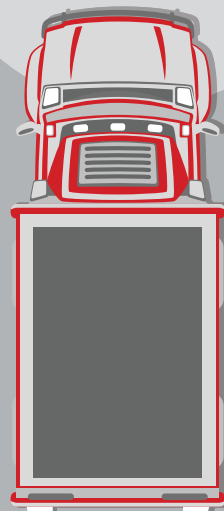
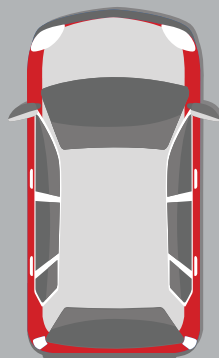
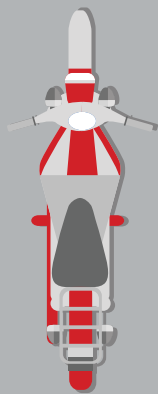


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MAIB
Service·Support·Safety

2014-15
MOTOR ACCIDENTS INSURANCE BOARD
ANNUAL REPORT

Dedicated Service

Current MAIB Staff and Directors by tenure.

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

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

- accountability and responsibility;
- integrity;
- unity of purpose;
- professionalism and dignity; and
- innovation.



**REAL MATES
DON'T LET MATES
DRINK DRIVE**

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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.

Overview

PURPOSE

Established in 1974 under the *Motor Accidents (Liabilities and Compensation) Act 1973* (the Act), the Motor Accidents Insurance Board (MAIB) is a Tasmanian Government Business Enterprise (GBE).

The purpose of the MAIB is to administer the funding and payment of Tasmania's compulsory third party (CTP) motor accident 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.

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

PRIMARY FUNCTIONS

Provision of Compensation

The core claims activities of the MAIB are:

- assessment and payment of scheduled benefits in accordance with the requirements of the Act and the *Motor Accidents (Liabilities and Compensation) Regulations 2010*; and
- resolution of common law damages claims pursuant to the indemnity provisions of the Act.

Financial Management

The 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

The MAIB's ongoing commitment to assist in reducing the number and severity of motor accidents in Tasmania is evidenced by significant contributions of time and funds, to the Road Safety Advisory Council and the Injury Prevention and Management Foundation.

COMPENSATION

The following types of compensation are available to eligible drivers, passengers, motorcyclists and other road users:

No Fault Benefits

No fault benefits are paid on accepted claims, irrespective of who caused the motor accident and may include the payment of:

- reasonable medical and hospital costs including the services of doctors and health professionals;
- rehabilitation expenses;
- long term care for the seriously injured;
- disability allowance (for people in paid employment who are unable to work); and
- in the case of fatal injuries, funeral expenses and dependency benefits (where applicable).

Common Law Damages

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

GOVERNANCE STRUCTURE AS AT 30 JUNE 2015

Shareholding Ministers

Portfolio Minister:

The Hon. M.T. (Rene) Hidding MP

Treasurer:

The Hon. Peter Gutwein MP

The Board of Directors

Chairman:

Don Challen AM

Directors:

Kim Barker
Michael Dontschuk
Danny McCarthy
David St. John

Management Team

Chief Executive Officer:

Paul Kingston

Chief Operating Officer:

Christopher Hill

Chief Financial Officer:

Derek Thurm

Manager – Claims and Rehabilitation:

Lisa Harris

ICT Manager:

Jo-Anne Wilson

Executive Officer (Acting):

Sara Dalton

Financial Accountant:

Angie Edwards

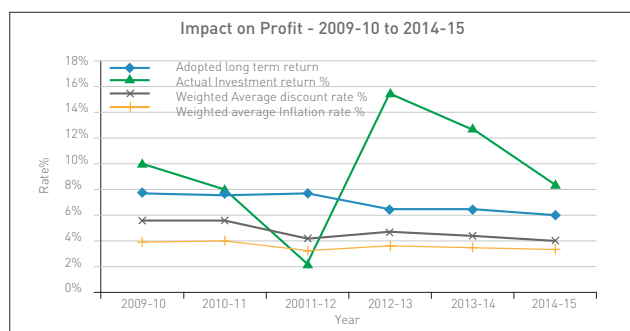


The MAIB enjoyed yet another successful year with noteworthy outcomes across the whole business. A strong investment return coupled with under budget claim costs resulted in a good operating result and very strong dividends to the Shareholder, the Tasmanian Government. 2014-15 was a year of change for the MAIB, with Peter Roche retiring as CEO after 19 years in the role, Paul Kingston joining us as our new CEO and with the Board reduced from eight to five Directors.

FINANCIAL RESULT

Following a record result the previous year, the operating result before tax was a profit of \$137.2 million. A strong investment performance provided net investment revenue of \$122.9 million, a return of 8.4% which was in line with the median return for similar balanced funds. International equity markets along with property and infrastructure were the main contributors to the solid performance.

While net claim costs of \$100.3 million were under budget, the favourable revaluations of claim reserves were partially offset by the higher than expected claim costs resulting from prevailing economic assumptions used in the valuation of claim liabilities. The Impact on Profit chart illustrates the volatility of investment returns and the discount rate.



DIVIDEND TO GOVERNMENT

The MAIB has recommended a dividend of \$47.7 million to Government in respect of this year's operations. This is based on 60% of the average of after tax profits and losses over this year and the previous four years.

CAPITAL POSITION

Based on the MAIB's consulting actuary's recommendations, the Board maintained a target funding ratio range of 120% - 145% which reflects the volatility of financial results and the desire to maintain a funding ratio of at least 100%. After providing a one-off Special Dividend of \$100 million to the Government, the scheme's funding ratio was 127.8% at 30 June 2015.

INVESTMENT PORTFOLIO

The strategic asset allocation of 65% to growth assets and 35% to defensive assets was maintained following the annual review. The mix of assets aims to balance the long term nature of the MAIB's claim liabilities and sound returns on equity for the Government.

GOVERNANCE

Consistent with the Government's objective to reduce the size of boards, the MAIB Board has been progressively reduced over the past year from eight Directors (including the CEO as Managing Director) to five Directors (the current CEO is not a member of the Board). This reduction was achieved by not replacing the positions occupied by Caroline Rockefeller on her retirement in May 2014 and Mark Scanlon on his retirement in May 2015. The Board is not satisfied with the gender balance that is the outcome of this process of reducing the size of the Board. Improving gender balance, while maintaining an appropriate skill mix, is a priority for future appointments.

ACKNOWLEDGEMENTS

In conclusion, I wish to thank all my fellow Directors for their strong support and contribution throughout the year. I particularly wish to acknowledge the significant contributions of Mark Scanlon who retired in May 2015 after serving eight years on the Board, including five years as Audit Committee Chair. Our long serving CEO, Peter Roche retired in February 2015. Peter made an outstanding contribution to the MAIB over the past 19 years as well as to road safety in Tasmania. We were delighted to welcome Paul Kingston who joined us as our CEO in February 2015.

I also acknowledge the management team for leading the organisation in such a positive manner and all staff for their business focus, diligence and customer service.

Don Challen AM
Chairman

Chief Executive Officer's Report

The 40th year of operation for the MAIB produced another positive outcome, with a continuation of affordable premiums, reducing claim costs and ongoing commitment to promoting and supporting road safety throughout Tasmania.

CLAIM PORTFOLIO

The MAIB processed in excess of 60,000 benefit payments on behalf of injured people during the year. With no fault benefits underpinning the scheme, the MAIB is able to deliver benefits in a timely manner with a strong customer service focus. Every two years an independent client satisfaction survey is undertaken, with the overall client satisfaction score of the past four client surveys averaging 85%.

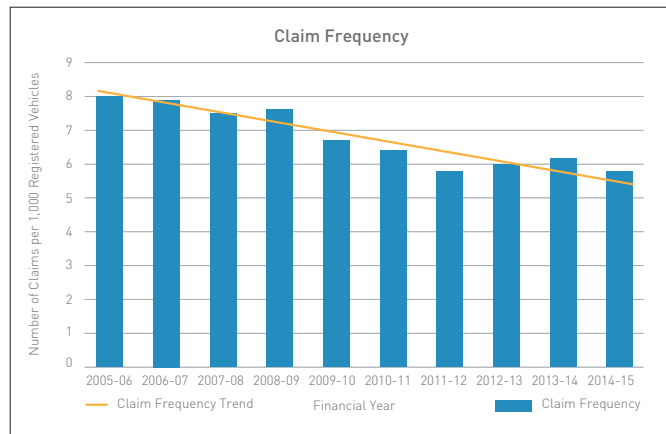
PREMIUMS

Despite a maximum increase of 2.4% allowable under the *Economic Regulator (MAIB Premiums) Order 2013*, following an actuarial review of the MAIB's premium requirements, it was identified that premiums were sufficient and, except for minor relativity adjustments, premium rates were maintained at the same level as applied in the previous year. This continued a long period of no overall increases in premiums, which included a 7.4% reduction in 2013. The general trend of declining claim frequency has been a major contributor to maintaining premiums at current levels.

CLAIM FREQUENCY

New claims lodged with the MAIB decreased by 2.6% compared to the previous year. Vehicle numbers increased by 2.2% resulting in a moderate decrease in claim frequency (number of claims per 1,000 registered vehicles). The claim frequency chart demonstrates a downward trend over the past ten years.

