



2009 - 2010 ANNUAL REPORT

MAIB

MOTOR ACCIDENTS INSURANCE BOARD

WHAT'S
YOUR
EXCUSE?

RSTF
ROAD SAFETY TASK FORCE
JUST LIKE THAT



HIGHLIGHTS

- Lowest claim frequency on record.
- Continued high client satisfaction ratings as indicated in 2009 Client Market Survey.
- Scheme solvency restored to within target range.
- 15 years of nation leading provision of special purpose accommodation.
- Strong underwriting performance with claims costs less than forecast.
- Successful rollout of best practice evidence based care assessment tool.
- Premium increase of 3.5% following Pricing Investigation by Government Prices Oversight Commission: the first premium increase since 2004.
- Positive investment return of 10.0%.

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.

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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 Insurance Board (Board) was established in 1974 under the *Motor Accidents (Liabilities and Compensation) Act 1973* (the Act). The purpose of the Board is to administer the funding and payment of compulsory third party (CTP) motor accident compensation 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

No-fault benefits are paid for all accepted claims, irrespective of who caused the motor accident and can cover the cost of:

- Medical and hospital expenses;
- Rehabilitation;
- 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).

Common Law Damages

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 2010*; and
- Resolution of common law damages claims 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 and the Injury Prevention and Management Foundation that the Board aims to achieve this commitment.

Statement of Compliance

The Hon. Michael Aird, MLC, Treasurer and the Hon. Lara Giddings, MP, Deputy Premier and Minister for Infrastructure

In accordance with section 55 of the *Government Business Enterprises Act 1995*, we hereby submit for your information and presentation to Parliament the report of the Motor Accidents Insurance Board for the year ended 30 June 2010. 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: 22 September 2010

G J Humphreys
Chairperson

J W Harry
Director

Governance Structure as at 30 June 2010

Portfolio Minister:

The Hon. Lara Giddings, MP

Treasurer:

The Hon. Michael Aird, MLC

The Board of Directors

Chair: Gordon Humphreys

Directors: Kim Barker
Kate Brown
John Harry
Daniel McCarthy
Peter Roche (CEO)
Mark Scanlon
Kate Stephenson

Management Team

Chief Executive Officer:
Peter Roche

Chief Operating Officer:
Christopher Hill

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.

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 has practiced in criminal and civil litigation with experience in both plaintiff and defendant personal injury work.
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 was a partner of, and later a consultant to, the Hobart legal firm of Page Seager for a period that spanned 30 years. John specialised 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.



Daniel (Danny) McCarthy
BEC (Hons), FCA
Director (Independent)
Member:
· Audit Committee
Appointed as Director:
1 February 2010

Danny McCarthy has been a partner at the Hobart based Chartered Accounting firm Wise Lord & Ferguson since 1989. Danny specialises in audit, having key expertise in the finance industry, business risk assessment and financial markets. He is currently the partner responsible for the audit of MyState Limited.

Peter Roche
ANZIIF (Assoc) CIP, 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.

Mark Scanlon
MBA, BBus, FCPA, FAICD
Director (Independent)
Member:
· Audit Committee
Appointed as Director:
5 November 2007

Mark has over 30 years experience in the finance sector having held directorships and senior executive positions in banks, funds management companies, building societies, friendly societies and finance companies.

Kate Stephenson
BA, DipEd, DipBus, DipFP, FAICD
Director (Independent)
Member:
· Claims Committee
Appointed as Director:
1 July 2001

Kate Stephenson spent over 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 15 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 (Plan) and a Ministerial Charter. The Plan includes estimated financial data relating to a minimum three year forecast period and 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 meets regularly and considers all settlement decisions on larger common law claims (where damages exceed \$200,000) making recommendations to Directors on claims where damages exceed \$750,000. The Committee also meets to expedite other significant claims related matters.

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

In accordance with Treasury issued Guidelines for GBEs the Board assesses its performance in order to ensure that the functions of the Board are being properly performed.

The Board has mechanisms in place for annual assessments to be undertaken to evaluate the performance of the Board as a whole, its Committees, individual Directors and the Chairperson. Assessments were completed in the first quarter of 2010 with the results examined to identify any potential areas for improvement in the Board and its Committees. The Shareholder Ministers are advised of the outcome of each Board performance review.

The Board gives consideration to the knowledge, expertise and skills required for any upcoming Director positions, whilst taking account of the current skill set of 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. Directors are required to participate in ongoing education and training.

Disclosure of Interests

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

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, service and disclosure, the Board has adopted codes of conduct and disclosure procedures to guide Directors 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 codes of conduct are available for the public to view at the MAIB website. The Board is subject to the *Public Interest Disclosures Act 2002*.

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 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 conducted the fifth review of the Board's pricing policy in early 2009 with its final report released in July 2009. Maximum premiums for the four years commencing 1 December 2009 were set after Government's consideration of the report from GPOC. As of 1 June 2010, the functions of GPOC were transferred to the Office of the Tasmanian Economic Regulator (OTTER).



Chairperson's Report

A positive investment return, together with a strong underwriting result, has culminated in an after-tax profit of \$74.3 million for the 2009/10 financial year. This is a very satisfactory result following two years of negative investment returns.

While the investment environment remained volatile, there were encouraging signs during the year as markets recovered following the Global Financial Crisis. The investment return of 10.0% before fees and charges was marginally above the median investment return achieved by balanced pooled funds as published in the Mercer surveys. Net investment revenue amounted to \$86.4 million.

Premium income of \$130.2 million equated with budget forecasts. However, the claims expense of \$100.6 million was under budget by almost \$50.0 million. This resulted in a positive underwriting result of \$25.6 million, the third successive year in which an underwriting profit has been achieved.

The annual independent actuarial analysis noted a further reduction in the stock of common law claims and lower than expected provisioning for future care claims. The total claims provisions net of reinsurance recoveries of \$695.0 million at 30 June 2010 was approximately \$30.0 million more than the provision for the previous year. Over the past three (3) years, total claims provisions have risen by an average of \$7.0 million per annum which overall is a most satisfactory outcome for a long tail scheme.

The return to profitability has seen scheme solvency return to within the target range of 20% - 25%. At 30 June 2009 the solvency level was 15.5% and at 30 June 2010 it was 24.2%.

For almost 20 years the Board has been a national leader in providing quality long-term care for Tasmanians catastrophically injured in motor accidents. Accommodation options are also available in the South, North and North West of the State. In November 2009 the Federal Government announced that it had asked the Productivity Commission to conduct an investigation into the long-term care and support for people with severe or profound disability. The Commission is to provide its report to the Government by 31 July 2011. The Board is monitoring the national investigation, in particular any interaction between the Board's scheme and the proposed scheme.

I wish to welcome Danny McCarthy who joined the Board as a Director in February 2010. Danny has significant experience in finance, accounting and audit and has been appointed as a member of the Audit Committee. It is also fitting to thank and acknowledge the contribution made by Christine Bell, former Director and Audit Committee Chairperson who left the Board on 31 January 2010.

This year has again been a successful one in all areas. The Board is in a very strong position, providing an excellent compulsory third party insurance scheme for all its stakeholders and I look forward to a continuation and strengthening of that position in the future.

I express my appreciation for the outstanding contribution and commitment made by Directors throughout the year. I would also like to acknowledge on behalf of the Board of Directors, the hard work, enthusiasm and commitment by management and staff led by our Chief Executive Officer, Peter Roche.

As I will be retiring as Chair and Director of the Board on 16 December 2010, I take this opportunity to thank Directors, Chief Executive Officers and General Managers, senior management and staff, both past and present, for their support, loyalty and professionalism over my long association with the Board. This association has been a most enjoyable and rewarding experience.



Gordon Humphreys
Chairperson

Chief Executive Officer's Report

A return to profitability, the lowest claim frequency on record and lower than expected claims costs were significant indicators of a most successful year.

For the financial year ending 30 June 2010 the Board recorded a pre-tax profit of \$101.8 million. Net investment revenue of \$86.4 million was \$17.1 million over budget, while net claims costs of \$100.6 million were under budget by \$47.9 million.

Following the unexpected increase in claims received the previous year, the sustained reduction in new claims over the last ten (10) years re-emerged in 2009/10. With new claim numbers decreasing by 10% and vehicle numbers increasing by 2.6%, claim frequency fell from 7.63 to 6.74 claims per 1,000 vehicles, the lowest claim frequency on record.

All contributors to the significant reduction in claim frequency including Tasmanian road users, the Road Safety Task Force (RSTF) and Tasmania Police, are to be congratulated on this excellent outcome.

The recommendation of the Government Prices Oversight Commission for a 3.5% premium increase from 1 December 2009, as indicated in last year's report, was adopted by Government. A slightly higher increase applied to most motorcycles, taxis and off-road vehicles. This was the first premium increase since 2004. Maximum premium adjustments for 2010, 2011 and 2012 must not exceed the movement in Average Weekly Ordinary Time Earnings.

A client market survey was undertaken in September 2009. While it was disappointing that the satisfaction levels had reduced, the average overall level of satisfaction of 80% compares favourably with peers. New initiatives have been introduced to address the decline.

A major focus in the Claims and Rehabilitation section has been the implementation of a standardised assessment tool for the assessment of attendant care requirements for claimants, in particular, Future Care claimants. As part of this process, education sessions were conducted for providers to perform this function. The implementation has been relatively smooth and the new process has been well accepted by providers.

A comprehensive review of the risk management plan, risk database, disaster recovery plan and business continuity plan was undertaken in the year. As a result of the review a number of changes were made to the risk management database, which now provides a more comprehensive, controlled and up to date status on all risks at any point in time.

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 and Partnerships

Road Safety Task Force (RSTF)

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

In January 2010, the RSTF launched a new campaign, "What's your excuse", the object of which was to make low-level speeding socially unacceptable and morally reprehensible, regardless of the excuse for the behaviour. The campaign was targeted at drivers who perceive that it is acceptable to exceed the speed limit, even just a little under certain circumstances. The campaign identified a number of the more common reasons motorists use for speeding and puts them into true context by starkly revealing the possible outcomes of their actions. The campaign received positive feedback from the public.

The RSTF ran a "Driver Reviver" promotion in the Launceston Mall to highlight the dangers of driving fatigue and the need to take a break from driving on long journeys, by giving away free scones. The event and the "Driver Reviver" initiative received important media coverage.



RSTF Banner promoting Driver Reviver sites around the State.

Tasmanian Community Achievement Awards

In 2009 the Board agreed to continue the sponsorship of the Disability Achievement Award category of the Tasmanian Community Achievement Awards.

Nine nominations were received for the Award. Stuart Maughan was announced as the recipient of the MAIB Disability Achievement Award at the gala awards presentation dinner on 14 November 2009. Stuart sustained an acquired brain injury in September 2000 as a result of a mountain biking accident. Stuart is a highly valued co-presenter of the brain injury prevention and awareness program "Custody for Life" and, through his willingness to participate in, and engage with, the community, he plays an important role in educating people about acquired brain injury and its impacts.



2009 MAIB Disability Achievement Award winner Stuart Maughan, with his son Thomas and MAIB Director, Christine Bell.

Motor Cycle Skills Refresher Courses

With the high 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 are available to eligible motorcyclists at a maximum cost of \$50 per participant. The one day course focuses on informing participants on safe riding practices and improving riding skills. Participants continue to provide extremely positive feedback regarding the Road Skills Refresher Courses.

