



2010 - 2011 ANNUAL REPORT



Road Safety
Advisory
Council

HIGHLIGHTS

- No premium increase for all vehicle classifications.
- Commencement of fifth independent evaluation of the Road Safety Advisory Council's enforcement and education program.
- Lowest claim frequency on record.
- Net investment revenue of \$77 million.
- Positive underwriting performance.
- Scheme solvency maintained at the upper end of target range.
- Dividend of \$34.6 million paid to the Tasmanian State Government.

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.

DON'T GIVE YOUR KIDS A CRASH COURSE.

SET THE RIGHT EXAMPLE. DRIVE SAFE.



Road Safety Advisory Council

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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.

What is the Motor Accidents Insurance Board?

The Motor Accidents Insurance Board (MAIB) was established in 1974 under the *Motor Accidents (Liabilities and Compensation) Act 1973* (the Act). The purpose of MAIB 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

MAIB 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 MAIB 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

MAIB strives to maintain a balance between premium and investment 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

MAIB 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 Advisory Council and the Injury Prevention and Management Foundation that MAIB aims to achieve this commitment.

Governance Structure

as at 30 June 2011

Portfolio Minister:

The Hon.
David O'Byrne, MP

Treasurer:

The Hon.
Lara Giddings, MP

The Board of Directors

Chairman: Don Challen

Directors:

Kim Barker
Daniel McCarthy
Peter Roche (CEO)
Caroline Rockefeller
Mark Scanlon
David St. John

Management Team

Chief Executive Officer: Peter Roche

Chief Operating Officer: Christopher Hill

Chief Financial Officer: Derek Thurm

Manager – Claims and Rehabilitation:
Lisa Bingley

ICT Manager: Jo-Anne Wilson

Executive Officer: Kim Butterworth

Financial Accountant: Angie Edwards

The Hon. Lara Giddings MP, Premier and Treasurer and the Hon. David O'Byrne, MP, Minister for Infrastructure

In accordance with section 55 of the *Government Business Enterprises Act 1995*, we hereby submit for your information and presentation to Parliament the report of the Motor Accidents Insurance Board for the year ended 30 June 2011. 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: 15 September 2011



D W Challen
Chairman



D J McCarthy
Director

Don Challen



**BEC (Hons), MEd, FCA,
FCPA, FAICD
Chairman (Independent)**

Member:

- Audit Committee
- Foundation Committee

Appointed as Chairman:
17 December 2010

Don Challen is an economist specialising in public finance. Until October 2010, he held the position of Secretary of the Tasmanian Department of Treasury and Finance for an extended period.

Don is also Chairman of the Tasmanian Public Finance Corporation and of Transend Networks Pty Ltd. He is a Director of Tasmanian Symphony Orchestra Holdings Ltd and a Trustee of the Retirement Benefits Fund.

Kim Barker



**BA, DipEd, MAICD
Director (Independent)**

Chairperson:

- Claims Committee

Appointed as Director:
15 September 2003

Kim Barker has extensive experience in injury management 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 both the Social Security Appeals Tribunal and the Guardianship and Administration Board.

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.

Danny is also a Board member for Tasracing Pty Ltd.

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 MAIB 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 a member of the Road Safety Advisory Council.

Caroline Rockefeller



**BCom, GAICD
Director (Independent)**

Member:

- Claims Committee
- Foundation Committee

Appointed as Director:
16 May 2011

Caroline Rockefeller has an extensive private sector background in the banking and financial services sector which has given her a thorough understanding of financial markets and investment principles. She is also a Director of The Skills Institute of Tasmania and the Public Trustee.

Mark Scanlon



**MBA, BBus, FCPA, FAICD
Director (Independent)**

Chairperson:

- Audit Committee

Appointed as Director:
5 November 2007

Mark Scanlon 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.

Mark is also Chairman of the Credit Ombudsman Service Limited.

David St. John



**BAgrSc, MBA, Grad. Dip. In
App. Fin. & Invest., SF FIN, FAICD
Director (Independent)**

Member:

- Claims Committee

Appointed as Director:
16 May 2011

David St. John has spent the majority of his career in the financial services sector having held directorships and senior executive positions in superannuation, asset consulting and insurance companies.

Corporate Governance

(continued)

Legislative Authority

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

Corporate Plan and Ministerial Charter

In accordance with the GBE Act, MAIB 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 Chairman 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 MAIB, 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 Plan. The Directors are responsible to the Portfolio Minister and the Treasurer for the operation and performance of MAIB.

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 MAIB's reporting.

Claims Committee

The Claims Committee meets regularly and considers all settlement decisions on larger common law claims (where damages exceed \$250,000) making recommendations to the Board of 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 provides a recommendation to the Board of Directors for ratification.

Nomination Committee

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

Board of Directors Processes

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

The Board of Directors has mechanisms in place for annual assessments to be undertaken to evaluate the performance of the Board of Directors as a whole, its Committees, individual Directors and the Chairman. Assessments for the Board of Directors, both as a whole and as individual Directors, were completed in the first quarter of 2011 with the results considered to identify any potential areas for improvement. The Shareholding Ministers are advised of the outcome of each Director's performance review. Due to the retirement of the former Chairman in December 2010, a Chairman evaluation was not conducted this year.

The Board of Directors 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 of Directors.

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

The Board of Directors has a policy in place for induction, education and training to ensure that all Directors understand the corporate directions of MAIB. 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 the Directors. The relevant interests of the 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 MAIB'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, MAIB 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 MAIB's values of accountability and responsibility, integrity, unity of purpose, professionalism and dignity. The codes of conduct are available for the public to view on the MAIB website.

Public Interest Disclosures Act 2002 (PID Act)

The PID Act procedures for MAIB are available to view on the website. No disclosures under the PID Act were received in the 2010/11 period.

Risk Management

MAIB has in place a risk management framework including a Risk Management Policy, Risk Management Plan (RMP), Business Continuity Plan (BCP) and a Disaster Recovery Plan (DRP). Risk identification and management is conducted on a continuous basis. The risk profiles of all strategic areas are formally reviewed by senior management biannually. A compliance review of the RMP and risk mitigators is conducted annually. 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 and DRP have been developed to guide MAIB in the event of a business disruption.

Pricing Policies

The *Economic Regulator Act 2009* established the Office of the Tasmanian Economic Regulator (OTTER) as a mechanism for independent pricing oversight. This role was previously conducted by the Government Prices Oversight Commission (GPOC), until 31 May 2010. GPOC undertook the last review of MAIB's pricing policy in 2009 with its final report released in June 2009. Maximum premiums for the four years commencing 1 December 2009 were set after Government's consideration of GPOC's report.

With investment markets showing some signs of recovery in 2009/10, uncertainty and volatility emerged again in 2010/11 as the sovereign debt crisis lingered.

As an interim measure, MAIB has retained its strategic asset allocation with a weighting of 65% to growth assets and 35% to defensive assets. While this allocation may be appropriate in meeting long-term liabilities, it is nevertheless, subjecting MAIB to greater risk than was the case two years ago. Further research on this aspect is being undertaken to ensure that MAIB is not placed at a greater risk than required in order to meet its long-term liabilities. The actual allocation to growth assets at 30 June 2011 was 60%.

At year end, MAIB recorded an investment return of 8.0% net of fees and charges. Net investment revenue of \$77 million was in line with budget forecast.

Premium revenue of \$136.5 million and vehicle numbers were marginally above budget forecast. Claims expense net of recoveries of \$126.2 million was under budget by \$17.2 million. This resulted in a positive underwriting result of \$1.8 million; the sixth successive year in which an underwriting profit has been achieved.

The positive underwriting result, combined with the satisfactory investment return, culminated in an after tax profit of \$51.8 million. Scheme solvency has remained at the upper end of target range of 20% - 25% which is particularly important for a long tail scheme.

MAIB faces new challenges in the coming year. Fair Work Australia is expected to hand down a decision in the Gender Equity Pay Claim early in the 2011/12 year. Wage increases awarded under that matter are expected to flow to agencies that provide care for MAIB clients. A large wage increase will have a significant claim liability impact, particularly given the long-term nature of the scheme. In addition, increased claim costs will need to be considered in the premium setting process.

In other developments, the Productivity Commission is to provide its report on long-term care and support for people with severe or profound disability to the Federal Government by 31 July 2011. In its interim report, it was suggested that State-based agencies such as MAIB were well placed to administer the proposed National Injury Insurance Scheme (NIIS). While it is for the Tasmanian Government to decide whether MAIB's remit is expandable to a NIIS style scheme, there are a number of serious funding and design issues which must be addressed.

I wish to acknowledge the significant contribution made by my predecessor, Gordon Humphreys who retired in December 2010 as MAIB Chairman after 28 years of diligent service to MAIB. In 1991, Gordon was instrumental in bringing about legislative change which introduced long-term care for Tasmanians catastrophically injured in motor accidents. As noted earlier, the Productivity Commission in its Disability Care and Support Interim Report 2011, recommended a similar but expanded Australia-wide approach for the catastrophically injured.

I also wish to thank and acknowledge the contributions made by former Audit Committee Chair, John Harry who resigned from MAIB in December 2010, and Directors Kate Brown and Kate Stephenson who left MAIB in May 2011.

Caroline Rockefeller and David St. John joined MAIB as Directors in May 2011. Both have backgrounds in the financial services sector and their collective input into the decision making process will be invaluable.

I take this opportunity to thank Directors, the Chief Executive Officer, senior management and all our staff for their contributions and commitment to MAIB and for their support to me since becoming Chairman in December



Don Challen
Chairman

The 2010/11 year saw a continuation of reducing claim frequency (number of claims per 1,000 registered vehicles) and lower than expected claim costs which resulted in an underwriting profit as outlined by the Chairman in his report.

While the claim frequency reduction from 6.74 (in 2009/10) to 6.42 claims per 1,000 vehicles may appear to be of little significance, it must be considered in the context of the sustained reduction from a peak of 13.5 claims per 1,000 vehicles in 1994/95. The reduction in motor accidents and resultant claims is due to many factors, including safer motor vehicles, improved roads, public education, robust enforcement and a more focussed attitude to road safety by Tasmanians.

In October 2010, the activities of the MAIB funded Road Safety Task Force (RSTF) were absorbed into a revamped Road Safety Advisory Council (RSAC). The RSTF public education and enforcement program continued to operate as previously under the banner of the RSAC.

With MAIB's funding commitment to the RSAC expiring on 31 December 2011, Dr Jeremy Woolley of the University of Adelaide was engaged to review the success of the program and make recommendations for the future. His report and recommendations are currently under consideration.

The annual review of MAIB's premium requirements indicated that the premiums set from 1 December 2009 were sufficient. Accordingly, the premium increase of 5.5% available from 1 December 2010 under the *Government Prices Oversight (MAIB Premiums) Order 2009*, was not applied. MAIB premiums continue to be the lowest in Australia for a no-fault scheme.

The Support Needs Assessment (SNA) tool, which is used to assess care requirements for claimants, has been in use for a full year. The independent assessors are now operating efficiently and their assessments provide clarity for claimants, providers and MAIB.

An Enterprise Agreement was negotiated with staff for a period of three years ending 30 June 2013. The Agreement preserves and enhances the previous staff retention initiatives, such as, enhanced maternity leave, family friendly working arrangements and flexible long service leave entitlements.

It is MAIB 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 MAIB's business.

MAIB 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 those new staff members who joined MAIB this year and to recognise the contribution and commitment of MAIB's dedicated staff. I congratulate all staff on their efforts and achievements this year in continuing to provide outstanding customer service.



Peter Roche
Chief Executive Officer

Community Involvement and Partnerships

Road Safety Advisory Council (RSAC)

The RSAC enforcement and public education program is an MAIB funded initiative of the Department of Infrastructure, Energy and Resources (DIER), Tasmania Police and MAIB. This initiative, along with other RSAC initiatives, has had a significant impact on the reduction of crashes on Tasmanian roads. The funding provides for 16 police officers in the Traffic Operations area which enables greater emphasis on enforcement of road rules and identification of unregistered/uninsured vehicles and unlicensed drivers.

