

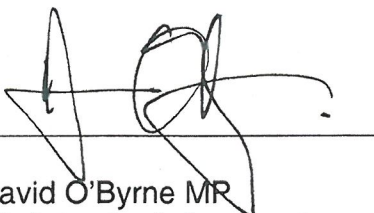
GOVERNMENT BUSINESS ENTERPRISES ACT 1995

MINISTERIAL CHARTER

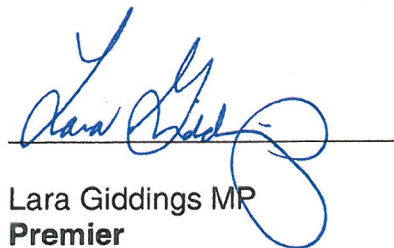
JANUARY 2012

MOTOR ACCIDENTS INSURANCE BOARD

This Ministerial Charter is jointly approved by:



**David O'Byrne MP
Minister for Infrastructure
Portfolio Minister**



**Lara Giddings MP
Premier
Treasurer**

Date: 21.2.12

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1. INTRODUCTION

- This Ministerial Charter has been prepared by the Minister for Infrastructure (Portfolio Minister) and the Treasurer, following consultation with the Motor Accidents Insurance Board, in accordance with sections 36 and 37 of the *Government Business Enterprises Act 1995*.
- The Charter sets out the Government's broad policy expectations and requirements for the Motor Accidents Insurance Board.
- It should be read in conjunction with the following Acts:
 - *Motor Accidents (Liabilities and Compensation) Act 1973* (Portfolio Act); and
 - *Government Business Enterprises Act 1995*.
- This Charter takes effect from the date it is signed and remains in effect until it is amended or revoked.
- The Charter is to be tabled in Parliament by the Portfolio Minister and published on the website of the Motor Accidents Insurance Board.

2. PURPOSE AND STRATEGIC EXPECTATIONS

2.1 Principal Purpose

- The principal purpose of the Motor Accidents Insurance Board is to provide a compulsory no-fault third party motor accident compensation scheme in Tasmania.

2.2 Principal Objective

- Pursuant to legislative requirements, the Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to:
 - be a successful business by operating in accordance with sound commercial practice and as efficiently as possible; and
 - achieve a sustainable commercial rate of return in accordance with its corporate plan, having regard to the social and economic objectives of the State, as agreed in writing with the Portfolio Minister and the Treasurer.

2.3 Strategic Expectations

- In undertaking its core business, the Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to:
 - ensure that an appropriate balance exists between premium income, the cost of claims and the Motor Accidents Insurance Board's prudential requirements so as to achieve a sustainable return;
 - provide its services in a cost effective and efficient manner, while meeting the needs of its clients;
 - ensure that its investment strategies maximise the probability of meeting its liabilities, particularly long tail liabilities;
 - invest its funds in a manner that is consistent with the Motor Accidents Insurance Board's Investment Policy Statement;
 - manage financial performance and business risk;
 - be proactive in funding road safety programs with the objective of reducing serious casualty claims; and
 - advance the rehabilitation process with the aim of achieving optimum outcomes for persons suffering injuries as a result of motor accidents.

2.4 Compliance with Government Policies

- In pursuing the strategic objectives in the context of the Government's directions, and undertaking its functions and exercising its powers, the Motor Accidents Insurance Board shall act in accordance with:
 - the governance framework for Government businesses;
 - Treasurer's Instructions and guidelines that are applicable to the Motor Accidents Insurance Board; and
 - Government policies specifically applying to the Motor Accidents Insurance Board as advised by the Portfolio Minister and the Treasurer.

3. NATURE AND SCOPE OF OPERATIONS

3.1 Core Business

- The core business of the Motor Accidents Insurance Board is to:
 - administer the Portfolio Act;

- invest reserves in accordance with the Government Business Enterprises Act and Treasurer's Instructions;
- manage the Injury Prevention and Management Foundation; and
- fund road safety initiatives with a view to reducing the number and severity of injuries resulting from motor accidents.

3.2 Business Presence Outside the State

- The Motor Accidents Insurance Board must seek the written approval of the Portfolio Minister and the Treasurer before establishing a business presence outside Tasmania. Any such proposal is to be on the grounds of risk mitigation. Any request must be accompanied by a compelling business case.

3.3 Non-commercial Activities

- The Motor Accidents Insurance Board's non-commercial activities are:
 - any activity that has been declared a community service obligation by the Treasurer; and
 - any activity that the Portfolio Minister and the Treasurer agree would be non-commercial and direct the Motor Accidents Insurance Board to perform.
- Non-commercial activities are listed in Schedule 1 of this Charter.
- Where the Motor Accidents Insurance Board is required to perform non-commercial activities, those activities are to be:
 - performed in an efficient and effective manner; and
 - costed and funded in accordance with arrangements as agreed with the Treasurer. If no arrangement is in place, the non-commercial activity is to be funded by the business.

