MOTOR ACCIDENTS INSURANCE BOARD

ANNUAL REPORT 2008-2009

RSTF
ROAD SAFETY TASK FORCE
JUST LIKE THAT

Vision Statement

To be highly regarded nationally in the provision of competitively priced, quality, service-driven personal injury motor accident insurance.

Mission Statement

To provide a commercially viable, cost competitive, high quality, personal injury insurance scheme which offers fair and equitable compensation for people injured in a motor accident.

Values Statement

In seeking to achieve the mission and vision, the principal values of the Board are:

- Accountability and Responsibility;
- Integrity;
- Unity of Purpose;
- Professionalism and Dignity; and
- Innovation.

Corporate Citizenship Statement

Corporate citizenship for the Board involves:

- A clear social responsibility to provide an affordable product as it is a compulsory scheme;
- Legal and moral elements;
- Solid organisational values; and
- An acknowledgement that citizenship decisions must be cognisant of governing legislation and community expectations and should relate to core business.

Highlights

- Strong underwriting performance with claims costs below budget.
- No premium increases for any vehicle classification for fourth consecutive year.
- Decision to fund Road Safety Task Force for further three years from 1 January 2009.
- Black Spot Funding commitment of $2.0 million.
- Commencement of the fifth Government Prices Oversight Commission Investigation into Board pricing policies.
- Scheme solvency at a respectable 15.5% despite global financial crisis.

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

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

Introduction

What is the Motor Accidents Insurance Board?

The Motor Accidents *(Liabilities and Compensation) Act 1973* (the Act) established the Motor Accidents Insurance Board (Board) in 1974 in order to administer the funding and payment of compulsory third party (CTP) motor accident insurance to eligible people who have been injured in a motor accident. Compensation is available to eligible drivers, passengers, pedestrians, motorcyclists and cyclists.

All States and Territories of Australia have CTP Schemes which are funded through the application of compulsory premiums on all registered motor vehicles.

Compensation

The Board funds two types of compensation: no-fault benefits and common law damages.

No-fault benefits can cover the cost of the following:

- Medical and hospital expenses;
- Rehabilitation costs;
- Attendant care;
- Disability allowance (as a partial replacement of lost earnings); and
- In the case of fatal injuries, funeral expenses and dependency benefits (where applicable).

Reasonable medical expenses and loss of income benefits are paid for all accepted claims, irrespective of who caused the motor accident.

Where personal injury is caused by the negligence of a motorist, common law damages are payable to the full extent allowed in Tasmania.

Primary Functions

Provision of Compensation
The two core business activities of the Board are:

- Assessment and payment of scheduled benefits in accordance with the requirements of the Act and the *Motor Accidents (Liabilities & Compensation) Regulations 2000*; and
- Settlement of common law damages pursuant to the indemnity provisions of the Act.

Financial Management
The Board strives to maintain a balance between premium income, the cost of claims (including a prudential margin) and the requirement to achieve a sustainable commercial rate of return that maximises value for the State.

Injury and Accident Prevention
The Board has an ongoing commitment to the reduction of the number and severity of motor accidents in Tasmania. It is through significant contributions to the Road Safety Task Force, the Tasmanian Black Spot Program and the Injury Prevention and Management Foundation that the Board aims to achieve this commitment.

A reduction in the number and severity of personal injury claims has many positive benefits to the Tasmanian community.

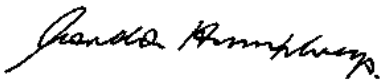
Statement of Compliance

The Hon. Michael Aird, MLC, Treasurer and the Hon. Graeme Sturges, MP, Minister for Infrastructure

In accordance with section 55 of the *Government Business Enterprises Act 1995*, we hereby submit for your information and presentation to Parliament the report of the Motor Accidents Insurance Board for the year ended 30 June 2009. The Report has been prepared in accordance with the provisions of the *Government Business Enterprises Act 1995*.

Signed in accordance with a resolution of the Directors:

Dated: 23 September 2009



G J Humphreys
Chairperson

C E Bell
Director

Governance Structure as at 30 June 2009

Portfolio Minister

The Hon. Graeme Sturges, MP

Treasurer

The Hon. Michael Aird, MLC

The Board of Directors

Chair:	Gordon Humphreys
Directors:	Kim Barker
	Christine Bell
	Kate Brown
	John Harry
	Peter Roche (CEO)
	Mark Scanlon
	Kate Stephenson

Management Team

Chief Executive Officer:	Peter Roche
Chief Operating Officer:	Christine Wilson
Chief Financial Officer:	Derek Thurm
Manager – Claims and Rehabilitation:	Lisa Bingley
System Administrator:	Jo-Anne Wilson
Executive Officer:	Kim Humphries
Financial Accountant:	Angie Edwards

Corporate Governance - Board of Directors

Gordon Humphreys
LLB, AREI, FAICD
Chair and Director (Independent)

Member:
- Claims Committee
- Foundation Committee

Appointed as Chair:
10 October 1982

Gordon Humphreys is a Director of Harrison Humphreys Pty Ltd, real estate agents, property consultants and auctioneers. Previously, he was a partner in Shields Heritage, Solicitors, specialising in Property and Commercial Law until retiring from legal practice in 1981. He is a Fellow of the Australian Institute of Company Directors.

Gordon has been a former Chairman of Metro Tasmania Pty Ltd, inaugural Chairman and a Director of the Tasmanian International Velodrome Management Authority, a Director of the Launceston Bank for Savings and the Menzies Centre for Population Health Research and President of the Launceston Chamber of Commerce.

Kim Barker
BA, DipEd, MAICD
Director (Independent)

Member:
- Claims Committee

Appointed as Director:
15 September 2003

Kim Barker has extensive experience as a rehabilitation consultant, counsellor and mediator.

Kim is Deputy President of the Mental Health Tribunal, Chair of the Tasmanian Training Agreements Committee and a member of the Guardianship and Administration Board and the Social Security Appeals Tribunal.

Christine Bell
BEc, MComLaw, FCA, FAICD, MIAMA
Director (Independent)

Chair:
- Audit Committee

Appointed as Director:
29 May 2000

Christine Bell is a self-employed business consultant with clients in the public and private sectors. She has been a Client Director of Deloitte, a partner in a firm of chartered accountants, Financial Controller of a private company and Finance Manager in the public sector. She has a high level of experience in both internal and external auditing.

Christine is a Fellow of the Institute of Chartered Accountants with a Bachelor of Economics and Master of Commercial Law degrees. She is a Graduate and Fellow of the Australian Institute of Company Directors and a member of the Institute of Arbitrators and Mediators.

Christine is also a Director of Transend Networks Pty Ltd and MIT Fund Limited.

Kate Brown
BA, LLB, MAICD
Director (Independent)

Member:
- Claims Committee
- Foundation Committee

Appointed as Director:
1 July 2001

Kate Brown graduated from the University of Tasmania in 1994 with combined Arts/Law Degrees. She practised initially at Clarke and Gee, primarily in criminal law and civil litigation with an emphasis on plaintiff personal injuries work. In 2001 she began working at Dobson, Mitchell and Allport where she concentrated on personal injuries litigation for defendant insurers, leaving in 2003 to have a family.

Kate has been a member of the Guardianship and Administration Board since 2005 and the Mental Health and Forensic Tribunals since 2008. Between 2005 and 2008 she was a member of the Racing Regulatory Panel. In 2009 she commenced as Deputy Chair of the Integrity Assurance Board.

John Harry
LLB (Hons), ASA, FAICD
Director (Independent)

Member:
• Audit Committee

Appointed as Director:
1 July 2001

John Harry is a consultant to the Hobart legal firm of Page Seager and practises in the area of commercial law.

John is currently the Chairman of Salmon Enterprises of Tasmania Pty Ltd.

John has previously been the Chairman of the Retirement Benefits Fund Board and the Solicitors Trust, a long term Director of Roberts Limited and Ruralco Limited and is registered as a company auditor.

Peter Roche
ANZIIF (Aff), FAICD
Director and Chief Executive Officer

Member:
• Claims Committee

Appointed as Director:
10 May 2004

Peter Roche was appointed Chief Executive Officer of the Board in 1996. Previously he held the position of Deputy General Manager of the Workers Compensation Board of Queensland (now Workcover Queensland) after having occupied several senior positions with Workcover. He has over 45 years experience in the insurance industry.

Peter is currently the Board's representative on the Road Safety Task Force (RSTF).

Mark Scanlon
MBA, BBus, FCPA, FAICD
Director (Independent)

Member:
• Audit Committee

Appointed as Director:
5 November 2007

Mark Scanlon is Managing Director of Tasmanian Perpetual Trustees Limited. In his role he is responsible for implementing the Board sanctioned strategic plan, as well as ensuring sound operational and financial management results in the achievement of overall profitability, growth and organisational objectives.

Mark has over 30 years experience in the finance sector, having held senior management positions in banks, funds management companies, building societies, friendly societies and finance companies. He is a Director of the Heart Foundation Tasmania, a member of the National Council of the Trustees Corporation of Australia and a member of the ASIC Tasmanian Liaison Committee.

Kate Stephenson
BA, DipEd, DipBus, DipFP, FAICD
Director (Independent)

Member:
• Claims Committee

Appointed as Director:
1 July 2001

Kate Stephenson spent 20 years in the fields of insurance, funds management and financial planning, including lecturing in Financial Planning at the University of Tasmania.

Kate has served on various Boards for the past 13 years and is currently also Chairperson of the Southern Schools Improvement Board.

Corporate Governance (continued)

Legislative Authority

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

Corporate Plan and Ministerial Charter

In accordance with the GBE Act, the Board has a Corporate Plan and a Ministerial Charter. The five year rolling Corporate Plan provides clear direction for the organisation.

Board of Directors and its Committees

The composition of the Board of Directors is governed by section 11 of the GBE Act. The Chairperson and Directors are appointed by the Governor on the recommendation of the Portfolio Minister and Treasurer.

The Directors are responsible for the corporate governance and strategic direction of the Board, ensuring that its business and affairs are conducted and managed in accordance with sound commercial practice and are consistent with the goals specified in the Corporate Plan. The Directors are responsible to the Portfolio Minister and the Treasurer for the operations and performance of the Board.

There are four sub-committees of the Board of Directors.

Audit Committee
The Audit Committee, which meets on a regular basis, is constituted in accordance with section 16 of the GBE Act and has an essential role to play in ensuring the integrity and transparency of the Board's reporting.

Claims Committee
The Claims Committee considers common law settlements (where damages exceed $200,000) and also meets regularly to expedite claim settlements.

Injury Prevention and Management Foundation (Foundation) Committee
The Foundation Committee calls for funding applications and evaluates them against Foundation objectives. The Committee then provides a recommendation to the Board of Directors for ratification.

Nomination Committee
The Board as a whole also acts as the Nomination Committee, which is responsible for considering the required skills of the Board of Directors, reviewing succession plans, considering the appointment of Directors and the annual Board performance evaluation process.

Board Processes

The Board of Directors reviews its operations regularly to ensure continuous improvement in Board procedures and practices.

Board performance evaluations and appointments are managed in accordance with Treasury issued Guidelines.

Performance evaluations (of the Board and its Committees) are conducted annually and the results are examined for the purpose of identifying any potential areas for improvement in the Board and its Committees.

New Director appointments are considered in order to ensure that they add value to the Board.

If required, the Board of Directors may seek independent professional advice, at the expense of the Board, providing the issue has first been raised with the Chairperson or opened for discussion at a Board meeting.

The Board has a policy in place for induction, education and training to ensure that all Directors understand the corporate directions of the Board and that all new Directors undergo a thorough induction process. There is a yearly budget allocation for each Director's ongoing education and training.

> The Board of Directors conducts an annual self assessment to ensure compliance with relevant State and Federal Legislation.

Disclosure of Interests

The GBE Act provides a mechanism for the disclosure of interests of the Directors. The relevant interests of the Directors are reviewed monthly.

Status of Compliance

The Board of Directors conducts an annual self assessment to ensure compliance with relevant State and Federal Legislation. Governance controls are implemented where appropriate to ensure ongoing compliance with existing and introduced legislation.

CEO Performance

A formal process for the evaluation of the CEO's performance is in place. The formal evaluation is based on specific criteria including the Board's business performance, achievement of strategic objectives, service delivery, leadership and risk management. This assessment is conducted annually by Directors and includes the requirements under section 20B of the GBE Act.

Code of Conduct

As part of its commitment to the highest standard of conduct and service, the Board has adopted codes of conduct to guide Directors, management and staff in carrying out their duties and responsibilities. The codes of conduct are reviewed annually and reflect the Board's values of accountability and responsibility, integrity, unity of purpose, professionalism and dignity. The Code of Conduct is available for the public to view at the MAIB website.

Risk Management

The Board has in place a risk management framework including a Risk Management Policy, Risk Management Plan and a Business Continuity Plan (BCP). The risk profiles of all strategic areas are reviewed by senior management biannually. Formal reporting of the risk management framework and the internal mitigation of risks is made to the Board of Directors through the Audit Committee. The BCP has been developed to guide employees of the Board in the event of a business disruption.

Pricing Policies

The *Government Prices Oversight Act 1995* established a mechanism for independent pricing oversight and established the Government Prices Oversight Commission (GPOC). GPOC commenced the fifth review of the Board's pricing policy in early 2009 with its final report due for release on 31 July 2009. Maximum premiums for the four years commencing 1 December 2009 will be set after the Government has considered the report from GPOC.

Public Interest Disclosures Act 2002

The Board has prepared procedures in accordance with section 60 of the *Public Interest Disclosures Act 2002*. A copy of these procedures can be obtained by contacting the Board.

Chairperson's Report

The strength of the underwriting result for the second successive year cushioned the impact of the global financial crisis and the negative effect it had on investment returns, culminating in an after-tax loss of $14.0 million, an improvement on the previous year.

The investment markets were again challenging because of the global financial crisis. The negative investment return of 6.4% compared most favourably with the median loss of negative 12.5%, sustained in balanced pooled funds, as published in the Mercer surveys. This was achieved through a decision to hold an overweight allocation in cash in light of the difficult market conditions. The total investment loss was $68.5 million.

While premium income marginally exceeded the forecast, the significant contributing factor to the positive underwriting result of $52.9 million was the lower than expected claims expense. There were many positives identified in the annual independent actuarial analysis including a reduced stock of common law claims and favourable provisioning for future care claims.

Total claims provisions (net of reinsurance recoveries) of $665.4 million at 30 June 2009 was only marginally more than the provision of $657 million at 30 June 2008. Given the long-term nature of the scheme this was still an excellent outcome.

Scheme solvency (target range of 20% - 25%) has been adversely impacted by the unfavourable investment returns over the past two years. Despite the fallout from the global financial markets the Board's solvency position remains sound, which is testimony to the strength of the scheme. At 30 June 2008 the solvency level was 22.6% and at 30 June 2009 it was 15.5%.

The Board's commitment to road safety has continued. An allocation of $2 million was provided to the State's Black Spot program with $1 million made available to nine local authorities for eleven projects. The other $1 million was allocated to the Constitution Hill project on the Midland Highway, which was largely funded by the State and Commonwealth Governments. All projects are to be completed early in the new financial year.

As reported last year, Dr Jeremy Woolley of the Centre for Automobile Safety Research, University of Adelaide, conducted a review of the Board funded Road Safety Task Force in 2008. The Board accepted Dr Woolley's recommendation for a continuation of funding, with $3.16 million per annum (indexed) committed for a further three years from 1 January 2009.

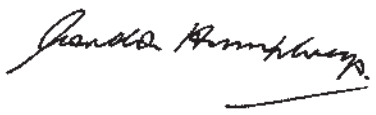
Despite the activities of the Road Safety Task Force and other road safety initiatives, the number of fatalities or seriously injured on our roads remains a concern. It is a major disappointment that in the six months to 30 June 2009, more people lost their lives on Tasmanian roads than in the corresponding period for the previous seven years.

This is a similar number to the number of fatalities in the 2008 calendar year. It is of no comfort that other States of Australia are experiencing an upward trend in the number of fatalities and it may be that new approaches will be necessary at both State and National levels.

Following the introduction of new Guidelines for Tasmanian Government Businesses issued by the Department of Treasury and Finance, the Board's Corporate Governance policies and procedures have been reviewed to ensure compliance.

I wish to acknowledge and thank my fellow Directors for their continued support and dedication throughout the past year, which has been particularly difficult because of the depressed economic circumstances. The experience they bring to the Board is greatly valued.

