



2022 - 2023

MOTOR ACCIDENTS INSURANCE BOARD

ANNUAL REPORT



MAIB
Service·Support·Safety

Vision Statement

Supporting people impacted by road trauma.

Purpose

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.

Up to 5 Years

Amanda	Tanya 2	Lisa 4
Kelcy	Suellen 2	Nathan 4
Kelly	Shay 2	Naomi 4
David 1	Clare 2	Aidan 4
Richelle 1	Belinda 2	Shanay 4
Kristen 1	John 3	Emma 4
Lance 1	Bron 3	
Duane 2	Taleah 4	

5-10 Years

Evan 5
Samantha 5
Keryn 5
Chelsea 5
Teena 6
Josie 7
Paul 8

10-15 Years

Jade 10
Emma 12
Stephen 12
Jocelyn 13
Laura 14
Catherine 14
Sara 14

Over 15 Years

Anne 15	Ian 32
Annet 15	Jo 34
Karen 18	Derek 35
Kristy 21	Linda 38
Peta 21	
Angie 21	
Jane 22	
Ann 26	

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Image from "Click.Store.Go" 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 those 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 those 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 those fatally or seriously injured.

Limitations and caps apply to all benefits except for clients requiring lifetime care.

Clients who require lifetime care as a result of catastrophic injuries 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.

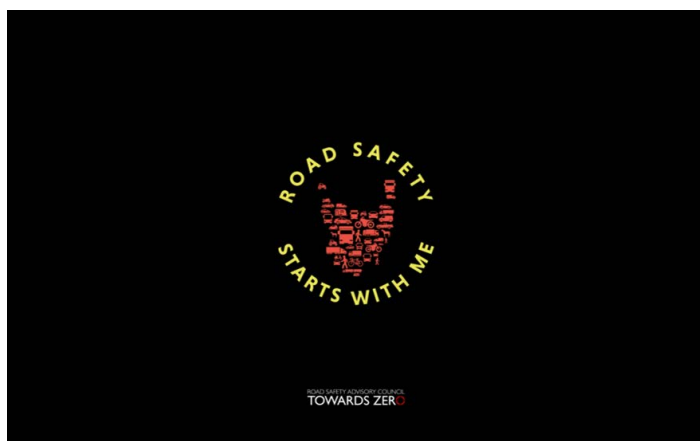


Image from "Road Safety Starts With Me" campaign

Governance Structure

As at 30 June 2023:

Shareholding Ministers

Portfolio Minister:

The Hon. Michael Ferguson MP

Treasurer:

The Hon. Michael Ferguson MP

Board of Directors

Chair:

Lance Balcombe

Directors:

Kristen FitzGerald

John Hindmarsh

Vince McLenaghan

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 2023. 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: 21 September 2023



Lance Balcombe
Chair



Naomi Walsh
Director



Chair and CEO Review

On behalf of the Board and management of the Motor Accidents Insurance Board, it is our pleasure to present the 2022-23 Annual Report.

The MAIB recorded a strong operating profit for the year, following better than expected investment returns and lower than expected claims costs. There was a continuation of the reduction in claim frequency and no general indexation applied to motor vehicle premiums.

Financial Results

The operating result before tax for the year is a profit of \$146.7 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 2022-23

2022-23	Budget	Actual	Variance
	\$M	\$M	\$M
Premium income	144.4	145.7	1.3
Net investment income	85.8	145.0	59.2
Claims expense	(161.4)	(117.4)	44.0
All other factors	(27.2)	(26.6)	0.6
Profit/(loss) before tax	41.6	146.7	105.1

Premiums

Following receipt of actuarial advice, there was no general premium indexation applied to motor vehicle premiums during the year. A small number of vehicle classes received relativity increases, as provided for under the current Premiums Order. 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.

Maintaining low MAIB premiums continues to be challenging in the current high inflationary environment.

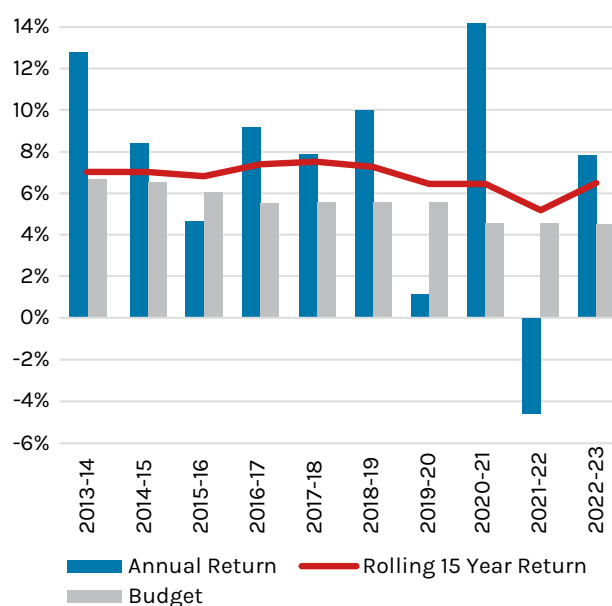
Investments

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, with reference to 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 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 gain of \$145.0 million in 2022-23, which represents an annual return on investment of 7.8% compared to an investment loss of 4.5% in 2021-22.

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

Investment Returns 2013-14 to 2022-23



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 2022-23, the final claims expense reported was below budget primarily due to the net impact of reductions to the valuation of the outstanding claims liability arising from revisions to economic assumptions during the year.

The individual movements in the components of the claims expense during 2022-23 are summarised below:

Claims expense movement - 1 July 2022 to 30 June 2023

	Change (\$M)	Total (\$M)
Forecast (as at 1 July 2022)		161.4
Revisions to costs of claims	(2.0)	
Updated discount and inflation rates	(42.0)	
Total revisions		(44.0)
Actual (as at 30 June 2023)		117.4

Results

MAIB's operating profit before tax of \$146.7 million represents a significant increase over the previous year's loss of \$73.9 million. The volatility in financial results over the two-year period is due primarily to movements in investment values and changes in the discount and inflation rates impacting the claims liability which are factors outside of the MAIB's control.

Despite the volatility in financial results over the past two years, the key cash flows from operations remained relatively stable. Premium receipts in 2022-23 totalled \$161.3 million (2022: \$154.6 million). Claim payments amounted to \$104.1 million (2022: \$92.6 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 133.2% as at 30 June 2023 (2022: 131.1%).

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 total comprehensive results averaged over five years. The payout ratio at the end of 2022-23 is 52%, resulting in a recommended dividend to Government of \$32.7 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 independent client satisfaction survey of clients was undertaken during the year. A high client satisfaction rating was achieved, with an overall score of 83.5%.

Claims

New claims received in 2022-23 totalled 1,899, a decrease of 1.2% compared to the previous year, and equating to an annual claim frequency of 3.2 claims per 1,000 registered vehicles (3.3 in 2021-22).

Road Safety Funding and Community Support

In 2022-23 the MAIB provided in excess of \$5.2 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 \$4.1 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.

Technology

The MAIB continued to invest in technology improvements to enhance client experience and mitigate emerging cyber security risks.

Work Health and Safety

A comprehensive review of workplace health and safety programs was undertaken during the year with several initiatives progressed. This will continue to be an area of focus in the future.

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. We would also like to recognise the management team for leading the organisation. We also wish to recognise Directors for their contribution, expertise and stewardship throughout the year.

Don Challen AM retired on 16 December 2022 after 12 years as Chair of the MAIB. We would like to acknowledge Don's outstanding leadership and significant contribution to the MAIB during his term and wish him well in his retirement.

Lance Balcombe was appointed as Chair of the MAIB effective 17 December 2022, with Vince McLenaghan appointed as a Director on 27 March 2023.

Claims Management

Our Year in Review

1,899 new claims received.

98.9% new claims assessed within one business day of receipt.

83.5% client satisfaction score.

\$104.1 million in benefits paid to care for injured clients.

152 common law matters settled.

Support for Our Clients

The MAIB assists those recovering from or living with injuries which result from motor vehicle accidents. We fund a range of treatment and support services for eligible clients, regardless of who was at fault.

We aim to maximise the recovery of our clients by providing support to enable them to return to their pre-injury health and independence as soon as possible.

The MAIB also provides compensation by way of common law damages where injuries have resulted from the fault of another party.

Claims Performance

In 2022-23, the MAIB supported 1,899 new clients involved in motor vehicle accidents. This represented a reduction of 24 claims received compared to the previous year, continuing the downward trend from prior years.

We assessed 98.9% of claims lodged and made 98.7% of first contact calls within one business day, continuing our focus on prompt assessment and notification of new claim progress. The MAIB achieved a strong client satisfaction score of 83.5% reflecting our commitment to delivering a high level of service to our clients.