The road safety message of 'Drive to the Conditions' was the focus of the RSAC over the winter months. This message urged drivers to slow down and drive to the weather and traffic conditions.

A new road safety advertisement was launched in November 2010, which illustrated a young man's life falling apart after being caught drink driving. The advertisement highlighted the serious repercussions of drink driving; losing your job and disappointing your children and partner. Road Safety Scotland kindly allowed the RSAC to use this insightful advertisement.

The RSAC also introduced 'Enforcement' messages on outdoor billboards and the back of intercity coaches. The messages highlighted that unmarked police cars and speed radar devices are in operation throughout the State and provided the warning, "If you break the law, we'll catch you".

Motorcycle Skills Refresher Courses

MAIB continues to provide subsidised refresher training for Tasmanian motorcyclists to improve their riding skills.

The Road Skills Refresher Courses are available to eligible motorcyclists at a maximum cost of \$50 per participant. The one day courses focus on informing participants on safe riding practices and improving riding skills. Participants have provided positive course feedback.

Tasmanian Community Achievement Awards

In 2010 MAIB agreed to continue the sponsorship of the Disability Achievement Award category of the Tasmanian Community Achievement Awards.

Nine nominations were received for the MAIB Disability Achievement Award in 2010, from which three finalists were selected.

The finalists and winners of the Community Achievement Awards were announced at a gala awards presentation dinner held in Hobart on Saturday, 9 October 2010.

The MAIB Disability Achievement Award winner was Judy Huett. Judy overcame an intellectual disability, epilepsy and diabetes to obtain Certificates in Aged Care and a Certificate III in Disability. Judy is strongly committed to increasing the community's acceptance of people with disabilities and is heavily involved in supporting and advocating for people with disabilities. She is a counsellor and a member of the Minister's Disability Advisory Council, a committee member of Our Voice (a national self advocacy group), a volunteer for the On Line Access Centre and the Epilepsy Association and is involved in fundraising, children's camps and presenting information sessions on Epilepsy and Respectful Relationships at schools and events.



MAIB Disability Achievement Award winner, Judy Huett and MAIB CEO, Peter Roche.

Metro Nightrider

In 2010 MAIB again partnered with Metro to provide the "Nightrider" late night bus service for the Christmas and New Year period. The service was run in Burnie, Launceston and Hobart on New Year's Eve and in Hobart during the Christmas period. The service was well patronised and is highly successful in reducing alcohol related motor accidents over the festive season.

Gearing Up Expo

The Gearing Up Expo is co-ordinated by the University of Tasmania. It provides people with a disability the opportunity to access information on education, training, employment, life skills support and recreational services as well as an opportunity to speak directly with the organisations that provide these services. MAIB provided sponsorship to assist with the running of the Expo which was held in Burnie, Launceston and Hobart.

Agfest 2011



Agfest is an annual three day agriculturally focussed event held during May at Carrick in the North of Tasmania. It is one of the largest events of its type in Australia and one of the largest events of any type held in Tasmania. In 2011, approximately 60,000 patrons attended. MAIB again had a presence at Agfest, providing assistance to the Road Safety Advisory Council in the "Working for a Safer Tasmania" site. The focus this year was "Limit your Speed, Limit the Damage". In order to increase the level of interaction between patrons, particularly school children, a competition was held which required patrons to answer a question about each of the agencies at the site.

The Volvo Truck Rollover Simulator was the centre-piece of the site and highlighted the importance of wearing a seatbelt in the event of a rollover. The cabin hydraulically rolls 60 degrees to the left and right and demonstrates the importance of wearing a seat belt. It has all the accessories of a real truck and patrons can feel the effects of tilting the cab through to 120 degrees.

Motor Registry again demonstrated the capability of the Automated Number Plate Recognition equipment, which is funded by MAIB under the unregistered/uninsured partnership.



Pollie Pedal

MAIB sponsored MAIB staff member, Grant Young, as a participant in Pollie Pedal 2011; a cycling event that raises awareness and funds for Diabetes Tasmania. The three day, 233 kilometre ride commenced in Hobart and made its way south to Bruny Island and Huonville and concluded at Mount Wellington. The event raised just over \$46,000; the highest amount in the six year history of the event.



MAIB staff member, Grant Young, conquered Mount Wellington twice as part of his fundraising challenge for Pollie Pedal 2011.

Support for Community Groups

MAIB supports sectors of the Tasmanian community which are strategically linked to MAIB's core business activities. In 2010/11 financial support was provided to numerous community groups, including:

- Volunteer Ambulance Officers Association of Tasmania Incorporated;
- Southern and Northern Motorcycle Riders Associations; and
- New Horizons Club.

Injury Prevention and Management Foundation

MAIB's Injury Prevention and Management Foundation (Foundation) was established 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.

The Foundation is funded by MAIB setting aside up to 1% of gross annual premiums.

It is expected that funding appropriate projects will lead to benefits for the many stakeholders involved in the CTP scheme. These benefits include:

- A reduction in the frequency and severity of injuries from motor accidents;
- Improved access to quality medical, rehabilitation and long-term care services;
- New developments/techniques; and
- A minimisation of the costs of the scheme to the Tasmanian community.

Project applications are assessed by the Foundation Committee against a number of criteria, including likelihood of success, benefits to persons injured in a motor accident and requirements for ongoing funding.

PROJECTS FUNDED 2010/11

Hyperbaric Medicine Unit, RHH

HOLLT – Hyperbaric Oxygen in Lower Limb Trauma (3 year project)

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.

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 developed by a sustainable network of organisations that work as a cooperative; sharing ideas and resources to deliver programs for a diverse target group.

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

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.

Yolla District High School

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.

Kentish Council

REV Driver Mentor Program and My-Ride Safe Touring Initiative

This was the second year that REV Driver Mentor Program received funding from the Foundation, with the aim being to build and consolidate the program within the Kentish Council District.

The second year of the My-Ride Safe Touring initiative focussed on a number of areas including the value of high visibility and protective riding apparel for riders and increasing awareness of the potential hazards of riding in the Kentish area, such as, wildlife and road conditions.

The objective of both programs is to reduce the number of young people and motorcyclists involved in serious and fatal road crashes.

BIG HART

'Drive' Education Strategy

This project involved the implementation of the 'Drive' education strategy across Tasmanian Schools. The education strategy encompassed a 55 minute documentary, short films, study guide and a website. A number of the participants featured in the 'Drive' documentary presented the education strategy to their local communities and Statewide. The education strategy is designed to create avenues for social inclusion, peer leadership and to encourage young people to make smarter choices around motor vehicle safety.

Migrant Resource Centre

Drive 4 Life

The Foundation previously provided funding for this project in the 2008/09 year. The purpose was to set up a Learner Driver program to assist migrants and refugees in completing the 50 hours (or more) driving time necessary to obtain their Provisional Driver's Licence. The project for 2010/11 aimed to continue the Drive 4 Life Program and expand the road safety aspect by establishing a road safety club for refugee communities and providing more road safety workshops for clients and driver mentors.

Kidsafe Tasmania Incorporated

Regional Access to Child Restraint Rules and Checks

This project was a collaboration of Kidsafe Tasmania Inc. and RACT. It aimed to provide people living in regional areas of Tasmania with access to information regarding child restraint laws and to provide free checks and adjustments to restraints by qualified fitters. As part of the project, information sessions were conducted in 16 regional areas.

Self Help Workshop

Self Help Workshop – Bus Upgrade

The Self Help Workshop provides supported employment for people with disabilities. Self Help provides a bus to assist their employees getting to and from work in a safe and timely manner. The bus is also available to other community groups when not in use by Self Help. The Foundation funded the purchase of an upgraded bus, which was fitted with seatbelts.



Menzies Research Institute

Determining Novel Biomarkers of Nerve Cells Undergoing Secondary Degeneration following Traumatic Brain Injury

The aim of this project was to derive a better and less invasive method of evaluating the progressive disruption to neurological function seen in patients who have suffered head injuries. The project investigated the potential of two proteins as key biomarkers to assess ongoing brain damage in recovering patients.

Menzies Research Institute

Visualising the Brain's Response to Trauma as it Happens: Working towards Improved Outcomes after Traumatic Brain Injury

This two year project aims to ascertain how the brain responds to an injury, in both primary and secondary sites and to provide clinical insight into how the brain copes with and responds to trauma. The project goal is to potentially reveal a range of opportunities for intervention and novel drug target development.

Department of Infrastructure, Energy and Resources

Older Driver Handbook

This project will produce a contemporary guideline for older drivers through the availability of a handbook, a brochure and information on DIER's website.

Charities Committee

The Foundation supports a number of charitable organisations 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 (Tasmania) 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 MAIB through formal reporting and meetings.

Injury Prevention and Management Foundation

Projects Approved for 2010/11

APPLICANT	NAME OF PROJECT	FUNDING APPROVED
Reclink Australia	Reclink Tasmania (Year 2)	*\$14,975
Hyperbaric Medicine Unit, RHH	HOLLT – Hyperbaric Oxygen in Lower Limb Trauma (Year 2)	**\$75,000
Yolla District High School	All Terrain Vehicle Rider Training	\$13,300
Yolla District High School	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 Incorporated	Regional Access to Child Restraint Rules and Checks	\$11,160
Self Help Workshop	Bus Upgrade	\$75,750
Menzies Research Institute	Determining novel biomarkers of nerve cells undergoing secondary degeneration following traumatic brain injury	\$24,000
Menzies Research Institute	Visualising the brain's response to trauma as it happens; working towards improved outcomes after TBI	***\$31,000
Road Trauma Support Team	Hobart Office	\$40,000
Department of Infrastructure, Energy and Resources	Older Driver Publication	\$40,000
TOTAL FUNDING COMMITTED to PROJECTS 2010/11		\$421,404

* Funding is for a two year period (total funding is \$29,950).

(NB: All amounts are exclusive of GST)

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

*** Funding is for a two year period (total funding is \$62,000).

Injury Prevention and Management Foundation

Projects Approved for 2011/12

APPLICANT	NAME OF PROJECT	FUNDING APPROVED
Menzies Research Institute	Visualising the brain's response to trauma as it happens; working towards improved outcomes after TBI (Year 2)	*\$31,000
Hyperbaric Medicine Unit, RHH	HOLLT – Hyperbaric Oxygen in Lower Limb Trauma (Year 3)	**\$75,000
Yolla District High School	All Terrain Vehicle Rider Training	\$10,100
Yolla District High School	Crash Free Driving	\$1,000
Bridgewater School Farm	ATV Training – Youth on the Land	\$2,550
Australian Red Cross	North West Coast Learner Driver Mentor Program	***\$81,718
General Practice South	Improving Pain Management in Primary Care	\$48,772
Kidsafe Tasmania Incorporated	Launching Children into Safe Travel	\$9,640
Brain Injury Association in partnership with Synapse	Synapse Training Tasmania – Understanding Acquired Brain Injury	****\$79,530
Road Trauma Support Team	Hobart Office	\$40,000
TOTAL FUNDING COMMITTED to PROJECTS 2011/12		\$379,310

* Funding is for a two year period (total funding is \$62,000).

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

***Funding is for a three year period.

****Funding is for a two year period.

(NB: All amounts are exclusive of GST)

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

Enterprise Agreement 2010

The 2010 Enterprise Agreement (Agreement) was approved by Fair Work Australia on 20 September 2010. The Agreement maintains all previous staff retention initiatives as well as enhanced maternity leave provisions and flexible long service leave entitlements. New initiatives that have been included in the Agreement include the availability of adoption leave and a flexible leave scheme. The flexible leave scheme allows the CEO to approve agreements under which participating staff will take a reduction in normal salary for the period of at least one year, after which they become entitled to a period of special leave that is of equal value to the amount of salary forfeited. The nominal expiry date of the agreement is 30 June 2013.

Employee Satisfaction Survey

To assist management in identifying trends and issues, and to provide management with an indication of employee engagement, an employee satisfaction survey is conducted annually. The survey gives staff the opportunity to make comments and suggestions.