The Board of Directors appreciate that the Chief Executive Officer, Peter Roche, his management team and staff continue to manage the business in a professional and dedicated manner and provide an excellent service to the people of Tasmania.



Gordon Humphreys
Chairperson

Chief Executive Officer's Report

Despite the difficulties in the financial markets and a minor deterioration in claim frequency, lower than expected claims costs and unchanged premiums were positive aspects of the year.

For the financial year ending 30 June 2009, the Board recorded a pre-taxation loss of $26.3 million. The volatility in the global financial markets resulted in an investment loss of $68.5 million which was $155 million under budget. Net claims costs of $63.9 million, however, were under budget by $50.5 million.

There was a small increase in the number of new claims received, notably through a spike in accident numbers in the latter half of the year. The increase of 2.5% follows more than a decade of declining claim numbers. With vehicle numbers increasing by a moderate 1.4%, claim frequency increased from 7.52 to 7.63 claims per thousand vehicles. Any further deterioration in claim frequency would be of concern.

Following an actuarial review of premiums, it was decided to maintain premiums for all vehicle classifications at their current levels for a further year. Premiums were last increased from 1 December 2004. The increase in Average Weekly Ordinary Time Earnings (AWOTE) over the ensuing period is in the order of 15%. A Government initiative to extend the pensioner 20% discount on premiums for motor cars and light goods vehicles to Health Care Card Holders from 1 July 2008 has resulted in eligible people receiving the discount which currently equates to $66 per annum.

The Government Prices Oversight Commission (GPOC) commenced its fifth investigation into Board pricing policies in February 2009. Since the last review in 2006, the *Government Prices Oversight Act 1995* has been amended to allow for future investigations to be conducted every four years instead of triennially.

In June 2009, GPOC issued its Draft Report which recommends a premium increase of 3.5% for most motor vehicle classes from 1 December 2009 with a slightly higher increase for motor cycles, taxis and off-road vehicles. Premium adjustments in line with the movement in AWOTE are recommended for 2010, 2011 and 2012. The Final Report will be presented by GPOC to Government in July 2009.

Risk management activities included an external review of the Business Continuity Plan which was updated to reflect best and most current practice.

It is Board policy to support Tasmanian businesses whenever their services are competitive in terms of quality and price by ensuring that they are given every opportunity to compete for the Board's business.

The Board has met the requirements of the *Superannuation Guarantee (Administration) Act 1992*, as amended, in respect of those employees who are not covered by the Defined Benefits Scheme or the Tasmanian Accumulation Scheme of the Retirement Benefits Fund.

I take this opportunity to welcome six new staff members who joined the Board this year and trust that they will find their respective roles both challenging and rewarding. To all our staff, thank you for your dedication, loyalty and commitment. Through your positive attitude, we can continue to attain the goals of the Vision and Mission Statements.

Peter Roche
Chief Executive Officer

Community Involvement & Partnerships

Road Safety Task Force (RSTF)

The RSTF is a joint initiative of the Department of Infrastructure, Energy and Resources (DIER) and Tasmania Police and is wholly funded by the Board. The primary focus of the RSTF is to support road safety public education as well as enforcement activities. Many RSTF initiatives have contributed to a major impact on the reduction of crashes on Tasmanian roads.

In September 2008 the RSTF ran a print campaign in the Mercury and Advocate newspapers. The campaign was in the Personal Announcements section of the paper, which had 49 blank spaces for notices. At the beginning of the blank announcements there was a statement which read "The following notices are reserved for the 49 people likely to die on our roads in the next 12 months. These loving husbands, devoted wives, beautiful daughters, precious sons, best friends and treasured companions will be taken suddenly and without warning. Please stop us filling these spaces".

The RSTF monitors developments and emerging trends in road safety and enforcement on an ongoing basis.

A fourth independent evaluation into the activities and effectiveness of the RSTF was undertaken by Dr Jeremy Woolley of the University of Adelaide's Centre for Automobile Safety Research in 2008. The evaluation highlighted the continued improvement of the road trauma situation with numbers of claims and serious claims trending down. The Board approved a RSTF investment of $3.16 million (indexed) for a period of three years from 1 January 2009.

Local Roads Black Spot Program

Through this program the Board continues its commitment to reducing serious casualty claims through contributions to 11 key projects on local roads which have a poor crash history. The focus of the program is to improve delineation and roadside hazard reduction on Council owned and rural roads to reduce the frequency and severity of loss of control crashes. A number of projects have been completed since the commencement of the program in 2006. These include the installation of four new crash barriers and remarking of existing centre lines using retro-reflective raised pavement markers on the Greens Beach Road (between Beaconsfield and Kelso) and the installation of additional guide posts, retro-reflective markers and curve warning signs on the Binalong Bay Road (St Helens to Binalong Bay). In total the Board is committed to funding $3 million for the life of this program, which is due to conclude in 2009/10.

Motor Cycle Skills Refresher Courses

With the steady number of motorcycle related claims and the increasing trend of mature age motorcyclists returning to the road, the Board continues to provide subsidised refresher training for Tasmanian motorcyclists to assist in improving riding skills.

The Road Skills Refresher Courses continue to be available to eligible motorcyclists at a maximum cost of $50 per participant. The focus of the one day course is to provide participants with information on safe riding practices and to improve their skills so that they can be better prepared. Participants continue to provide extremely positive feedback regarding the Road Skills Refresher Courses.

Agfest 2009

The Board again participated in the 2009 Agfest site, *"Working for a Safer Tasmania"* - the joint display with Tasmania Police, State Emergency Services, Tasmanian Ambulance, the RSTF and other agencies.

The main attraction this year was the TAG Systems Driving Technologies Simulator which assisted in the site's overall success and was a huge drawcard in attracting members of the public to the site.

Tasmanian Community Achievement Awards

In 2008 the Board agreed to continue the sponsorship of the MAIB Disability Achievement Award. Ten worthy nominations were received for the MAIB Disability Achievement Award and judging took place on 7 November 2008. Four finalists were selected by a panel of judges, including a representative from the Board.

The Chief Executive Officer of the Board presented the MAIB Disability Achievement Award at a gala awards presentation dinner to Brian Gilligan. Brian has cerebral palsy which affects his mobility and motor skills. Despite this he volunteers his services on a full time basis to a Special Needs Program at Claremont College. Brian has given over 10,000 hours in voluntary service to the community.

2008 MAIB Disability Achievement Award winner Brian Gilligan

Support for Community Groups

The Board supports other sectors of the Tasmanian Community who are strategically linked to the core business activities. In 2008/09 financial support was provided to numerous community groups, including:

- Amy Gillett Foundation;
- New Horizons Club;
- Quadriplegic Hand Clinic (Three Peaks Race); and
- Rotary Youth Driver Awareness.

Injury Prevention and Management Foundation

ParaQuad Tasmania "Glenn Moore" Respite Units

The ParaQuad Association of Tasmania Inc (ParaQuad) is a not-for-profit organisation which has been operational since 1990. The primary purpose of ParaQuad is to assist people with physical disabilities to achieve full participation within their community. ParaQuad is one of six charities which the Foundation supports on a regular basis.

It has long been a plan of ParaQuad Tasmania to set up a number of two bedroom respite units for people with paraplegia, quadriplegia and other disabilities, however they were unable to secure adequate funding for the project.

In 2005 ParaQuad made a decision to convert the building on their site in Glenorchy into two respite units and they made an application to the Board's Foundation for funding.

As the Board has a commitment to the ongoing care of catastrophically injured people, it was felt that the application received from ParaQuad was a worthy one. ParaQuad's application was successful and the Foundation has provided around $50,000.00 towards the construction of the "Glenn Moore" Respite Units.

The Foundation provides a channel through which the Board can significantly contribute to many worthwhile projects, such as the "Glenn Moore" Respite Units, that may assist to:

- Provide a better outcome for those who have suffered an injury;
- Lend support to organisations dedicated to the care of accident victims and their families; and
- Reduce the number and severity of accidents.

The Foundation is funded by a percentage of annual premium revenue.

By funding appropriate projects, the Board believes that a number of benefits can be achieved, including:

- A reduction in the frequency and severity of injuries sustained in an accident;
- Improved access to quality medical, rehabilitation and care services;
- Advancement and development of medical techniques; and consequently
- A minimisation of costs to the Board and the Tasmanian community.

Construction of the "Glenn Moore" Respite Units was completed early in 2009. Peter Roche, Chief Executive Officer of the Board officially opened the units on 27 February 2009.

Both of the units are self contained and spacious, offering two large bedrooms and a large living area and they are fitted out with state of the art, fully accessible amenities. Each unit caters for up to six people.

The units will play a much needed role in the community with a variety of uses, including:

- People with disabilities who live outside of the Hobart area and need to travel to Hobart for medical appointments;
- Respite and recreational use to ease stressful situations for carers and people with disabilities; and
- People who are returning from specialist care in Melbourne and need to come home for a trial period or to oversee the required modifications to their homes.

Peter Roche, CEO, MAIB officially opening the "Glenn Moore" Respite Units

Photos below show some features of the Respite Units

Injury Prevention and Management Foundation (continued)

Projects Funded 2008/09

Menzies Research Institute

Developing Metallothionein as a Therapeutic Agent for the Treatment of Traumatic Brain Injury

This project aims to develop metallothionein into a therapeutic agent that can be used to treat people with an acquired brain injury, lessen disability and promote functional recovery. This process is highly complicated and very time-consuming.

Department of Infrastructure, Energy and Resources

Heavy Vehicle Drivers Handbook

Funding of this project will assist in the development of a Tasmanian Heavy Vehicle Drivers Handbook.

Transport Industries Skills Centre Inc

Taxi Travel Safe

The goal of this project is to improve the safety of taxi drivers and occupants, and to reduce the number and severity of crash incidents involving taxis in Tasmania. The goal is to be achieved by collecting data through an on-board computer to gain an understanding of what influences a taxi driver when they are driving. This data will then be used to help educate and train the drivers to address any gaps they may have in their driving skills.

Department of Health & Human Services

Spinal Outreach Risk Reduction Clinics

Funding for this project has enabled weekly clinics that centre on risk reduction, early intervention, prevention and planned management primarily for Northern Tasmanian traumatic spinal cord injured clients. The aims of the clinics include to:

- Increase access for metropolitan and rural clients with traumatic spinal cord injuries to specialist spinal, rehabilitation, medical and nursing assessment and management;
- Increase referrals to community services and raise spinal cord injury prevention awareness for the rural community sector; and
- Collaborate with service providers and planners to target various levels, including the local service providers, schools and service clubs.

Housing Options Providing Extra Support (HOPES)

Co-operative Living Project – Stage 2

Funding of this project has allowed HOPES to acquire a suitable building site and to source the initial building funds for their HOPES Co-operative Living Project.

Yolla District High School

All Terrain Vehicle Rider Training

This project enables Yolla High School students (aged 16 or above) the opportunity to learn how to operate All Terrain Vehicles safely and correctly through undertaking a TAFE certificate in All Terrain Vehicle Operations. A high percentage of students at the school are from a rural background and operate this type of vehicle.

Imaginarium Science Centre

Questacon Road Zone: Educating Tomorrow's Drivers

This project aimed to raise awareness and educate new and existing drivers of the hazards and risks posed to vehicle drivers, passengers, cyclists and pedestrians through hands-on activities. The exhibition allowed visitors to test their road sense and knowledge of road rules, and included interactive exhibits highlighting road hazards and risks for pedestrians, cyclists and passengers.

Migrant Resource Centre

Drive for Life

The goal of the Drive for Life program is to provide a safe roadworthy vehicle with dual controls to be used by volunteer driving mentors to support migrant and refugee clients. The program is available to most new arrivals to Australia of a non English speaking background and is designed to help migrants become safer road users, assist them in obtaining their provisional driving licence and provide them with a better opportunity to gain employment and independence.

Don College

"Attitude First Project"

This project is aimed at attitudinal change in regard to driving and driver behaviour. The course is being undertaken by the Don College year 11 population – 1,200 students over a three year period. The program provides cognitive and psychomotor components which enabled novice drivers to develop appropriate attitudes and skills for driving. The project is about skill development, awareness creation and behaviour change.

Charities Committee

The Foundation supports the Paraplegic and Quadriplegic Association of Tasmania, the Road Trauma Support Team and a number of Tasmanian Brain Injury Associations on an annual basis through the Foundation's Charities Committee.

Recipients of funding are:

- Brain Injury Association of Tasmania Inc.;
- Headway North West Inc.;
- Headway Support Services – "Tasmania" Inc.;
- Road Trauma Support Team Inc.;
- Tasmanian Acquired Brain Injury Service Inc.; and
- Paraplegic and Quadriplegic Association of Tasmania Inc.

Each organisation is responsible for utilising the allocated funding to best meet the needs of the organisation and its clientele and is accountable to the Board through formal reporting and meetings.

Injury Prevention and Management Foundation **Projects Approved for 2008/09**

APPLICANT	NAME OF PROJECT	FUNDING APPROVED
Menzies Research Institute University of Tasmania	Developing metallothionein as a therapeutic agent for the treatment of traumatic brain injury	*$115,833
Department of Infrastructure, Energy and Resources	Heavy Vehicle Drivers Handbook	$60,000
Tasmanian Industries Skills Centre Inc. trading as Driver Safety Services	Taxi travel safe	$35,000
Northern Tasmanian Spinal and Continence Support Service, Launceston General Hospital	Spinal Outreach Risk Reduction Clinics	$62,000
Housing Options Providing Extra Support (HOPES)	Preliminary Stage 2 - Co-operative Living Project	$3,580
Yolla District High School	All Terrain Vehicle Course	$14,220
Imaginarium Science Centre	Questacon RoadZone: Educating Tomorrow's Drivers	$14,107
Migrant Resource Centre (Northern Tasmania) Inc.	Drive for Life	$36,050
Don College	Attitude First	$12,000
	TOTAL FUNDING COMMITTED to PROJECTS 2008/09	**$352,790**

* Funding is for a two year period.

(NB: All amounts are exclusive of GST)

Injury Prevention and Management Foundation **Projects Approved for 2009/10**

APPLICANT	NAME OF PROJECT	FUNDING APPROVED
Menzies Research Institute University of Tasmania	Developing metallothionein as a therapeutic agent for the treatment of traumatic brain injury	*$115,833
Reclink Australia	Reclink Tasmania	* $14,975
Cosgrove High School	Your Future – Your Hands – Your Decision	$15,490
Australian Red Cross	Safer Volunteers for Isolated and Elderly Tasmanians	$33,260
Kentish Council	REV Driver Mentor Program & My-Ride Safe Touring Initiative	$53,983
The Don College	Attitude First	$12,000
Yolla District High School	All Terrain Vehicle Rider Training	$8,925
Yolla District High School	Crash Free Driving	$950
Hyperbaric Medicine Unit, RHH	HOLLT – Hyperbaric Oxygen in Lower Limb Trauma	**$75,000
Launceston General Hospital	Chronic Conditions Health Planning Self Management Clinics for Northern Tasmanian Clients with Traumatic Spinal Cord Injury	$62,000
Interweave Arts Association	Access Arts Link Studio	$14,933
Brain Injury Association Tasmania	Heads Up to Brain Injury Program	$6,709
Clarendon Vale Neighbourhood Centre	Ready Set Go	$35,000
Road Trauma Support Team	Hobart Office	$40,000
	TOTAL FUNDING COMMITTED to PROJECTS 2009/10	**$489,058**

* Funding is for a two year period.

(NB: All amounts are exclusive of GST)

** Funding is for a three year period (total funding is $225,000).

Human Resources

The Board strives to provide a competent, efficient and well-motivated workforce which is capable of delivering a quality service in accordance with the Board's Vision, Mission and Values Statement.

New Appointments
To assist in achieving the Board's human resource goals, Directors approved the appointment of Christine Wilson to the position of Chief Operating Officer. Andrea Bucher was also successful in obtaining the recently restructured role of Injury Management Advisor.

Chief Operating Officer, Christine Wilson and Injury Management Advisor, Andrea Bucher

Health and Wellbeing
In recent years, the Board has made a commitment to the health and wellbeing of staff by providing an allowance for the reimbursement of out of pocket expenses for dental, medical, physiotherapy, massage, prescription medication and the like. As part of the Enterprise Agreement 2007, the allowance was increased to $300 per employee and extended to include gym memberships and such items as energy efficient light bulbs.

Employee Satisfaction Survey
An employee satisfaction survey has been conducted annually over recent years to give staff the opportunity to make comments and suggestions, to assist management in identifying trends and issues, and to provide management with an indication of employee engagement.

