MOTOR ACCIDENT INSURANCE COMMISSION

ANNUAL REPORT 2016-17

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Visit **www.maic.qld.gov.au** to view this annual report.

CONTENTS

LETTER OF COMPLIANCE AND CERTIFICATION OF FINANCIAL STATEMENTS

The Honourable Curtis Pitt MP
Treasurer and Minister for Trade and Investment
GPO Box 611
BRISBANE QLD 4001

Dear Treasurer

I am pleased to submit for presentation to the Parliament the Annual Report 2016-17 and financial statements for the Motor Accident Insurance Commission and the Nominal Defendant.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009*, the *Motor Accident Insurance Act 1994* and the *National Injury Insurance Scheme (Queensland) Act 2016*; and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed at www.maic.qld.gov.au.

Yours sincerely

Neil Singleton
Insurance Commissioner

ABOUT THE COMPULSORY THIRD PARTY SCHEME AND THE MOTOR ACCIDENT INSURANCE COMMISSION

QUEENSLAND'S COMPULSORY THIRD PARTY SCHEME

Queensland's Compulsory Third Party (CTP) scheme is a common law, fault-based scheme currently underwritten by four licensed private insurers who accept applications for insurance and manage claims on behalf of their policyholders. The scheme has operated since 1936 and provides motor vehicle owners, drivers and other insured people with an insurance policy that covers their unlimited liability for personal injury caused by, through or in connection with the use of the insured motor vehicle in incidents to which the *Motor Accident Insurance Act 1994* (MAI Act) applies. Compensation is paid to accident victims from the respective insurer's premium pool. The scheme focuses on the rehabilitation of injured people by placing certain obligations on insurers and claimants.

The Motor Accident Insurance Commission (MAIC) is established under the MAI Act to regulate and support the CTP scheme. MAIC is the regulator of the CTP scheme and is responsible for licensing private insurers to operate within the scheme, monitoring their claims management and setting insurance premium costs by fixing the range for each vehicle class within which CTP insurers must set premiums. MAIC also monitors the performance of the Nominal Defendant; a statutory body who operates as a licensed insurer within the scheme for claims involving an unidentified or uninsured (no CTP insurance) motor vehicle. The Nominal Defendant has the additional role of meeting any claim costs of a licensed insurer who becomes insolvent.

An efficient system of CTP premium collection, through the motor vehicle registry of the Department of Transport and Main Roads (DTMR), minimises administration costs within the scheme.

The National Injury Insurance Scheme Queensland (NIISQ) commenced operation in 2016-17 to provide necessary and reasonable treatment, care and support for individuals who sustain serious personal injury on Queensland roads regardless of fault. This significant social reform transferred some risk from the Queensland CTP scheme for people who sustain personal injuries including traumatic brain injury, permanent legal blindness, multiple or high-level limb amputations, severe burns or permanent spinal cord injuries.

THE MOTOR ACCIDENT INSURANCE COMMISSION

MAIC is responsible for regulating Queensland's CTP insurance scheme, licencing and supervising CTP insurers (including the Nominal Defendant) as well as monitoring overall scheme trends to ensure appropriate premium limits are set. MAIC is established under the MAI Act.

MAIC has been located in Brisbane since it commenced operations on 1 September 1994 and is located at 1 William Street.

Organisationally, MAIC, the Nominal Defendant and the NIISQ are positioned within the Risk and Intelligence Division of Queensland Treasury.

Vision

Ensuring financial protection that makes Queensland stronger, fairer and safer, through:

- overseeing an affordable and efficient CTP scheme; and
- actively engaging and consulting with stakeholders on scheme performance and improvement opportunities.

Purpose

MAIC is responsible for regulating and improving Queensland's Compulsory Third Party (CTP) insurance scheme and managing the Motor Accident Insurance and Nominal Defendant funds.

Responsibilities

MAIC is responsible for:

- ensuring people injured in road accidents receive fair compensation;
- ensuring Queensland motorists receive affordable premiums; and
- the regulation of insurers' activity and compliance.

The Nominal Defendant is responsible for:

- compensating people who are injured as a result of the negligent driving of an unidentified or uninsured motor vehicle; and
- meeting any claim costs of an insolvent insurer.

Functions

MAIC's key functions involve:

- the licensing and supervision of CTP insurers;
- monitoring the operation of the scheme;
- setting the range within which each insurer's premium must fall and recommending to Government the levies payable;
- promoting research, education and the infrastructure to reduce the number of motor vehicle crashes and facilitate rehabilitation of injured people;
- developing and maintaining a claims register and statistical database for the purpose of providing management information; and
- administering the Nominal Defendant Fund.

How MAIC contributes to the Queensland Government objectives for the community

MAIC contributes to building safe, caring and connected communities by investing in road safety initiatives to reduce the frequency of motor vehicle accidents and minimise their impact on the community.

MAIC also supports quality front line services by investing in targeted research and service delivery initiatives to improve health outcomes for people injured in motor vehicle crashes.

Strategic opportunities

MAIC has the opportunity to:

- support broader technological or innovative changes in road safety, trauma injury management and claims management system processes;
- reduce the incidence and severity of road trauma;
- identify ways to improve MAIC and Nominal Defendant service delivery; and
- deliver on the recommendations of the 2016 CTP Scheme Review.

Strategic risks and challenges

Ongoing risks and challenges faced by MAIC and the Nominal Defendant:

- keeping the CTP scheme under review to guard against unexpected adverse developments;
- maintaining prudential supervision of licensed insurers;
- keeping CTP affordable while managing a competitive insurer premium filing model;
- maintaining cost effective claims management of Nominal Defendant claims; and
- managing the transition of the National Injury Insurance Scheme Queensland (NIISQ) to the National Injury Insurance Agency Queensland.

Integrity and accountability

Creating jobs and a diverse economy

- increasing workforce participation
- ensuring safe, productive and fair workplaces
- stimulating economic growth and innovation
- delivering new infrastructure and investment

Delivering quality frontline services

- achieving better education and training outcomes
- strengthening our public health system
- providing responsive and integrated government services
- supporting disadvantaged Queenslanders

Protecting the environment

- protecting the Great Barrier Reef
- conserving nature and heritage
- ensuring sustainable management of natural resources
- enabling responsible development

Building safe, caring and connected communities

- ensuring an accessible and effective justice system
- providing an integrated and reliable transport network
- encouraging safer and inclusive communities
- building regions

Consultation

INSURANCE COMMISSIONER'S REPORT

Queensland continues to be well served by a fair and affordable CTP scheme. The introduction of the National Injury Insurance Scheme Queensland from 1 July 2016 has been achieved in a manner that sees Queensland remain one of the most affordable CTP schemes in Australia.

The past year has been one of many highlights.

The CTP scheme review led by Mr Henry Smerdon AM along with Ms Jo Blades and Mr Rowan Ward highlighted the strength and stability of the existing scheme, while also identifying opportunities for improvement. The Palaszczuk Government directed MAIC to implement the 19 recommendations from the review. The priority recommendation was to address persistent high insurer profits bringing better balance to the scheme in terms of premium affordability for motorists. Savings have already been delivered and MAIC continues to focus on premium affordability as well as progressing the remaining review recommendations.

MAIC has also worked closely with the Department of Transport and Main Roads and the Personalised Transport Taskforce to address the CTP insurance related aspects of the personalised transport reforms. As a result, a new Vehicle Classification (Class 26) was created in June for booked hire vehicles and limousines, with the new class due to commence 1 October 2017.

During the year, MAIC entered into a number of exciting research programs and initiatives aimed at reducing the incidence and effects of road trauma. These are outlined in more detail in the Report. These initiatives are outlined in more detail on pages 11 and 12 of this Report. Our ongoing sponsorship of research excellence will benefit all Queensland road users.

While there were many positives, we also saw the disturbing rise of claim farming. With increasing numbers of Queensland residents reporting being cold called and harassed by claim farmers, MAIC is resolute in seeking ways to deter this insidious practice. Not only can it lead to people being misled into making false claims, but left unchecked it could create a cost burden for all motorists through higher CTP premiums.

MAIC is strengthening the focus on detecting and deterring fraudulent and unmeritorious claims across the scheme. This includes working closely with licensed insurers and through increased monitoring, analysis and information sharing.

Looking forward, MAIC is exploring the CTP insurance implications of autonomous vehicles, preparing for the next phase of the National Heavy Vehicle legislation related reforms and further strengthening our insight and reporting of scheme performance.

I thank the dedicated staff at MAIC for their support and contribution during the year. I also thank the many stakeholders who made submissions to the scheme review and have engaged with MAIC to maintain the longstanding stability and balance of our scheme.

The staff of the Nominal Defendant led by Kylie Horton and Luke Major have not only preserved the integrity of the 'Nommo' but their excellent claims management has led to the third reduction of the levy in five years. Truly great work team.

I look forward to progressing the scheme review recommendations and continuing to further strengthen and preserve the affordability, fairness and efficiency of the Queensland CTP scheme.

Neil Singleton
Insurance Commissioner


Back row: Vicki Vanderent, Lina Lee, Neil Singleton.
Front Row: Kylie Horton, Sarah Sawyer.

2016-17 YEAR IN REVIEW

Premiums

Q1	Q2	Q3	Q4
$329.60	$368.60	$363.60	$352.60

Total premiums collected =

$1.35B

4.5%

Insurer Market Share as at 30 June 2017

Suncorp	RACQI	QBE	Allianz
47.92%	15.54%	8.51%	28.03%

Total number of registered vehicles in Queensland as at 30 June 2017:

4.16M

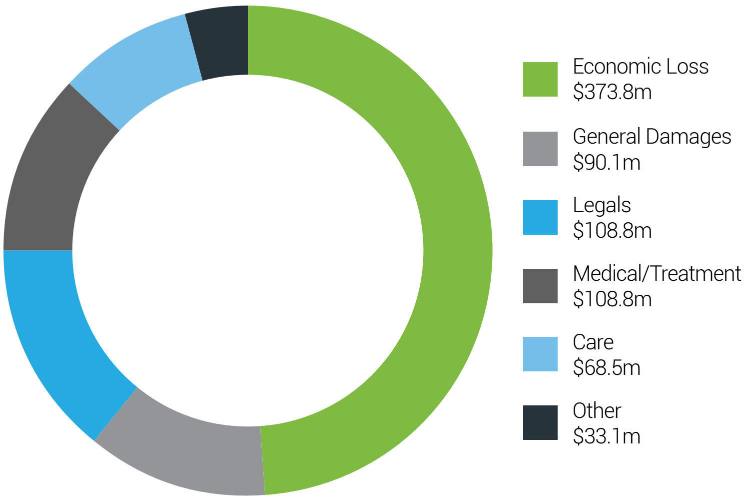
2.3%

Claims

New Claims

7,691

Claim Payments



Levies (Class 1 vehicles)

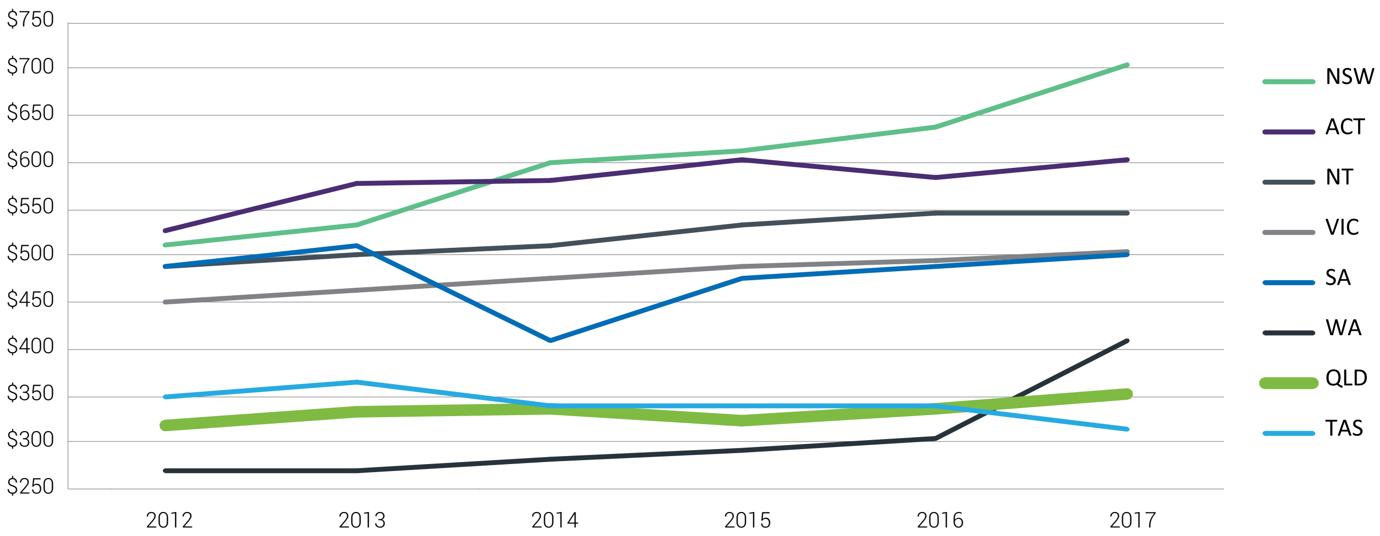
Statutory Insurance Scheme levy	Nominal Defendant levy	NIISQ levy	Administration fee	Hospital and Emergency Services levy
$1.50	$11	$69	$7.50	$19.60

REPORT CARD

Highlights	Performance Indicators	Target	Outcome
Objective 1. Provide a viable and equitable personal injury motor accident insurance scheme.			
• Delivering cost reductions through process improvements • Implemented savings measures identified in the 2016 CTP scheme review • Upgraded the MAIC website	Premium bands and levies set within legislated time-frames.	100%	100%
	Premium bands are set at a level to ensure scheme viability.	100%	100%
	Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings.	<45%	<45%
Objective 2. Continually improve the performance and operation of the Nominal Defendant.			
• The Nominal Defendant levy per policy for Class 1 remained steady at $11.00 in 2016-17. The levy has been successfully reduced to $10.00 in 2017-18. • Finalised 242 claims (including 6 FAI claims) • Recovered $0.21m • Earned $52.64m in investment income on Nominal Defendant fund	The percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year.	50%	62.3%
	Percentage of Nominal Defendant claims settled within two years of compliance with the *Motor Accident Insurance Act 1994*.[1]	50%	73.2%
	Percentage of Nominal Defendant claims paid within 60 days of the settlement date.[2]	95%	96.4%
	Investment strategies align with the anticipated claims runoff.	100%	100%

1. Claims can take up to three years to settle. Consequently, it is difficult to estimate the number of claims that will be finalised in any given period.
2. This is a percentage of claims with a general damages payment within 60 days of the settlement date.

Interstate CTP Comparison



Note: CTP rates used are those received as at 1 April each year, or the next closest time period for schemes that do not set premiums on a quarterly basis. CTP rates assume standard four cylinder passenger vehicles.

The increase in Queensland's CTP in 2016-17 is largely due to the introduction of the NIISQ levy which came into effect from 1 October 2016.

OUR ACHIEVEMENTS 2016-17

CTP SCHEME REVIEW

Following the introduction of the NIISQ in May 2016, MAIC engaged an external committee to undertake a review of Queensland's Compulsory Third Party (CTP) insurance scheme. A discussion paper inviting public submissions was issued in August 2016 and received 54 submissions from stakeholder groups and members of the public.

In preparing their report, the committee, chaired by Henry Smerdon AM who worked alongside Jo Blades and Rowan Ward, held meetings with key stakeholders in relation to their submissions. The review was undertaken using existing MAIC resources at no additional cost to Queenslanders. The report, discussion paper and terms of reference, can be accessed at **https://maic.qld.gov.au/2016-ctp-scheme-review/.**

The committee made 19 recommendations to retain and improve scheme performance which have been accepted by the Queensland Government and MAIC has been instructed to now implement these. Seven recommendations require immediate action, others require more detailed analysis or preserve existing scheme strengths.

Implement Now

Recommendation	Progress to Date
Recommendation 5 As a matter of priority, MAIC take action to address the issue of high insurer profits in the scheme.	Premium factors tightened. Ongoing review of insurer profit outcomes compared to 8% allowance in pricing.
Recommendation 8 Action be taken to improve consumer awareness of choice of CTP insurer both at renewal and when purchasing a vehicle.	Redesign of MAIC website and communication material underway.
Recommendation 11 Appropriate benchmarks be developed to enable enhanced assessment of scheme performance particularly around issues of affordability, efficiency, and motorist and claimant satisfaction.	Benchmarks under development and will be implemented during 2017 calendar year.
Recommendation 12 MAIC implement a legal fee reporting model to allow for greater transparency of scheme efficiency.	Market researcher engaged to survey claimants regarding entire claiming process including details of their legal costs. This will inform more specific details that could be included in a voluntary legal cost disclosure framework.
Recommendation 13 Areas of overlap and lack of clarity in the current prudential supervision arrangements be eliminated.	Options analysis completed and engagement with the Australian Prudential Regulation Authority commenced to identify a framework that aligns supervision regimes rather than overlapping regimes. Exploring options for better ways to define MAIC's supervisory role in the MAI Act.
Recommendation 14 The MAI Act be amended to establish an appropriate hierarchy of regulatory responses to licence compliance breaches.	Proposed hierarchy developed.
Recommendation 15 Insurer performance monitoring, benchmarking and reporting be strengthened.	Increased MAIC focus and resourcing on insurer performance monitoring including data quality, claims management performance and focus on specific claims management initiatives. Benchmarks and reporting to be explored during 2017-18.

Responding to Claims Fraud

Licensed insurers raised concerns during the year that, as claims fraud in the NSW CTP scheme was being addressed, it would start to appear in Queensland. MAIC engaged specialist firms to complete scheme-wide data analysis to determine the existence of any networks of potentially fraudulent activity. **It was reassuring to receive feedback that there was no evidence of systemic fraud in the Queensland CTP scheme** although some aspects that warrant greater analysis were identified and are currently being further explored.

During 2016-17, MAIC received 10 referrals from Queensland CTP insurers of matters that were potentially fraudulent claims. Of the 10 referrals, two matters were viewed as appropriate to prosecute. As part of ensuring there is an appropriate regime of claims fraud detection and deterrence MAIC arranged a presentation to all of Queensland's CTP insurers by a specialist criminal law firm outlining the evidential requirements for fraud prosecution and tips on identifying a fraudulent claim. MAIC remains committed to proactively responding to reports of fraud and taking the necessary action where appropriate.

Halting the Insidious Practice of Claim Farming

Claim farming is the process by which a third-party cold-calls an individual (repeatedly on some occasions) to encourage them to make a compensation claim and then 'on sells' the person's personal details to law firms. To combat this practice, MAIC has engaged with the Department of Justice and Attorney General to explore options which include penalties and legislative reform. This follows the engagement of Mr. Richard Douglas QC to identify claim farming reform options and consult extensively with insurers and legal bodies.

MAIC has commenced a public awareness campaign, through its website and social media channels, to educate the public about claim farming with a message to 'hang up' on cold-calls made by claim farmers. This has elicited regular reporting to MAIC by the public of the details of companies and legal firms allegedly engaging in this practice. The legal profession, through the publication of an article by MAIC in Proctor, have also been made aware of claim farming and have made reports of this activity to MAIC for investigation.

Performance of the Nominal Defendant

The Nominal Defendant has increased its focus on claims officer mentorship and training in 2016-17. This focus has successfully halved the amount the Nominal Defendant's spends on the engagement of external legal services since 2010-11. Additionally, the capability of claims officers has grown and the proportion of claims that are managed wholly in-house has increased. As claims managed without external representatives tend to resolve more quickly, the Nominal Defendant is consistently exceeding its objective of having 50 per cent of claims resolved within two years of compliance. However, it is recognised that external assistance provided by legal and investigatory services remain important to achieve claims best practice. **Motorists have benefitted from the improved performance of the Nominal Defendant by enjoying three reductions in the Nominal Defendant levy in the past five years.** The levy is set to reduce further to $10.00 for a Class 1 vehicle in 2017-18.

