his own thoughts and sometimes in his dreams he can see what he wants to do - "they will talk to him".

Verdun likes to decorate his home with his art work and it makes his heart happy when he sees his work on the wall or displayed in the lounge. He also likes to gift his art work to family and friends as this makes his heart happy. "I think I make someone very happy when they get my gift".

Verdun has goals "to keep going with my art to touch people's hearts and I like to touch people's hearts". When Verdun goes to art class he can be in their plays and dress up "I performed at Albert Hall and was Elvis Presley, I think Elvis had a happy heart".

Verdun is working on a special project and "someone will be happy when I am finished and can make them smile and they will have a happy heart too".



# 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, resulting in recommendations relating to premiums as at 1 December 2021 and for the subsequent three years.

## 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 settlement decisions on larger claims; and
- Approve settlements between \$300,000 and \$1,000,000 (the full Board is required to approve settlements of \$1,000,000 or more).

### 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 internal evaluation of the Board, Committees, individual Directors and the Chairman was undertaken in 2022.

### 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.

### Work Health and Safety

The Board has oversight of Work Health and Safety requirements for the MAIB, including compliance with obligations outlined in the *Work Health and Safety Act 2012* (WHS Act). The Board provides the framework to protect the health, safety and welfare of all workers, exercising due diligence and monitoring of management activities to ensure compliance with obligations outlined in the WHS Act.

## 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 2022.

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 are contained in note 22 of the financial report.



## Board of Directors



### DON CHALLEN AM

BEC (Hons), MEc, FCA, FCPA, FAICD, FIPAA

**Chairman (Independent)**

#### Appointed:

17 December 2010

#### Member:

Audit Committee  
Foundation Committee (Chair)

Don is an economist specialising in public finance.

He is currently Chair of the Tasmanian Symphony Orchestra.

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 chaired the Premier's Economic and Social Recovery Advisory Council. He was formerly Secretary of the Department of Treasury and Finance in Tasmania.



### LANCE BALCOMBE

BCom, FCA, MAICD

**Director (Independent)**

#### Appointed:

2 August 2021

#### Member:

Audit Committee, Claims Committee

Lance is a Chartered Accountant with a combined 40 years' experience in public practice and Senior Executive roles in the Tasmanian Private and State-Owned Company sectors.

Until March 2021, Lance served as the inaugural Chief Executive Officer of Tasmanian Networks Pty Ltd (Tasmania's transmission and distribution network service provider). Prior to that, Lance was the Chief Financial Officer at Hydro Tasmania and also served as the Chief Financial Officer of the Incat Group of Companies.

Lance is a Director of Liferaft Systems Australia Pty Ltd, the Ian Harrington Group Companies (Roadways), No Interest Loans Network of Tasmania Limited and operates his own business advisory firm, Wallasey Advisory Pty Ltd.



### KRISTEN FITZGERALD

MBBS (hons), FRACGP, MPH & TM, AFANZAHPE, GAICD

**Director (Independent)**

#### Appointed:

1 October 2021

#### Member:

Claims Committee, Foundation Committee

Kristen is a medical practitioner with over 25 years' experience in clinical care, population health and medical education. She continues to provide direct patient care as a General Practitioner in Tasmania.

Kristen commenced as a board member of the Tasmanian Board of the Medical Board of Australia in 2014, becoming Chair in 2020.



### JOHN HINDMARSH

MBA, GAICD

**Director (Independent)**

**Appointed:**

1 February 2020

**Member:**

Claims Committee (Chair)

John is an experienced executive and director with over 40 years' experience in finance and investment, including 12 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 Tairua Pauanui Promotions and Pauanui Business Association.



### NAOMI WALSH

FCA, GAICD, MBus

**Director (Independent)**

**Appointed:**

1 January 2019

**Member:**

Audit Committee (Chair)

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

She is the College of Business and Economics, Academic Lead Employability with the University of Tasmania, Deputy Chair on the Tasmanian Regional Councillor for CAANZ and Councillor on CAANZ National Council.

Naomi is a Commissioner for the Legal Aid Commission of Tasmania and a board member of TasTAFE, Mental Health Council of Tasmania, Tasmania Development and Resources Board and Launceston Chamber of Commerce.

### MICHAEL DONTSCHUK

BSc (Hons), FFTP, GAICD

**Director (Independent)**

**Appointed:**

1 May 2013

**Member:**

Audit Committee

Michael retired from the Board in August 2021.

### KATE CUTHBERTSON

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

**Director (Independent)**

**Appointed:**

27 November 2015

**Member:**

Claims Committee, Foundation Committee

Kate retired from the Board in December 2021.

# Statement of Corporate Intent

## Introduction

This Statement of Corporate Intent (SCI) is a high level summary of the Corporate 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 2021-22, 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 corporate planning and reporting process for 2021-22. The Statement of Corporate Intent has taken account of the known impacts of COVID-19 on MAIB for 2021-22.

## 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:

### **Client centred outcomes**

Recognising and delivering client centred outcomes and acting fairly within our scheme. Maximising recovery and everyday life through quality client service and focusing on what matters most to our clients as individuals.

### **Maintain financial sustainability**

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

Deliver financial outcomes that optimise our risk/return objectives, demonstrate strong governance and are sustainable.

### **Contributing to making Tasmanian roads safer**

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 injuries, including funding appropriately targeted road safety services and initiatives and influencing good road safety outcomes.







### Safe and supported workforce

Provide a safe and supportive workplace, where people are valued, motivated, engaged, accountable and focussed on client centred outcomes.

### Enhanced client experience through continuous improvement

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

### Community, provider and stakeholder engagement

Making a valued contribution to the Tasmanian community. Partnering with quality service providers to achieve client centred outcomes.

## Performance Agreement

### Financial Returns to Government

	Target 2021-22	Actual 2021-22
Dividends paid (\$M)	48.3	48.3
Tax equivalents paid (\$M)	69.5	73.3
<b>Total</b>	<b>117.8</b>	<b>121.6</b>

### Financial Targets

	Target 2021-22	Actual 2021-22
Financial Result after Tax (\$M)	58.5	(47.6)
Funding Ratio (%)	125.0	131.1
Return on Equity (%) - 1 Year	8.0	(7.3)
- 15 Years	8.0	14.6
Return on Assets (%) - 1 Year	3.0	(3.5)
- 15 Years	3.0	5.4
Return on Investments (%) - 1 Year	4.5	(4.5)
- 15 Years	4.5	5.3
Premium Increase (%)	<2.5	(0.1)

### Non-Financial Targets

	Target 2021-22	Actual 2021-22
General claim rate per 1,000 vehicles	4.4	3.3
Serious claim rate per 1,000 vehicles	1.1	1.0
Number of outstanding claims	2,400	2,378
Client satisfaction (%)	77	81
Premium affordability of AWOTE (%)	19.0	18.0

Due to the volatility experienced in financial markets during the year, the MAIB recorded an investment return of negative 4.5% in 2021-22 and did not achieve its annual financial performance targets. It should be noted performance against long term objectives remains strong and the MAIB's funding ratio is well placed at 131.1% compared with the target range of 120% to 145%.

The MAIB targets long term growth from its investments mindful of the long-tail profile of the outstanding claims liability. This strategy is expected to meet the MAIB's requirements over the long term, however, it introduces the possibility of short term volatility which was particularly evident in annual investment returns this year.

Following the completion of the Tasmanian Economic Regulator's review into MAIB's pricing policies, no general premium indexation was applied during the 2021-22 year. A small number of vehicle classes received relativity adjustments. MAIB remains committed to improving premium affordability for motor vehicle owners and Tasmania continues to have the lowest compulsory third party premiums of all States and Territories in Australia.

## 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. Funding of \$4.0 million was provided to the RSAC program in 2021-22.

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 in Tasmania. The RSAC activities have contributed to a consistent, and substantial decrease in serious injury claims frequency since being established.

Several road safety marketing campaigns were delivered through RSAC during 2021-22, including:

- Pedestrian Safety;
- You can't beat Tassie roads;
- Over is Over - speed campaign; and
- Road torque - short stories on road safety messages and the impacts of road casualty.