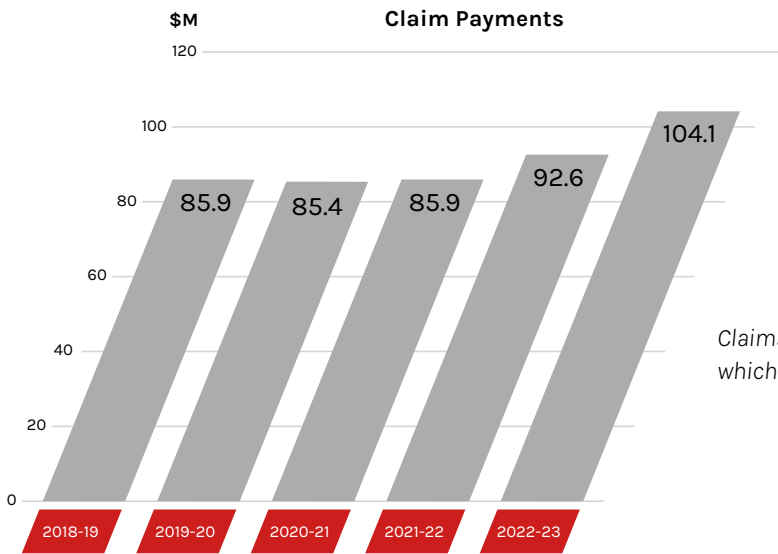
Total claims payments of \$104.1 million of benefits were paid this year to assist people in recovering after their accident. This represents an \$11.5 million increase from the previous year, primarily due to rising health care costs and the number of common law cases settled.

The MAIB's Future Care program funds ongoing treatment and services for clients who have sustained significant injuries (for example, spinal cord or acquired brain injuries) and require lifetime care. There are currently 104 clients in this cohort. The MAIB funded \$19.0 million for attendant care, support and treatment in 2022-23.

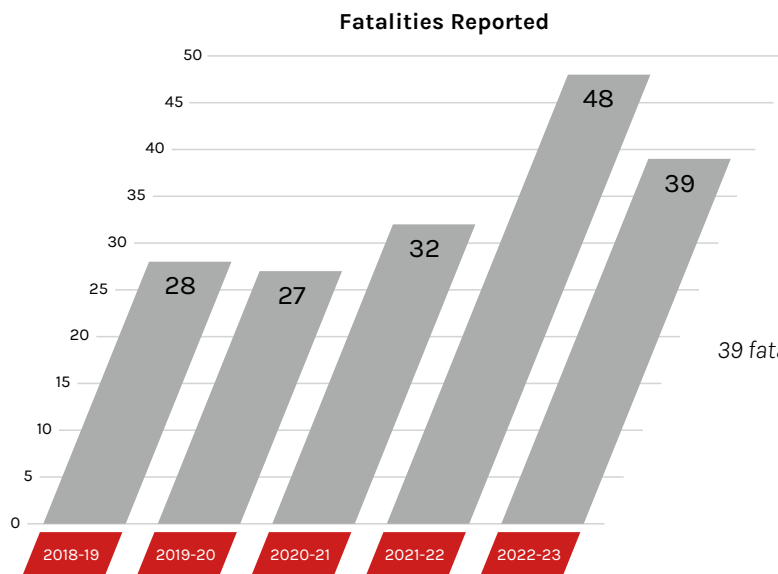
Improving Services for Clients

Returning to work is an important part of a person's recovery and the MAIB continues to proactively assist clients, with vocational rehabilitation services provided to explore workplace options. To better support return to work outcomes, the MAIB implemented changes to the allocation of vocational rehabilitation services in 2022-23. This included an increased focus on leveraging the expertise of service providers early in the recovery process to ensure clients are receiving the support they need at the optimal time in their recovery.

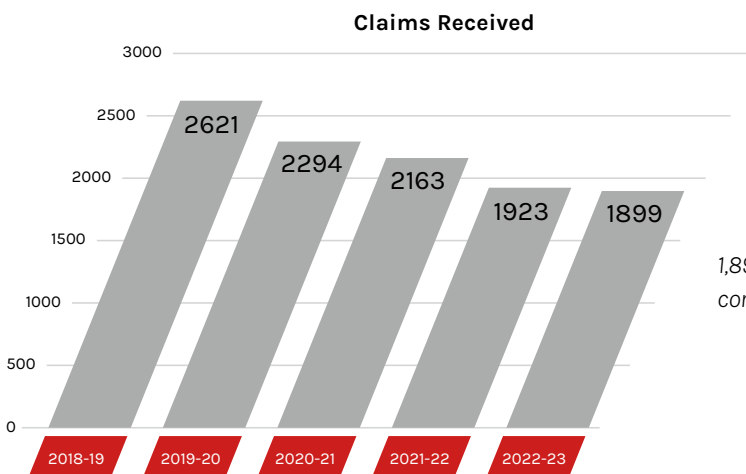
During 2022-23, the MAIB completed a tendering process for its Attendant Care Panel. The MAIB expanded this panel to provide greater choice to clients across Tasmania and to improve access to services in an increasingly competitive attendant care market. The MAIB also strengthened its commitment to quality and safety of attendant care services for clients by implementing an enhanced quality and safeguarding certification model for service providers and implementing new processes for incident and adverse event reporting.



Claims payments made for 2022-23 were \$104.1 million, which is an increase over recent years.



39 fatalities were reported in 2022-23.



1,899 claims were received in 2022-23, continuing a downward trend.

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 in relation to MAIB's premiums. The most recent review by the Regulator was undertaken during 2020-21, resulting in recommendations relating to premium increases from 1 December 2021 to 30 November 2025.

Board of Directors

In fulfilling its oversight role, the Board sets relevant performance targets for the business aimed at achieving appropriate commercial returns and maintaining affordable premiums. The Board reviews and approves strategies and policies which facilitate the achievement of corporate goals, compliance with legislative requirements and enhanced client experience and outcomes.

The Board plays a key role in oversight of MAIB's major commercial arrangements, ensuring effective partnerships are established with providers to deliver optimal services for our clients.

The Board has an ongoing focus in relation to workplace, health, and safety requirements across the organisation, in order to ensure a safe and supportive workplace for all employees.

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 relating 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 \$400,000 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.

ROAD SAFETY ADVISORY COUNCIL
TOWARDS ZERO 

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, individual Directors and the Chair.

An internal evaluation of the Board, Committees, individual Directors and the Chair was undertaken in 2023.

Director Induction, Education and Training

The Board has a Director Induction, Education and Training policy which provides 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.

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*. 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 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 2023.

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 20 of the financial report.

Board of Directors



LANCE BALCOMBE

BCom, FCA, MAICD

Chair (Independent)

Appointed:

17 December 2022

Member:

Audit Committee

Foundation Committee (Chair)

Director (Independent)

Appointed

2 August 2021 to 16 December 2022

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 Chair of the Ian Harrington Group Companies (Roadways) and a Director of Liferaft Systems Australia Pty Ltd, 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 30 years' experience in direct clinical care, together with roles in public health and safety and health practitioner education and regulation.

She has developed considerable governance experience through roles as a board member and chair of the Tasmanian Board of the Medical Board of Australia and as Director of Education and Training for General Practice Training Tasmania.



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 twelve years as the CEO of the Tasmanian Public Finance Corporation.

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

John is currently the Chair of Tairua Pauanui Promotions and the Pauanui Business Association.



VINCENT MCLENAGHAN

GAICD, SNR ASSOC ANZIFF

Director (Independent)

Appointed:

27 March 2023

Member:

Audit Committee
Claims Committee

Vince McLenaghan is an experienced executive and director with 45 years' experience in the insurance industry, across all facets of insurance operations, within Australia and internationally.

Until January 2021, Vince served as Executive Vice President of a US domiciled insurance group with operational oversight of business units located in Europe, Asia, Latin America and the USA.

Vince is also a director of a private investment company.



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, 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.

DON CHALLEN AM

BEC (Hons), MEd, FCA, FCIPA, FAICD, FIPAA

Chair (Independent)

Appointed:

17 December 2010

Member:

Audit Committee
Foundation Committee (Chair)

Don retired from the Board in December 2022.

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 2022-23, 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 2022-23.

Strategic Direction

The core business of the MAIB is to provide compulsory third party personal injury motor accident insurance and deliver appropriate compensation to those 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 2022-23	Actual 2022-23
Dividends paid (\$M)	30.9	30.9
Tax equivalents paid (\$M)	18.4	21.7
Total	49.3	52.6

Financial Targets

	Target 2022-23	Actual 2022-23
Financial result after tax (\$M)	32.0	105.0
Funding ratio (%)	125.0	133.2
Return on equity (%) - 1 Year	8.0	17.7
- 15 Years	8.0	16.2
Return on assets (%) - 1 Year	3.0	7.3
- 15 Years	3.0	6.1
Return on investments (%) - 1 Year	4.5	7.8
- 15 Years	4.5	6.5
Premium increase (%)	<2.5	0.3

Non-Financial Targets

	Target 2022-23	Actual 2022-23
General claim rate per 1,000 vehicles	3.8	3.2
Serious claim rate per 1,000 vehicles	1.1	1.0
Number of outstanding claims	<2,400	2,382
Client satisfaction (%)	>78.0	83.5
Premium affordability of AWOTE (%)	18.0	17.5

The MAIB met all its financial and non-financial performance targets in 2022-23. The financial result after tax of \$105.0 million was strong and the funding ratio of 133.2% is well placed within the target range of 120% to 145%.

The financial result was primarily due to the 7.8% investment return combined with the reduction in net claims incurred resulting from revisions to the economic assumptions underlying the valuation of the outstanding claims liability.

The MAIB targets long term growth from its investment portfolio, 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.

Following receipt of actuarial advice, no general premium indexation was applied during the 2022-23 year. A small number of vehicle classes received relativity adjustments, as provided for in the current Premiums Order. The MAIB remains committed to premium affordability for motor vehicle owners. 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 \$4.1 million was provided to the RSAC program in 2022-23.

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 2022-23, including:

- Click. Store. Go;
- Road safety starts with me;
- Cyclist Safety: Let's have each other's backs;

- Over is Over – speed campaign; and
- Road torque – short stories on road safety messages and the impacts of road casualty.