4. FINANCIAL AND COMMERCIAL MANAGEMENT EXPECTATIONS

4.1 Financial Performance

- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to:
 - meet its financial and commercial targets, including target dividends, as set out in the annual Statement of Corporate Intent agreed with the Portfolio Minister and the Treasurer. Target dividends are to be agreed during the corporate planning process;

- implement the business strategies contained in the Corporate Plan in order to meet the agreed long term performance targets for the organisation, consistent with the Government’s expectations;
- be proactive in identifying and implementing operational efficiencies and productivity measures to enhance financial performance; and
- keep the Portfolio Minister and the Treasurer, and the Department of Treasury and Finance (Treasury), as principal financial advisor to the Treasurer, informed of any significant issues impacting on the business, especially its financial performance targets.

4.2 Customer Service

- In delivering its services, the Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to take account of contemporary practice and other management developments in the industry in which it operates and the commercial sector generally.
- The Motor Accidents Insurance Board is to have in place a customer service charter which is to be publicly available.

4.3 Reporting

- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to comply with any relevant reporting requirements specified in any guidelines issued by Treasury.

4.4 Premiums

- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to set premiums in accordance with the Order relating to the Motor Accidents Insurance Board issued under the provision of the *Economic Regulator Act 2009*.
- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to provide discounts to qualifying pensioners.

4.5 Borrowing Activities

- The Portfolio Minister and the Treasurer expect that the Motor Accidents Insurance Board will not borrow funds.

4.6 Investment Activities

- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to have in place arrangements for investments that:
 - balance the key risks faced by the Scheme; and
 - are across a range of different investment opportunities.

- The Motor Accidents Insurance Board is expected to:
 - diversify its investments through the adoption of a range of asset classes and managers; and
 - select fund managers through a thorough process.
- In any new decisions on fund management activities, the Motor Accidents Insurance Board is expected to provide an opportunity for the Tasmanian Public Finance Corporation to compete fairly for any activities for which it is qualified.

4.7 Solvency

- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to:
 - adopt and maintain an appropriate level of solvency by giving effect to strategies and policies that ensure its long-term commercial viability.
 - review its solvency targets at least every three years, or more frequently if deemed appropriate by the Board, and report to the Portfolio Minister and the Treasurer.

4.8 Capital Asset Management

- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to:
 - develop Asset Management Plans reflecting prudent commercial practice;
 - regularly review its asset holdings with the aim of identifying surplus non-performing and non-core assets. The disposal of any undertaking or asset is to be in accordance with the provisions of the Government Business Enterprises Act; and
 - subject any capital investment proposal to rigorous and considered analysis prior to any decision to commit resources.
- The Portfolio Minister, the Treasurer and Treasury, as principal financial advisor, are to be notified of any proposed major new capital investments.
- All major capital investment decisions must be approved in writing by the Portfolio Minister and the Treasurer prior to any significant expenditure being incurred.

4.9 Risk Management

- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to:
 - have in place risk management strategies that recognise the Government is a long-term risk-averse investor, identify business and financial risks, and provide for its ongoing management; and
 - undertake at least a triennial review of its business, investment and balance sheet risks in order to optimise investment strategies that support the long term viability of the compulsory third party scheme.

5. OTHER

5.1 Director Appointment Process

- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to work cooperatively with relevant Director Selection Advisory Panels to ensure that the appointment process results in a balance of renewal and continuity of Board membership.

5.2 Employee and Industrial Relations

- The Portfolio Minister and the Treasurer expect the Motor Accidents Insurance Board to:
 - adhere to any Government policy guidelines in regard to executive remuneration including bonuses or other forms of rewards; and
 - be cognisant of any Government policy in regard to employee remuneration, consistent with contemporary public sector wages policy.
- The Portfolio Minister and the Treasurer are to be notified of any significant changes to the employee relations policy of the Motor Accidents Insurance Board, including the finalisation of any workplace or enterprise agreements.

5.3 Integrity and Ethics

- The Portfolio Minister and the Treasurer expect the Board, management and employees of the Motor Accidents Insurance Board to exhibit the highest level of integrity and professionalism in undertaking their duties.

5.4 Significant Developments

- The Portfolio Minister and the Treasurer are to be kept informed of any matters of significance. Specifically, the Portfolio Minister and the

Treasurer expect to be notified of any adverse developments which may:

- prevent the achievement of financial performance objectives; or
- significantly affect the financial viability or operating ability of the Motor Accidents Insurance Board; or
- significantly impact on Government policy, client relations and environmental issues.

5.5 Provision of Information

- The Portfolio Minister and the Treasurer expect to be:
 - informed as soon as practicable of any material or significant events, transactions or other issues relating to the business; and
 - provided with any information or reports requested, in an accurate and timely manner.

SCHEDULE 1

NON-COMMERCIAL ACTIVITIES

The Motor Accidents Insurance Board does not conduct any non-commercial activities as defined under Clause 3.3.