Image from the "Over is Over" campaign

### Injury Prevention and Management Foundation

The Injury Prevention and Management 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 MAIB 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 2021-22

The projects approved for funding through the Foundation in 2021-22 were:

- Road Trauma Support Tasmania Inc.- Counselling and support for people who have been affected by a road crash;
- Campbell Town District High School - Beat the Stats- Drive to Survive and All-Terrain Vehicle Training;
- ParaQuad Association of Tasmania - BodySafe Education Program & The Wheelie Safe Project;
- Yolla District High School - All-Terrain Vehicle Training;
- Brain Injury Association Tasmania, Brain Injury - Making a Difference;
- Huonville High School - Crash Awareness Training;
- Hobart Clinical School- Wilderness Skills Weekend; and
- Driver Mentoring Tasmania - Yloo Database & Booking system (for learner drivers).

### Motorcycle Course: Returning Riders Road Skills Check Ride

The MAIB has provided subsidies for returning motorcycle riders since 2005. The current course, Returning Riders Road Skills Check Ride is provided through the State Government contracted Motorcycle Training and Assessment Program provider. The MAIB subsidises \$150 per rider 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 2021-22 the total annual funding for these services was around \$516,000.

## Tasmanian Community Achievement Awards

The Tasmanian Community Achievement Awards aim to encourage, acknowledge and reward the valuable contributions that individuals, groups, communities and businesses are making throughout Tasmania. As part of the Tasmanian Community Achievement Awards, the MAIB has provided sponsorship of the MAIB Disability Achievement Award since 2007 which recognises people living with a disability who are actively contributing to the community and achieving personal goals.

The 2021 award celebrated Nicole McKillop. Nicole was born with a rare genetic condition Joubert Syndrome, a developmental disability which led to Nicole being legally blind in her early teens.

Nicole has lived life overcoming barriers of people's opinion, judgement, bullying and development opportunities from a young age. Nicole has successfully completed disability studies enabling her to work as a disability and residential support worker, working alongside young people with a disability, equipping them to learn skills which facilitate empowerment, self-advocacy, self-determination and resilience.

Through her lived experience and qualifications, Nicole is an emerging mentor and advocate who is passionate about seeing her vision of equity and social justice come alive, with a focus on promoting and motivating community to think and act inclusively of people with disability.

2021 MAIB Disability  
Achievement Award  
- Nicole McKillop (right)



## MAIB/Metro Nightrider

The MAIB has funded the MAIB Nightrider service for the past eleven 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.

## Motor Accident Injury Insurance Schemes

The MAIB is a member of the Heads of Motor Accident 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 2021-22, the MAIB chaired the HMAIS and was a participant in a number of sub-committees.

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## | Clients Achieving

### Jarrold Artis

Jarrold has been an MAIB client for 27 years and has been supported to pursue his new found passion for personal training. The MAIB is grateful to many of its partners (support workers and professional providers) for assisting Jarrold in his journey to where he is now able to work (with supervision) to assist others improve their health and fitness.

### By Jarrold Artis

My name is Jarrold Artis. I was involved in a car accident during 1995. My predominant injury from the accident was a severe brain injury. I was in a coma for some months. It was necessary for me to learn to eat, sit up, walk, talk etc again.

One year after the accident I was introduced to Don McDonald, Personal Fitness Trainer. I was 17 and had not had any interest in fitness and health. It was hoped that by working with Don, with consideration to my acquired brain injury, I would achieve my maximum fitness and health level.

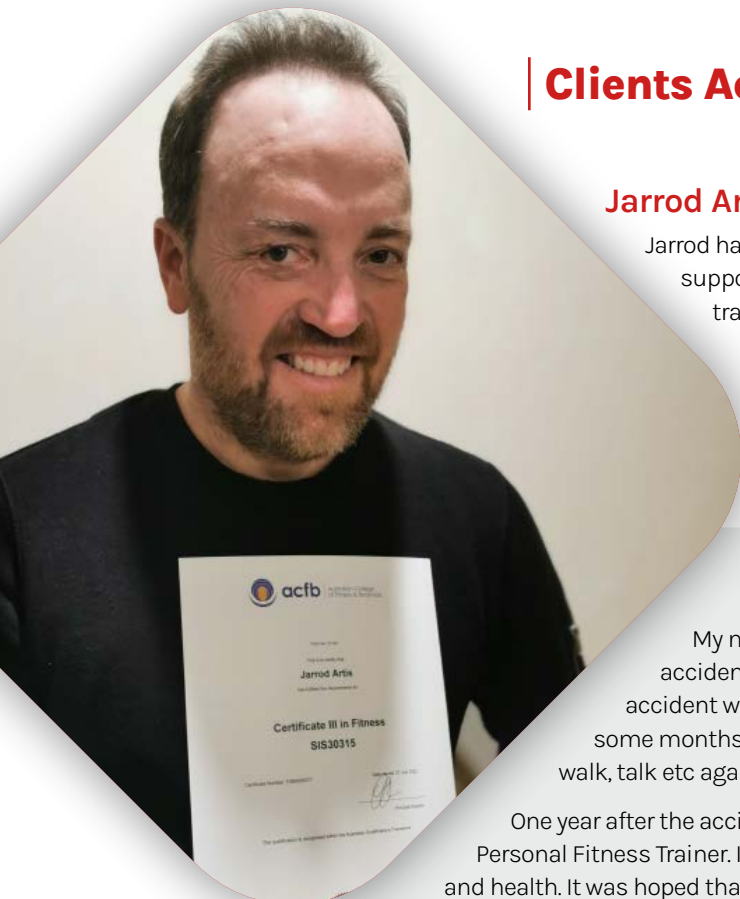
Don worked with me for 22 years funded by the MAIB. With Don's guidance, understanding, supervision and expertise to motivate I developed a passion not only for my own fitness but to help as many people as possible to achieve what I had achieved. Don employed me for some years to assist him with TABIS, training clients.

When Don retired I began training with Dylan. I had been looking for a course that would allow me to become a Personal Trainer. Dylan suggested ACFB, both Dylan and Don encouraged me to enrol.

The course was very intense and the time frame for completion was 6 months. After conversations with myself and my mother the ACFB cautiously agreed to allow me to enrol. They were concerned I would not be able to finish successfully. I was very happy that I had the opportunity to learn as much knowledge as possible to help out as many clients as I could.

As I began my way through the very thick manual I quickly realised I would struggle to be organised and to retain the information. With the support of my personal trainer, my mother and the countless hours of my diligent support workers I slowly worked my way through the clusters and exercises, all the time being encouraged, and motivated. It was exhausting but I didn't want to give up. I had been assigned an online mentor, Dee. Dee was friendly, helpful and gave me constructive criticism, which I appreciated. The ACFB graciously gave me a number of extensions to enable me to complete the course. Most beneficial was learning about safety, speed and technique for all exercises. The course covered many aspects of personal training, muscles, joints, tendons, health issues, overtraining, nutrition, personal beliefs, religious beliefs, cultural beliefs and so much more.

In a little over 2 years I successfully completed the course and gained my certificate III in Fitness and Bodywork. Finishing the course has opened up more possibilities for me to work in an industry that I have great respect and passion for. I am eager to being the next chapter of my life.



# Our People

## Human Resources

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

## Employment Conditions

The MAIB has approximately 40.5 FTEs, 76% of whom are female. Twelve staff members work part time using ongoing flexible working arrangements to help them achieve 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 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, which offers counselling services to all staff (for work and personal issues) in conjunction with training to enhance staff well-being.

## Employee Development

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

- Road Trauma Support Tasmania - Fatality Calls;
- Accidental Counsellor;
- Psychological safety and structural dynamics;
- Verbal Self Defence; and
- Manage Stress and Build Resilience.

The MAIB proactively works with staff to determine the training programs best suited to staff needs throughout the year.

## 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 needy children in over 100 countries; and
- Pollie Pedal - The MAIB provided sponsorship for Pollie Pedal 2022, which is a cycling event that raises awareness and funds for Diabetes Tasmania.