While claim frequency 20 years ago was more than twice what it is today, the relatively low number means that further reductions are becoming more difficult to achieve. Despite this, there has been an overall small downward trend in recent years.



ROAD SAFETY FUNDING

Since 1996, the MAIB has provided significant financial support to road safety in Tasmania, most recently funding the education and enforcement strategy of the Road Safety Advisory Council. During the year, the University of South Australia undertook an evaluation of this MAIB funded strategy, recommending a continuation of funding. The MAIB subsequently committed \$3.6 million per annum (indexed) for a further three years from 1 January 2015. This continues the MAIB's ongoing commitment to support road safety throughout the State.

CONCLUSION

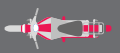
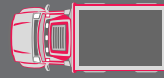
I wish to acknowledge my thanks to the Board and the Executive team for their support and commitment during this period of change for the organisation.

I also thank all MAIB employees for their hard work, commitment to customer service and provision of high quality outcomes for our stakeholders as well as the broader Tasmanian community.

Paul Kingston

Chief Executive Officer

Statement of Compliance



The Hon. Peter Gutwein MP, Treasurer and the Hon. M.T. (Rene) Hidding 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 2015. 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: 17 September 2015

A handwritten signature in black ink, appearing to read 'D W Challen'.

D W Challen AM
Chairman

A handwritten signature in black ink, appearing to read 'D J McCarthy'.

D J McCarthy
Director

Corporate Governance

LEGISLATIVE AUTHORITY

The MAIB was established pursuant to the Act and is constituted as a GBE under section 6 of the *Government Business Enterprises Act 1995* (GBE Act).

CORPORATE PLAN AND MINISTERIAL CHARTER

In accordance with the GBE Act, the MAIB has a Corporate Plan and a Ministerial Charter. The Corporate Plan provides a clear strategic direction for the organisation for the next four years, including estimated financial data.

CODE OF CONDUCT

As part of its commitment to service, conduct and disclosure, the 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 the MAIB's values. The codes of conduct are available to the public on the MAIB website.

RISK MANAGEMENT

The MAIB has in place a risk management framework including a Risk Management Policy, Risk Management Plan, Business Continuity Plan and a Disaster Recovery Plan.

Risk identification and management is conducted on a continual basis. A formal review of the risk profiles of all strategic areas and a compliance review of the Risk Management Plan and risk mitigators are conducted annually by senior management. Formal reporting of the risk management framework and internal risk mitigators is made to the Board through the Audit Committee.

PRICING POLICIES

The Tasmanian Economic Regulator (Regulator) provides independent pricing oversight for MAIB premiums. In 2013-14 following the Regulator's recommendations, the maximum premium for each vehicle classification was set by the Tasmanian Government for a period of four years commencing 1 December 2013. Premiums for all vehicle classifications were reduced for the first year. No overall increases were applied for the year commencing 1 December 2014, although some classes of registration had relativity adjustments applied, in accordance with the Regulator's recommendations.

PUBLIC INTEREST DISCLOSURES ACT 2002

The MAIB is committed to the aims and objectives of the *Public Interest Disclosures Act 2002* (PID Act). It does not tolerate improper conduct by its employees or officers, or the taking of detrimental action against those who come forward to disclose such conduct.

Value is placed upon transparency and accountability in administrative and management practices and support is given to the making of disclosures that reveal the type of conduct to which the PID Act is directed. All reasonable steps are taken to protect people who make such a disclosure, from any detrimental action in reprisal for making the disclosure, and to protect their welfare. Natural justice is afforded to all parties involved in any investigation of a disclosure.

The MAIB is not aware of any improper conduct by any of its employees or officers and has not been the subject of any disclosures during 2014-15.

CEO PERFORMANCE REVIEW

A formal review of the CEO's performance is conducted annually by Directors and covers the requirements under section 20B of the GBE Act. The review is based on specific criteria, including the MAIB's business performance, achievement of strategic objectives, service delivery, leadership and risk management.

BOARD OF DIRECTORS

The composition of the Board of Directors (Board) 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 (Shareholding Ministers).

The Board is responsible for the corporate governance and strategic direction of the 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 Corporate Plan. The Board is responsible to the Shareholding Ministers for the operation and performance of the MAIB.



The four sub-committees established to assist the Board fulfil its corporate governance and oversight responsibilities are:

Audit Committee (Constituted in accordance with section 16 of the GBE Act)

The Committee meets on a regular basis and is structured to assist the MAIB in fulfilling its corporate governance and oversight responsibilities in relation to financial reports and financial reporting processes, internal control structures, risk management systems (financial and non-financial) and internal and external audit processes.

Claims Committee

The Claims Committee meets regularly and considers all settlement decisions on larger common law claims, approving damages between \$300,000 and \$750,000. The Board as a whole approves damages above \$750,000.

Injury Prevention and Management Foundation (IPMF) Committee

The IPMF Committee assesses all project applications for IPMF funding that are received by the MAIB and provides recommendations to the Board as to which applications should be funded.

Nomination Committee

The Board acts as the Nomination Committee and is responsible for:

- considering the required skills and/or appointment of Directors;
- reviewing succession plans; and
- conducting the annual Board performance evaluation process.

BOARD PROCESSES

The MAIB has external and internal processes in place for performance assessments of the Board as a whole, its committees, individual Directors and the Chairman.

External Board assessments are undertaken every three years; the next assessment is to occur in 2015-16.

For annual internal evaluations, the Chairman and Directors provide confidential feedback and evaluations on each of the other members of the Board. Outcomes are delivered to Directors by the Chairman or nominated members of the Board. Internal Director evaluations were undertaken in 2014-15.

The Board gives consideration to the knowledge, expertise and skills required for any upcoming Director positions, whilst taking account of the current skill set of the Board.

The Board has a policy for induction, education and training to ensure that all Directors understand the MAIB's corporate direction. Directors are required to participate in ongoing education and training.

If required, a Director may seek independent professional advice, at the MAIB's expense, providing the issue has been raised with the Chairman or discussed at a Board meeting.

DISCLOSURE OF INTERESTS

Section 28 of the GBE Act provides a mechanism for the disclosure of interests of the Directors. The relevant interests of the Directors are disclosed at the monthly Board meetings.

Board of Directors



Back (from left): Kim Barker, Danny McCarthy, Mike Donschuk Front (from left): David St. John, Don Challen (Chairman), Mark Scanlon

DON CHALLEN AM BEc (Hons), MEc, FCA, FCPA, FAICD, FIPAA

Chairman (Independent)

Appointed: 7 December 2010

Member: Audit Committee
IPMF Committee

Don Challen is an economist specialising in public finance. He is Chairman of the Tasmanian Public Finance Corporation, a Director of Tasmanian Networks Pty Ltd and Tasmanian Symphony Orchestra Holdings Ltd and a Trustee Director of the Retirement Benefits Fund. He is Independent Chair of the Audit and Risk Management Committee of the Independent Broad-Based Anti-Corruption Commission of Victoria.

Don was formerly Secretary of the Department of Treasury and Finance in Tasmania.

KIM BARKER BA, DipEd, MAICD

Director (Independent)

Appointed: 15 September 2003

Chairperson: Claims Committee
Member: IPMF Committee

Kim Barker has a background in injury management as a rehabilitation consultant, counsellor and mediator.

Kim serves on a number of statutory tribunals and boards, including the Guardianship and Administration Board, the Parole Board, the Social Security Appeals Tribunal and the Tasmanian Board of the Medical Board of Australia. She is also a Director of the Relationships Australia (Tasmania) Board.



MICHAEL DONTSCHUK BSc (Hons), FFTP, MAICD

Director (Independent)

Director: 1 May 2013

Member: Claims Committee

Michael Dontschuk has over 30 years' experience in investment, finance, treasury and financial risk management.

He is currently Group Treasurer with Grange Resources Limited and oversees all of their commercial activities as well as treasury. He has previously been Group Treasurer of ANZ Bank, Managing Director and CEO of Treasury Corporation Victoria, President and Director of the Finance and Treasury Association of Australia and worked in corporate debt advisory and investment banking.

Michael is also a Director of Australia Ratings.

DANNY MCCARTHY BEc (Hons), FCA

Director (Independent)

Appointed: 1 February 2010

Chairperson: Audit Committee (Appointed: 21 May 2015)

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 of Tasracing Pty Ltd.

DAVID ST. JOHN BAgSc, Grad Dip in App Fin & Invest, MBA, SF FIN, FAICD

Director (Independent)

Appointed: 16 May 2011

Member: Audit Committee

David St. John has spent the majority of his 30 year career in the financial services sector having held directorships and senior executive positions in superannuation, asset consulting and insurance companies.

He is currently an Expert Adviser, Investments & Superannuation at PricewaterhouseCoopers and is Investment Counsel to the Trustee at Legalsuper Pty Ltd.

MARK SCANLON BBus, MBA, FCPA, FAICD

Director (Independent)

Appointed: 5 November 2007

Term Expired: 25 May 2015

Chairperson: Audit Committee (to 21 May 2015)

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 was also Chairman of the Credit Ombudsman Service Limited, was a member of the Governing Council, Tasmanian Health Organisation – North (THO-N), Chairman of the THO-N Audit and Risk Committee and Independent Chairman of the Launceston City Council Audit Committee.

PETER ROCHE was an Executive Director until 4 February 2015.