Metro Night Rider

In December 2009, the Board entered into a partnership with the Tasmanian Government and Metro to provide bus services after midnight during the 2009/10 festive season. An advertising campaign was launched to highlight the availability of the service which was designed to reduce alcohol related accidents.

Agfest 2010

As in previous years, in May 2010 the Board had a presence at the "Working for a Safer Tasmania" Agfest site, assisting the RSTF with their current campaign of "What's your excuse?"

A key road safety initiative, the Electronic Stability Control (ESC) Simulator was the centre piece of the site. The simulator highlighted the benefits of ESC in vehicles under a range of road conditions and proved to be very popular with patrons.

Motor Registry also demonstrated the capability of the Automated Number Plate Recognition (ANPR) Equipment, which is funded by the Board under the unregistered/uninsured partnership.



The Electronic Stability Control Simulator.

Road Safety Program – Queechy High School

At the request of the Queechy High School, a representative from the Board attended the school in November 2009 to give a presentation to six groups of grade 10 students regarding the role of MAIB and the importance of paying an MAIB premium, registering their vehicle and having an appropriate driver's licence. A number of other parties were involved in giving presentations, including the SES and Tasmania Police.

Aboriginal Legal Centre – Information Session

A representative of the Board was invited to attend an information session to explain the Board's role in the event of a motor accident which results in personal injuries. Around 20 people attended the session, including staff from the Community Centre.

Pollie Pedal

The Board sponsored two staff members to participate in Pollie Pedal 2010, a cycling event in its fifth year which raises awareness and funds for Diabetes Tasmania. This year the three day, 224 kilometre ride commenced at Shearwater and finished in Launceston. Pollie Pedal raised a total of \$25,000, which will assist Diabetes Australia – Tasmania carry out its key education and community activities.

Rotary Youth Driver Awareness (RYDA)

RYDA is a community-based initiative of Rotary Clubs and other organisations in our community that have a responsibility for and/or an interest in road safety for youth. The program is aimed at reducing death and injury amongst young people on Australian roads, by targeting 16 to 17 year olds who are at the stage of their lives where they start to drive or ride in vehicles driven by their peers.

The program is designed to give Year 10 students a greater awareness of the dangers of driving and the implications for inattentive drivers, before they start driving and involves students attending six information sessions throughout one day. The sessions include, Stopping Distances, Hazard Perception, Your Choice (Police, Finance and Insurance, Crashes Do Happen), Personal Stories from Road Crash Survivors and Safe Celebrating and Fatigue.

Since its introduction into the State by local Rotary Clubs in 2006, more than 9,000 students have attended the RYDA program in Tasmania.



MAIB staff member Clare Klapche delivers a session on finance and insurance to year 10 students at RYDA.

Support for Community Groups

The Board supports other sectors of the Tasmanian Community which are strategically linked to the Board's core business activities. In 2009/10 financial support was provided to numerous community groups, including:

- Amy Gillett Foundation;
- Southern and Northern Motorcycle Riders Associations; and
- Self Help Workplace.

The Injury Prevention and Management Foundation

The Injury Prevention and Management Foundation (Foundation) provides a channel through which the Board can significantly contribute to many worthwhile projects 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 aims to achieve a number of benefits including:

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

PROJECTS FUNDED 2009/10

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.

Reclink Australia

Reclink Tasmania

Reclink aims to reintegrate those who are disadvantaged through injury and/or disability into the community by co-ordinating specialist rehabilitation services. The reintegration will be supported through Reclink's community based sport, recreation and cultural activities.

Reclink activities are not operated by a single organisation but are developed by a sustainable network of organisations that work as a cooperative, sharing ideas and resources to deliver programs for a diverse target group.

This project aims to enable Reclink to work with participants and service providers to build on different components of their rehabilitation program.

Cosgrove High School

Your Future – Your Hands – Your Decision

The objective of this project is to get all grade 9 and 10 students to participate in a program which focuses on safe driving. The program is designed to provide students with a greater awareness of the effects of alcohol and other drugs on the body as well as exposure to the "real life" consequences of mixing alcohol and driving.

Australian Red Cross

Safer Volunteers for Isolated and Elderly Tasmanians

The aim of this project is to advance road safety and reduce motor accidents by providing training in safer driving to volunteer drivers in the Red Cross Transport Program.

Volunteer drivers participate in a one-day "Crash-Free Learning Program" delivered by Motor Safe Tasmania.

Yolla District High School

All Terrain Vehicle Rider Training

This project provides Yolla High School students (aged 16 or above) with the opportunity to learn how to operate All Terrain Vehicles safely and correctly by 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.

Crash Free Driving

This program is designed to deliver practical and theoretical driver education to all Year 10 students at Yolla District High School. The aim is for students to use this knowledge to reduce the risk of being involved in a motor accident. In kind support will be provided by the Department of Education and Tasmania Police.

Don College

Attitude First Project

This project is aimed at attitudinal change to driving and driver behaviour. The course was undertaken by the Year 11 students at Don College. Approximately 1,200 students over a three year period will receive the benefits of the course. The project is about skill development, awareness creation and behavioural change.

Kentish Council

REV Driver Mentor Program and My-Ride Safe Touring Initiative

The REV Driver Mentor Program is aimed at assisting learner drivers, who are otherwise unable to access a suitable driving mentor, to gain the required driving experience hours to enable them to obtain their provisional licence.

The My-Ride Safe Touring Initiative aims to educate motor bike riders and road users as well as campaigning for more Police in the Kentish area.



(L-R) Jim Richards with Deputy Mayor of Kentish Council, Tim Wilson and Heather Butler, MP at the launch of the REV Program.

Interweave Arts Association

Access Arts Link Studio

This project aims to provide an ongoing studio based program staffed by practising artists who provide support and assistance to artists with disabilities. It also provides an ongoing exhibitions program where work is promoted locally, nationally and internationally across a wide variety of exhibiting contexts.

Brain Injury Association Tasmania

Heads Up to Brain Injury Program

The main focus of this project is to deliver acquired brain injury information, awareness and prevention training programs across all secondary schools and colleges in Tasmania. It is anticipated that students will learn about how the brain works and the causes, consequences, prevalence and permanency of acquired brain injury.

Clarendon Vale Neighbourhood Centre

Ready Set Go

The Ready Set Go program was established in the Clarence municipality in August 2007 and has assisted 36 people in achieving their initial 50 hours of driving experience. Funding was provided to this project to assist with driving instructor and mentor recruitment and for the purchase of a new vehicle.

Launceston General Hospital

Chronic Conditions Health Planning Self Management Clinics for Northern Tasmanian Clients with Traumatic Spinal Cord Injury

The goal of this project is to provide best practice psychosocial assessment and support management processes for Northern Tasmanian spinal cord injured clients through chronic condition health planning and self management focused outpatient clinics.

Hyperbaric Medicine Unit, RHH

HOLLT – Hyperbaric Oxygen in Lower Limb Trauma

HOLLT is an international multi-centre, randomised controlled trial which aims to assess the benefits of providing hyperbaric oxygen therapy during the acute stages of management of severe lower limb injuries as an adjunct to normal trauma care. The study aims to enrol 250 subjects over a three year period with follow up to continue for two years after the last enrolment.



Peter Roche, CEO of MAIB and Dr Susannah Sherlock of the RHH at the opening of HOLLT.

Rotary Youth Driver Awareness

Parents Keeping Novice Drivers Safe Pilot Project

The aim of this project is to develop an education program that targets the parents of learner and novice drivers to help raise parental awareness about the risks for inexperienced drivers and their passengers. It also assists parents to develop and introduce strategies within their own families that support and endorse safe road behaviours.

Charities Committee

The Foundation supports a number of Tasmanian associations on an annual basis through the Foundation's Charities Committee.

Recipients of funding are:

- Brain Injury Association of Tasmania Inc;
- Headway North West Tasmania 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.

Projects Approved for 2009/10	Funding Approved
Menzies Research Institute - University of Tasmania	
Developing metallothionein as a therapeutic agent for the treatment of traumatic brain injury (Year 2)*	\$115,833
Reclink Australia	
Reclink Tasmania (Year 1)*	\$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
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
Rotary Youth Driver Awareness (RYDA)	
Parents Keeping Novice Drivers Safe Pilot Project	\$35,000
Road Trauma Support Team	
Hobart Office	\$40,000
TOTAL FUNDING COMMITTED to PROJECTS 2009/10	\$524,058

*Funding is for a two year period. ** Funding is for a three year period (total funding is \$225,000).
(NB: All amounts are exclusive of GST)

Projects Approved for 2010/11	Funding Approved
Hyperbaric Medicine Unit, RHH	
HOLLT – Hyperbaric Oxygen in Lower Limb Trauma (Year 2)**	\$75,000
Reclink Australia	
Reclink Tasmania (Year 2)*	\$14,975
Yolla District High School	
All Terrain Vehicle Rider Training	\$13,300
Crash Free Driving	\$1,000
Kentish Council	
REV Driver Mentor Program & My-Ride Safe Touring Initiative	\$38,219
BIG hART	
Drive Education	\$35,000
Migrant Resource Centre	
Drive 4 Life	\$22,000
Kidsafe Tasmania Inc	
Regional Access to Child Restraint Rules and Checks	\$11,160
Self Help Workplace Inc	
Bus Upgrade	\$75,750
Menzies Research Institute	
Determining novel biomarkers of nerve cells undergoing secondary degeneration following traumatic brain injury	\$24,000
Visualising the brain's response to trauma as it happens; working towards improved outcomes after TBI	\$62,000
Assessing the Real Risk and Costs of Bicycle Accident Injuries in Tasmania	\$42,930
Road Trauma Support Team	
Hobart Office	\$40,000
TOTAL FUNDING COMMITTED to PROJECTS 2010/11	\$455,334

*Funding is for a two year period. **Funding is for a three year period (total funding is \$225,000).
(NB: All amounts are exclusive of GST)

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 Appointment



Christopher Hill - Chief Operating Officer.
Christopher Hill relocated from Queensland to take up the position of Chief Operating Officer. He is a lawyer by profession, has extensive management experience with a national general insurer and brings with him valuable skills and knowledge of compulsory third party schemes in a number of interstate jurisdictions.

Health and Wellbeing

The Board continues its 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 gym memberships. The allowance is currently \$300 per year per employee.

Employee Satisfaction Survey

A staff survey was distributed to all staff in March 2010 as a precursor to the commencement of Enterprise Agreement negotiations. Issues covered in the survey included working conditions, career and workplace. A positive response of around 85% was achieved in each of these areas.

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.

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, 65% of employees participate in this community service.

Occupational Health and Safety (OHS)

The Board has an OHS committee that ensures that appropriate OHS policies are in place and that compliance with these policies is in order. The committee meets formally on a regular basis 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 and Development

The Board is committed to the professional development of all staff members through programs that focus on specific training and general development.
Employees have been given the opportunity to undertake study towards obtaining a Certificate IV in Financial Services. Currently there are 12 employees undertaking a Certificate IV, two employees undertaking a Certificate III, one employee undertaking a Diploma of Management and another undertaking a Master of Health Services Management.

Staff Support for Charities

Each month there is a casual clothes day with staff members providing donations for a nominated charity. Staff can nominate a charity they wish to support for the month. Some of the charities that have been supported through the casual clothes day include Guide Dogs Tasmania, Cancer Council Australia and the Fred Hollows Foundation.