## **FINANCIAL REPORT**

**2021 - 2022**

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# Statement of Comprehensive Income

## FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
Premium revenue	2	141,870	141,588
Outwards reinsurance expense		(6,419)	(5,941)
		135,451	135,647
Gross claims incurred	3	(104,180)	(81,421)
Claims recovery revenue	3	2,186	8,381
Net claims incurred		(101,994)	(73,040)
Underwriting expenses	2	(3,255)	(3,065)
Unexpired risk expense	15	(2,901)	1,245
<b>Underwriting result</b>		<b>27,301</b>	<b>60,787</b>
Investment income	4	(85,452)	256,355
Investment expenses	4	(1,213)	(949)
Other income		634	767
General and administration expenses	5	(8,737)	(8,027)
Road Safety Advisory Council	6	(4,056)	(3,977)
Injury Prevention and Management Foundation	7	(314)	(427)
State Emergency Service	8	(357)	(350)
Other expenses		(1,669)	(1,251)
<b>Profit/(loss) before tax</b>		<b>(73,863)</b>	<b>302,928</b>
Tax (expense)/benefit	9	26,281	(88,622)
<b>Profit/(loss) after tax</b>		<b>(47,582)</b>	<b>214,306</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Defined benefit plan actuarial gains/(losses)		2,222	281
Revaluation of land and buildings		2,374	1,646
Tax (expense)/benefit on other comprehensive income		(1,379)	(578)
<b>Other comprehensive income net of tax</b>		<b>3,217</b>	<b>1,349</b>
<b>Total comprehensive result</b>		<b>(44,365)</b>	<b>215,655</b>

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

# Statement of Financial Position

AS AT 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
Cash and cash equivalents	10	4,486	4,888
Receivables	12	21,591	19,729
Prepaid tax	9	13,153	-
Net deferred tax asset	9	3,267	-
Investments	10	1,888,444	2,064,851
Property, plant and equipment		22,384	19,997
Intangibles		300	156
<b>Total assets</b>		<b>1,953,625</b>	<b>2,109,621</b>
<b>Liabilities</b>			
Payables		3,117	2,126
Provision for tax	9	-	37,039
Unearned premiums	13	62,524	63,800
Outstanding claims	14	1,313,378	1,295,971
Unexpired risk	15	7,299	4,398
Net deferred tax liability	9	-	44,716
Provision for employee benefits	16	7,439	9,046
<b>Total liabilities</b>		<b>1,393,757</b>	<b>1,457,096</b>
<b>Net assets</b>		<b>559,868</b>	<b>652,525</b>
<b>Equity</b>			
Retained earnings attributable to equity holders		551,559	645,877
Reserves		8,309	6,648
<b>Total equity</b>		<b>559,868</b>	<b>652,525</b>

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



# Statement of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
Balance at 1 July 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)
<b>Balance at 30 June 2021</b>	<b>645,877</b>	<b>6,648</b>	<b>652,525</b>
Profit/(loss) after tax	(47,582)	-	(47,582)
Other comprehensive income net of tax	1,556	1,661	3,217
Total comprehensive result	(46,026)	1,661	(44,365)
Dividends paid	(48,292)	-	(48,292)
<b>Balance at 30 June 2022</b>	<b>551,559</b>	<b>8,309</b>	<b>559,868</b>

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

# Statement of Cash Flows

## FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Inflows (Outflows) \$'000	2021 Inflows (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Premiums received		154,633	156,205
Recoveries received		379	9,950
Dividends received		89,498	60,187
Rent received		655	622
Other investment revenue received		3,062	2,576
Claims paid		(92,610)	(85,919)
Reinsurance paid		(6,865)	(6,154)
Underwriting expenses paid		(3,008)	(3,426)
General and administration expenses paid		(8,334)	(7,506)
Other expenses paid		(1,242)	(1,036)
Investment expenses paid		(1,271)	(942)
Road Safety Advisory Council paid		(4,083)	(4,375)
State Emergency Service paid		(393)	(385)
Injury Prevention and Management Foundation paid		(348)	(458)
Tax equivalent paid		(73,273)	(3,259)
Goods and services tax paid		(6,591)	(7,827)
<b>Net cash from operating activities</b>	17	<b>50,209</b>	<b>108,253</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		(551,722)	(376,460)
Sale of investments		550,154	301,246
Purchase of property, plant and equipment		(493)	(396)
Purchase of intangibles		(258)	(61)
Sale of plant and equipment		-	32
<b>Net cash flows from investing activities</b>		<b>(2,319)</b>	<b>(75,639)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	19	(48,292)	(32,634)
<b>Net cash flows from financing activities</b>		<b>(48,292)</b>	<b>(32,634)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>			
		<b>(402)</b>	<b>(20)</b>
Cash and cash equivalents at the beginning of the financial year		4,888	4,908
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>4,486</b>	<b>4,888</b>

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

## 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 2022 and were certified and authorised for issue by the Board of Directors on 12 August 2022.

### (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 flows.

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 2022

### 1 Basis of preparation *Continued*

#### Australian Accounting Standards adopted during the period

No new or amended accounting standards and interpretations became applicable for the current reporting period which had an impact on MAIB's accounting policies.

#### 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 2022 and have not been adopted by MAIB when preparing the 2021-22 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*

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.

In March 2022, the AASB issued an Exposure Draft proposing:

- (1) public-sector-specific modifications to AASB 17; and
- (2) deferring the AASB 17 mandatory application date for public sector entities until annual periods beginning on or after 1 July 2025, with earlier application permitted.

MAIB will monitor the progress on the public-sector-specific modifications and the impact these will have on adoption of AASB 17.

#### (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.

	2022 \$'000	2021 \$'000
Gross written premiums	140,594	141,593
Movement in unearned premiums	1,276	(5)
Premium revenue	141,870	141,588

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 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.

	2022			2021		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
<b>Gross claims incurred</b>						
Inflated/undiscounted	236,134	576,367	812,501	202,078	(50,064)	152,014
Discount movement	(89,219)	(619,102)	(708,321)	(48,344)	(22,249)	(70,593)
	146,915	(42,735)	104,180	153,734	(72,313)	81,421
<b>Claims recovery revenue</b>						
Inflated/undiscounted	(2,844)	(152)	(2,996)	(2,786)	(7,383)	(10,169)
Discount movement	528	282	810	236	1,552	1,788
	(2,316)	130	(2,186)	(2,550)	(5,831)	(8,381)
Net claims incurred	144,599	(42,605)	101,994	151,184	(78,144)	73,040

### 4 Net investment income

All investments comprise units in unlisted trusts, with all income distributions being received as dividends. Dividends are recognised as revenue when the right to receive payment is established.

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.

	2022 \$'000	2021 \$'000
Dividends	90,146	60,489
Other	2,618	2,455
Changes in fair value of investments		
Realised	(17,776)	13,328
Unrealised	(160,440)	180,083
Investment income	(85,452)	256,355
Investment expenses	(1,213)	(949)
Net investment income	(86,665)	255,406

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 5 General and administration expenses

	2022 \$'000	2021 \$'000
Salaries and related expenses	5,011	4,622
Depreciation and amortisation	314	225
Information technology	1,258	1,116
International travel <sup>1</sup>	-	-
Other operating costs	2,154	2,064
	8,737	8,027

<sup>1</sup> No international travel was undertaken in 2020-21 or 2021-22.

### 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 2022

### 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.

	2022 \$'000	2021 \$'000
<b>(a) Income tax expense/(benefit) comprises:</b>		
Current tax expense/(benefit)	23,441	46,871
Increase/(decrease) in net deferred tax asset/liability	(47,983)	43,065
Tax on other comprehensive income	(1,379)	(578)
(Over)/under provision of income tax expense/(benefit) in previous year	(360)	(736)
Tax expense/(benefit) attributable to operating result	(26,281)	88,622
<b>Reconciliation between operating result and income tax expense/(benefit)</b>		
Operating result before tax	(73,863)	302,928
Income tax expense/(benefit) calculated at 30%	(22,159)	90,878
Tax offsets for franked dividends	(3,189)	(2,353)
Adjustment in respect of prior years	(933)	97
Tax expense/(benefit) attributable to operating result	(26,281)	88,622
<b>(b) Tax liability/asset</b>		
Provision for tax/(prepaid tax) at 1 July	37,039	(5,837)
Tax payable in respect of current year	23,441	46,871
Less tax paid	(73,273)	(3,259)
(Over)/under provision for tax in previous year	(360)	(736)
Provision for tax/(prepaid tax)	(13,153)	37,039

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 9 Income tax *Continued*

	1 July \$'000	Recognised in profit and loss \$'000	Recognised in other comprehensive income \$'000	30 June \$'000
<b>(c) Deferred tax balances</b>				
<b>2022</b>				
<b>Deferred tax assets</b>				
Investments	13,250	1,062	-	14,312
Claims handling provision	33,819	486	-	34,305
Other provisions	4,443	645	(667)	4,421
Plant and equipment	15	(7)	-	8
Total deferred tax assets	51,527	2,186	(667)	53,046
<b>Deferred tax liabilities</b>				
Investments	93,558	(47,175)	-	46,383
Property	2,685	(1)	712	3,396
Total deferred tax liabilities	96,243	(47,176)	712	49,779
Net deferred tax asset/(liability)	(44,716)	49,362	(1,379)	3,267
<b>2021</b>				
<b>Deferred tax assets</b>				
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
<b>Deferred tax liabilities</b>				
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)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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. All 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 2022