GRANTS, SPONSORSHIPS AND RESEARCH INITIATIVES

Spinal Injuries Association of Australia – funding a spinal education awareness program for Queensland high school students.

Transport Academic Partnership – provide funding to transport related research undertaken at UQ, QUT and Griffith University.

ARC Housing Project, Griffith University – funding to develop a decision system for identifying housing options in the disability market.

CARRS-Q – funding to sustain operations of the road safety research centre based at QUT.

Back2Work Vocational Rehabilitation Project – funding the inclusion of a vocational counsellor within the spinal injuries unit at the PA Hospital.

Road Trauma Mitigation Fund – collaboration with Queensland Police Service and DTMR to support Queensland's Road Safety Strategy and Action Plan.

University of Queensland – partnership funding to establish a Queensland Chair in Paediatric Rehabilitation.

PCYC Braking the Cycle – support a learner driver mentor program to assist youth to obtain their logbook driving hours.

Spinal Cord Injury Therapy, Griffith University (GRIDD) – supporting the spinal cord therapy project which aims to repair permanent spinal cord damage.

University of the Sunshine Coast – funding of young driver situational awareness pilot project which specifically targets pre-learner drivers.

New initiative in 2016-17

Funding agreement reached in 2016-17

PEERS Project – funding to pilot a social skills training program for adolescents with acquired brain injury and cerebral palsy.

The Hopkins Centre – foster research on improving disability and rehabilitation practices for people with lifelong disabilities.

Griffith University – establishing a Professor of Disability and Rehabilitation based at the PA Hospital and Griffith University.

Transitional Rehabilitation Service – provide specialist rehabilitation for those with an acquired brain injury to improve the transition from hospital to home.

The George Institute for Global Health – contribution towards ongoing costs of the Physiotherapy Evidence Database.

RECOVER Injury Research Centre - funding towards enhancing physical, psychological and vocational outcomes for injured people.

QBI Fellowship in Traumatic Brain Injury, University of Queensland– supporting research to identify methods to assess the seriousness of a traumatic brain injury.

Trauma Data Fellowship, QUT – exploring data linkages to better target road safety policies and injury management research.

Whiplash Online Assessment Package, University of Sydney – development of a website that will provide whiplash information for physiotherapists and their patients.

IMPACT Study, Griffith University – supporting the development of a novel clinical pathway for the care of acute whiplash injury.

Motorist Market Research

In early 2017, MAIC commissioned Market and Communications Research to undertake market research of motor vehicle owners. The research aims to capture the knowledge and perceptions of CTP insurance from two groups: general motorists and new car buyers. MAIC have commissioned similar studies in 1999, 2007, 2011, 2013 and 2016.

97 per cent of motorists are aware of CTP but there is still some areas of confusion with almost half incorrectly believing CTP covers property damage. MAIC has engaged a marketing firm to produce videos and content explaining CTP coverage and also increase awareness of how to switch CTP insurer.

CTP premium affordability was the most important issue for motorists. Keeping things simple with CTP tied into the registration process was also strongly preferred.

While more than half of all motorists like receiving a CTP flyer with their registration renewal there is growing interest in having details sent by email with nearly two-thirds of motorists interested in this option. MAIC is working with the DTMR to enhance the quality of information motorists receive by email and direct more renewals online.

Over half of all motorists are with their current CTP insurer as they receive some discount or benefit or find this convenient. While most motorists know they can switch insurer if they choose to do so, not many take up this option – either because it's not a priority or there is no perceived reason or benefit to do so. To increase awareness of discounts and benefits, MAIC is producing a comparison tool in the CTP premium calculator on the MAIC website which will list current insurer incentives. MAIC will continue monitoring discounts and benefits offered by insurers.

The 2017 study was conducted in two stages; a preliminary qualitative stage (two focus groups) to explore key issues and help inform questionnaire design for stage two (a state-wide quantitative online survey). This comprised 315 surveys with registered motor vehicle owners and 210 surveys with people who had purchased a new car between May 2016 and May 2017.

The National Injury Insurance Scheme Queensland (NIISQ)

The NIISQ is an important social reform that provides lifetime care and support for people who suffer a serious personal injury on Queensland roads regardless of fault. Eligible injuries include permanent spinal cord injuries, traumatic brain injuries, brachial plexus injuries, amputations, permanent blindness and severe burns. Prior to implementation, around half of the people who suffered a serious personal injury in motor vehicle accidents every year did not receive compensation through the CTP scheme. These Queenslanders had to rely on the support of family and friends, the public health and welfare systems as well as not-for-profit organisations.

MAIC has been integral in building the foundation upon which the NIISQ operates and continues to play a key role. This includes the creation of the National Injury Insurance Agency Queensland and supporting with the initial operational aspects of the NIISQ scheme. The Insurance Commissioner, Mr Neil Singleton, acted in a transitional role overseeing the establishment of the National Injury Insurance Agency. Through consultation with the licenced CTP insurers, MAIC initiated a clawback of unearned insurance premiums which kept the NIISQ Levy at $69.00 for a Class 1 vehicle in 2016-17.

MAIC have obligations under section 103 of the NIISQ Act to monitor the operation of the scheme, including monitoring the efficiency and effectiveness of the administration of the NIISQ scheme, the compliance with the NIISQ Act and interactions between the NIISQ scheme and the Queensland CTP scheme.

NIISQ Participants 2016-17

	Accepted	Rejected	Total
Applications Received	63*	8	71

*includes 1 applicant who was accepted after internal review.

OUR PEOPLE

MAIC works in partnership with Queensland Treasury to invest in our people to create a workplace with the right skills, culture and behaviour. As part of this partnership, MAIC has adopted Treasury's frameworks for capability development, workforce planning, employee performance management, leadership and industrial and employee relations. Queensland Treasury (Treasury) provides MAIC with strategic advice and support on issues such as recruitment, attraction, retention, induction, performance management, talent management, knowledge transfer and recognition.

In addition to providing MAIC with human resource support services, Treasury's Human Resources branch also assists MAIC with meeting its obligations under the *Public Sector Ethics Act 1994*. MAIC staff access Treasury's suite of online training modules specific to public sector ethics and the Queensland Government Code of Conduct. The online training package is rolled out to all new MAIC staff and all staff are required to complete the training annually.

As a flow on from structural changes in 2015-16, we have seen continued growth in MAIC's communication capability including a regularly updated website and a growing social media presence on Facebook and Twitter.

In 2016-17, MAIC provided operational support to the National Injury Insurance Agency Queensland (the Agency) through a service level agreement established between MAIC and the Agency.

Staff also benefited from Treasury's workplace health and wellbeing policy and services including annual flu vaccinations, the employee assistance program, access to first aid officers, corporate health insurance rates and the opportunity to attend health workshops.

MAIC's staff expenses and key executive management personnel and remuneration information can be found in the Financial Information (pages 49-50 for MAIC and page 67 for the Nominal Defendant). Additional information on Treasury's workforce strategies and frameworks, along with workforce statistics that include MAIC, are detailed in Treasury's annual report.

LEADING THE MOTOR ACCIDENT INSURANCE COMMISSION

Reporting to the State Parliament through the Treasurer and Minister for Trade and Investment, the Insurance Commissioner sets the direction for MAIC and the Nominal Defendant. The MAIC leadership team includes the Insurance Commissioner, Director Finance and Procurement, Director Business Solutions, Director Strategic Planning and Business Performance and Director CTP Scheme Claims.

The MAIC leadership team is responsible for setting the strategic direction of the Insurance Commission, overseeing operational performance, determining operation policy and project management.
The leadership team supports the Insurance Commissioner, as the accountable officer, in meeting legislative requirements and accountabilities and the identification and management of key areas of risk.

As at 30 June 2017, membership of the leadership team included:

Neil Singleton - Insurance Commissioner

B. Business (Insurance), MBA

Neil was appointed as Insurance Commissioner in December 2010. Neil has over 30 years insurance experience across a broad range of management and executive positions. Neil's responsibilities include providing strong strategic leadership to ensure a viable, affordable and equitable CTP scheme in Queensland.

Lina Lee - Director Finance and Procurement

B. Commerce, CA

Appointed to MAIC in 2006, Lina's responsibilities include financial and procurement management and ensuring MAIC meets statutory and Government reporting obligations. Lina has an accounting and auditing background covering the chartered profession, commerce, industry and the Queensland public sector.

Sarah Sawyer - Director Business Solutions

Sarah was appointed to MAIC in June 2014. Overall, Sarah has acquired 17 years of experience working within Queensland Treasury, responsible for a range of services including information technology, data management, urban development research and office management. Sarah's current responsibilities include providing strategic and operational direction for the Business Systems and Development, Continuous Improvement and Road Safety Research branches of the Insurance Commission.

Vicki Vanderent – Director Strategic Planning and Business Performance

B. Business, MBA

Appointed to MAIC in 2006, Vicki's responsibilities include strategic and business planning, organisational reporting, policy, communication, capability development and business support. Prior to working for MAIC, Vicki worked in various marketing and communication roles across Government, university and the private sector.

Kylie Horton – Director CTP Scheme Claims

Appointed to MAIC in 2012, Kylie has held leadership positions in personal injury insurance across the public and private sectors for over 15 years. Kylie is responsible for leading the Nominal Defendant, supervising licensed insurer claims management compliance and performance and managing claims-related legislative functions.

GOVERNANCE

MAIC's corporate governance framework ensures that:

- statutory responsibilities under the MAI Act and other legislation are met;
- risk management is integrated into organisational activity; and
- corporate governance processes, including systems of internal control, are assessed and enhanced.

MAIC is committed to effective risk management and has adopted Treasury's framework for proactively identifying, assessing and managing risks. MAIC has continued to work within Treasury's policy framework which is aimed at enhancing risk management capabilities.

MAIC's leadership team is accountable for risks. As part of MAIC's ongoing planning and reporting processes, the leadership team identifies and monitors risks that may affect our ability to achieve our strategic objectives. MAIC maintains a risk register which the leadership team reviews on a quarterly basis. Risks are monitored with risk controls and treatment strategies assigned to each risk. This helps MAIC mitigate negative impacts to its core business. Treasury's Executive Leadership Team reviews the MAIC risk register from a consolidated Treasury perspective and MAIC has external auditors review the register annually. MAIC's commitment to business continuity management ensures continuity of key business services which are essential for or contribute to the achievement of MAIC's objectives.

MAIC participates in Treasury-wide risk and accountability management through representation on the Audit and Risk Management Committee (ARMC). MAIC also has an active Internal Audit program in place provided by the Treasury Internal Audit function.

AUDIT AND RISK MANAGEMENT COMMITTEE

Insurance Commissioner Neil Singleton is a representative on Treasury's ARMC where he accesses advice and assurance on the performance or discharge of functions and duties prescribed in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009*, and other relevant legislation and prescribed requirements.

The committee's key responsibilities include:

- considering audit and audit-related findings;
- assessing and enhancing our corporate governance processes including our systems of internal control and the internal audit function;
- evaluating and facilitating the practical discharge of the internal audit function, particularly in planning, monitoring and reporting;
- overseeing and appraising our financial and operational reporting processes through the internal audit function;
- reviewing risk management, control and compliance framework and strategies; and
- considering our external accountability responsibilities and integrity framework.

The committee met five times during the year and had oversight of various matters including (but not limited to):

- the delivery of the 2016-17 Internal Audit Plan;
- Review of the 2016-17 financial statements for Treasury, MAIC, the Nominal Defendant and the NIISQ;
- Fraud and misconduct investigations; and
- Queensland Audit Office (QAO) activity including reports to Parliament as they relate to Treasury.

The ARMC meetings were held on the following dates:

- 15 July 2016;
- 26 August 2016;
- 17 November 2016;
- 6 March 2017; and
- 10 May 2017.

INTERNAL AND EXTERNAL ACCOUNTABILITY

MAIC's governance framework includes both internal and external accountability measures.

Treasury provide internal audit services to MAIC through an outsourced arrangement with PwC. In 2016-17, Internal Audit provided an independent and objective assurance service operating in accordance with Treasury's Internal Audit Charter, which incorporates key internal audit and ethical standards. This function is independent of the Queensland Audit Office (QAO), however, it does liaise with the QAO regularly to ensure appropriate assurance services are provided.

Externally, MAIC and the Nominal Defendant are audited by the Queensland Audit Office in accordance with the *Financial Accountability Act 2009*. MAIC and the Nominal Defendant have achieved unqualified audits since the Commission commenced operations in 1994.

In 2016-17, MAIC engaged an external committee to review Queensland's CTP scheme. Complete details of the review including the report, discussion paper and terms of reference can be found at: **www.maic.qld.gov.au/2016-ctp-scheme-review**.

More information on Treasury's Audit and Risk Management framework including information about the committee are detailed in Treasury's annual report.

INFORMATION SYSTEMS AND RECORDKEEPING

In 2016-17, MAIC continued its commitment to prudent information systems and recordkeeping. Effective record keeping is fundamental to good business and ensures transparency and accountability in MAIC decision-making. MAIC's records are managed until they have completed their lifecycle where they are archived and disposed of in accordance with the Queensland State Archives Retention and Disposal schedule.

The Insurance Commission has effectively gone paperless in its recordkeeping. In the lead-up to the move to 1 William Street in October 2016, the Commission managed to remove approximately 200 archive boxes of paperwork into secure storage.

The Commission continues to record all documents that come into the office by scanning them and placing them into soft copy files and then referring to materials electronically. All hard copies are filed and depending on the nature of the document, are either stored securely at 1 William Street or sent to secure off-site storage able to be retrieved at any time.

MAIC's recordkeeping framework aligns with Treasury's Information Management Framework. The framework aims to ensure our record management practices are consistent with other offices within the Treasury portfolio and are compliant with current legislation and best practice record keeping standards. These include *Public Records Act 2002, Information Privacy Act 2009* and the *Right to Information Act 2009 (RTA)* and *Information Standard 18 : Information Security, Information Standard 31 : Retention and Disposal of Government Information, Information Standard 34 : Metadata, Information Standard 38 : Use of ICT Facilities and Devices and Information Standard 40: Recordkeeping.*

MAIC supports the Queensland Government Open Data Initiative. In 2016-17, MAIC released 15 datasets including CTP scheme statistical data and annual report data. MAIC's Open Data sets are available at the following website: **https://data.qld.gov.au/dataset/compulsory-third-party-ctp-statistics**.

LEVIES AND ADMINISTRATION FEE

Queensland's CTP insurance premium contains levies and an administration fee to help cover the costs involved in delivering different components of the CTP scheme. These levies and administration fee are calculated annually and include the Statutory Insurance Scheme Levy, the Nominal Defendant Levy, the Hospital and Emergency Services Levy, the National Injury Insurance Scheme Queensland Levy and an Administration Fee.

THE STATUTORY INSURANCE SCHEME LEVY

The Statutory Insurance Scheme Levy covers the estimated operating costs of administering the MAI Act and also provides funding for research into accident prevention and injury mitigation. From 1 July 2016, the Levy remained unchanged at $1.50 per policy and the Levy collected income of $6.24 million in 2016-17. From 1 July 2017, the levy remains unchanged.

THE NOMINAL DEFENDANT LEVY

The Nominal Defendant Levy, which varies by vehicle class, covers the estimated costs of the Nominal Defendant scheme which provides funds to pay for claims relating to uninsured or unidentified vehicles. The Levy is set having regard to an actuarial assessment of claim trends. From 1 July 2016, the Levy for Class 1 vehicles was $11.00 with $44.93 million collected in 2016-17. The Nominal Defendant Levy will be reduced to $10.00 for the 2017-18 period.

THE HOSPITAL AND EMERGENCY SERVICES LEVY

The Hospital and Emergency Services Levy is designed to cover a reasonable proportion of the estimated cost of providing public hospital and public emergency services to people who are injured in motor vehicle crashes, who use such services and who are claimants or potential claimants under the CTP scheme. The Levy amount calculated varies by vehicle class. The Hospital and Emergency Services Levy remains unchanged from 2015-16 at $19.60 for Class 1 vehicle. Proceeds from this levy are then apportioned to Queensland Health and the Department of Community Safety. In the year 2016-17, $80.17 million was collected.

THE NATIONAL INJURY INSURANCE SCHEME LEVY

The National Injury Insurance Scheme Levy, which varies by vehicle class, covers the estimated costs of the NIISQ which provides necessary and reasonable lifetime treatment, care and support for anyone who sustains a serious personal injury in a motor vehicle accident in Queensland. From 1 July 2016, the Levy for Class 1 vehicles was $69.00 with $299.24 million collected in 2016-17. The cost of implementing the NIISQ was offset by $16.00 due to the clawback of insurer premiums for liabilities that would be assumed by the NIISQ. The insurer clawback finished on 30 June 2017 meaning the levy will rise to $85.00 for Class 1 vehicles in 2017-18.

THE ADMINISTRATION FEE

The Administration Fee is the fee payable to DTMR for delivering administrative support for the CTP scheme. From 1 July 2016, the Fee remained unchanged at $7.50 per policy. In the year 2016-17, $34.46 million was collected.

STATISTICAL INFORMATION 2016-17

Insured vehicles by class

(Registrations as at 30 June 2017)

Class	Description	Vehicles	%
1	Cars and station wagons	2,764,329	66.52%
2	Motorised homes	16,028	0.39%
3	Taxis	2,643	0.06%
4	Hire vehicles	42,406	1.02%
5	Vintage, veteran, historic or street rods	28,369	0.68%
6	Trucks, utilities and vans with a GVM of 4.5t or less	852,803	20.52%
7	Trucks, prime movers and vans with a GVM > 4.5t	74,534	1.79%
8	Non-commercial buses	5,806	0.14%
9	Buses for school/health use	3,794	0.09%
10A	Buses not in class 8, 9 or 10B but used within 350 km of base	2,626	0.06%
10B	Buses operating under an integrated mass transit service contract, other than school service or restricted school service	2,185	0.05%
11	Buses not in class 8, 9, 10A or 10B	6,547	0.16%
12	Motorcycles with driver only	80,966	1.95%
13	Motorcycles with pillion passenger or side car	124,851	3.00%
14	Tractors	25,128	0.60%
15	Self-propelled machinery, fire engines	6,756	0.16%
16	Ambulances	1,105	0.03%
17	Motor vehicles used only for primary production	38,913	0.94%
19	Limited access registration	45,758	1.10%
20	Zone access registration	11,822	0.28%
21	Self-propelled machinery not in classes 14, 15, 19 or 20	8,694	0.21%
23	Dealer plates	6,031	0.15%
24	Trailers	3,509	0.08%
Total		4,155,603	100.00%

Average Class 1 filed premium

Insurer	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
AAMI**	$272.00	$305.50	$344.00	$317.50	$311.25	$325.80				
Allianz	$270.50	$302.50	$344.50	$315.25	$310.50	$325.80	$332.85	$334.60	$331.35	$353.60
NRMA*	$259.30	$300.15	$345.25	$319.00	$314.25	$325.80	$331.10			
QBE	$263.80	$300.70	$345.25	$319.00	$314.25	$325.80	$333.35	$336.60	$331.35	$354.85
RACQI	$272.00	$305.50	$345.25	$319.00	$314.25	$325.80	$333.35	$336.60	$331.35	$354.85
Suncorp**	$272.00	$305.50	$345.25	$319.00	$314.25	$325.80	$333.35	$333.35	$329.85	$354.85

Note: Average Class 1 filed premiums include levies.

* NRMA ceased to operate as a licensed CTP insurer in Queensland on 01/01/2014.

** AAI (trading as Suncorp) has been granted a Queensland CTP licence for writing CTP insurance policies as from 1 Jul 2013. AAMI and Suncorp had transferred their respective general insurance businesses to AAI on 1 Jul 2013.

Premium levy and fee collection

(1 July 2016 to 30 June 2017)

Description	$'000
Total insurance premiums collected*	1,347,249
Nominal Defendant levy	(44,930)
Statutory insurance scheme levy	(6,242)
Hospital and emergency services levy ^	(80,171)
Administration fee	(34,459)
Insurers' premiums #	1,181,447

Note:

* Net of cancellations

\# Includes GST

^ From 1 July 2016, the emergency services levy was remitted separately to PSBA and QFES. Previously, the emergency services levy was remitted as one payment.