Injury Prevention and Management Foundation

The Injury Prevention and Management Foundation (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.



Image from the "Cyclist Safety- Let's have each other's backs" campaign

Foundation Projects Funded in 2022-23

The projects approved for funding through the Foundation in 2022-23 were:

- Road Trauma Support Tasmania – Counselling and support for people that have been affected by a road crash;
- Royal Hobart Hospital, Trauma Service – Prevention of Alcohol and Risk-related Trauma in Youth Program (P.A.R.T.Y) and Trauma team training;
- 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;
- Lilydale District School – Quad Bike Training;
- Scottsdale High School – Quad Bike Training;
- Brain Injury Association Tasmania – Brain Injury Information and Awareness Project;
- Anglicare Tasmania – Regional Recruitment Pilot Project – Attendant Care;
- UTAS Hobart Clinical School – Wilderness Skills Weekend; and
- Department of State Growth – Australasian College of Road Safety Conference Sponsorship.

Motorcycle Course: Returning Riders Road Skills Check Ride

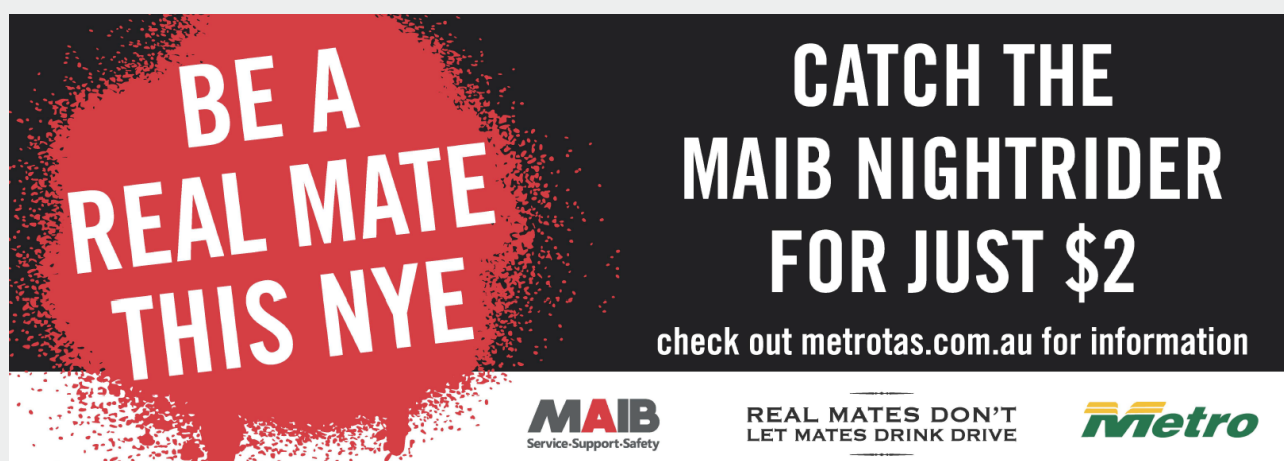
The MAIB has provided subsidies for returning motorcycle riders since 2005. The current course, the *Returning Riders Road Skills Check Ride* is provided through the State Government contracted Motorcycle Training and Assessment Program provider. The MAIB subsidises \$150 towards the cost of the course.

Road Rescue Services Funding for Emergency Services

The MAIB provides annual funding to the Tasmanian Fire Service and State Emergency Service for road rescue services. In 2022-23 the total funding for these services was approximately \$494,000.

MAIB/Metro Nightrider

The MAIB, under the Real Mates banner, has funded the MAIB Nightrider service for the past twelve years. The MAIB Nightrider service comprises Metro buses being subsidised to operate on New Year's Eve in Hobart and Launceston, providing a low-cost option (\$2 flat fee) to get home safely for those celebrating.



BE A REAL MATE THIS NYE

CATCH THE MAIB NIGHTRIDER FOR JUST \$2

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MAIB
Service-Support-Safety

REAL MATES DON'T LET MATES DRINK DRIVE

Metro

Road Safety and Community Involvement *Continued*

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 influencing and contributing to the community as well as achieving their personal goals. Each of these individuals contribute, influence and achieve in the areas of sport, art, study, community services and/or education despite their own personal challenges.

The MAIB Disability Achievement Award recognises these motivated and inspirational role models and celebrates their contribution to the community.

The 2022 award celebrated Corey Lee Barnes.

Corey Lee Barnes overcame socio-economic disadvantage, child abuse, family breakdown and developmental delays and through perseverance, has overcome significant barriers, achieving in volunteering, education and employment. Corey volunteers with The Big Issue Community Soccer Program and the Gagebrook Community Centre.

Corey has represented Australia at the Homeless World Cup, which aims to inspire people facing housing insecurity and break down stigmas around homelessness. Corey speaks publicly about his journey of growth and resilience, and shares his story to inspire others, regardless of their abilities.



2022 MAIB Disability Achievement Award - Corey Lee Barnes

Motor Accidents Injury Insurance Schemes

The MAIB is a member of the Heads of Motor Accidents Injury Schemes (HMAIS), which comprises the motor accident personal injury insurance bodies from all Australian states and territories as well as New Zealand. The HMAIS meets regularly to facilitate a shared understanding of trends and advancements in road safety as well as injury management and treatment. During 2022-23, the MAIB CEO chaired the HMAIS and MAIB staff participated in a number of sub-committees.

Clients Achieving



Hansen Widjaja

On 12 November 2022, Hansen and 3 of his friends were having a day out on the east coast of Tasmania enjoying a motorcycle ride. As a bus driver in Hobart and surrounding areas, Hansen describes riding his motor bike as a stress relief and something he really enjoys. It was a beautiful day, and he was not expecting anything to happen – when a deer hit him!

Hansen fractured his talus and wrist and required skin grafts to his injured leg.

It has now been 8 months since the accident and Hansen says he is thinking in a positive way and feels lucky and blessed, knowing other people are not as lucky as he is.

Hansen says he felt very welcome from his first visit to Tasmania in January 2021, and both he and his partner Eileen have fallen in love with the people, and the cold!

The friends Hansen was riding with on the day of the accident are all in Tasmania for similar reasons to Hansen. When the accident occurred, they were all very concerned as to how they were going to afford the hospital and ambulance bills, as they are not permanent residents and unsure if their insurance would fully cover the accident.

Hansen says that at one point, his friends discussed strapping him to a motorbike as a pillion passenger to transport him from the east coast to the Royal Hobart Hospital.

Luckily, there were people travelling the coast in two separate vehicles who happened by the accident, and both stopped to assist. Whilst the good Samaritans were tending to Hansen as he lay injured by the side of the road waiting for emergency services to arrive, they informed him they were both in fact paediatric nurses at the Royal Hobart Hospital, where he was soon to be airlifted to.

While at the hospital and on the ward after surgery, Hansen was visited by staff who spoke to him about the MAIB and provided him with the MAIB forms.

Hansen expresses how grateful he was when he was told about MAIB and how MAIB have taken away the financial worries, allowing him to focus on his recovery.

When it was time for discharge from the hospital, Hansen was faced with the additional challenge of not being able to return to his home due to his injuries, with his bedroom and bathroom being at the top of a 15-step spiral staircase.

The MAIB were in a unique position to be able to offer Hansen an alternative, short-term accommodation option of a unit at their supported accommodation site, Caylea, located in Hobart.

Hansen said he was hesitant at first about moving to the unit but knew he didn't have a lot of choices as he was non-weight bearing and reliant on a wheelchair for mobility.

Hansen moved to the unit for 12 weeks and described this as a big help. Hansen says he was very grateful for the support staff and the support he received whilst at Caylea. He says this support and assistance is not something he would have received at home in Indonesia and it was all offered, and not asked for.

Hansen continues to focus on his physical recovery and hopes to get back to work as a Bus driver as soon as possible.

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, Purpose and Values.

Employment Conditions

The MAIB has approximately 39 FTEs, 74% of whom are female. Thirteen 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 2022. 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, including programs related to staff health and wellbeing.

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; and
- 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.



FINANCIAL REPORT

2022 - 2023

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Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
Premium revenue	2	145,687	141,870
Outwards reinsurance expense		(6,583)	(6,419)
		139,104	135,451
Gross claims incurred	3	(120,632)	(104,180)
Claims recovery revenue	3	3,203	2,186
Net claims incurred		(117,429)	(101,994)
Premium collection costs		(3,259)	(3,255)
Unexpired risk expense	13	(499)	(2,901)
Underwriting result		17,917	27,301
Investment income	4	146,635	(85,452)
Investment expenses	4	(1,615)	(1,213)
Other income		770	634
General and administration expenses	5	(9,694)	(8,737)
Road safety initiatives	6	(5,270)	(4,727)
Other expenses		(2,063)	(1,669)
Profit/(loss) before tax		146,680	(73,863)
Tax (expense)/benefit	7	(41,660)	26,281
Profit/(loss) after tax		105,020	(47,582)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)		568	2,222
Revaluation of land and buildings		458	2,374
Tax (expense)/benefit on other comprehensive income		(308)	(1,379)
Other comprehensive income net of tax		718	3,217
Total comprehensive result		105,738	(44,365)