The survey was distributed to staff in February 2011. Most notably, 100% of respondents believed management to be flexible about family and personal obligations and 78% of respondents enjoy working at MAIB and are satisfied with their working conditions.

Workplace Equity

MAIB 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 both work issues and personal counselling.

Training and Development

MAIB is committed to the professional development of all staff members through programs that focus on specific training and general development. A number of employees are currently undertaking study, ranging from Certificate II in Business Administration through to a Masters Degree in Health Services Management.

Red Cross Meals on Wheels

MAIB and its employees continue to support Red Cross by assisting fortnightly Meals on Wheels deliveries on a rostered basis. During 2010/11, almost 50% of employees participated in this community service.

Occupational Health and Safety (OH&S)

MAIB's OH&S committee ensures that appropriate OH&S policies are in place and that compliance with these policies occurs. The committee meets formally on a regular basis and works with management to raise the importance of OH&S in the workplace as well as addressing any issues that are raised by staff.

Staff Support for Charities

Each month there is a casual clothes day with staff members providing donations for a nominated charity. Staff can make suggestions as to appropriate charities to support. Charities supported in this way include City Mission – Christmas Appeal, Premiers Relief Disaster Appeal (Queensland Floods), Make a Wish Foundation, the RSPCA and Delta Therapy Dogs.

MAIB provided sponsorship for nine staff members to participate in the Women's 5km walk/run held in Launceston in March 2011. The event raises funds for breast cancer research.



MAIB Staff (and some family members) prior to the Women's 5km walk/run.

Feature Article: Rotary Youth Driver Awareness

Rotary Youth Driver Awareness (RYDA) Program

The RYDA program has been operating in Australia for 10 years. The program was developed in response to the tragic loss of young people in road crashes. RYDA is an evidence-based intervention, which is delivered to Year 10 high school students, that focuses on attitude and awareness of students as both new drivers and passengers of new drivers. Around 200,000 students have participated nationally in the RYDA program since its inception.

The RYDA program is developed in consultation with road safety authorities, State departments of education and the police and is designed to complement and supplement the school curriculum and government road safety messages.

The RYDA program consists of six sessions:

- Stopping Distances;
- Crash Survivor;
- My Wheels;
- Police;
- Hazards, Distraction and Risk; and
- Plan B.

Through the efforts of the Rotary Clubs of Tasmania, the RYDA program has grown at an extraordinary rate. In the last 12 months, 5,000 students (700 more than the previous year) from Tasmanian high schools participated in the RYDA Road Safety Program at venues in Hobart, Huonville, Launceston, Smithton, Devonport and Queenstown.

The success of the RYDA program in Tasmania is due to the outstanding collaboration of a broad range of organisations interested and committed to road safety. The program would not be able to operate in Tasmania effectively if not for the significant resources and energy provided by local Rotary Clubs. In addition to this, financial support from the RACT and the Tasmanian Government has considerably reduced the cost of the program for students.



RYDA 4 Parents

The RYDA Road Safety Education Program has made significant inroads into providing young people with up to date and relevant road safety information.

To recognise the key role that parents play in keeping young drivers safe, RYDA Australia, with the support of the Rotary Clubs of Tasmania and MAIB, launched a pilot program to provide parents with information on how they can support their children, as new drivers, to make safer choices.

Seven schools volunteered to participate in the pilot workshop with eighty-four parents and six students attending. Initial feedback indicates that the workshops are generating interest within the community, with an increase in participant attendance. The workshops are about empowering parents to develop practical strategies with their children to keep them safe, including restrictions on passenger numbers, safe car choices and establishing a "safe person" who will be available to collect them at any time if they feel they are at risk.

RYDA Australia plans to roll out this initiative nationally as a result of the pilot undertaken in Tasmania.

Claims Management

Highlights

- 2,977 new claims received
- \$41.4 million in no-fault statutory benefits paid
- Settled 212 common law claims
- Assisted 65% of referred Vocational Rehabilitation claimants to return to work
- Claims Officers attended 29 settlement conferences
- Continuously reviewed and improved claims management practices
- 314,618 hits on website

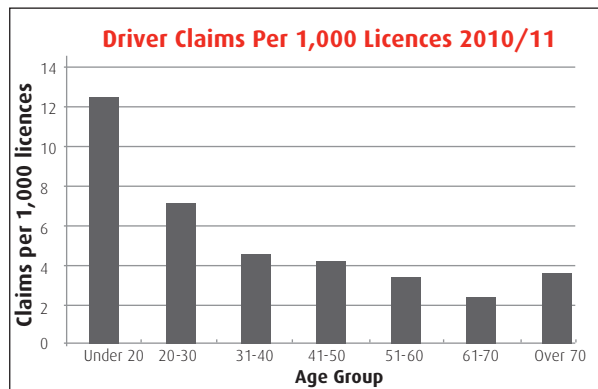
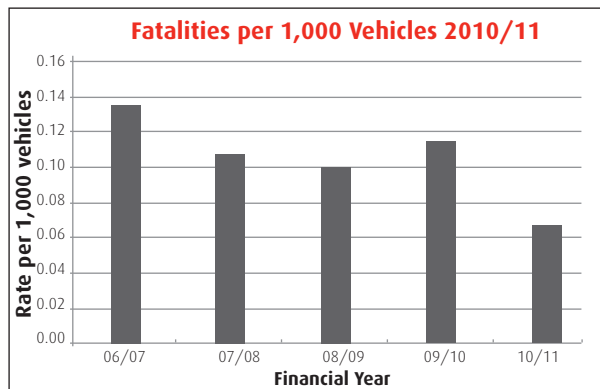
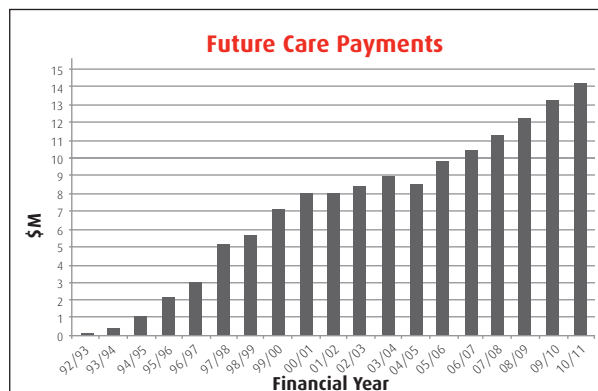
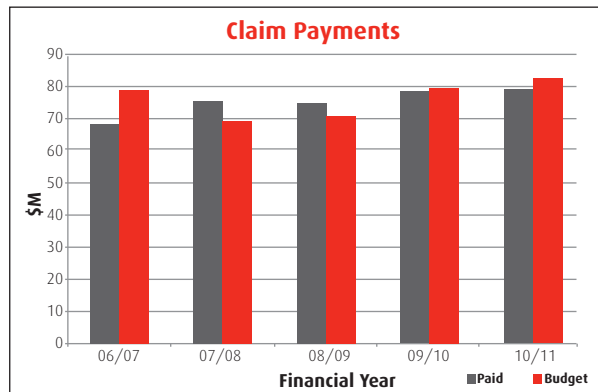
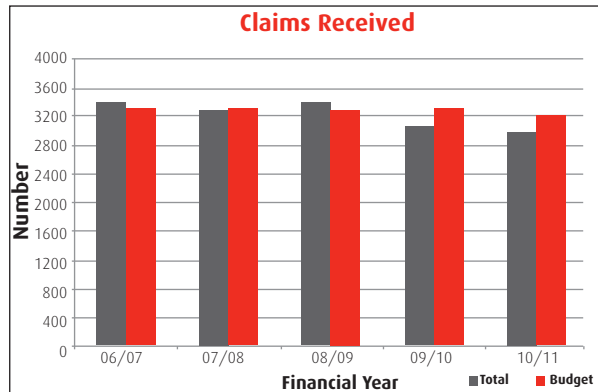
Business Performance

MAIB experienced a further reduction (2.5%) in the number of new claims received against an increase (2.4%) in vehicle numbers. Claim frequency continued to reduce to 6.42 claims per 1,000 vehicles as at 30 June 2011, the lowest claim frequency since the scheme commenced. With the reduction in motor accidents this year, fatalities reduced by almost 50% on recent years. This reduction can be attributed to many factors, including improved roads, public education resulting in a more positive attitude to road safety by Tasmanians and safer motor vehicles on our roads.

While the stock of open common law claims continued to decrease, common law damages payments were \$4.5 million higher than expected, mainly as a result of some particularly large settlements from older accident years. Statutory no-fault benefit payments of \$41.4 million were in line with budget forecast.

Common Law

Advertising by lawyers targeting motor accident claims increased noticeably over 2010/11. The advertising of 'no win, no fee' legal services has not, as yet, affected the number of common law claims, but the situation continues to be monitored for changes in claim frequency and potential increases in average claim costs.



Claims Management Team

The claims management team continued to provide an outstanding service on behalf of MAIB, delivering high levels of customer satisfaction.

A new initiative was trialed in the 2010/11 year as part of MAIB's ongoing commitment to providing high level customer service. This involved making initial telephone contact with claimants who are likely to have an ongoing relationship with MAIB. This telephone call introduces the managing claims officer and ensures that the claimant is provided with an overview of the benefits payable. A review of this program provided very positive feedback resulting in a full rollout of this initiative as part of the ongoing claims management process.

The focus for training this year has been in specialist areas:

- Common Law – understanding and interpreting particulars of claim and the use of Life and Discount tables; and
- Understanding the standard of conduct, ethics and propriety established by the Integrity Commission.

Support Needs Assessments

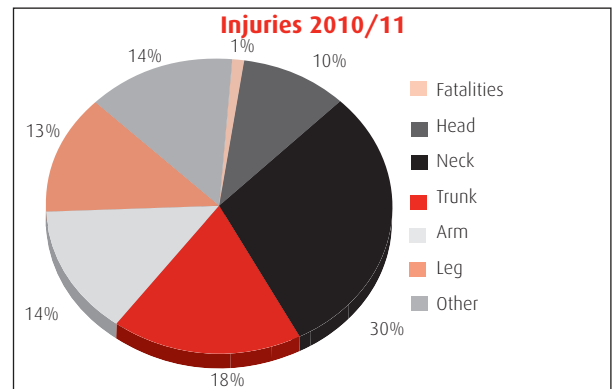
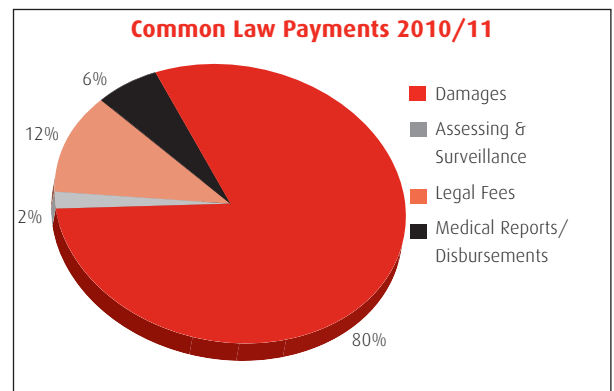
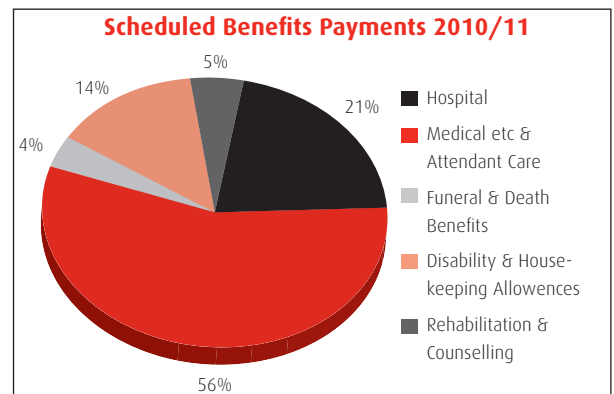
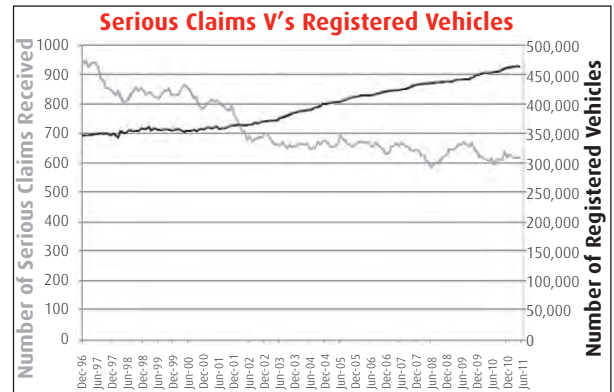
In February 2010 MAIB commenced a new contract period for rehabilitation services and introduced a Support Needs Assessments panel. Support Needs Assessments (SNAs) are an objective, evidence based assessment and provide a holistic review of a claimant's needs in all areas of life.