### 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.

	2022 \$'000	2021 \$'000
<b>Cash and cash equivalents</b>		
Cash at bank	4,486	4,888
	4,486	4,888
<b>Investment assets</b>		
<b>Structured entity investments</b>		
Cash funds	91,804	102,513
Australian bonds funds	481,403	534,957
Fixed income funds	19,991	50,318
Australian equities funds	177,835	223,728
International equities funds	446,598	557,055
Diversifying alternatives funds	235,704	184,378
Property funds	292,384	277,993
Infrastructure funds	141,007	132,839
Total structured entity investments	1,886,726	2,063,781
<b>Other investment assets</b>		
Outstanding settlements receivable	1,718	1,070
Total other investment assets	1,718	1,070
Total investment assets	1,888,444	2,064,851

At 30 June 2022, MAIB's unit holdings in its Australian bonds funds range from 11% to 41% (2021: 22% to 37%) of the total units on offer. Unit holdings in all other categories are less than 20% of the total units on offer (2021: 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 2022

### 11 Financial instruments *Continued*

The following tables present the financial assets measured and recognised at fair value and at amortised cost at 30 June 2022 and 30 June 2021.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2022</b>				
<b>Financial assets at fair value through the statement of comprehensive income<sup>1</sup></b>				
Cash and cash equivalents	4,486	-	-	4,486
Cash funds	-	91,804	-	91,804
Australian bonds funds	-	481,403	-	481,403
Fixed income funds	-	19,991	-	19,991
Australian equities funds	-	177,835	-	177,835
International equities funds	-	446,598	-	446,598
Diversifying alternatives funds	-	235,704	-	235,704
Property funds	-	73,064	219,320	292,384
Infrastructure funds	-	73,427	67,580	141,007
<b>Total</b>	<b>4,486</b>	<b>1,599,826</b>	<b>286,900</b>	<b>1,891,212</b>
<b>Financial assets at amortised cost<sup>2</sup></b>				
Outstanding settlements receivable	1,718	-	-	1,718
<b>Total</b>	<b>1,718</b>	<b>-</b>	<b>-</b>	<b>1,718</b>
<b>Total financial assets</b>	<b>6,204</b>	<b>1,599,826</b>	<b>286,900</b>	<b>1,892,930</b>

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2021</b>				
<b>Financial assets at fair value through the statement of comprehensive income<sup>1</sup></b>				
Cash and cash equivalents	4,888	-	-	4,888
Cash funds	-	102,513	-	102,513
Australian 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
<b>Total</b>	<b>4,888</b>	<b>1,811,502</b>	<b>252,279</b>	<b>2,068,669</b>
<b>Financial assets at amortised cost<sup>2</sup></b>				
Outstanding settlements receivable	1,070	-	-	1,070
<b>Total</b>	<b>1,070</b>	<b>-</b>	<b>-</b>	<b>1,070</b>
<b>Total financial assets</b>	<b>5,958</b>	<b>1,811,502</b>	<b>252,279</b>	<b>2,069,739</b>

<sup>1</sup> The fair value of the financial assets equals the carrying amount.

<sup>2</sup> 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 2021-22 or 2020-21.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 11 Financial instruments *Continued*

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

	2022 \$'000	2021 \$'000
Property funds	219,320	212,896
Infrastructure funds	67,580	39,383
	286,900	252,279

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

	2022 \$'000	2021 \$'000
Balance 1 July	252,279	234,390
Realised gain/(loss) recognised in the statement of comprehensive income	12,863	7,826
Unrealised gain/(loss) recognised in the statement of comprehensive income	20,164	5,084
Sale of investments	(19,387)	(1,765)
Purchases of investments	20,981	6,744
Balance at 30 June	286,900	252,279

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 4.13% and 5.75% (2021: 4.25% and 6.54%); and
- discount rates ranging between 5.50% and 6.75% (2021: 5.50% and 7.50%).

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 2022

## 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 2022

### 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.

	2022 \$'000	2021 \$'000
Impact on profit and equity of a 10% increase in unit prices		
Cash funds	6,426	7,176
Australian bonds funds	33,698	37,447
Fixed income funds	1,399	3,522
Australian equities funds	12,448	15,661
International equities funds	31,262	38,994
Diversifying alternatives funds	16,499	12,906
Property funds	20,467	19,459
Infrastructure funds	9,870	9,299
	2022 \$'000	2021 \$'000
Impact on profit and equity of a 10% decrease in unit prices		
Cash funds	(6,426)	(7,176)
Australian bonds funds	(33,698)	(37,447)
Fixed income funds	(1,399)	(3,522)
Australian equities funds	(12,448)	(15,661)
International equities funds	(31,262)	(38,994)
Diversifying alternatives funds	(16,499)	(12,906)
Property funds	(20,467)	(19,459)
Infrastructure funds	(9,870)	(9,299)

#### (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.

	2022 \$'000	2021 \$'000
United States Dollar	349,350	289,368
Euro	23,358	4,505

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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.

	2022 \$'000	2021 \$'000
Impact on profit and equity of a 10% increase in value of the Australian Dollar	(23,718)	(18,701)
Impact on profit and equity of a 10% decrease in value of the Australian Dollar	28,988	22,857

### (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 is exposed to interest rate risk on its outstanding claims liability. This risk is mitigated through the establishment of 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 2022

### 11 Financial instruments *Continued*

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

	2022		2021	
	Investment grade <sup>1</sup> \$'000	Non investment grade <sup>1</sup> \$'000	Investment grade <sup>1</sup> \$'000	Non investment grade <sup>1</sup> \$'000
<b>Financial assets</b>				
Cash and cash equivalents	4,486	-	4,888	-
Trade and other receivables	1,657	88	1,635	72
	6,143	88	6,523	72

<sup>1</sup> 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.

	2022		2021	
	Investment grade <sup>1</sup> \$'000	Non investment grade <sup>1</sup> \$'000	Investment grade <sup>1</sup> \$'000	Non investment grade <sup>1</sup> \$'000
Reinsurance recoveries receivable	14,290	-	12,951	-
Other recoveries receivable	-	5,556	-	5,071
	14,290	5,556	12,951	5,071

<sup>1</sup> 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 equivalent to the Tasmanian Government, 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 2022

### 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.

	2022 \$'000	2021 \$'000
<b>Financial liabilities</b>		
Payables	3,117	2,126
	3,117	2,126

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 2022 the funding ratio is 131.1% (2021: 133.1%).

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.

Other recoveries receivable 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.

	2022 \$'000	2021 \$'000
Premiums receivable	1,657	1,635
Other receivables	88	72
Other recoveries receivable	5,556	5,071
Reinsurance recoveries receivable	14,290	12,951
	21,591	19,729
Due within 12 months	3,455	3,345
Due in more than 12 months	18,136	16,384
	21,591	19,729

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 13 Unearned premiums

Unearned premiums represent the portion of premiums written which relate to periods of insurance subsequent to balance date. All unearned premiums are expected to be earned within 12 months.

	2022 \$'000	2021 \$'000
Balance at 1 July	63,800	63,795
Earning of premiums written in previous periods	(63,800)	(63,795)
Premiums written in current period	140,594	141,593
Earning of premiums written in current period	(78,070)	(77,793)
Balance at 30 June	62,524	63,800

### 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 2022 provides a probability not less than 75% (2021: 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 2022

### 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 cover payments made to clients on a no-fault basis. Benefits payable include the reasonable costs of:

- ambulance, hospital and medical expenses;
- death benefits and funeral expenses;
- rehabilitation expenses; and
- disability allowance (income replacement).

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 compensation is payable where the injuries result from the negligence of another party. Common law costs include damages and the associated legal costs of settling claims.

Common law projections take into account the following:

- the number of common law claims received;
- 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 benefits are paid to seriously injured clients requiring at least two hours of care per day for an indefinite period.