Statement of Corporate Intent

Directors Statement of Corporate Intent and Agreement of the Shareholding Ministers

The Board of the Motor Accidents Insurance Board agrees to provide the Shareholding Ministers with financial and other information as set out in this Statement of Corporate Intent.

In signing the Statement of Corporate Intent, the Board of the Motor Accidents Insurance Board commits to the targets proposed for the 2015-16 financial year (to the extent that the targets are in the control of the MAIB).

This Statement of Corporate Intent has been agreed between:



D W Challen AM
Chairman
Motor Accidents Insurance Board
On behalf of the Board



Peter Gutwein MP
Treasurer

Rene Hidding MP
Minister for Infrastructure



INTRODUCTION

This Statement of Corporate Intent (SCI) is a high level summary of the Corporate Plan and includes a performance agreement between the Board of the MAIB and the Shareholding Ministers.

The performance agreement details the key financial and non-financial targets for the MAIB for 2015-16, as agreed between the Board and the Shareholding Ministers through the Corporate Planning process. It also details estimates for the following three years.

The SCI has been prepared in accordance with the GBE Act.

STRATEGIC DIRECTION

The core business of the MAIB is to provide compulsory third party (CTP) personal injury motor accident insurance and deliver appropriate compensation to people injured in motor accidents. The MAIB is a specialised insurer offering one type of insurance.

The two main drivers of the business performance forecast are investment income and claims expense. The MAIB relies on professional advisors to provide best estimates for these inputs. Financial markets impact on investment revenue and economic events impact heavily on claims expense. It is therefore not possible to predict annual profits with certainty. Additionally, the business performance could be significantly affected should the dividend payable under the dividend policy be increased above 50%. The following strategic directions have been identified for the planning period:

1. 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 Government.

2. Accident Prevention and Injury Management

To reduce the number and severity of motor accidents in Tasmania, through contributions to appropriate road safety and injury management programs.

3. Claims and Rehabilitation

To have in place best practice solutions to meet the challenges in providing no fault insurance (with common law overlay).

4. Service to Claimants

To continually improve service to claimants.

5. Business Systems

To continually improve the efficiency, reliability and accuracy of business systems so as to increase business productivity, enhance customer service and support decision making.

6. Human Resources

To provide an efficient and well-motivated workforce capable of delivering quality service to all clients in accordance with the MAIB's Vision, Mission and Values Statements.

PERFORMANCE AGREEMENT

	Target 2015-16	Estimates		
		2016-17	2017-18	2018-19
Financial Returns to Government				
Dividends paid (\$M)	47.2	46.2	45.6	35.3
Tax equivalents paid (\$M)	22.9	11.1	1.8	1.5
Total	70.1	57.3	47.4	36.8
Financial Targets				
Financial result after tax (\$M)	43.9	43.2	44.8	42.3
Funding ratio (%)	125.0	128.1	128.3	128.0
Return on equity (%)	8.0	10.0	10.4	9.8
Return on assets (%)	3.0	3.5	3.5	3.1
Real return on investments (%)	3.0	3.0	3.0	3.0
Premium increase (%)	3.0	4.0	4.0	4.0
Capital expenditure (\$ '000)	460	460	490	460
Non-Financial Targets				
Claim rate per 1,000 vehicles	6	6	6	6
Number of outstanding claims	2,500	2,500	2,500	2,500
Client satisfaction (%)	75	75	75	75
Staff satisfaction (%)	70	70	70	70
Premium affordability of AWOTE (%)	27.5	27.5	27.5	27.5
Operating costs against peers (%)	<100	<100	<100	<100

Claims Management

HIGHLIGHTS

- 2,847 new claims received.**
- \$41.1 million in no fault statutory benefits paid.**
- 245 common law claims settled.**
- 41 settlement conferences attended by Claims Officers.**
- 64% of referred Vocational Rehabilitation claimants returned to work.**

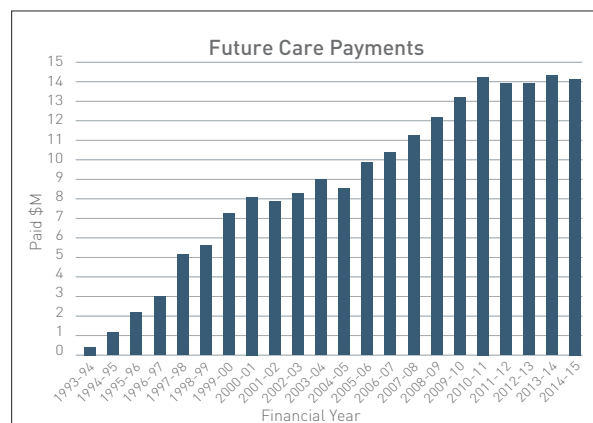
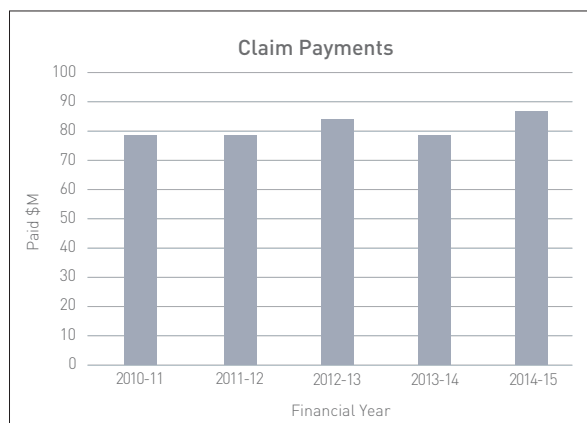
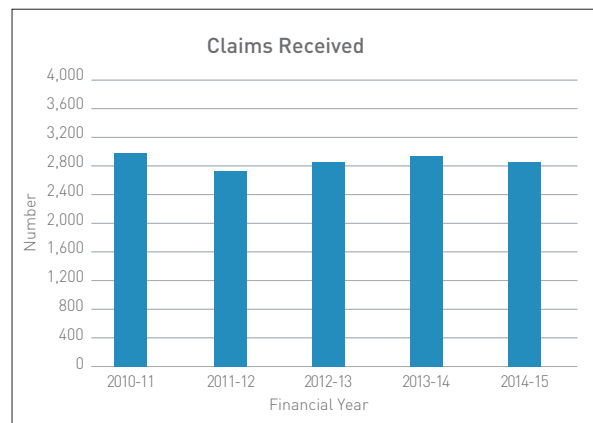
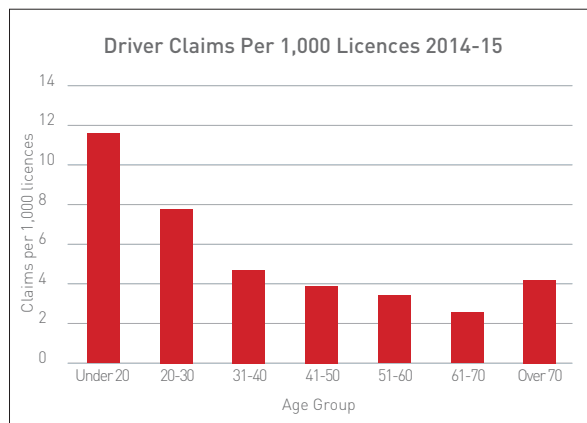
BUSINESS PERFORMANCE

The number of new claims decreased by 2.6% in 2014-15, despite a 2.2% increase in insured vehicle numbers.

Younger drivers continued to be disproportionately represented in claims and are still three times as likely to be injured as drivers in their forties and fifties. While the longer term trend for younger drivers has shown significant improvement, the past three years have shown slight increases. Older drivers (those sixty and above) have shown an upward trend in injury rates over the past five years.

Total claim payments for 2014-15 were noticeably higher than previous years, reflecting a significant increase in the number of common law claims settled as well as the settlement of a large number of higher value common law claims. Together these accounted for an increase in common law payments of over \$7 million. Future Care and scheduled benefits payments remained similar to 2013-14 levels.

Future Care payments made to catastrophically injured claimants under the MAIB's no fault lifetime care scheme, have plateaued over the past five years due to reduced claim frequency, cost control initiatives such as the Support Needs Assessment program and some claimants exiting the scheme.





No fault scheduled benefits payments were dominated by hospital, medical and attendant care payments (together accounting for nearly 80% of all payments).

The payment mix for common law claims remained largely unchanged from the previous year. Notably, 80% of all common law payments were paid out as damages to claimants and only 13% was spent on legal expenses.

In 2014-15 there was a change in the mix of injuries suffered in motor accidents, with neck injuries down 5% (to 27%) and trunk and arm injuries each increasing by 3%. Neck injuries, commonly referred to as whiplash, have historically been the most significant type of injury suffered and while remaining the highest type in 2014-15, they did not dominate the injury mix.