The main aims in establishing SNAs were to introduce:

- A standard assessment tool for the provision of consistency in reporting;
- Evidence based assessments; and
- Clear support program hours, objectives and goals

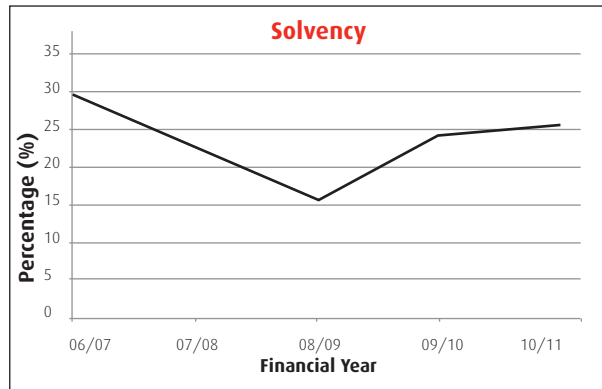
which will provide MAIB with more specific data for reporting into the future.

The results from the use of this assessment tool over the first 12 months have been pleasing. Although some long-term programs have been reduced due to the ability to now accurately assess and manage times and tasks, the majority of programs have remained the same. Feedback from the broader health sector has been positive with a number of agencies adopting this assessment tool for their other clients.



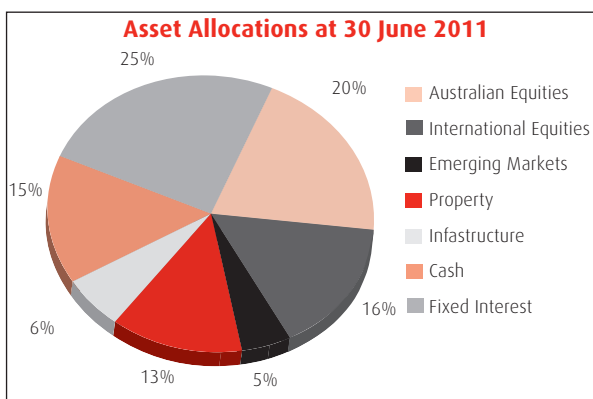
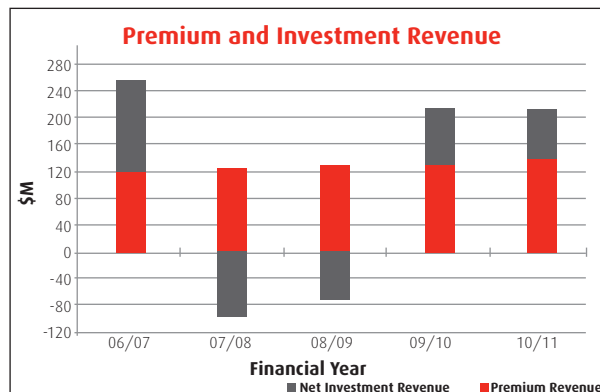
Financial Performance

MAIB recorded an operating profit after tax for the year ended 30 June 2011 of \$51.8 million (2009/10: \$74.3 million). The main contributors to the strong result were solid investment returns and the continuation of favourable claims experience. As a result, the solvency level at 30 June 2011 increased to 25.7% (2009/10: 24.2%), which is marginally above the target range of 20%-25%.



Premium Revenue

Premium revenue in 2010/11 amounted to \$136.5 million (2009/10: \$130.2 million). Registered vehicle numbers increased by 2.4% during the year and the additional revenue relates to the 3.5% premium increase from 1 December 2009. The premium for a standard motor car is \$344.



Investments

In 2010/11 MAIB maintained its investment strategy, 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.

MAIB reported a net investment return of 8.0% (2009/10: 10.0%) across the entire portfolio. As at 30 June 2011 the investment portfolio amounted to \$1,063 million.

Claims Expense

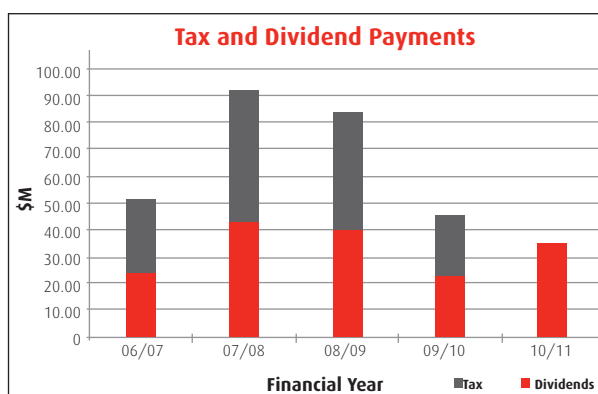
Favourable claims experience in relation to MAIB's long term future care claims, partly offset by increases in scheduled benefits and common law claims resulted in a lower than forecast claims expense for 2010/11 of \$134.0 million (2009/10: \$100.6 million). The provision for outstanding and unreported claims at 30 June 2011 is \$766.1 million (2009/10: \$706.7 million).

Tax Equivalent

Under the GBE Act, MAIB is required to pay income tax equivalents to the State Government under the National Tax Equivalent Regime. Tax payable in respect of the 2010/11 year amounts to \$7.8 million (2009/10: nil).

Dividend

Under the GBE Act, dividends are payable to the State Government. The dividend is calculated at the rate of 50% of the average of after tax profits and losses over the current and four preceding years. The dividend payable to Government in 2011/12 in respect of 2010/11 is calculated to be \$20.2 million (2009/10 \$34.6 million).



Key Performance Indicators

The Key Performance Indicators (KPIs) for the year ended 30 June 2011 are listed below.

Key Performance Indicator	Forecast	Actual
Solvency Level	27.0%	25.7%
Return on Equity	12.7%	18.5%
Return on Total Assets	4.9%	6.4%

Being a long tail insurer with a significant allocation of investments to growth assets, MAIB is targeting long term investment growth but, in doing so is subject to short term volatility which is evident in the KPIs.

FIVE YEAR SUMMARY - FINANCIAL

	2006/07 \$'000	2007/08 \$'000	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000
Premium Revenue	115,472	118,245	120,940	124,975	131,131
Claims and underwriting expenses	(92,706)	(53,469)	(68,049)	(99,334)	(129,318)
Underwriting result	22,766	64,776	52,891	25,641	1,813
Investment revenue	137,309	(95,446)	(68,519)	86,475	77,148
Administration, Road safety and Foundation expenses	(9,822)	(8,557)	(10,678)	(10,320)	(9,319)
Operating result before tax	150,253	(39,227)	(26,306)	101,796	69,642
Tax Expense Attributable to Operating Result	(37,169)	16,603	12,265	(27,497)	(17,873)
Operating result after tax	113,084	(22,624)	(14,041)	74,299	51,769
NET ASSETS	339,474	273,900	220,240	271,436	288,638
Dividend Paid	22,062	42,950	39,619	23,103	34,567

FIVE YEAR SUMMARY - OPERATIONAL

	2006/07	2007/08	2008/09	2009/10	2010/11
Number Of Vehicles Registered	424,052	435,595	441,476	452,893	463,567
Total Payments Made (\$'M)	67.7	75.3	74.4	77.9	79.21
Current Claims	3,328	3,044	3,105	2,634	2,800
New Claims Received	3,383	3,277	3,367	3,053	2,977
Number Of Fatalities	57	47	44	52	31
Fatality Rate Per 1,000 Vehicles	0.13	0.11	0.10	0.11	0.07
Claim Rate Per 1,000 Vehicles	7.98	7.52	7.63	6.74	6.42
Tasmanian Car Premium (\$)	332	332	332	344	344

Statement of Corporate Intent

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 Office of the Tasmanian Economic Regulator (OTTER) recommendations;
- Overall claim 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;
- Reinsurance premiums remaining at a high level; and
- Implementation of a National Disability Insurance Scheme (NDIS) and National Injury Insurance Scheme (NIIS) as proposed by the Productivity Commission in its draft report released on 28 February 2011.

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.

The solvency level as at 30 June 2011 is forecast to be within the target range and is forecast to remain within the target range during the period of the Plan.

Should the Board be required to pay a dividend in excess of 50% after tax profit and losses over the current and four previous years, solvency may fall below the target solvency range.

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 claim 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

	2010/11	2010/11	2011/12	2012/13	2013/14
	(Forecast)	(Actual)	(Forecast as per Corporate Plan)		
Premium Increase	0.0%	0.0%	0.0%	4.0%	4.0%
Financial Result after Tax	\$38.2M	\$51.8M	\$39.1M	\$31.1M	\$30.6M
Solvency Level	27.0%	25.7%	25.9%	25.2%	24.2%
Return on Equity	12.7%	18.5%	13.1%	9.8%	9.2%
Return on Assets	4.9%	6.4%	4.8%	3.5%	3.2%
Dividends Paid	\$27.1M	\$34.6M	\$20.2M	\$12.8M	\$18.2M
Tax Equivalents Paid	\$0.0M	\$0.0M	\$0.0M	\$25.1M	\$13.6M



**Proudly Promoting
Road Safety in Tasmania**

Financial Report 2010 - 2011

Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Premium revenue	5	136,475	130,247
Outwards reinsurance expense		(5,344)	(5,272)
		131,131	124,975
Claims expense	7	(133,978)	(100,587)
Recovery revenue	8	7,340	(781)
Unexpired risk expense	21	-	4,527
Underwriting expenses	19	(2,680)	(2,493)
Underwriting result		1,813	25,641
Investment revenue	10	77,148	86,475
General and administration expenses		(5,224)	(5,421)
Road Safety Advisory Council	29	(3,400)	(3,240)
Injury Prevention and Management Foundation	24	(687)	(947)
Motorcycle Safety Strategy	30	(8)	(77)
Road infrastructure	31	-	(635)
Operating profit/(loss) before tax		69,642	101,796
Tax (expense)/benefit attributable to operating result	6	(17,873)	(27,497)
Operating profit/(loss) after tax attributable to equity holders		51,769	74,299
Other comprehensive income net of income tax		-	-
Total comprehensive income after tax attributable to equity holders		51,769	74,299

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

Statement of Financial Position

As at 30 June 2011

	Note	2011 \$'000	2010 \$'000
Assets			
Cash at bank	28	405	250
Trade and other receivables	11	1,306	1,349
Deferred acquisition costs	19	1,119	1,162
Reinsurance recoveries receivable	12	13,432	11,681
Investments	13	1,046,828	952,924
Investment properties	14	15,300	15,730
Plant and equipment	17	590	581
Intangibles	18	553	406
Deferred tax asset	6	33,305	43,339
Other assets	15	7,195	15,052
Total assets		1,120,033	1,042,474
Liabilities			
Trade and other payables	26	2,001	2,529
Unearned premium liability	25	58,557	56,722
Injury Prevention and Management Foundation liability	24	889	1,164
Outstanding claims liability	20	766,069	706,655
Provision for employee benefits	22	3,879	3,968
Total liabilities		831,395	771,038
Net assets		288,638	271,436
Equity			
Retained earnings attributable to equity holders	23	288,638	271,436
Total equity		288,638	271,436