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 client'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 2022

### 14 Outstanding claims *Continued*

#### (a) Actuarial assumptions and methods

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

	2022			2021		
	Scheduled benefits	Common law	Future care	Scheduled benefits	Common law	Future care
Inflated mean term (years)	10.3	4.4	31.8	7.6	4.2	29.5
Discounted mean term (years)	6.2	3.9	20.7	5.7	3.9	21.1
Number of claims incurred but not reported	368	295	18	370	290	18
Average claim size (\$ '000)	18.6	181.4	6,861.8	18.7	169.0	6,498.4
Superimposed inflation	10%	15%	0.0%	10%	15%	0.0%
Claims handling expenses	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Risk margin	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

	2022		2021	
	Wage inflation rates <sup>1</sup>	Interest rates <sup>2</sup>	Wage inflation rates <sup>3</sup>	Interest rates <sup>4</sup>
<b>Claims expected to be paid in:</b>				
Year 1 (following end of financial year)	4.00%	2.54%	2.25%	-0.03%
Year 2	4.50%	3.43%	2.35%	0.21%
Year 3	4.00%	3.54%	2.45%	0.79%
Year 4	3.83%	3.63%	2.59%	1.28%
Year 5	3.65%	3.73%	2.95%	1.73%
Year 6	3.61%	3.82%	2.99%	2.03%
Year 7	3.57%	3.90%	2.98%	2.22%
Year 8	3.55%	3.98%	2.98%	2.34%
Year 9	3.53%	4.00%	2.98%	2.44%
Year 10	3.51%	4.00%	2.99%	2.52%
Year 11	3.51%	4.00%	3.01%	2.60%
Year 12	3.50%	4.00%	3.04%	2.66%
Year 13	3.50%	4.00%	3.05%	2.73%
Year 14	3.50%	4.00%	3.07%	2.78%
Year 15	3.50%	4.00%	3.09%	2.83%
Year 16	3.50%	4.00%	3.11%	2.88%
Year 17	3.50%	4.00%	3.13%	2.94%
Year 18	3.50%	4.00%	3.14%	2.97%
Year 19	3.50%	4.00%	3.15%	3.01%
Year 20	3.50%	4.00%	3.17%	3.05%
Year 21	3.50%	4.00%	3.18%	3.08%
Year 22	3.50%	4.00%	3.19%	3.11%
Year 23	3.50%	4.00%	3.20%	3.14%
Year 24	3.50%	4.00%	3.21%	3.17%
Year 25	3.50%	4.00%	3.22%	3.21%

<sup>1</sup> projected inflation rates after year 25 remain constant at 3.50%.

<sup>2</sup> projected interest rates after year 25 remain constant at 4.00%.

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

<sup>4</sup> 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 2022

### 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 2022 are included at the rate of 9.0% of future claim payments (2021: 9.0%).

#### Risk margin

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

- 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 2022 (2021: 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 2022

## 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 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) fluctuations in the future claim experience; and
  - (ii) the possibility of future systemic 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 2022

### 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
<b>Recognised amounts as per the 2022 financial report</b>		(47,582)	559,868
Inflation rate increased by 50 basis points	(71,459)	(119,041)	488,409
Inflation rate decreased by 50 basis points	62,263	14,681	622,131
Interest rate increased by 50 basis points	61,908	14,326	621,776
Interest rate decreased by 50 basis points	(71,699)	(119,281)	488,169
Cost of current year Future Care IBNR claims increased by 10%	(8,185)	(55,767)	551,683
Cost of current year Future Care IBNR claims decreased by 10%	8,185	(39,397)	568,053
Common Law settlement size increased by 10%	(25,974)	(73,556)	533,894
Common Law settlement size decreased by 10%	25,974	(21,608)	585,842
Scheduled Benefits average size increased by 10%	(5,978)	(53,560)	553,890
Scheduled Benefits average size decreased by 10%	5,978	(41,604)	565,846
<b>Recognised amounts as per the 2021 financial report</b>		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

### (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
<b>30 June 2022</b>					
Outstanding claims liability	117,604	551,933	246,658	397,183	1,313,378
	117,604	551,933	246,658	397,183	1,313,378
<b>30 June 2021</b>					
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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 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.

	2022 \$'000	2021 \$'000
<b>Scheduled benefits claims</b>		
Expected future claims payments (inflated/undiscounted)	93,892	71,989
Discount to present value	(23,833)	(8,079)
Claims handling expenses	6,668	6,086
Risk margin	14,234	12,985
	90,961	82,981
<b>Common law claims</b>		
Expected future claims payments (inflated/undiscounted)	324,466	266,253
Discount to present value	(42,337)	(10,966)
Claims handling expenses	27,089	24,509
Risk margin	61,844	55,959
	371,062	335,755
<b>Future care claims</b>		
Expected future claims payments (inflated/undiscounted)	1,735,374	1,262,950
Discount to present value	(1,085,064)	(593,110)
Claims handling expenses	61,534	63,348
Risk margin	139,511	144,047
	851,355	877,235
<b>All claims</b>		
Expected future claims payments (inflated/undiscounted)	2,153,732	1,601,192
Discount to present value	(1,151,234)	(612,155)
Claims handling expenses	95,291	93,943
Risk margin	215,589	212,991
	1,313,378	1,295,971
Due within 12 months	117,604	108,284
Due in more than 12 months	1,195,774	1,187,687
	1,313,378	1,295,971

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 14 Outstanding claims *Continued*

#### (e) Reconciliation of movement in outstanding claims liability

	2022			2021		
	Gross \$'000	Recoveries \$'000	Net \$'000	Gross \$'000	Recoveries \$'000	Net \$'000
Balance at 1 July	1,295,971	18,022	1,277,949	1,295,028	19,529	1,275,499
Adjustment to prior years						
Effect of actual versus expected payments	(9,397)	(863)	(8,534)	(14,341)	513	(14,854)
Effect of changes in actuarial assumptions	104,820	3,695	101,125	(21,172)	6,331	(27,503)
Effect of changes in economic assumptions	(112,037)	(2,669)	(109,368)	(18,310)	(596)	(17,714)
Effect of prior year claims moving closer to payment	(26,121)	(293)	(25,828)	(18,490)	(417)	(18,073)
Net revision to prior years' claims costs	(42,735)	(130)	(42,605)	(72,313)	5,831	(78,144)
Incurred claims for the current accident year	146,915	2,316	144,599	153,734	2,550	151,184
Net claims incurred	104,180	2,186	101,994	81,421	8,381	73,040
Claims payments and recoveries during the year	(86,773)	(362)	(86,411)	(80,478)	(9,888)	(70,590)
Balance at 30 June	1,313,378	19,846	1,293,532	1,295,971	18,022	1,277,949

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 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
	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	
<b>Gross of reinsurance recoveries</b>											
<b>Estimate of ultimate claims cost:</b>											
End of accident year	249,933	240,801	208,032	156,465	183,794	200,655	167,538	158,780	158,582	183,244	
One year later	210,096	162,877	113,989	150,202	163,990	219,870	157,701	186,021	203,585		
Two years later	158,319	103,068	127,180	102,191	153,349	173,063	114,039	207,210			
Three years later	124,051	95,409	126,365	94,957	120,133	111,677	115,181				
Four years later	127,994	66,926	104,579	100,589	122,359	113,067					
Five years later	119,914	63,008	106,458	102,369	121,622						
Six years later	126,312	65,167	118,723	145,938							
Seven years later	134,975	68,780	140,597								
Eight years later	145,892	67,525									
Nine years later	161,280										
Current estimate of cumulative claims cost	161,280	67,525	140,597	145,938	121,622	113,067	115,181	207,210	203,585	183,244	1,459,249
Cumulative payments	(69,547)	(52,144)	(56,520)	(52,248)	(58,627)	(47,765)	(46,695)	(31,869)	(31,187)	(13,625)	(460,227)
Outstanding claims (undiscounted)	91,733	15,381	84,077	93,690	62,995	65,302	68,486	175,341	172,398	169,619	999,022
Discount											(453,897)
2012 and prior (discounted)											457,373
Claims handling expense											95,291
Risk margins											215,589
Outstanding claims (inflated & discounted)											1,313,378



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 14 Outstanding claims *Continued*

	Accident year										Total \$'000
	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	
<b>Net of reinsurance recoveries</b>											
<b>Estimate of ultimate claims cost:</b>											
End of accident year	249,933	240,801	208,032	156,465	181,328	198,001	164,396	155,847	155,804	180,406	
One year later	210,096	162,877	113,989	149,783	162,009	216,047	155,212	171,299	202,534		
Two years later	158,319	103,068	126,850	101,844	151,248	168,582	113,315	188,076			
Three years later	123,887	95,208	126,069	94,634	119,658	111,281	114,531				
Four years later	127,810	66,774	104,290	100,372	122,034	112,686					
Five years later	119,797	62,846	106,203	102,197	121,265						
Six years later	126,176	65,041	118,488	145,732							
Seven years later	134,868	68,647	140,290								
Eight years later	145,805	67,193									
Nine years later	161,168										
Current estimate of cumulative claims cost	161,168	67,193	140,290	145,732	121,265	112,686	114,531	188,076	202,534	180,406	1,433,881
Cumulative payments	(69,547)	(52,144)	(56,520)	(52,248)	(58,627)	(47,765)	(46,695)	(31,870)	(31,187)	(13,625)	(460,228)
Outstanding claims (undiscounted)	91,621	15,049	83,770	93,484	62,638	64,921	67,836	156,206	171,347	166,781	973,653
Discount											(447,262)
2012 and prior (discounted)											456,261
Claims handling expense											95,291
Risk margins											215,589
Outstanding claims (inflated & discounted)											<u>1,293,532</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 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.