Social Club

The Board has an active Social Club which raises funds throughout the year. All monies raised are used to support the annual Mid Year and Christmas dinners.

Team Building

To improve internal communication and working relationships, the Board supports an annual team building exercise. Staff are given the opportunity to provide input into the activity. This year staff embarked on a team challenge adventure around Launceston city which involved completing as many tasks as possible in a given timeframe. The staff thoroughly enjoyed the exercise which fostered commitment and co-operation between staff members from various areas of the organisation.

Feature Article - Automatic Number Plate Recognition (ANPR) Technology

Unregistered and uninsured vehicles used on Tasmanian roads result in a loss of revenue to the Board and State Government. More importantly, drivers of unregistered vehicles are exposed to a significant liability for personal medical expenses and ongoing care costs if injured in a motor accident, as well as personal financial liability if they cause a motor accident.



In an effort to reduce the number of unregistered and uninsured vehicles on Tasmanian roads the Board entered into a formal partnership with the Department of Infrastructure, Energy and Resources (DIER) to employ the use of ANPR technology to detect such vehicles. The partnership will remain in place until 31 July 2012.

The ANPR technology involves the use of a high resolution camera that is linked to a touch-screen laptop with specialist optical character recognition software. The camera automatically views a vehicle’s registration plate characters as it drives past. The registration plate details are then compared with a database of vehicles of interest which includes unregistered, written-off and stolen vehicles, vehicles owned by unlicensed drivers and vehicles with defect notices.

The technology operates in mobile and stationary environments, is capable of processing up to five registration numbers per second and can detect cars moving in all directions across four lanes of traffic. There are five cameras in operation across the State.

ANPR operations are undertaken in two ways; enforcement operations and educational operations. Enforcement operations are undertaken by Transport Inspectors, Tasmania Police and the DIER Operations Officer. The cameras are set up at various locations

around the State with detected offenders being stopped at the time of the offence and appropriate action taken at that time. Educational operations are also conducted by the DIER Operations Officer statewide using either static, or mobile camera capture. The data is analysed and any unregistered owners are contacted and advised that their vehicle has been detected as unregistered.

An average of 27,000 vehicles per month were scanned in the 2009/10 year, with 2,945 vehicles being detected as unregistered. Use of ANPR technology is one of the strategies that has been utilised to reduce the number of unregistered vehicles on Tasmanian roads. Information provided from DIER indicates that these strategies have been effective in reducing the number of unregistered vehicles from 3.5% in 2004 to only 0.8% in 2010.*

ANPR has also proven to be beneficial in detecting unlicensed drivers as part of the enforcement operations. Unlicensed drivers are over-represented in fatal and serious motor accident statistics and it is expected that the deterrent effect of ANPR will have an ongoing positive impact on statistics.

* Source: ‘Austroads – Feasibility of Implementing a Smart Registration/Smart Plate and Future Parameters of ANPR Usage: Final Report – 2010.

Claims Management

Highlights

- 3,053 new claims received (lowest claim frequency on record).
- \$39.3 million paid in no-fault statutory benefits.
- 253 common law claims settled.
- 64% of referred Vocational Rehabilitation claimants returned to work.
- 33 settlement conferences attended by claims officers.
- Continuously reviewed and improved claims management practices.
- Continued sponsorship of the Victorian Spinal Cord Service through its visits to Tasmania.
- 482,588 hits on website.

Business Performance

The Board experienced a significant reduction (10.0%) in the number of new claims received which combined with a marginal increase (2.6%) in registered vehicle numbers has produced another reduction in claim frequency in 2009/10. Claim frequency is currently 6.7 claims per 1,000 vehicles, down from 8.7 five years ago.

Total claim payments have increased marginally, consistent with inflation. The number of open common law claims continues to decrease resulting in common law damages payments of \$2.5 million less than the previous year.

Legislation

The *Motor Accidents (Liabilities and Compensation) Regulations 2000* were replaced by the *Motor Accidents (Liabilities and Compensation) Regulations 2010*, effective from 1 March 2010.

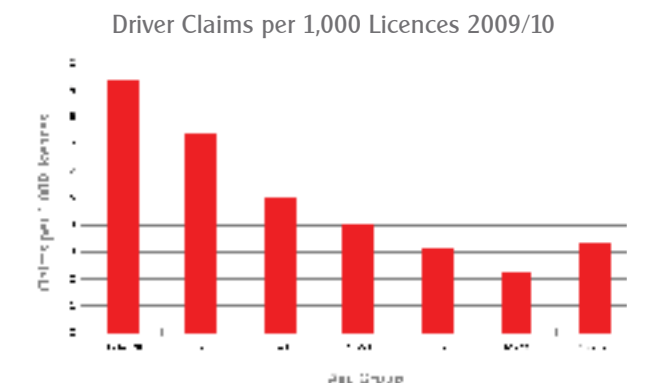
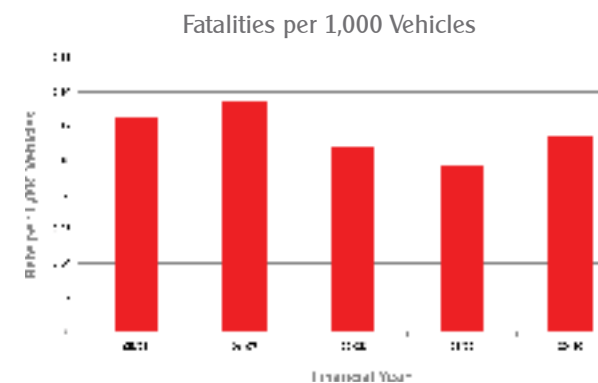
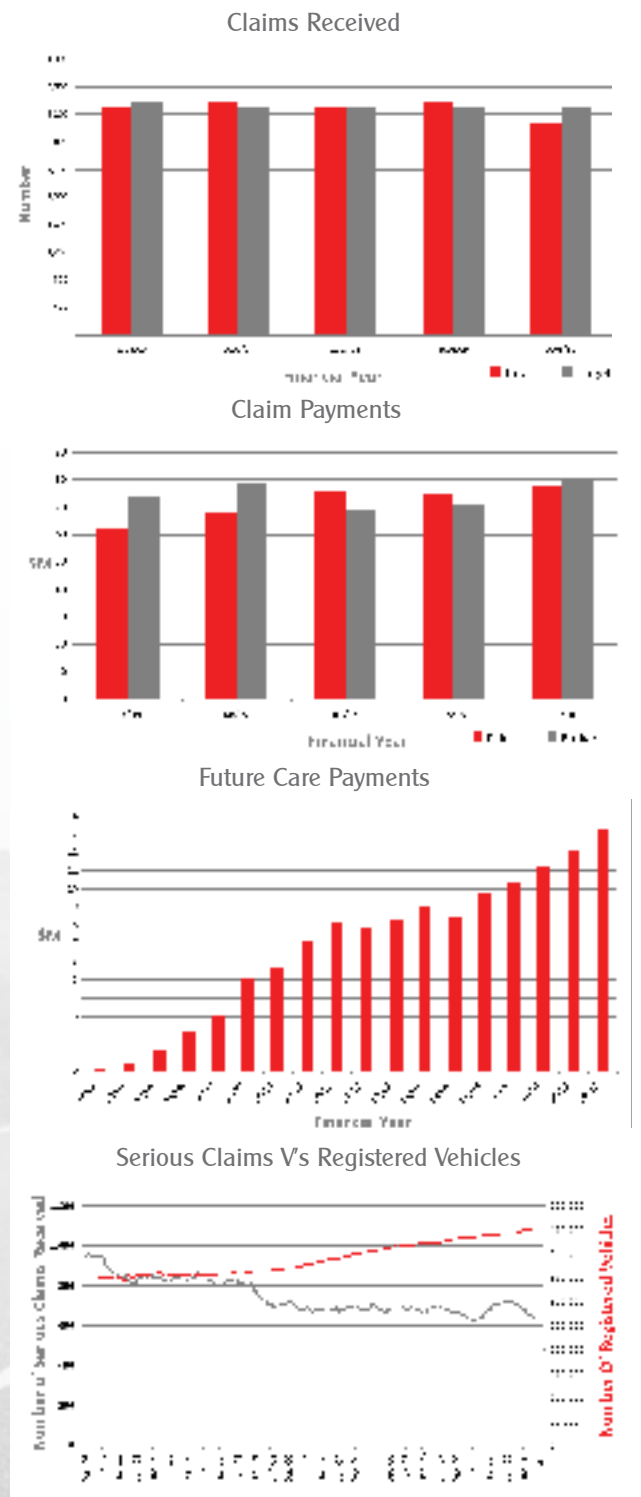
The new Regulations provided for:

- An increase in the quantum of death benefits payable to dependants;
- An increase in the maximum amount payable per week for housekeeping allowance; and
- A link between the maximum daily/weekly expenses payable for a person requiring daily care with the total daily/weekly expenses payable. This applies only if the person is being provided with attendant care/domestic services in purpose-built group accommodation.

Claims Management Team

The claims management team's primary role is to provide high quality customer service to injured people following their motor accident. They must have empathy and show an understanding of the claimant's experience, which may have been life changing, and focus on providing the best outcome for each individual.

With customer service being a key part of the claims management process, training this year has focused on communication and facilitating working relationships with the Board's customers. A new initiative being trialed, as part of the Board's ongoing commitment to providing superior customer service, is to make initial telephone contact with claimants who are likely to have an ongoing relationship with the Board. This telephone call introduces the managing claims officer and provides an overview of the benefits payable.



Rehabilitation

In February 2010, a new rehabilitation panel was appointed via a tender process.

In the lead up to this tender, the Board spent several months liaising with other like bodies, investigating and researching the concept of Support Needs Assessments (SNA) to take the place of traditional attendant care assessments. The SNA process relies heavily on the use of established assessment tools for validation of support required and provides the support agency with a very detailed activity plan.

The current expanded panel is contracted for a period of three (3) years and provides the Board with specialist services in the areas of:

- Occupational Therapy – home modification, vehicle and equipment assessments;
- Vocational Rehabilitation – return to work programs;
- Support Needs Assessments – activities of daily living assessments with a focus on support/supervision requirements; and
- Case Management – co-ordination of multiple services, access and integration back into community life following a serious injury.

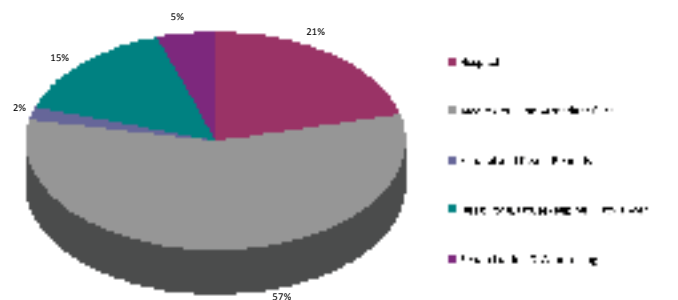
Quarterly forums, designed to facilitate networking and training, are held with panel providers.