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

Statement of Financial Position

AS AT 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Cash and cash equivalents	8	4,305	4,486
Receivables	10	23,806	21,591
Prepaid tax	7	4,678	13,153
Net deferred tax asset	7	-	3,267
Investments	8	2,005,918	1,888,444
Property, plant and equipment		22,268	22,384
Intangibles		570	300
Total assets		2,061,545	1,953,625
Liabilities			
Payables		3,079	3,117
Unearned premiums	11	63,601	62,524
Outstanding claims	12	1,336,330	1,313,378
Unexpired risk	13	7,798	7,299
Net deferred tax liability	7	8,558	-
Provision for employee benefits	14	7,444	7,439
Total liabilities		1,426,810	1,393,757
Net assets		634,735	559,868
Equity			
Retained earnings attributable to equity holders		626,105	551,559
Reserves		8,630	8,309
Total equity		634,735	559,868

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

Statement of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2023

	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
Balance at 1 July 2021	645,877	6,648	652,525
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)
Balance at 30 June 2022	551,559	8,309	559,868
Profit/(loss) after tax	105,020	-	105,020
Other comprehensive income net of tax	397	321	718
Total comprehensive result	105,417	321	105,738
Dividends paid	(30,871)	-	(30,871)
Balance at 30 June 2023	626,105	8,630	634,735

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Inflows (Outflows) \$'000	2022 Inflows (Outflows) \$'000
Cash flows from operating activities			
Premiums received		161,318	154,633
Recoveries received		1,328	379
Dividends received		75,073	89,498
Rent received		624	655
Other investment revenue received		2,549	3,062
Claims paid		(104,098)	(92,610)
Reinsurance paid		(6,926)	(6,865)
Premium collection costs paid		(3,270)	(3,008)
General and administration expenses paid		(9,103)	(8,334)
Other expenses paid		(1,936)	(1,242)
Investment expenses paid		(1,597)	(1,271)
Road safety funding paid		(6,082)	(4,824)
Tax equivalent paid		(21,667)	(73,273)
Goods and services tax paid		(6,777)	(6,591)
Net cash from operating activities	15	79,436	50,209
Cash flows from investing activities			
Purchase of investments		(388,444)	(551,722)
Sale of investments		340,196	550,154
Purchase of property, plant and equipment		(263)	(493)
Purchase of intangibles		(408)	(258)
Sale of plant and equipment		173	-
Net cash flows from investing activities		(48,746)	(2,319)
Cash flows from financing activities			
Dividends paid	17	(30,871)	(48,292)
Net cash flows from financing activities		(30,871)	(48,292)
Net increase/(decrease) in cash and cash equivalents held		(181)	(402)
Cash and cash equivalents at the beginning of the financial year		4,486	4,888
Cash and cash equivalents at the end of the financial year	8	4,305	4,486

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

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 and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). The financial statements also comply with the requirements of the *Government Business Enterprises Act 1995*, and the Treasurer's Instructions and Guidelines.

The financial statements cover MAIB's operations for the year ended 30 June 2023 and were certified and authorised for issue by the Board of Directors on 11 August 2023.

(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 which 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Basis of preparation *Continued*

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 2023 and have not been adopted by MAIB when preparing the 2022-23 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.

New accounting standards and interpretations not yet adopted:

- (i) AASB 17 Insurance Contracts

AASB 17 Insurance Contracts is effective for reporting periods beginning on or after 1 January 2026 for public sector entities and will replace AASB 4 Insurance Contracts and AASB 1023 General Insurance Contracts. MAIB will apply AASB 17 for the annual period beginning 1 July 2026.

In December 2022, the AASB deferred the mandatory application of AASB 17 for public sector entities until annual periods commencing on or after 1 July 2026, with earlier application permitted.

The AASB issued the following Accounting Standards:

- a) AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments. The standard makes temporary consequential amendments to various standards to permit public sector entities to continue to apply AASB 4 Insurance Contracts and AASB 1023 General Insurance Contracts to annual periods beginning on or after 1 January 2023 but before 1 July 2026; and
- b) AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector. The standard makes public-sector-specific modifications to AASB 17 for application to annual periods beginning on or after 1 July 2026, with earlier application permitted, after considering feedback received on the Fatal-Flaw Review draft version of the Standard.

AASB 17 introduces a new general measurement model for accounting for insurance contracts. However, a simplified premium allocation approach, similar in nature to MAIB's existing measurement basis under AASB 1023 is permitted in certain circumstances (such as for short-duration contracts).

MAIB has a comprehensive project underway to assess the potential impact on its financial statements. This includes identifying changes to MAIB's accounting policies, reporting requirements, systems, processes and controls and consideration of industry interpretations and regulatory responses.

MAIB expects to apply the simplified premium allocation approach to all of its insurance contracts and expects to apply the bottom up approach outlined in AASB 17 to determine the discount rate on long tailed claims.

All other key estimates and judgements in relation to the measurement of MAIB's claim liabilities are expected to remain largely the same under the new standard. However, we continue to work through this as part of the comprehensive project. It is expected that under AASB 17 there will be substantial changes in presentation of the financial statements and disclosures.

(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 12 Outstanding Claims. Information in relation to investment risks is contained in Note 9 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 premium collection costs in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2 Premium revenue *Continued*

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 collected 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.

	2023 \$'000	2022 \$'000
Gross written premiums	146,764	140,594
Movement in unearned premiums	(1,077)	1,276
Premium revenue	145,687	141,870

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.

	2023			2022		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
Gross claims incurred						
Inflated/undiscounted	260,731	223,124	483,855	236,134	576,367	812,501
Discount movement	(106,676)	(256,547)	(363,223)	(89,219)	(619,102)	(708,321)
	154,055	(33,423)	120,632	146,915	(42,735)	104,180
Claims recovery revenue						
Inflated/undiscounted	(1,898)	(2,091)	(3,989)	(2,844)	(152)	(2,996)
Discount movement	235	551	786	528	282	810
	(1,663)	(1,540)	(3,203)	(2,316)	130	(2,186)
Net claims incurred	152,392	(34,963)	117,429	144,599	(42,605)	101,994

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.

	2023 \$'000	2022 \$'000
Dividends	77,020	90,146
Other	2,339	2,618
Changes in fair value of investments		
Realised	5,831	(17,776)
Unrealised	61,445	(160,440)
Investment income	146,635	(85,452)
Investment expenses	(1,615)	(1,213)
Net investment income	145,020	(86,665)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5 General and administration expenses

	2023 \$'000	2022 \$'000
Salaries and related expenses	5,485	5,011
Depreciation and amortisation	364	314
Information technology	1,455	1,258
International travel ¹	19	-
Other operating costs	2,371	2,154
	9,694	8,737

¹ In 2022-23 the Chief Executive Officer travelled to Singapore and London to visit reinsurers. No international travel was undertaken in 2021-22.

6 Road safety initiatives

MAIB funds a range of road safety initiatives aimed at reducing the occurrence of serious injuries on Tasmanian roads, as outlined below.

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.

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.

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.

The following table summarises MAIB's contributions to road safety initiatives.

	2023 \$'000	2022 \$'000
Road Safety Advisory Council	4,138	4,056
Injury Prevention and Management Foundation	768	314
State Emergency Service	364	357
	5,270	4,727

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

7 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.

	2023 \$'000	2022 \$'000
(a) Income tax expense/(benefit) comprises:		
Current tax expense/(benefit)	30,126	23,441
Increase/(decrease) in net deferred tax asset/liability	11,826	(47,983)
Tax on other comprehensive income	(308)	(1,379)
(Over)/under provision of income tax expense/(benefit) in previous year	16	(360)
Tax expense/(benefit) attributable to operating result	41,660	(26,281)
Reconciliation between operating result and income tax expense/(benefit)		
Operating result before tax	146,680	(73,863)
Income tax expense/(benefit) calculated at 30%	44,004	(22,159)
Tax offsets for franked dividends	(2,433)	(3,189)
Adjustment in respect of prior years	89	(933)
Tax expense/(benefit) attributable to operating result	41,660	(26,281)
(b) Tax liability/(asset)		
Provision for tax/(prepaid tax) at 1 July	(13,153)	37,039
Tax payable in respect of current year	30,126	23,441
Less tax paid	(21,667)	(73,273)
(Over)/under provision for tax in previous year	16	(360)
Provision for tax/(prepaid tax)	(4,678)	(13,153)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

7 Income tax *Continued*

	1 July \$'000	Recognised in profit and loss \$'000	Recognised in other comprehensive income \$'000	30 June \$'000
(c) Deferred tax balances				
2023				
Deferred tax assets				
Investments	14,312	6,116	-	20,428
Claims handling provision	34,305	5,827	-	40,132
Other provisions	4,421	322	(170)	4,573
Plant and equipment	8	(3)	-	5
Total deferred tax assets	53,046	12,262	(170)	65,138
Deferred tax liabilities				
Investments	46,383	23,778	-	70,161
Property	3,396	1	138	3,535
Total deferred tax liabilities	49,779	23,779	138	73,696
Net deferred tax asset/(liability)	3,267	(11,517)	(308)	(8,558)
2022				
Deferred tax assets				
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
Deferred tax liabilities				
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

8 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 2023

8 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.

	2023 \$'000	2022 \$'000
Cash and cash equivalents		
Cash at bank	4,305	4,486
Total cash and cash equivalents	4,305	4,486
Investment assets		
Structured entity investments		
Cash funds	98,987	91,804
Australian bonds funds	501,824	481,403
Fixed income funds	-	19,991
Australian equities funds	177,939	177,835
International equities funds	516,480	446,598
Diversifying alternatives funds	229,665	235,704
Property funds	316,650	292,384
Infrastructure funds	160,708	141,007
Total structured entity investments	2,002,253	1,886,726
Other investment assets		
Outstanding settlements receivable	3,665	1,718
Total other investment assets	3,665	1,718
Total investment assets	2,005,918	1,888,444

At 30 June 2023, MAIB's unit holdings in its Australian bonds funds range from 21% to 57% (2022: 11% to 41%) of the total units on offer. Unit holdings in all other categories are less than 26% of the total units on offer (2022: 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.