Most notable is that 100% of survey participants believed that management are flexible in relation to employee family and personal obligations. This is consistent with the previous survey, but with a stronger growth in those respondents who strongly agreed.

80% of employees believed that communication within the organisation between employees and their managers was timely, appropriate and informative.

The Board continues to be committed to ensuring continual improvement with regard to staff satisfaction and continues to consider staff feedback as part of this process.

Workplace Equity
The Board is committed to equal opportunity and equity principles. Two Equal Employment Opportunity (EEO) co-ordinators are appointed and are appropriately trained to promote an understanding of EEO issues and developments, and to assist staff as required.

An Employee Assistance Program is also available to all staff for work issues and personal counselling.

Occupational Health and Safety (OHS)
The Board has a working OHS committee which ensures that appropriate OHS policies are in place and that compliance with these policies is in order. The committee meets formally and works with management to raise the importance of OHS in the workplace as well as addressing any issues that are raised by staff.

Training & Development
The Board is committed to the professional development of all staff members through programs that focus on specific training and general development. One manager has been sponsored by the Board to undertake a Masters of Business Administration Degree.

This year employees were given the opportunity to undertake study towards obtaining a Certificate IV in Financial Services, which is a nationally recognised qualification. To date, nine employees have enrolled in the Certificate IV Financial Services course, with one at a Diploma level.

Team Building
The Board has continued to support an annual team building exercise to improve internal communication and working relationships. All staff have the opportunity to put forward any suggestions they may have in relation to the team building exercise. This year employees enjoyed a morning of lawn bowls. A further team building exercise is planned for next year.

Staff enjoying the lawn bowls team building exercise

Victorian Bushfire Appeal
Following on from the devastating Victorian Bushfires which occurred in February 2009, the Board's Social Club arranged a morning tea to raise funds for the Appeal. In total, staff donated $650 to the appeal which was matched by the Board, making the total donation to the Victorian Bushfire Appeal $1,300.

Red Cross Meals on Wheels
The Board and its employees continue to support Red Cross by assisting in the delivery of Meals on Wheels once per fortnight on a rostered basis. Currently, 55% of employees participate in this community service.

MAIB & the Environment
A power usage audit was conducted in 2008. The audit confirmed an energy aware staff culture.

Claims Management

Highlights

- 3,367 new claims received.
- Paid $39.5 million in no-fault statutory benefits.
- Settled 256 common law claims.
- Assisted 70% of referred Vocational Rehabilitation claimants to return to work.
- Claims Officers attended 40 settlement conferences.
- Continuously reviewed and improved claims management practices.
- Continued sponsorship of the Victorian Spinal Cord Service through its visits to Tasmania.
- 251,000 hits on website.

Business Performance

The Board experienced a mixed year with increased claim numbers. The number of new claims received was steady in the first half of the year but a spike in the last six months resulted in an overall increase of 2.5%. Claim frequency rose from 7.52 to 7.63 claims per thousand vehicles.

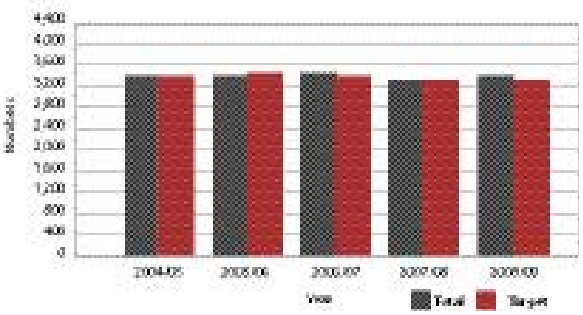
There was a small reduction in claim payments compared to 2007/08. The stock of open common law damages claims has progressively reduced over the past ten years and common law damages payments were around $5 million less than the previous year.

Daily care liabilities for claims for people with catastrophic injuries now account for 67% of total claim provisions.

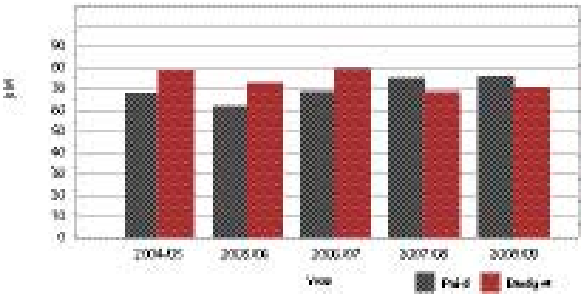
Legislation Review

Under the *Subordinate Legislation Act 1992,* Regulations are automatically repealed 10 years after they become effective. The *Motor Accidents Compensation Tribunal Regulations 1999* will be repealed in November 2009. A review of the Tribunal Regulations resulted in minor amendments only and following the necessary approval process, the Tribunal Regulations were remade and subsequently gazetted on 3 June 2009. The *Motor Accidents (Liabilities and Compensation) Regulations 2000* will be repealed in May 2010. The process for remaking the Regulations has commenced and it is expected that the process will be finalised by 31 December 2009.

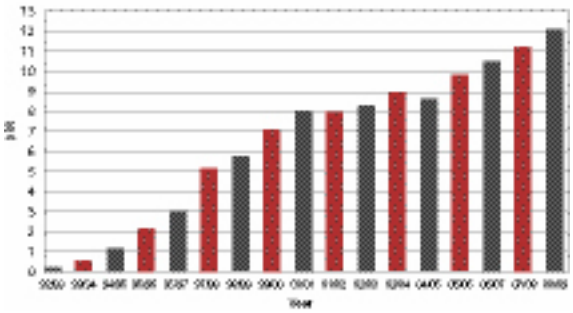
Claims Received



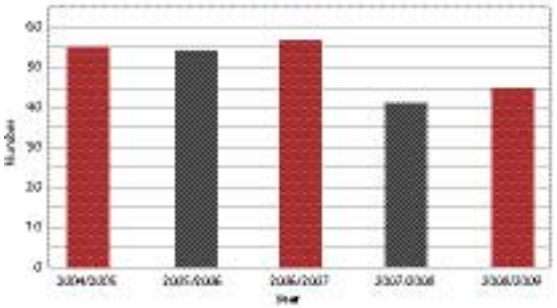
Claim Payments



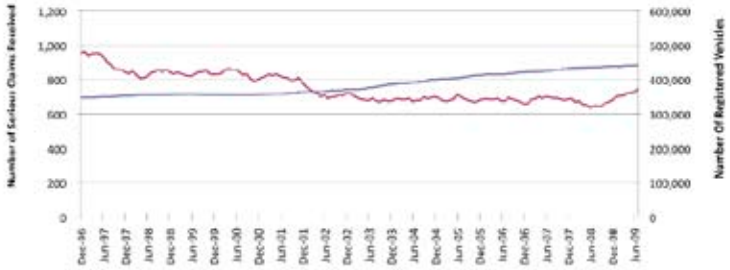
Future Care Payments



Fatalities Reported



Serious Claims V's Registered Vehicles



Claims Management (continued)

Claims Management Team

The claims management team deals with the public on a day to day basis either in person or over the telephone. It is important that the team receives the highest quality of training and support to ensure that high levels of customer service are maintained.

Training this year focused on common law and rehabilitation processes, psychology and wellbeing, addictive medicines, traumatic brain injury and communication and presentation skills.

In addition to ongoing training and support, the importance of realistic case loads is high on the Board's agenda. The claims officer recruitment undertaken over the past 12 months has addressed vacancies caused by retirement and resignation, and provides adequate coverage going forward.

The recently restructured position of Injury Management Advisor is designed to:

- Provide support and guidance to the claims team from both a rehabilitation and medical perspective;
- Establish and maintain relationships with the Board's panel of rehabilitation providers; and
- Lead any research or projects that will enhance the Board's rehabilitation process and maintain successful outcomes.

"Lomandra" at Ulverstone, North West Tasmania - Residence for the Catastrophically Injured

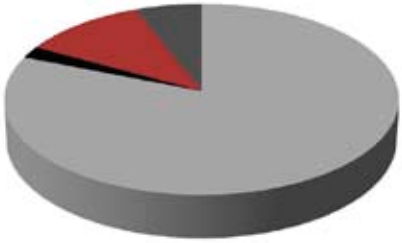
The construction of Lomandra was completed in June 2008, offering special purpose housing for the catastrophically injured on the North West Coast of Tasmania.

The Minister for Infrastructure, the Hon. Graeme Sturges MP, officially opened Lomandra on 22 August 2008. Lomandra has filled a void in North West Tasmania for transitional and respite accommodation as well as for long term care.

Scheduled Benefits Payments for the year ended 30 June 2009

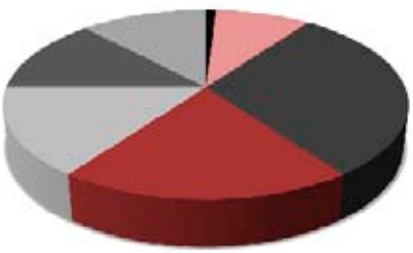
- 25% Hospital
- 55% Medical etc and Attendant Care
- 3% Funeral and Death Benefits
- 12% Disability and Housekeeping Allowances
- 5% Rehabilitation and Counselling

Common Law Payments for the year ended 30 June 2009

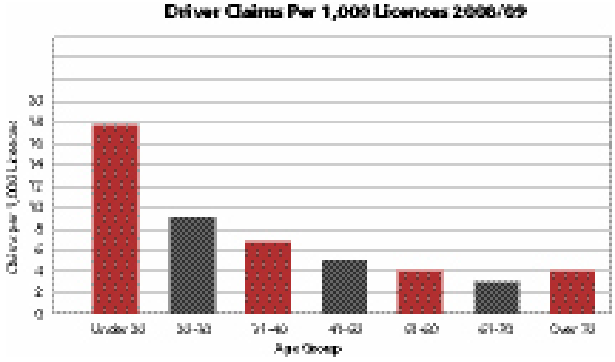


- 81% Damages
- 2% Assessing and Surveillance
- 11% Legal Fees
- 6% Medical Reports/Disbursements

Injuries 2008/09



- 1% Fatalities
- 9% Head
- 30% Neck
- 20% Trunk
- 15% Arm
- 13% Leg
- 12% Other



Investigation Of Motor Vehicle Collisions

The Accident Investigation Section of Tasmania Police was first established in December 1977. Prior to this time all accidents had been investigated by the initial attending officer.

The primary reason for police investigation of collisions is to establish whether or not there is criminal liability attributable to any of the parties involved. However, the results of an investigation can be used for other purposes such as the identification of any modifications that may be required to a section of road or highway.

There are currently six dedicated members of the Accident Investigation Section and these members are based throughout the State and are on call 24 hours a day, seven days a week. Accident Investigators attend and investigate all fatal crashes (apart from single vehicle driver only deceased) and all serious crashes (where there appears to be serious negligence).

An Accident Investigator must have good investigative skills and cannot leave anything to chance. They must gather all evidence from the scene, take statements from witnesses and reconstruct the crash to present all available evidence to Courts.

On arrival, the crash scene is thoroughly inspected by an Accident Investigator so they can form an initial opinion as to how the crash occurred. The vehicles, relevant tyre marks, gouges or other evidence are marked and then officially photographed. All crashes leave telltale signs. For example, the impact damage can tell how contact was made with other vehicles or objects and inspections of vehicles can reveal if the tyres were subject to blow out, if the brake lights were activated and whether or not seatbelts were worn.

Accurate and detailed scene data collection techniques go a long way towards establishing a credible and scientifically based analysis of a collision. The skill not only lies in the extraction of the evidence but in understanding what it means and how it can be applied in each unique situation.

Source: "Investigation of Motor Vehicle Collisions" – Sergeant Michael Davis, Accident Investigation Section, Tasmania Police

"I'm Walking the Walk"

Vanessa Liston was 18 years of age when, early on Wednesday 31 October 2007, the motor vehicle she was driving collided with a log truck. Vanessa sustained a number of injuries, including multiple fractures, internal injuries and a brain injury. These injuries resulted in Vanessa being admitted to the intensive care unit at the Austin Hospital in Melbourne for a number of weeks.

Despite the odds and with the support of her family, Vanessa is making excellent progress with her recovery from the injuries she sustained. This is Vanessa's story as written by her, with the help of her father, Michael.

Wow, I'm 20 years old and I live in the most exciting place in the world, Campbell Town, Tasmania, I wish!

My name is Vanessa Liston. I am currently recovering, with the help of a lot of people, from a horrible crash with a truck. This was the day that changed my life.

On the 31st of October 2007, early morning, I was on my way to work. At 6.30 am it happened. I don't remember any of that day or the six months before. My family have told me that my small Toyota hatch back collided with a fully loaded log truck on the Midland Highway a kilometre from home. I was very seriously injured.

It was a major crash. Ambulance, Police, Fire Brigade, Road Rescue and they were all local people. My mum, dad and sister Lynette were there too. It was horrible for everyone, some thought that I would not make it. Because of the effort of all the emergency service people I made it to Launceston Hospital ED alive. They examined me and did scans and xrays and they decided to fly me to Austin Hospital in Melbourne that day.

In Melbourne doctors told my mum and dad about my injuries. I had a broken neck, a broken jaw, a broken collar bone, many broken ribs, a broken pelvis, badly bruised liver and spleen and a severe brain injury. It was bad. I nearly died twice.

I spent twenty six days in the Austin intensive care unit and had several operations as well. I got moved around a lot and I ended up at St Johns Hospital in South Hobart. I was there for nine months.

St Johns were great, they did wonderful work. They helped me learn to walk again, and I had a broken neck! They helped me to talk again and to do normal things. My parents told me that MAIB arranged for me to go to St Johns. Thank goodness they did, St Johns were fantastic!!

Now I'm at home with my mum, dad and sister after living in one of MAIB's town houses in Launceston for four months. I now try to be as normal as I can because it is good for me physically and mentally. I do physio everyday, I do puzzles and writing, I go swimming with my physiotherapist who is great. I work on my speech with a great specialist and my OT keeps me busy. I even got back on my horse which was a massive thing for me. Dad was a wreck!

Sometimes things are extremely hard for me but I push through them because I know it will be good for me. I want to one day move out and live in my own place, and go to work at my own job. I want to go back to the USA with my sister for a holiday.

Linda Gourlay from MAIB is my case manager and she is very nice. My parents told me that Linda is very professional and friendly. Without MAIB I don't know where I would be but I don't think it would be as good as now.

My family would be broke after all the medical bills and I wouldn't have my awesome bathroom and bedroom.

I still have a brain injury but I'm getting better.

I want to say to all drivers, be very careful all the time. I'm lucky I wasn't killed.

Most important, make sure the car you are in is registered!

From my family and I, thanks heaps to everyone at MAIB.

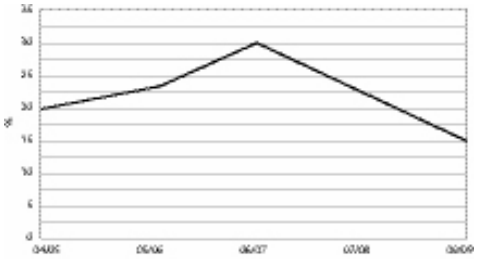
PS: Look out USA, I'm coming!

Financial Management

Financial Performance

The Board recorded an operating loss after tax for the year ended 30 June 2009 of $14.0 million (2008: after tax loss of $22.6 million). Continued favourable claims experience was more than offset by negative investment performance. As a result, the solvency level at 30 June 2009 has decreased to 15.5% (2008: 22.6%), which is below the target range of 20%-25%.

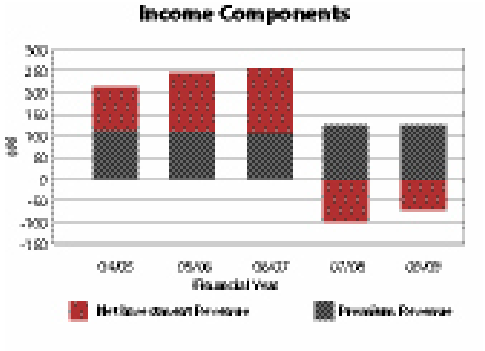
Solvency



Premium Revenue

Premium revenue in 2008/09 amounted to $126.1 million (2007/08: $123.2 million). The ongoing favourable claims experience resulted in there being no increase to individual premiums for the fourth successive year. The premium for a standard motor car remains at $332.