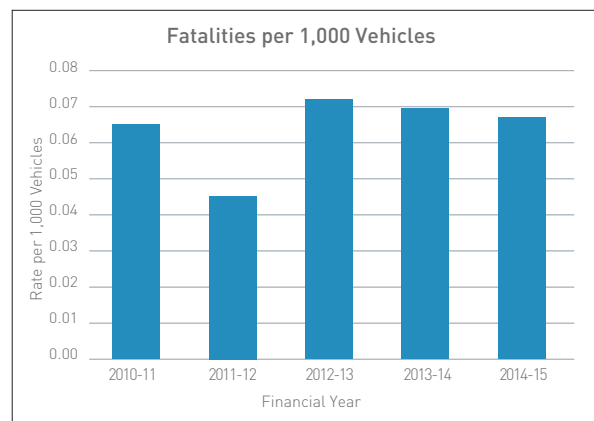
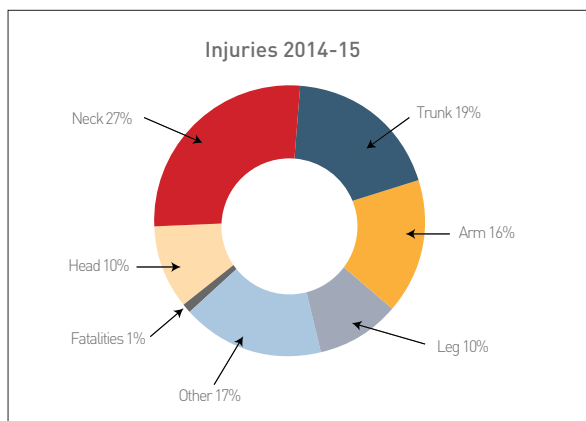
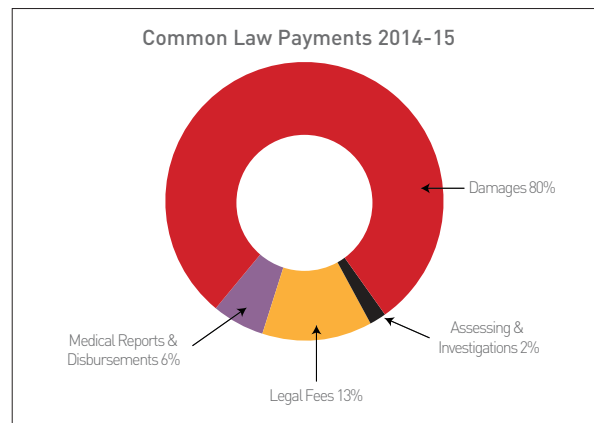
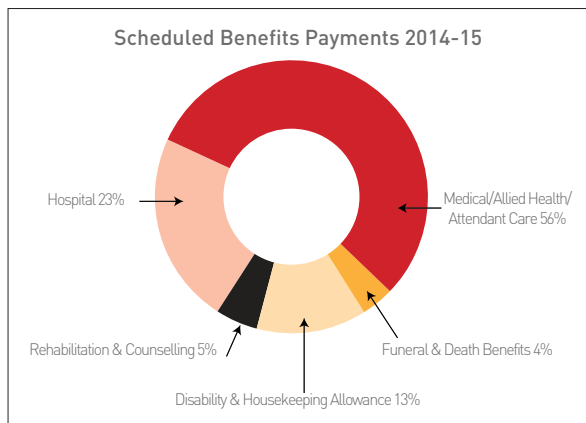
The MAIB continued to achieve above target results from its vocational rehabilitation program, with 64% of claimants requiring assistance returned to work or redeployed. For those returning to their former employment, there was a 68% success rate.

TREATMENT PLANS AND REPORTING

During 2014-15 the MAIB, in conjunction with the allied health professional peak bodies, introduced contemporary reporting and updated the respective treatment plans to include:

- therapy goals and outcome measures;
- self management strategies to maximise recovery; and
- anticipated discharge dates from hands-on treatment.

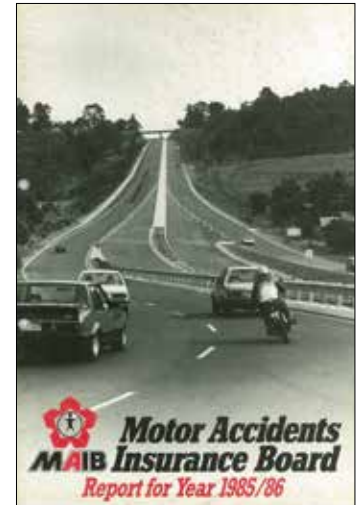
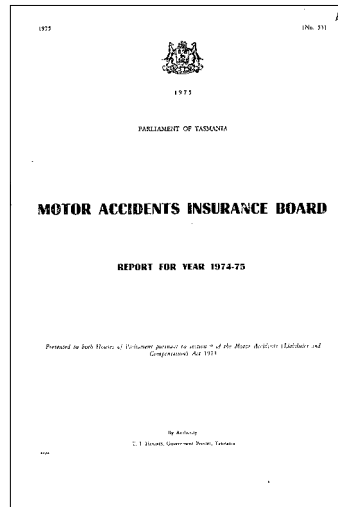
The enhanced treatment plans are underpinned by the biopsychosocial model of injury management with an increased emphasis on evidence based practice.



40 Years of the MAIB

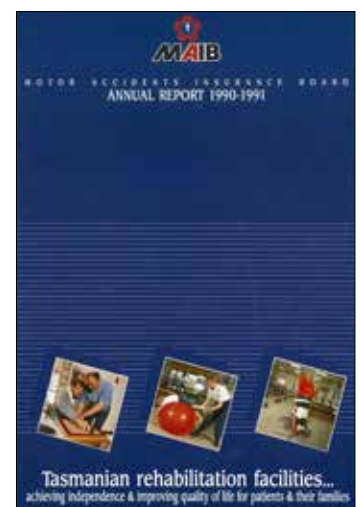
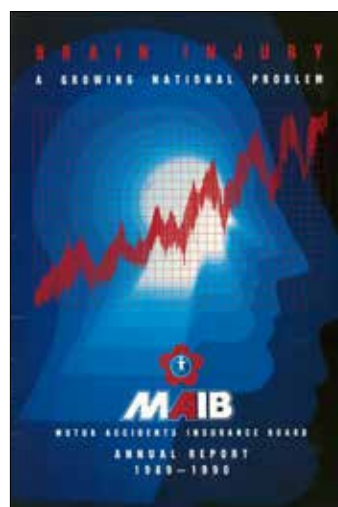
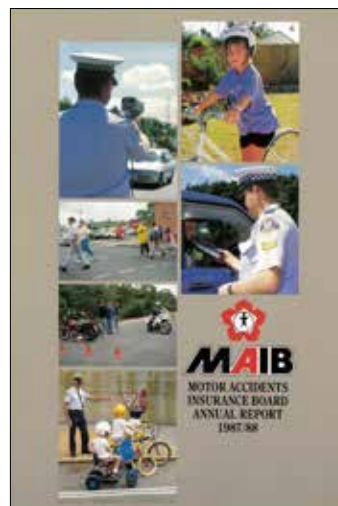
1970s

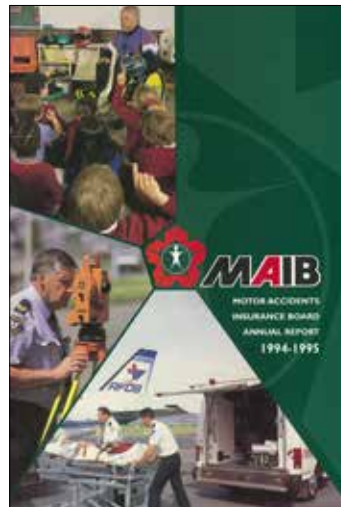
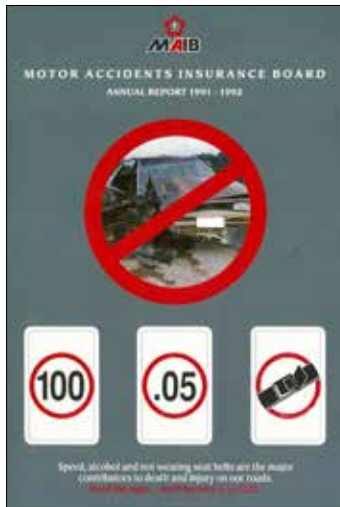
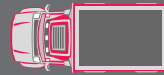
- The Motor Accidents Insurance Board (MAIB) was established in June 1974 to administer a No Fault Compulsory Third Party Scheme.
- The Scheme commenced operating on 1 December 1974 under the *Motor Accidents (Liabilities and Compensation) Act 1973* (the Act). The MAIB's office was based in St John Street, Launceston.
- The Act replaced the previous privately underwritten compulsory third party system which had in its latter years been universally condemned for a multitude of deficiencies.
- Frederick Mitchell was appointed inaugural Chairman of the Board of Directors.
- Noel McCreary was appointed General Manager.



1980s

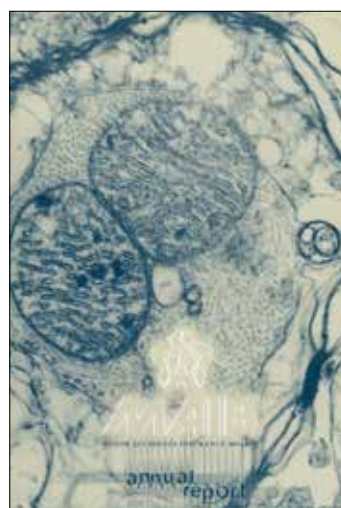
- The *Motor Accidents (Liabilities and Compensation) Regulations 1980* (the Regulations) came into effect on 1 July 1980, with the Act and Regulations evolving during the 1980s and benefits and limitations defined in the Regulations from 1985.
- William Zeeman was appointed Chairman of the Board of Directors in 1983.
- Gordon Humphreys was appointed Chairman of the Board of Directors in 1984.
- Lawrie Caelli was appointed General Manager upon Noel McCreary's retirement in 1986. Lawrie had joined the MAIB at its inception in 1974 and became Assistant General Manager in 1976.
- The Road Safety Strategy Committee (including MAIB representation) was formed in January 1987 in response to a need for a more coordinated and cost effective approach to road safety in Tasmania.