	2022 \$'000	2021 \$'000
<b>(a) Unexpired risk liability</b>		
Net central estimate	53,887	52,686
Claims handling expenses	5,171	5,056
Risk margin	11,637	11,366
Reinsurance recoveries	(872)	(910)
Premium liability	69,823	68,198
Unearned premiums net of deferred acquisition costs	62,524	62,434
Deficiency	7,299	5,764
Less deferred acquisition costs <sup>1</sup>	-	(1,366)
Unexpired risk liability	7,299	4,398
<b>(b) Amount recognised in the statement of comprehensive income</b>		
Deficiency 1 July	5,764	7,009
Deficiency 30 June	7,299	5,764
Increase/(decrease) in deficiency	1,535	(1,245)
Deferred acquisition costs <sup>1</sup>	1,366	-
Unexpired risk expense	2,901	(1,245)

<sup>1</sup> Effective 1 July 2021 the charging of collection fees per premium renewal was replaced with a lump sum funding model whereby costs of collection are not linked to premium renewals and are expensed in full when levied.

### Claims handling expenses

Claims handling expenses as at 30 June 2022 are included at the rate of 9.0% (2021: 9.0%).

### Risk margin

As at 30 June 2022 a risk margin of 20% (2021: 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 2022 of not less than 75% (2021: 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 2022

### 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 the rates of pay current at the time of taking the leave.

#### 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.

	2022 \$'000	2021 \$'000
<b>Due within 12 months</b>		
Annual leave	450	370
Long service leave	38	27
Defined benefit superannuation obligation	28	27
	516	424
<b>Due in more than 12 months</b>		
Long service leave	462	400
Defined benefit superannuation obligation	6,461	8,222
	6,923	8,622
Total employee benefits	7,439	9,046

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 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

	2022 \$'000	2021 \$'000
Profit/(loss) after tax	(47,582)	214,306
Depreciation and amortisation	647	521
Loss/(profit) on sale of plant and equipment	-	(7)
Net unrealised loss/(gain) in net market value of investments	160,440	(180,083)
Net realised loss/(gain) in net market value of investments	17,776	(13,328)
Decrease/(increase) in accrued dividends and interest	(242)	(380)
Decrease/(increase) in other assets	(1,863)	1,955
Increase/(decrease) in outstanding claims liability	17,407	943
Increase/(decrease) in unexpired risk liability	2,901	(1,295)
Increase/(decrease) in unearned premium liability	(1,276)	5
Increase/(decrease) in tax payable	(50,192)	42,876
Decrease/(increase) in net deferred tax asset/liability	(47,983)	43,065
Increase/(decrease) in other liabilities	176	(325)
Net cash flow from operating activities	50,209	108,253

#### (b) Financing facilities

At 30 June 2022 MAIB has four corporate credit cards (2021: four) with a total limit of \$50,000 (2021: \$50,000). 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 2022 is \$111,430 (2021: \$83,020).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 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.

	2022 \$'000	2021 \$'000
Ordinary dividend	48,292	32,634
	48,292	32,634

Following the end of the financial year, a final ordinary dividend relating to the year ended 30 June 2022 of \$30,871,424 (2021: \$48,291,503) was recommended by directors to be paid in 2022-23.

### 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  
L Balcombe (from 2 August 2021)  
K Cuthbertson (to 26 December 2021)  
M Dontschuk (to 20 August 2021)  
K Fitzgerald (from 1 October 2021)  
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  
B Pratt Chief Operating Officer  
D Thurm Chief Financial Officer  
J Wilson Manager Continuous Improvement

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 22 Key management personnel information *Continued*

#### (c) Key management personnel compensation

	Directors		Executive		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Short-term employee benefits	294	262	860	841	1,154	1,103
Post employment benefits	29	24	89	84	118	108
Other long-term employee benefits	-	-	58	6	58	6
Termination benefits	-	-	-	17	-	17
	323	286	1,007	948	1,330	1,234

#### (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
<b>2022</b>						
D Challen AM	Chairman	Full Year	84	7	9	100
L Balcombe	Director	From 2 Aug 2021	36	6	4	46
K Cuthbertson	Director	To 26 Dec 2021	21	3	2	26
M Dontschuk	Director	To 20 Aug 2021	7	1	1	9
K Fitzgerald	Director	From 1 Oct 2021	29	5	3	37
J Hindmarsh	Director	Full Year	40	7	5	52
N Walsh	Director	Full Year	40	8	5	53
			257	37	29	323
<b>2021</b>						
D 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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 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 <sup>1</sup> \$'000	Super-annuation <sup>2</sup> \$'000	Vehicle <sup>3</sup> \$'000	Total Remuneration Package \$'000	Termination Benefits <sup>4</sup> \$'000	Other Long-Term Benefits <sup>5</sup> \$'000	Total <sup>6</sup> \$'000
<b>2022</b>									
P Kingston	CEO	Full year	298	30	3	331	-	28	359
B Pratt	COO	Full year	186	19	3	208	-	13	221
D Thurm	CFO	Full Year	201	22	4	227	-	19	246
J Wilson	MCI	Full Year	161	18	4	183	-	(2)	181
			846	89	14	949	-	58	1,007
<b>2021</b>									
P Kingston	CEO	Full year	283	28	15	326	-	8	334
S Tuff	COO	to 2 April 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

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

<sup>2</sup> 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%.

<sup>3</sup> Vehicle costs represent the cost of the private use component of vehicles and car parking provided to executives as part of their remuneration package.

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

<sup>5</sup> Other long-term benefits comprise only annual leave and long service leave movements.

<sup>6</sup> 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 2022

### 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 approved by the Treasurer, 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 and Portfolio Minister following selection and recommendation by the Board of MAIB, including consideration of 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

No termination benefits were paid in 2021-22.

#### 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 2021-22.

#### 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 2022 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 2022 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><b>Significant investments and investment revenue</b>  <i>Refer to notes 4 and 10</i></p>	
<p>MAIB held \$1.89 billion of investments at 30 June 2022, of which \$1.62 billion were classified as level 2 and \$263.54 million were classified as level 3 in accordance with <i>AASB 13 Fair Value Measurements</i>.</p> <p>MAIB's net investment income for 30 June 2022 was a loss of \$85.45 million. This included dividends, interest and realised and unrealised gains and losses resulting from the change in the fair value of investments.</p> <p>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 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 at the end of each reporting period.</p>	<ul style="list-style-type: none"> <li>• Evaluating the design of MAIB's relevant controls over the investments process and assessing whether a sample of these controls operated effectively throughout the year.</li> <li>• Evaluating the appropriateness of the valuation methodologies used against the requirements of Australian Accounting Standards.</li> <li>• Reviewing MAIB's internal assessment of investment compliance with legislative and prescribed policies relating to investments.</li> <li>• Obtaining an Independent Service Auditor's Assurance Report on the:             <ul style="list-style-type: none"> <li>- custodian's description of controls over custody, investment administration, unit registry and related technology systems</li> <li>- design and operating effectiveness of those controls,</li> </ul> <p>and assessing the impact, in relation to MAIB, of the control exceptions identified in the Report.</p> </li> <li>• Verifying investments revenues to the custodian portfolio reconciliation report.</li> <li>• Verifying MAIB's investment balances at balance date to the custodian valuation report and individual fund statements.</li> </ul>

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
	<ul style="list-style-type: none"> <li>Considering the reasonableness of the MAIB's disclosures against the requirements of Australian Accounting Standards.</li> </ul>
<b>Outstanding claims liability and claims expense</b> <i>Refer to notes 3 and 14</i>	
<p>MAIB relied upon external actuarial advice for the valuation of the outstanding claims liability of \$1.31 billion.</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 claims incurred. In addition, long-tail liability businesses, such as MAIB, experience a high level of uncertainty in the estimation for outstanding claims.</p> <p>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 Government bond rate, inflation rate and changes in claims experience.</p>	<ul style="list-style-type: none"> <li>Reviewing MAIB's internal control framework in relation to claim payments</li> <li>Reviewing expense and liability disclosures to the actuarial report at 30 June 2022.</li> <li>Engaging an independent actuarial expert to conduct a detailed review of the outstanding claims liability calculations and the appropriateness of the actuarial methods and key assumptions used in the estimation of the outstanding claims liabilities at 30 June 2022.</li> <li>Assessing the adequacy and completeness of disclosures in the financial statements as required by AASB 1023 <i>General Insurance Contracts</i>.</li> </ul>

## 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**

15 August 2022  
Hobart

15 August 2022

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 2022, 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

# 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 2022 and the financial position as at 30 June 2022 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 2022 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 2022 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 2022 give a true and fair view.