Income Components



Investment Strategy

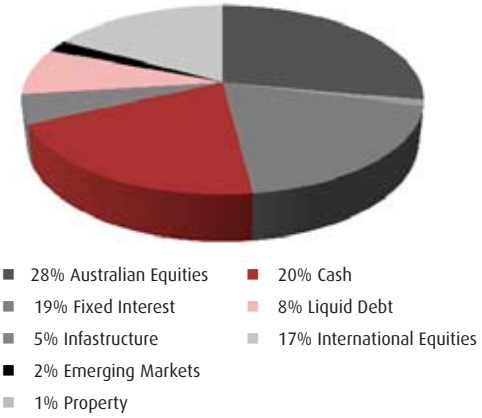
In 2008/09 the Board maintained its investment strategy of ensuring that its longer term solvency requirements will be achieved within acceptable levels of profit volatility. Maintaining an appropriate balance between growth assets (such as equities and listed property) and more defensive asset classes (such as cash and fixed income) in its asset allocation benchmark, assisted the Board in achieving this strategy. The benchmark represents the "risk neutral" reference point which, based on historical returns, is expected to achieve a satisfactory return for an acceptable level of risk. The benchmark settings are reviewed annually and the review conducted during the 2008/09 year resulted in there being no change to the percentage allocation between growth and defensive assets, however reallocations were made within each of those categories.

In addition, the strategic risks and investment opportunities that arise from time to time in changing market conditions are monitored. Where exceptional opportunities or material risks are identified, tactical decisions are made to deviate from the chosen asset allocation benchmark to enhance fund returns or protect the fund from unnecessary risks.

Asset Class Allocations

As at 30 June 2009 the investment portfolio totalled $884 million allocated across the asset classes detailed in the graph below.

Asset Allocation at 30 June 2009

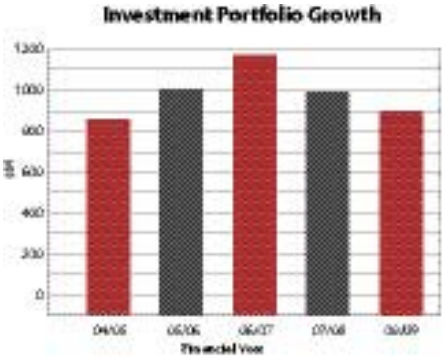


Investment Performance

The global financial crisis continued in 2008/09 with the international index returning a loss of 16.2% (unhedged) and the domestic equities index returned a loss of 20.3%.

The Board reported an investment loss of 6.4% (2007/08: loss of 8.7%) across the entire portfolio.

Gross Investment Revenue



Claims Expense

Favourable claims experience, particularly in relation to future care claims has resulted in a lower than forecast claims expense for 2008/09 of $74.7 million (2007/08: $59.1 million). The provision for outstanding and unreported claims at 30 June 2009 is $679.2 million (2008: $674.5 million).

Tax Equivalent

Under the GBE Act the Board is required to pay income tax equivalents to the State Government under the National Tax Equivalent Regime. The total tax payable in respect of 2008/09 amounts to $19.9 million (2007/08: $49.0 million).

Dividend

Under the GBE Act dividends are payable to the State Government. The current methodology for calculating dividends requires the dividend in a year to be calculated on a five year rolling average based on 50% of the average of after tax profits and losses over the current and four preceding years. Application of this model at the conclusion of the 2008/09 financial year results in a dividend payable to Government of $23.1 million (2007/08 $29.6 million).

In addition, a special dividend of $10 million was paid to Government in 2008/09 (2007/08 $10 million).

Key Performance Indicators

The Key Performance Indicators (KPIs) for the year ended 30 June 2009 are listed below.

Key Performance Indicator	Forecast	Actual
Solvency Level	26.8%	15.5%
Return on Equity	19.0%	(5.7%)
Return on Total Assets	7.1%	(2.6%)

While a lower than expected claims expense was achieved, the negative investment result meant that the KPI targets were not met in 2008/09. Being a long tail insurer with a significant allocation of investments to growth assets, the Board is targeting long term investment growth but, in doing so, is then subject to short term volatility in the investment markets. Forecasts for the next three years show these KPIs returning to levels more representative of longer term trends.

FIVE YEAR SUMMARY - FINANCIAL

	2004/05 $'000	2005/06 $'000	2006/07 $'000	2007/08 $'000	2008/09 $'000
Net Premium Revenue	107,253	112,643	115,472	118,245	120,940
Claims & Underwriting Expenses	(110,451)	(96,376)	(92,706)	(53,469)	(68,049)
UNDERWRITING RESULT	(3,198)	16,267	22,766	64,776	52,891
Investment Revenue	91,840	124,512	137,309	(95,446)	(68,519)
Administration, Road Safety and Foundation Expenses	(6,848)	(7,585)	(9,822)	(8,557)	(10,678)
OPERATING RESULT BEFORE TAX	81,794	133,195	150,253	(39,227)	(26,306)
Tax Expense Attributable to Operating Result	(23,369)	(37,008)	(37,169)	16,603	12,265
OPERATING RESULT AFTER TAX	58,425	96,187	113,084	(22,624)	(14,041)
NET ASSETS	173,012	248,452	339,474	273,900	220,240
Dividend Paid	7,269	12,805	22,062	42,950	39,619

FIVE YEAR SUMMARY - OPERATIONAL

	2004/05	2005/06	2006/07	2007/08	2008/09
Number Of Vehicles Registered	403,827	414,590	424,052	435,595	441,476
Total Payments Made ($M)	68.0	62.1	67.7	75.3	74.4
Current Claims	3,546	3,459	3,328	3,044	3,105
New Claims Received	3,385	3,315	3,383	3,277	3,367
Number of Fatalities	55	53	56	42	44
Fatality Rate Per 1,000 Vehicles	0.14	0.13	0.13	0.10	0.10
Claim Rate Per 1,000 Vehicles	8.38	8.00	7.98	7.52	7.63
Tasmanian Car Premium ($)	332	332	332	332	332

Statement of Corporate Intent

The Statement of Corporate Intent has been prepared pursuant to section 41 of the *Government Business Enterprises Act 1995* (GBE Act).

1.1 Business Definition

The core business of the Motor Accidents Insurance Board (the Board) is providing financial compensation to people injured in a motor accident. The Board is a specialised insurer offering one type of insurance.

The core business activities are:

- Assessment and payment of Scheduled Benefits in accordance with the requirements of the *Motor Accidents (Liabilities and Compensation) Act 1973* (the Act);
- Settlement of common law damages claims pursuant to the indemnity provisions of the Act;
- Setting of premiums in accordance with Part 6 of the Ministerial Charter;
- Investment of the assets of the Board;
- Funding of motor accident prevention programs; and
- Funding of motor accident injury prevention and management programs.

In addition to those core business activities, the Board, as a Government Business Enterprise (GBE), must operate in accordance with sound commercial practice and as efficiently as possible. Further, it is required to achieve a sustainable commercial rate of return that maximises value for the State in accordance with the GBE Act, while having regard to the economic and social objectives of the State.

1.2 Key Limitations

Key limitations on the operations of the Board are:

- The external environment and its impact on profitability;
- Increased world investment volatility particularly in light of the Board's portfolio and its high weighting to growth assets;
- Capital requirements set by the Australian Prudential Regulation Authority (APRA) as a benchmark for general insurers in the private sector;
- Premiums are set within an oversight regime, the upper limit of which is fixed by Parliament, with reference to Government Prices Oversight Commission (GPOC) recommendations;
- Overall claims costs may rise faster than provided for in the Corporate Plan (the Plan) with adverse effects on solvency;
- The requirement to provide Government with tax equivalent payments and dividends; and
- Reinsurance premiums remaining at a high level.

1. 3 Solvency

The Board's target solvency range is 20% - 25% which has been determined by its actuary to be appropriate to the current investment strategy, which contains a 65% weighting to growth assets.

As a result of the global financial crisis the solvency level as at 30 June 2009 was significantly below the target range and is not forecast to return to the target range during the period of the Plan.

1.4 Pricing Issues

The proposed premium increases during the period of the Plan are those recommended in the Board's submission to GPOC.

Statement of Corporate Intent (continued)

1.5 Strategic Directions and Key Results Areas

Objectives	Desired Outcomes
Financial Management To ensure that a balance exists between premium income, the cost of claims (including a prudential margin) and the requirement to achieve a sustainable commercial rate of return that maximises value for the State.	Solvency maintained within target range (20 – 25%). Sustainable financial viability. Affordable premiums.
Accident and Injury Prevention To reduce serious casualty claims through contributions to road safety programs.	Reduction in the incidence of motor accidents and the severity of resultant personal injury.
Claims and Rehabilitation To have in place best practice solutions to meet the challenges in providing no fault insurance (with common law overlay).	Containment of unreasonable growth in claims costs. Timely and appropriate rehabilitation. High quality care delivered cost effectively. Appropriate level of no-fault benefits. Continual improvement in service provided within legislated statutory limitations.
Service to Claimants To continually improve service to claimants.	Prompt acceptance of valid claims. Prompt delivery of benefits and compensation. High level of claimant satisfaction.
Information Technology To provide efficient and reliable information technology systems that enhance customer service, increase business productivity and processes and support decision making.	Development and maintenance of secure and effective IT systems which support business objectives.
Human Resources To provide a competent, efficient and well motivated workforce capable of delivering quality service to both internal and external clients in accordance with the Board's Vision, Mission and Values statements.	Development and maintenance of HR policies and procedures which address recruitment and selection, succession planning, training and development, working environment and occupational health and safety.

1.6 Business Performance Targets

	2008/09 (Forecast)	2008/09 (Actual)	2009/10 (Forecast as per Corporate Plan)	2010/11 (Forecast as per Corporate Plan)	2011/12 (Forecast as per Corporate Plan)
Premium Increase	0.0%	0.0%	4.0%	4.0%	4.0%
Financial Result after Tax	$54.2M	($14.0M)	$22.4M	$22.0M	$27.9M
Solvency Level	26.8%	15.5%	8.7%	9.0%	9.6%
Return on Equity	19.0%	(5.7%)	13.9%	13.6%	15.7%
Return on Assets	7.1%	(2.6%)	3.2%	2.9%	3.3%
Dividends Paid	$40.1M	$39.6M	$27.4M	$13.8M	$6.4M
Tax Equivalents Paid	$30.0M	$44.1M	$8.0M	$12.6M	$10.7M

FINANCIAL REPORT 2008/09

Income Statement

For the Year ended 30 June 2009

	Note	2009 $'000	2008 $'000
Premium revenue	4	126,079	123,224
Outwards reinsurance expense		(5,139)	(4,979)
		120,940	118,245
Claims expense	6	(74,698)	(59,111)
Recovery revenue	7	10,786	5,339
Unexpired risk expense	22	(1,710)	2,774
Underwriting expenses	20	(2,427)	(2,471)
Underwriting result		**52,891**	**64,776**
Investment revenue	9	(68,519)	(95,446)
General and administration expenses		(5,166)	(4,413)
Road Safety Task Force	29	(3,015)	(2,800)
Injury Prevention and Management Foundation	25	(906)	(746)
Motorcycle Safety Strategy	30	(10)	(193)
Road infrastructure	31	(1,581)	(405)
Operating result before tax		**(26,306)**	**(39,227)**
Tax expense attributable to operating result	5	12,265	16,603
Operating result after tax attributable to equity holders		**(14,041)**	**(22,624)**

The accompanying notes form an integral part of this Statement.

Balance Sheet

As at 30 June 2009

	Note	2009 $'000	2008 $'000
Assets			
Cash and cash equivalents	10	182,084	157,916
Accounts receivable	11	1,358	1,767
Reinsurance recoveries receivable	12	13,842	17,514
Debt securities and other investments	13	3,577	38,038
Listed instruments	14	112,396	92,456
Unlisted instruments	15	570,875	678,245
Investment properties	16	15,345	15,510
Plant and equipment	19	449	515
Deferred tax asset	5	71,802	40,436
Other assets	17	27	27
Total assets		**971,755**	**1,042,424**
Liabilities			
Sundry creditors and accrued expenses	27	2,651	2,014
Provision for tax	5	7,897	32,892
Provision for unearned premium	26	53,817	53,632
Provision for Injury Prevention and Management Foundation	25	1,104	882
Provision for unexpired risk	22	3,493	1,766
Provision for outstanding and unreported claims	21	679,220	674,536
Provision for employee benefits	23	3,333	2,802
Total liabilities		**751,515**	**768,524**
Net assets		**220,240**	**273,900**
Equity			
Retained earnings attributable to equity holders	24	220,240	273,900
Total equity		**220,240**	**273,900**

The accompanying notes form an integral part of this Statement.

Statement of Changes in Equity

For the Year ended 30 June 2009

	Note	2009	2008
		$'000	$'000
Total retained earnings attributable to equity holders at beginning of year		273,900	339,474
Operating result after tax for the period		(14,041)	(22,624)
Total income and expense for the year attributable to equity holders		259,859	316,850
Dividends paid		(39,619)	(42,950)
Total retained earnings attributable to equity holders at end of year	24	**220,240**	**273,900**

The accompanying notes form an integral part of this Statement.

Cash Flow Statement

For the Year ended 30 June 2009

	Note	2009 Inflows (Outflows) $'000	2008 Inflows (Outflows) $'000
Cash flows from operating activities			
Premiums received		139,353	136,572
Reinsurance paid		(5,366)	(5,043)
Claims paid		(74,406)	(75,283)
Other claim related payments		(510)	(518)
Reinsurance and other recoveries		14,645	1,255
Underwriting expenses paid		(2,627)	(2,685)
Interest received		22,857	6,413
Dividends received		61,997	101,127
Rent received		396	406
Other investment revenue		1,057	1,366
Investment related payments		(1,946)	(1,537)
General and administration expenses		(4,039)	(4,758)
Road Safety Task Force		(3,317)	(3,080)
Motorcycle safety strategy		(11)	(213)
Road infrastructure		(1,740)	(446)
Injury Prevention and Management Foundation		(774)	(998)
Tax equivalent paid		(44,096)	(49,262)
Goods and services tax paid		(6,731)	(6,452)
Net cash flows from operating activities	28	94,742	96,864
Cash flows from investing activities			
Net investment transactions		(30,591)	(169,983)
Purchase of plant and equipment		(511)	(1,914)
Proceeds on sale of plant and equipment		147	74
Net cash flows from investing activities		(30,955)	(171,823)
Cash flows used in financing activities			
Dividends paid		(39,619)	(42,950)
Net cash flows used in financing activities		(39,619)	(42,950)
Net increase/(decrease) in cash and cash equivalents held		24,168	(117,909)
Cash and cash equivalents at the beginning of the financial year		157,916	275,825
Cash and cash equivalents at the end of the financial year	28	**182,084**	**157,916**

The accompanying notes form an integral part of this Statement.

Notes to the Financial Statements

For the Year ended 30 June 2009

1. Summary of significant accounting policies

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards and Interpretations, the *Government Business Enterprises Act 1995*, and the Treasurer's Instructions.
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and accompanying notes comply with International Financial Reporting Standards.
Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. The Motor Accidents Insurance Board ("Board") has not adopted the following standards early when preparing the 2008/09 financial statements. The impact of the application of these standards is note disclosure only. The Board will apply these standards for the annual reporting periods beginning on or after the effective dates set out below:

Standard	Title	Effective date for reporting periods beginning on or after
AASB 101	Presentation of Financial Statements (revised standard)	1 January 2009
2007-8	Amendments to Australian Accounting Standards arising from AASB101 (revised standard)	1 January 2009

A. Financial report

This financial report covers the Board for the year ended 30 June 2009. The financial report is presented in Australian dollars.

B. Basis of preparation

The financial report has been prepared on the basis of historical costs and except where stated does not take into account current valuations of assets. Cost is based on the fair values of the consideration given in exchange for assets.
In the application of AIFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
Judgments made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments are disclosed in note 2.
The balance sheet and notes to the financial statements are presented on a liquidity basis, as provided for in AASB 101, whereby all assets and liabilities are presented in order of liquidity. It is deemed by the Board that this method of disclosure provides information that is more relevant and reliable than the traditional current/non-current classifications.
The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented in these financial statements for the year ended 30 June 2008.

C. Income Tax

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

Tax is brought to account using the balance sheet method of tax effect accounting.
The income tax expense or revenue for the period is that tax payable on the current period's taxable income based on the tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.
Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.
Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the assets and liabilities giving rise to them are realised or settled, based on tax rates that have been enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Board expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset as the Board settles its current tax assets and liabilities on a net basis.