9 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 2023

9 Financial instruments *Continued*

The following tables present the financial assets measured and recognised at fair value and at amortised cost at 30 June 2023 and 30 June 2022.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2023				
Financial assets at fair value through the statement of comprehensive income¹				
Cash and cash equivalents	4,305	-	-	4,305
Cash funds	-	98,987	-	98,987
Australian bonds funds	-	501,824	-	501,824
Australian equities funds	-	177,939	-	177,939
International equities funds	-	516,480	-	516,480
Diversifying alternatives funds	-	229,665	-	229,665
Property funds	-	67,547	249,103	316,650
Infrastructure funds	-	83,502	77,206	160,708
Total	4,305	1,675,944	326,309	2,006,558
Financial assets at amortised cost²				
Outstanding settlements receivable	3,665	-	-	3,665
Total	3,665	-	-	3,665
Total financial assets	7,970	1,675,944	326,309	2,010,223

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2022				
Financial assets at fair value through the statement of comprehensive income¹				
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
Total	4,486	1,599,826	286,900	1,891,212
Financial assets at amortised cost²				
Outstanding settlements receivable	1,718	-	-	1,718
Total	1,718	-	-	1,718
Total financial assets	6,204	1,599,826	286,900	1,892,930

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

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

There were no transfers between levels 1, 2 or 3 in 2022-23 or 2021-22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

9 Financial instruments *Continued*

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

	2023 \$'000	2022 \$'000
Property funds	249,103	219,320
Infrastructure funds	77,206	67,580
	326,309	286,900

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

	2023 \$'000	2022 \$'000
Balance 1 July	286,900	252,279
Realised gain/(loss) recognised in the statement of comprehensive income	39,538	12,863
Unrealised gain/(loss) recognised in the statement of comprehensive income	(36,356)	20,164
Sale of investments	(38,488)	(19,387)
Purchases of investments	74,715	20,981
Balance at 30 June	326,309	286,900

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 4.38% and 7.50% (2022: 4.13% and 5.75%); and
- discount rates ranging between 5.50% and 8.50% (2022: 5.50% and 6.75%).

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 2023

9 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 in the unit trusts it invests in, not the underlying investments in those unit trusts. 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 2023

9 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.

	2023 \$'000	2022 \$'000
Impact on profit and equity of a 10% increase in unit prices		
Cash funds	6,929	6,426
Australian bonds funds	35,128	33,698
Fixed income funds	-	1,399
Australian equities funds	12,456	12,448
International equities funds	36,154	31,262
Diversifying alternatives funds	16,076	16,499
Property funds	22,166	20,467
Infrastructure funds	11,250	9,870
	2023 \$'000	2022 \$'000
Impact on profit and equity of a 10% decrease in unit prices		
Cash funds	(6,929)	(6,426)
Australian bonds funds	(35,128)	(33,698)
Fixed income funds	-	(1,399)
Australian equities funds	(12,456)	(12,448)
International equities funds	(36,154)	(31,262)
Diversifying alternatives funds	(16,076)	(16,499)
Property funds	(22,166)	(20,467)
Infrastructure funds	(11,250)	(9,870)

(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.

	2023 \$'000	2022 \$'000
United States Dollar	295,862	349,350
Euro	61,314	23,358

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

9 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.

	2023 \$'000	2022 \$'000
Impact on profit and equity of a 10% increase in value of the Australian Dollar	(22,729)	(23,718)
Impact on profit and equity of a 10% decrease in value of the Australian Dollar	27,780	28,988

(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 partially mitigated by MAIB's investment in financial assets. 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 2023

9 Financial instruments *Continued*

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

	2023		2022	
	Investment grade ¹ \$'000	Non investment grade ¹ \$'000	Investment grade ¹ \$'000	Non investment grade ¹ \$'000
Cash and cash equivalents	4,305	-	4,486	-
Trade and other receivables	1,779	227	1,657	88
	6,084	227	6,143	88

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

Credit Risk - Reinsurance and other recoveries receivable

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

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

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

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

	2023		2022	
	Investment grade ¹ \$'000	Non investment grade ¹ \$'000	Investment grade ¹ \$'000	Non investment grade ¹ \$'000
Reinsurance recoveries receivable	16,186	-	14,290	-
Other recoveries receivable	-	5,614	-	5,556
	16,186	5,614	14,290	5,556

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

(c) Liquidity risk

Liquidity risk is the risk MAIB will not be able to meet its financial obligations as they fall due. MAIB's approach to managing liquidity is to have sufficient liquidity to meet its liabilities when due, during both normal and abnormal trading conditions, without incurring unacceptable losses or damaging its reputation. Before payment of dividends and tax 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 2023

9 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.

	2023 \$'000	2022 \$'000
Payables	3,079	3,117
	3,079	3,117

The maturity analysis of the outstanding claims liability is reported in Note 12(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 2023 the funding ratio is 133.2% (2022: 131.1%).

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.

10 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.

	2023 \$'000	2022 \$'000
Premiums receivable	1,779	1,657
Other receivables	227	88
Other recoveries receivable	5,614	5,556
Reinsurance recoveries receivable	16,186	14,290
	23,806	21,591
Due within 12 months	3,724	3,455
Due in more than 12 months	20,082	18,136
	23,806	21,591

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

11 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.

	2023 \$'000	2022 \$'000
Balance at 1 July	62,524	63,800
Earning of premiums written in previous periods	(62,524)	(63,800)
Premiums written in current period	145,688	140,594
Earning of premiums written in current period	(82,087)	(78,070)
Balance at 30 June	63,601	62,524

12 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 2023 provides a probability not less than 75% (2022: 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 2023

12 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 are 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
- 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 client. 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 2023

12 Outstanding claims *Continued*

(a) Actuarial assumptions and methods

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

	2023			2022		
	Scheduled benefits	Common law	Future care	Scheduled benefits	Common law	Future care
Inflated mean term (years)	10.3	4.4	32.3	10.3	4.4	31.8
Discounted mean term (years)	5.9	3.9	20.1	6.2	3.9	20.7
Number of claims incurred but not reported	335	299	18	368	295	18
Average claim size (\$ '000)	20.7	194.0	7,505.7	18.6	181.4	6,861.8
Superimposed inflation	1.0%	1.5%	0.0%	1.0%	1.5%	0.0%
Claims handling expenses	10.5%	10.5%	10.5%	9.0%	9.0%	9.0%
Risk margin	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

	2023		2022	
	Wage inflation rates ¹	Interest rates ²	Wage inflation rates ³	Interest rates ⁴
Claims expected to be paid in:				
Year 1 (following end of financial year)	4.50%	4.37%	4.00%	2.54%
Year 2	4.50%	3.95%	4.50%	3.43%
Year 3	4.00%	3.73%	4.00%	3.54%
Year 4	3.89%	3.80%	3.83%	3.63%
Year 5	3.78%	3.89%	3.65%	3.73%
Year 6	3.75%	3.99%	3.61%	3.82%
Year 7	3.71%	4.08%	3.57%	3.90%
Year 8	3.67%	4.11%	3.55%	3.98%
Year 9	3.65%	4.13%	3.53%	4.00%
Year 10	3.66%	4.20%	3.51%	4.00%
Year 11	3.68%	4.30%	3.51%	4.00%
Year 12	3.72%	4.40%	3.50%	4.00%
Year 13	3.75%	4.51%	3.50%	4.00%
Year 14	3.79%	4.62%	3.50%	4.00%
Year 15	3.81%	4.66%	3.50%	4.00%
Year 16	3.82%	4.69%	3.50%	4.00%
Year 17	3.82%	4.71%	3.50%	4.00%
Year 18	3.83%	4.72%	3.50%	4.00%
Year 19	3.83%	4.73%	3.50%	4.00%
Year 20	3.83%	4.73%	3.50%	4.00%
Year 21	3.82%	4.70%	3.50%	4.00%
Year 22	3.81%	4.66%	3.50%	4.00%
Year 23	3.79%	4.61%	3.50%	4.00%
Year 24	3.77%	4.57%	3.50%	4.00%
Year 25	3.76%	4.52%	3.50%	4.00%

¹ projected inflation rates after year 25 remain constant at 3.75%.

² projected interest rates after year 25 remain constant at 4.50%.

³ projected inflation rates after year 25 remain constant at 3.50%.

⁴ projected interest rates after year 25 remain constant at 4.00%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

12 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 2023 are included at the rate of 10.5% of future claim payments (2022: 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 2023 (2022: 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 2023

12 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 2023

12 Outstanding claims *Continued*

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

	Impact \$'000	Profit/(loss) after tax \$'000	Equity \$'000
Recognised amounts 2023		105,020	634,735
Inflation rate increased by 50 basis points	(71,391)	33,629	563,344
Inflation rate decreased by 50 basis points	62,427	167,447	697,162
Interest rate increased by 50 basis points	61,909	166,929	696,644
Interest rate decreased by 50 basis points	(71,419)	33,601	563,316
Cost of current year Future Care IBNR claims increased by 10%	(8,060)	96,960	626,675
Cost of current year Future Care IBNR claims decreased by 10%	8,060	113,080	642,795
Common Law settlement size increased by 10%	(24,915)	80,105	609,820
Common Law settlement size decreased by 10%	24,915	129,935	659,650
Scheduled Benefits average size increased by 10%	(6,132)	98,888	628,603
Scheduled Benefits average size decreased by 10%	6,132	111,152	640,867
Recognised amounts 2022		(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

(c) Maturity analysis

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

	Less than 12 months \$'000	12 months to 10 years \$'000	11 years to 20 years \$'000	20+ years \$'000	Total \$'000
30 June 2023					
Outstanding claims liability	118,053	561,425	261,322	395,530	1,336,330
	118,053	561,425	261,322	395,530	1,336,330
30 June 2022					
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

12 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.