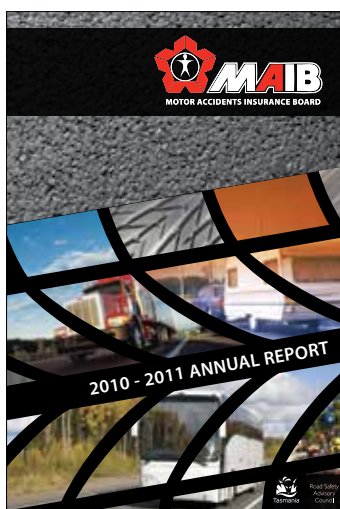
1990s

- The Future Care Scheme was introduced in August 1991 to provide lifetime support for claimants who sustain significant and permanent disabilities.
- The MAIB purchased and relocated its operations to 33 George Street, Launceston in 1992.
- The MAIB purchased, renovated and opened its first long term care house "Alhambra" at Otago Bay in 1993 (no longer operational).
- The Injury Prevention and Management Foundation was established in 1994.
- The MAIB's first purpose built residential group home "Cay-Lea" was opened near Hobart in 1995. The second group home, "Neena", was opened in Launceston in 1996. These facilities were designed to accommodate and support claimants who sustained a catastrophic injury resulting in permanent disability.
- On 1 July 1995, the MAIB changed from a statutory authority to a Government Business Enterprise under the GBE Act 1995.
- Peter Roche commenced as Chief Executive Officer in 1996 following the retirement of Lawrie Caelli.
- The Road Safety Task Force (RSTF) was established in 1996, with MAIB represented on the RSTF. The focus of the RSTF was education and enforcement to bring about a change of culture in Tasmanian motorists.
- A new purpose built claims management system "MACS" (Motor Accidents Claims System) was implemented in 1999.



2000s

- The MAIB's third residential group home, "Lomandra", was opened in Ulverstone in 2008.
- In 2009 the MAIB funded the first wire rope flexible safety barrier installation on Tasmanian roads (located between Bagdad and Dysart).
- Don Challen was appointed Chairman of the Board of Directors in 2010 upon the retirement of Gordon Humphreys. Gordon retired as Chairman after 26 years (and 29 years on the Board).
- In 2010, the RSTF was absorbed into a revamped Road Safety Advisory Council with the MAIB maintaining its representation.
- Paul Kingston was appointed Chief Executive Officer following the retirement of Peter Roche on 4 February 2015, the 19th anniversary of Peter's commencement with the MAIB.



Injury Prevention and Management Foundation

The MAIB's Injury Prevention and Management Foundation (IPMF) 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 IPMF is funded by the MAIB setting aside up to 1% of gross annual premiums.

Project applications are assessed by the IPMF Committee against a number of criteria, which include the likelihood of success, the benefits to people injured in motor accidents and sustainability.

Through the funding of projects, the MAIB aims to achieve:

- 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 in injury management; and
- minimisation of the costs of the CTP insurance scheme to the Tasmanian community.

The total funding committed through the IPMF during 2014-15 (including the Charities Committee) was \$732,000.

IPMF PROJECTS FUNDED IN 2014-15

The IPMF projects funded in 2014-15 were:

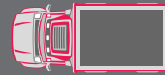
- University of Tasmania School of Medicine - Wilderness Skills Weekend (training for UTAS medical and paramedic students);
- Critical Incident Stress Management Committee - Road Trauma Critical Incident Stress Management Support Program (for emergency service personnel);
- Kingborough Council - Lower Travel Speeds (use of an individual speed trailer placed in targeted areas);
- Yolla District High School - All Terrain Vehicle Training and Driver Education (for Year 10 students);
- Elizabeth College - Safety Matters (driver safety, similar to learner driver mentor programs);
- Rotary International District 9830 Inc - The Rotary Youth Driver Awareness Program (RYDA);
- Department of State Growth - Raising awareness of the impact of medical conditions on the ability and capacity to drive safely;
- Geeveston Community Centre Inc - Jumpstart (volunteer learner driver mentor program for socially disadvantaged youth);
- Australian Physiotherapy Association - Forum and Workshop on Neck Pain and Whiplash;
- Jordan River Learning Federation - ATV Training - Youth on the Land; and
- Kentish Council - Traffic and Bike Education Program (for primary school students).

CHARITIES COMMITTEE

The MAIB supports a number of charitable organisations on an annual basis through the IPMF Charities Committee. Each organisation is responsible for utilising the allocated funding to best meet the needs of the organisation and its clientele, as well as being accountable to the MAIB through formal reporting and meetings.

Recipients of funding during 2014-15 were:

- Brain Injury Association of Tasmania;
- Headway North West Tasmania Inc.;
- Headway Rebuilding Lives;
- Paraplegic and Quadriplegic Association of Tasmania Inc.;
- Road Trauma Support Team (Tasmania) Inc.; and
- Tasmanian Acquired Brain Injury Services Inc.



ROAD SAFETY ADVISORY COUNCIL TOWARDS ZERO

ROAD SAFETY ADVISORY COUNCIL (RSAC)

The RSAC comprises a wide range of organisations involved in road safety throughout Tasmania. The RSAC aims to advise, influence and support Government policy on road safety for the betterment of all Tasmanians.

The MAIB funds an enforcement and public education strategy, which is governed by a sub-committee of the RSAC. The strategy brings together the Department of State Growth, Tasmania Police and the MAIB. Since the inception of the RSAC, the number of serious injury claims received by the MAIB has decreased consistently relative to the number of vehicles registered in Tasmania. Legislation introduced over this period has also had a positive impact on reducing the number of serious injuries.

The RSAC has grown in profile and research conducted has concluded that the RSAC is perceived by the Tasmanian community as the premier and authoritative independent face of road safety.

MOTORCYCLE ROAD SKILLS COURSE

The MAIB continues to provide subsidised refresher training for Tasmanian motorcyclists to improve their riding skills and decrease the likelihood of involvement in motor accidents. The Motorcycle Road Skills Course is designed for licensed riders wanting to improve their skills for safer motorcycle riding and is suitable for riders who are inexperienced or have low confidence levels, as well as those returning to motorcycle riding after a prolonged absence.

The course is available to eligible motorcyclists at a maximum cost of \$50 per participant.

TASMANIAN COMMUNITY ACHIEVEMENT AWARDS

The MAIB continued its sponsorship of the Disability Achievement Award category of the Tasmanian Community Achievement Awards.

The 2014 MAIB Disability Achievement Award was awarded to Duncan Meerding of North Hobart. Duncan was diagnosed as legally blind at the age of 18. Now 27, Duncan is a successful furniture maker and lighting designer with his own business. He regularly showcases his work at shows, exhibitions and competitions. The inspiration for his work comes from the natural environment with a focus on utilising discarded timber.

One of Duncan's most popular designs is a range of Cracked Log Light products and like many of his designs, it is representative of how he interprets things. Duncan has successfully established his designs in the national retail and specification market and has won many awards.

METRO NIGHTRIDER

For the sixth consecutive year, the MAIB partnered with Metro by providing sponsorship for the promotion and provision of the "Nightrider" late night bus service for New Year's Eve across Hobart, Launceston and Burnie.

SUPPORT FOR COMMUNITY GROUPS

During 2014-15, \$13,650 in financial support was provided to a number of community groups, including:

- Tasmanian Motorcycle Council;
- Northern Motorcycle Riders Association;
- Self Help Friendship Ball; and
- Diabetes Australia.



The MAIB strives to maintain an efficient, well motivated and competent workforce which is capable of delivering a quality service in accordance with the MAIB's Vision and Mission Statements and Values.

ENTERPRISE AGREEMENT

The wages and conditions for MAIB staff are provided for under the *MAIB and FSU Enterprise Agreement 2013* (Agreement). The Agreement was approved by the Fair Work Commission on 28 October 2013. The Agreement includes retention initiatives, flexible family and annual leave entitlements and health and wellbeing incentives.

STAFF ETHICS

The MAIB has a Staff Code of Conduct (Code), to which all employees must adhere. The Code is reviewed on an annual basis and updated accordingly. All employees must sign an agreement stating that they have read the Code and will abide by it and advise their manager immediately of any known conflicts of interest that may arise.

WORKPLACE EQUITY

The MAIB is committed to equal opportunity and equity principles. It has an Equal Employment Opportunity (EEO) Policy and two Workplace Contact Officers are appointed to assist staff as required. The MAIB is an EEO employer and ensures compliance with all relevant legislation.

TRAINING AND DEVELOPMENT

The MAIB is committed to the professional development of all staff members through programs that focus on specific skills and general development. The MAIB has taken the opportunity to utilise the skills and expertise of a number of stakeholders, primarily legal professionals, to provide training on issues related to the MAIB's core business.

HEALTH, SAFETY AND WELFARE

The MAIB has a Health and Safety Committee which ensures that every effort is made to identify risks and address any issues promptly.