D. Dividends

Dividends are payable annually to the State Government, calculated under the methodology contained in the Board's Ministerial Charter. Dividends are brought to account in the financial statements in the year in which they are declared.
During the 2006/07 financial year, the State Government announced that, subject to Parliamentary approval, the Board will be required to pay special dividends totalling $30,000,000 payable in three $10,000,000 instalments over three financial years beginning in 2007/08. Special dividends are brought to account in the financial statements in the year in which the dividend receives Parliamentary approval.

E. Premium revenue

Premium revenue comprises amounts paid for the use of vehicles and is levied under the Premiums Order(s) in force during the period. Premium revenue is collected on behalf of the Board under a service level agreement with the Department of Infrastructure, Energy and Resources (DIER). Underwriting expenses consisting of commission and merchant fees are levied under this agreement.
The earned portion of the premiums charged is recognised as revenue from the date of attachment of risk. The pattern of recognition over the policy period is based on time, which is considered to approximate closely the pattern of risks underwritten. Unearned premiums represent the proportion of premiums written which relate to periods of insurance subsequent to balance date.

F. Deferred acquisition costs

Acquisition costs incurred in collecting premiums are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to premium revenue that will be recognised in the income statement in subsequent reporting periods.
Deferred acquisition costs are amortised systematically in accordance with the expected pattern of the incidence of risk under the policies to which they relate. This pattern of amortisation corresponds to the earning pattern of the premium revenue.

G. Provision for outstanding and unreported claims

The provision for outstanding and unreported claims covers claims incurred but not yet paid, claims incurred but not reported and the anticipated direct claims handling expenses of settling those claims.
This liability is calculated as the present value of the expected future payments against claims incurred, reflecting the fact that all the claims do not have to be paid out in the immediate future. The expected future payments are calculated based on the ultimate cost of settling claims, which includes the anticipated effects of inflation, the goods and services tax and other factors. The expected future payments are then discounted to a present value at the balance date using market determined risk free discount rates.
Claims handling expenses include the cost of managing claims such as administration expenses and professional fees that are not otherwise directly allocated to individual claims.
In determining the provision for outstanding claims, a risk margin is added to the total of the net central estimate of the discounted future claim payments plus the estimated claims handling expenses. The addition of the risk margin recognises the inherent uncertainties contained within the actuarial valuation and provides a probability not less than 75% (2008: not less than 75%) that the provision is sufficient to meet the cost of claims incurred.
The allowances for claims handling expenses and the risk margin have been determined for the scheme as a whole. For reporting purposes they have been applied uniformly to each benefit type

H. Provision for unexpired risk

At each reporting date the Board's actuary assesses whether the provision for unearned premium liability is sufficient to cover all expected future cash flows relating to future claims against current insurance contracts. This assessment is referred to as the liability adequacy test. If the present value of the expected future cash flows relating to future claims plus claims handling expenses and a risk margin to reflect the inherent uncertainty in the central estimate exceeds the provision for unearned premium liability then the provision for unearned premium liability is deemed to be deficient. The Board applies a risk margin to achieve the same probability of sufficiency for future claims as is achieved by the estimate of the provision for outstanding and unreported claims.
The movement in the deficiency net of reinsurance is recognised in the income statement.

I. Outwards reinsurance

Premium ceded to reinsurers is recognised as outwards reinsurance expense from the attachment date over the period of indemnity of the reinsurance contract in accordance with the expected pattern of the incidence of risk.

J. Investments

The Board has determined that all investments, including investment properties, are held to back the provision for outstanding and unreported claims and are designated at fair value through the income statement.
Investments are recognised on the date the Board becomes a party to the contractual provisions of the financial instrument. Initial recognition is at cost and subsequent measurement is at fair value with any resultant fair value gains or losses recognised in the income statement.
Differences between the net fair values of investments at the reporting date and their net fair values at the previous reporting date (or cost of acquisition, if acquired during the financial year) are recognised as a revenue or expense in the income statement in the reporting period in which the changes occur.
Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership. Any gains or losses arising on derecognition are included in the income statement in the year the asset is derecognised as realised gains or losses on financial instruments.
Details of the fair value of the Board's investments are listed below:

- Cash and cash equivalent assets are carried at face value which approximates their fair value.
- The fair value of financial instruments traded in active markets is determined with reference to quoted market prices at the reporting date. The quoted market price used for financial assets held is the current bid price.
- Debt securities are valued by observing the market price for the underlying reference obligations in the portfolio and taking the trade prices for the relevant indices that most closely resemble the structure of the underlying note.
- The fair value of units in unlisted trusts is determined using the net asset value (NAV) per unit where the NAV is based on the value of an unlisted trust's underlying assets less its liabilities.

Derivatives

Derivative instruments are financial contracts whose value depends on, or is derived from, the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or similar variable. Any gain or loss from remeasuring of derivative financial instruments is recognised in the income statement.
The Board and its funds managers are authorised to invest in derivative financial instruments subject to those derivatives complying with the guidelines set out in the Board's Investment Policy Statement. Derivative financial instruments include futures, forward contracts, options and interest rate swaps. Derivatives may be used as an alternative to buying or selling the physical security, as a risk management tool or to manage exposure to relevant markets. Derivatives may not be used in a speculative manner nor for gearing the investment portfolio. Derivatives are valued at fair value at reporting date based on published market quotations or market valuation rates.

Investment properties

Investment properties include all properties owned by the Board, whether wholly or partly owner-occupied or fully leased. Investment properties are held to earn rental income and/or capital appreciation. They are initially recorded at cost at the date of acquisition and are subsequently measured at fair value at reporting date. Fair value is determined on the basis of an annual independent valuation prepared by external valuers. Gains or losses arising from changes in fair value are included in the Income Statement, as part of investment revenue, for the period in which they arise. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Restatement of comparatives

The balance sheet for the year ending 30 June 2008 classified investments based on the nature of the underlying investment. For the period ending 30 June 2009 disclosures have been made on a registered holdings basis. Comparatives have been restated as required.
A reconciliation of balance sheet comparative amounts as at 30 June 2008 is contained in the table below:

Category	Restated 30 June 2008 $'000	Original 30 June 2008 $'000
Cash and cash equivalents	157,916	335,201
Debt securities	40,583	95,619
Listed instruments	92,456	485,236
Unlisted instruments	678,245	50,599
Other investments	(2,545)	0
	966,655	966,655

A reconciliation of the cash flow statement comparative amounts for the year ended 30 June 2008 is contained in the table below:

	Restated 30 June 2008 $'000	Original 30 June 2008 $'000
Cash and cash equivalents at 1 July 2007	275,825	275,825
Net cash flows from operating activities	96,864	96,864
Net cash flows from investing activities	(171,823)	5,462
Net cash flows used in financing activities	(42,950)	(42,950)
Net increase/(decrease) in cash and cash equivalents held	(117,909)	59,376
Cash and cash equivalents at 30 June 2008	157,916	335,201

K. Accounts receivable

Accounts receivable are recognised at amortised cost less impairment. They are due for settlement no more than 30 days from the date of recognition.

L. Reinsurance recoveries receivable

Reinsurance recoveries receivable are assessed by the Board's reinsurance broker on at least an annual basis. A receivable is recorded where the actual or estimated cost of claims exceeds the reinsurance deductible. The recoverable amount for reinsurance recoveries receivable is measured as the present value of the expected future cash flows. A provision for impairment is established where there is objective evidence that the Board will not be able to collect the total reinsurance recovery amounts owing.

M. Accounts payable

These amounts are recognised at cost and represent amounts owing for goods and services provided prior to the end of the financial year and which are unpaid as at reporting date. The amounts are unsecured and are usually paid within 30 days of recognition.

N. Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

O. Depreciation

Depreciation of plant and equipment is made on the straight line basis using rates designed to write off the net cost or revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The estimated useful lives of the Board's plant and equipment are as follows:

Furniture, fittings and equipment	4-20 years
Vehicles	10 years
IT equipment	4 years

Profits and losses on disposal of plant and equipment are taken into account in determining the result for the year.
Investment properties held by the Board are not depreciated.

P. Impairment

Impairment occurs when an asset's recoverable value is less than the amount at which it is recorded. Assets are assessed for indicators of impairment at each reporting date, with the exception of financial instrument assets and deferred tax assets. Impairment losses are recognised in the income statement where an asset's carrying amount exceeds its recoverable amount.

Q. Employee benefits

Annual leave, long service leave and sick leave

Provisions for annual leave and long service leave owing at balance date which are expected to be settled within 12 months are reported at their nominal values using the remuneration rates expected to apply at the time of settlement. It is expected that all annual leave owing at balance date will be taken within the next twelve months.
Provision for long service leave not expected to be settled within 12 months is measured as the present value of the estimated future cash outflows, in respect of services provided by employees up to the reporting date. Discounting is done at the appropriate national guaranteed government security rate.
No provision for sick leave is raised. All sick leave is expensed in the income statement at nominal values when taken.

Defined benefit superannuation

The Retirements Benefits Fund (RBF) scheme has been designed to satisfy the requirements of the Commonwealth's *Superannuation Guarantee (Administration) Act 1992.*
Each year, at the reporting date, the State Actuary conducts a valuation of the past service and accrued liabilities within the RBF defined benefits scheme. Any shortfall between the defined benefit obligation and the fair value of RBF assets relevant for those members determines the value of any unfunded superannuation liability, and is shown as a liability in the Balance Sheet.
Actuarial gains and losses are immediately recognised through the income statement.

R. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:
- where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

S. Comparative figures

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

T. Rounding

Amounts have been rounded to the nearest thousand dollars unless otherwise stated.

2. Critical Accounting Judgements and Estimates

The Board makes estimates and assumptions in respect of key assets and liabilities. The key areas in which critical estimates are applied are detailed below.

A. Provision for outstanding and unreported claims

Provision is made at the balance sheet date for the estimated cost of claims incurred but not settled, including the cost of claims incurred but not yet reported.
The estimated cost of claims includes direct expenses to be incurred in settling claims gross of the expected value of recoveries.
All reasonable steps are taken to ensure that appropriate information is obtained regarding claims exposures. However, given the uncertainty in establishing the provision for outstanding and unreported claims, it is likely that the final outcome will prove to be different from the original liability established.
The provision for outstanding and unreported claims liability is assessed by an independent actuary in three broad categories: Scheduled Benefits, Common Law, and Future Care. The valuation methodologies are based on those that are best suited to the characteristics of the benefits being valued and are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers.

Scheduled benefits

Scheduled benefits exhibit high initial payments for most claims with some claims receiving ongoing payments for many years. This is best represented by the Payments Per Claim Incurred (PPCI) method.

Common law

Common Law projections take into account the following:
- the ultimate number of common law claims intimated (referred to as Common Law "lodgements")
- the rate at which this common law potential is settled, separately considering "non-nil" and "nil damages" claims
    - "non-nil" claims represent those that receive a damages payment
    - "nil damages" claims represent those intimations that ultimately do not involve common law damages payments (although they may incur other common law-related expenses, or non-common law payments); the bulk of these claimants do not ever initiate a common law action
- the average damages cost at settlement
- the level of other common law costs (primarily legal and other investigation costs).

Future care

Future care liabilities are assessed on an individual claim basis. Each component of Future Care costs for individuals identified as requiring daily care is reviewed. This assessment examines the details surrounding the claim, medical reports, and care reports, with a view to determining the likely future needs and ongoing cost.
The estimated liabilities are based on an individual valuation model that converts these assessments into cash flows for each claimant. Forecasts of cash flows are based on allowance for steps up and down in care needs, future claims inflation, and mortality of the claimant. Medical advice is often sought if it is thought that a claimant's injuries may affect his or her life expectancy. Allowance for claims incurred but not reported (IBNR) is based on assumed numbers of incurred claims multiplied by an average claim size.

B. Assets arising from reinsurance contracts

A separate estimate is made of the amounts that will be recoverable from reinsurers. The recoverability of these assets is assessed on a periodic basis to ensure the balance is reflective of the amounts that will be received. Impairment is recognised where there is objective evidence that the full amount due may not be received and these amounts can be reliably measured.

C. Investments

The investment portfolio is managed to grow in accordance with the expected pattern of cash flows arising from the provision for outstanding and unreported claims liability.

3. Risk Management Policies and Procedures

The Board's risk management policies and procedures are detailed below.

A. Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

As the sole underwriter of compulsory third party insurance in Tasmania the main insurance risks include claims and rehabilitation management, maximising investment returns within acceptable bounds of risk and ensuring collection of appropriate premium revenue. The risk management objectives in regard to these categories are to maintain long term scheme solvency in the target range of 20% to 25% and to ensure that a balance exists between premium income, the cost of claims and the requirement to achieve a sustainable commercial rate of return that maximises value for the State.

Risk management principles

The Board has a sound risk management structure and practices in place. Underpinning the process is a Risk Management Policy (the Policy) and a Risk Management Plan (the Plan). The objectives of the Plan are to:
- Formalise the approach taken to the management of risk; and
- Serve a dual purpose of mitigating risk and fostering a risk management culture.

The objectives of the Policy are to:
- protect the assets of the business;
- effectively manage risk exposure; and
- ensure an orderly and timely approach to the Board's risk management practices.

The Policy is reviewed annually by Management and the Audit Committee and approved by the Board. The Policy sets out the risk management structure and assigns responsibilities to each group within that structure (Management, the Audit Committee and the Board of Directors). It further prescribes the scope of the Plan and guidelines for the identification and ranking of risks.

The Plan classifies all business risks under the headings of Operational, Financial and Corporate Governance. Each risk is assessed for inherent risk and managed risk and ranked as extreme, high, medium or low to ensure risks are managed on a prioritised basis. Mitigating strategies are established to manage the inherent risk down.

The Plan is formally reviewed by Management bi-annually with reporting to the Audit Committee on any amendments. In addition, a program of compliance activities ensures that risks are reviewed regularly between formal reviews and that the documented mitigation strategies are valid and operating effectively. Reporting on compliance activities is performed on a quarterly basis to the Audit Committee.

Insurance risk

The Board has identified a number of insurance risks and has in place strategies to mitigate those risks in order to ensure:
- acceptance of valid claims;
- accurate assessment of claim liabilities;
- cost control measures are in place;
- fraud prevention and detection;
- provision of accurate information into the premium setting process;
- establishment of appropriate investment strategies to meet future liabilities; and
- retention of long term scheme solvency within the target range of 20% to 25%.

Key aspects of the processes identified in the Plan to mitigate insurance risks include, but are not limited to:
- Claims management procedures are documented in a series of policies and guidelines which are provided to all staff and reviewed regularly in accordance with the Board's document control procedures.
- A comprehensive database of accident data is maintained which facilitates the provision of a wide range of up-to-date information for review by management including, for example, monitoring of claim costs, common law progress and provider management.
- Exposure to catastrophic motor accidents is managed through taking out appropriate reinsurance cover. Reinsurance treaties are re-negotiated annually via a broker. When selecting a reinsurer only firms that have at least a Standard and Poors 'A' rating are considered. In order to limit risk, the Board has several reinsurers.
- An external consultant is engaged to provide a range of investment advisory services. A primary function of the engagement is to

undertake a strategic asset allocation assessment annually and recommend an appropriate investment portfolio, within acceptable bounds of risk. The mix of growth and defensive asset classes selected is structured to ensure long term matching of investment funds with future financial obligations.

- An independent actuary is engaged to value the claim liabilities (including the establishment of an appropriate risk margin), assess premium requirements annually, assess capital adequacy requirements and monitor and report on trends in costs.
- As the Tasmanian government monopoly compulsory third party insurer the Board is subject to a periodic review of its operations by the Government Prices Oversight Commission in order that the Commission can recommend maximum premiums to be charged for the periods following the review. In undertaking this review the Commission engages the services of an independent actuary to review the Board's claim costs and provision for outstanding and unreported claims liability and the assumptions underlying the valuation.

B. Terms and conditions of insurance business

The Board offers one class of insurance, compulsory third party. The terms and conditions are established under the *Motor Accidents (Liabilities and Compensation) Act 1973.*

C. Concentration of insurance risk

The Board operates the Tasmanian compulsory third party insurance scheme. Concentrations of insurance risk are determined by the nature and potential impact of the risk. The major concentration of insurance risk is a catastrophic motor accident. To limit its exposure to the financial impact of catastrophic motor accidents the Board purchases reinsurance cover.

D. Development of claims

There is a possibility that changes may occur in the estimate of the Board's obligations at the end of a contract period. The tables in note 21 show estimates of total claims outstanding for each underwriting year at successive year ends.

E. Interest rate risk

None of the financial assets or liabilities arising from insurance or reinsurance contracts entered into are directly exposed to interest rate risk.