Provision of Equipment

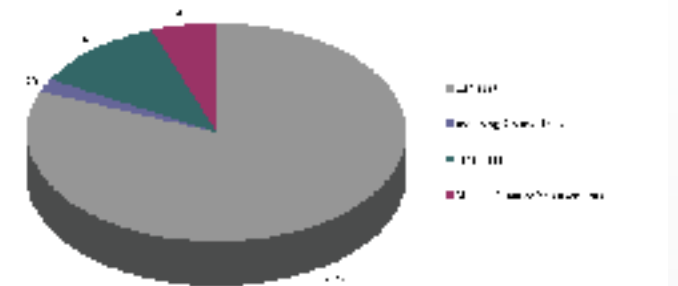
McLean Healthcare Pty Ltd has been providing equipment and associated services to claimants under a service agreement with the Board since March 2008.

Following a positive review of the services provided over the past two years, the service agreement with McLean Healthcare has been extended until 30 June 2012.

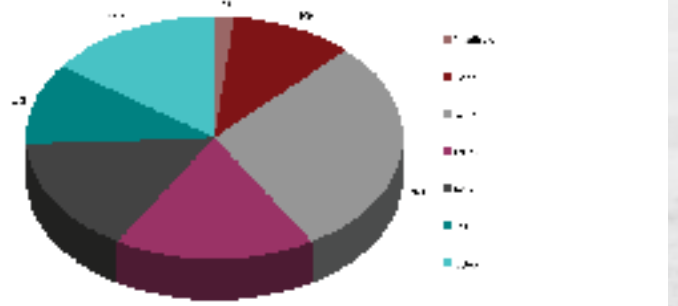
Scheduled Benefits Payments for the year ended 30 June 2010



Common Law Payments for the year ended 30 June 2010



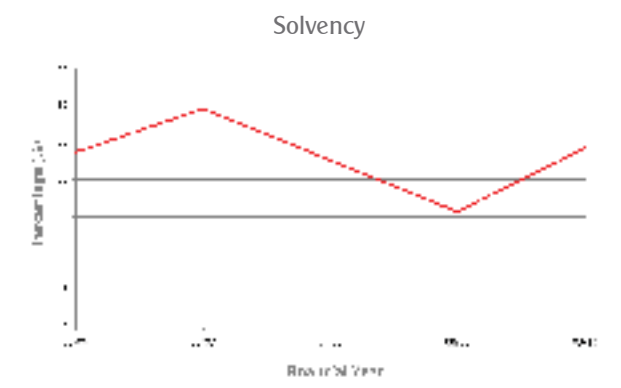
Injuries 2009/10



Financial Management

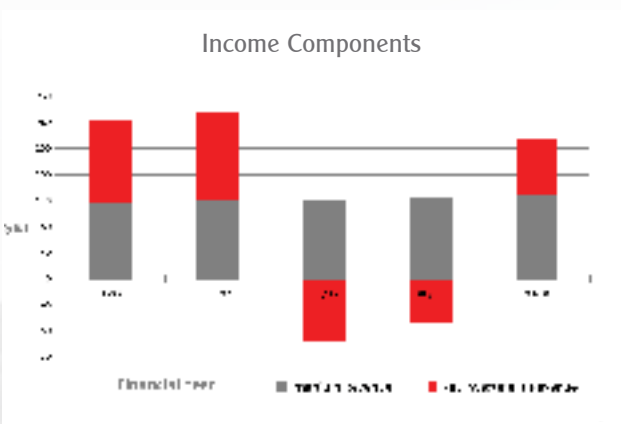
Financial Performance

The Board recorded an operating profit after tax for the year ended 30 June 2010 of \$74.3 million (2009: \$14.0 million operating loss after tax). The main contributors to the strong result are solid investment returns and the continuation of favourable claims experience. As a result, the solvency level at 30 June 2010 has increased to 24.2% (2009: 15.5%), which is within the target range of 20% - 25%.



Premium Revenue

Premium revenue in 2009/10 amounted to \$130.2 million (2008/09: \$126.1 million). The number of registered vehicles increased by 2.6% during the year and motor vehicle premiums were increased by 3.5% following four successive years with no premium increase. The premium for a standard motor car is \$344.



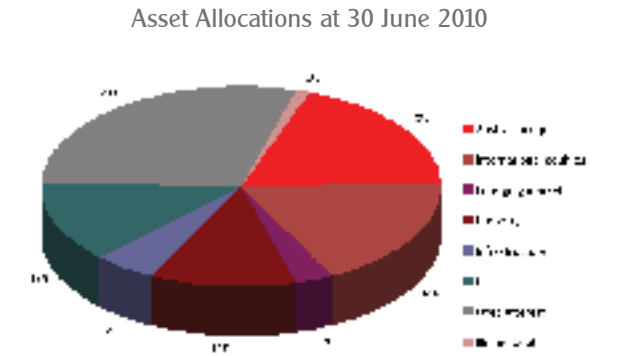
Investment Strategy

In 2009/10 the Board maintained its investment strategy of ensuring that its longer term solvency requirements will be achieved within acceptable levels of risk. This is achieved by maintaining an appropriate balance between growth assets (such as equities and listed property) and more defensive asset classes (such as cash and fixed income).

The strategic benchmark settings are reviewed annually. In addition risks and investment opportunities that arise from time to time in changing market conditions are continually 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

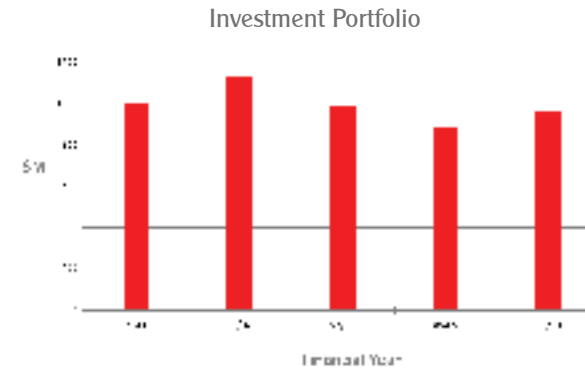
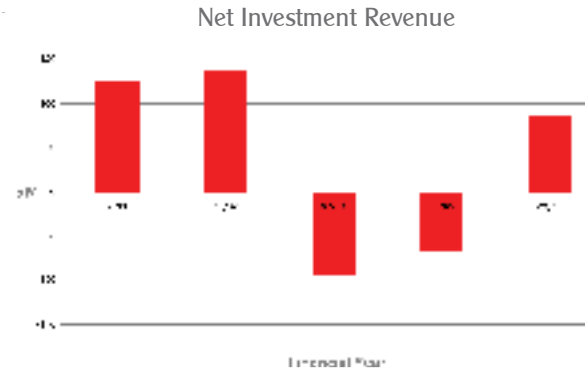
As at 30 June 2010 the investment portfolio totalled \$969 million allocated across the asset classes detailed in the graph below.



Investment Performance

Following two years of negative investment performance resulting from the global financial crisis the world financial markets made a partial recovery in 2009/10 with the international equities index returning 5.2% (unhedged) and the domestic equities index returning 13.1%.

The Board reported an investment return of 10.0% (2008/09: loss of 6.4%) across the entire portfolio.



Claims Expense

Favourable claims experience, particularly in relation to common law and future care claims has resulted in a lower than forecast claims expense for 2009/10 of \$100.6 million (2008/09: \$74.7 million). The provision for outstanding and unreported claims at 30 June 2010 is \$706.7 million (2009: \$679.2 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. Despite making a substantial profit before tax the realisation of accumulated tax losses on investments through normal trading activities resulted in no tax being payable in respect of 2009/10 (2008/09: \$19.9 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 2009/10 financial year results in a dividend payable to Government of \$24.7 million (2008/09 \$23.1 million).

Key Performance Indicators

The Key Performance Indicators (KPIs) for the year ended 30 June 2010 are listed below.

Key Performance Indicator	Forecast	Actual
Solvency Level	8.7%	24.2%
Return on Equity	13.9%	30.2%
Return on Total Assets	3.2%	10.1%

The combination of a solid investment result and a lower than expected claims expense has resulted in the targets for the KPIs being substantially exceeded in 2009/10.

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 subject to short term volatility, particularly in the investment markets. Forecasts for the next three years show these KPIs returning to levels more representative of longer term trends.

Financial Management (continued)

Five Year Summary - Financial	05/06 \$'000	06/07 \$'000	07/08 \$'000	08/09 \$'000	09/10 \$'000
Premium revenue	112,643	115,472	118,245	120,940	124,975
Claims and underwriting expenses	(96,376)	(92,706)	(53,469)	(68,049)	(99,334)
Underwriting result	16,267	22,766	64,776	52,891	25,641
Investment revenue	124,512	137,309	(95,446)	(68,519)	86,448
Administration, Road Safety and Foundation expenses	(7,585)	(9,822)	(8,557)	(10,678)	(10,293)
Operating result before tax	133,194	150,253	(39,227)	(26,306)	101,796
Tax Expense Attributable to Operating Result	(37,008)	(37,169)	16,603	12,265	(27,497)
Operating result after tax	96,186	113,084	(22,624)	(14,041)	74,299
Net assets	248,452	339,474	273,900	220,240	271,436
Dividend Paid	12,805	22,062	42,950	39,619	23,103

Five Year Summary - Operational	2005/06	2006/07	2007/08	2008/09	2009/10
Number Of Vehicles Registered	414,590	424,052	435,595	441,476	452,893
Total Payments Made (\$'M)	62.1	67.7	75.3	74.4	77.9
Current Claims	3,459	3,328	3,044	3,105	2,634
New Claims Received	3,315	3,383	3,277	3,367	3,053
Number Of Fatalities	52	57	47	44	52
Fatality Rate Per 1,000 Vehicles	0.13	0.13	0.11	0.10	0.11
Claim Rate Per 1,000 Vehicles	8.00	7.98	7.52	7.63	6.74
Tasmanian Car Premium (\$)	332	332	332	332	344

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, the Board 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 the 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.

Following a partial recovery of the global financial markets the solvency level as at 30 June 2010 is forecast to be within the target range and is forecast to remain within the target range during the period of the Plan.

1.4 Pricing Issues

The proposed premium increases during the period of the Plan are based on average weekly ordinary time earnings (AWOTE).

Statement of Corporate Intent (continued)

1.5 Strategic Directions and Key Results Areas

Objectives	Desired Outcome
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 Systems To provide efficient and reliable information systems that enhance customer service, increase business productivity and processes and support decision making.	Development and maintenance of secure and effective information 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	2009/10 (Forecast)	2009/10 (Actual)	2010/11 (Forecast as per Corporate Plan)	2011/12	2012/13
Premium Increase	4.0%	3.5%	0.0%	4.0%	4.0%
Financial Result after Tax	\$22.4M	\$74.3M	\$38.2M	\$30.4M	\$32.5M
Solvency Level	8.7%	24.2%	27.0%	26.0%	25.5%
Return on Equity	13.9%	30.2%	12.7%	9.8%	10.0%
Return on Assets	3.2%	10.1%	4.9%	3.6%	3.6%
Dividends Paid	\$27.4M	\$23.1M	\$27.1M	\$21.3M	\$13.1M
Tax Equivalents Paid	\$44.9M	\$21.9M	\$0.0M	\$21.6M	\$16.1M

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Independent Audit Report

Statement of Comprehensive Income

for the year ended 30 June 2010	Note	2010 \$'000	2009 \$'000
Premium revenue	4	130,247	126,079
Outwards reinsurance expense		(5,272)	(5,139)
		124,975	120,940
Claims expense	6	(100,587)	(74,698)
Recovery revenue	7	(781)	10,786
Unexpired risk expense	22	4,527	(1,710)
Underwriting expenses	20	(2,493)	(2,427)
Underwriting result		25,641	52,891
Investment revenue	9	86,448	(68,519)
General and administration expenses		(5,394)	(5,166)
Road Safety Task Force	30	(3,240)	(3,015)
Injury Prevention and Management Foundation	25	(947)	(906)
Motorcycle Safety Strategy	31	(77)	(10)
Road infrastructure	32	(635)	(1,581)
Operating profit/(loss) before tax		101,796	(26,306)
Tax (expense)/benefit attributable to operating result	5	(27,497)	12,265
Operating profit/(loss) after tax attributable to equity holders		74,299	(14,041)
Other comprehensive income net of income tax		-	-
Comprehensive result attributable to equity holders		74,299	(14,041)

The accompanying notes form an integral part of this Statement.