Levies received for the period 1 July 2016 to 30 June 2017 are on a cash basis.

Distribution of hospital and emergency services levy

	$'000
Hospital and emergency services levy - Hospital	(76,163)
Hospital and emergency services levy - Emergency PSBA^	(1,128)
Hospital and emergency services levy - Emergency QFES^	(2,880)
	(80,171)

Scheme performance delivery

1% Super Imposed inflation scenario *	Scheme delivery							
	Claimant benefits			Delivery costs				
Period	Claim payments	Levies	Total	Claim payments	Levies	Other costs	Insurer Profit	Total
Most recent 2 years	54.9%	6.1%	61.0%	3.9%	2.9%	7.6%	24.6%	39.0%
Most recent 3 years	52.3%	6.0%	58.3%	3.8%	2.9%	7.3%	27.7%	41.7%
Most recent 5 years	50.6%	5.8%	56.4%	3.7%	3.0%	7.1%	29.9%	43.6%

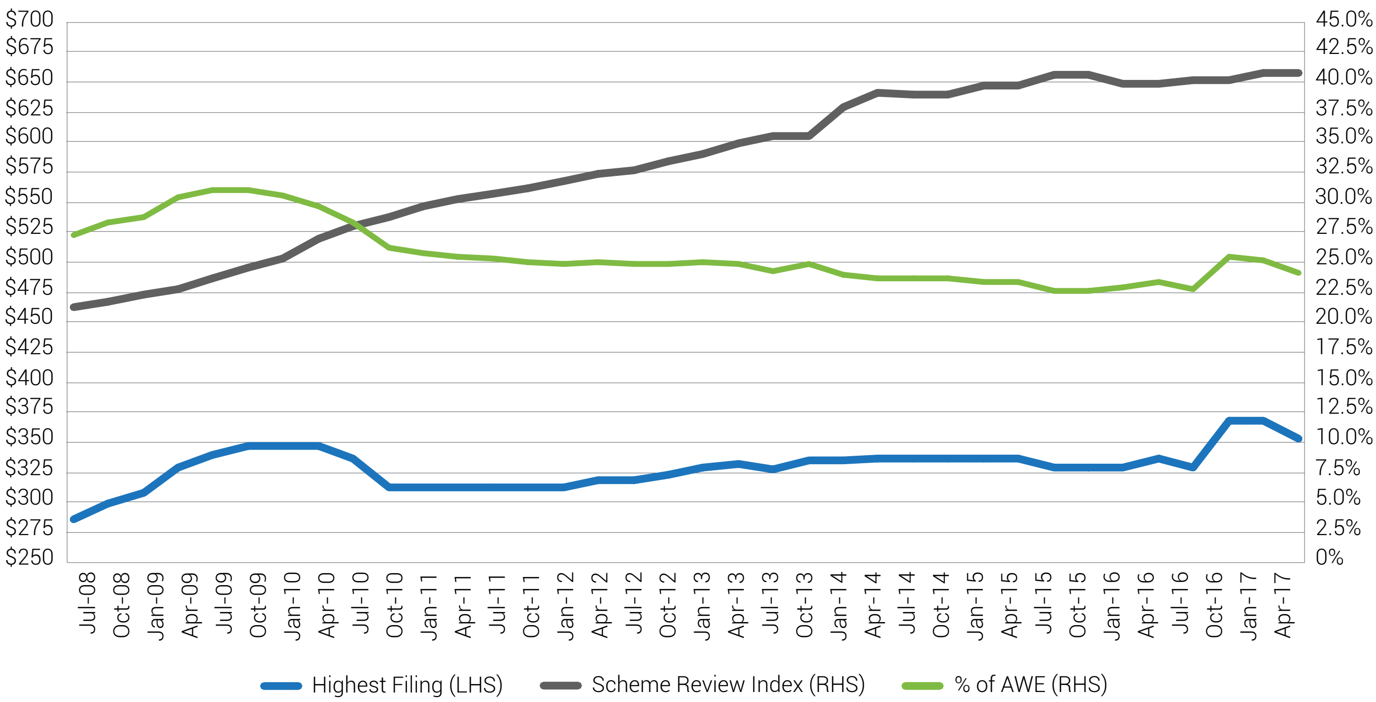
Scheme delivery is the proportion of Class 1 collected premium that is paid back to, or in respect of claimants. Premium components can be split into claimant benefits and delivery costs.

Costs and levies can be distinguished as either contributing to claim benefits or delivery costs.

The table assumes 1% future super imposed inflation occurs. Any difference in actual inflation outcome will result in different scheme outcomes.

* Superimposed Inflation (SI): this is any inflationary factor on claims costs which results in a rate of inflation greater than general economic inflation.

Scheme Review Index vs Highest Filed Class 1 CTP Premium

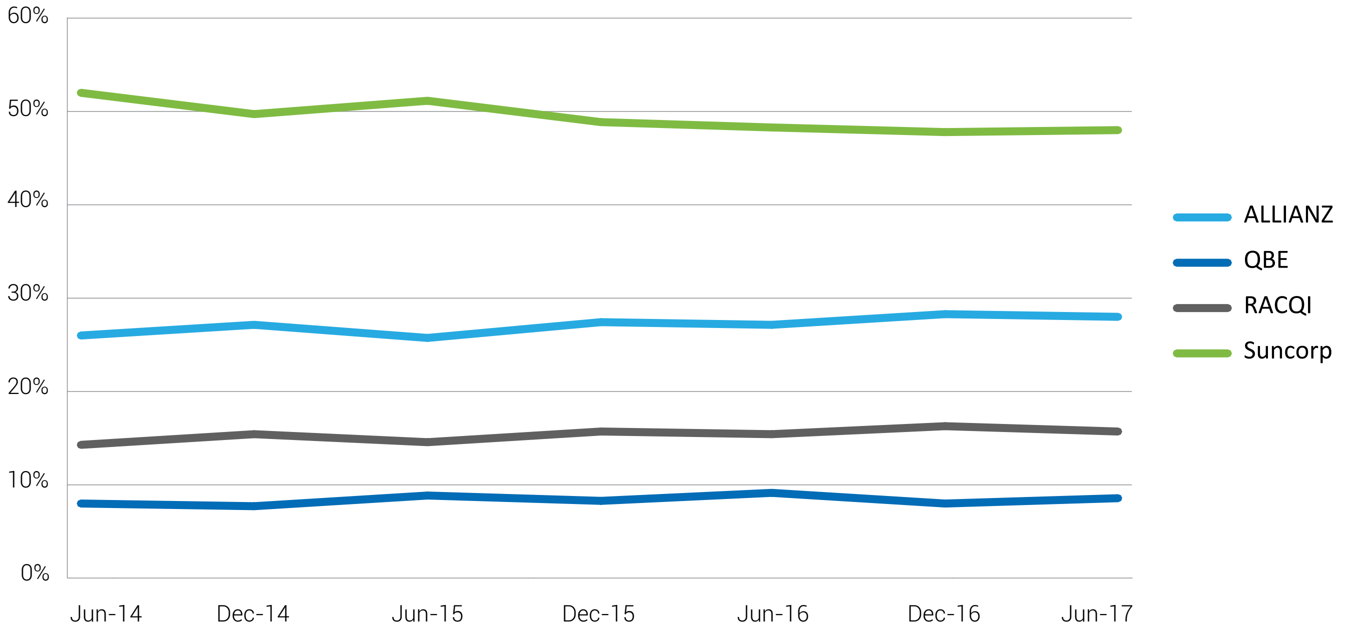


Note:

On 29 October 2013, the calculation of the scheme review index (also known as the affordability index) under the *Motor Accident Insurance Act 1994* was amended by the assent of the *Workers' Compensation and Rehabilitation and Other Legislation Amendment Act 2014*. From this date onwards, the scheme review index is calculated as 45 per cent of Queensland full-time adult persons ordinary time weekly earnings (as declared by the Australian Statistician) in the most recently published average weekly earnings publication.

Market share by premium

(Six month intervals from 2014-2017)



Note: AAI (trading as Suncorp) has been granted a Queensland CTP licence for writing CTP insurance policies from 1 Jul 2013.

Number of accidents by region

(Accidents from 1 July 2007 to 30 June 2017)

Accident date	1 Jul 2007 - 30 Jun 2008		1 Jul 2008 - 30 Jun 2009		1 Jul 2009 - 30 Jun 2010		1 Jul 2010 - 30 Jun 2011		1 Jul 2011 - 30 Jun 2012	
	Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%
Brisbane	2,616	49.0%	2,874	50.3%	2,666	49.8%	2,840	49.0%	2,848	50.7%
Other SE QLD region	1,595	29.9%	1,653	28.9%	1,521	28.4%	1,702	29.4%	1,545	27.5%
Regional QLD	854	16.0%	908	15.9%	871	16.3%	917	15.8%	925	16.5%
Interstate	275	5.1%	281	4.9%	300	5.6%	338	5.8%	302	5.4%
Total	5,340	100.0%	5,716	100.0%	5,358	100.0%	5,797	100.0%	5,620	100.0%

Note: The recent accident years' data is immature due to the 'long tail' nature of CTP claims.
The Brisbane region is based on postcodes 4000-4209 and 4500-4529.
Other SE QLD region is based on postcodes 4210-4349, 4550-4601 and 4619-4689 and includes Ipswich, Gold Coast and Sunshine Coast.
Regional QLD is based on postcodes 4350-4499, 4602-4618 and 4690-4899 and includes Toowoomba, Rockhampton, Mackay, Townsville, Mt Isa and Cairns.

Age group of claimants by gender

(All claims for accidents from 1 July 2007 to 30 June 2017 where relevant details are available)

Age group	Male	Female	Total	%
0-5	420	424	844	1.2
6-15	1,229	1,404	2,633	3.9
16-25	5,873	7,298	13,171	19.3
26-35	7,126	7,801	14,927	21.9
36-45	6,772	7,453	14,225	20.9
46-55	5,549	6,184	11,733	17.2
56-65	3,293	3,457	6,750	9.9
66+	1,722	2,072	3,794	5.6
Total	31,984	36,093	68,077	100.0

Claim severity

(Finalised claims for accidents from 1 July 2007 to 30 June 2017)

AIS severity *	Description	Claims	%
1	Minor	39,355	71.4
2	Moderate	8,208	14.9
3	Serious	3,211	5.8
4	Severe	428	0.8
5	Critical	192	0.3
6	Maximum #	733	1.3
9	Admin ^	3,019	5.5
	Total	55,146	100.0

Note:

* The Abbreviated Injury Scale, 2005 edition (AIS 2005) is an anatomically-based global severity scoring system that classifies each injury by body region according to its relative importance on a 6-point ordinal scale. This classification represents the 'threat to life' associated with each injury. Conversion of reported injury codes from AIS 1985 to AIS 2005 in July 2008 may have caused changes to severity level of some claims.

Maximum severity is predominantly fatalities.

^ Admin severity includes but is not limited to unconfirmed injuries, nervous shock and business claims.

1 Jul 2012 - 30 Jun 2013		1 Jul 2013 - 30 Jun 2014		1 Jul 2014 - 30 June 2015		1 Jul 2015 - 30 June 2016		1 Jul 2016 - 30 June 2017	
Accidents	%	Accidents	%	Accidents	%	Accidents	%	Accidents	%
2,823	50.4%	2,854	51.3%	3,063	52.8%	3,048	52.7%	2,475	52.9%
1,531	27.3%	1,506	27.1%	1,589	27.4%	1,659	28.7%	1,396	29.8%
957	17.1%	911	16.4%	841	14.5%	751	13.0%	567	12.1%
289	5.2%	287	5.2%	305	5.3%	330	5.7%	245	5.2%
5,600	100.0%	5,558	100.0%	5,798	100.0%	5,788	100.0%	4,683	100.0%

Rates of legal representation and litigation

(Accidents from 1 July 2007 to 30 June 2017)

Accident date	1 Jul 2007 - 30 Jun 2008	1 Jul 2008 - 30 Jun 2009	1 Jul 2009 - 30 Jun 2010	1 Jul 2010 - 30 Jun 2011	1 Jul 2011 - 30 Jun 2012	1 Jul 2012 - 30 Jun 2013	1 Jul 2013 - 30 Jun 2014	1 Jul 2014 - 30 Jun 2015	1 Jul 2015 - 30 Jun 2016	1 Jul 2016 - 30 Jun 2017
Claims	6,525	7,017	6,572	7,043	6,987	6,936	6,965	7,125	7,229	5,797
% Finalised	98.9%	98.7%	98.1%	97.5%	96.4%	93.8%	88.2%	75.6%	44.3%	8.9%
% Legal rep	73.4%	74.5%	75.5%	74.1%	75.6%	76.9%	77.3%	77.2%	80.1%	83.7%
% Litigated	9.3%	9.9%	10.2%	9.9%	11.1%	11.2%	8.8%	5.1%	2.0%	0.0%

Note: The recent accident years' data is immature due to the 'long tail' nature of CTP claims.

Claim duration by licensed insurer

(Finalised claims for accidents from 1 July 2007 to 30 June 2017 where relevant details are available)

	Allianz	QBE	RACQI	Suncorp	Average
Notification date to compliance date	0.7	0.6	0.8	0.8	0.8
Compliance date to liability decision date	2.0	2.8	3.1	2.1	2.3
Liability decision date to settlement date	14.1	14.2	14.2	15.1	14.7

Note: The recent accident years' data is immature due to the 'long tail' nature of CTP claims.

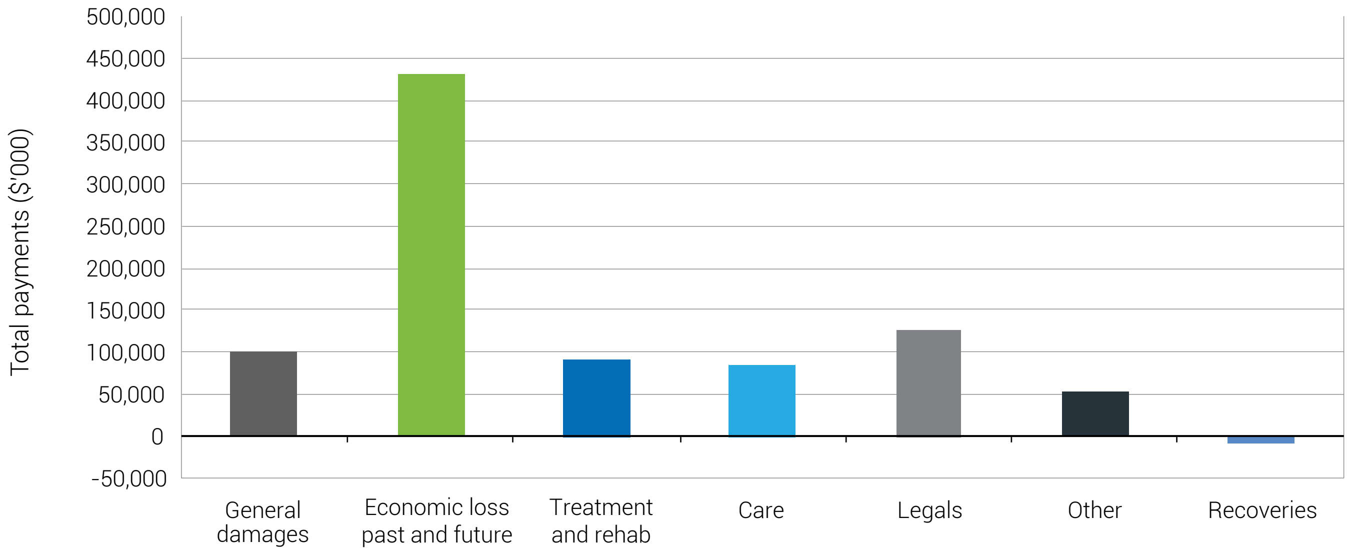
Heads of Damage breakdown

(Finalised claims from 1 July 2016 to 30 June 2017 for accidents from 1 July 2007 to 30 June 2017)

	General damages	Economic loss past and future	Treatment and rehab	Care	Legals	Other*	Recoveries #	Total
Finalised claims ^	6,369	5,673	7,027	1,171	4,185	6,743	92	7,623
% Finalised payments	11.5%	48.9%	10.5%	9.4%	14.3%	6.0%	-0.6%	100.0%
Total payments ($'000)	100,893	430,231	92,044	83,078	126,324	52,950	-5,071	880,449

Note: * Other includes home and vehicle modifications, aids and appliances and investigation costs.
Money recovered from the insured, other parties, uninsured driver/owners or interstate insurers.
^ Nil claims (zero payments) have been excluded from the data.

Total payments by Heads of Damage for claims finalised in 2016-17



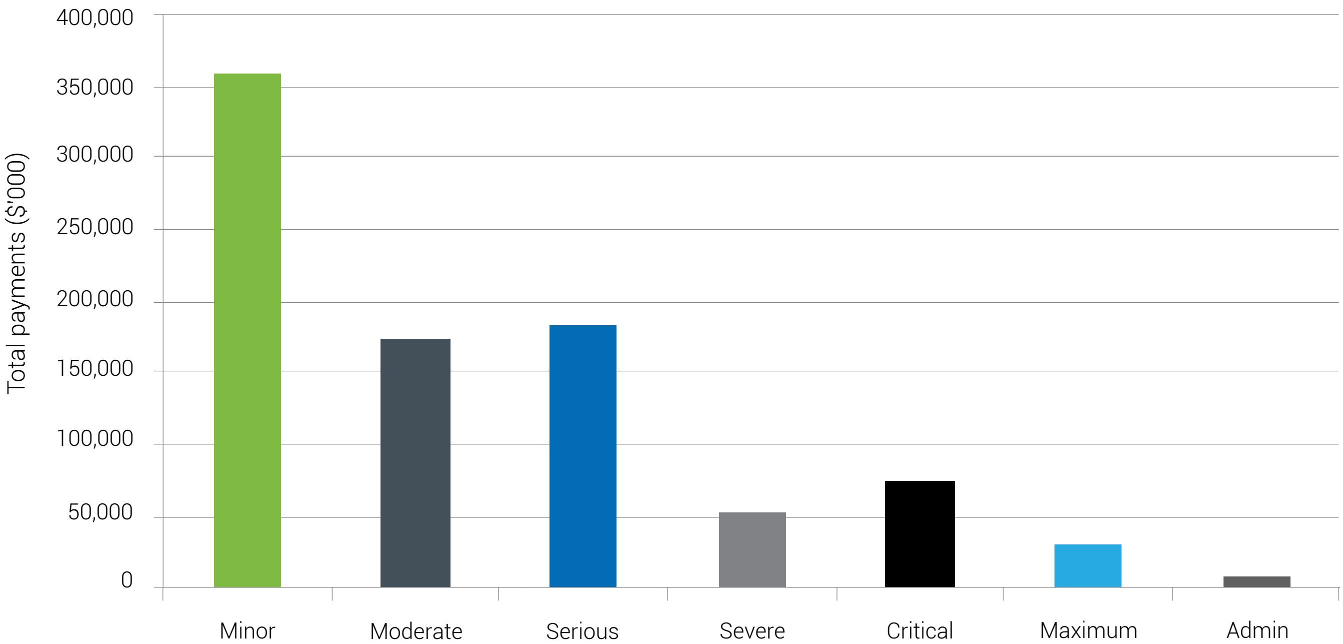
Note: Legals are reported insurer and claimant legal costs.

Injury severity costs breakdown

(Finalised claims from 1 July 2016 to 30 June 2017 for accidents from 1 July 2007 to 30 June 2017)

	AIS severity description							
	Minor	Moderate	Serious	Severe	Critical	Maximum *	Admin #	Total
Finalised claims ^	5,449	1,142	522	70	38	75	327	7,623
% Total payments	40.8%	19.7%	20.9%	5.9%	8.4%	3.3%	0.9%	100.0%
Average payment ($)	65,957	151,771	352,396	747,188	1,952,602	386,710	25,293	115,499
Total payments ($'000)	359,400	173,323	183,951	52,303	74,199	29,003	8,271	880,449

Total payments by severity for claims finalised in 2016-17



Note: Due to minor claims generally settling in a shorter period, the above figures are not truly reflective of the relationship of total payments to severity.