Signed in accordance with a resolution of the directors:

Dated 12 August 2022

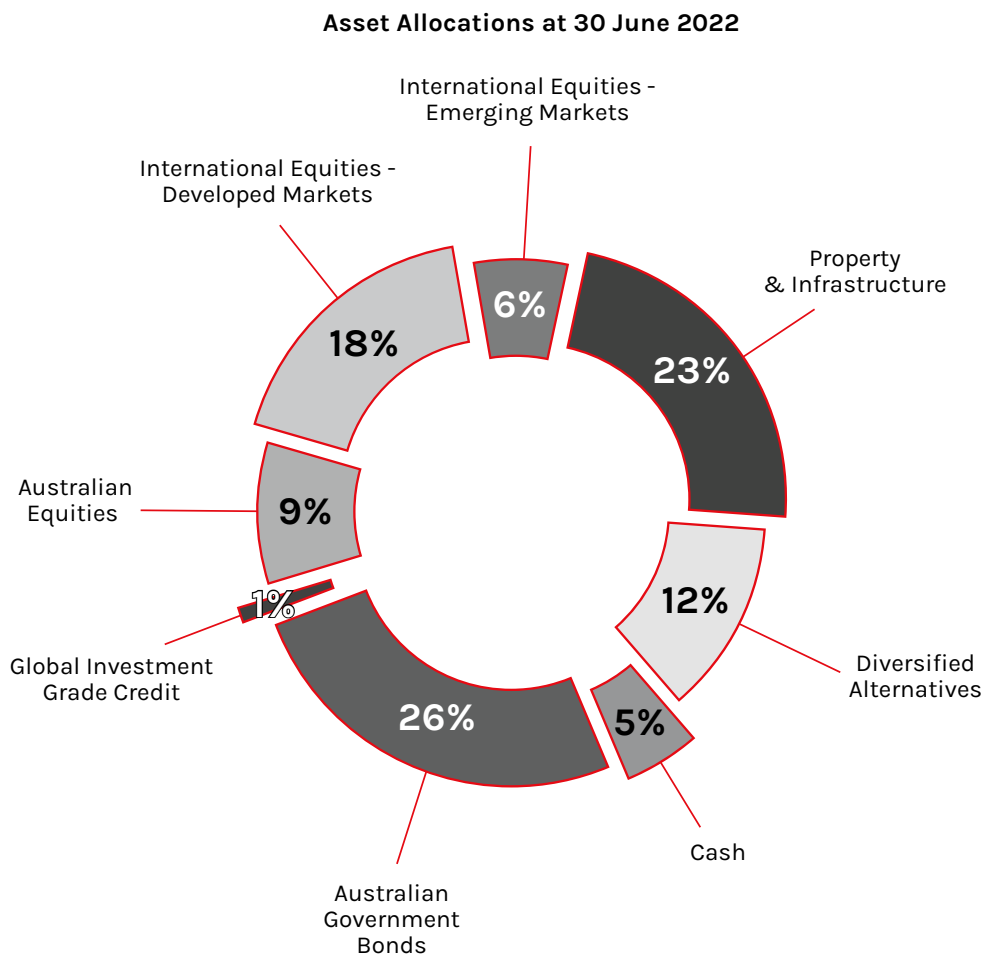
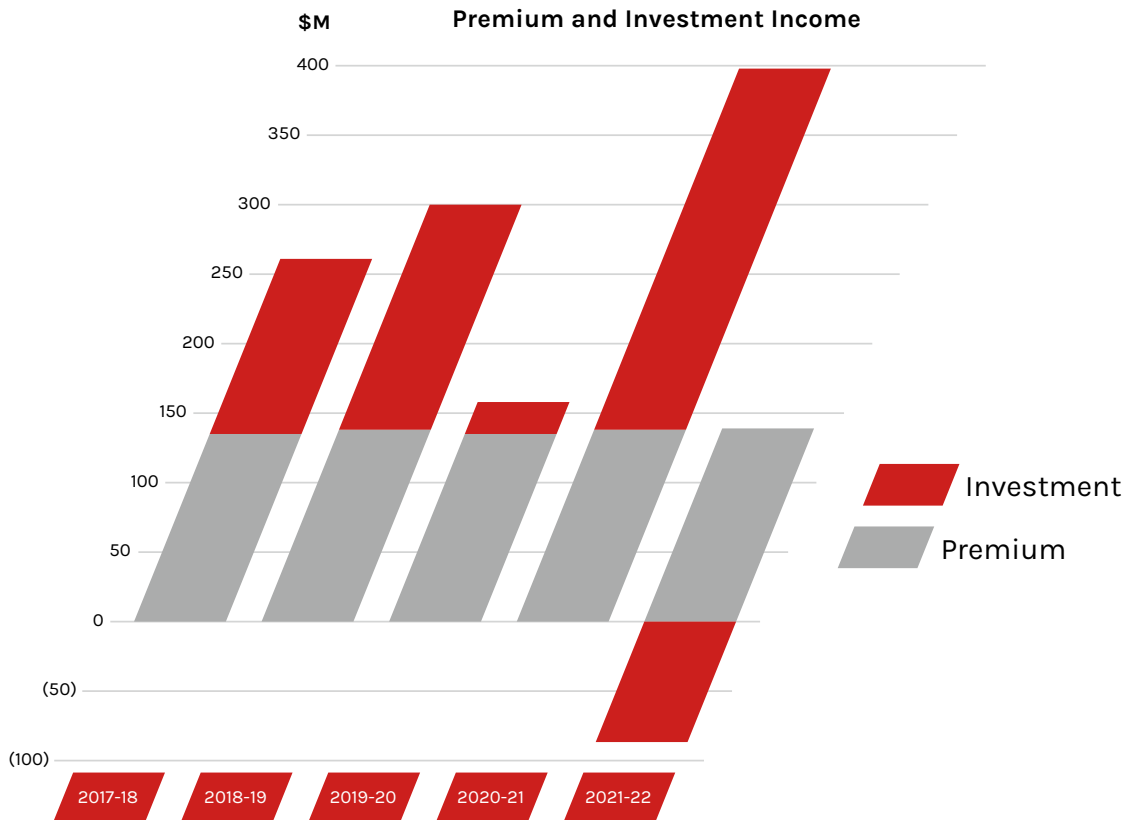


**D W Challen AM**  
Chairman



**N Walsh**  
Director

# Appendix



## Appendix *Continued*

<b>FIVE YEAR SUMMARY - FINANCIAL</b>	<b>2017-18 \$'000</b>	<b>2018-19 \$'000</b>	<b>2019-20 \$'000</b>	<b>2020-21 \$'000</b>	<b>2021-22 \$'000</b>
Premium revenue	135,091	138,353	140,743	141,588	141,870
Outwards reinsurance expense	(5,776)	(5,696)	(5,751)	(5,941)	(6,419)
Claims recovery revenue	3,794	6,836	4,647	8,381	2,186
Gross claims incurred	(108,782)	(247,130)	(138,837)	(81,421)	(104,180)
Unexpired risk expense	1,086	(5,430)	1,216	1,245	(2,901)
Other underwriting expenses	(2,930)	(3,006)	(3,121)	(3,065)	(3,255)
Underwriting result	22,483	(112,261)	(1,103)	60,787	27,301
Investment and other revenue	126,768	162,811	23,743	256,173	(86,031)
Administration, funding and other expenses	(12,015)	(12,141)	(12,888)	(14,032)	(15,133)
Profit/(loss) before tax	137,236	38,409	9,752	302,298	(73,863)
Tax (expense)/benefit	(37,125)	(8,249)	(1,694)	(88,622)	26,281
Profit/(loss) after tax	100,111	30,160	8,058	215,655	(47,582)
Net assets	575,237	553,507	464,504	652,525	559,868
Dividend paid	56,258	51,427	91,878	32,634	48,292