Statement of Financial Position

as at 30 June 2010	Note	2010 \$'000	2009 \$'000
Assets			
Cash and cash equivalents	10	125,193	182,084
Accounts receivable	11	1,349	1,358
Deferred acquisition costs	20	1,162	-
Reinsurance recoveries receivable	12	11,681	13,842
Debt securities and other investments	13	15,383	3,577
Listed instruments	14	102,116	112,396
Unlisted instruments	15	710,482	570,875
Investment properties	16	15,730	15,345
Plant and equipment	19	987	449
Deferred tax asset	5	43,339	71,802
Other assets	17	15,052	27
Total assets		1,042,474	971,755
Liabilities			
Sundry creditors and accrued expenses	27	2,529	2,651
Provision for tax	5	-	7,897
Provision for unearned premium	26	56,722	53,817
Provision for Injury Prevention and Management Foundation	25	1,164	1,104
Provision for unexpired risk	22	-	3,493
Provision for outstanding and unreported claims	21	706,655	679,220
Provision for employee benefits	23	3,968	3,333
Total liabilities		771,038	751,515
Net assets		271,436	220,240
Equity			
Retained earnings attributable to equity holders	24	271,436	220,240
Total equity		271,436	220,240

The accompanying notes form an integral part of this Statement.

Statement of Changes in Equity

for the year ended 30 June 2010	Note	2010 \$'000	2009 \$'000
Retained earnings attributable to equity holders at beginning of year		220,240	273,900
Comprehensive result		74,299	(14,041)
Dividends paid		(23,103)	(39,619)
Retained earnings attributable to equity holders at end of year	24	271,436	220,240

The accompanying notes form an integral part of this Statement.

Statement of Cash Flows

for the year ended 30 June 2010	Note	2010 Inflows (outflows) \$'000	2009 Inflows (outflows) \$'000
Cash flows from operating activities			
Premiums received		146,330	139,353
Reinsurance and other recoveries received		1,425	14,645
Dividends received		31,218	61,997
Interest received		764	22,857
Rent received		441	396
Other investment revenue received		1,309	1,057
Claims paid		(77,910)	(74,406)
Reinsurance paid		(5,178)	(5,366)
Other claim payments		(544)	(510)
Underwriting expenses paid		(2,844)	(2,627)
General and administration expenses paid		(5,356)	(4,039)
Investment expenses paid		(1,658)	(1,946)
Road Safety Task Force		(3,564)	(3,317)
Motorcycle Safety Strategy		(84)	(11)
Road infrastructure		(699)	(1,740)
Injury Prevention and Management Foundation		(971)	(774)
Tax equivalent paid		(21,941)	(44,096)
Goods and services tax paid		(7,024)	(6,731)
Net cash flows from operating activities	29	53,714	94,742
Cash flows used in investing activities			
Net investment transactions		(86,793)	(30,591)
Purchase of plant and equipment		(731)	(511)
Proceeds on sale of plant and equipment		22	147
Net cash flows used in investing activities		(87,502)	(30,955)
Cash flows used in financing activities			
Dividends paid		(23,103)	(39,619)
Net cash flows used in financing activities		(23,103)	(39,619)
Net increase/(decrease) in cash and cash equivalents held		(56,891)	24,168
Cash and cash equivalents at the beginning of the financial year		182,084	157,916
Cash and cash equivalents at the end of the financial year	29	125,193	182,084

The accompanying notes form an integral part of this Statement.

Notes to the Financial Statements

For the year ended 30 June 2010

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.

The financial report was certified by the Board on 12 August 2010.

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended 30 June 2010. The Motor Accidents Insurance Board ("Board") has not adopted the following standards early when preparing the 2009/10 financial statements. 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
2009-05	Further Amendments to Australian Accounting Standards arising from annual improvements project	1 January 2010
2009-12	Amendments to AASB (5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031, and interpretations 2, 4, 16, 1039 and 1052)	1 January 2011
AASB 9	Financial Instruments	1 January 2013
2009-11	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013
AASB 1053	Application of Tiers of Australian Accounting Standards	1 July 2013

The Board does not currently anticipate any material impact on financial reporting from adopting the above or any other standards or interpretations issued but not yet effective.

(a) Financial report

This financial report covers the Board for the year ended 30 June 2010. 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 Australian Accounting Standards, 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 Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments are disclosed in note 2.

The statement of financial position and notes to the financial statements are presented on a liquidity basis, as provided for in AASB 101 *Presentation of Financial Statements* whereby all assets and liabilities are presented in order of liquidity. 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 2010 and the comparative information presented in these financial statements for the year ended 30 June 2009.

(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).

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.

NTER instalments are paid quarterly. A balancing payment is made subsequent to year end following finalisation of the tax position. Where the instalments paid exceed the tax liability no balancing payment is required. Excess instalment payments are retained by the State Government and offset against the Board's future tax obligations.

(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.

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. 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 statement of comprehensive income 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% (2009: 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.

Notes to the Financial Statements

For the year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(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 statement of comprehensive income.

(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 statement of comprehensive income.

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 statement of comprehensive income.

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 statement of comprehensive income 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 statement of comprehensive income 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 the redemption value per unit as determined by the funds’ managers.

Derivatives

Derivative instruments are financial contracts whose value depend 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 statement of comprehensive income. 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 statement of comprehensive income, 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.

(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 statement of comprehensive income 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 statement of comprehensive income 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 statement of financial position.

Actuarial gains and losses are immediately recognised through the statement of comprehensive income.

(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 statement of cash flows 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.

Notes to the Financial Statements

For the year ended 30 June 2010

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 date for the estimated cost of claims incurred but not settled, including the cost of claims incurred but not yet reported (IBNR). 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; and
- 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 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.

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. It further prescribes the scope of the Plan and guidelines for the identification and ranking of risks.

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; and
- establishment of appropriate investment strategies to meet future liabilities.

Key aspects of the processes identified in the Plan to mitigate insurance risks include, but are not limited to:

- A comprehensive database of accident data is maintained which facilitates the provision of a wide range of up-to-date information.
- Exposure to catastrophic motor accidents is managed through taking out appropriate reinsurance cover. The retention and limits are approved by the Board and 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.
- 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 an independent government regulator. The regulator’s role is to recommend maximum premiums to be charged for the periods following the review. In undertaking this review the regulator 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) 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.

(e) Credit risk

Financial assets and liabilities arising from insurance and reinsurance contracts are stated in the statement of financial position at the amount that best represents the maximum credit risk exposure at balance date. There are no significant concentrations of credit risk.

Notes to the Financial Statements

For the year ended 30 June 2010

4. Premium revenue

	2010 \$'000	2009 \$'000
Direct	133,152	126,264
Unearned premium revenue	(2,905)	(185)
	130,247	126,079

5. Income tax

(a) Income tax expense/(benefit) recognised in the statement of comprehensive income

Tax expense/(benefit) comprises:

Current tax expense/(benefit)	(3,814)	19,867
Deferred tax adjustment	32,276	(30,093)
(Over)/under provision of income tax in previous year	(965)	(2,039)
Tax expense/(benefit) attributable to operating result	27,497	(12,265)

Reconciliation between operating result and income tax expense/(benefit)

Operating result before tax	101,796	(26,306)
Income tax expense/(benefit) calculated at 30%	30,539	(7,892)
Tax offsets for franked dividends	(2,077)	(2,333)
(Over)/under provision of income tax in previous year	(965)	(2,040)
Income tax expense/(benefit) attributable to operating result	27,497	(12,265)

(b) Tax liability

Tax payable in respect of current year	-	19,867
Less tax instalments paid	(15,009)	(11,970)
Prepaid NTER tax instalments	15,009	-
Provision for tax	-	7,897

(c) Deferred tax balances

Deferred tax assets comprise:

Unrealised loss on investments	24,903	56,483
Claims handling expense included in provision for outstanding and unreported claims	14,692	14,064
Provisions currently not deductible	1,548	2,697
Current tax benefit	3,814	-
	44,957	73,244

Deferred tax liabilities comprise:

Property investment	1,602	1,430
Difference in depreciation of plant and equipment for accounting and tax purposes	16	12
	1,618	1,442
Net deferred tax assets	43,339	71,802

6. Claims expense

	2010 \$'000	2009 \$'000
Paid	72,657	69,551
Outstanding and unreported claims	27,436	4,684
Gross claims incurred	100,093	74,235
Other claim payments	494	463
	100,587	74,698

7. Recovery revenue

Reinsurance recoveries received	750	12,074
Reinsurance recoveries receivable movement	(2,161)	(3,671)
Other recoveries received	630	2,383
	(781)	10,786

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 2010			At 30 June 2009		
	Current Year Claims \$'000	Prior Years' Claims \$'000	Total \$'000	Current Year Claims \$'000	Prior Years' Claims \$'000	Total \$'000
Gross claims expense						
Gross claims incurred ¹	312,616	(196,576)	116,040	352,190	(1,376,912)	(1,024,722)
Reinsurance recoveries	-	18,833	18,833	-	39,294	39,294
Net claims incurred	312,616	(177,743)	134,873	352,190	(1,337,618)	(985,428)
Movement						
Gross claims incurred	(195,514)	178,937	(16,577)	(232,912)	1,329,486	1,096,574
Reinsurance recoveries	-	(17,422)	(17,422)	-	(47,697)	(47,697)
Net discount movement	(195,514)	161,515	(33,999)	(232,912)	1,281,789	1,048,877
Discounted						
Gross claims incurred	117,102	(17,639)	99,463	119,278	(47,426)	71,852
Reinsurance recoveries	-	1,411	1,411	-	(8,403)	(8,403)
Net claims incurred	117,102	(16,228)	100,874	119,278	(55,829)	63,449
Reconciliation of net claims incurred:						
Gross claims incurred (refer note 6)			100,093			74,235
Recovery revenue (refer note 7)			781			(10,786)
Net claims incurred			100,874			63,449

Note ¹ inflated/undiscounted

Notes to the Financial Statements

For the year ended 30 June 2010

9. Investment revenue

	2010 \$'000	2009 \$'000
Interest	730	22,753
Rentals	401	360
Dividends	31,218	61,997
Other	1,294	564
Changes in net market values		
Investments held at the end of the reporting period	38,345	(133,789)
Investments realised during the reporting period	16,372	(18,591)
	88,360	(66,706)
Investment expenses	(1,912)	(1,813)
	86,448	(68,519)