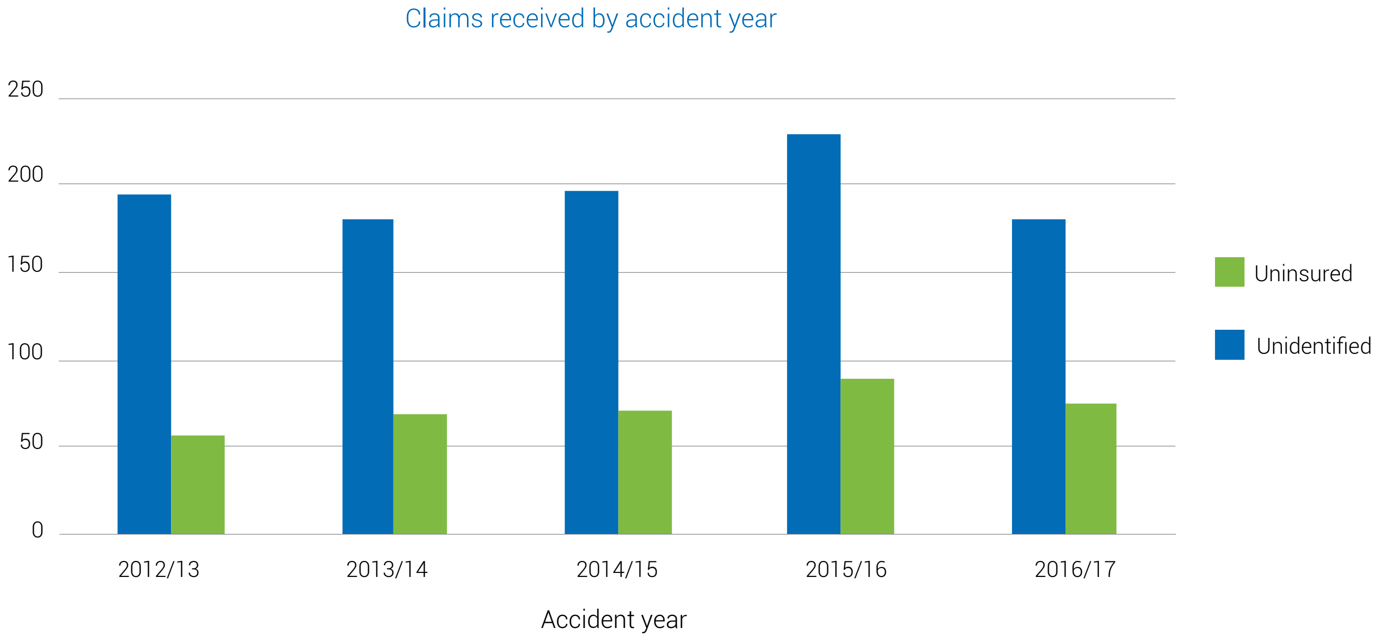
Injury severities are based on AIS 2005.

* Maximum severity is predominantly fatalities.

Admin severity includes but is not limited to unconfirmed injuries, injuries unspecified, nervous shock and business claims.

^ Nil claims (zero payments) and claims without injury codes have been excluded from the data.

NOMINAL DEFENDANT



Claims from unregistered vehicles by region

(Accidents from 1 July 2012 to 30 June 2017)

Region	Claims
Brisbane	120
Gold Coast	48
North QLD	19
Western QLD	8
Central QLD	28
Interstate	14
Sunshine Coast	31
Unknown	3
Total	286

Note:
Region based on at-fault owners address
QLD Nominal Defendant claims only
Unknown region are from accidents awaiting further information.

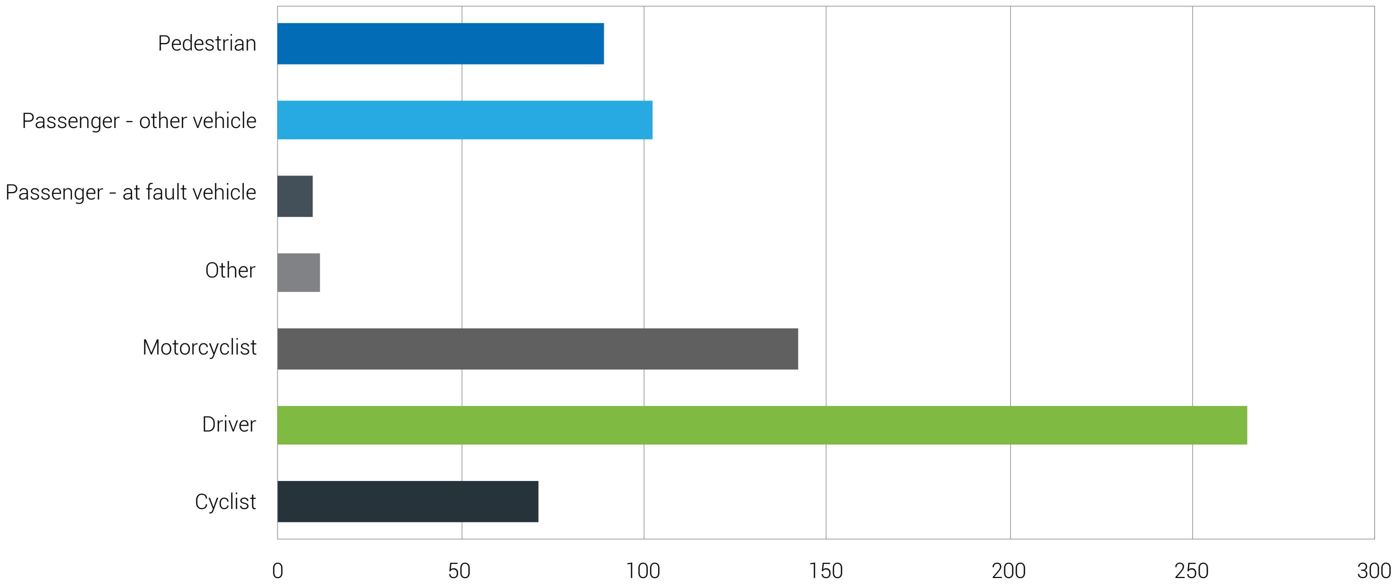
Claimants by role in accidents involving an unidentified vehicle

(Accidents from 1 July 2012 to 30 June 2017)

Claimant role	Claims	%
Cyclist	71	10.3%
Driver	265	38.5%
Motorcyclist	142	20.6%
Other	11	1.6%
Passenger - at fault vehicle	9	1.3%
Passenger - other vehicle	102	14.8%
Pedestrian	89	12.9%
Total	689	100.0%

Note:
Vehicle rating class 1 only.
QLD Nominal Defendant claims only.

Claimants by role in accidents involving an unidentified vehicle

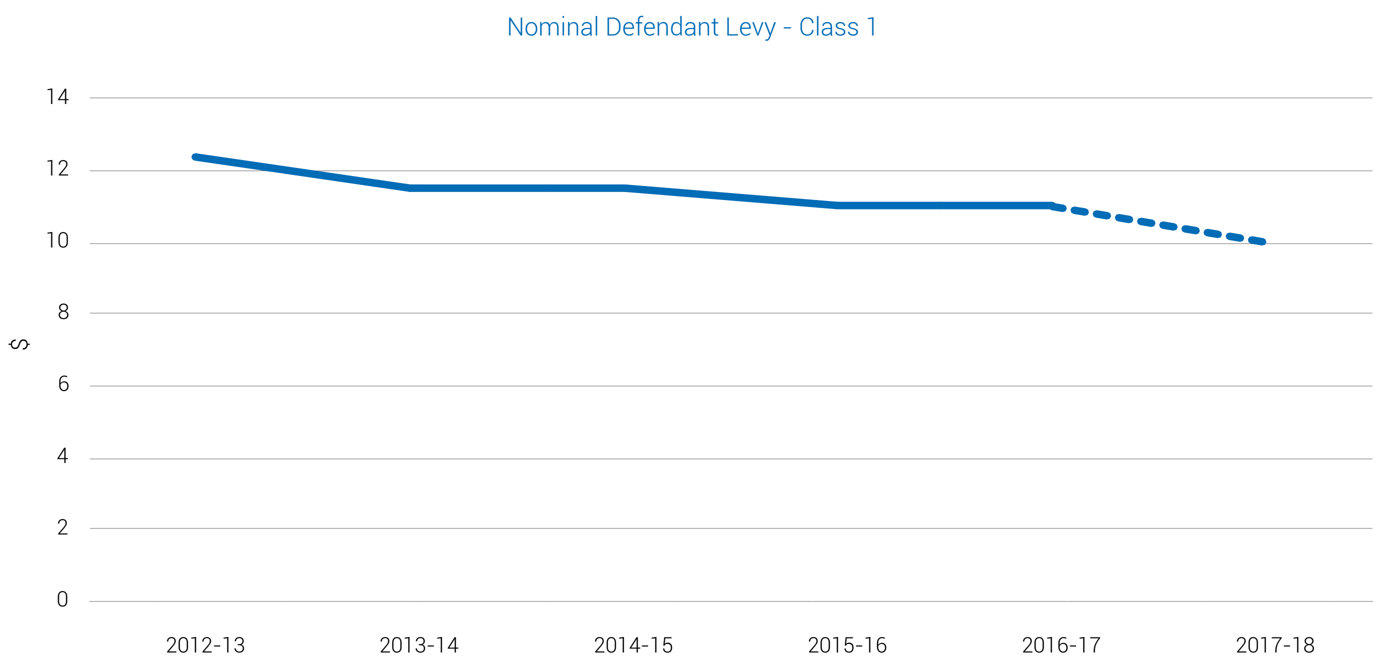


Nominal Defendant Levy

(Levy from 1 July 2012 to 1 July 2017)

Year	ND Levy
2012-13	$12.35
2013-14	$11.50
2014-15	$11.50
2015-16	$11.00
2016-17	$11.00
2017-18	$10.00

Note:
Levy based on vehicle rating class 1 only.



FINANCIAL INFORMATION 2016-17

OUR FINANCIAL INFORMATION

MOTOR ACCIDENT INSURANCE COMMISSION

Financial Statements 2016-17

These financial statements cover the Motor Accident Insurance Commission (MAIC).

MAIC is an independent statutory body established under the *Motor Accident Insurance Act 1994*.

The head office and principal place of business of MAIC is:

Level 26, 1 William Street
GPO Box 2203
Brisbane, Queensland 4000

A description of the nature of MAIC's operations and its principal activities is included in the notes to the financial statements.

For information in relation to MAIC's financial report please call 1300 302 568, email **maic@maic.qld.gov.au** or visit MAIC's website **www.maic.qld.gov.au**.

NOMINAL DEFENDANT

Financial Statements 2016-17

These financial statements cover the Nominal Defendant.

The Nominal Defendant is an independent statutory body established under the *Motor Accident Insurance Act 1994*.

The head office and principal place of business is:

Level 26, 1 William Street
GPO Box 2203
Brisbane, Queensland 4000

A description of the nature of the Nominal Defendant's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Nominal Defendant's financial report please call 07 3035 6321, email **nd@maic.qld.gov.au** or visit the Nominal Defendant's website **www.maic.qld.gov.au**.

MOTOR ACCIDENT INSURANCE COMMISSION

FINANCIAL SUMMARY 2016-17

MAIC managed its business within budget and achieved an operating surplus of $10.94 million for the year ended 30 June 2017. The major drivers for the $10.58 million increase in operating surplus were gains on investments held with QIC and partially offset by increase in grants expense.

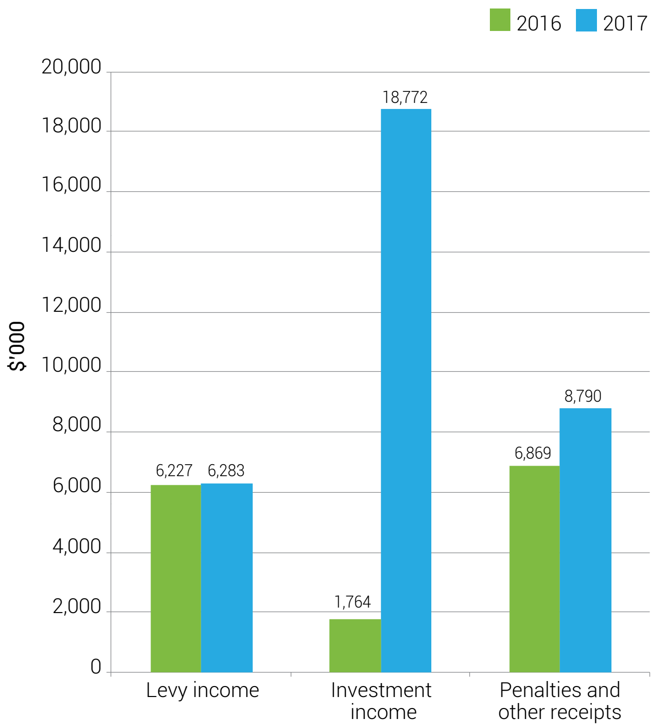
The higher return on investments held with QIC of $18.77 million versus prior year's $1.76 million was due to the solid performance of the equity markets during the year.

The Statutory Insurance Scheme Levy per vehicle remained unchanged from 1 July 2016 at $1.50 per annum. Penalty fines and other receipts rose by $1.92 million to $8.79 million due to increase in penalties revenue of $1.01 million and user charges of $0.70 million which relates to the provision of corporate support services to the National Injury Insurance Agency, Queensland (NIIAQ) which commenced operations on 1 July 2016.

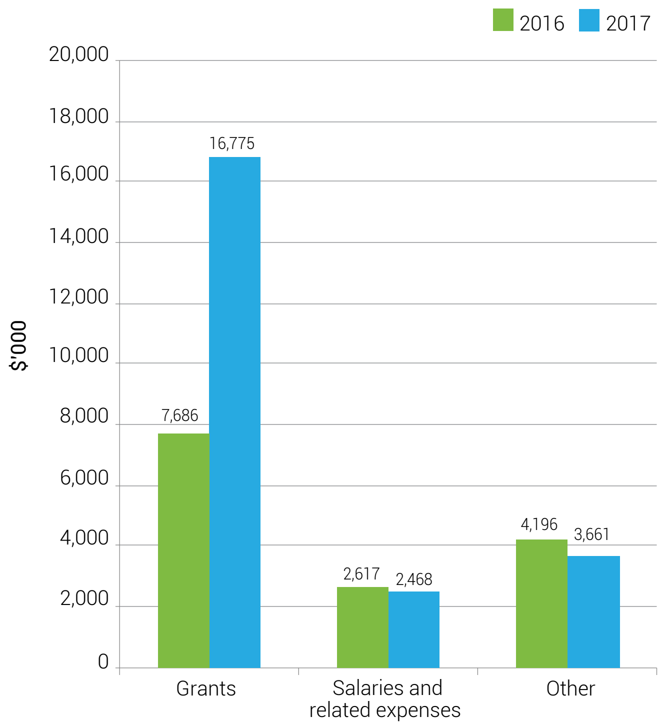
MAIC's total expenses for the year was $22.90 million (prior year $14.50 million). MAIC's largest expense item relates to the continued funding of research programs to seek to reduce the incidence and mitigate the effects of road trauma. The increase in grants expense of $9.09 million was due to additional funding for all types of research, including rehabilitation initiatives, strategic accident prevention research and road trauma mitigation research. Details of the grant funding are provided in Appendix 5.

MAIC's other operating expenditure reduced by $0.54 million to $3.66 million. This is due to additional costs incurred in prior year for the delivery of the National Injury Insurance Scheme Queensland (NIISQ) which commenced operations on 1 July 2016. This decrease is partially offset by costs associated with MAIC implementing the recommendations of the CTP scheme review this year.

Income



Expenses



STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Note	2017 Actual $'000	2017 Original Budget $'000	Budget Variance $'000	2016 Actual $'000
Income from continuing operations					
Levy	3&21	6,283	6,128	155	6,227
Penalties	4	7,707	6,750	957	6,697
User charges		733	-	733	31
Other revenue		350	-	350	141
Total revenue		**15,073**	**12,878**	**2,195**	**13,096**
Net fair value gains on other financial assets		18,772	11,424	7,348	1,764
Total income from continuing operations		**33,845**	**24,302**	**9,543**	**14,860**
Expenses from continuing operations					
Grants	5	16,775	20,200	(3,425)	7,686
Employee expenses	6	2,468	2,945	(477)	2,617
Supplies and services	7	3,611	3,246	365	4,122
Depreciation and amortisation		-	-	-	9
Other expenses	8	50	57	(7)	65
Total expenses from continuing operations		**22,904**	**26,448**	**(3,544)**	**14,499**
Total operating result from continuing operations/comprehensive income		**10,941**	**(2,146)**	**13,087**	**361**

** An explanation of major variances is included in Note 15.*

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Note	2017 Actual $'000	2017 Original Budget $'000	Budget Variance $'000	2016 Actual $'000
Current assets					
Cash		3,342	2,370	972	2,568
Receivables	9&21	773	604	169	522
Other financial assets	11&12	160	26,601	(26,441)	3,160
Prepayments		-	28	(28)	28
Total current assets		**4,275**	**29,603**	**(25,328)**	**6,278**
Non-current assets					
Other financial assets	11&12	174,082	128,036	46,046	160,859
Total non-current assets		**174,082**	**128,036**	**46,046**	**160,859**
Total assets		**178,357**	**157,639**	**20,718**	**167,137**
Current liabilities					
Payables		554	371	183	313
Accrued employee benefits	10	100	80	20	104
Total current liabilities		**654**	**451**	**203**	**417**
Non-current liabilities					
Payables		42	-	42	-
Total non-current liabilities		**42**	**-**	**42**	**-**
Total liabilities		**696**	**451**	**245**	**417**
Net assets		**177,661**	**157,188**	**20,473**	**166,720**
Equity					
Contributed equity		57,818	57,818	-	57,818
Accumulated surplus		119,843	99,370	20,473	108,902
Total equity		**177,661**	**157,188**	**20,473**	**166,720**

** An explanation of major variances is included in Note 15.*

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Accumulated surplus	Contributed equity	Total equity
	$'000	$'000	$'000
Balance as at 1 July 2015	108,541	57,818	166,359
Operating result	361	-	361
Balance as at 1 July 2016	**108,902**	**57,818**	**166,720**
Balance as at 1 July 2016	108,902	57,818	166,720
Operating result	10,941	-	10,941
Balance as at 30 June 2017	**119,843**	**57,818**	**177,661**

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Note	2017 Actual $'000	2017 Original Budget $'000	Budget Variance $'000	2016 Actual $'000
Cash flows from operating activities					
Inflows:					
Levy		6,242	6,128	114	6,109
Penalties		7,582	6,750	832	6,606
User charges		741	2	739	32
GST input tax credits from ATO		1,612	-	1,612	1,134
GST collected from customers		99	-	99	3
Other revenue		360	-	360	134
Outflows:					
Grants		(16,749)	(20,200)	3,451	(7,574)
Employee expenses		(2,463)	(2,943)	480	(2,574)
Supplies and services		(2,821)	(2,698)	(123)	(3,592)
GST remitted to ATO		(81)	-	(81)	(19)
GST paid to suppliers		(1,694)	-	(1,694)	(997)
Other expenses		(54)	(77)	23	(64)
Net cash (used in) / provided by operating activities	CF-1	**(7,226)**	**(13,038)**	**5,812**	**(802)**
Cash flows from investing activities					
Inflow:					
Proceeds from sale of other financial assets		13,500	13,038	462	4,000
Outflow:					
Payments for other financial assets		(5,500)	-	(5,500)	(3,000)
Net cash provided by / (used in) investing activities		**8,000**	**13,038**	**(5,038)**	**1,000**
Net increase / (decrease) in cash		**774**	**-**	**774**	**198**
Cash at beginning of financial year		2,568	2,370	198	2,370
Cash at end of financial year		**3,342**	**2,370**	**972**	**2,568**

** An explanation of major variances is included in Note 15.*

The accompanying notes form part of these statements.