An Employee Assistance Program is available to all staff, offering counselling services for both work and personal issues.

WORKFORCE

The MAIB has an average workforce of 35 FTEs, which includes 17 part time staff (who are predominantly working parents).

EMPLOYEE SUPPORT FOR CHARITIES

The MAIB and its staff supported a variety of charities throughout the year.

- **Red Cross Meals on Wheels** - MAIB staff continue to support Red Cross by undertaking fortnightly Meals on Wheels deliveries on a rostered basis;
- **Casual Clothes Day donations** - Casual clothes day occurs once a month to raise funds for charities nominated by staff members. Charities supported included Launceston Benevolent Society, Big Ears Animal Sanctuary, Rural Help @ Hand and Launceston Women's Shelter;
- **Women's 5km Walk/Run** - The MAIB provided sponsorship for staff members to participate in the Women's 5km walk/run held in Launceston. The annual event raises funds for breast cancer research;
- **Samaritan's Purse Operation Christmas Child** - MAIB employees have continued to participate in this unique project which provides gift filled "shoe boxes" to needy children in over 100 countries; and
- **Pollie Pedal** - The MAIB again sponsored staff members to participate in Pollie Pedal 2015, a cycling event which raises awareness and funds for Diabetes Tasmania. This was the 10th anniversary of the event, with riders visiting Cambridge, New Norfolk, Mount Wellington and the Huon Valley during the three day ride.



Financial Report 2014–2015

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Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Continuing operations			
Premium revenue	5	134,465	139,539
Outwards reinsurance expense		(5,840)	(6,025)
		128,625	133,514
Claims expense	7	(104,342)	(124,602)
Recovery revenue	8	3,696	4,767
Unexpired risk expense	23	(912)	(912)
Underwriting expenses	21	(2,798)	(2,631)
Underwriting result		24,269	10,136
Investment income	10	124,922	172,627
Investment expenses	10	(2,034)	(1,633)
Other income	11	491	587
Other expenses	12	(401)	(446)
General and administration expenses	13	(5,926)	(5,783)
Road Safety Advisory Council	29	(3,541)	(3,480)
Injury Prevention and Management Foundation	30	(585)	(55)
Motorcycle Safety Strategy	31	(2)	(11)
Profit/(loss) before tax		137,193	171,942
Tax (expense)/benefit	6	(37,328)	(46,444)
Profit/(loss) from continuing operations		99,865	125,498
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)	24	637	(450)
Tax (expense)/benefit on other comprehensive income	6	(191)	135
Other comprehensive income net of tax		446	(315)
Total comprehensive result		100,311	125,183

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

Statement of Financial Position

As at 30 June 2015



	Note	2015 \$'000	2014 \$'000
Assets			
Cash and cash equivalents	18	267,962	286,658
Trade and other receivables	14	1,789	1,357
Investments	16	1,194,206	1,217,826
Prepaid tax	6	1,789	-
Reinsurance recoveries receivable	15	24,418	22,336
Plant and equipment	19	440	572
Investment properties	17	14,630	14,605
Intangibles	20	262	339
Total assets		1,505,496	1,543,693
Liabilities			
Trade and other payables	26	2,101	2,056
Provision for tax	6	-	39,209
Net deferred tax liability	6	17,707	471
Unearned premium liability	25	58,584	56,274
Unexpired risk liability	23	2,403	1,486
Outstanding claims liability	22	975,464	952,683
Provision for employee benefits	24	5,208	5,687
Other financial instruments	18	3,908	1,447
Total liabilities		1,065,375	1,059,313
Net assets		440,121	484,380
Equity			
Retained earnings attributable to equity holders		440,121	484,380
Total equity		440,121	484,380

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

Statement of Changes in Equity

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Retained earnings attributable to equity holders at beginning of year	484,380	382,416
Profit/(loss) from continuing operations	99,865	125,498
Other comprehensive income net of income tax	446	[315]
Total comprehensive result	100,311	125,183
Dividends paid	[144,570]	[23,219]
Retained earnings attributable to equity holders at end of year	440,121	484,380

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

Statement of Cash Flows

For the year ended 30 June 2015



	Note	2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
Cash flows from operating activities			
Premiums received		150,043	150,155
Reinsurance and other recoveries received		1,660	8,939
Dividends received		39,957	29,805
Interest received		13,946	10,837
Rent received		539	611
Other investment revenue received		1,261	1,744
Claims paid		(87,049)	(79,050)
Reinsurance paid		(6,246)	(6,283)
Other claim payments		(355)	(362)
Underwriting expenses paid		(3,072)	(2,967)
General and administration expenses paid		(5,687)	(5,491)
Other expenses		(256)	(244)
Investment expenses paid		(2,097)	(1,606)
Road Safety Advisory Council		(3,896)	(3,828)
Motorcycle Safety Strategy		(2)	(11)
Injury Prevention and Management Foundation		(729)	(752)
Tax equivalent paid		(61,281)	(9,874)
Goods and services tax paid		(6,464)	(7,067)
Net cash from operating activities	28	30,272	84,556
Cash flows used in investing activities			
Purchase of investments		(217,533)	(1,574,313)
Sale of investments		313,385	1,661,534
Purchase of investment property		(71)	-
Purchase of plant and equipment		(229)	(229)
Purchase of intangibles		(25)	(17)
Sale of plant and equipment		75	20
Net cash flows used in investing activities		95,602	86,995
Cash flows used in financing activities			
Dividends paid		(144,570)	(23,219)
Net cash flows used in financing activities		(144,570)	(23,219)
Net increase/(decrease) in cash and cash equivalents held		(18,696)	148,332
Cash and cash equivalents at the beginning of the financial year		286,658	138,326
Cash and cash equivalents at the end of the financial year	18	267,962	286,658

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

Notes to the Financial Statements

For the year ended 30 June 2015

The Motor Accidents Insurance Board (MAIB) was established and is governed by the *Motor Accidents (Liabilities and Compensation) Act 1973*. The MAIB is a for-profit 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 MAIB is domiciled in Australia and its principal place of business is Level 1, 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 and Guidelines.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements cover the MAIB for the year ended 30 June 2015 and were certified and authorised for issue by the Board of Directors on 12 August 2015.

(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 judgements, 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 judgements. 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.

Judgements 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 is 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 of Directors that this method of disclosure provides information that is more relevant and reliable than the traditional current/non-current classifications. Unless otherwise disclosed, an asset or liability is expected to be recovered either wholly within 12 months or wholly subsequent to this period.

Australian Accounting Standards issued but not yet effective

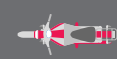
Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended 30 June 2015. The MAIB has not adopted the following standards early when preparing the 2014-15 financial statements and will apply them for the annual reporting periods beginning on or after the effective dates set out below. MAIB has reviewed the pending standards and consider the following standards may apply. Standards that are not considered relevant to the MAIB have not been included.

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018)*

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. Initial review has indicated that there is not expected to be a significant impact on the MAIB's financial statements from adopting the standards.

Notes to the Financial Statements

For the year ended 30 June 2015



1 Summary of significant accounting policies *continued*

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This standard is not applicable until 1 January 2017 but is available for early adoption. Upon reviewing the requirements of this standard, there is not expected to be a significant impact on the MAIB's financial statements.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented in the financial statements for the year ended 30 June 2014.

(c) Income tax

Under the provisions of the *Government Business Enterprises Act 1995*, the MAIB 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 MAIB 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 MAIB settles its current tax assets and liabilities on a net basis.

NTER instalments are paid monthly. 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 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 consists of compulsory third party insurance premiums paid by motor vehicle owners. Premiums are levied at the rates prescribed under the Premiums Order(s) applicable during the year.

Premium revenue is collected on behalf of the MAIB under a service level agreement with the Department of State Growth. Premium collection fees are levied under this agreement and recognised as underwriting expenses in the statement of comprehensive income.

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.

Notes to the Financial Statements

For the year ended 30 June 2015

1 Summary of significant accounting policies *continued*

(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 outstanding claims liability, 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% (2014: not less than 75%) that the liability 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 unearned premium liability is actuarially assessed to determine if it 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 exceeds the unearned premium liability, then the unearned premium liability is deemed to be deficient. The deficiency is initially accounted for by a write-down in deferred acquisition costs with any remaining deficiency recognised as an unexpired risk liability.

A risk margin is applied 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

All investments are held to back insurance liabilities and are designated at fair value through profit or loss.

Investments are recognised on the date the MAIB becomes a party to the contractual provisions of the financial instrument. Initial recognition is at fair value with any resultant gains or losses recognised in profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2015



1 Summary of significant accounting policies *continued*

Dividends are recognised as revenue when the right to receive payment is established. Interest income is recognised on an accrual basis. 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 MAIB has transferred substantially all the risks and rewards of ownership. Any gains or losses arising on derecognition are included in profit or loss in the year the asset is derecognised as realised gains or losses on financial instruments.

Fair value

Details of the fair value of the MAIB's investments are listed below:

- Cash and cash equivalent assets are carried at face value which approximates their fair value.
- Securities that are listed or traded on an exchange are marked to market based on quoted bid prices at the reporting date.
- Units in unlisted trusts are valued at redemption value per unit as reported by the managers of such funds at the reporting date.
- 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) Derivatives

Derivative instruments are financial contracts whose value depend on, or are 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 profit or loss.