	2023 \$'000	2022 \$'000
Scheduled benefits claims		
Expected future claims payments (inflated/undiscounted)	98,116	93,892
Discount to present value	(27,355)	(23,833)
Claims handling expenses	7,859	6,668
Risk margin	14,601	14,234
	93,221	90,961
Common law claims		
Expected future claims payments (inflated/undiscounted)	314,632	324,466
Discount to present value	(47,909)	(42,337)
Claims handling expenses	29,878	27,089
Risk margin	59,320	61,844
	355,921	371,062
Future care claims		
Expected future claims payments (inflated/undiscounted)	2,000,326	1,735,374
Discount to present value	(1,332,047)	(1,085,064)
Claims handling expenses	73,742	61,534
Risk margin	145,167	139,511
	887,188	851,355
All claims		
Expected future claims payments (inflated/undiscounted)	2,413,074	2,153,732
Discount to present value	(1,407,311)	(1,151,234)
Claims handling expenses	111,479	95,291
Risk margin	219,088	215,589
	1,336,330	1,313,378
Due within 12 months	118,053	117,604
Due in more than 12 months	1,218,277	1,195,774
	1,336,330	1,313,378

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

12 Outstanding claims *Continued*

(e) Reconciliation of movement in outstanding claims liability

	2023			2022		
	Gross \$'000	Recoveries \$'000	Net \$'000	Gross \$'000	Recoveries \$'000	Net \$'000
Balance at 1 July	1,313,378	19,846	1,293,532	1,295,971	18,022	1,277,949
Adjustment to prior years						
Effect of actual versus expected payments	(8,859)	72	(8,931)	(9,397)	(863)	(8,534)
Effect of changes in actuarial assumptions	11,978	1,887	10,091	104,820	3,695	101,125
Effect of changes in economic assumptions	(40,052)	(346)	(39,706)	(112,037)	(2,669)	(109,368)
Effect of prior year claims moving closer to payment	3,510	(73)	3,583	(26,121)	(293)	(25,828)
Net revision to prior years' claims costs	(33,423)	1,540	(34,963)	(42,735)	(130)	(42,605)
Incurred claims for the current accident year	154,055	1,663	152,392	146,915	2,316	144,599
Net claims incurred	120,632	3,203	117,429	104,180	2,186	101,994
Claims payments and recoveries during the year	(97,680)	(1,249)	(96,431)	(86,773)	(362)	(86,411)
Balance at 30 June	1,336,330	21,800	1,314,530	1,313,378	19,846	1,293,532

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

12 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
	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	
Gross of reinsurance recoveries											
Estimate of ultimate claims cost:											
End of accident year	240,801	208,032	156,465	183,794	200,655	167,538	158,780	158,582	183,244	199,642	
One year later	162,877	113,989	150,202	163,990	219,870	157,701	186,021	203,585	145,836		
Two years later	103,068	127,180	102,191	153,349	173,063	114,039	207,210	262,875			
Three years later	95,409	126,365	94,957	120,133	111,677	115,181	200,473				
Four years later	66,926	104,579	100,589	122,359	113,067	119,328					
Five years later	63,008	106,458	102,369	121,622	106,774						
Six years later	65,167	118,723	145,938	125,675							
Seven years later	68,780	140,597	169,496								
Eight years later	67,525	141,023									
Nine years later	60,930										
Current estimate of cumulative claims cost	60,930	141,023	169,496	125,675	106,774	119,328	200,473	262,875	145,836	199,642	1,532,052
Cumulative payments	(53,946)	(60,376)	(55,467)	(68,137)	(53,598)	(57,620)	(40,844)	(40,509)	(25,439)	(15,798)	(471,734)
Outstanding claims (undiscounted)	6,984	80,647	114,029	57,538	53,176	61,708	159,629	222,366	120,397	183,844	1,060,318
Discount											(529,807)
2013 and prior (discounted)											475,253
Claims handling expense											111,479
Risk margins											219,087
Outstanding claims (inflated & discounted)											1,336,330

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

12 Outstanding claims *Continued*

	Accident year										Total \$'000
	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	
Net of reinsurance recoveries											
Estimate of ultimate claims cost:											
End of accident year	240,801	208,032	156,465	181,328	198,001	164,396	155,847	155,804	180,406	197,745	
One year later	162,877	113,989	149,783	162,009	216,047	155,212	171,299	202,534	144,843		
Two years later	103,068	126,850	101,844	151,248	168,582	113,315	188,076	261,076			
Three years later	95,208	126,069	94,634	119,658	111,281	114,531	179,026				
Four years later	66,774	104,290	100,372	122,034	112,686	118,799					
Five years later	62,846	106,203	102,197	121,265	106,481						
Six years later	65,041	118,488	145,732	125,338							
Seven years later	68,647	140,290	169,303								
Eight years later	67,193	140,731									
Nine years later	60,728										
Current estimate of cumulative claims cost	60,728	140,731	169,303	125,338	106,481	118,799	179,026	261,076	144,843	197,745	1,504,070
Cumulative payments	(53,946)	(60,376)	(55,467)	(68,137)	(53,598)	(57,620)	(40,844)	(40,509)	(25,439)	(15,798)	(471,734)
Outstanding claims (undiscounted)	6,782	80,355	113,836	57,201	52,883	61,179	138,182	220,567	119,404	181,947	1,032,336
Discount											(522,497)
2013 and prior (discounted)											474,123
Claims handling expense											111,479
Risk margins											219,089
Outstanding claims (inflated & discounted)											1,314,530

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

13 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.

	2023 \$'000	2022 \$'000
(a) Unexpired risk liability		
Net central estimate	53,999	53,887
Claims handling expenses	6,045	5,171
Risk margin	11,900	11,637
Reinsurance recoveries	(545)	(872)
Premium liability	71,399	69,823
Unearned premiums	63,601	62,524
Unexpired risk liability	7,798	7,299
(b) Amount recognised in the statement of comprehensive income		
Unexpired risk liability 1 July	7,299	5,764
Unexpired risk liability 30 June	7,798	7,299
Increase/(decrease)	499	1,535
Deferred acquisition costs ¹	-	1,366
Unexpired risk expense	499	2,901

¹ 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 2023 are included at the rate of 10.5% (2022: 9.0%).

Risk margin

As at 30 June 2023 a risk margin of 20% (2022: 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 2023 of not less than 75% (2022: 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 2023

14 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.

	2023 \$'000	2022 \$'000
Due within 12 months		
Annual leave	494	450
Long service leave	40	38
Defined benefit superannuation obligation	159	28
	693	516
Due in more than 12 months		
Long service leave	519	462
Defined benefit superannuation obligation	6,232	6,461
	6,751	6,923
Total employee benefits	7,444	7,439

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

15 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

	2023 \$'000	2022 \$'000
Profit/(loss) after tax	105,020	(47,582)
Depreciation and amortisation	691	647
Loss/(profit) on sale of plant and equipment	58	-
Net unrealised loss/(gain) in net market value of investments	(61,445)	160,440
Net realised loss/(gain) in net market value of investments	(5,831)	17,776
Decrease/(increase) in accrued dividends and interest	(1,951)	(242)
Decrease/(increase) in other assets	(2,214)	(1,863)
Increase/(decrease) in outstanding claims liability	22,952	17,407
Increase/(decrease) in unexpired risk liability	499	2,901
Increase/(decrease) in unearned premium liability	1,077	(1,276)
Increase/(decrease) in tax payable	8,475	(50,192)
Decrease/(increase) in net deferred tax asset/liability	11,825	(47,983)
Increase/(decrease) in other liabilities	280	176
Net cash flow from operating activities	79,436	50,209

(b) Financing facilities

At 30 June 2023 MAIB has three corporate credit cards (2022: four) with a total limit of \$50,000 (2022: \$50,000). The balance is paid in full on a monthly basis. MAIB has no formal credit standby arrangements or unused loan facilities.

16 Auditor's remuneration

The amount payable to the Auditor-General for the year ended 30 June 2023 is \$88,900 (2022: \$111,430).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

17 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.

	2023 \$'000	2022 \$'000
Ordinary dividend	30,871	48,292
	30,871	48,292

Following the end of the financial year, a final ordinary dividend relating to the year ended 30 June 2023 of \$32,718,464 (2022: \$30,871,424) was recommended by directors to be paid in 2023-24.

18 Contingent liabilities

MAIB has no contingent liabilities.

19 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.