Cash represents cash at bank and cheques receipted but not banked at 30 June.

NOTE TO THE STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

CF-1 Reconciliation of operating result to net cash from operating activities

	Note	2017 $'000	2016 $'000
Operating result		10,941	361
Non-cash items included in operating result:			
Net fair value gains on other financial assets		(18,223)	(1,236)
Depreciation and amortisation		-	9
Change in assets and liabilities:			
(Increase)/decrease in prepayments		28	-
(Increase)/decrease in receivables	9	(251)	103
Increase/(decrease) in current payables		241	(67)
Increase/(decrease) in non-current payables		42	-
Increase/(decrease) in accrued employee benefits	10	(4)	28
Net cash (used in) / provided by operating activities		**(7,226)**	**(802)**

Cash flows are included in the Statement of Cash Flows on a net basis with the GST components of the cash flows shown as separate line items. The GST components of cash flows arising from investing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

1. BASIS OF FINANCIAL STATEMENT PREPARATION

(a) General information

The Motor Accident Insurance Commission (MAIC) is an independent statutory body reporting to the Treasurer and established under the *Motor Accident Insurance Act 1994* (the Act) which commenced operations on 1 September 1994.

The head office and principal place of business of MAIC is Level 26, 1 William St, Brisbane, QLD 4000.

(b) Compliance with prescribed requirements

MAIC is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis, except for the statement of cash flows, in accordance with:

- section 43(1) of the *Financial and Performance Management Standard 2009*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016.

The financial statements have been prepared on a historical cost basis, except for other financial assets which are shown at fair value.

(c) Currency and rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

(d) Comparatives

Comparative information reflects the audited 2015-16 financial statements except where restated for a prior period error detailed in **Note 21** and where restatement was necessary to be consistent with disclosures in the current reporting period.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(e) Judgements and assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis.

The area involving a higher degree of judgement is in the fair value measurement of other financial assets (refer to **Note 11**).

(f) Current / non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are expected to be settled within 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

1. BASIS OF FINANCIAL STATEMENT PREPARATION - continued

Other financial assets comprising of investments managed by QIC Limited (QIC) are classified as 'current' or 'non-current' based on the relative liquidity of the investments. Investments are classified as 'current' where they are readily convertible to cash on hand at MAIC's election. Investments that are long-term and not readily convertible to cash within a short period are classified as 'non-current'.

(g) Authorisation of financial statements for issue

The financial statements are authorised for issue by the Insurance Commissioner and the Director, Finance and Procurement at the date of signing the Management Certificate.

2. OBJECTIVES OF MAIC

MAIC is responsible for regulating and ongoing management of the Queensland Compulsory Third Party (CTP) scheme and the Nominal Defendant Fund. It provides a framework for premium setting and ensures compliance with the provisions of the Act. It also conducts research in motor accident prevention and rehabilitation.

3. LEVY

Levies are recognised at the time they are legally payable by the Department of Transport and Main Roads (DTMR) to MAIC under s.27 of the Act. This occurs at the time the levies are paid by motorists to DTMR.

4. PENALTIES

Penalties are recognised at the time they are legally payable by DTMR and Queensland Treasury (State Penalties Enforcement Registry) to MAIC for penalties issued under s.20 of the Act. This occurs at the time of receipt of monies from uninsured motorists.

5. GRANTS

	2017 $'000	2016 $'000
Rehabilitation initiatives research	7,985	2,468
Strategic accident prevention research	4,532	2,786
Road trauma mitigation research	4,150	2,300
Other	108	132
Total	**16,775**	**7,686**

The payment of the above grants is dependent on the grantee organisation satisfying conditions as set out in the grant agreement. The expense is recognised when the payment is made.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

6. EMPLOYEE EXPENSES

	2017 $'000	2016 $'000
Employee benefits and employee related expenses		
Salaries and wages	1,923	2,018
Employer superannuation contributions	271	271
Leave levies	233	260
Employee related expenses	32	56
Other employee benefits	9	12
Total	**2,468**	**2,617**

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information) is 21 (2016: 23).

Wages, salaries and sick leave

Wages and salaries are recognised as an expense when services are performed.
Wages and salaries due but unpaid at reporting date are recognised at the current remuneration rates as these liabilities are expected to be wholly settled within 12 months of reporting date and as such are undiscounted. Sick leave is non-vesting and an expense is recognised when the leave is taken.

Annual and long service leave

No provision is recognised for liabilities in relation to annual and long service leave as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Under the Queensland Government's Long Service Leave Scheme, a levy is made on MAIC to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB1049 *Whole of Government and General Government Sector Financial Reporting.*

Key management personnel and remuneration disclosures are detailed in **Note 16**.

7. SUPPLIES AND SERVICES

	2017 $'000	2016 $'000
Consultants and contractors	1,717	2,099
QIC management fee	517	512
Rent	385	326
Actuarial fees	349	342
Corporate services fee	275	270
Computer facilities management fee	137	94
Supplies and consumables	132	140
Others	99	339
Total	**3,611**	**4,122**

8. OTHER EXPENSES

	2017 $'000	2016 $'000
Queensland Audit Office - external audit fees	20	21
Insurance premiums - QGIF	26	27
Other	4	17
Total	**50**	**65**

9. RECEIVABLES

	2017 $'000	2016 $'000
Penalties receivable	367	242
Accrued MAIC levy	159	118
GST receivable	130	50
Receivables from NIIAQ*	59	-
Accrued interest income	29	40
Leave reimbursements	29	39
Other receivables	0	33
Total	**773**	**522**

*The National Injury Insurance Agency, Queensland

Receivables are recognised at the nominal amounts due at the time of sale or service delivery. Penalties receivable are recognised at the time of receipt of monies from uninsured motorists (refer to **Note 4**). Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment where an event occurs that would cast doubt on the collectability of the receivable.

Receivables from NIIAQ and Penalties receivable involve related party transactions (refer to **Note 17**).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

10. ACCRUED EMPLOYEE BENEFITS

	2017 $'000	2016 $'000
Leave levies payable	60	63
Accrued salaries and wages	40	41
Total	**100**	**104**

Refer to **Note 6** for the accounting policy of employee benefits.

11. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price).

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

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

Other financial assets invested with QIC are held at fair value through profit and loss. The fair value is measured at market value based on closing unit prices of QIC's unlisted unit trusts. Fair value gains and losses are recognised in the Statement of Comprehensive Income.

While the units in the trust have redemption prices and are able to be traded, the market would not be considered active for level 1, therefore, they are considered to be level 2. A market comparison valuation approach is used, with the units carried at redemption value as reasonably determined by the fund manager. Classification of instruments into fair value hierarchy levels is reviewed annually.

The fair value of receivables and payables is assumed to be approximately the value of the original transaction.

12. FINANCIAL RISK DISCLOSURES

(a) Categorisation of financial instruments

MAIC has the following categories of financial assets and financial liabilities:

Category	Note	2017 $'000	2016 $'000
Financial assets			
Cash (fair value through profit or loss)		3,342	2,568
Receivables (amortised cost)	9	773	522
Other financial assets (fair value through profit or loss)	12	174,242	164,019
Total		**178,357**	**167,109**
Financial liabilities			
Payables (amortised cost)		554	313
Total		**554**	**313**

(b) Financial risk management

MAIC's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Exposure
Credit risk	Refers to the situation where MAIC may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	MAIC's maximum exposure to credit risk is the carrying amount of its Financial Assets. MAIC's receivable balance as at 30 June 2017 is not overdue.
Liquidity risk	Refers to the situation where MAIC may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	MAIC is exposed to liquidity risk in respect of its payables. All of MAIC's financial liabilities are due for payment within 1 year.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.	The significant market risks to the MAIC are unit price and interest rate risks associated with its investments managed by QIC. The investment portfolio includes investments in cash, fixed interest funds, property, infrastructure, private equity, international and Australian equities, and alternative funds. Movements in interest rates and market prices of the financial instruments impact the fair values of MAIC's financial assets. Interest rate risk also exists in relation to MAIC's cash held in interest bearing bank accounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

12. FINANCIAL RISK DISCLOSURES - continued

MAIC measures and manages risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method	Risk Management Strategies
Credit risk	Earnings at risk	Reduce the exposure to credit default by ensuring that the MAIC: • invest in secure assets through QIC with regular reviews of the investment strategy through frequent communication and meetings with QIC regarding MAIC's future cash requirements and to agree the investment mandate; • monitor all funds owed on a timely basis; and • assess credit risk exposure on an ongoing basis.
Liquidity risk	Maturity analysis	Reduce the exposure to liquidity risk by ensuring that MAIC has sufficient funds available to meet these liabilities. This is achieved by monitoring the QIC investment funds and maintaining minimum cash balances within its bank account to meet both short-term and long-term cash flow requirements.
Market risk	Sensitivity analysis	Market risk is managed through regular reviews of the investment strategies with QIC and assessment of 3 year return forecasts.

(c) Unit price and interest rate sensitivity analysis

A sensitivity analysis has been performed assessing the impact to profit and loss if market prices would change by +/-1% from the year-end rates applicable to the MAIC's financial assets. With all other variables held constant, the MAIC would have a surplus and equity increase/(decrease) of $35,000 (2016: $57,000) due to interest rate risk in relation to the value of cash held in interest bearing bank accounts and investments in the QIC Cash Fund and $1,741,000 (2016: $1,609,000) due to unit price risk in relation to investments in the QIC Growth Fund.

13. GRANT COMMITMENTS

Commitments for grant expenditure contracted at reporting date (inclusive of non-recoverable GST input tax credits) but not recognised in the financial statements are payable as follows:

	2017 $'000	2016 $'000
Not later than one year	16,064	10,200
Later than one year and not later than five years	26,449	13,155
Total	**42,513**	**23,355**

Approval has been given to grantees in accordance with formal agreements, provided certain criteria are met.

14. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 9 *Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

These standards will first apply to MAIC from its financial statements for 2018-19. The main impacts of these standards on MAIC are that they will change the requirements for the classification, measurement, impairment and disclosures associated with MAIC's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

MAIC has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of the new standard will depend on the facts and circumstances existing at that date, MAIC's conclusions will not be confirmed until closer to that time. Based on current assessments, the MAIC's financial assets will be required to be measured at fair value. The most material class of financial asset for MAIC are its other financial assets invested with QIC which are presently measured at fair value (**Note 12**). Changes in the fair value of those assets will be reflected in MAIC's operating result.

AASB 16 *Leases*

This standard will first apply to MAIC from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

MAIC will await further guidance from Queensland Treasury on the transitional accounting method to be applied. MAIC has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will become effective for the financial reporting period 2019-2020. The standards apply to certain types of revenue from customers and grants, and may change the timing of when such revenue is recognised. Based on present arrangements, MAIC does not enter into contracts for the sale of goods and services, or grants. However, if such contracts are entered into in the future, MAIC will need to follow the relevant accounting treatment specified in the new standards.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to MAIC's activities, or have no material impact on MAIC.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

15. BUDGETARY REPORTING DISCLOSURES

A budget versus actual comparison and explanation of major variances has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

In accordance with AASB 1055 *Budgetary Reporting*, the budget information presented to parliament has been restated for disclosure purposes to align with the presentation and classification bases adopted for the corresponding actual information in the financial statements, to facilitate a comparison of actual outcomes against the budget.

Explanations of major variances

Statement of Comprehensive Income

Penalties	The increase in penalties and miscellaneous receipts primarily relates to higher than anticipated penalties collected during the year.
User charges	The increase in user charges relates to the provision of corporate support services to NIIAQ which commenced operations 1 July 2016.
Net fair value gains on other financial assets	The increase in net fair value gains on other financial assets is primarily due to higher than expected earnings on QIC investments as a result of improvements in the global equity markets.
Grants	The variance in grants payments is due to lower than anticipated investment in research activities and timing of payments with some grants being delayed until 2017-18.
Employee expenses	The decrease in employee expenses is primarily due to vacancies during the year.
Supplies and services	The increase in supplies and services is primarily due to costs associated with reviewing the CTP scheme.

Statement of Financial Position

Cash	The cash balance is higher than projected as detailed in the Statement of Cash Flows.
Other financial assets (current and non-current)	The variance in other financial assets reflects an increase in the projected operating result available for investment and a reclassification from current to non-current other financial assets.
Accumulated surplus	The increase in accumulated surplus reflects higher than anticipated operating result in 2016-17.

15. BUDGETARY REPORTING DISCLOSURES - continued

Statement of Cash Flows

Penalties	The increase in penalties and miscellaneous receipts primarily relates to higher than anticipated penalties collected during the year.
User charges	The increase in user charges relates to the provision of corporate support services to NIIAQ which commenced operations 1 July 2016.
Grants	The variance in grants payments is due to lower than anticipated investment in research activities and timing of payments with some grants being delayed until 2017-18.
Employee expense	The decrease in employee expenses is primarily due to vacancies during the year.
Supplies and services	The increase in supplies and services is primarily due to costs associated with reviewing the CTP scheme.
Proceeds from and Payments for other financial assets	The variances in cash flows from investing activities reflect QIC cash investments and drawdowns performed during the year to meet MAIC's cash flow requirements.

16. KEY MANAGEMENT PERSONNEL AND REMUNERATION

Details of key management personnel

The following details for key management personnel (KMP) include those positions that had authority and responsibility for planning, directing and controlling the activities of MAIC during 2016-17. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities
Insurance Commissioner	Leads the efficient, effective and economic administration of MAIC.
Director, Finance and Procurement	Responsible for the efficient, effective and economic financial administration and procurement of MAIC.
Director, Business Solutions	Responsible for the efficient and effective information systems and reporting.
Director, CTP Scheme Claims	Responsible for the Nominal Defendant claims management operation and licensed insurer claims management monitoring.

Remuneration policies

Remuneration policy for MAIC's KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment (including motor vehicle entitlements) for the KMP are specified in employment contracts.

Remuneration expenses for KMP comprise the following components:

- Short term employee expenses which include:
  - Salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position.
  - Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

16. KEY MANAGEMENT PERSONNEL AND REMUNERATION - continued

- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

KMP remuneration expense

The following disclosures include remuneration in connection with the management of MAIC, the Nominal Defendant, the Queensland Government Insurance Fund and the National Injury Insurance Agency, Queensland. The remuneration has been allocated in the Statement of Comprehensive Income in accordance with services provided between the entities. Remuneration for the Director, CTP Scheme Claims is reported in the Nominal Defendant financial statements under **Note 17**.

1 July 2016 to 30 June 2017

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses $'000	Post employment expenses $'000	Termination benefits $'000	Total expenses $'000
	Monetary expenses $'000	Non-monetary expenses $'000				
Insurance Commissioner	226	-	4	25	-	255
Director, Finance and Procurement	147	-	3	17	-	167
Director, Business Solutions	109	-	2	14	-	125

1 July 2015 to 30 June 2016

Position (date resigned if applicable)	Short term employee expenses		Long term employee expenses $'000	Post employment expenses $'000	Termination benefits $'000	Total expenses $'000
	Monetary expenses $'000	Non-monetary expenses $'000				
Insurance Commissioner	224	-	5	25	-	254
Director, Finance and Procurement	138	-	3	17	-	158
Director, Business Solutions	109	-	2	14	-	125

17. RELATED PARTY TRANSACTION

Transactions with people/entities related to KMP

During the financial year there were no transactions with people or entities related to KMPs of MAIC.

Transactions with other Queensland Government-controlled entity

MAIC received user charges revenue for the provision of corporate support services to assist with the establishment of the NIIAQ.

MAIC provided grant funding to Queensland Police Service (QPS) and Department of Transport and Main Roads (DTMR) to support targeted research and service delivery initiatives as a means of reducing the number of crashes on Queensland roads and the associated number of claims to the Queensland CTP scheme.

MAIC provided grant funding to Hospital and Health Services Metro South for funding of the Transitional Rehabilitation Service (TRS) which will provide community based rehabilitation for people with a traumatic brain injury including NIIAQ participants.

MAIC incurs management fees from QIC for the management of the QIC unlisted unit trusts as disclosed in **Note 7**.

DTMR and Queensland Treasury (State Penalties Enforcement Registry) collect penalties on behalf of MAIC as disclosed in **Note 4**.

MAIC receives corporate support services from Queensland Treasury included in **Note 7**.

18. AGENCY TRANSACTIONS

MAIC receives Hospital and Emergency Services Levy amounts from the DTMR on gross insurance premiums on behalf of Queensland Health (QH), the Public Safety Business Agency (PSBA), the Queensland Fire and Emergency Services (QFES) and National Injury Insurance Agency Queensland (NIIAQ). Details of amounts collected and administered during the year and the amount held on behalf of these agencies at 30 June are as follows:

Type of Levy	Levies collected from DTMR		Contributions paid to QH, PSBA, QFES & NIIAQ		Outstanding levies for remittance to QH, PSBA, QFES & NIIAQ	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Levies collected but not remitted in the previous year	7,166	6,634	-	-	-	-
Hospital levy	76,164	74,411	(76,016)	(73,798)	6,956	6,808
Emergency Services levy - PSBA	1,128	-	(1,349)	-	268	358
Emergency Services levy - QFES	2,880	3,936	(2,651)	(4,017)	98	-
NIIAQ levy	49,882	-	(49,882)	-	-	-
Total	**137,220**	**84,981**	**(129,898)**	**(77,815)**	**7,322**	**7,166**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

18. AGENCY TRANSACTIONS - continued

Levies collected on behalf of QH, PSBA, QFES and NIIAQ during the current year have not been included as revenue in the Statement of Comprehensive Income as these amounts are not controlled. Similarly, remittances made to these agencies have not been included as expenses.

19. TAXATION

MAIC is a statutory body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by MAIC. GST credits receivable from, and GST payable to the ATO, are recognised in the Statement of Financial Position (refer to **Note 9**).

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

Accounting Standards Applied for the First Time

The only Australian Accounting Standard that became effective for the first time in 2016-17, and materially impacted on this financial report, is AASB 124 Related Party Disclosures. This standard requires note disclosures about KMP remuneration expenses and other related party transactions, and does not impact on financial statement line items.

MAIC discloses detailed information about remuneration of its KMP, based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies, and there was only a minimal impact for MAIC's disclosures compared to 2015-16 (refer to **Note 16**). Comparative information will continue to be disclosed in respect of KMP remuneration. Based on the revised AASB 124's definition of KMP, MAIC has assessed that its responsible Minister is not part of its KMP.

21. PRIOR PERIOD ERRORS AND ADJUSTMENTS

The 2016 accrued MAIC levies have been restated in line with the levies policy (refer **Note 3 and Note 9**). This had been omitted in the 2016 financial statements and resulted in an understatement of accrued MAIC levy of $118,000. In addition, there is $1,000 GST payable reclassification from Receivable Note to Payable.

	2016	Adjustment	Restated
	$'000	$'000	$'000
Prior period errors and adjustments			
Balance at 30 June 2016:			
Receivables	403	119	522
Total Equity	**166,602**	**118**	**166,720**
Levy	6,109	118	6,227
Operating Result	**243**	**118**	**361**

CERTIFICATE OF THE MOTOR ACCIDENT INSURANCE COMMISSION

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Motor Accident Insurance Commission (MAIC) for the financial year ended 30 June 2017 and of the financial position of MAIC at the end of that year; and

c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

L LEE
B.Com, CA
Director Finance and Procurement
28 August 2017

N SINGLETON
B.Bus (Insurance), MBA
Insurance Commissioner
28 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Insurance Commissioner

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Motor Accident Insurance Commission. The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Insurance Commissioner and the Director Finance and Procurement.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the Insurance Commissioner for the financial report

The Insurance Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Insurance Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Insurance Commissioner is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Insurance Commissioner.
- Conclude on the appropriateness of the Insurance Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Insurance Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2017:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

QUEENSLAND
29 AUG 2017
AUDIT OFFICE

P Christensen FCPA
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

NOMINAL DEFENDANT FINANCIAL INFORMATION 2016-17

NOMINAL DEFENDANT FINANCIAL SUMMARY 2016-17

The operating surplus of the Nominal Defendant for the year ended 30 June 2017 was $77.19 million compared to the prior year's operating surplus of $21.34 million.