The MAIB and its fund managers are authorised to invest in derivative financial instruments subject to those derivatives complying with the guidelines set out in the MAIB'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 or for gearing the investment portfolio. Derivatives are valued at fair value at reporting date based on published market quotations or market valuation rates.

(l) Investment properties

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 which is based predominantly on market evidence. Gains or losses arising from changes in fair value are included in the statement of comprehensive income for the period in which they arise. The fair values are recognised in the statement of financial position and are reviewed at the end of each reporting period to ensure that the carrying value of investment properties is not materially different from their fair values.

(m) 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.

Notes to the Financial Statements

For the year ended 30 June 2015

1 Summary of significant accounting policies *continued*

(n) Reinsurance recoveries receivable

Reinsurance recoveries receivable are assessed by the MAIB'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 MAIB will not be able to collect the total reinsurance recovery amounts owing.

(o) Trade and other payables

Trade and other payables 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 the reporting date. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will be generated, and the cost of the item can be reliably measured. Repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(q) 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 plant and equipment are 4-10 years.

Profits and losses on disposal of plant and equipment are taken into account in determining the result for the year.

Investment properties are not depreciated.

(r) Intangible assets

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

The intangible assets reported relate to the acquisition or development of computer software. Costs directly attributable to create, produce and prepare the computer software for operation 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.

(s) 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. Impairment losses are recognised in the statement of comprehensive income where an asset's carrying amount exceeds its recoverable amount.

Notes to the Financial Statements

For the year ended 30 June 2015



1 Summary of significant accounting policies *continued*

(t) 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 wholly 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 corporate bond rate.

No provision for sick leave is raised. All sick leave is expensed in the statement of comprehensive income at nominal values when taken.

Superannuation

The Retirement Benefits Fund (RBF) defined benefits scheme covers eligible employees who commenced prior to 15 May 1999. The defined benefits scheme was closed to new members from that date.

The benefit is calculated as a function of the members' salaries, level of contributions and length of service.

Each year, at the reporting date, the State Actuary conducts a valuation of the past service and accrued liabilities within the 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 recognised in the statement of comprehensive income through other comprehensive income.

For all employees who are not a member of the RBF defined benefits scheme, the MAIB contributes at least the minimum level of support required by the *Commonwealth Superannuation Guarantee (Administration) Act 1992*. Contributions are made to nominated accumulation schemes and are expensed when they fall due.

(u) 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.

(v) Cash and cash equivalents

Cash and cash equivalents reported in the statement of financial position and statement of cash flows includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalent investments are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

(w) Comparative figures

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

(x) Rounding

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

Notes to the Financial Statements

For the year ended 30 June 2015

2 Critical accounting judgements and estimates

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

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 may 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

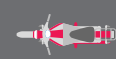
Common Law projections take into account the following:

- 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 costs 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.



3 Risk management policies and procedures

The MAIB'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 the long term funding ratio of the scheme in the target range of 120% to 145% - refer note 18(d) - 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 MAIB 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 MAIB's risk management practices.

The Policy is reviewed annually by Management and the Audit Committee and approved by the Board of Directors. 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 MAIB 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 of Directors and reinsurance treaties are re-negotiated annually via a broker. Only firms that have at least a Standard and Poor's 'A' rating are considered when selecting reinsurers.
- An external consultant is engaged to provide a range of investment advisory services. A primary function of the engagement is to undertake a strategic asset allocation assessment annually and recommend an appropriate investment portfolio, within acceptable bounds of risk. The mix of growth and defensive asset classes selected is structured to ensure long term matching of investment funds with future financial obligations.
- An independent actuary is engaged to value the claim liabilities (including the establishment of an appropriate risk margin), assess premium requirements annually, assess capital adequacy requirements and monitor and report on trends in costs.
- As the Tasmanian Government monopoly compulsory third party insurer, the MAIB is subject to a periodic review of its operations by the Tasmanian Economic Regulator. The regulator's role is to recommend maximum premiums to be charged for the ensuing four years. The most recent review was undertaken in 2013, during which the regulator engaged the services of an independent actuary to review the MAIB's proposal.

Notes to the Financial Statements

For the year ended 30 June 2015

3 Risk management policies and procedures

(b) Terms and conditions of insurance business

The MAIB 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 MAIB 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. The MAIB purchases reinsurance cover to limit its exposure to the financial impact of catastrophic motor accidents.

(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 Volatility in results

Outstanding claims liability

The valuation of the outstanding claims liability may be subject to substantial influence by factors external to the MAIB, particularly by movements in the economic assumptions (discount and inflation rates). These external factors can cause significant variations in the value of the outstanding claims liability from year to year. The discount and inflation rates applied by the MAIB's actuary are detailed in note 22(a).

Note 22(e) highlights the impact of changes in claims experience and economic assumptions on the variation in the valuation results.

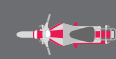
Investment returns

The MAIB has adopted a strategy that matches its investment portfolio with its future financial obligations. Given the long-term nature of the outstanding claims liabilities, the investment strategy contains an allocation to both growth assets (such as listed equities and property) and defensive assets (such as cash and bonds).

Growth assets are held to deliver additional return over the longer term compared to the return expected to be achieved by investing solely in the defensive asset classes. Growth assets are volatile in nature and investment returns may vary significantly from year to year.

Notes to the Financial Statements

For the year ended 30 June 2015



	2015 \$'000	2014 \$'000
5 Premium revenue		
Direct	136,776	135,862
Movement in unearned premium liability	[2,311]	3,677
	134,465	139,539
6 Income tax		
(a) Income tax expense/(benefit) recognised in the statement of comprehensive income		
Tax expense/(benefit) comprises:		
Current tax expense/(benefit)	20,098	42,738
Deferred tax movement	17,045	3,708
Prior year adjustments	185	[2]
Tax expense/(benefit) attributable to operating result	37,328	46,444
Reconciliation between operating result and income tax expense/(benefit)		
Operating result before tax	137,193	171,942
Income tax expense/(benefit) calculated at 30%	41,158	51,583
Permanent differences	2	2
Tax offsets for franked dividends	[4,832]	[4,221]
(Over)/under provision of income tax in previous year	1,000	[920]
Income tax expense/(benefit) attributable to operating result	37,328	46,444
(b) Tax liability		
Tax payable in respect of current year	20,098	42,738
Less tax instalments paid	[21,887]	[3,529]
Provision for tax/(prepaid tax)	[1,789]	39,209
(c) Tax expense/(benefit) recognised directly in equity		
Actuarial movement in defined benefit liability	191	[135]
Tax expense/(benefit) recognised directly in equity	191	[135]
(d) Deferred tax balances		
Deferred tax assets comprise:		
Unrealised loss on investments	1,204	598
Claims handling expense included in outstanding claims liability	18,782	19,666
Provisions currently not deductible	2,637	2,534
Difference in depreciation of plant and equipment for accounting and tax purposes	58	73
	22,681	22,871
Deferred tax liabilities comprise:		
Property investment	1,497	1,440
Unrealised gain on investment	38,891	21,902
	40,388	23,342
Net deferred tax asset/(liability)	[17,707]	[471]

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
7 Claims expense		
Paid	81,238	73,505
Outstanding claims liability movement	22,781	50,767
Claims incurred	104,019	124,272
Other claim payments	323	330
	104,342	124,602
8 Recovery revenue		
Reinsurance recoveries received	1,000	8,294
Reinsurance recoveries receivable movement	2,082	(4,093)
Other recoveries received	614	566
	3,696	4,767

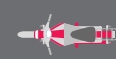
9 Net claims incurred

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.

	30 June 2015			30 June 2014		
	Current Year Claims \$'000	Prior Years' Claims \$'000	Total \$'000	Current Year Claims \$'000	Prior Years' Claims \$'000	Total \$'000
Gross claims expense						
Gross claims incurred	261,805	(354,716)	(92,911)	298,261	(273,830)	24,431
Reinsurance recoveries	-	3,110	3,110	-	2,925	2,925
Net claims incurred	261,805	(351,606)	(89,801)	298,261	(270,905)	27,356
Discount movement						
Gross claims incurred	(131,791)	328,107	196,316	(166,039)	265,315	99,276
Reinsurance recoveries	-	(6,192)	(6,192)	-	(7,127)	(7,127)
Net discount movement	(131,791)	321,915	190,124	(166,039)	258,188	92,149
Discounted						
Gross claims incurred	130,014	(26,609)	103,405	132,222	(8,515)	123,707
Reinsurance recoveries	-	(3,082)	(3,082)	-	(4,202)	(4,202)
Net claims incurred	130,014	(29,691)	100,323	132,222	(12,717)	119,505
Reconciliation of net claims incurred						
Claims incurred (refer note 7)			104,019			124,272
Recovery revenue (refer note 8)			(3,696)			(4,767)
Net claims incurred			100,323			119,505

Notes to the Financial Statements

For the year ended 30 June 2015



	2015 \$'000	2014 \$'000
10 Investment income		
Interest	12,948	11,561
Dividends	39,639	28,975
Other	1,288	1,853
Changes in fair value of investments		
Realised	313	51,237
Unrealised	70,734	79,001
	124,922	172,627
Investment expenses	(2,034)	(1,633)
	122,888	170,994
11 Other income		
Bank interest	7	6
Rent	484	581
	491	587
12 Other expenses		
Investment property expenses	291	305
Loss on sale of plant and equipment	64	6
Unrealised change in fair value of investment properties	46	135
	401	446
13 General and administration expenses		
Salaries and staff related expenses	3,660	3,568
Depreciation and amortisation	205	214
Information technology	341	315
International travel ¹	32	39
Other operating costs	1,688	1,647
	5,926	5,783
¹ In both the 2014-15 and 2013-14 financial years the Chairman and the Chief Executive Officer completed one international trip to meet with reinsurers in Singapore and London.		
14 Trade and other receivables		
Premiums receivable ¹	1,755	1,344
Other receivables ¹	34	13
	1,789	1,357

¹ Premiums receivable and other receivables are due within 12 months.