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

Statement of Changes in Equity

For the year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Retained earnings attributable to equity holders at beginning of year		271,436	220,240
Comprehensive result		51,769	74,299
Dividends paid	33	(34,567)	(23,103)
Retained earnings attributable to equity holders at end of year	23	288,638	271,436

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

Statement of Cash Flows

For the year ended 30 June 2011

	Note	2011 Inflows (Outflows) \$'000	2010 Inflows (Outflows) \$'000
Cash flows from operating activities			
Premiums received		152,004	146,330
Reinsurance and other recoveries received		5,749	1,425
Dividends received		64,065	31,218
Interest received		7,927	7,060
Rent received		471	441
Other investment revenue received		1,910	1,309
Claims paid		(79,252)	(77,910)
Reinsurance paid		(5,529)	(5,178)
Other claim payments		(461)	(544)
Underwriting expenses paid		(2,855)	(2,844)
General and administration expenses paid		(5,681)	(5,356)
Investment expenses paid		(2,020)	(1,658)
Road Safety Advisory Council		(3,740)	(3,564)
Motorcycle Safety Strategy		(9)	(84)
Road infrastructure		-	(699)
Injury Prevention and Management Foundation		(1,039)	(971)
Tax equivalent paid		-	(21,941)
Goods and services tax paid		(7,540)	(7,024)
Net cash flows from operating activities	28	124,000	60,010
Cash flows used in investing activities			
Purchases of investments		(106,999)	(248,343)
Sale of investments		58,052	155,210
Purchase of plant and equipment		(412)	(688)
Proceeds on sale of plant and equipment		68	22
Net cash flows used in investing activities		(49,291)	(93,799)
Cash flows used in financing activities			
Dividends paid		(34,567)	(23,103)
Net cash flows used in financing activities		(34,567)	(23,103)
Net increase/(decrease) in cash and cash equivalents held		40,142	(56,892)
Cash and cash equivalents at the beginning of the financial year		125,192	182,084
Cash and cash equivalents at the end of the financial year	28	165,334	125,192

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

Notes to the Financial Statements

For the year ended 30 June 2011

The Motor Accidents Insurance Board (the Board) was established and is governed by the *Motor Accidents (Liabilities and Compensation) Act 1973*. The Board is a Tasmanian Government Business Enterprise, the purpose of which is to administer the funding and payment of compulsory third party motor accident compensation to eligible people who have been injured in a motor accident.

The Board's principal place of business is 1st floor, 33 George Street, Launceston, Tasmania 7250.

1 Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements 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 comply with International Financial Reporting Standards.

This financial statements cover the Board for the year ended 30 June 2011 and were certified and authorised for issue by the Board on 11 August 2011.

(b) Basis of preparation

The financial statements have been prepared on the basis of historical costs and except where stated do not take into account current valuations of assets. Cost is based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian dollars.

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.

Australian Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended 30 June 2011. The Board has not adopted the following standards early when preparing the 2010/11 financial statements and will apply them 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
2009-12	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
AASB 124	Related Party Disclosures	1 January 2011
AASB 2010-4	Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASBs 1,7,101 & 134 and interpretation 13)	1 January 2011
AASB 2010-5	Amendments to Australian Accounting Standards (AASB 1,3,4,5,101,107,112,118,119,121,132,133,134,137,139,140,1023 & 1038 and interpretations 112,115,127,132 & 1042)	1 January 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 & AASB 7)	1 July 2011
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013
AASB 1054	Australian Additional Disclosures	1 July 2011

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.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented in the financial statements for the year ended 30 June 2010.

(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.

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, in accordance with the Guidelines for Tasmanian Businesses-Dividends. 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) Outstanding claims liability

The outstanding claims liability 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% (2010: not less than 75%) that the provision is sufficient to meet the cost of claims incurred. The 75% basis is a recognised industry benchmark in Australia, being the minimum probability of adequacy required for Australian licensed insurers by the Australian Prudential Regulation Authority.

The allowances for claims handling expenses and the risk margin have been determined for the scheme as a whole. For reporting purposes they have been applied uniformly to each benefit type.

(h) Unexpired risk liability

At each reporting date the Board's actuary assesses whether the 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 unearned premium liability then the unearned premium liability is deemed to be deficient. The Board applies a risk margin to achieve the same 75% probability of sufficiency for future claims as is achieved by the estimate of the outstanding claims liability.

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 outstanding claims liability and are designated at fair value through profit or loss.

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 profit or loss.

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 profit or loss in the year the asset is derecognised as realised gains or losses on financial instruments.

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 profit or loss.

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.

Fair value

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.
- Listed instruments (comprising equities and equity and property trusts listed on stock exchanges) are marked to market using quoted bid prices at the reporting date.
- Units in unlisted trusts are valued using the net asset value (NAV) per unit applicable at the reporting date. The NAV is calculated as being a trust's gross assets less its liabilities.
- Fixed interest securities are marked to market using quoted bid prices at the reporting date.
- Derivatives are valued at fair value at reporting date based on published market quotations or market valuation rates.

(k) 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.

(l) Trade and other receivables

Trade and other receivables are recognised at amortised cost less impairment. They are due for settlement no more than 30 days from the date of recognition.

(m) 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.

(n) 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.

(o) Plant and equipment

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

(p) 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.

(q) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance.

The Board includes the acquisition or development of computer software as intangible assets. All costs associated with the acquisition or development of computer software are capitalised and amortised on a straight line basis over the expected useful life of the computer software.

The useful lives range from 3 to 10 years. The amortisation period for intangible assets is reviewed annually.

(r) 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.

(s) 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 profit or loss.

(t) 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.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO are classified within operating cash flows.

(u) Comparative figures

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

(v) Rounding

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

2 Critical accounting judgements and estimates

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

(a) Outstanding claims liability

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 outstanding claims liability, it is likely that the final outcome will prove to be different from the original liability established.

The outstanding 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.

Refer to note 20.

(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.

Refer to note 12.

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 Poor's '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 outstanding 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.

4 Employee Benefits

For the year ended 30 June 2011 employee benefit expenses of \$3,015,536 (2010: \$3,377,725) are included in general and administration expenses.

5 Premium revenue

	2011 \$'000	2010 \$'000
Direct	138,310	133,152
Movement in unearned premium liability	(1,835)	(2,905)
	136,475	130,247

6 Income tax

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

Tax expense/(benefit) comprises:

Current tax expense/(benefit)	7,838	(3,814)
Deferred tax adjustment	9,680	32,276
(Over)/under provision of income tax in previous year	355	(965)
Tax expense/(benefit) attributable to operating result	17,873	27,497

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

Operating result before tax	69,642	101,796
Income tax expense/(benefit) calculated at 30%	20,893	30,539
Tax offsets for franked dividends	(3,375)	(2,077)
(Over)/under provision of income tax in previous year	355	(965)
Income tax expense/(benefit) attributable to operating result	17,873	27,497

(b) Tax liability

Tax payable in respect of current year	7,838	-
Less tax instalments paid	-	(15,009)
NTER tax instalments paid/(used)	(7,838)	15,009
Provision for tax	-	-

(c) Deferred tax balances

Deferred tax assets comprise:

Unrealised loss on investments	17,530	24,903
Claims handling expense included in provision for outstanding and unreported claims	15,867	14,692
Provisions currently not deductible	1,438	1,548
Current tax benefit	-	3,814
	34,835	44,957

Deferred tax liabilities comprise:

Property investment	1,518	1,602
Difference in depreciation of plant and equipment for accounting and tax purposes	12	16
	1,530	1,618
Net deferred tax assets	33,305	43,339

7 Claims expense

	2011 \$'000	2010 \$'000
Paid	74,146	72,657
Outstanding claims liability movement	59,413	27,436
Gross claims incurred	133,559	100,093
Other claim payments	419	494
	133,978	100,587

8 Recovery revenue

Reinsurance recoveries received	3,112	750
Reinsurance recoveries receivable movement	1,751	(2,161)
Other recoveries received	2,477	630
	7,340	(781)

9 Net claims incurred

The following table shows the impact on the current year results of changes to the estimates of the outstanding claims liability 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 2011			At 30 June 2010		
	Current Year Claims	Prior Years' Claims	Total	Current Year Claims	Prior Years' Claims	Total
Gross claims expense	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross claims incurred ¹	255,504	10,121	265,625	312,616	(196,576)	116,040
Reinsurance recoveries	-	(13,618)	(13,618)	-	18,833	18,833
Net claims incurred	255,504	(3,497)	252,007	312,616	(177,743)	134,873
Discount movement						
Gross claims incurred	(148,961)	14,418	(134,543)	(195,514)	178,937	(16,577)
Reinsurance recoveries	-	8,755	8,755	-	(17,422)	(17,422)
Net discount movement	(148,961)	23,173	(125,788)	(195,514)	161,515	(33,999)
Discounted						
Gross claims incurred	106,543	24,539	131,082	117,102	(17,639)	99,463
Reinsurance recoveries	-	(4,863)	(4,863)	-	1,411	1,411
Net claims incurred	106,543	19,676	126,219	117,102	(16,228)	100,874
Reconciliation of net claims incurred						
Gross claims incurred (refer note 7)			133,559			100,093
Recovery revenue (refer note 8)			(7,340)			781
Net claims incurred			126,219			100,874

Note 1 - inflated/undiscounted.

10 Investment revenue

	2011 \$'000	2010 \$'000
Interest	7,927	7,060
Rentals	431	401
Dividends	64,065	31,218
Other	1,884	1,294
Changes in net market values		
Investments held at the end of the reporting period	2,730	38,345
Investments realised during the reporting period	1,808	10,042
	78,845	88,360
Investment expenses	(1,697)	(1,885)
	77,148	86,475

11 Trade and other receivables

Premiums receivable	1,292	1,336
Other receivables	14	13
Total trade and other receivables	1,306	1,349

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	63,345	52,839
Discount to present value	(49,913)	(41,158)
Provision for impairment of reinsurance assets	-	-
Reinsurance recoveries receivable on incurred claims	13,432	11,681
Expected future reinsurance recoveries on unexpired risk liability	-	-
Total reinsurance recoveries receivable	13,432	11,681

13 Investments

	2011 \$'000	2010 \$'000
Cash and cash equivalents	164,929	124,943
Listed equities	107,330	93,844
Listed unit trusts	4,280	3,865
Listed property	2,759	4,407
Unlisted trusts	765,374	710,482
Convertible and floating rate notes	-	8,743
Financial derivatives - receivable	874	3,961
Financial derivatives - payable	(37)	(122)
Other financial instruments	1,319	2,801
Total investments	1,046,828	952,924
Due within 12 months	167,085	128,782
Due in more than 12 months	879,743	824,142
Total investments	1,046,828	952,924

14 Investment properties

At fair value		
Opening balance at 1 July	15,730	15,345
Acquisitions	-	-
Capitalised subsequent expenditure	82	43
Net gain/(loss) from fair value adjustment	(512)	342
Closing balance at 30 June	15,300	15,730
Amounts recognised in the statement of comprehensive income for investment properties that generated rental income		
Rental income	431	401
Operating expenses	118	125
Amounts recognised in the statement of comprehensive income for investment properties that did not generate rental income		
Operating expenses	87	80
Lease payments receivable for rental properties		
Less than 1 year	418	405
1 to 5 years	818	1,289
Greater than 5 years	-	-

15 Other assets

Prepaid insurance	24	43
Prepaid NTER tax instalments	7,171	15,009
Total other assets	7,195	15,052

16 Financial instruments

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

	2011 \$'000	2010 \$'000
Financial assets		
Financial assets at fair value through profit or loss		
Cash and cash equivalents	165,334	125,193
Listed equities	107,330	93,844
Listed unit trusts	4,280	3,865
Listed property	2,759	4,407
Unlisted trusts	765,374	710,482
Convertible and floating rate notes	-	8,743
Financial derivatives - receivable	874	3,961
Financial derivatives - payable	(37)	(122)
Other financial instruments	1,319	2,801
Total financial assets at fair value through profit or loss	1,047,233	953,174
Loans and receivables		
Trade and other receivables	1,306	1,349
Reinsurance recoveries receivable	13,432	11,681
Total loans and receivables	14,738	13,030
Total financial assets	1,061,971	966,204
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	2,001	2,529
Injury Prevention and Management Foundation liability	889	1,164
Total financial liabilities at amortised cost	2,890	3,693

Fair value measurements are classified using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy comprises the following three levels:

- Level 1 fair value measurements are derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are based on market observable inputs other than quoted prices, including dealer quotations or alternative pricing sources and models.
- Level 3 fair value measurements are based on unobservable inputs where the fair values are derived from valuation techniques based on assumptions that are not supported by observable market data.