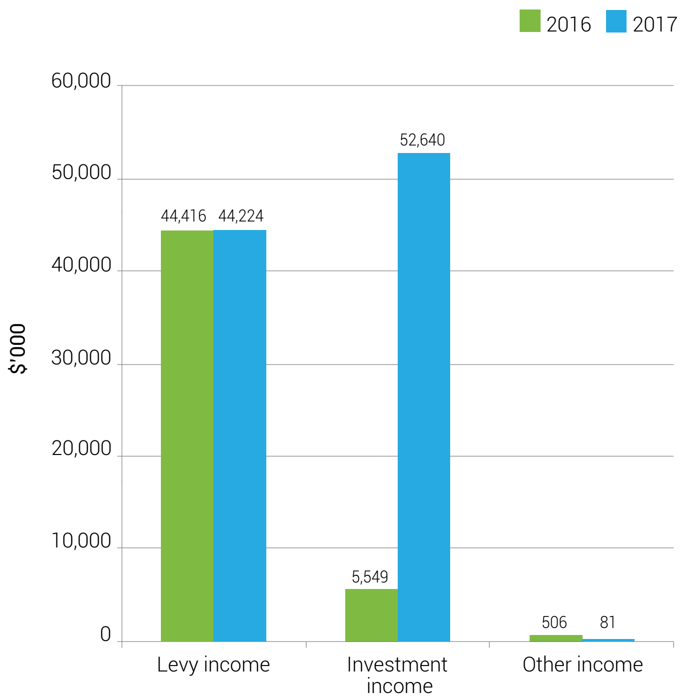
The $55.85 million increase in operating surplus was mainly attributable to the positive return of $52.64 million on investments held with QIC due to the solid performance of the equity markets during the year (prior year of $5.55 million).

In relation to the normal business of the Nominal Defendant, claim payments were $17.58 million (prior year $24.31 million) and claim recoveries were $0.21 million (prior year $0.62 million). The gross outstanding claims liabilities were actuarially assessed at 30 June 2017 and increased by $1.55 million to $134.01 million.

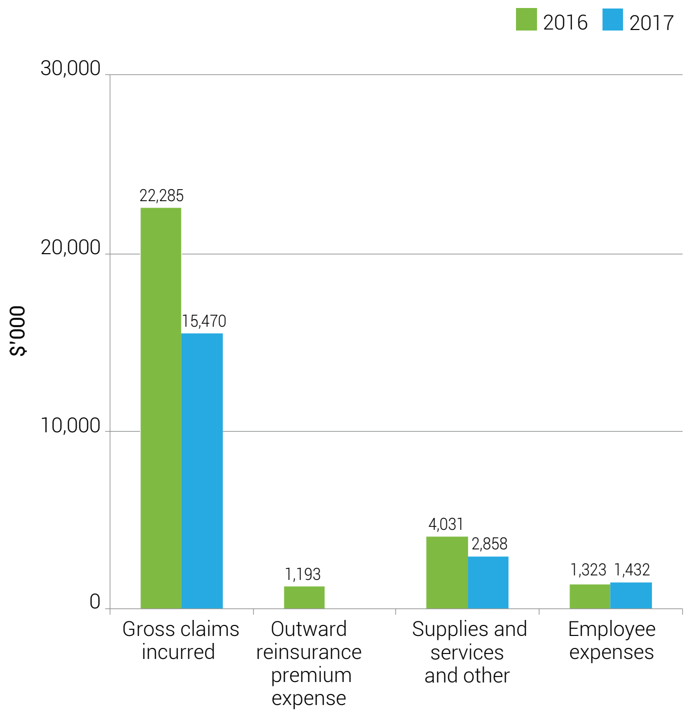
Supplies and services decreased by $1.17 million due to lower QIC management fees as a result of the reduced investment fund balance following the transfer of $600 million to the National Injury Insurance Scheme Fund, Queensland in August 2016. Also contributing to the reduction in total expenses was the $1.19 million decrease in reinsurance premium expense due to the cessation of the reinsurance program in the 2016-17 financial year.

The Nominal Defendant levy remained unchanged from 1 July 2016 at $11.00 per Class 1 vehicle and generated levy income of $44.22 million (prior year's $44.42 million).

Income



Expenses



STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Note	2017 Actual $'000	2017 Original Budget $'000	* Budget Variance $'000	2016 Actual $'000
Income from continuing operations					
Levy	3	44,224	44,529	(305)	44,416
Claim recoveries	4	(6)	-	(6)	458
Other revenue		87	-	87	48
Total revenue		**44,305**	**44,529**	**(224)**	**44,922**
Net fair value gains on other financial assets		52,640	51,808	832	5,549
Total income from continuing operations		**96,945**	**96,337**	**608**	**50,471**
Expenses from continuing operations					
Gross claims incurred	4	15,470	48,297	(32,827)	22,585
Outwards reinsurance premium expense	3	-	-	-	1,193
Employee expenses	5	1,432	1,515	(83)	1,323
Supplies and services	6	2,300	3,254	(954)	3,469
Depreciation and amortisation		519	519	-	523
Other expenses	7	39	42	(3)	39
Total expenses from continuing operations		**19,760**	**53,627**	**(33,867)**	**29,132**
Total operating result from continuing operations/comprehensive income		**77,185**	**42,710**	**34,475**	**21,339**

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

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Note	2017 Actual $'000	2017 Original Budget $'000	* Budget Variance $'000	2016 Actual $'000
Current assets					
Cash and cash equivalents		3,522	3,118	404	3,358
Receivables	8 & 14	1,171	289	882	2,488
Other financial assets	12 & 13	35,205	234,292	(199,087)	312,887
Claim recoveries	10	671	972	(301)	672
Prepayments		-	14	(14)	9
Total current assets		**40,569**	**238,685**	**(198,116)**	**319,414**
Non-current assets					
Other financial assets	12 & 13	394,696	775,170	(380,474)	639,444
Claim recoveries	10	2,425	3,895	(1,470)	2,693
Intangible assets	9	1,990	1,990	-	2,509
Total non-current assets		**399,111**	**781,055**	**(381,944)**	**644,646**
Total assets		**439,680**	**1,019,740**	**(580,060)**	**964,060**
Current liabilities					
Payables		162	478	(316)	341
Accrued employee benefits		66	40	26	60
Outstanding claims liability	10	30,109	38,661	(8,552)	28,377
Unearned levies	3 & 14	18,885	22,447	(3,562)	17,934
Total current liabilities		**49,222**	**61,626**	**(12,404)**	**46,712**
Non-current liabilities					
Payables		24	-	24	-
Outstanding claims liability	10	108,949	145,441	(36,492)	113,048
Total non-current liabilities		**108,973**	**145,441**	**(36,468)**	**113,048**
Total liabilities		**158,195**	**207,067**	**(48,872)**	**159,760**
Net assets		**281,485**	**812,673**	**(531,188)**	**804,300**
Equity					
Contributed equity	11	-	121	(121)	121
Accumulated surplus	11	281,485	812,552	(531,067)	804,179
Total equity		**281,485**	**812,673**	**(531,188)**	**804,300**

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

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Accumulated surplus $'000	Contributed equity $'000	Total equity $'000
Balance as at 1 July 2015	782,840	121	782,961
Operating result	21,339	-	21,339
Balance as at 1 July 2016	**804,179**	**121**	**804,300**
Balance as at 1 July 2016	804,179	121	804,300
Operating result	77,185	-	77,185
Transfer out to other Queensland Government entity **(Note 11)**	(599,879)	(121)	(600,000)
Balance as at 30 June 2017	**281,485**	-	**281,485**

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

		2017 Actual $'000	2017 Original Budget $'000	* Budget Variance $'000	2016 Actual $'000
Cash flows from operating activities					
Inflows:					
Levy		44,930	44,529	401	43,973
Claim recoveries		1,816	-	1,816	615
Other revenue		92	-	92	40
GST input tax credits from Australian Taxation Office (ATO)		-	-	-	601
GST collected from customers		412	-	412	13
Outflows:					
Gross claims incurred		(17,837)	(29,809)	11,972	(28,122)
Outwards reinsurance premium expense		(121)	-	(121)	(1,183)
Employee expenses		(1,426)	(1,514)	88	(1,310)
Supplies and services		(758)	(1,018)	260	(743)
GST paid to suppliers		(407)	-	(407)	(582)
GST remitted to ATO		-	-	-	(13)
Other expenses		(37)	(42)	5	(49)
Net cash provided by operating activities	CF-1	**26,664**	**12,146**	**14,518**	**13,240**
Cash flows from investing activities					
Outflow:					
Payments for other financial assets		(26,500)	(12,146)	(14,354)	(13,000)
Net cash provided by investing activities		**(26,500)**	**(12,146)**	**(14,354)**	**(13,000)**
Net increase in cash and cash equivalents		**164**	**-**	**164**	**240**
Cash and cash equivalents at beginning of financial year		3,358	3,118	240	3,118
Cash and cash equivalents at end of financial year		**3,522**	**3,118**	**404**	**3,358**

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

The accompanying notes form part of these statements.

Cash represents cash at bank and cheques receipted but not banked at 30 June.

NOTE TO THE STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

CF-1 Reconciliation of operating result to net cash from operating activities

	Note	2017 $'000	2016 $'000
Operating result		77,185	21,339
Non-cash items included in operating result:			
Net fair value gain on other financial assets		(51,069)	(2,797)
Depreciation and amortisation		519	523
Change in assets and liabilities:			
(Increase)/decrease in prepayments		9	5
(Increase)/decrease in receivables	8	1,586	(697)
Increase/(decrease) in payables		(180)	(37)
Increase/(decrease) in unearned levies		951	419
Increase/(decrease) in outstanding claims liability	10	(2,367)	(5,537)
Increase/(decrease) in accrued employee benefits		6	22
Increase/(decrease) in non-current payables		24	-
Net cash provided by operating activities		**26,664**	**13,240**

Cash flows are included in the Statement of Cash Flows on a net basis with the GST components of the cash flows shown as separate line items. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1. BASIS OF FINANCIAL STATEMENT PREPARATION

(a) General information

The Nominal Defendant is an independent statutory body reporting to the Treasurer established under the *Motor Accident Insurance Act 1994* (the Act).

The head office and principal place of business of the Nominal Defendant is Level 26, 1 William St, Brisbane, QLD 4000.

(b) Compliance with prescribed requirements

The Nominal Defendant is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis, except for the statement of cash flows, in accordance with:

- section 43(1) of the *Financial and Performance Management Standard 2009*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016.

The financial statements have been prepared on a historical cost basis, except for other financial assets which are shown at fair value.

(c) Currency and rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

(d) Comparatives

Comparative information reflects the audited 2015-16 financial statements except where restated for a prior period error detailed in **Note 14** and where restatement was necessary to be consistent with disclosures in the current reporting period**.**

(e) Current / Non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are expected to be settled within 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

Other financial assets comprising of investments managed by QIC Limited (QIC) are classified as 'current' or 'non-current' based on the relative liquidity of the investments. Investments are classified as 'current' where they are readily convertible to cash on hand at Nominal Defendant's election. Investments that are long-term and not readily convertible to cash within a short period are classified as 'non-current'.

(f) Judgements and assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

1. BASIS OF FINANCIAL STATEMENT PREPARATION - continued

The Nominal Defendant places high reliance on actuarial estimates provided by Queensland Government State Actuary's Office (the Actuary), in calculating the recoveries on outstanding claims and the outstanding claims liability as at 30 June. Refer to **Notes 4 and 10**.

Areas requiring a higher degree of judgement and assumptions that have a significant effect are outlined in the following statement notes:

- Levy income (**Note 3**),
- Fair value measurement of other financial assets (**Note 12**), and
- Intangibles (**Note 9**).

(g) Authorisation of financial Statements for issue

The financial statements are authorised for issue by the Insurance Commissioner and the Director, Finance and Procurement at the date of signing the Management Certificate.

2. OBJECTIVES OF THE NOMINAL DEFENDANT

The Nominal Defendant acts as a Queensland Compulsory Third Party (CTP) insurer for claims arising from unidentified and uninsured vehicles and to provide continuity of protection if a licensed insurer becomes insolvent.

3. NET LEVY INCOME

	2017 $'000	2016 $'000
Levy	44,224	44,416
Outwards reinsurance premium expense	-	(1,193)
Total	**44,224**	**43,223**

Levies are recognised at the time they are legally payable by the Department of Transport and Main Roads (DTMR) in accordance with sections 27 and 29 of the Act based on a levy on gross premiums collected for CTP motor vehicle insurance policies. These levies are used to fund estimated costs of the Nominal Defendant scheme for the financial year and shortfalls from previous years.

The Nominal Defendant levy is to be treated as "premium" in accordance with the provisions of AASB 1023 and as stated in section 12 of the Act.

Levy is recognised in the Statement of Comprehensive Income when it has been earned on the basis of the passage of time, commencing from the week in which motorists remit their CTP premiums to the DTMR and having regard to the term of the CTP premium. Levies received but not earned as at 30 June are recorded as unearned levies in the Statement of Financial Position and then systematically recognised as revenue in the Statement of Comprehensive Income when earned over time.

The Nominal Defendant levy rate is fixed each year by regulation in accordance with section 14A(1) of the Act. The Motor Accident Insurance Commission (MAIC) makes a recommendation to the Minister on the levy rate after obtaining and considering actuarial advice.

The 2016 figures have been restated due to a correction for a prior period error. Refer **Note 14**.

4. NET CLAIMS INCURRED

	2017 $'000	2016 $'000
Gross claims incurred	15,470	22,585
Claim recoveries	6	(458)
Total net claims incurred	**15,476**	**22,127**

(a) Claims development

Attributable to Nominal Defendant

	2017 Current Year $'000	2017 Prior Years $'000	2017 Total $'000	2016 Current Year $'000	2016 Prior Years $'000	2016 Total $'000
Gross claims incurred and related expenses						
Undiscounted	44,047	(23,015)	21,032	59,730	(40,260)	19,470
Discount	(2,951)	1,046	(1,905)	(4,011)	6,843	2,832
Provisions made (Note 10)	41,096	(21,969)	19,127	55,719	(33,417)	22,302
Claim recoveries						
Undiscounted	885	(686)	199	1,247	(744)	503
Discount	(58)	20	(38)	(82)	147	65
	827	(666)	161	1,165	(597)	568
Net claims incurred	**40,269**	**(21,303)**	**18,966**	**54,554**	**(32,820)**	**21,734**

Attributable to FAI

	2017 Current Year $'000	2017 Prior Years $'000	2017 Total $'000	2016 Current Year $'000	2016 Prior Years $'000	2016 Total $'000
Gross claims incurred and related expenses						
Undiscounted	-	(3,742)	(3,742)	-	(253)	(253)
Discount	-	85	85	-	536	536
Provisions made (Note 10)	-	(3,657)	(3,657)	-	283	283
Claim recoveries						
Undiscounted	-	(176)	(176)	-	(221)	(221)
Discount	-	9	9	-	111	111
	-	(167)	(167)	-	(110)	(110)
Net claims incurred	**-**	**(3,490)**	**(3,490)**	**-**	**393**	**393**

	2017 Current Year $'000	2017 Prior Years $'000	2017 Total $'000	2016 Current Year $'000	2016 Prior Years $'000	2016 Total $'000
Total gross claims incurred	**41,096**	**(25,626)**	**15,470**	**55,719**	**(33,134)**	**22,585**
Total recoveries	**827**	**(833)**	**(6)**	**1,165**	**(707)**	**458**
Total net claims incurred	**40,269**	**(24,793)**	**15,476**	**54,554**	**(32,427)**	**22,127**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

4. NET CLAIMS INCURRED – continued

(a) Claims development – continued

Current year claims relate to risks borne in the current reporting year. Prior year claims relate to a reassessment of the risks borne in all previous reporting year.

(b) Claims reconciliation

	Nominal Defendant		FAI		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Gross claims incurred and related expenses						
Claims and associated settlement costs	17,577	24,314	260	3,808	17,837	28,122
Movement in outstanding claims liability	1,550	(2,012)	(3,917)	(3,525)	(2,367)	(5,537)
Total gross claims incurred	**19,127**	**22,302**	**(3,657)**	**283**	**15,470**	**22,585**
Recoveries						
Claim recoveries	208	615	55	1,345	263	1,960
Movement in other recoveries receivable	(47)	(47)	(222)	(1,455)	(269)	(1,502)
Total recoveries	**161**	**568**	**(167)**	**(110)**	**(6)**	**458**
Net claims incurred	**18,966**	**21,734**	**(3,490)**	**393**	**15,476**	**22,127**

Gross claims

Gross claims comprise amounts required to be paid on behalf of those insured, amounts set aside for future claims and claims settlement costs. Claims settlement costs include costs that can be associated directly with individual claims, such as legal and professional fees.

Claims expenses are recognised in the Statement of Comprehensive Income as the costs are incurred, which is usually the point in time when the event giving rise to the claim occurs.

Claim recoveries

Claim recoveries on outstanding claims have been actuarially calculated as at the 30 June by the Actuary. It is recognised as revenue and a receivable in the Statement of Comprehensive Income and Statement of Financial Position for claims incurred but not yet paid and incurred but not yet reported claims, respectively.

Amounts recoverable are assessed in a manner similar to the assessment of outstanding claims liability (**Note 10**). Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the outstanding claims liability.

FAI General Insurance Company Limited (FAI)

Under the *Motor Accident Insurance Act 1994*, the Nominal Defendant is required to meet any outstanding CTP claims in the event of the insolvency of a licensed CTP insurer. Currently the Nominal Defendant has a liability to meet the outstanding claims of FAI following the insolvency of the HIH Group of companies in March 2001.

5. EMPLOYEE EXPENSES

	2017 $'000	2016 $'000
Employee benefits and employee related expenses		
Salaries and wages	1,138	1,049
Employer superannuation contributions	147	134
Leave levies	139	128
Employee related expenses	6	12
Other employee benefits	2	-
Total	**1,432**	**1,323**

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information) is 14 (2016: 12).

Wages, salaries and sick leave

Salaries and wages expense is recognised in the Statement of Comprehensive Income when the services are rendered. Wages and salaries due but unpaid at reporting date are recognised at the current remuneration rates as these liabilities are expected to be wholly settled within 12 months of reporting date and as such are undiscounted.

Sick leave is non-vesting and an expense is recognised when the leave it is taken.

Annual and long service leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the Nominal Defendant to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB1049 *Whole of Government and General Government Sector Financial Reporting.*

Key management personnel and remuneration disclosures are detailed in **Note 17**.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

6. SUPPLIES AND SERVICES

	2017 $'000	2016 $'000
QIC management fee	1,387	2,648
Consultants and contractors	205	258
Corporate services fee	230	230
Rent	223	173
Computer facilities management fee	126	41
Actuarial fees	92	90
Supplies and consumables	37	29
Total	**2,300**	**3,469**

7. OTHER EXPENSES

	2017 $'000	2016 $'000
Queensland Audit Office - external audit fees	38	37
Insurance premiums - QGIF	1	2
Total	**39**	**39**

8. RECEIVABLES

	2017 $'000	2016 $'000
Accrued ND levy	1,107	862
Sharing recoveries receivable on paid claims	-	1,553
GST receivable	32	37
Leave reimbursements	23	22
Accrued interest income	9	14
Total	**1,171**	**2,488**

Receivables are recognised at the nominal amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date. The collectability of receivables is assessed periodically.

It is not the policy of the Nominal Defendant to recognise the debt or potential income accruing as the result of judgements granted in favour of it for legal costs and claims against uninsured owners and/or drivers. The resultant receipts are immaterial when compared to the Nominal Defendant's other sources of income and are recognised in the financial statements in the period in which they are received. This policy is under constant review by the Nominal Defendant.