10. Cash and cash equivalents

Cash at bank	250	836
Investments	124,943	181,248
Total cash and cash equivalents	125,193	182,084

11. Accounts receivable

Premiums receivable	1,336	1,346
Other receivables	13	12
Total accounts receivable	1,349	1,358

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	52,839	72,422
Discount to present value	(41,158)	(58,580)
Provision for impairment of reinsurance assets	-	-
Reinsurance recoveries receivable on incurred claims	11,681	13,842
Expected future reinsurance recoveries on unexpired risk liability	-	-
Total reinsurance recoveries receivable	11,681	13,842

13. Debt securities and other investments

	2010 \$'000	2009 \$'000
Convertible and floating rate notes	8,743	5,007
Financial derivatives - receivable	3,961	6,050
Financial derivatives - payable	(122)	(7,642)
Other financial instruments	2,801	162
Total debt securities and other investments	15,383	3,577
Due within 12 months	6,640	(1,430)
Due in more than 12 months	8,743	5,007
Total debt securities and other investments	15,383	3,577

14. Listed instruments

Australian equities	93,844	89,003
Unit trusts	3,865	1,894
Diversified property	4,407	21,499
Total listed instruments	102,116	112,396

15. Unlisted instruments

Australian equities	85,154	73,283
International equities	170,966	143,493
Emerging markets equities	29,964	21,962
Diversified property	99,175	37,287
Infrastructure	47,837	41,519
Cash and fixed income	277,386	253,331
Total unlisted instruments	710,482	570,875

16. Investment properties

At fair value		
Opening balance at 1 July	15,345	15,510
Acquisitions	-	-
Capitalised subsequent expenditure	43	261
Net gain/(loss) from fair value adjustment	342	(426)
Closing balance at 30 June	15,730	15,345
Amounts recognised in the statement of comprehensive income for investment properties that generated rental income		
Rental income	401	360
Operating expenses	125	116
Amounts recognised in the statement of comprehensive income for investment properties that did not generate rental income		
Operating expenses	80	103

Notes to the Financial Statements

For the year ended 30 June 2010

17. Other assets

	2010 \$'000	2009 \$'000
Prepaid insurance	43	27
Prepaid NTER tax instalments	15,009	-
Total other assets	15,052	27

18. Financial instruments

The fair value of the Board's financial assets equals the carrying amount.

Financial assets		
Financial assets at fair value through profit or loss		
Cash and cash equivalents	125,193	182,084
Debt securities and other investments	15,383	3,577
Listed instruments	102,116	112,396
Unlisted instruments	710,482	570,875
Total financial assets at fair value through profit or loss	953,174	868,932
Loans and receivables		
Accounts receivable	1,349	1,358
Reinsurance recoveries receivable	11,681	13,842
Total loans and receivables	13,030	15,200
Total financial assets	966,204	884,132
Financial liabilities		
Financial liabilities at amortised cost		
Sundry creditors and accrued expenses	2,529	2,651
Provision for Injury Prevention and Management Foundation	1,164	1,104
Total financial liabilities at amortised cost	3,693	3,755

The following table provides an analysis of financial assets at fair value through profit or loss grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurement is determined using quoted prices in active markets, including quoted prices for identical securities. An active market is a market in which transactions take place with sufficient frequency and volume to provide pricing on an ongoing basis.
- Level 2 fair value measurement is determined using a valuation model with inputs that can be observed in the actual marketplace. The inputs can be directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurement is determined using inputs that are not based on observable market data (i.e. unobservable inputs).

Financial assets at fair value through profit or loss	At 30 June 2010			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Convertible and floating rate notes	-	512	8,231	8,743
Financial derivatives - receivables	-	3,961	-	3,961
Financial derivatives - payables	(2)	(120)	-	(122)
Other financial instruments	2,801	-	-	2,801
Listed instruments	102,116	-	-	102,116
Unlisted instruments	-	710,482	-	710,482
Total financial assets at fair value through profit or loss	104,915	714,835	8,231	827,981

Financial assets at fair value through profit or loss	At 30 June 2009			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Convertible and floating rate notes	87	283	4,637	5,007
Financial derivatives - receivables	1	6,049	-	6,050
Financial derivatives - payables	(250)	(7,392)	-	(7,642)
Other financial instruments	162	-	-	162
Listed instruments	112,086	310	-	112,396
Unlisted instruments	-	548,908	21,967	570,875
Total financial assets at fair value through profit or loss	112,086	548,158	26,604	686,848

The following table provides a reconciliation of level 3 financial assets at fair value through profit or loss.

	2010 \$'000	2009 \$'000
Opening balance	26,604	37,705
Purchases	-	-
Sales	-	-
Gains/(losses) recognised in profit or loss	3,594	(11,101)
Transfers in/out	(21,967)	-
Closing balance	8,231	26,604

The transfer out of level 3 was due to an unlisted instrument being reclassified as level 2. There have been no other movements between levels 1 and 2.

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.

Notes to the Financial Statements

For the year ended 30 June 2010

18. Financial instruments (continued)

(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 its investment advisor, master custodian 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 statement of financial position 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.

Sensitivity

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% with all other variables held constant and all the equity instruments moved according to the historical correlation with the index.

	2010 \$'000	2009 \$'000
Impact on profit and equity of a 10% increase in equity prices:		
Listed instruments	6,569	6,230
Unlisted instruments	17,215	16,712
Impact on profit and equity of a 10% decrease in equity prices:		
Listed instruments	(6,569)	(6,230)
Unlisted instruments	(17,215)	(16,712)

(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.

The following table shows the Board's exposure to foreign currency risk.

	2010 \$'000	2009 \$'000
United States Dollar	687	-
New Zealand Dollar	139	104
Total foreign currency investments	826	104

Sensitivity

The foreign currency risk sensitivity analysis is conducted on outstanding foreign currency denominated investments and adjusts their translation at period end for a change in foreign currency rates. The following table details the Board's sensitivity to a 10% increase and decrease in the Australian Dollar against the foreign currencies.

Impact on profit and equity of a 10% increase in foreign exchange rates	(53)	(7)
Impact on profit and equity of a 10% decrease in foreign exchange rates	64	8

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

The Board manages a portion of the interest rate risk on its provision for outstanding and unreported claims liability by establishing an economic hedge in its investment strategy. To the extent the investment assets and claims liabilities are matched, unrealised gains and losses on re-measurement of liabilities resulting from movements in interest rates will be offset by unrealised losses or gains on the re-measurement of these investment assets.

The Board uses derivatives to implement the interest rate risk hedging strategy. Interest rate swap contracts are used to swap a floating rate of interest for the return on a portfolio of Commonwealth Government Securities that match future liability payments. Swap contracts involve quarterly payment or receipt of the net amount of interest. The unrealised gain on the swap contracts in place at 30 June 2010 was \$3,960,679 (2009: unrealised loss of \$7,392,400).

	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
30 June 2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Maturity dates					
Financial assets						
Cash and cash equivalents	125,193	-	-	-	-	125,193
Loans and receivables	-	-	-	-	13,030	13,030
Financial assets at fair value through profit and loss	12,565	-	-	139	815,277	827,981
	137,758	-	-	139	828,307	966,204
Financial liabilities						
Sundry creditors and accrued expenses	-	-	-	-	2,529	2,529
Provision for Injury Prevention and Management Foundation	-	-	-	-	1,164	1,164
	-	-	-	-	3,693	3,693
Net financial assets (liabilities)	137,758	-	-	139	824,614	962,511

Notes to the Financial Statements

For the year ended 30 June 2010

18. Financial instruments (continued)

	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
		Maturity dates				
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

Sensitivity

At 30 June 2010, 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 \$4,583,915 lower (2009: change of +0.5%: \$1,611,582 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 statement of financial position 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.

30 June 2010	Investment grade \$'000	Non investment grade \$'000
Financial assets at fair value through profit or loss		
Accounts receivable	1,336	13
Reinsurance recoveries receivable	10,393	1,288
Cash and cash equivalents	124,629	-
Debt securities and other investment assets	5,755	8,231
Unlisted instruments	206,066	-
Total	348,179	9,532

30 June 2009

Financial assets at fair value through profit or loss		
Accounts receivable	1,346	12
Reinsurance recoveries receivable	12,772	1,070
Cash and cash equivalents	181,339	-
Debt securities and other investment assets	(1,343)	4,637
Unlisted instruments	227,677	-
Total	421,790	5,719

(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. The Board is cash flow positive with premium and investment income exceeding claims and administrative payments.

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.
- 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.

Maturities of financial instruments

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

30 June 2010	Less than 6 months \$'000	6-12 months \$'000	1+ years \$'000	Total \$'000
Financial liabilities				
Sundry creditors and accrued expenses	2,529	-	-	2,529
Provision for Injury Prevention and Management Foundation	907	257	-	1,164
Total	3,436	257	-	3,693

30 June 2010

Financial liabilities				
Sundry creditors and accrued expenses	2,651	-	-	2,651
Provision for Injury Prevention and Management Foundation	873	231	-	1,104
Total	3,524	231	-	3,755

Notes to the Financial Statements

For the year ended 30 June 2010

18. Financial instruments (continued)

(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 30 June 2010 the solvency position is 24.2% (2009: 15.5%).

The actual and forecast capital position is examined by the Directors on a monthly basis and consideration of the solvency position is integral to the annual corporate planning process and the 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

	2010 \$'000	2009 \$'000
Gross carrying amount		
Balance at beginning of year	3,172	3,230
Additions	688	249
Disposals	(202)	(307)
Balance at end of year	3,658	3,172
Accumulated depreciation		
Balance at beginning of year	2,723	2,715
Disposals	(164)	(94)
Depreciation expense	112	102
Balance at end of year	2,671	2,723
Net book value		
As at end of financial year	987	449

20. Deferred acquisition costs

Deferred acquisition costs as at 1 July	-	-
Acquisition costs in the year	2,621	2,410
Amortisation charged to income	(2,493)	(2,427)
Write down for premium deficiency (refer note 22)	1,034	17
Deferred acquisition costs as at 30 June	1,162	-

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.

	2010			2009		
	Scheduled benefits	Common law	Future care	Scheduled benefits	Common law	Future care
Inflated mean term (years)	7.7	2.9	38.5	7.2	3.0	38.4
Discounted mean term (years)	4.1	2.7	20.1	3.8	2.7	19.7
Number of claims incurred but not reported (IBNR)	402	271	13	422	284	19
Average claim size (\$ '000)	3	20	4,758	3	21	4,390
Superimposed inflation	1.50%	0.75%	0.00%	1.50%	0.75%	0.00%
Claims handling expenses	7%	7%	7%	7%	7%	7%
Risk margin	20%	20%	20%	20%	20%	20%

	Wage inflation rates		Discount rates	
Claims expected to be paid in:	2010	2009	2010	2009
Year 1 (following end of financial year)	3.75%	4.00%	4.46%	3.40%
Year 2	3.75%	4.00%	4.48%	4.49%
Year 3	3.77%	4.00%	4.70%	6.02%
Year 4	3.84%	4.00%	4.96%	6.18%
Year 5	3.85%	4.00%	5.28%	6.18%
Year 6	3.85%	4.00%	5.62%	6.18%
Year 7	3.85%	4.00%	5.76%	6.18%
Year 8	3.85%	4.00%	5.76%	6.18%
Year 9	3.85%	4.00%	5.76%	6.18%
Year 10	3.85%	4.00%	5.76%	6.18%
Year 11	3.85%	4.00%	5.78%	6.15%
Year 12	3.85%	4.00%	5.80%	6.12%
Year 13	3.85%	4.00%	5.83%	6.09%
Year 14	3.85%	4.00%	5.85%	6.06%
Year 15	3.85%	4.00%	5.85%	6.02%
Thereafter	3.85%	4.00%	5.85%	6.00%

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).