Insurance and reinsurance contracts are entered into annually. At the time of entering into the contract all terms and conditions are negotiable or, in the case of renewals, renegotiable.

F. Credit risk

Financial assets and liabilities arising from insurance and reinsurance contracts are stated in the balance sheet at the amount that best represents the maximum credit risk exposure at balance date.

There are no significant concentrations of credit risk.

4. Premium Revenue

	2009 $'000	2008 $'000
Direct	126,264	124,370
Unearned premium revenue	(185)	(1,146)
	126,079	123,224

5. Income Tax

	2009 $'000	2008 $'000
A. Income tax expense recognised in the income statement		
Tax expense/(income) comprises:		
Current tax expense/(income)	19,867	48,986
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(30,093)	(63,632)
(Over)/under provision of income tax expense in previous year	(2,039)	(1,957)
Tax expense/(income) attributable to continuing operations	(12,265)	(16,603)
The amount of income tax attributable to the financial year differs from the amount prima facie payable on the operating result. The differences are reconciled as follows:		
Profit from continuing operations	(26,306)	(39,227)
Income tax expense calculated at 30%	(7,892)	(11,768)
Tax offsets for franked dividends	(2,333)	-
Previously unrecognised and unused tax losses and offsets now recognised as deferred tax assets	-	(2,878)
Income tax expense attributable to operating result	(10,225)	(14,646)
(Over)/under provision of income tax expense in previous year	(2,040)	(1,957)
Income tax expense attributable to operating result	(12,265)	(16,603)
B. Tax liability		
Tax payable in respect of current year	19,867	48,986
Less tax instalments paid	(11,970)	(16,094)
Provision for tax	7,897	32,892
C. Deferred tax balances		
Deferred tax liabilities comprise:		
Property investment	1,430	1,489
Difference in depreciation of plant & equipment for accounting and tax purposes	12	9
	1,442	1,498
Deferred tax assets comprise:		
Unrealised loss on investments	56,483	29,887
Claims handling expense included in provision for outstanding and unreported claims	14,064	10,081
Provisions currently not deductible	2,697	1,966
	73,244	41,934
Net deferred tax assets	71,802	40,436

6. Claims Expense

	2009 $'000	2008 $'000
Paid	69,551	70,536
Outstanding and unreported claims	4,684	(11,899)
Gross claims incurred	74,235	58,637
Other claim payments	463	474
	74,698	59,111

7. Recovery Revenue

Reinsurance recoveries received	12,074	66
Reinsurance recoveries receivable movement	(3,671)	4,192
Other recoveries received	2,383	1,081
	10,786	5,339

8. Net Claims Incurred

The following table shows the impact on the current year results of changes to the estimates of the provision for outstanding and unreported claims relating to prior years based on the most recent experience. Current year claims relate to risks borne in the current reporting period. Prior years' claims relate to a reassessment of the risks borne in all previous reporting periods.

	At 30 June 2009		
	Current Year Claims $'000	Prior Years' Claims $'000	Total $'000
Gross claims expense			
Gross claims incurred (inflated/undiscounted)	352,190	(1,376,912)	(1,024,722)
Reinsurance recoveries	-	39,294	39,294
Net claims incurred	352,190	(1,337,618)	(985,428)
Movement			
Gross claims incurred	(232,912)	1,329,486	1,096,574
Reinsurance recoveries	-	(47,697)	(47,697)
Net discount movement	(232,912)	1,281,789	1,048,877
Discounted			
Gross claims incurred	119,278	(47,426)	71,852
Reinsurance recoveries	-	(8,403)	(8,403)
Net claims incurred	119,278	(55,829)	63,449

Reconciliation of net claims incurred:	
Gross claims incurred (refer note 6)	74,235
Recovery revenue (refer note 7)	(10,786)
Net claims incurred	63,449

	At 30 June 2008		
	Current Year Claims $'000	Prior Years' Claims $'000	Total $'000
Gross claims expense			
Gross claims incurred (inflated/undiscounted)	461,267	19,806	481,073
Reinsurance recoveries	-	(33,966)	(33,966)
Net claims incurred	461,267	(14,160)	447,107
Movement			
Gross claims incurred	(342,308)	(81,209)	(423,517)
Reinsurance recoveries	-	29,708	29,708
Net discount movement	(342,308)	(51,501)	(393,809)
Discounted			
Gross claims incurred	118,959	(61,403)	57,556
Reinsurance recoveries	-	(4,258)	(4,258)
Net claims incurred	118,959	(65,661)	53,298
Reconciliation of net claims incurred:			
Gross claims incurred (refer note 6)			58,637
Recovery revenue (refer note 7)			(5,339)
Net claims incurred			53,298

9. Investment Revenue

	2009 $'000	2008 $'000
Interest	22,753	6,494
Rentals	360	369
Dividends	61,997	101,127
Other	564	1,340
Changes in net market values		
Investments held at the end of the reporting period	(133,789)	(138,236)
Investments realised during the reporting period	(18,591)	(65,300)
	(66,706)	(94,206)
Investment related expenses	(1,813)	(1,240)
	(68,519)	(95,446)

10. Cash and Cash Equivalents

Cash at bank	836	207
Investments	181,248	157,709
Total cash and cash equivalents	182,084	157,916

11. Accounts Receivable

	2009	2008
	$'000	$'000
Premiums receivable	1,346	1,752
Other receivables	12	15
Total accounts receivable	1,358	1,767

12. Reinsurance Recoveries Receivable

Inflated reinsurance recoveries are based on an assessment of the amounts due from reinsurers, based on current gross claim amounts, assuming that the reinsurance recoveries are made in the same proportions over time as the gross future care liabilities.
Discounted reinsurance recoveries are based on an assessment of the amounts due from reinsurers, based on current gross claim amounts, discounted by two years to allow for the average delay between payment by the Board and recovery from reinsurers.

Expected future reinsurance recoveries undiscounted	72,422	123,790
Discount to present value	(58,580)	(106,276)
Provision for impairment of reinsurance assets	-	-
Reinsurance recoveries receivable on incurred claims	13,842	17,514
Expected future reinsurance recoveries on unexpired risk liability	-	-
Total reinsurance recoveries receivable	13,842	17,514

13. Debt Securities and Other Investments

Debt securities	4,637	40,583
Convertible and floating rate notes	370	-
Other financial instruments	(1,430)	(2,545)
Total debt securities and other investments	3,577	38,038
Due within 12 months	6,049	24,861
Due in more than 12 months	(2,472)	13,177
Total debt securities and other investments	3,577	38,038

14. Listed Instruments

	2009	2008
	$'000	$'000
Australian equities	89,003	63,474
Unit trusts	1,894	873
Diversified property	21,499	28,109
Total listed instruments	112,396	92,456

15. Unlisted Instruments

Australian equities	73,283	164,042
International equities	143,493	158,356
Emerging markets equities	21,962	25,188
Diversified property	37,287	55,942
Infrastructure	41,519	38,029
Cash and fixed income	253,331	236,688
Total unlisted instruments	570,875	678,245

16. Investment Properties

At fair value		
Opening balance at 1 July	15,510	12,920
Acquisitions	-	-
Capitalised subsequent expenditure	261	1,715
Net gain/(loss) from fair value adjustment	(426)	875
Closing balance at 30 June	15,345	15,510
Amounts recognised in profit and loss for investment properties that generated rental income		
Rental income	360	369
Operating expenses	116	103
Amounts recognised in profit and loss for investment properties that did not generate rental income		
Operating expenses	103	114

17. Other Assets

Prepaid expenses	27	27
Total other assets	27	27

18. Financial Instruments

The carrying amount of the Board's financial assets and financial liabilities is summarised in the following table:

	2009 $'000	2008 $'000
Financial assets		
Financial assets at fair value through profit or loss		
Cash and cash equivalents	182,084	157,916
Debt securities and other investments	3,577	38,038
Listed instruments	112,396	92,456
Unlisted instruments	570,875	678,245
Total financial assets at fair value through profit or loss	868,932	966,655
Loans and receivables		
Accounts receivable	1,358	1,767
Reinsurance recoveries receivable	13,842	17,514
Total loans and receivables	15,200	19,281
Total financial assets	884,132	985,936
Financial liabilities		
Financial liabilities at amortised cost		
Sundry creditors and accrued expenses	2,651	2,014
Provision for Injury Prevention and Management Foundation	1,104	882
Total financial liabilities at amortised cost	3,755	2,896

Financial risk management

The Board's financial assets and liabilities are exposed to a variety of financial risks, primarily:
(a) market risk (including foreign exchange risk, interest rate risk and price risk);
(b) credit risk; and
(c) liquidity risk.

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

A. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk comprises three types of risk:

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

The Board, in consultation with the following parties, the Investment Advisor Mercer Investment Consulting, the Master Custodian National Australia Bank and External Fund Managers, is responsible for the management and control of financial risks. The Board's Investment Policy Statement provides written principles for the overall risk management of the investment framework and outlines the approach for managing specific risk areas including foreign exchange risk, interest rate risk, equity price risk, credit risk and liquidity risk.

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

(i) Price risk

Price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Board has exposure to equity securities price risk which arises from investments held and classified on the balance sheet as at fair value through profit or loss. There is no exposure to commodity price risk. All securities investments present a risk of loss of capital. The maximum risk for the Board resulting from financial instruments is determined by the fair value of the financial instruments.

The Board mitigates its price risk through diversification of its portfolio and by selecting securities and other financial instruments in accordance with the limits set in the Investment Policy Statement.

The table below summarises the impact of increases of the Australian and International stock exchanges on the operating result after tax for the year and on equity. The analysis is based on the assumption that the equity indexes had increased or decreased 10% (2008: 10%) with all other variables held constant and all the equity instruments moved according to the historical correlation with the index.

	2009	2008
	$'000	$'000
Impact on profit and equity of a 10% increase in equity prices:		
Listed instruments	6,230	4,443
Unlisted instruments	16,712	24,414
Impact on profit and equity of a 10% decrease in equity prices:		
Listed instruments	(6,230)	(4,443)
Unlisted instruments	(16,712)	(24,414)

(ii) Foreign currency risk

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

As part of its risk management strategy, the Board, in conjunction with its Investment Advisor, regularly monitors its foreign currency exposure. Forward currency contracts are used to manage exposures resulting from changes in foreign currencies. The use of foreign exchange instruments is managed in accordance with the guidelines set out in the Board's Investment Policy Statement.

The foreign exchange risk disclosures have been prepared on the basis of the Board's direct investment. Consequently the disclosure of currency risk may not represent the true currency risk profile of the Board where it has significant investments in feeder trusts which also have exposure to the currency markets.

As at 30 June 2009 the Board had a nil exposure to foreign currency risk (2008: nil).

Sensitivity

The foreign currency risk sensitivity analysis is conducted on a direct investment basis and therefore includes only outstanding foreign currency denominated monetary items. On that basis the Board's sensitivity to movements in foreign currency at 30 June 2009 is nil (2008: nil). The foreign exchange risk relating to non-monetary assets and liabilities, e.g. equity investments, is a component of price risk for the purpose of the sensitivity analysis.

(iii) Fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position.

Sensitivity

At 30 June 2009, if interest rates had changed by +0.5% from the year end rates with all other variables held constant, the operating result after tax for the year would have been $1,611,582 lower (2008: change of +50bps: $5,792,832 lower). For a decrease in interest rates there would be an equal and opposite impact on the profit after tax and equity.

B. Credit risk

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

- Cash and cash equivalents;
- Accounts receivable;
- Reinsurance recoveries receivable; and
- Investments

Credit risk on investments arises from cash and cash equivalents, debt securities, derivative financial instruments and performance guarantees and is managed in accordance with the Board's Investment Policy Statement which:

- limits investments to organisations that meet the prescribed minimum credit ratings;
- limits the maximum amount that may be invested with any one counterparty according to its credit rating and across any one credit rating category; and
- prescribes minimum credit ratings for organisations that provide performance guarantees.

The majority of accounts receivable comprises premiums receivable collected on behalf of the Board by the Department of Infrastructure Energy and Resources. These amounts are received within a week.

The Board's policy is to place reinsurance with businesses which have a minimum Standard and Poors credit rating of "A". A broker is engaged to facilitate the placement of reinsurance cover. Credit risk on investments is monitored in accordance with the Investment Policy Statement with the external funds managers and custodian being required to monitor counterparty exposure on an ongoing basis to avoid breach of limits. In addition, management undertakes an annual review of compliance with the credit risk provisions contained in the Investment Policy Statement. The level of investment with any one counterparty is assessed based on the market value of the investment.

Financial assets and liabilities are recorded in the Balance Sheet at the amount which represents the maximum exposure to credit risk at the reporting date. The Board does not have a significant credit risk exposure to any single counterparty or group of counterparties with similar characteristics.

There were no past due or impaired amounts at balance date.

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

The Board's credit risk exposure is shown in the table below.

	2009 $'000	2008 $'000
Accounts receivable		
Counterparts with external credit rating		
Standard and Poors rated		
A-1+	1,346	1,752
Counterparts without external credit rating		
Other receivables	12	15
Total accounts receivable	1,358	1,767
Reinsurance recoveries receivable		
Counterparts with external credit rating		
Standard and Poors rated		
AAA	1,987	1,825
AA-	1,894	7,949
A+	8,283	5,938
A	306	306
A-	16	215
AM Best Rated		
A	286	-
Counterparts without external credit rating	1,070	1,281
Total reinsurance recoveries receivable	13,842	17,514
Cash and cash equivalents		
Counterparts with external credit rating		
Standard and Poors rated		
A-1+	181,339	156,848
Total cash and cash equivalents	181,339	156,848
Debt securities and other investment assets		
Counterparts with external credit rating		
Standard and Poors rated		
AA+	-	24,861
AA	-	6,426
A	-	9,296
A-1	(1,343)	(3,319)
CCC-	4,637	
Total debt securities and other investment assets	3,294	37,264
Unlisted instruments		
Counterparts with external credit rating		
Standard and Poors rated		
Aaf	190,697	178,352
A	36,980	44,946
Total unlisted instruments	227,677	223,298

C. Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, during both normal and abnormal trading conditions, without incurring unacceptable losses or damaging its reputation.

Liquidity risk is managed in accordance with a liquidity policy under which:

- Short term liquidity requirements are monitored on a daily basis with excesses/(shortfalls) in the trading account deposited/(withdrawn) from the overnight cash account. The overnight cash account holds a minimum balance of $10,000,000.
- Medium/long term liquidity requirements are assessed at least monthly and cash holdings within the investment portfolio are accumulated to meet known future financial obligations as they fall due. This approach also provides access at very short notice to substantial amounts of cash in the unlikely event of an unforeseen obligation. The Investment Policy Statement prescribes a minimum holding of $50,000,000 for cash within the total investment portfolio.

Maturities of financial instruments

The tables below analyse the financial assets and liabilities by maturity dates based on the remaining period at the reporting date to the contractual maturity date.

		Maturity dates				
	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
30 June 2009	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents	182,084	-	-	-	-	182,084
Loans and receivables	-	-	-	-	15,200	15,200
Financial assets at fair value through profit and loss	4,920	-	-	87	681,841	686,848
	187,004	-	-	87	697,041	884,132
Financial liabilities						
Sundry creditors and accrued expenses	-	-	-	-	2,651	2,651
Provision for Injury Prevention and Management Foundation	-	-	-	-	1,104	1,104
	-	-	-	-	3,755	3,755
Net financial assets (liabilities)	187,004	-	-	87	693,286	880,377

		Maturity dates				
	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
30 June 2008	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents	157,916	-	-	-	-	157,916
Loans and receivables	-	-	-	-	19,281	19,281
Financial assets at fair value through profit and loss	40,583	-	-	-	768,156	808,739
	198,499	-	-	-	787,437	985,936
Financial liabilities						
Sundry creditors and accrued expenses	-	-	-	-	2,014	2,014
Provision for Injury Prevention and Management Foundation	-	-	-	-	882	882
	-	-	-	-	2,896	2,896
Net financial assets (liabilities)	198,499	-	-	-	784,541	983,040

D. Capital management

The Australian Prudential Regulation Authority (APRA) is the agency responsible for the regulation of private sector insurers in Australia. As a government business enterprise the Board is not governed by APRA requirements. However, for the purposes of good governance and sound commercial practice, in conjunction with its external actuary, and following consideration of APRA's capital requirements, it has developed a capital requirements policy suitable to a government compulsory monopoly insurer.

The capital position is measured by reference to the solvency ratio which is defined as the ratio of net assets to the provision for outstanding and unreported claims adjusted for deferred tax and future dividends owing. A target range of 20% to 25% has been established by the Board following consultation with its actuary and takes account of the liability profile and an assessment of the investment risk profile. At reporting date the actual solvency position is 15.5%.