The following tables present the groups assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010.

	At 30 June 2011			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$'000	\$'000	\$'000	\$'000
Financial derivatives - receivables	193	681	-	874
Financial derivatives - payables	(37)	-	-	(37)
Other financial instruments	1,319	-	-	1,319
Listed instruments	114,369	-	-	114,369
Unlisted trusts	-	765,374	-	765,374
Total financial assets at fair value through profit or loss	115,844	766,055	-	881,899

	At 30 June 2011			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$'000	\$'000	\$'000	\$'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 trusts	-	710,482	-	710,482
Total financial assets at fair value through profit or loss	104,915	714,835	8,231	827,981

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

	2011	2010
	\$'000	\$'000
Opening balance	8,231	26,604
Purchases	-	-
Sales	(11,591)	-
Gains/(losses) recognised in profit or loss	3,360	3,594
Transfers in/(out)	-	(21,967)
Closing balance	-	8,231

The transfer out of level 3 in 2009/10 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 the Board's investment objectives of satisfactory long term real growth and to maintain an acceptable level of solvency.

(a) Market risk

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

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

The Board, in consultation with 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.

	2011 \$'000	2010 \$'000
Impact on profit and equity of a 10% increase in equity prices:		
Listed instruments	8,006	6,569
Unlisted trusts	22,525	17,215
Impact on profit and equity of a 10% decrease in equity prices:		
Listed instruments	(8,006)	(6,569)
Unlisted trusts	(22,525)	(17,215)

(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.

	2011 \$'000	2010 \$'000
United States Dollar	321	687
New Zealand Dollar	3	139
Total foreign currency investments	324	826

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	(21)	(53)
Impact on profit and equity of a 10% decrease in foreign exchange rates	25	64

(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 outstanding 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. Australian Government bond futures contracts are used to construct a synthetic bond portfolio with a modified duration equal to the modified duration of the future liability profile. Futures contracts incur a daily margining of profit or loss. The unrealised gain on the derivative contracts in place at 30 June 2011 was \$680,514 (2010: unrealised gain of \$3,960,679).

	Maturity dates					Total
	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non- interest bearing	
At 30 June 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	165,334	-	-	-	-	165,334
Trade and other receivables	-	-	-	-	14,738	14,738
Financial assets at fair value through profit and loss	850	-	-	-	881,049	881,899
	166,184	-	-	-	895,787	1,061,971
Financial liabilities						
Trade and other payables	-	-	-	-	2,001	2,001
Injury Prevention and Management Foundation liability	-	-	-	-	889	889
	-	-	-	-	2,890	2,890
Net financial assets/(liabilities)	166,184	-	-	-	892,897	1,059,081

	Maturity dates					Total
	Float- ing interest rate	1 year or less	1 to 5 years	More than 5 years	Non- interest bearing	
At 30 June 2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	125,193	-	-	-	-	125,193
Trade and other 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						
Trade and other payables	-	-	-	-	2,529	2,529
Injury Prevention and Management Foundation liability	-	-	-	-	1,164	1,164
	-	-	-	-	3,693	3,693
Net financial assets/(liabilities)	137,758	-	-	139	824,614	962,511

Sensitivity

The following table details the boards sensitivity to a 0.5% increase and decrease in the interest rates for those at year end with all other variables held constant.

	2011 \$'000	2010 \$'000
Impact on profit and equity of a 0.5% increase in interest rates	(1,637)	9
Impact on profit and equity of a 0.5% decrease in interest rates	1637	(9)

(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;
- trade and other receivables;
- 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 Poor's 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.

	Investment grade ¹ \$'000	Non- investment grade ¹ \$'000
30 June 2011		
Financial assets at fair value through profit or loss		
Trade and other receivables	1,292	14
Reinsurance recoveries receivable	13,319	113
Cash and cash equivalents	164,929	-
Financial derivatives and other investment assets	837	-
Unlisted trusts	203,110	-
Total	383,487	127
30 June 2010		
Financial assets at fair value through profit or loss		
Trade and other receivables	1,336	13
Reinsurance recoveries receivable	10,393	1,288
Cash and cash equivalents	124,629	-
Financial derivatives and other investment assets	5,755	8,231
Unlisted trusts	206,066	-
Total	348,179	9,532

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

(c) Liquidity risk

Liquidity risk is the risk 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.

	Less than 6 months \$'000	6-12 months \$'000	1+ years \$'000	Total \$'000
At 30 June 2011				
Financial liabilities				
Trade and other payables	2,001	-	-	2,001
Injury Prevention and Management Foundation liability	619	270	-	889
Total	2,620	270	-	2,890

	Less than 6 months	6-12 months	1+ years	Total
At 30 June 2010	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Trade and other payables	2,529	-	-	2,529
Injury Prevention and Management Foundation liability	907	257	-	1,164
Total	3,436	257	-	3,693

(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 outstanding claims liability 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 2011 the solvency position is 25.7% (2010: 24.2%).

The actual and forecast capital position is examined by the Board 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.

17 Plant and equipment

	2011 \$'000	2010 \$'000
Cost		
Balance at beginning of year	1,421	1,341
Additions	224	282
Disposals	(112)	(202)
Balance at end of year	1,533	1,421
Accumulated depreciation		
Balance at beginning of year	840	892
Disposals	(18)	(164)
Depreciation expense	121	112
Balance at end of year	943	840
Net book value		
Balance at end of year	590	581

18 Intangibles

Cost		
Balance at beginning of year	2,237	1,831
Additions	188	406
Disposals	-	-
Balance at end of year	2,425	2,237

	2011 \$'000	2010 \$'000
Accumulated amortisation		
Balance at beginning of year	1,831	1,831
Disposals	-	-
Amortisation expense	41	-
Balance at end of year	1,872	1,831
Net book value		
Balance at end of year	553	406

19 Deferred acquisition costs

Deferred acquisition costs as at 1 July	1,162	-
Acquisition costs in the year	2,637	2,621
Amortisation charged to income	(2,680)	(2,493)
Write down for premium deficiency (refer note 21)	-	1,034
Deferred acquisition costs as at 30 June	1,119	1,162

20 Outstanding claims liability

(a) Actuarial assumptions and methods

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

	2011			2010		
	Scheduled benefits	Common law	Future care	Scheduled benefits	Common law	Future care
Inflated mean term (years)	8.1	2.9	37.9	7.7	2.9	38.5
Discounted mean term (years)	4.3	2.7	19.9	4.1	2.7	20.1
Number of claims incurred but not reported (IBNR)	452	259	14	402	271	13
Average claim size (\$ '000)	3.5	20.3	4,911.9	3.4	20.0	4,757.6
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%

Claims expected to be paid in:	Wage inflation rates		Discount rates	
	2011	2010	2011	2010
Year 1 (following end of financial year)	3.79%	3.75%	4.76%	4.46%
Year 2	4.65%	3.75%	4.78%	4.48%
Year 3	4.32%	3.77%	4.89%	4.70%
Year 4	4.02%	3.84%	5.05%	4.96%
Year 5	4.02%	3.85%	5.29%	5.28%
Year 6	4.02%	3.85%	5.55%	5.62%
Year 7	4.02%	3.85%	5.78%	5.76%
Year 8	4.02%	3.85%	5.83%	5.76%
Year 9	4.02%	3.85%	5.83%	5.76%
Year 10	4.02%	3.85%	5.83%	5.76%
Year 11	4.02%	3.85%	5.83%	5.78%
Year 12	4.02%	3.85%	5.87%	5.80%
Year 13	4.02%	3.85%	5.92%	5.83%
Year 14	4.02%	3.85%	5.97%	5.85%
Year 15	4.02%	3.85%	6.01%	5.85%
Thereafter	4.02%	3.85%	6.02%	5.85%

Inflated mean term

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

Discounted mean term

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

Number of claims incurred but not reported

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

Average claim size

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

Inflation

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

Superimposed inflation

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

Claims handling expenses

Claims handling expenses are calculated by reference to past experience of claims handling costs as a percentage of past payments. Claims handling expenses at 30 June 2011 are included at the rate of 7% of future claim payments (2010: 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 2011 a 20% (2010: 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 risk margin provides a probability of not less than 75% (2010: not less than 75%) that the liability 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 outstanding 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 outstanding 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 outstanding claims liability. An increase or decrease in the discounted mean term would have an opposing effect on the claims expense.
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 outstanding 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 outstanding 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	51,769	288,638
Inflation increase by 0.5%	11,950	248,820
Inflation decrease by 0.5%	86,408	323,277
Discount rate increased by 0.5% all durations	85,747	322,617
Discount rate decreased by 0.5% all durations	12,438	249,307
Long term discount rate increased by 0.5%	67,206	304,075
Long term discount rate decreased by 0.5%	33,271	270,140
Cost of 2010/11 Future Care IBNR claims increased by 10%	49,780	286,650
Cost of 2010/11 Future Care IBNR claims decreased by 10%	53,757	290,627
Common Law settlement size increased by 10%	39,552	276,422
Common Law settlement size decreased by 10%	62,946	299,816
Scheduled Benefits average size increased by 10%	48,538	285,407
Scheduled Benefits average size decreased by 10%	55,000	291,870
Increase in hospital cost adjustment from double to triple current rates	48,532	285,402
Hospital cost adjustment effective immediately rather than 30 June 2012	48,168	285,038
Reinsurance recoveries increased by 20% due to favourable commutations	52,145	289,014
Allowance for increase in care costs increased from 8% to 16%	24,861	261,730
No allowance for increase in care costs	78,677	315,546
Increase in discounted mean term by 1 year due to a delay in payments	60,030	296,900
Decrease discounted mean term by 1 year by bringing forward payments	43,378	280,247

(c) Outstanding claims liability by benefit type

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

	2011 \$'000	2010 \$'000
Scheduled benefits claims		
Expected future claims payments (inflated/undiscounted)	49,209	37,381
Discount to present value	(13,399)	(9,582)
Claims handling expenses	2,660	2,064
Risk margin	7,693	5,973
Sub-total outstanding scheduled benefits claims liability	46,163	35,836
Common law claims		
Expected future claims payments (inflated/undiscounted)	169,605	147,454
Discount to present value	(21,619)	(17,883)
Claims handling expenses	11,053	9,661
Risk margin	31,808	27,847
Sub-total outstanding common law claims liability	190,847	167,079

	2011 \$'000	2010 \$'000
Future care claims		
Expected future claims payments (inflated/undiscounted)	1,970,706	1,853,295
Discount to present value	(1,557,948)	(1,460,652)
Claims handling expenses	30,363	29,087
Risk margin	85,938	82,010
Sub-total outstanding future care claims liability	529,059	503,740
All Claims		
Expected future claims payments (inflated/undiscounted)	2,189,520	2,038,130
Discount to present value	(1,592,966)	(1,488,117)
Claims handling expenses	44,076	40,812
Risk margin	125,439	115,830
Total outstanding claims liability	766,069	706,655
Due within twelve months	82,445	76,693
Due in more than twelve months	683,624	629,962
Total outstanding claims liability	766,069	706,655

(d) Reconciliation of movement in outstanding claims liability

	2011			2010		
	Gross	Recoveries	Net	Gross	Recoveries	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Brought forward	706,655	11,681	694,974	679,220	13,842	665,378
Liabilities due within twelve months from previous report	(76,693)	-	(76,693)	(80,691)	-	(80,691)
	629,962	11,681	618,281	598,529	13,842	584,687
Accrual to 30 June	658,077	12,203	645,874	618,877	14,313	604,564
Effect of changes in actuarial assumptions	(2,885)	1,290	(4,175)	(38,189)	(5,122)	(33,067)
Effect of changes in economic assumptions	15,015	(61)	15,076	18,569	2,490	16,079
Net revision to prior years' claims costs	12,130	1,229	10,901	(19,620)	(2,632)	(16,988)
Outstanding claims cost for prior accident years	670,207	13,432	656,775	599,257	11,681	587,576
Incurred claims for current accident year	106,544	-	106,544	117,103	-	117,103
Claims (payments)/recoveries for current accident year	(10,682)	-	(10,682)	(9,705)	-	(9,705)
Outstanding claims cost for current accident year	95,862	-	95,862	107,398	-	107,398
Carried forward	766,069	13,432	752,637	706,655	11,681	694,974

(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 ten most recent accident years.