Notes to the Financial Statements

For the year ended 30 June 2010

21. Provision for outstanding and unreported claims (continued)

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 2010 are included at the rate of 7% of future claim payments (2009: 7%).

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 at 30 June 2010 a 20% (2009: 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% (2009: 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	74,299	271,436
Inflation increase by 0.5%	52,720	249,857
Inflation decrease by 0.5%	94,687	291,824
Discount rate increased by 0.5% all durations	96,789	293,926
Discount rate decreased by 0.5% all durations	50,022	247,159
Long term discount rate increased by 0.5%	88,168	285,305
Long term discount rate decreased by 0.5%	58,547	255,684
Cost of 2009/10 Future Care IBNR claims increased by 10%	73,167	270,303
Cost of 2009/10 Future Care IBNR claims decreased by 10%	75,432	272,569
Common Law settlement size increased by 10%	61,297	258,434
Common Law settlement size decreased by 10%	87,302	284,439
Scheduled Benefits average size increased by 10%	71,649	268,786
Scheduled Benefits average size decreased by 10%	76,950	274,087
Reinsurance recoveries increased by 20% due to favourable commutations	74,627	271,763
Allowance for increase in care costs increased from 8% to 16%	49,011	246,148
No allowance for increase in care costs	100,242	297,379

Notes to the Financial Statements

For the year ended 30 June 2010

21. Provision for outstanding and unreported claims (continued)

(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:

	2010 \$'000	2009 \$'000
Scheduled benefits claims		
Expected future claims payments (inflated/undiscounted)	37,381	39,988
Discount to present value	(9,582)	(9,890)
Claims handling expenses	2,064	2,235
Risk margin	5,973	6,467
Sub-total provision for outstanding and unreported scheduled benefits claims	35,836	38,800
Common law claims		
Expected future claims payments (inflated/undiscounted)	147,454	160,587
Discount to present value	(17,883)	(20,805)
Claims handling expenses	9,661	10,425
Risk margin	27,847	30,041
Sub-total provision for outstanding and unreported common law claims	167,079	180,248
Future care claims		
Expected future claims payments (inflated/undiscounted)	1,853,295	1,794,417
Discount to present value	(1,460,652)	(1,435,041)
Claims handling expenses	29,087	26,408
Risk margin	82,010	74,388
Sub-total provision for outstanding and unreported future care claims	503,740	460,172
All Claims		
Expected future claims payments (inflated/undiscounted)	2,038,130	1,994,992
Discount to present value	(1,488,117)	(1,465,736)
Claims handling expenses	40,812	39,068
Risk margin	115,830	110,896
Total provision for outstanding and unreported claims	706,655	679,220
Due within twelve months	76,693	80,691
Due in more than twelve months	629,962	598,529
Total provision for outstanding and unreported claims	706,655	679,220

(d) Reconciliation of movement in provision for outstanding and unreported claims

	2010			2009		
	Gross \$'000	Recoveries \$'000	Net \$'000	Gross \$'000	Recoveries \$'000	Net \$'000
Brought forward	679,220	13,842	665,378	674,536	17,514	657,022
Liabilities due within twelve months from previous report	(80,691)	-	(80,691)	(75,328)	-	(75,328)
	598,529	13,842	584,687	599,208	17,514	581,694
Accrual to 30 June	618,877	14,313	604,564	641,382	18,746	622,636
Effect of changes in actuarial assumptions	(38,189)	(5,122)	(33,067)	(55,730)	(4,009)	(51,721)
Effect of changes in economic assumptions	18,569	2,490	16,079	(12,437)	(895)	(11,542)
Net revision to prior years' claims costs	(19,620)	(2,632)	(16,988)	(68,167)	(4,904)	(63,263)
Outstanding claims cost for prior accident years	599,257	11,681	587,576	573,215	13,842	559,373
Incurred claims for current accident year	117,103	-	117,103	119,279	-	119,279
Claims (payments)/recoveries for current accident year	(9,705)	-	(9,705)	(13,274)	-	(13,274)
Outstanding claims cost for current accident year	107,398	-	107,398	106,005	-	106,005
Carried forward	706,655	11,681	694,974	679,220	13,842	665,378

Notes to the Financial Statements

For the year ended 30 June 2010

21. Provision for outstanding and unreported claims (continued)

(e) Claims development table

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

Gross	ACCIDENT YEAR									
	2002 \$'000	2003 \$'000	2004 \$'000	2005 \$'000	2006 \$'000	2007 \$'000	2008 \$'000	2009 \$'000	2010 \$'000	Total \$'000
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	263,884	2,880,474
One year later	220,655	341,978	211,623	230,477	340,652	348,300	242,314	297,639		2,233,638
Two years later	277,232	193,865	244,428	261,755	307,592	205,414	214,801			1,705,087
Three years later	152,125	189,664	227,705	326,823	194,869	170,510				1,261,696
Four years later	146,392	176,369	207,869	194,802	193,756					919,188
Five years later	186,543	192,271	143,484	203,161						725,459
Six years later	222,024	128,600	123,769							474,393
Seven years later	147,110	129,425								276,535
Eight years later	129,987									129,987
Current estimate of cumulative claims cost	129,987	129,425	123,769	203,161	193,756	170,510	214,801	297,639	263,884	1,726,932
Cumulative payments	(50,011)	(46,529)	(49,344)	(55,722)	(45,364)	(40,063)	(30,871)	(25,144)	(11,138)	(354,186)
Outstanding claims (undiscounted)	79,976	82,896	74,425	147,439	148,392	130,447	183,930	272,495	252,746	1,372,746
Discount										(987,182)
2001 and prior (discounted)										164,449
Claims handling expense										40,812
Prudential margins										115,830
Outstanding claims (inflated & discounted)										706,655
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	263,884	2,846,915
One year later	220,655	341,978	211,623	230,477	340,652	348,300	242,314	297,639		2,233,638
Two years later	277,232	193,865	244,428	261,755	307,592	205,414	207,085			1,697,371
Three years later	152,125	189,664	227,705	326,823	194,869	170,510				1,261,696
Four years later	146,392	176,369	200,670	194,802	193,756					911,989
Five years later	186,543	192,271	141,836	203,161						723,811
Six years later	222,024	128,600	123,769							474,393
Seven years later	147,110	129,425								276,535
Eight years later	129,987									129,987
Current estimate of cumulative claims cost	129,987	129,425	123,769	203,161	193,756	170,510	207,085	297,639	263,884	1,719,216
Cumulative payments	(50,011)	(46,529)	(49,344)	(55,722)	(45,364)	(40,063)	(30,871)	(25,144)	(11,138)	(354,186)
Outstanding claims (undiscounted)	79,976	82,896	74,425	147,439	148,392	130,447	176,214	272,495	252,746	1,365,030
Discount										(981,275)
2001 and prior (discounted)										154,577
Claims handling expense										40,812
Prudential margins										115,830
Outstanding claims (inflated & discounted)										694,974

22. Provision for unexpired risk

	2010 \$'000	2009 \$'000
(a) Unexpired risk liability		
Unexpired risk liability as at 1 July	3,493	1,766
Recognition of additional unexpired risk liability in the period	-	3,493
Release of unexpired risk liability recorded in previous periods	(3,493)	(1,766)
Unexpired risk liability as at 30 June	-	3,493
(b) Deficiency recognised in the statement of comprehensive income		
Gross movement in unexpired risk liability	(3,493)	1,727
Reinsurance recoveries on unexpired risk liability	-	-
Net movement in unexpired risk liability	(3,493)	1,727
Write down of deferred acquisition costs (refer note 20)	(1,034)	(17)
Total deficiency recognised in the statement of comprehensive income	(4,527)	1,710
(c) Calculation of liability		
Provision for unearned premiums	56,722	53,817
Related reinsurance asset	-	-
	56,722	53,817
Net central estimate of the present value of expected future cashflows arising from future claims	37,291	42,662
Claims handling expenses	2,785	3,186
Risk margin	10,019	11,462
Present value of expected future cash inflows arising from reinsurance recoveries on future claims	-	-
	50,095	57,310
Deficiency net of reinsurance recoveries	-	3,493
Add back reinsurance element of present value of expected future cash flows for future claims	-	-
Deficiency gross of reinsurance recoveries	-	3,493

Claims handling expenses

Claims handling expenses as at 30 June 2010 are included at the rate of 7% (2009: 7%).

Risk margin

As at 30 June 2010 a risk margin of 25% (2009: 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% (2009: not less than 75%) that the provision is sufficient to meet the cost of claims incurred.

Notes to the Financial Statements

For the year ended 30 June 2010

23. Provision for employee benefits

	2010 \$'000	2009 \$'000
Due within twelve months		
Annual leave	184	151
Long service leave	-	11
Retirement benefits fund	105	27
	289	189
Due in more than twelve months		
Long service leave	313	294
Retirement benefits fund	3,366	2,850
	3,679	3,144
Aggregate employee benefits	3,968	3,333

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 AWOIE.

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	2010 \$'000	2009 \$'000
Present value of defined benefit obligations at beginning of the year¹	3,385	2,927
(+) Current service cost ¹	87	93
(+) Interest cost	192	165
(+) Estimated contributions by plan participants	29	33
(+) Actuarial (gains)/losses ¹	380	266
(-) Estimated benefits paid	77	93
(-) 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	3,991	3,385

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 the beginning of the year	508	529
(+) Expected return on plan assets	37	36
(+) Actuarial gains/(losses)	(18)	(38)
(+) Estimated employer contributions	46	47
(+) Estimated contributions by plan participants	29	33
(-) Estimated benefits paid	77	93
(-) Estimated taxes, premiums & expenses paid	5	6
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value plan assets at year end	520	508

Reconciliation of the assets and liabilities recognised in the statement of financial position

Defined benefit obligation	3,991	3,385
(-) Fair value of plan assets	520	508
Deficit/(surplus)	3,471	2,877
(-) Unrecognised past service cost	-	-
(-) Unrecognised net (gain)/loss	-	-
(+) Adjustment for limitation on net asset	-	-
Net superannuation liability/(asset)	3,471	2,877
 Due within 12 months	 105	 27
Due in more than 12 months	3,366	2,850
	3,471	2,877

Notes to the Financial Statements

For the year ended 30 June 2010

23. Provision for employee benefits (continued)

Expense recognised in statement of comprehensive income	2010 \$'000	2009 \$'000
Service cost	87	93
Interest cost	192	165
Expected return on assets	(36)	(36)
Actuarial loss/(gain)	398	304
Past service cost	-	-
Movement in limitation on net asset	-	-
Effect of curtailments/settlements	-	-
Superannuation expense/(income)	641	526

The superannuation expense is recognised within general and administration expenses.