9. INTANGIBLES

	2017	2016
	$'000	$'000
Internally genarated software: At cost		
Gross	3,634	3,634
Less: Accumulated amortisation	(1,644)	(1,125)
Carrying amount at 30 June	**1,990**	**2,509**
Represented by movements in carrying amount:		
Carrying amount at 1 July	2,509	3,028
Amortisation	(519)	(519)
Carrying amount at 30 June	**1,990**	**2,509**

Intangible assets with a cost or other value greater than $100,000 are recognised and carried at cost less accumulated amortisation and accumulated impairment losses in the financial statements. Items with a lesser value are expensed. Each intangible asset is amortised over its estimated useful life to the Nominal Defendant. A review of asset useful life and assessment for impairment indicators is performed annually.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over 7 years, commencing from the date the assets are available for use.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

10. NET OUTSTANDING CLAIMS

	Nominal Defendant		FAI		Total	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Gross outstanding claims	131,926	132,311	5,455	9,191	137,381	141,502
Claims settlement costs	11,584	7,745	-	266	11,584	8,011
	143,510	140,056	5,455	9,457	148,965	149,513
Discount to present value	(9,500)	(7,596)	(407)	(492)	(9,907)	(8,088)
Gross outstanding claims liability	**134,010**	**132,460**	**5,048**	**8,965**	**139,058**	**141,425**
Represented by						
Current	29,170	26,791	939	1,586	30,109	28,377
Non-current	104,840	105,669	4,109	7,379	108,949	113,048
Gross outstanding claims liability	**134,010**	**132,460**	**5,048**	**8,965**	**139,058**	**141,425**
Claim recoveries	3,218	3,227	98	329	3,316	3,556
Discount to present value	(213)	(175)	(7)	(16)	(220)	(191)
Recoveries on outstanding claims	**3,005**	**3,052**	**91**	**313**	**3,096**	**3,365**
Represented by						
Current	654	617	17	55	671	672
Non-current	2,351	2,435	74	258	2,425	2,693
Recoveries on outstanding claims	**3,005**	**3,052**	**91**	**313**	**3,096**	**3,365**
Net outstanding claims	**131,005**	**129,408**	**4,957**	**8,652**	**135,962**	**138,060**
Central estimate	119,095	117,644	4,273	7,459	123,368	125,103
Risk margin	11,910	11,764	684	1,193	12,594	12,957
Net outstanding claims	**131,005**	**129,408**	**4,957**	**8,652**	**135,962**	**138,060**

10. NET OUTSTANDING CLAIMS – continued

(a) Reconciliation of movement in the discounted net outstanding claims

	Nominal Defendant		FAI		Total	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July	129,408	131,373	8,652	10,722	138,060	142,095
Prior periods						
Claim payments	(16,752)	(23,485)	(205)	(2,463)	(16,956)	(25,948)
Claims handling expenses	(2,723)	(2,637)	(3)	(45)	(2,726)	(2,681)
Discount unwind	1,975	2,767	136	213	2,111	2,980
Risk margin release	(1,776)	(2,489)	(34)	(406)	(1,809)	(2,895)
Effect of changes in assumptions and experience	(18,779)	(30,462)	(3,590)	631	(22,369)	(29,831)
Current period						
Provision for current period	39,651	54,340	-	-	39,651	54,340
Net outstanding claims	**131,005**	**129,408**	**4,957**	**8,652**	**135,962**	**138,060**
Claim recoveries	(3,005)	(3,052)	(91)	(313)	(3,096)	(3,365)
Gross outstanding claims	**134,010**	**132,460**	**5,048**	**8,965**	**139,058**	**141,425**

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

Claims incurred expense and a liability for outstanding claims are recognised for claims incurred but not yet paid, incurred but not yet reported claims and anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claims files and estimating unnotified claims and settlement costs using statistics based on past experiences and trends. The liability for outstanding claims is measured as the present value of the expected future payments. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal and superimposed inflation.

(b) Actuarial assumptions

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

	Nominal Defendant		FAI	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Inflation rate	4.35%	5.60%	4.30%	5.60%
Discount rate	2.20%	1.65%	2.20%	1.60%
Claims handling expenses	9.00%	6.00%	0.00%	3.00%
Risk margin	10.00%	10.00%	16.00%	16.00%
Weighted average expected term to settlement	3.2 years	3.5 years	3.6 years	3.4 years

A risk margin of 10% and 16% of the net central estimate has been applied to the Nominal Defendant and FAI respectively. This is the same margin adopted in previous periods, and is intended to provide an approximately 75% probability of sufficiency for the outstanding claims liability and has been determined having regard to the uncertainty inherent in the underlying claims process as well as the actuarial models used to derive estimates of outstanding claims. The risk borne has not materially changed from the previous year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

10. NET OUTSTANDING CLAIMS – continued

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

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

Attributable to the Nominal Defendant

Net outstanding claims	Movement in variable	Financial impact Profit/(loss) 2017 $'000	Equity 2017 $'000	Profit/(loss) 2016 $'000	Equity 2016 $'000
Net outstanding claims					
Inflation rate	+1%	(4,086)	(4,086)	(3,287)	(3,287)
	-1%	3,907	3,907	3,120	3,120
Discount rate	+1%	3,795	3,795	3,116	3,116
	-1%	(4,051)	(4,051)	(3,354)	(3,354)
Claims handling expenses	+1%	(1,202)	(1,202)	(1,221)	(1,221)
	-1%	1,202	1,202	1,221	1,221
Risk margin	+1%	(1,191)	(1,191)	(1,176)	(1,176)
	-1%	1,191	1,191	1,176	1,176
Weighted average term to	+0.5 years	1,377	1,377	1,034	1,034
settlement	-0.5 years	(1,391)	(1,391)	(1,042)	(1,042)

Attributable to FAI

Net outstanding claims	Movement in variable	Financial impact Profit/(loss) 2017 $'000	Equity 2017 $'000	Profit/(loss) 2016 $'000	Equity 2016 $'000
Net outstanding claims					
Inflation rate	+1%	(176)	(176)	(288)	(288)
	-1%	169	169	277	277
Discount rate	+1%	165	165	275	275
	-1%	(175)	(175)	(292)	(292)
Claims handling expenses	+1%	(50)	(50)	(84)	(84)
	-1%	50	50	84	84
Risk margin	+1%	(43)	(43)	(75)	(75)
	-1%	43	43	75	75
Weighted average term to	+0.5 years	53	53	68	68
settlement	-0.5 years	(53)	(53)	(68)	(68)

(d) Nature and extent of risks arising from claims liabilities

The Nominal Defendant ensures that it is fully funded to enable it to meet its obligations under the Act. This is facilitated by an actuarially derived levy which is incorporated in the CTP premium charged by the respective CTP policy insurers. The levy is derived by taking into consideration such factors as claim frequency, average claim size, wages, inflation, applicable discount rates, operating expenses and cost of reinsurance. The levy amount is supplemented by investment income derived from investing the levy and other income from reinsurance and non-reinsurance recoveries.

In the previous year, a qualified insurance broker was engaged to provide the Nominal Defendant with the most cost-effective plan to protect the Fund against major and catastrophic loss, and provide ongoing insurance risk advice. To this end, the broker facilitated an annual contract for excess of loss reinsurance cover entered into by the Nominal Defendant with reinsurance underwriters from both local and overseas markets to provide reinsurance cover at various layers. All reinsurers in the prior year complied with Treasury's minimum requirements for performance guarantee under a contract (per Section 36 of the *Financial and Performance Management Standard 2009*) which requires the approved financial institution to have a minimum S&P rating of A-. In the previous year, the Nominal Defendant secured unlimited cover with an excess of loss retention level of $7.5 million.

The Nominal Defendant did not enter into a contract for reinsurance cover for the 2016-17 financial year. This was based on considerations of the cost of reinsurance and the Nominal Defendant's exposure to large loss claims.

11. CONTRIBUTED EQUITY

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government changes are adjusted to Contributed Equity in accordance with *Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

Effective 22 August 2016, the Nominal Defendant transferred $600 million to the National Injury Insurance Scheme Fund, Queensland (NIISQ Fund) as approved by the Treasurer under section 95 of the *National Injury Insurance Scheme (Queensland) Act 2016* (the Act). The Act commenced on 1 July 2016 and established the National Injury Insurance Scheme, Queensland (NIISQ), The National Injury Insurance Agency, Queensland (NIIAQ) and the NIISQ Fund.

The decrease in net assets as a result of the transfer has been accounted for as a transaction with owners as owners and as a result decreases the contributed equity and accumulated surplus by $0.121M and $599.879M respectively as disclosed in the Statement of Changes in Equity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

12. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price).

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

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

The Nominal Defendant recognises other financial assets invested with QIC at fair value through profit or loss. The fair value is measured at market value based on closing unit prices of QIC unlisted unit trusts. Fair value gains and losses are recognised in the Statement of Comprehensive income.

While the units in the trust have redemption prices and are able to be traded, the market would not be considered active for level 1, therefore, they are considered to be level 2. A market comparison valuation approach is used, with the units carried at redemption value as reasonably determined by the funds' manager. Classification of instruments into fair value hierarchy levels is reviewed annually.

The fair value of receivables and payables is assumed to approximate the value of the original transaction.

13. FINANCIAL RISK DISCLOSURES

(a) Categorisation of financial instruments

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

Category	Note	2017 $'000	2016 $'000
Financial assets			
Cash and cash equivalents (fair value through profit or loss)		3,522	3,358
Receivables (amortised cost)	8	1,171	2,488
Other financial assets (fair value through profit or loss)		429,901	952,331
Total		**434,594**	**958,177**
Financial liabilities			
Payables (amortised cost)		162	341
Total		**162**	**341**

13. FINANCIAL RISK DISCLOSURES - continued

(b) Financial risk management

The Nominal Defendant's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Exposure
Credit risk	The situation where the Nominal Defendant may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The Nominal Defendant's maximum exposure to credit risk is the carrying amount of its Financial Assets
Liquidity risk	The situation where the Nominal Defendant may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The Nominal Defendant is exposed to liquidity risk in respect of its payables and future claims costs. Nominal Defendant's current payables are expected to be settled within 12 months of the reporting date. The current and non-current outstanding claims liabilities are disclosed in Note 10.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.	The significant market risks to the Nominal Defendant are unit price and interest rate risks associated with its investments managed by QIC. The investment portfolio includes investments in cash, fixed interest funds, property, infrastructure, private equity, international and Australian equities, and alternative funds. Movements in interest rates and market prices of the financial instruments impact the fair values of Nominal Defendant's financial assets. Interest rate risk also exists in relation to Nominal Defendant's cash held in interest bearing bank accounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

13. FINANCIAL RISK DISCLOSURES - continued

(b) Financial risk management - continued

The Nominal Defendant measures and manages risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method	Risk Management Strategies
Credit risk	Earnings at risk	Reduce the exposure to credit default by ensuring that the Nominal Defendant: • invest in secure assets through QIC with regular reviews of the investment strategy through frequent communication and meetings with QIC regarding Nominal Defendant's future cash requirements and to agree the investment mandate; • monitor all funds owed on a timely basis; and • assess credit risk exposure on an ongoing basis.
Liquidity risk	Maturity analysis	Reduce the exposure to liquidity risk by ensuring that the Nominal Defendant has sufficient funds available to meet its liabilities. This is achieved by monitoring the QIC investment funds and maintaining minimum cash balances within its bank account to meet both short-term and long-term cash flow requirements.
Market risk	Sensitivity analysis	Market risk is managed through regular reviews of the investment strategies with QIC and assessment of three year return forecasts.

(c) Unit price and interest rate sensitivity analysis

A sensitivity analysis has been performed assessing the impact to profit and loss if market prices would change by +/-1% from the year-end rates applicable to the Nominal Defendant's financial assets. With all other variables held constant, the Nominal Defendant would have a surplus and equity increase/(decrease) of $387,000 (2016: $3,162,000) due to interest rate risk in relation to the value of cash held in interest bearing bank accounts and investments in the QIC Cash Fund, and $3,947,000 (2016: $6,394,000) due to unit price risk in relation to investments in the QIC Growth Fund.

14. PRIOR PERIOD ERRORS AND ADJUSTMENTS

A prior period adjustment has been recognised for unearned levies and levy revenues to reflect the 3, 6 and 12 month terms of the Nominal Defendant levy collected. Unearned levies in prior statements were recognised over a period of 52 weeks. This has resulted in the overstatement of levy revenue and unearned revenue balance of $0.18M and $4.8M respectively in the 2016 financial statements. The 2016 accrued ND levies have also been restated in line with the levies policy (refer **Note 3** and **8**). This had been omitted in the 2016 financial statements and resulted in an understatement in receivables and unearned levies of $0.86M.

	2016	Adjustment	Restated
	$'000	$'000	$'000
Prior period errors and adjustments			
Balance at 30 June 2016:			
Receivables	1,626	862	2,488
Unearned Levies	21,827	(3,893)	17,934
Total Equity	**799,545**	**4,755**	**804,300**
Levy	44,593	(177)	44,416
Operating Result	**21,516**	**(177)**	**21,339**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

15. FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 9 *Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
These standards will first apply to the Nominal Defendant from its financial statements for 2018-19. The main impacts of these standards on the Nominal Defendant are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Nominal Defendant's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Nominal Defendant has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. As the classification of financial assets at the date of initial application of the new standard will depend on the facts and circumstances existing at that date, the Nominal Defendant's conclusions will not be confirmed until closer to that time. Based on current assessments, the Nominal Defendant's financial assets will be required to be measured at fair value. The most material class of financial asset for the Nominal Defendant are its other financial assets invested with QIC which are presently measured at fair value (**Note 13)**. Changes in the fair value of these assets will be reflected in the Nominal Defendant's operating result.

AASB 16 *Leases*
This standard will first apply to the Nominal Defendant from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The Nominal Defendant will await further guidance from Queensland Treasury on the transitional accounting method to be applied. The Nominal Defendant has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16, including the extent of additional disclosure required.

AASB 1058 *Income of Not-for-Profit Entities and* AASB 15 *Revenue from Contracts with Customers*

These standards will become effective for the financial reporting period 2019-2020. The standards apply to certain types of revenue from customers and grants, and may change the timing of when such revenue is recognised. Based on present arrangements, the Nominal Defendant does not enter into contracts for the sale of goods and services, or grants. However, if such contracts are entered into in the future, the Nominal Defendant will need to follow the relevant accounting treatment specified in the new standards.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the Nominal Defendant's activities, or have no material impact on the Nominal Defendant.

16. BUDGETARY REPORTING DISCLOSURES

A budget versus actual comparison and explanation of major variances has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

In accordance with AASB 1055 *Budgetary Reporting*, the budget information presented to parliament has been restated for disclosure purposes to align with the presentation and classification bases adopted for the corresponding actual information in the financial statements, to facilitate a comparison of actual outcomes against the budget.

Explanations of major variances

Statement of Comprehensive Income

Net fair value gains on other financial assets	The increase in net fair value gains on other financial assets is primarily due to higher than expected earnings on QIC investments as a result of improvements in the global equity markets.
Gross claims incurred	The variance in gross claims incurred is a result of $12.0M lower than anticipated movement in outstanding claims liability and $20.8M lower than anticipated claims costs. The outstanding claims liability is based on actuarial assessment.
Supplies and services	The decrease in supplies and services is due to lower QIC management fees as a result of the reduced investment fund balance following the transfer of $600 million from ND to NIIAQ in August 2016.

Statement of Financial Position

Cash and cash equivalents	The cash balance is higher than projected as detailed in the Statement of Cash Flows.
Receivables	The variance is due to receipt of receivables recorded as at 30 June 2017 which were not anticipated in the 2016-17 budget.
Other financial assets (current and non-current)	The variance in other financial assets reflects reduced investment fund balance as a result of the $600 million transfer from ND to NIIAQ in August 2016, partially offset by an increase in the projected operating result available for investment.
Claim Recoveries (current and non-current)	The variance in claim recoveries reflects actuarial assessment as at 30 June 2017.
Unearned levies	The variance in unearned levies reflects the change in recognition of unearned levies which was not included in the original budget.
Outstanding claims liability	The movement in the current and non-current outstanding claims liability reflects actuarial assessment as at 30 June 2017.
Accumulated surplus	The decrease in accumulated surplus reflects the $600 million transfer from ND to NIIAQ in August 2016, partially offset by an increase in the projected operating result for 2016-17.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

16. BUDGETARY REPORTING DISCLOSURES – continued

Statement of Cash Flows

Claim recoveries	The increase in claim recoveries is primarily due to sharing recoveries received.
Gross claims incurred	The variance in gross claims incurred is a result of lower than expected claim payments as the 2016-17 budget was based on 30 June 2015 projection.
Supplies and services	The variance is due to lower than anticipated expenditure on contractors.
Payments for other financial assets	The variances in cash flows from investing activities reflect the investment of higher than expected surplus funds provided by operating activities.

17. KEY MANAGEMENT PERSONNEL AND REMUNERATION

Details of key management personnel

The following details for key management personnel (KMP) include those positions that had authority and responsibility for planning, directing and controlling the activities of the Nominal Defendant during 2016-17. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities
Insurance Commissioner	Leads the efficient, effective and economic administration of the Nominal Defendant.
Director, Finance and Procurement	Responsible for the efficient, effective and economic financial administration and procurement of the Nominal Defendant.
Director, Business Solutions	Responsible for the efficient and effective information systems and reporting.
Director, CTP Scheme Claims	Responsible for the Nominal Defendant claims management operation and licensed insurer claims management monitoring.

17. KEY MANAGEMENT PERSONNEL AND REMUNERATION – continued

Remuneration policies

Remuneration policy for the Nominal Defendant's KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment (including motor vehicle entitlements) for the KMP are specified in employment contracts.

Remuneration packages for KMP comprise the following components:

- Short term employee benefits which include:
  - Salaries, allowances and leave entitlements paid and provided for the entire year, or for that part of the year during which the employee occupied the specified position.
  - Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

KMP remuneration expense

The following disclosures include remuneration in connection with the management of the Nominal Defendant, the MAIC, the Queensland Government Insurance Fund and the NIIA. The remuneration has been allocated in the Statement of Comprehensive Income in accordance with services provided between the entities.

Remuneration of the Director, CTP Scheme Claims is as follows:

Reporting Period	Short term employee expenses		Long term employee expenses $'000	Post employment expenses $'000	Termination benefits $'000	Total expenses $'000
	Monetary expenses $'000	Non-monetary expenses $'000				
1 July 2016 to 30 June 2017	133	-	3	16	-	152
1 July 2015 to 30 June 2016	17	-	-	2	-	19

The other KMP are not included in this table, however, they have been included in MAIC's financial statements under **Note 16**.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

18. RELATED PARTY TRANSACTION

Transactions with people/entities related to KMP

During the financial year there were no transactions with people or entities related to KMPs of ND.

Transactions with other Queensland Government-controlled entity

The Nominal Defendant provided an equity injection to NIIAQ as disclosed in **Note 11**.

The Nominal Defendant receives corporate support services from Queensland Treasury and incurs management fees from QIC for the management of the QIC unlisted unit trusts as disclosed in **Note 6**.

19. TAXATION

The Nominal Defendant is a statutory body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Nominal Defendant. GST credits receivable from, and GST payable to the ATO, are recognised in the Statement of Financial Position (refer to **Note 8**).

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

Changes in Accounting Policy

The department did not voluntarily change any of its accounting policies during 2016-17.

Accounting Standards Applied for the First Time

The only Australian Accounting Standard that became effective for the first time in 2016-17, and materially impacted on this financial report, is AASB 124 Related Party Disclosures. This standard requires note disclosures about KMP remuneration expenses and other related party transactions, and does not impact on financial statement line items.

The Nominal Defendant discloses detailed information about remuneration of its KMP, based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies, and there was only a minimal impact for the Nominal Defendant's disclosures compared to 2015-16 (refer to **Note 17**). Comparative information will continue to be disclosed in respect of KMP remuneration. Based on the revised AASB 124's definition of KMP, the Nominal Defendant has assessed that its responsible Minister is not part of its KMP.