	Accident year										Total
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Gross	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	201,081	
One year later	220,655	341,978	211,623	230,477	340,652	348,300	242,314	297,639	223,297		
Two years later	277,232	193,865	244,428	261,755	307,592	205,414	214,801	291,303			
Three years later	152,125	189,664	227,705	326,823	194,869	170,510	186,141				
Four years later	146,392	176,369	207,869	194,802	193,756	166,291					
Five years later	186,543	192,271	143,484	203,161	203,967						
Six years later	222,024	128,600	123,769	174,903							
Seven years later	147,110	129,425	127,894								
Eight years later	129,987	132,631									
Nine years later	143,647										
Current estimate of cumulative claims cost	143,647	132,631	127,894	174,903	203,967	166,291	186,141	291,303	223,297	201,081	1,851,155
Cumulative payments	(50,589)	(47,520)	(53,048)	(57,905)	(49,703)	(48,409)	(38,526)	(36,249)	(23,320)	(11,243)	(416,512)
Outstanding claims (undiscounted)	93,058	85,111	74,846	116,998	154,264	117,882	147,615	255,054	199,977	189,838	1,434,643
Discount											(1,005,431)
2001 and prior (discounted)											167,342
Claims handling expense											44,076
Prudential margins											125,439
Outstanding claims (inflated & discounted)											766,069

	Accident year										Total
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Net	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	201,081	
One year later	220,655	341,978	211,623	230,477	340,652	348,300	242,314	297,639	212,172		
Two years later	277,232	193,865	244,428	261,755	307,592	205,414	207,085	289,837			
Three years later	152,125	189,664	227,705	326,823	194,869	170,510	183,277				
Four years later	146,392	176,369	200,670	194,802	193,756	166,291					
Five years later	186,543	192,271	141,836	203,161	203,967						
Six years later	222,024	128,600	123,769	174,903							
Seven years later	147,110	129,425	127,894								
Eight years later	129,987	132,631									
Nine years later	143,647										
Current estimate of cumulative claims cost	143,647	132,631	127,894	174,903	203,967	166,291	183,277	289,837	212,172	201,081	1,835,700
Cumulative payments	(50,589)	(47,520)	(53,048)	(56,320)	(48,175)	(48,409)	(38,526)	(36,249)	(23,320)	(11,243)	(413,399)
Outstanding claims (undiscounted)	93,058	85,111	74,846	118,583	155,792	117,882	144,751	253,588	188,852	189,838	1,422,301
Discount											(996,740)
2001 and prior (discounted)											157,561
Claims handling expense											44,076
Prudential margins											125,439
Outstanding claims (inflated & discounted)											752,637

21 Unexpired risk liability

The application of the liability adequacy test in respect of the net premium liabilities at 30 June is presented below:

	2011 \$'000	2010 \$'000
(a) Unexpired risk liability		
Unexpired risk liability as at 1 July	-	3,493
Recognition of additional unexpired risk liability in the period	-	-
Release of unexpired risk liability recorded in previous periods	-	(3,493)
Unexpired risk liability as at 30 June	-	-
(b) Deficiency recognised in the statement of comprehensive income		
Gross movement in unexpired risk liability	-	(3,493)
Reinsurance recoveries on unexpired risk liability	-	-
Net movement in unexpired risk liability	-	(3,493)
Write down of deferred acquisition costs (refer note 19)	-	(1,034)
Total deficiency recognised in the statement of comprehensive income	-	(4,527)
(c) Calculation of liability		
Unearned premium liability	58,557	56,722
Deferred acquisition costs	(1,119)	(1,162)
Related reinsurance asset	-	-
	57,438	55,560
Net central estimate of the present value of expected future cash flows arising from future claims	41,759	37,291
Claims handling expenses	3,119	2,785
Risk margin	11,220	10,019
Present value of expected future cash inflows arising from reinsurance recoveries on future claims	-	-
	56,098	50,095
Deficiency net of reinsurance recoveries	-	-
Add back reinsurance element of present value of expected future cash flows for future claims	-	-
Deficiency gross of reinsurance recoveries	-	-

Claims handling expenses

Claims handling expenses as at 30 June 2011 are included at the rate of 7% (2010: 7%).

Risk margin

As at 30 June 2011 a risk margin of 25% (2010: 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 outstanding claims liability 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% (2010: not less than 75%) that the provision is sufficient to meet the cost of claims incurred.

22 Provision for employee benefits

	2011 \$'000	2010 \$'000
Due within twelve months		
Annual leave	199	184
Long service leave	27	-
Retirement benefits fund	16	105
	<u>242</u>	<u>289</u>
Due in more than twelve months		
Long service leave	348	313
Retirement benefits fund	3,289	3,366
	<u>3,637</u>	<u>3,679</u>
Aggregate employee benefits	<u>3,879</u>	<u>3,968</u>

Retirement benefits fund contributions

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

Contributory scheme

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

Compulsory preserved benefits

Former members of the Contributory scheme and the former Non-contributory scheme who have left service prior to the preservation age have had the Board's component of their benefit transferred to a Compulsory Preserved benefit account.

The Compulsory Preserved benefit is payable in the event of death, incapacity or on attaining preservation age or otherwise satisfying a condition of release. When a member reaches his or her preservation age, the Compulsory Preserved lump sum benefit is funded and may be paid to the member if he or she has retired from the workforce. If the member remains in employment it is transferred to the investment account or a rollover fund or complying superannuation scheme nominated by the member. The Compulsory Preserved benefit is increased each six months by the greater of CPI or AWOTE.

Pensioners

Members are able to elect to take their benefits in the form of a pension. Pensions are payable throughout the lifetime of the former member and are payable to a surviving widow or widower at two thirds of the pension at the time of death.

Pensions are indexed in line with CPI, with indexation occurring twice each year.

Methodology

Liabilities have been computed using the Projected Unit Credit Method. The objective under this method is to expense each member's benefits as they would accrue taking into consideration future salary increases and the benefit allocation formula. Thus the total benefit to which each member is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Liabilities for existing pensioners have been calculated allowing for the levels of the existing pension, the level of assumed pension indexation and expected mortality rates.

Liabilities for compulsory preserved members have been calculated allowing for the level of the existing benefit, the level of assumed indexation and expected retirement rates.

The calculated Defined Benefit Obligation (DBO) is the sum of the accrued liabilities for all relevant employees.

Reconciliation of the present value of the defined benefit obligation

	2011 \$'000	2010 \$'000
Present value of defined benefit obligations at beginning of the year¹	3,991	3,385
(+) Current service cost ¹	106	87
(+) Interest cost	212	192
(+) Estimated contributions by plan participants	32	29
(+) Actuarial (gains)/losses ¹	(348)	380
(-) Estimated benefits paid	136	77
(-) Estimated taxes, premiums & expenses paid	5	5
(+) 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	3,852	3,991

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	520	508
(+) Expected return on plan assets	39	37
(+) Actuarial gains/(losses)	(201)	(18)
(+) Estimated employer contributions	298	46
(+) Estimated contributions by plan participants	32	29
(-) Estimated benefits paid	136	77
(-) Estimated taxes, premiums & expenses paid	5	5
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value plan assets at year end	547	520

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

Defined benefit obligation	3,852	3,991
(-) Fair value of plan assets	547	520
Deficit/(surplus)	3,305	3,471
(-) Unrecognised past service cost	-	-
(-) Unrecognised net (gain)/loss	-	-
(+) Adjustment for limitation on net asset	-	-
Net superannuation liability/(asset)	3,305	3,471
Due within 12 months	16	105
Due in more than 12 months	3,289	3,366
	3,305	3,471

Expense recognised in statement of comprehensive income

	2011	2010
	\$'000	\$'000
Service cost	106	87
Interest cost	212	192
Expected return on assets	(39)	(36)
Actuarial loss/(gain)	(147)	398
Past service cost	-	-
Movement in limitation on net asset	-	-
Effect of curtailments/settlements	-	-
Superannuation expense/(income)	132	641

The superannuation expense is recognised within general and administration expenses.

Fund assets

The percentage invested in each asset class at balance date:

	2011	2010
Australian equity	25%	26%
International equity	22%	22%
Fixed income	13%	12%
Property	19%	20%
Alternatives/Other	18%	14%
Cash	3%	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

Financial year ending 30 June	2011	2010
	\$'000	\$'000
Actual return on plan assets	(161)	19

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

	2011 % pa	2010 % pa
Discount rate	5.50	5.35
Expected return on plan assets	7.50	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 2011 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

	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000
Financial year ending 30 June					
Present value of defined benefit obligation	3,852	3,991	3,385	2,927	2,884
Fair value of plan assets	547	520	508	529	552
(Surplus)/deficit in plan	3,305	3,471	2,877	2,398	2,333
Experience adjustments (gain)/loss - plan assets	201	18	38	60	(3)
Experience adjustments (gain)/loss - plan liabilities	(227)	64	179	(53)	(74)

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	2012 \$'000
Expected employer contributions	16

23 Retained earnings attributable to equity holders

	2011 \$'000	2010 \$'000
Balance at the beginning of the financial year	271,436	220,240
Operating result after tax	51,769	74,299
Dividends paid	(34,567)	(23,103)
Balance at the end of the financial year	288,638	271,436

24 Injury Prevention and Management Foundation liability

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 the Board upon the recommendation of a Committee set up to administer the Foundation.

Guidelines as to appropriate projects are set out in a booklet published by the Foundation.

	2011 \$'000	2010 \$'000
Balance at the beginning of the financial year	1,164	1,104
Payments	(1,043)	(993)
Net project approvals	687	947
GST on outstanding project approvals	81	106
Balance at the end of the financial year	889	1,164

25 Unearned premium liability

Balance at the beginning of the financial year	56,722	53,817
Deferral of premiums on contracts written in the period	58,557	56,722
Earning of premiums written in previous periods	(56,722)	(53,817)
Balance at the end of the financial year	58,557	56,722

26 Trade and other payables

Trade and other payables	1,972	2,506
Accrued expenses - employee on costs	29	23
Trade and other payables	2,001	2,529
Due within twelve months		
Trade and other payables	1,972	2,506
Accrued expenses - employee on costs	11	9
Trade and other payables due within twelve months	1,983	2,515
Due in more than twelve months		
Accrued expenses - employee on costs	18	14
Trade and other payables due in more than twelve months	18	14
Trade and other payables	2,001	2,529

27 Commitments

Road Safety Advisory Council

Less than 1 year	1,742	3,401
1 to 5 years	-	1,742
Greater than 5 years	-	-

Operating leases

Less than 1 year	15	15
1 to 5 years	15	30
Greater than 5 years	-	-

Intangibles

Less than 1 year	-	178
1 to 5 years	-	-
Greater than 5 years	-	-

28 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. 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:

	2011 \$'000	2010 \$'000
Cash at bank	405	250
Cash and cash equivalents - investments	164,929	124,943
Total cash and cash equivalents	165,334	125,193

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

Operating result after tax	51,769	74,299
Depreciation and amortisation	162	112
Loss/(profit) on sale of assets	26	15
Net unrealised change in net market value of investments	(4,538)	(48,421)
Decrease/(increase) in deferred tax asset	10,035	28,463
Decrease/(increase) in reinsurance recoveries receivable	(1,751)	2,161
Decrease/(increase) in deferred acquisition costs	43	(1,162)
Decrease/(increase) in trade and other receivables	43	9
Decrease/(increase) in other assets	7,854	(15,025)
Decrease/(increase) in accrued income	-	36
Increase/(decrease) in outstanding claims liability	59,414	27,435
Increase/(decrease) in tax payable	-	(7,897)
Increase/(decrease) in unexpired risk liability	-	(3,493)
Increase/(decrease) in employee provisions	(89)	635
Increase/(decrease) in trade and other payables	(528)	(122)
Increase/(decrease) in unearned premium liability	1,835	2,905
Increase/(decrease) in Injury Prevention and Management Foundation liability	(275)	60
Net cash flow from operating activities	124,000	60,010

(c) Financing facilities

At 30 June 2011 the Board has five corporate credit cards with a total limit of \$20,000 (2010: \$20,000). The balance is paid in full on a monthly basis. The Board has no formal credit standby arrangements or unused loan facilities.