Fund assets

The percentage invested in each asset class at balance date:	2010	2009
Australian equity	26%	20%
International equity	22%	13%
Fixed income	12%	11%
Property	20%	31%
Alternatives/Other	14%	19%
Cash	6%	6%

** Asset allocation as at 31 March*

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	2010 \$'000	2009 \$'000
Financial year ending 30 June		
Actual return on plan assets	18	(2)

Note: As separate 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 date	2010 % pa	2009 % pa
Discount rate	5.35	5.70
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 2010 extrapolated to allow for the fact that the term of the liabilities exceeds the term of the longest Government bond. The decrement rates used (eg mortality and retirement rates) have been updated since the last valuation.

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				
	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000
Present value of defined benefit obligation	3,991	3,385	2,927	2,884	2,579
Fair value of plan assets	520	508	529	552	540
(Surplus)/deficit in plan	3,471	2,877	2,398	2,333	2,039
Experience adjustments (gain)/loss - plan assets	18	38	60	(3)	34
Experience adjustments (gain)/loss - plan liabilities	64	179	(53)	(74)	213

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	2011 \$'000
Expected employer contributions	105

24. Retained earnings attributable to equity holders

	2010 \$'000	2009 \$'000
Balance at the beginning of the financial year	220,240	273,900
Operating result after tax	74,299	(14,041)
Dividends paid	(23,103)	(39,619)
Balance at the end of the financial year	271,436	220,240

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.

Balance at the beginning of the financial year	1,104	882
Payments	(993)	(784)
Net project approvals	947	906
GST on outstanding project approvals	106	100
Balance at the end of the financial year	1,164	1,104

Notes to the Financial Statements

For the year ended 30 June 2010

26. Provision for unearned premium

	2010 \$'000	2009 \$'000
Balance at the beginning of the financial year	53,817	53,632
Deferral of premiums on contracts written in the period	56,722	53,817
Earning of premiums written in previous periods	(53,817)	(53,632)
Balance at the end of the financial year	56,722	53,817

27. Sundry creditors and accrued expenses

Sundry creditors	2,506	2,626
Accrued expenses - employee on costs	23	25
Total sundry creditors and accrued expenses	2,529	2,651
Due within twelve months		
Sundry creditors	2,506	2,626
Accrued expenses - employee on costs	9	9
Total sundry creditors and accrued expenses due within twelve months	2,515	2,635
Due in more than twelve months		
Accrued expenses - employee on costs	14	16
Total sundry creditors and accrued expenses due in more than twelve months	14	16
Total sundry creditors and accrued expenses	2,529	2,651

28. Commitments

Road Safety Task Force		
Not later than one year	3,401	3,240
Later than one year but not later than five years	1,742	5,143
Road Infrastructure		
Not later than one year	-	635
Operating leases		
Not later than one year	15	12
Later than one year but not later than five years	30	-
Plant and equipment		
Not later than one year	178	-

29. Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, 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 statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2010 \$'000	2009 \$'000
Cash and cash equivalents	125,193	182,084

(b) Reconciliation of net cash provided by operating activities to operating result after tax

Operating result after tax	74,299	(14,041)
Depreciation	112	102
Loss (profit) on sale of assets	15	65
Net unrealised change in net market value of investments	(54,717)	152,806
Decrease/(increase) in deferred tax asset	28,463	(31,366)
Decrease/(increase) in reinsurance recoveries receivable	2,161	3,672
Decrease/(increase) in deferred acquisition costs	(1,162)	-
Decrease/(increase) in accounts receivable	9	409
Decrease/(increase) in other assets	(15,025)	-
Decrease/(increase) in accrued income	36	104
Increase/(decrease) in claims provisions	27,435	4,684
Increase/(decrease) in tax payable	(7,897)	(24,995)
Increase/(decrease) in unexpired risk provision	(3,493)	1,727
Increase/(decrease) in employee provisions	635	531
Increase/(decrease) in creditors and accruals	(122)	637
Increase/(decrease) in provision for unearned income	2,905	185
Increase/(decrease) in provision for injury prevention and management foundation	60	222
Net cash flow from operating activities	53,714	94,742

(c) Financing facilities

At 30 June 2010 the Board has five corporate credit cards with a total limit of \$20,000 (2009: \$20,000). The balance is paid in full on a monthly basis. The Board has no formal credit standby arrangements or unused loan facilities.

30. Road Safety Task Force

For the year ended 30 June 2010 contributions amounting to \$3,240,000 (2009: \$3,015,000) were paid to the Road Safety Task Force. 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.

31. Motorcycle Safety Strategy

For the year ended 30 June 2010 the Board contributed \$76,633 (2009: \$9,750) in sponsorship for the Motorcycle Safety Strategy. This encompasses motorcycle rider education and training.

32. Road infrastructure

For the year ended 30 June 2010 \$635,000 (2009: \$1,581,484) was paid to the Department of Infrastructure, Energy and Resources representing the Board's contribution to the Black Spot Program.

33. Auditor's remuneration

The amount payable to the Tasmanian Audit Office for the year ended 30 June 2010 is \$50,800 (2009: \$52,327).

34. Dividends

Following the end of the financial year, a final ordinary dividend relating to the year ended 30 June 2010 of \$24,690,458 (2009: \$23,102,997) has been calculated in accordance with the methodology contained in the Board's Ministerial Charter and is payable in the following financial year.

No special dividend was paid in 2009/10 (2008/09: \$10,000,000).

Notes to the Financial Statements

For the year ended 30 June 2010

35. Key management personnel information

(a) Directors

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

(i) Non executive directors:

- Mr G J Humphreys (Chairperson)
- Ms K Barker
- Ms C E Bell (to 31 January 2010)
- Mrs K Brown
- Mr J W Harry
- Mr D J McCarthy (from 1 February 2010)
- Mr M E Scanlon
- Mrs K L Stephenson

(ii) Executive director:

- Mr P J 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 L J Bingley
Manager Claims and Rehabilitation
- Mr C M Q Hill
Chief Operating Officer (from 10 May 2010)
- Mr D W Thurm
Chief Financial Officer
- Ms C Wilson
Chief Operating Officer (to 22 March 2010)

(c) Key management personnel compensation

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

	2010 \$'000	2009 \$'000
Short term employee benefits	750	559
Post employment benefits	182	253
	932	812

(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:

Director	Board of Directors meetings Number		Audit Committee meetings Number	
	Meetings able to be attended	Attended	Meetings able to be attended	Attended
G J Humphreys	14	13		
K Barker	14	13		
C E Bell ¹	8	8	6	6
K Brown	14	13		
J W Harry	14	14	10	10
D J McCarthy ²	6	6	4	4
P J Roche	14	14		
M E Scanlon	14	13	10	10
K L Stephenson	14	12		

Director	Claims Committee meetings Number		Injury Prevention and Management Foundation Committee meetings Number	
	Meetings able to be attended	Attended	Meetings able to be attended	Attended
G J Humphreys	12	12	1	1
K Barker	12	11		
K Brown	12	11	1	1
P J Roche	12	12		
K L Stephenson	12	10		

¹ CE Bell was a Director to 31 January 2010. ² DJ McCarthy was appointed as a Director from 1 February 2010.

(e) Other transactions of key management personnel and related parties

During the year, J W 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.

The aggregate amount in respect of transactions with Directors and Director-related entities for legal fees and other services for the year was \$205,772 (2009: \$186,022).

D J McCarthy, a Director, settled a personal injury claim with the Board in the year under normal terms and conditions. The motor accident occurred prior to his appointment as a Director.

CERTIFICATION

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

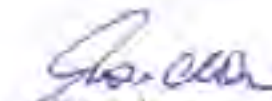
- (a) the financial statements and notes of the Enterprise are in accordance with the *Government Business Enterprises Act 1995*, including:
 - i. giving a true and fair view of the results and cash flows for the year ended 30 June 2010 and the financial position as at 30 June 2010 of the Enterprise; 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 2010 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 2010 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 2010 give a true and fair view.

Signed in accordance with a resolution of the Directors:

Dated 12 August 2010


GJ Humphreys
Chairperson


JW Harty
Director



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 this 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 Profits 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 provided to the directors of the Motor Accidents Insurance Board dated 12 August 2010 and included in the Annual Report, would be unchanged if provided to the directors as at the date of this audit 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 2010, 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

[Signature]

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

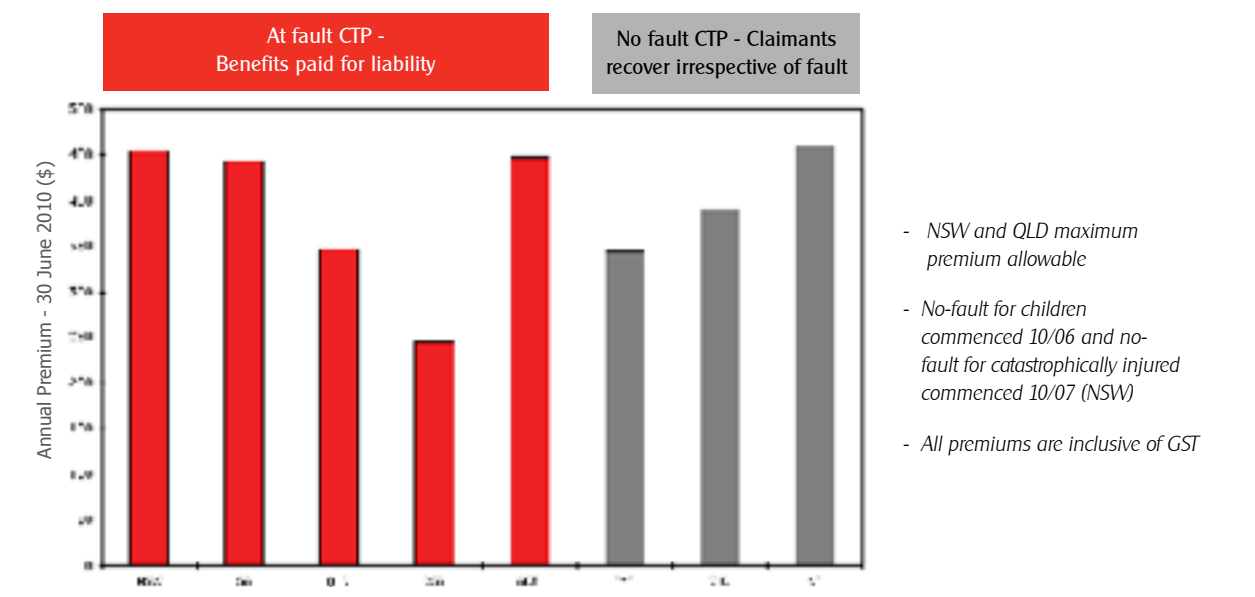
HOBART
18 August 2010

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	\$344	\$390	\$458	\$454 ⁴	\$347 ⁴	\$245	\$444	\$448

- 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



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 2009/10.

	Awarded to Tasmanian Businesses	Awarded to other Australian businesses	Awarded to International businesses	Total
No of Contracts awarded	22 *	1	-	23
Value of Contracts Awarded	\$4.8M	\$750K	-	\$5.55M

* Awarded across business in both Tasmania and other states of Australia.

Staffing

As at 30 June 2010, the Board employed 41 staff on a full or part-time basis.



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we'll pull you up.

If you think you can get away with not wearing a seatbelt, think again. With over 1200 police officers in marked and unmarked cars deployed across the state, one thing is certain – you break the law, we'll catch you.



You break the law, we'll catch you.

RSTF



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