The actual and forecast capital position is examined by Directors on a monthly basis and consideration of the solvency position is integral to the annual corporate planning process and annual review and setting of strategic asset allocation benchmarks.

The Board is not subject to any externally imposed capital requirements and there were no changes to its approach to capital management during the year.

19. Plant and Equipment

	2009 $'000	2008 $'000
Gross carrying amount		
Balance at beginning of year	3,230	3,294
Additions	249	199
Disposals	(307)	(263)
Balance at end of year	3,172	3,230
Accumulated depreciation		
Balance at beginning of year	2,715	2,766
Disposals	(94)	(163)
Depreciation expense	102	112
Balance at end of year	2,723	2,715
Net book value		
As at end of financial year	449	515

20. Deferred Acquisition Costs

Deferred acquisition costs as at 1 July	-	-
Acquisition costs in the year	2,410	2,477
Amortisation charged to income	(2,427)	(2,471)
Write down for premium deficiency (refer note 22)	17	(6)
Deferred acquisition costs as at 30 June	-	-

21. Provision for outstanding and unreported claims

A. Actuarial assumptions and methods

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

	2009			2008		
	Scheduled benefits	Common law	Future care	Scheduled benefits	Common law	Future care
Inflated mean term (years)	7.2	3.0	38.4	9.0	3.1	42.7
Discounted mean term (years)	3.8	2.7	19.7	4.8	2.8	20.2
Number of claims incurred but not reported (IBNR)	422	284	19	403	296	17
Average claim size ($ '000)	3	21	4,390	3	18	4,278
Superimposed inflation	1.50%	0.75%	0.00%	1.50%	0.75%	0.00%
Claims handling expenses	7%	7%	7%	6%	6%	6%
Risk margin	20%	20%	20%	20%	20%	20%

	Wage inflation rates		Discount rates	
Claims expected to be paid in:	2009	2008	2009	2008
Year 1 (following end of financial year)	4.00%	5.00%	3.40%	7.04%
Year 2	4.00%	5.00%	4.49%	6.86%
Year 3	4.00%	5.00%	6.02%	6.59%
Year 4	4.00%	5.00%	6.18%	6.42%
Year 5	4.00%	5.00%	6.18%	6.39%
Year 6	4.00%	5.00%	6.18%	6.39%
Year 7	4.00%	5.00%	6.18%	6.39%
Year 8	4.00%	5.00%	6.18%	6.39%
Year 9	4.00%	5.00%	6.18%	6.39%
Year 10	4.00%	5.00%	6.18%	6.39%
Year 11	4.00%	5.00%	6.15%	6.41%
Year 12	4.00%	5.00%	6.12%	6.54%
Year 13	4.00%	5.00%	6.09%	6.69%
Year 14	4.00%	5.00%	6.06%	6.84%
Year 15	4.00%	5.00%	6.02%	6.97%
Thereafter	4.00%	5.00%	6.00%	7.00%

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

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

Number of claims incurred but not reported
The number of incurred but not reported (IBNR) claims is estimated by projecting the number of claims to be reported after the balance date arising from incidents prior to that date. This projection is based on analysis of historical reporting patterns.

Average claim size
The average claim size is based on discounted outstanding claim liabilities plus payments to date, divided by estimated incurred claim numbers (reported claims plus IBNR claims).

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

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

Claims handling expenses
Claims handling expenses are calculated by reference to past experience of claims handling costs as a percentage of past payments. Claims handling expenses at 30 June 2009 are included at the rate of 7% of future claim payments (2008: 6%).

Risk margin
Estimates of outstanding claims contain a considerable degree of uncertainty due to:

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

Given the long tail nature of the scheme and sources of uncertainty described above a 20% (2008: 20%) risk margin on top of the actuarially assessed central estimate and future costs of handling those claims net of reinsurance recoveries is included. This prudential margin provides a probability of not less than 75% (2008: not less than 75%) that the provision is sufficient to meet the cost of claims incurred.

Discount rates
Discount rates are based on market yields available on Commonwealth government securities.

B. Sensitivity analysis
Sensitivity analyses are undertaken to quantify the exposure to risk of changes in the key valuation variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed in section (a) above. The movement in any key variable will impact the Board's performance and equity.
The amount of the provision for outstanding and unreported claims liability is inherently uncertain, for the following general reasons:
a) Models used to estimate outstanding liabilities represent a simplification of a complex claims process.
b) Even if a model were a perfect representation of the nature of the underlying claims process, past random fluctuations in the claims experience mean that uncertainty arises from estimating the parameters of the model.
c) Any shortcomings of and/or errors in the data available increase uncertainty regarding the estimated parameters of the model.
d) Even if the true underlying parameters could be determined precisely for a perfect model, the amount of the liability would still be uncertain because of:
    (i) Random fluctuations in the future claim experience.
    (ii) The possibility of future systemic, i.e. non-random, changes in the claims experience.

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

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

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

The following table illustrates how a change in some of the key valuation assumptions described above affects the provision for outstanding and unreported claims liability and show an analysis of the sensitivity of the profit/loss and equity to changes in these assumptions both gross and net of reinsurance. Note that the table is illustrative only, and it is not intended that it cover the range of potential variations.

	Profit/(loss) after tax $'000	Equity $'000
Recognised amounts as per the financial statements	(13,044)	221,237
Inflation increase by 0.5%	(47,680)	186,601
Inflation decrease by 0.5%	17,085	251,366
Discount rate increased by 0.5% all durations	16,337	250,619
Discount rate decreased by 0.5% all durations	(47,068)	187,213
Long term discount rate increased by 0.5%	1,001	235,282
Long term discount rate decreased by 0.5%	(29,016)	205,265
Cost of 2008/09 Future Care IBNR claims increased by 10%	(15,411)	218,871
Cost of 2008/09 Future Care IBNR claims decreased by 10%	(10,678)	223,603
Common Law settlement size increased by 10%	(24,801)	209,480
Common Law settlement size decreased by 10%	(1,288)	232,993
Scheduled Benefits average size increased by 10%	(15,914)	218,367
Scheduled Benefits average size decreased by 10%	(10,174)	224,107

C. Provision for outstanding and unreported claims by benefit type

In recognition of the three claims liability streams, the provision for outstanding and unreported claims liability is calculated under the categories of scheduled benefits, common law and future care claims. The reconciliation between the undiscounted and discounted closing provision is as follows:

	2009 $'000	2008 $'000
Scheduled benefits claims		
Expected future claims payments (inflated/undiscounted)	39,988	49,242
Discount to present value	(9,890)	(17,162)
Claims handling expenses	2,235	2,030
Risk margin	6,467	6,822
Sub-total provision for outstanding and unreported scheduled benefits claims	38,800	40,932
Common law claims		
Expected future claims payments (inflated/undiscounted)	160,587	169,665
Discount to present value	(20,805)	(32,988)
Claims handling expenses	10,425	8,738
Risk margin	30,041	29,083
Sub-total provision for outstanding and unreported common law claims	180,248	174,498
Future care claims		
Expected future claims payments (inflated/undiscounted)	1,794,417	2,650,714
Discount to present value	(1,435,041)	(2,288,043)
Claims handling expenses	26,408	22,836
Risk margin	74,388	73,599
Sub-total provision for outstanding and unreported future care claims	460,172	459,106
All Claims		
Expected future claims payments (inflated/undiscounted)	1,994,992	2,869,621
Discount to present value	(1,465,736)	(2,338,193)
Claims handling expenses	39,068	33,604
Risk margin	110,896	109,504
Total provision for outstanding and unreported claims	679,220	674,536
Due within twelve months	80,691	75,328
Due in more than twelve months	598,529	599,208
Total provision for outstanding and unreported claims	679,220	674,536

D. Reconciliation of movement in provision for outstanding and unreported claims

	2009			2008		
	Gross	Recoveries	Net	Gross	Recoveries	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Brought forward	674,536	17,514	657,022	686,435	13,322	673,113
Liabilities due within twelve months from previous report	(75,328)	-	(75,328)	(61,627)	-	(61,627)
	599,208	17,514	581,694	624,808	13,322	611,486
Accrual to 30 June	641,382	18,746	622,636	665,603	14,108	651,495
Effect of changes in actuarial assumptions	(55,730)	(4,009)	(51,721)	(103,318)	3,522	(106,840)
Effect of changes in economic assumptions	(12,437)	(895)	(11,542)	3,408	(116)	3,524
Net revision to prior years' claims costs	(68,167)	(4,904)	(63,263)	(99,910)	3,406	(103,316)
Outstanding claims cost for prior accident years	573,215	13,842	559,373	565,693	17,514	548,179
Incurred claims for current accident year	119,279	-	119,279	118,958	-	118,958
Claims payments/recoveries for current accident year	(13,274)	-	(13,274)	(10,115)	-	(10,115)
Outstanding claims cost for current accident year	106,005	-	106,005	108,843	-	108,843
Carried forward	679,220	13,842	665,378	674,536	17,514	657,022

E. Claims development table

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

	Accident year								
	2002 $'000	2003 $'000	2004 $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	Total $'000
Gross									
Estimate of ultimate claims cost:									
At end of accident year	254,797	283,263	509,641	236,766	288,839	397,697	363,894	281,693	2,616,590
One year later	220,655	341,978	211,623	230,477	340,652	348,300	242,314		1,935,999
Two years later	277,232	193,865	244,428	261,755	307,592	205,414			1,490,286
Three years later	152,125	189,664	227,705	326,823	194,869				1,091,186
Four years later	146,392	176,369	207,869	194,802					725,432
Five years later	186,543	192,271	143,484						522,298
Six years later	222,024	128,600							350,624
Seven years later	147,110								147,110
Current estimate of cumulative claims cost	147,110	128,600	143,484	194,802	194,869	205,414	242,314	281,693	1,538,286
Cumulative payments	(48,793)	(43,595)	(45,819)	(49,248)	(37,514)	(30,794)	(22,303)	(13,471)	(291,537)
Outstanding claims (undiscounted)	98,317	85,005	97,665	145,554	157,355	174,620	220,011	268,222	1,246,749
Discount									(888,830)
2001 and prior (discounted)									171,338
Claims handling expense									39,067
Prudential margins									110,896
Outstanding claims (inflated & discounted)									679,220
Net									
Estimate of ultimate claims cost:									
At end of accident year	254,797	283,263	476,082	236,766	288,839	397,697	363,894	281,693	2,583,031
One year later	220,655	341,978	211,623	230,477	340,652	348,300	242,314		1,935,999
Two years later	277,232	193,865	244,428	261,755	307,592	205,414			1,490,286
Three years later	152,125	189,664	227,705	326,823	194,869				1,091,186
Four years later	146,372	176,369	200,670	194,802					718,213
Five years later	186,543	192,271	141,836						520,650
Six years later	222,024	128,600							350,624
Seven years later	147,110								147,110
Current estimate of cumulative claims cost	147,110	128,600	141,836	194,802	194,869	205,414	242,314	281,693	1,536,638
Cumulative payments	(48,793)	(43,595)	(45,819)	(49,248)	(37,514)	(30,794)	(22,303)	(13,471)	(291,537)
Outstanding claims (undiscounted)	98,317	85,005	96,017	145,554	157,355	174,620	220,011	268,222	1,245,101
Discount									(887,558)
2001 and prior (discounted)									157,872
Claims handling expense									39,067
Prudential margins									110,896
Outstanding claims (inflated & discounted)									665,378

22. Provision for Unexpired Risk

		2009	2008
		$'000	$'000
A. Unexpired risk liability			
Unexpired risk liability as at 1 July		1,766	4,546
Recognition of additional unexpired risk liability in the period		3,493	1,766
Release of unexpired risk liability recorded in previous periods		(1,766)	(4,546)
Unexpired risk liability as at 30 June		3,493	1,766
B. Deficiency recognised in the income statement			
Gross movement in unexpired risk liability		1,727	(2,780)
Reinsurance recoveries on unexpired risk liability		-	-
Net movement in unexpired risk liability		1,727	(2,780)
Write down of deferred acquisition costs (refer note 20)		(17)	6
Total deficiency recognised in the income statement		1,710	(2,774)
C. Calculation of liability			
Provision for unearned premiums		53,817	53,632
Related reinsurance asset		-	-
	(A)	53,817	53,632
Net central estimate of the present value of expected future cashflows arising from future claims		42,662	41,652
Claims handling expenses		3,186	2,666
Risk margin		11,462	11,080
Present value of expected future cash inflows arising from reinsurance recoveries on future claims		-	-
	(B)	57,310	55,398
Deficiency net of reinsurance recoveries	(B) – (A)	3,493	1,766
Add back reinsurance element of present value of expected future cash flows for future claims		-	-
Deficiency gross of reinsurance recoveries		3,493	1,766

Claims handling expenses

Claims handling expenses as at 30 June 2009 are included at the rate of 7% (2008: 6%).

Risk margin

A risk margin of 25% of the net central estimate of the present value of expected future cash flows arising from future claims plus claims handling expenses has been added. The risk margin is higher than the 20% risk margin applied to the provision for outstanding and unreported claims in recognition of the increased volatility of estimated costs in respect of events which have yet to occur. The 25% risk margin provides a probability of not less than 75% (2008: not less than 75%) that the provision is sufficient to meet the cost of claims incurred.

23. Provision for Employee Benefits

	2009	2008
Due within twelve months	**$'000**	**$'000**
Annual leave	151	139
Long service leave	11	-
Retirement benefits fund	27	21
	189	160
Due in more than twelve months		
Long service leave	294	265
Retirement benefits fund	2,850	2,377
	3,144	2,642
Aggregate employee benefits	3,333	2,802

Retirement benefits fund contributions

Defined benefit members receive lump sum benefits on resignation, and lump sum or pension benefits on retirement, death or invalidity.

Contributory scheme

The RBF Contributory Fund is a defined benefit scheme covering the Board's permanent employees where the benefit is calculated as a function of the members' salaries, level of contributions and length of service. From 15 May 1999 the Contributory Fund was closed to new members.

Compulsory preserved benefits

Former members of the Contributory scheme and the former Non-contributory scheme who have left service prior to the preservation age have had the Board's component of their benefit transferred to a Compulsory Preserved benefit account.
The Compulsory Preserved benefit is payable in the event of death, incapacity or on attaining preservation age or otherwise satisfying a condition of release. When a member reaches his or her preservation age, the Compulsory Preserved lump sum benefit is funded and may be paid to the member if he or she has retired from the workforce. If the member remains in employment it is transferred to the investment account or a rollover fund or complying superannuation scheme nominated by the member. The Compulsory Preserved benefit is increased each six months by the greater of CPI or AWOTE.

Pensioners

Members are able to elect to take their benefits in the form of a pension. Pensions are payable throughout the lifetime of the former member and are payable to a surviving widow or widower at two thirds of the pension at the time of death.
Pensions are indexed in line with CPI, with indexation occurring twice each year.

Methodology

Liabilities have been computed using the Projected Unit Credit Method. The objective under this method is to expense each member's benefits as they would accrue taking into consideration future salary increases and the benefit allocation formula. Thus the total benefit to which each member is expected to become entitled is broken down into units, each associated with a year of past or future credited service.
Liabilities for existing pensioners have been calculated allowing for the levels of the existing pension, the level of assumed pension indexation and expected mortality rates.
Liabilities for compulsory preserved members have been calculated allowing for the level of the existing benefit, the level of assumed indexation and expected retirement rates.
The calculated Defined Benefit Obligation (DBO) is the sum of the accrued liabilities for all relevant employees.

Reconciliation of the present value of the defined benefit obligation	2009 $'000	2008 $'000
Present value of defined benefit obligations at beginning of the year[1]	2,927	2,884
(+) Current service cost[1]	93	81
(+) Interest cost	165	149
(+) Estimated contributions by plan participants	33	29
(+) Actuarial (gains)/losses[1]	266	(166)
(-) Estimated benefits paid	93	46
(-) Estimated taxes, premiums & expenses paid	5	6
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Past service cost	-	-
(+) Curtailments	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Present value of defined benefit obligations at end of the year	3,385	2,927

Note 1 Includes contributions tax provision/change in contributions tax provision.