20 Key management personnel information

(a) Directors

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

D Challen AM (to 16 December 2022)
L Balcombe
K FitzGerald
J Hindmarsh
V McLenaghan (appointed 27 March 2023)
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 2023

20 Key management personnel information *Continued*

(c) Key management personnel compensation

	Directors		Executive		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Short-term employee benefits	262	294	916	860	1,178	1,154
Post employment benefits	27	29	98	89	125	118
Other long-term employee benefits	-	-	70	58	70	58
	289	323	1,084	1,007	1,373	1,330

(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
2023						
D Challen AM	Chairman	to 16 Dec 2022	40	3	4	47
L Balcombe ¹	Director/Chair	Full Year	62	7	7	76
K FitzGerald	Director	Full Year	39	7	5	51
J Hindmarsh	Director	Full Year	39	7	5	51
V McLenaghan	Director	from 27 Mar 2023	10	1	1	12
N Walsh	Director	Full Year	39	8	5	52
			229	33	27	289
2022						
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

¹ L Balcombe was appointed Chair effective 17 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

20 Key management personnel information *Continued*

(e) Executive remuneration

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

Name	Position	Period	Base Salary ¹ \$'000	Super-annuation ² \$'000	Vehicle ³ \$'000	Other Non-Monetary Benefits ⁴ \$'000	Total Remuneration Package \$'000	Other Long-Term Benefits ⁵ \$'000	Total ⁶ \$'000
2023									
P Kingston	CEO	Full year	304	33	1	2	340	37	377
B Pratt	COO	Full year	205	22	-	3	230	17	247
D Thurm	CFO	Full Year	219	24	-	4	247	6	253
J Wilson	MCI	Full Year	174	19	-	4	197	10	207
			902	98	1	13	1,014	70	1,084
2022									
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

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

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

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

⁴ Other non-monetary benefits represent the cost of the private use component of car parking provided to executives as part of their remuneration package.

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

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

(f) Remuneration policies

Non-executive director remuneration

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

20 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 following selection and recommendation by the Board of MAIB and the Portfolio Minister, 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 2022-23 or 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 2022-23.

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 2023 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 2023 and of its financial performance and its cash flows for the year then ended
- (b) complying with Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of MAIB in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

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

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

Key Audit Matters

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

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
<p>Significant investments and investment revenue <i>Refer to notes 4 and 8</i></p>	
<p>MAIB held \$2.01 billion of investments as at 30 June 2023, of which \$1.68 billion were classified as level 2 and \$326.31 million were classified as level 3 in accordance with <i>AASB 13 Fair Value Measurements</i>.</p> <p>MAIB’s net investment income to 30 June 2023 was a profit of \$145.02 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 places significant reliance on the appointed investment managers and custodian in regard to the existence, rights and obligations, and valuation of the investments and disclosures made 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"> • 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. • Evaluating the appropriateness of the valuation methodologies used against the requirements of Australian Accounting Standards. • Reviewing MAIB’s internal assessment of investment compliance with legislative and prescribed policies relating to investments. • Obtaining an Independent Service Auditor’s Assurance Reports on the: <ul style="list-style-type: none"> - custodian’s description of controls over custody, investment administration, unit registry and related technology systems - design and operating effectiveness of those controls, and assessing the impact, in relation to MAIB, of the control exceptions identified in the Reports.

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"> • Reconciling the closing balance of investments from the previous investment custodian to the opening balance of the new investment custodian. • Verifying investments revenues to the custodian portfolio reconciliation report. • Verifying MAIB’s investment balances at balance date to the custodian valuation report and individual fund statements. • Considering the reasonableness of the MAIB’s disclosures against the requirements of Australian Accounting Standards.
<p>Outstanding claims liability and claims expense <i>Refer to notes 3 and 12</i></p>	
<p>MAIB relies upon external actuarial advice for the valuation of the outstanding claims liability, which totalled \$1.34 billion as at 30 June 2023.</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"> • Reviewing MAIB’s internal control framework in relation to claim payments • Reviewing expense and liability disclosures to the actuarial report as at 30 June 2023. • Engaging an independent actuarial expert to conduct a review of the appropriateness of the key assumptions used in the estimation of the outstanding claims liabilities as at 30 June 2023. • Assessing the adequacy and completeness of disclosures in the financial statements as required by AASB 1023 <i>General Insurance Contracts</i>.

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
Delegate of the Auditor-General
Tasmanian Audit Office

14 August 2023
Hobart

11 August 2023

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 2023, 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 2023 and the financial position as at 30 June 2023 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 2023 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 2023 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 2023 give a true and fair view.

Signed in accordance with a resolution of the directors:

Dated 11 August 2023

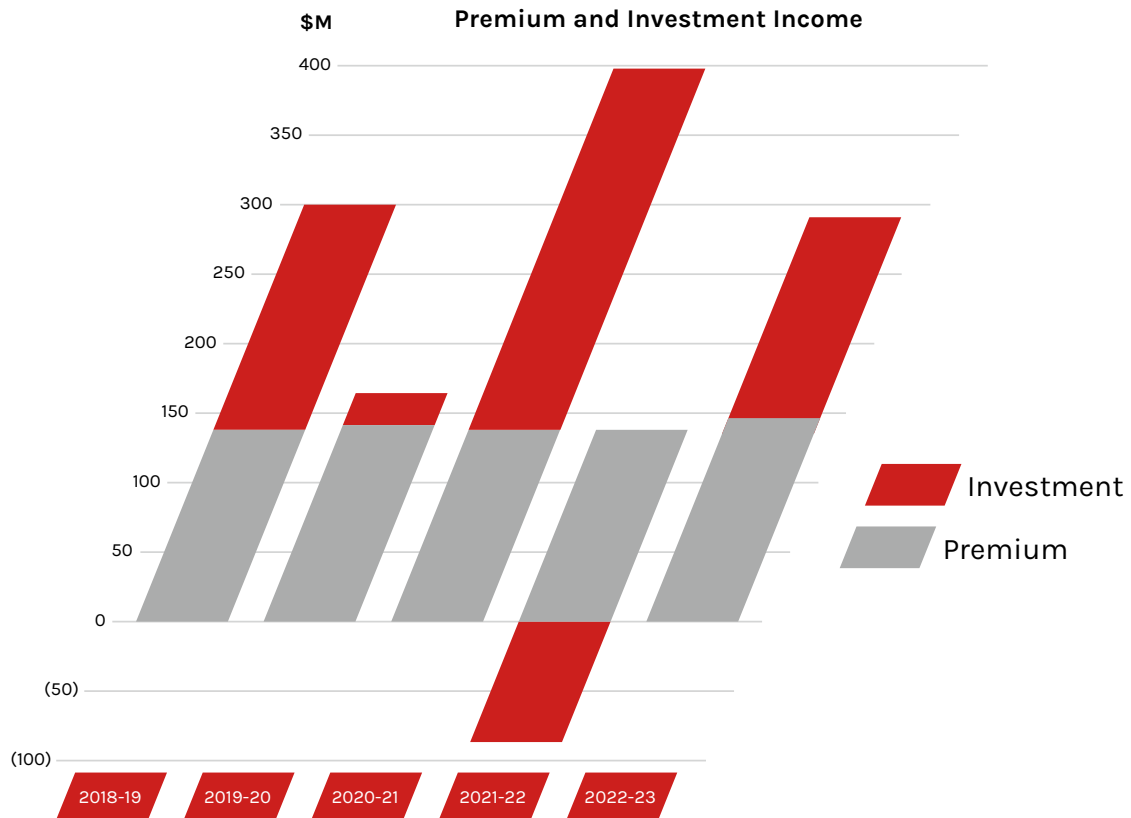


L Balcombe
Chair

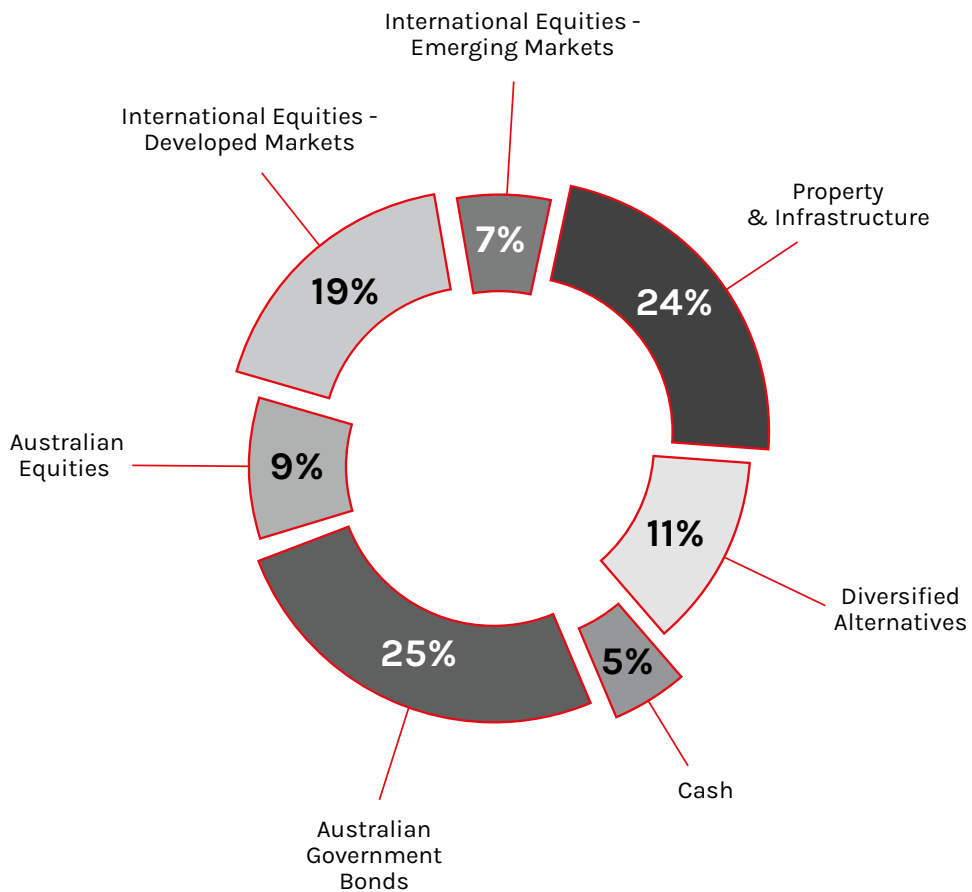


N Walsh
Director

Appendix



Asset Allocations at 30 June 2023



Appendix *Continued*

FIVE YEAR SUMMARY - FINANCIAL	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Premium revenue	138,353	140,743	141,588	141,870	145,687
Outwards reinsurance expense	(5,696)	(5,751)	(5,941)	(6,419)	(6,583)
Claims recovery revenue	6,836	4,647	8,381	2,186	3,203
Gross claims incurred	(247,130)	(138,837)	(81,421)	(104,180)	(120,632)
Unexpired risk expense	(5,430)	1,216	1,245	(2,901)	(499)
Other underwriting expenses	(3,006)	(3,121)	(3,065)	(3,255)	(3,259)
Underwriting result	(112,261)	(1,103)	60,787	27,301	17,917
Investment and other revenue	162,811	23,743	256,173	(86,031)	145,790
Administration, funding and other expenses	(12,141)	(12,888)	(14,032)	(15,133)	(17,027)
Profit/(loss) before tax	38,409	9,752	302,298	(73,863)	146,680
Tax (expense)/benefit	(8,249)	(1,694)	(88,622)	26,281	(41,660)
Profit/(loss) after tax	30,160	8,058	215,655	(47,582)	105,020
Net assets	553,507	464,504	652,525	559,868	634,735
Dividend paid	51,427	91,878	32,634	48,292	30,871

FIVE YEAR SUMMARY - OPERATIONAL	2018-19	2019-20	2020-21	2021-22	2022-23
Number of vehicles registered	548,528	553,796	573,803	589,169	602,617
Claim payments (\$'000)	85,929	85,350	85,919	92,610	104,098
Number of current claims	2,047	2,198	2,373	2,378	2,382
New claims received	2,621	2,294	2,163	1,923	1,899
Number of fatalities	29	27	32	48	39
Fatality rate per 1,000 vehicles	0.05	0.05	0.06	0.08	0.07
Claims per 1,000 vehicles	4.8	4.2	3.8	3.3	3.19
Tasmanian car premium (\$)	294	294	282	282	282

Interstate Scheme Comparisons

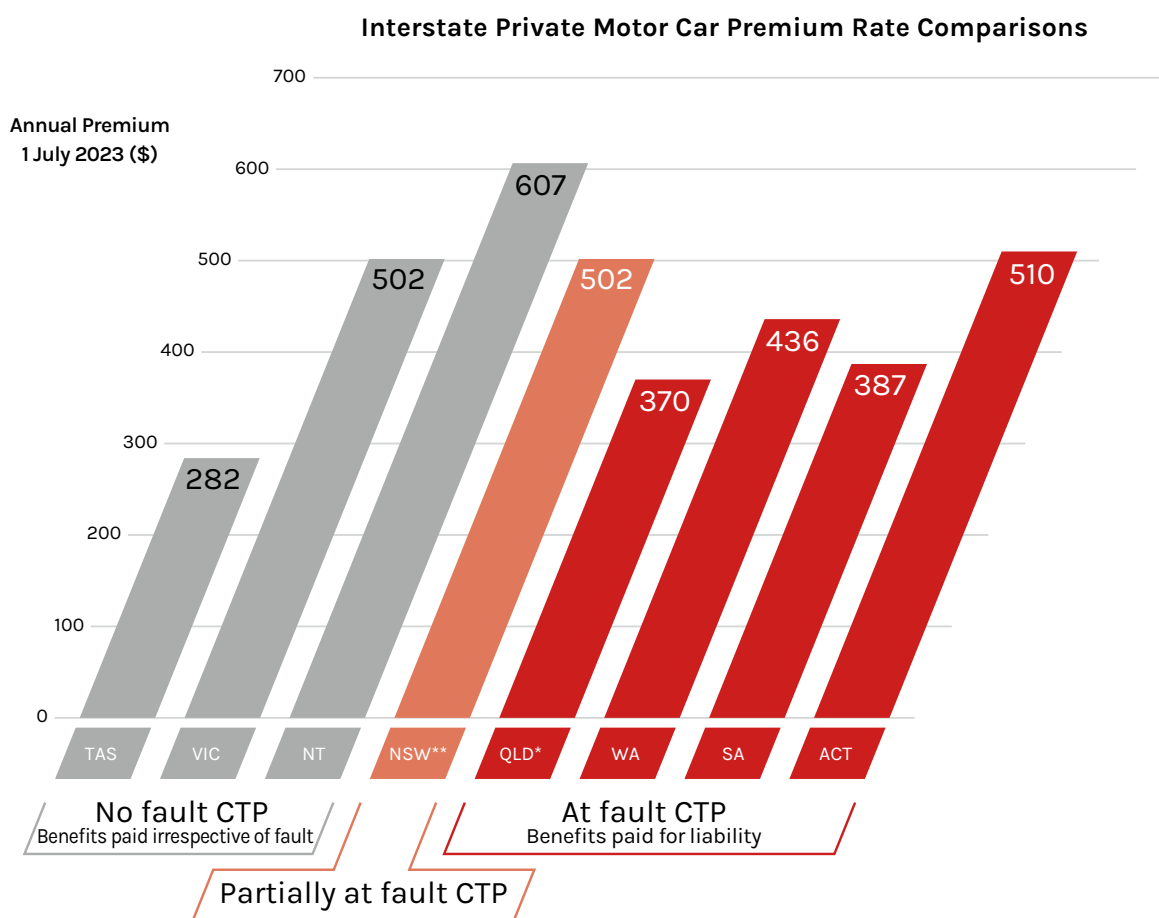
SCHEME COMPONENT	TAS	VIC	NT	NSW	QLD	WA	SA	ACT
No fault	Yes	Yes	Yes	Yes ¹	No	No	No	No
Lifetime Care (support for catastrophically injured)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Common Law Rights	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Monopoly Scheme	Yes	Yes	Yes	No	No	Yes	No	No
Motor Car Premium ²	\$282	\$502	\$607	\$502 ³	\$370	\$436	\$387 ⁴	\$510

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

² Inclusive of GST and as at 1 July 2023.

³ Average rates for Sydney Metropolitan passenger vehicles (premiums range from \$428 to \$734).

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



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

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

Payment of Accounts

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

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

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

- Payments made to, or on behalf of, clients (hospital, ambulance, treatment etc.). These reimbursements are outside the intended scope of the 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 2022-23

Measure	
Creditor Days	7
Number of accounts due for payment	12,836
Number of accounts paid on time	12,804
Amount due for payment	\$37,809,535
Amount paid on time	\$37,525,104
Number of payments for interest on overdue accounts ¹	2
Interest paid on overdue accounts	\$87

¹ Not all creditors sought interest payments on overdue accounts.

Procurement (Buy Local)

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

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

MAIB purchases¹ from Tasmanian Businesses 2022-23

Percentage of purchases from Tasmanian businesses	86%
Value of purchases from Tasmanian businesses	\$26.6M

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

Consultancies¹ valued at more than \$50,000 (ex GST) in 2022-23

Name of consultant	Location	Description	Period of engagement	Amount (\$)
Aon Benfield	Sydney, NSW	Reinsurance broker	Full year	495,542
Frontier Advisors	Melbourne, Victoria	Investment consultant	Full year	443,767
MSM and Associates	Frankston, Victoria	Architect	Full year	312,457
Taylor Fry Pty Ltd	Melbourne, Victoria	Actuary	Full year	195,969
People Talking	Sydney, NSW	Staff development program	Full year	176,903
FYB Pty Ltd	Williamstown, Victoria	Information governance	Full year	56,633
Total				1,681,271
There were 13 consultancies for \$50,000 or less totalling				311,929
Total Payment to Consultants				1,993,200

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

Directors' Meetings

The number of Board and associated Committee meetings held and attendance by Directors in 2022-23 is provided below.

Director	Board (12 meetings held)	Audit Committee (5 meetings held)	Claims Committee (11 meetings held)	Foundation Committee (2 meetings held)
Don Challen AM ¹	●●●●●●	●●●		
Lance Balcombe ²	●●●●●●●●●●	●●●●●	●●●●●●●●	●●
Kristen FitzGerald	●●●●●●●●●●		●●●●●●●●●●	●●
Vince McLenaghan ³	●●●	●	●●●	
John Hindmarsh	●●●●●●●●●●		●●●●●●●●●●	
Naomi Walsh	●●●●●●●●●●	●●●●●		

¹ Retired from Board as Chair on 16 December 2022, eligible to attend 7 Board meetings and 3 Audit Committee meetings.

² Ceased as a member of the Claims Committee in April 2023, eligible to attend 8 meetings.

³ Commenced on 27 March 2023, member of Claims and Audit Committees, eligible to attend 3 Board meetings, 1 Audit Committee and Claims Committee meetings.

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	17-12-2022	16-12-2025
Kristen FitzGerald	01-10-2021	01-10-2021	30-09-2024
John Hindmarsh	01-02-2020	01-02-2023	31-01-2026
Vince McLenaghan	27-03-2023	27-03-2023	26-03-2026
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 2022-23 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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