29 Road Safety Advisory Council

For the year ended 30 June 2011 contributions amounting to \$3,400,000 (2010: \$3,240,000) were paid to the Road Safety Advisory Council. A Memorandum of Understanding between the Board, Department of Police and Emergency Management and the Department of Infrastructure, Energy and Resources is in operation and specifies the relevant key performance indicators.

30 Motorcycle Safety Strategy

For the year ended 30 June 2011 the Board contributed \$7,948 (2010: \$76,633) in sponsorship of motorcycle rider education and training under the Motorcycle Safety Strategy. Rider training is subsidised per participant. The 2010 contribution also included the cost of a public education campaign.

31 Road infrastructure

During the year ended 30 June 2010 \$635,000 was paid to the Department of Infrastructure, Energy and Resources which concluded the Board's funding commitment to the Black Spot Program.

32 Auditor's remuneration

The amount payable to the Tasmanian Audit Office for the year ended 30 June 2011 is \$55,630 (2010: \$50,800).

33 Dividends

Following the end of the financial year, a final ordinary dividend relating to the year ended 30 June 2011 of \$20,248,659 (2010: \$34,566,641) is payable.

34 Events after the reporting period

A significant portion of the Board's investment portfolio is exposed to Australian and international listed investment markets and consequently it is subject to the associated market risk.

From the balance date up to the date the financial statements were certified and authorised for issue by the Board the Australian and international markets have experienced a period of significant volatility resulting in an estimated net \$60,000,000 reduction in the valuation of the Board's investment portfolio. As the investments are measured at their fair value at 30 June 2011 this fall is not reflected in the statement of comprehensive income or in the statement of financial position.

35 Key management personnel information

(a) Directors

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

(i) Non executive directors:

Mr DW Challen (Chairperson from 17 December 2010)

Mr GJ Humphreys (Chairperson to 16 December 2010)

Ms K Barker

Mrs K Brown (to 13 May 2011)

Mr JW Harry (to 31 December 2010)

Mr DJ McCarthy

Mrs CJ Rockefeller (from 16 May 2011)

Mr DC St. John (from 16 May 2011)

Mr ME Scanlon

Mrs KL Stephenson (to 13 May 2011)

(ii) Executive director:

Mr PJ Roche (Chief Executive Officer)

(b) Other key management personnel

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

Mrs LJ Bingley Manager Claims and Rehabilitation

Mr CMQ Hill Chief Operating Officer

Mr DW Thurm Chief Financial Officer

(c) Key management personnel compensation

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

	2011 \$'000	2010 \$'000
Short term employee benefits	814	750
Post employment benefits	176	182
Other long term employee benefits	125	144
	1,115	1,076

(d) Directors' meetings

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

	Board of Directors meetings Number		Audit Committee meetings Number	
Director	Meetings able to be attended	Attended	Meetings able to be attended	Attended
DW Challen ¹	6	6	4	4
GJ Humphreys ²	7	6		
K Barker	13	12		
K Brown ³	11	11		
JW Harry ⁴	7	7	4	4
DJ McCarthy	13	11	8	6
PJ Roche	13	13		
CJ Rockefeller ⁵	2	1		
DC St. John ⁵	2	2		
ME Scanlon	13	13	8	8
KL Stephenson ³	11	11		

¹ DW Challen was appointed Chairperson from 17 December 2010.

² GJ Humphreys was a Director and Chairperson to 16 December 2010.

³ KL Stephenson and K Brown were Directors to 13 May 2011.

⁴ JW Harry was a Director to 31 December 2010.

⁵ CJ Rockefeller and DC St. John were appointed Directors from 16 May 2011.

Director	Claims Committee meetings		Injury Prevention and Management Foundation Committee meetings	
	Number	Number	Number	Number
	Meetings able to be attended	Attended	Meetings able to be attended	Attended
DW Challen			2	2
GJ Humphreys	6	5		
K Barker	12	11		
K Brown	10	10	1	1
PJ Roche	12	12		
CJ Rockefeller	1	0	1	0
DC St. John	1	1		
KL Stephenson	10	10		

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

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

GJ Humphreys, Chairman, is a partner of Harrison Humphries Real Estate firm which provided a rental service to the Board during the year.

JW Harry, a Director, was a consultant of the firm Page Seager, which has provided legal services to the Board under normal terms and conditions in the 2009/10 financial year.

The aggregate amount in respect of transactions with Directors and Director-related entities for legal fees and other services for the year was \$7,781 (2010: \$205,772).



INDEPENDENT AUDITOR'S REPORT

To Members of the Parliament of Tasmania

MOTOR ACCIDENTS INSURANCE BOARD

Financial Report for the Year Ended 30 June 2011

Report on the Financial Report

I have audited the accompanying financial report of Motor Accidents Insurance Board (the Board), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the directors.

Auditor's Opinion

In my opinion:

- (a) the Board's financial report:
 - (i) presents fairly, in all material respects, its financial position as at 30 June 2011, and its financial performance, cash flows and changes in equity for the year then ended; and
 - (ii) is in accordance with the *Government Business Enterprises Act 1995* and Australian Accounting Standards.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

The Responsibility of the Directors for the Financial Report

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

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

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Auditor's Independence Declaration



Tasmanian Audit Office

STRIVE | LEAD | EXCEL | TO MAKE A DIFFERENCE

11 August 2011

The Board of Directors
Motor Accidents Insurance Board
PO Box 590
LAUNCESTON TAS 7250

Level 4, Executive Building
15 Murray Street
Hobart Tasmania 7000

Postal Address
GPO Box 851
Hobart Tasmania 7001

Phone: 03 6226 0100
Fax: 03 6226 0199
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

Dear Board Members

AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of Motor Accidents Insurance Board for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of Australian Auditing Standards in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

As agreed with the Audit Committee, a copy of this declaration must be included in the Annual Report.

Yours sincerely

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

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• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

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Auditor's Responsibility

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

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

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 Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that my independence declaration was provided to the Directors on the same date as this audit opinion and is included in the Annual Report.

TASMANIAN AUDIT OFFICE



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

HOBART
11 August 2011

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

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CERTIFICATION

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

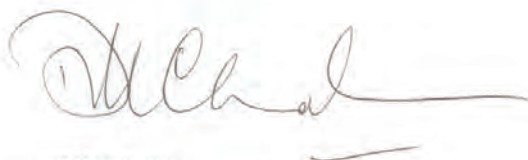
- (a) the financial statements and notes of the Enterprise are in accordance with the *Government Business Enterprises Act 1995*, including:
 - i. giving a true and fair view of the results and cash flows for the year ended 30 June 2011 and the financial position as at 30 June 2011 of the Enterprise; 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; and
- (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 2011 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 2011 have been prepared in accordance with Section 52 of the *Government Business Enterprises Act 1995*; and
- (c) the financial statements and notes for the period ended 30 June 2011 give a true and fair view.

Signed in accordance with a resolution of the Directors:

Dated 11 August 2011



DW Challen
Chairman



ME Scanlon
Director

	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 Premium³	\$344	\$397	\$474	\$495 ⁴	\$308 ⁴	\$245	\$429	\$488

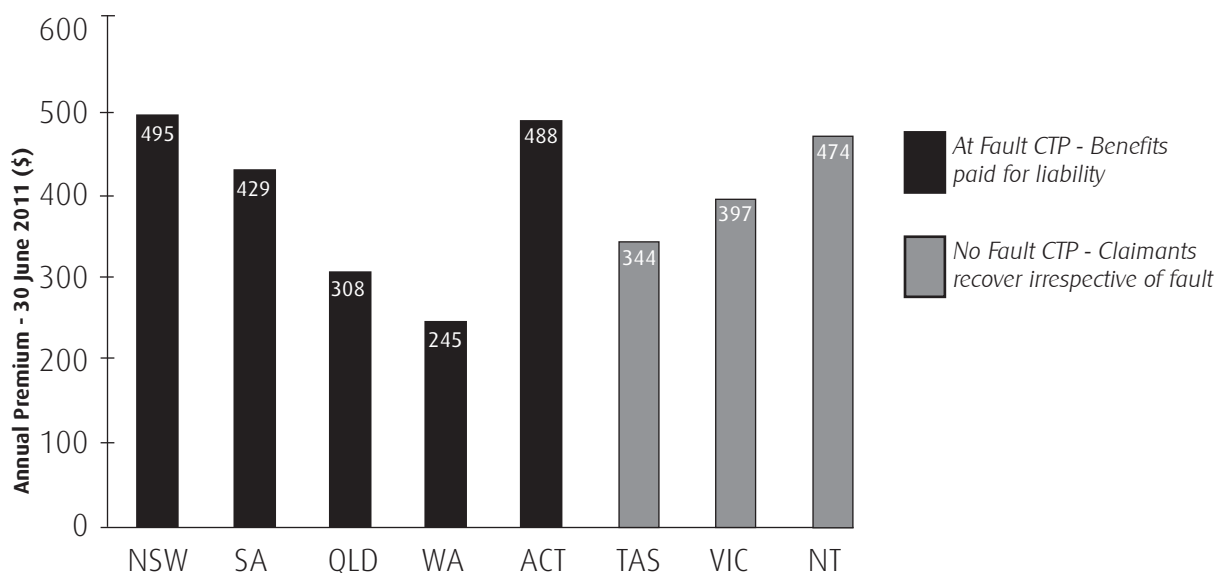
1 - Includes lifetime care and support for catastrophically injured

2 - No-fault for children commenced 10/06 and no-fault for catastrophically injured commenced 10/07

3 - Inclusive of GST

4 - Maximum allowable

Interstate Private Motor Car Premium Rate Comparisons



- NSW and QLD maximum premium allowable

- No-fault for children commenced 10/06 and no-fault for catastrophically injured commenced 10/07 (NSW)

- All premiums are inclusive of GST

Managing Diversity

MAIB 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 2010/11.

	Awarded to Tasmanian Businesses	Awarded to other Australian businesses	Awarded to international businesses	Total
No of Contracts awarded	1	2	1	4
Value of Contracts Awarded	\$1.2M	\$440K	\$150K	\$1.7M

Staffing

As at 30 June 2011, MAIB employed 41 staff on a full or part-time basis.

WOULD YOU PUT HIM IN A WHEELCHAIR JUST TO CATCH THE OPENING CREDITS?



Running late for a meeting? Got a plane to catch? Need to catch your favourite show?

There are no acceptable excuses for ignoring speed limits.

Every kilometre you travel over the limit significantly increases the damage.

Please, drive within the limit.



**LIMIT YOUR SPEED.
LIMIT THE DAMAGE.**



Road Safety
Advisory
Council



MOTOR ACCIDENTS INSURANCE BOARD

ABN 93 610 406 210

1st Floor, 33 George Street, Launceston 7250, Tasmania

Telephone: 03 6336 4800 Toll Free: 1800 006 224 Facsimile: 03 6336 4848

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