Reconciliation of the defined benefit obligation

The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded

Reconciliation of the fair value of scheme assets

Fair value of plan assets at beginning of the year	529	552
(+) Expected return on plan assets	36	39
(+) Actuarial gains/(losses)	(38)	(60)
(+) Estimated employer contributions	47	20
(+) Estimated contributions by plan participants	33	29
(-) Estimated benefits paid	93	46
(-) Estimated taxes, premiums & expenses paid	6	6
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value plan assets at year end	508	529

Reconciliation of the assets and liabilites recognised in the balance sheet

Defined benefit obligation[1]	3,385	2,927
(-) Fair value of plan assets	508	529
Deficit/(surplus)	2,877	2,398
(-) Unrecognised past service cost	-	-
(-) Unrecognised net (gain)/loss	-	-
(+) Adjustment for limitation on net asset	-	-
Net superannuation liability/(asset)	2,877	2,398
Due within 12 months	27	21
Due in more than 12 months	2,850	2,377
	2,877	2,398

Note 1 2008 figure includes contributions tax provision.

Expense recognised in income statement	2009	2008
	$'000	$'000
Service cost	93	82
Interest cost	165	149
Expected return on assets	(36)	(39)
Actuarial loss/(gain)	304	(106)
Past service cost	-	-
Movement in limitation on net asset	-	-
Effect of curtailments/settlements	-	-
Superannuation expense/(income)	526	86

Fund assets

The percentage invested in each asset class at the balance sheet date:

	31 March 2009	30 June 2008
Australian equity	20%	23%
International equity	13%	18%
Fixed income	11%	13%
Property	31%	22%
Alternatives/Other	19%	18%
Cash	6%	6%

Fair value of fund assets

Assets are not held separately for each authority but are held for the Fund as a whole. The fair value of the Fund assets was estimated by allocating the total Fund assets to each authority in proportion to the value of each authority's funded liabilities, calculated using the assumptions outlined in this report.
The fair value of Fund assets includes no amounts relating to:
- any of the authority's own financial instruments
- any property occupied by, or other assets used by, the authority.

Expected rate of return on fund assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of estimated investment tax and investment fees.

Actual return on fund assets

Financial year ending 30 June	2009 $'000	2008 $'000
Actual return on plan assets	(2)	(21)

Note: As seperate assets are not held for each authority, the actual return includes any difference in the allocation to each authority.

Principal actuarial assumptions at the balance sheet date	2009 % pa	2008 % pa
Discount rate	5.70	6.50
Expected return on plan assets	7.00	7.00
Expected salary increase rate	4.50	4.50
Expected rate of increase compulsory preserved amounts	4.50	4.50
Expected pension increase rate	2.50	2.50

The discount rate is based on the market yields on the longest dated Government bonds as at 30 June 2009 extrapolated to allow for the fact that the term of the liabilities exceeds the term of the longest Government bond and adjusted to allow for investment tax, based on the expected rate of tax payable by the Fund. The decrement rates used (eg mortality and retirement rates) are based on those used at the last actuarial valuation for the Fund.

Operating costs

Operating costs for the Fund as a whole have been assumed to be incurred at the rate of 1.5% of salaries. This cost has then been allocated to each authority in proportion to assets.

Temporary invalidity expense

The cost of temporary invalidity benefits has been assumed to be 0.38% of salaries of current contributory members.

Historical information

Financial year ending 30 June	**2009**	**2008**	**2007**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Present value of defined benefit obligation	3,385	2,927	2,884	2,579	2,398
Fair value of plan assets	508	529	552	540	471
(Surplus)/deficit in plan	2,877	2,398	2,333	2,039	1,928
Experience adjustments (gain)/loss - plan assets	38	60	(3)	(34)	56
Experience adjustments (gain)/loss - plan liabilities	179	(53)	(74)	213	(152)

The experience adjustment for Fund liabilities represents the actuarial loss (gain) due to a change in the liabilities arising from the Fund's experience (eg membership movement, salary increases and indexation rates) and excludes the effect of the changes in assumptions (eg movements in the bond rate).

Expected Contributions

Financial year ending 30 June	**2010**
	$'000
Expected employer contributions	27

24. Retained Earnings

	2009	**2008**
	$'000	**$'000**
Balance at the beginning of the financial year	273,900	339,474
Operating result after tax	(14,041)	(22,624)
Dividends paid	(39,619)	(42,950)
Balance at the end of the financial year	220,240	273,900

25. Provision for Injury Prevention and Management Foundation

Legislation is in place which allows the Board to fund research and education and to service development programs that are directed towards the prevention and improved management of injuries resulting from motor accidents. Funding for the Injury Prevention and Management Foundation (the Foundation) is by way of up to 1% of premium income each year. Projects are approved by a Committee set up to administer the Foundation. Guidelines as to appropriate projects are set out in a booklet published by the Foundation.

	2009	2008
	$'000	$'000
Balance at the beginning of the financial year	882	1,060
Payments	(784)	(1,004)
Project approvals less project funds withheld	906	746
GST on outstanding project approvals	100	80
Balance at the end of the financial year	1,104	882

26. Provision for Unearned Premium

Balance at beginning of financial year	53,632	52,486
Deferral of premiums on contracts written in the period	53,817	53,632
Earning of premiums written in previous periods	(53,632)	(52,486)
Balance at end of financial year	53,817	53,632

27. Sundry Creditors and Accrued Expenses

Sundry creditors	2,626	1,990
Accrued expenses - employee on costs	25	24
Total sundry creditors and accrued expenses	2,651	2,014
Due within twelve months		
Sundry creditors	2,626	1,990
Accrued expenses - employee on costs	9	8
Total sundry creditors and accrued expenses due within twelve months	2,635	1,998
Due in more than twelve months		
Accrued expenses - employee on costs	16	16
Total sundry creditors and accrued expenses due in more than twelve months	16	16
Total sundry creditors and accrued expenses	2,651	2,014

28. Cash Flow Statement

A. Reconciliation of cash

For the purposes of the Cash Flow Statement, cash includes cash on hand and at bank and cash equivalent investments (refer note 10). Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2009	2008
	$'000	$'000
Cash and cash equivalents	182,084	157,916

B. Reconciliation of net cash provided by operating activities to operating result after tax

Operating result after tax	(14,041)	(22,624)
Depreciation	102	112
Loss (profit) on sale of assets	65	26
Increase (decrease) in employee provisions	531	118
Increase (decrease) in creditors and accruals	637	(3,898)
Increase (decrease) in claims provisions for new claims and the effect of existing claims provisions increases/decreases	4,684	(11,899)
Decrease (increase) in prepaid insurance expenses	-	4
Unrealised change in net market value of investments	152,806	203,537
Decrease (increase) in deferred tax asset	(31,366)	(63,632)
Decrease (increase) in accrued income	104	(81)
Decrease (increase) in accounts receivable	409	200
Decrease (increase) in reinsurance recoveries receivable	3,672	(4,192)
Increase (decrease) in provision for unearned income	185	1,146
Increase (decrease) in tax payable	(24,995)	1,005
Increase (decrease) in provision for injury prevention and management foundation	222	(178)
Increase (decrease) in unexpired risk provision	1,727	(2,780)
Net cash flow from operating activities	94,742	96,864

C. Financing facilities

The Board has no formal credit standby arrangements or unused loan facilities.

29. Road Safety Task Force

For the year ended 30 June 2009 contributions amounting to $3,015,000 (2008: $2,800,000) were paid to the Road Safety Task Force (RSTF). A Memorandum of Understanding between the Board, Department of Police and Emergency Management and the Department of Infrastructure, Energy and Resources is in operation and specifies the relevant key performance indicators.

30. Motorcycle Safety Strategy

For the year ended 30 June 2009 the Board contributed $9,750 (2008: $193,439) in sponsorship for the Motorcycle Safety Strategy. This encompasses motorcycle rider education and training.

31. Road infrastructure

For the year ended 30 June 2009 $1,581,484 (2008: $405,334) was paid to the Department of Infrastructure, Energy and Resources representing the Board's contribution to the Black Spot Program.

32. Auditor's remuneration

The amount payable to the Tasmanian Audit Office for the financial year is $52,327 (2008: $35,980).

33. Dividends

Since the end of the financial year, a final ordinary dividend relating to the 2008/09 financial year in the amount of $23,102,997 has been calculated in accordance with the methodology contained in the Board's Ministerial Charter and is payable during the 2009/10 financial year.

A special dividend of $10,000,000 was paid in 2008/09 (2007/08: $10,000,000).

34. Key management personnel information

A. Directors
The following persons were directors of the Board during the financial year:

(i) Non executive directors:
Mr GJ Humphreys (Chairman)
Ms K Barker
Ms CE Bell
Mrs K Brown
Mr JW Harry
Mr ME Scanlon
Mrs KL Stephenson

(ii) Executive director:
Mr PJ Roche (Chief Executive Officer)

B. Other key management personnel

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

Mrs LJ Bingley	Manager Claims and Rehabilitation
Mr DW Thurm	Chief Financial Officer
Ms C Wilson	Chief Operating Officer (appointed 7 January 2009)

C. Key management personnel compensation

The key management personnel compensation included in administration expenses is as follows:

	2009 $'000	2008 $'000
Short Term Employee Benefits	559	595
Post Employment Benefits	208	218
	767	813

D. Directors' meetings

The number of Directors' Board meetings and Committee meetings held and attended by each Director during the financial year are as follows:

	Board of Directors Meetings Number		Audit Committee Meetings Number	
Director	**Held**	**Attended**	**Held**	**Attended**
GJ Humphreys	13	13		
K Barker	13	12		
CE Bell	13	13	10	10
K Brown	13	12		
JW Harry	13	13	10	10
PJ Roche	13	13		
ME Scanlon	13	13	10	10
KL Stephenson	13	13		

	Claims Committee Meetings Number		Injury Prevention & Management Foundation Commitee Meetings Number	
Director	**Held**	**Attended**	**Held**	**Attended**
GJ Humphreys	11	11	1	1
K Barker	11	10		
K Brown	11	9	1	1
PJ Roche	11	11		
KL Stephenson	11	10		

E. Other transactions of key management personnel and related parties

During the year, JW Harry, a Director, was a consultant of the firm Page Seager, which has provided legal services to the Board under normal terms and conditions.

K Brown, a Director, is the spouse of Simon Brown whose legal firm has provided services to the Board under normal terms and conditions.

In addition, G Humphreys, Chairman, is a Director of the firm Harrison Humphreys Pty Ltd which has provided professional services to the Board during the year under normal terms and conditions.

The aggregate amount in respect of transactions with Directors and Director-related entities for legal fees and other services for the year was $186,022 (2008: $201,195).

Tasmanian Audit Office

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INDEPENDENT AUDIT REPORT

To Members of the Parliament of Tasmania

MOTOR ACCIDENTS INSURANCE BOARD

Financial Statements for the Year Ended 30 June 2009

Report on the Financial Statements

I have audited the accompanying financial statements of the Motor Accidents Insurance Board (the Board), which comprise the balance sheet as at 30 June 2009, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the directors.

The Responsibility of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and Section 52 (1) of the *Government Business Enterprises Act 1995.* This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting my audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- Providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- Mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

My independence declaration was provided to the directors on the same date as this audit opinion and is included in the Directors' report.

Auditor's Opinion
In my opinion:

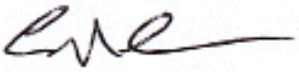
(a) the financial statements of the Motor Accidents Insurance Board:

(i) present fairly, in all material respects, the financial position of the Motor Accidents Insurance Board as at 30 June 2009, and of its financial performance, cash flows and changes in equity for the year then ended; and

(ii) are in accordance with the *Government Business Enterprises Act 1995* and Australian Accounting Standards (including Australian Accounting Interpretations).

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

TASMANIAN AUDIT OFFICE



E R De Santi
DEPUTY AUDITOR-GENERAL
Delegate of the Auditor-General

HOBART
13 August 2009

Tasmanian Audit Office

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13 August 2009

The Board of Directors
Motor Accidents Insurance Board
P O Box 590
Launceston Tas 7250

Dear Board Members

Auditor's Independence Declaration

In relation to my audit of the financial report of the Motor Accidents Insurance Board for the financial year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of Australian Auditing Standards in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

As agreed, a copy of this declaration will be included in the Annual Report.

Yours sincerely

E R De Santi
DEPUTY AUDITOR-GENERAL
Delegate of the Auditor-General

CERTIFICATION

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

(a) the financial statements and notes of the Enterprise are in accordance with the *Government Business Enterprises Act 1995*, including:

i. giving a true and fair view of the results and cash flows for the year ended 30 June 2009 and the financial position as at 30 June 2009 of the Enterprise; and
ii. subject to the Treasurer's Instructions, complying with Australian Accounting Standards, and Interpretations; and
iii. complying with Australian equivalents to International Financial Reporting Standards.

(b) there are reasonable grounds to believe that the Enterprise will be able to pay its debts as and when they fall due.

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

(a) the financial records of the Enterprise for the period ended 30 June 2009 have been properly maintained in accordance with Section 51 of the *Government Business Enterprises Act 1995*;

(b) the financial statements, and notes for the period ended 30 June 2009 have been prepared in accordance Section 52 of the *Government Business Enterprises Act 1995*; and

(c) The financial statements and notes for the period ended 30 June 2009 give a true and fair view.

Signed in accordance with a resolution of the Directors:

Dated 13 August 2009

GJ Humphreys
Chairperson

CE Bell
Director

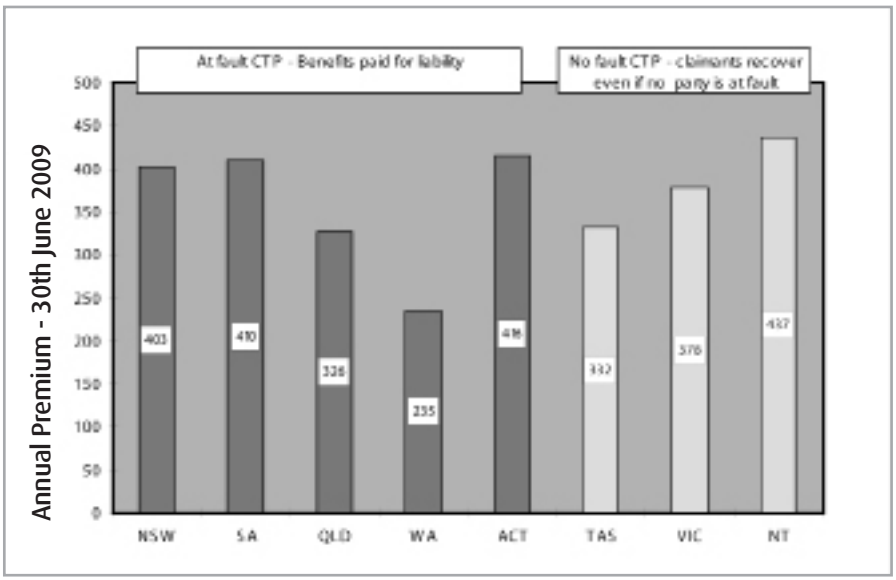
Appendix

Interstate Scheme Comparisons

	TAS	VIC	NT	NSW	QLD	WA	SA	ACT
No-fault	Yes [1]	Yes [1]	Yes [1]	No [2]	No	No	No	No
Common Law Rights	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Monopoly Scheme	Yes	Yes	Yes	No	No	Yes	Yes	No
Motor Car Premium[3]	$332	$378	$437	$403 [4]	$326 [4]	$235	$410	$416

1 – Includes lifetime care and support for catastrophically injured
2 – No-fault for children commenced 10/06 and no-fault for catastrophically injured commenced 10/07
3 – Inclusive of GST
4 – Maximum allowable

Interstate Private Motor Car Premium Rate Comparisons



- NSW and QLD maximum premium allowable
- No-fault for children commenced 10/06 and no-fault for catastrophically injured commenced 10/07 (NSW)
- All premiums are inclusive of GST

Board Performance Evaluation

The Board conducted its annual performance evaluation in January 2009.

Managing Diversity

The Board is an Equal Employment Opportunity (EEO) employer and ensures compliance with all relevant legislation.

Tenders and Contracts ($50,000 and over)

This disclosure is made in accordance with Treasurer's Instruction GBE 08-57-02 for contracts awarded during 2008/09.

	Awarded to Tasmanian Businesses	Awarded to other Australian businesses	Awarded to International businesses	Total
No. of Contracts Awarded	-	1	-	1
Value of Contracts Awarded	-	$91,000	-	$91,000

Staffing

As at 30 June 2009, the Board employed 38 staff on a full or part-time basis.

MAIB staff 2009

MOTOR ACCIDENTS INSURANCE BOARD ANNUAL REPORT 2008-2009

MOTOR ACCIDENTS INSURANCE BOARD

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