CERTIFICATE OF THE NOMINAL DEFENDANT

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the financial year ended 30 June 2017 and of the financial position of the Nominal Defendant at the end of that year; and

c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

L LEE
B.Com, CA
Director Finance and Procurement
28 August 2017

N SINGLETON
B.Bus (Insurance), MBA
Insurance Commissioner
28 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Insurance Commissioner

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Nominal Defendant. The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Insurance Commissioner and the Director Finance and Procurement.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the Insurance Commissioner for the financial report

The Insurance Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Insurance Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Insurance Commissioner is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Insurance Commissioner.
- Conclude on the appropriateness of the Insurance Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Insurance Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2017:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

QUEENSLAND
29 AUG 2017
AUDIT OFFICE

P Christensen FCPA
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

APPENDICES

APPENDIX 1: ACTUARIAL CERTIFICATE, NOMINAL DEFENDANT FUND

Actuarial Certificate
Queensland Nominal Defendant Fund
Outstanding Claims Liability as at 30 June 2017

The State Actuary's Office was asked by the Nominal Defendant to undertake a valuation of the Nominal Defendant Fund's ("The Fund") claims liabilities as at 30 June 2017 and to advise on an appropriate balance sheet provision for these liabilities.

The data, assumptions, approach and results of this valuation are described in detail in our report entitled "Nominal Defendant Outstanding Claims Liability Review 30 June 2017". The advice set out in our report has been prepared in compliance with the relevant accounting standard AASB 137 and Professional Standard 300 of the Institute of Actuaries of Australia.

Results

The recommended provision for the Nominal Defendant as at 30 June 2017 is $131.0 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 10% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

Reliances and Limitations

In preparing our advice we relied extensively on information supplied by the Nominal Defendant. Independent verification of this information was not undertaken although it was reviewed and checked for reasonableness and consistency.

Although we have prepared estimates in conformity with what we believe to be the likely future experience, the experience could vary considerably from our estimates. Deviations from our estimates are normal and to be expected.

A.A. van den Berg
Fellows of the Institute of Actuaries of Australia
27 July 2017

M. J. Clacher

APPENDIX 2: ACTUARIAL CERTIFICATE, NOMINAL DEFENDANT FUND – FAI RUN-OFF

Actuarial Certificate
Queensland Nominal Defendant Fund – FAI Run-Off
Outstanding Claims Liability as at 30 June 2017

The State Actuary's Office was asked by the Nominal Defendant to undertake a valuation of the Nominal Defendant Fund's ("The Fund") claims liabilities in respect of the FAI run-off as at 30 June 2017 and to advise on an appropriate balance sheet provision for these liabilities.

The data, assumptions, approach and results of this valuation are described in detail in our report entitled "Nominal Defendant – FAI Run-Off Outstanding Claims Liability Review 30 June 2017". The advice set out in our report has been prepared in compliance with the relevant accounting standard AASB 1023 and Professional Standard 300 of the Institute of Actuaries of Australia.

Results

The recommended provision for the Nominal Defendant as at 30 June 2017 is $5.0 million, comprising the central estimate of the liability for outstanding claims and a prudential margin. The recommended provision is net of reinsurance and other recoveries. The central estimate is discounted (i.e. allows for investment income on notional assets equivalent to the liabilities), allows for future claim inflation and claim handling expenses. The prudential margin of 16% of the central estimate allows for the risk and uncertainty associated with the estimated liability.

Reliances and Limitations

In preparing our advice we relied extensively on information supplied by the Nominal Defendant. Independent verification of this information was not undertaken although it was reviewed and checked for reasonableness and consistency.

Although we have prepared estimates in conformity with what we believe to be the likely future experience, the experience could vary considerably from our estimates. Deviations from our estimates are normal and to be expected.

A.A. van den Berg
Fellows of the Institute of Actuaries of Australia
27 July 2017

M. J. Clacher

APPENDIX 3: LICENSED INSURERS

Currently licensed CTP insurers

AAI Limited (trading as Suncorp)
GPO Box 1453
Brisbane QLD 4001
Ph 13 11 60
ABN 48 005 297 807

Allianz Australia Insurance Limited
GPO Box 2226
Brisbane Qld 4001
Ph 131 000
ABN 15 000 122 850

QBE Insurance (Australia) Limited
GPO Box 1072
Brisbane Qld 4001
Ph 133 723
ABN 78 003 191 035

RACQ Insurance Limited
PO Box 3313
Tingalpa DC Qld 4173
Ph (07) 3893 9697
ABN 50 009 704 152

Previously licensed CTP insurers

Insurance Australia Limited (trading as NRMA Insurance)
ABN 11 000 016 722 *Licence withdrawn 01/01/2014*

Suncorp Metway Insurance Limited
ABN 83 075 695 966 *Licence withdrawn 01/07/2013*

Australian Associated Motor Insurers Limited
ABN 92 004 791 744 *Licence withdrawn 01/07/2013*

FAI Allianz Limited (trading as FAI Insurance)
ABN 80 094 802 525 *Licence withdrawn 01/07/2002*

FAI General Insurance Company Limited
ABN 15 000 327 855 *Licence suspended on 1 January 2001 Insurer became insolvent on 15 March 2001*

Fortis Insurance Limited (formerly VACC Insurance Co. Limited)
ACN 004 167 953 *Licence suspended 30/03/1999 pending withdrawal*

Zurich Australian Insurance Limited
ACN 000 296 640 *Licence withdrawn 15/11/1997*

Commercial Union Assurance of Australia Ltd
ACN 004 478 371 *Licence withdrawn 01/03/1997*

CIC Insurance Limited
ACN 004 078 880 *Licence withdrawn 22/01/1996*
Insurer became insolvent on 15 March 2001

GIO General Limited
ACN 002 861 583 *Licence withdrawn 30/06/1996*

Mercantile Mutual Insurance (Australia) Ltd
ACN 000 456 799 *Licence withdrawn 01/11/1996*

APPENDIX 4: PERFORMANCE STATEMENT (SDS)

Service Standards	Notes	2016-17 Published Annual Target	2016-17 Revised Annual Target	2016-17 Actual
Effectiveness measure				
Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings		<45%	<45%	25.48%
Efficiency measures				
Percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year		50%	50%	62.3%
Percentage of Nominal Defendant claims settled within two years of compliance	1	50%	50%	73.2%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date	2	95%	95%	96.4%

1. Favourable variance is due to higher than anticipated number of claims being finalised.
2. Claims can take two to three years to settle; consequently, it is difficult to estimate the number of claims that will be finalised in any given period.

APPENDIX 5: GRANTS AND SPONSORSHIPS

Organisation	Future commitment*	2016/17 $	2015/16 $
RECOVER Injury Research Centre formerly (CONROD) (2014-2017) incorporating:	*future funding to be determined	2,015,737	1,964,860
University of Queensland		1,105,322	1,075,719
Griffith University allocation	discontinued	910,415	889,141
Centre for Accident Research and Road Safety Queensland (CARRS-Q)(2016 – 2019)	5,718,753	2,714,120	2,730,047
Department of Transport and Main Roads – Funding to support Transport Academic Partnership 2015-2020 - formerly Academic Strategic Transport Alliance (ASTRA).	175,588	110,018	0
University of Sunshine Coast – Young driver situation awareness fast tracking including identifying escape routes (SAFER): a pilot project.	30,923	0	30,923
Griffith University – Spinal Cord Therapy research	3,347,894	1,738,289	0
Police Citizens Youth Welfare Association (PCYC Queensland) – Funding to support operation of Braking the Cycle program across 14 branches	3,455,368	1,707,937	0
Spinal Life Australia – Back 2 Work – Vocational rehabilitation project	318,300	186,675	0
The George Institute for Global Health – Contribution towards ongoing costs of Physiotherapy Evidence Database (PEDro).	0	25,000	25,000
University of Sydney – Partnership funding to develop website to support improved physiotherapy treatment for people with whiplash.	0	8,000	28,000
University of Queensland – To support a Professorial Fellowship in Traumatic Brain Injury Research at the Queensland Brain Institute (2015-2020)	900,000	300,000	300,000
Griffith University – Partnership funding to develop and test a decision system for identifying housing options, preferences and priorities in the disability market.	55,762	71,489	72,743
Metro South Hospital and Health Service – Transitional rehabilitation service pilot (2016-2021)	11,066,121	3,609,797	0
University of Queensland via Children's Health Foundation Queensland – Partnership funding to establish a Queensland Chair in Paediatric Rehabilitation (2017 – 2022)	1,000,000	0	0
Griffith University – Partnership funding to develop a clinical pathway of care for whiplash injury.	110,625		36,875
Griffith University – Partnership funding to establish a Professor of Disability and Rehabilitation.	30,000	30,000	40,000
Spinal Injuries Association of Australia – Contribution towards continuation of Queensland school awareness programme –Spinal Education Awareness Team (SEAT).	0	0	25,000
Griffith University – Provide funding to establish Hopkins Centre to foster research into disability and rehabilitation.	5,326,305	0	0
Queensland University of Technology – Establish Trauma Data Warehouse Fellowship	599,878	0	0

Organisation	Future commitment*	2016/17 $	2015/16 $
University of Queensland – Funding to pilot social skills training program (PEERS) with children with acquired brain injury.	129,465	0	0
Road Trauma Mitigation Fund – Collaborate with Queensland Police Service (QPS) and Department of Transport and Main Roads (TMR) around identified initiatives to reduce claims frequency and support Qld Road Safety Strategy and Action Plan.	10,247,349	4,250,312	2,325,000
Sponsorships – Provide sponsorships to one off activities aimed at accident prevention or enhancing injury management/rehabilitation.	0	7,727	0
Total funding committed/allocated	42,512,331	16,775,102	7,578,448
Less refunds of residual grant funding			
Road Trauma Mitigation Fund	0	0	(24,940)
Centre for Accident Research and Road Safety Queensland (CARRS-Q) – To undertake an evaluation of the 'Braking the Cycle' intervention to assist disadvantaged youth to meet learner driver requirements.	0	0	(674)
Total Funding Returned	0	0	(25,614)
GRANT TOTAL (Allocated less returned)	42,512,331	16,775,102	7,552,834

* Estimate of grant funding committed for expenditure from 1 Jul 2017.

Ongoing projects funded in previous years

In the majority of cases, the following projects were previously funded by the Commission through the provision of a one-off payment. This payment is held in trust with the interest used to fund the ongoing operations of each project. The progress of these projects is monitored through regular activity and financial reporting.

- Royal Australian College of General Practitioners Research Fellowship
- Royal Australasian College of Physicians Research Fellowship
- Royal Australasian College of Surgeons Research Fellowship
- University of Queensland
  - School of Human Movement Studies Teaching and Community Services Rehabilitation Research Fellowship

Research centres

The two Commission funded research centres (RECOVER and CARRS-Q) produce six monthly activity and financial reports covering the research conducted within the centres and providing details on projects funded through other competitive grant processes.

Further information on CARRS-Q and RECOVER's research and activities is available by visiting **www.carrsq.qut.edu.au** and **www.recover.edu.au**.

APPENDIX 6: GLOSSARY

Term	Definition
Claim Farming	The process by which a third-party cold-calls an individual to encourage them to make a compensation claim and then 'on sells' the person's personal details to law firms.
CTP	Compulsory Third Party
DTMR	Department of Transport and Main Roads
Long-tail and short-tail insurance	In general terms, this name stems from the length of time (the tail) that it takes for a claim to be made and settled. For short-tail insurance products, claims are usually known and settled within 12 months. For long-tail insurance products, claims may not even be reported within 12 months, and settlements can take many years.
MAI Act	*Motor Accident Insurance Act 1994*
MAIC	Motor Accident Insurance Commission
NIISQ Act	*National Injury Insurance Scheme (Queensland) Act 2016*
NIISQ	*National Injury Insurance Scheme Queensland*
QAO	Queensland Audit Office
QLS	Queensland Law Society
The Agency	National Injury Insurance Agency Queensland

APPENDIX 7: NIISQ ADMINISTRATION AND OPERATIONAL SUMMARY

NIISQ CEO's REPORT

As the first Board and CEO, I am proud to report the successful establishment of the NIISQ, thanks to the positive support and collaboration of so many people and groups. This first annual report aims to share with you our story in addition to providing you with progress on our performance.

The NIISQ was established to meet an important need - supporting people who were seriously injured in motor vehicles accidents in Queensland. Thanks to the introduction of the NIISQ, the scheme is already providing lifetime care and support to seriously injured people, regardless of fault, helping them transition from hospitals, back in to their communities and homes and helping them set goals for the future. We have participants from ages 1 to 85 and from across Queensland. The NIISQ team are helping injured people access diverse resources from home and vehicle modifications to health and attendant care services right across Queensland.

From the get go, the team that has come together to establish and operate the scheme have been wonderful. A number of people within the Insurance Commission and broader Treasury have taken on NIISQ responsibilities in addition to their existing duties. New staff have joined and are clearly passionate and proud to help build a successful and trusted scheme. WorkCover Queensland kindly seconded staff to us in our early days – wherever we have looked, collaboration and help has been readily available.

Many stakeholders attended our collaboration forums during the year. I am grateful to all for their interest in the NIISQ and their willingness and availability to help us set a successful course. The NIISQ team continue to visit various groups to discuss the Scheme and help improve awareness and understanding of its role and purpose.

We have developed our strategic plan, workforce plan and operational plans as well as an interim IT solution. Monitoring reports are in place and will evolve over time as the scheme grows. Importantly the Scheme is fully funded.

In July 2016, on behalf of the NIISQ I was privileged to receive the artwork Walking Together from acclaimed Indigenous artist Paul Constable Callcott. Paul lives with a disability and works in the disability sector. Listening to Paul, he explained how the painting symbolises the purpose and place for the NIISQ with a focus on healing and helping injured Indigenous people become strong again. The painting is proudly on display in our Head Office as an uplifting reminder of the Scheme's connection to people and community.

Many people contributed to the successful establishment of the NIISQ. The tireless Carmel Harkin, Peter Roche, Glenda Viner, Karen Opitz all made important contributions in different ways and have moved on to other roles. Yasmin Kennedy, Nicole Quayle and Jozef Latten from Queensland Treasury provided wonderful expert support. I am grateful to them all.

My very special thanks goes to Marayke Jonkers our inspirational NIISQ ambassador. Marayke helped make the NIISQ real and gave it a voice to connect to the community when the Scheme launched. Her personal advice and guidance has been invaluable and I am hoping we will see Marayke remain involved with the NIISQ in various ways for many years to come.

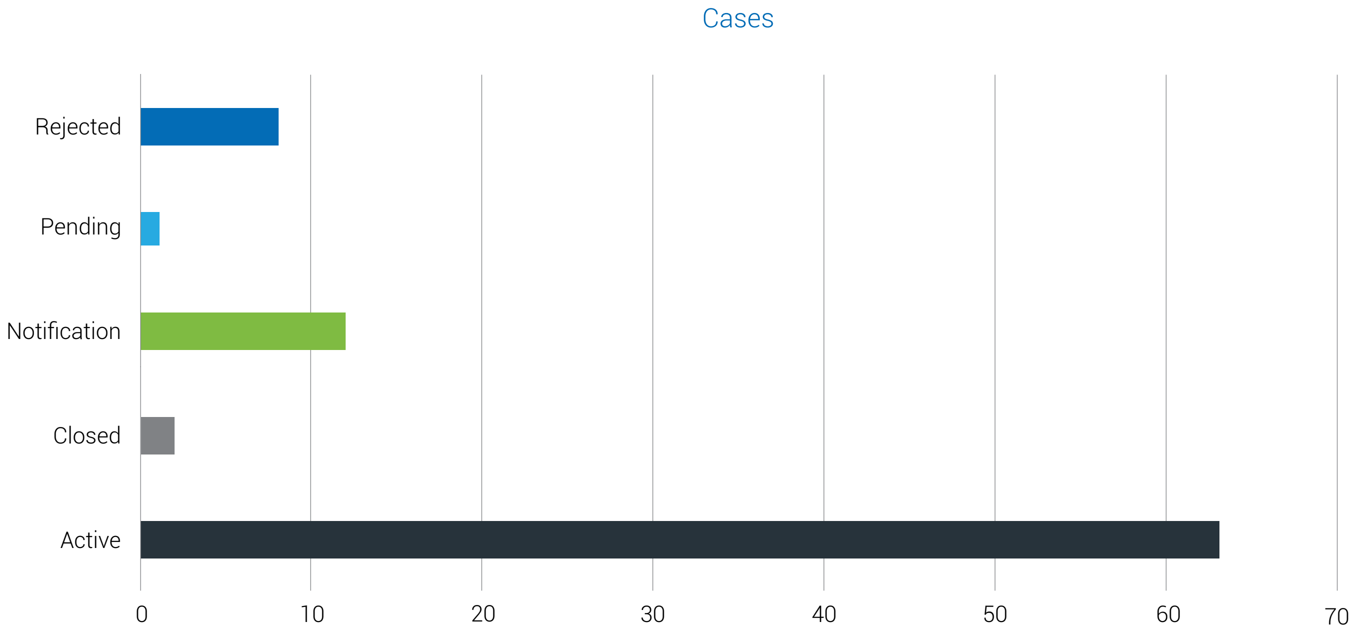
Year one is full of achievement but the NIISQ is a lifetime scheme and the success of the NIISQ won't truly be known for decades to come. This will require patience, trust and confidence in the NIISQ staff and the expert advisers and custodians to guide the Scheme smoothly and soundly for the long-term. As Paul Kelly so aptly wrote 'from little things big things grow'. The NIISQ will grow – not just in financial size and scale but in building confidence for seriously injured people and their families and carers and also for the community who can trust that the NIISQ team are focused on delivering the vision of making lives better.

I look forward to supporting the incoming NIISQ Board in 2017-18.

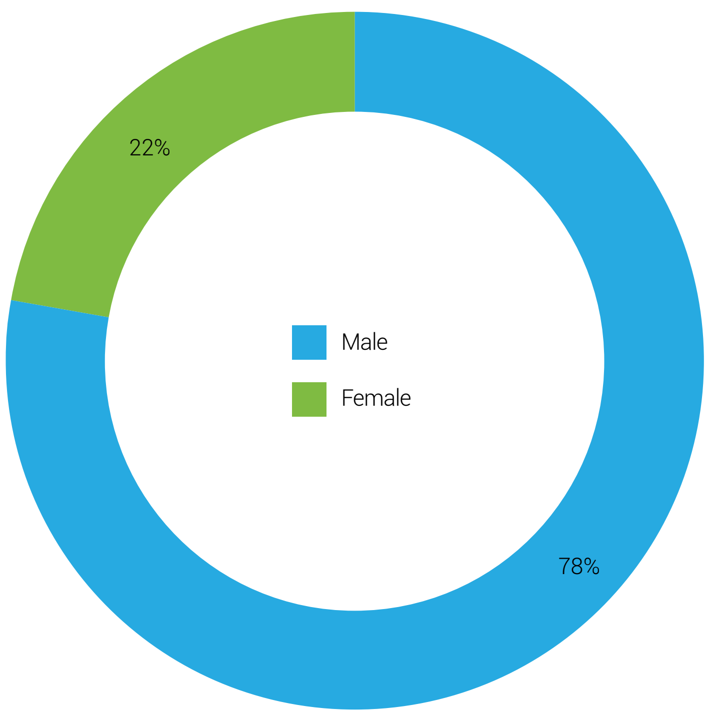
Neil Singleton
Insurance Commissioner

NIISQ Participants 2016-17

Cases by status



Participants by gender



NIISQ Participants 2016-17

The cost of administering the scheme during 2016-17 was $461.575m including a provision for future Participants' Lifetime Treatment Care and Support Services Expenses of $475.095m. Further details about the costs of administering the scheme in 2016-17 can be found in the National Injury Insurance Agency Queensland Annual Report. The Agency's Annual Report can be accessed at **www.niis.qld.gov.au**.