<b>FIVE YEAR SUMMARY - OPERATIONAL</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Number of vehicles registered	532,281	548,528	553,796	573,803	589,169
Claim payments (\$'000)	78,944	85,929	85,350	85,919	92,610
Number of current claims	2,100	2,047	2,198	2,373	2,378
New claims received	2,737	2,621	2,294	2,163	1,923
Number of fatalities	33	29	27	32	48
Fatality rate per 1,000 vehicles	0.06	0.05	0.05	0.06	0.08
Claims per 1,000 vehicles	5.1	4.8	4.2	3.8	3.3
Tasmanian car premium (\$)	294	294	294	282	282

### Interstate Scheme Comparisons

<b>SCHEME COMPONENT</b>	<b>TAS</b>	<b>VIC</b>	<b>NT</b>	<b>NSW</b>	<b>QLD</b>	<b>WA</b>	<b>SA</b>	<b>ACT</b>
No fault	Yes	Yes	Yes	Yes <sup>1</sup>	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 <sup>2</sup>	\$282	\$502	\$591	\$503 <sup>3</sup>	\$364	\$426	\$392 <sup>4</sup>	\$509

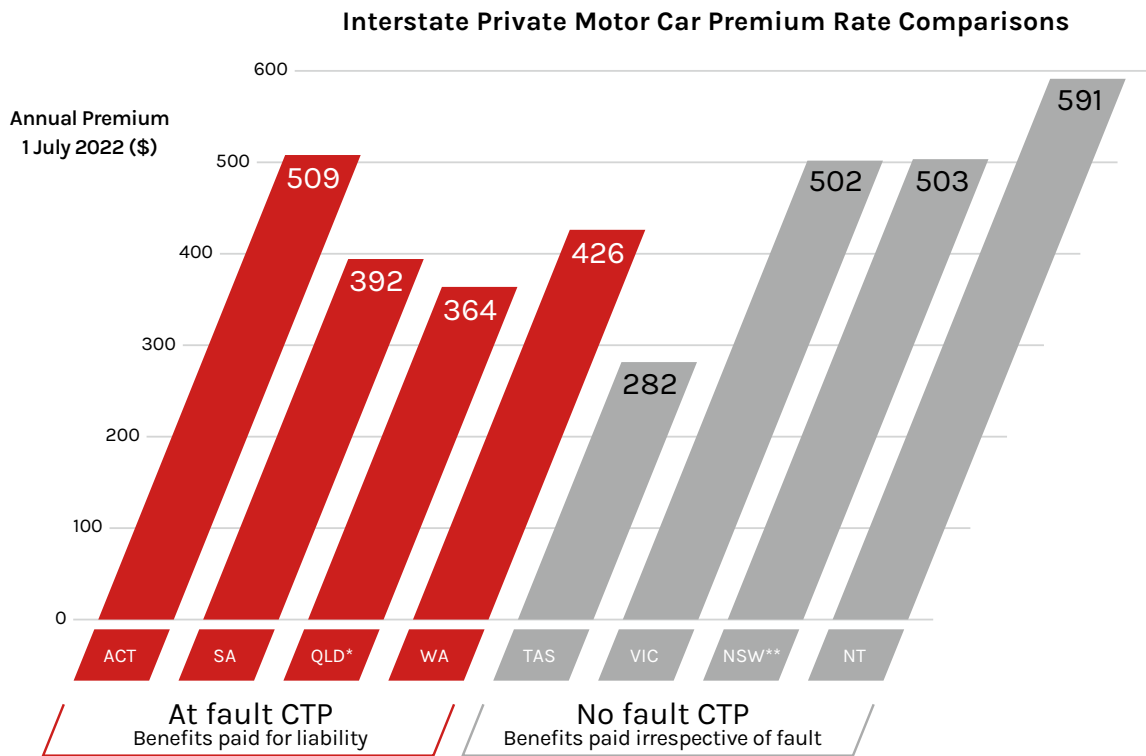
<sup>1</sup> For the first six months (unless charged with a serious driving offence).

<sup>2</sup> Inclusive of GST and as at 1 July 2022.

<sup>3</sup> Average rates for Sydney Metropolitan passenger vehicles (premiums range from \$417 to \$724).

<sup>4</sup> 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 Guidelines; 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 Guidelines).

## Appendix *Continued*

### Accounts due or paid within 2021-22

Measure	
Creditor Days	8
Number of accounts due for payment	13,125
Number of accounts paid on time	13,100
Amount due for payment	\$32,310,644
Amount paid on time	\$32,295,294
Number of payments for interest on overdue accounts	2 <sup>1</sup>
Interest paid on overdue accounts	\$40

<sup>1</sup> 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 purchases<sup>1</sup> from Tasmanian Businesses 2021-22

Percentage of purchases from Tasmanian businesses	83%
Value of purchases from Tasmanian businesses	\$20.7M

<sup>1</sup> Excludes payments to specialist reinsurers (\$5.6 million) - there are no appropriately licenced reinsurers located in Tasmania.

#### Consultancies<sup>1</sup> valued at more than \$50,000 (ex GST) in 2021-22

Name of consultant	Location	Description	Period of engagement	Amount (\$)
Aon Benfield	Sydney, NSW	Reinsurance broker	Full year	467,052
Frontier Advisors	Melbourne, Victoria	Investment consultant	December to June	199,470
People Talking	Sydney, NSW	Staff development program	Full year	287,202
Synergy	Barton, ACT	IT consulting	Full year	156,625
Taylor Fry Pty Ltd	Melbourne, Victoria	Actuary	Full year	226,680
Willis Towers Watson	Melbourne, Victoria	Investment consultant	July to November	173,497
<b>Total</b>				<b>1,510,526</b>
There were 8 consultants engaged for \$50,000 or less totalling				197,824
<b>Total Payment to Consultants</b>				<b>1,708,350</b>

<sup>1</sup> 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 2021-22 is provided below.

Director	Board (12 meetings held)	Audit Committee (5 meetings held)	Claims Committee (11 meetings held)	Foundation Committee (4 meetings held)
Don Challen <sup>AM</sup>	●●●●●●●●●●●●	●●●●●		●●●●
Lance Balcombe <sup>1</sup>	●●●●●●●●●●●●	●●●●●	●●●●●●●●●●	
Kate Cuthbertson <sup>2</sup>	●●●●●●●●		●●●●●●●●	●●
Michael Dontschuk <sup>3</sup>	●●●	●●		
Kristen FitzGerald <sup>4</sup>	●●●●●●●●		●●●●●●●●●●	●●
John Hindmarsh	●●●●●●●●●●●●		●●●●●●●●●●	
Naomi Walsh <sup>5</sup>	●●●●●●●●●●●●	●●●●●	●●	

<sup>1</sup> Commenced on 2 August 2021, eligible to attend 11 Board meetings, 4 Audit Committee and 9 Claims Committee meetings.

<sup>2</sup> Retired from the Board on 26 December 2021, eligible to attend 7 Board meetings, 6 Claims Committee and 2 Foundation Committee meetings.

<sup>3</sup> Retired from the Board on 20 August 2021, eligible to attend 3 Board meetings and 2 Audit Committee meetings.

<sup>4</sup> Commenced on 1 October 2021, eligible to attend 8 Board meetings, 8 Claims Committee meetings and 2 Foundation Committee meetings.

<sup>5</sup> Ceased as a member of the Claims Committee in September 2021, eligible to attend 2 meetings of the Claims Committee.

## Appendix *Continued*

### Directors' Appointment Terms

The appointment details of all Directors are 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
Lance Balcombe	02-08-2021	02-08-2021	01-08-2024
Kate Cuthbertson	27-11-2015	27-11-2018	26-12-2021
Michael Dontschuk	01-05-2013	21-05-2018	20-08-2021
Kristen FitzGerald	01-10-2021	01-10-2021	30-09-2024
John Hindmarsh	01-02-2020	01-02-2020	31-01-2023
Naomi Walsh	01-01-2019	01-01-2022	31-12-2024

### Public Interest Disclosures Act 2002

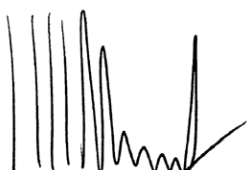
The MAIB is committed to the aims and objectives of the *Public Interest Disclosures Act 2002* (PID Act). It does not accept improper conduct by its employees or officers or the taking of detrimental action against those who come forward to disclose such conduct.

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 2021-22 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









**MAIB**  
Service·Support·Safety





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