15 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 MAIB and recovery from reinsurers.

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
15 Reinsurance recoveries receivable <i>continued</i>		
Expected future reinsurance recoveries undiscounted	86,602	90,711
Discount to present value	(62,184)	(68,375)
Provision for impairment of reinsurance assets	-	-
Reinsurance recoveries receivable on incurred claims ¹	24,418	22,336
Expected future reinsurance recoveries on unexpired risk liability	-	-
	24,418	22,336
¹ Reinsurance recoveries receivable are due in more than 12 months.		
16 Investments		
Listed instruments	23,085	23,890
Unlisted trusts	1,007,619	1,039,676
Australian Government bonds	157,643	149,901
Other financial instruments	5,859	4,359
	1,194,206	1,217,826
Detailed disclosure of financial instruments is contained in note 18.		
17 Investment properties		
(a) Reconciliation of carrying amount		
At fair value		
Balance at 1 July	14,605	14,740
Acquisitions	-	-
Capitalised subsequent expenditure	71	-
Net gain/(loss) from fair value adjustment	(46)	(135)
Balance at 30 June	14,630	14,605

(b) Measurement of fair value

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.
- Level 2 fair value measurements are based on inputs, other than quoted prices, that are observable for the asset.
- Level 3 fair value measurements are based on unobservable inputs for the asset.

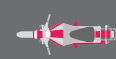
The fair value of the investment properties is determined by an external independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuations are completed annually.

Based on the inputs to the valuation techniques the fair value measurement of the investment properties has been categorised as follows:

- Non-specialised properties – level 2; and
- Specialised properties – level 3.

Notes to the Financial Statements

For the year ended 30 June 2015



17 Investment properties *continued*

The following tables present the investment properties measured and recognised at fair value at 30 June 2015 and 30 June 2014.

30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment properties at fair value through profit or loss				
Non-specialised properties	-	6,850	-	6,850
Specialised properties	-	-	7,780	7,780
	-	6,850	7,780	14,630

30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment properties at fair value through profit or loss				
Non-specialised properties	-	6,950	-	6,950
Specialised properties	-	-	7,655	7,655
	-	6,950	7,655	14,605

(c) Valuation techniques used to derive fair values

Investment properties are valued using the following techniques:

- Non-specialised properties are valued on the basis of market value with reference to observable prices in an active market, using traditional valuation methods including sales comparison. Points of difference are taken into account by the valuer including the location, difference in sizes and the quality of accommodation and land.
- Specialised investment properties have been valued on a depreciated replacement cost basis which takes into account current replacement cost estimates derived from construction cost and actual development cost information of similar buildings. There are insufficient sales of similar properties to reliably assess market values.

There were no transfers between levels 2 and 3 in 2014-15 or 2013-14.

The following table shows a reconciliation between the opening and closing balances for level 3 fair values.

	2015 \$'000	2014 \$'000
Balance at 1 July	7,655	7,840
Acquisitions and reclassification from property, plant and equipment	-	-
Changes in fair value (unrealised)	125	(185)
Balance at 30 June	7,780	7,655

Notes to the Financial Statements

For the year ended 30 June 2015

17 Investment properties *continued*

The following table shows the valuation techniques used in measuring the fair value of investment property, in addition to the significant unobservable inputs used.

Description	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Non-specialised properties	Market value.	<ul style="list-style-type: none"> Annual rental reviews as per the lease agreements. Rental agreements covering 2-7 years. Occupancy rate 90-95%. Total economic life of buildings 75 years. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> Expected market rental growth was higher/(lower); Void occupancy periods was shorter/(longer).
Specialised properties	Depreciated replacement cost basis.	<ul style="list-style-type: none"> Total economic life of buildings 40 years. Direct cost per square metre of \$2,400 to \$2,750. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> the estimated useful life of the properties was higher/(lower); the direct cost per square metre was significantly higher/(lower).

	2015 \$'000	2014 \$'000
(d) Recognised income and expenses		
Amounts recognised in the statement of comprehensive income for investment properties that generated rental income		
Rental income	484	581
Operating expenses	175	244
Amounts recognised in the statement of comprehensive income for investment properties that did not generate rental income		
Operating expenses	116	61
Lease payments receivable for rental properties		
Less than 1 year	407	394
1 to 5 years	1,241	1,340
Greater than 5 years	254	532

18 Financial instruments

The fair value of the financial assets equals the carrying amount.

Cash at bank

Cash investments

Listed instruments

Unlisted trusts

Australian Government bonds

Other financial instruments

Loans and receivables

Trade and other receivables

Reinsurance recoveries receivable

The amortised cost of the financial liabilities approximates the fair value.

Financial liabilities at amortised cost

Trade and other payables

Other financial instruments

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.

Notes to the Financial Statements

For the year ended 30 June 2015

18 Financial instruments *continued*

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement and it is considered that observable data is market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

All fair value measurements disclosed are recurring fair value measurements.

The following tables present the financial assets and liabilities measured and recognised at fair value at 30 June 2015 and 30 June 2014.

30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Listed instruments	23,085	-	-	23,085
Unlisted trusts	-	890,296	117,323	1,007,619
Australian Government bonds	-	157,643	-	157,643
Other financial instruments	5,859	-	-	5,859
	28,944	1,047,939	117,323	1,194,206
Financial liabilities at fair value through profit or loss				
Trade and other payables	2,101	-	-	2,101
Other financial instruments	451	3,457	-	3,908
	2,552	3,457	-	6,009
	26,392	1,044,482	117,323	1,188,197

30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Listed instruments	23,890	-	-	23,890
Unlisted trusts	-	934,513	105,163	1,039,676
Australian Government bonds	-	149,901	-	149,901
Other financial instruments	4,359	-	-	4,359
	28,249	1,084,414	105,163	1,217,826
Financial liabilities at fair value through profit or loss				
Trade and other payables	2,056	-	-	2,056
Other financial instruments	338	1,109	-	1,447
	2,394	1,109	-	3,503
	25,855	1,083,305	105,163	1,214,323

The pricing for the majority of financial instruments is generally obtained from independent pricing sources, the relevant investment managers or reliable brokers' quotes.

Financial instruments whose values are based on quoted market prices in active markets, such as recognised stock exchanges, are classified as level 1, primarily comprising listed equities.

Notes to the Financial Statements

For the year ended 30 June 2015



18 Financial instruments *continued*

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. Level 2 instruments could include those that are not traded in active markets and/or are subject to transfer restrictions (e.g. redemption restrictions). Valuations for these investments may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Typically, prices of units in unlisted managed investment trusts that are either published on the investment manager's website and/or circulated among market participants as executable quotes are categorised as level 2.

Level 3 instruments could include investments that are not based on market inputs or securities that are in an inactive/illiquid market and are valued using models and internal data. Level 3 instruments could also include those that have a stale price, i.e. where the pricing for a particular security has remained static for an extended period of time.

There were no transfers between levels 1 and 2 in 2014-15 or 2013-14.

The following table presents the changes in level 3 instruments (financial assets) for the year ended 30 June 2015.

	2015 \$'000	2014 \$'000
Balance 1 July	105,163	96,141
Profit/(loss) recognised in statement of comprehensive income	9,108	9,022
Sale of investments	-	-
Purchases of investments	3,052	-
Transfers in/(out)	-	-
Balance at 30 June	117,323	105,163

Financial assets classified as Level 3 comprise the MAIB's investments in unlisted property and unlisted infrastructure investment schemes. These unlisted investments are not traded in an active market and, as such, their fair value at reporting date is based on the price advised by fund managers. Generally, the price is based on fair values determined by appropriately skilled independent valuers.

The value of these investments is set out in the table below.

	2015 \$'000	2014 \$'000
Property	97,632	90,055
Infrastructure	19,691	15,108
	117,323	105,163

The disclosures below provide details of the key inputs and assumptions used in the current valuation models. The MAIB is reliant on third parties for these valuations and the quantitative information regarding significant unobservable inputs used in the fair value measurement cannot be assessed.

Significant unobservable inputs used in measuring fair value

Infrastructure

Infrastructure investments comprise both domestic and international exposures to airports, rail utilities, roads and social infrastructure through unlisted pooled vehicles and unlisted trusts.

The valuations of these investments are primarily based on a discounted cash flow methodology. The key unobservable inputs used in valuing these investments include risk free rates, comparable multiples and equity betas. Fund managers engage independent valuers to value the underlying investments every six months.

Property

Property investments comprise externally managed unlisted property trusts with exposure to the domestic retail, commercial and industrial sectors. Properties are valued using appropriate valuation techniques including the capitalisation, discounted cash flow and direct comparison methodologies.

Notes to the Financial Statements

For the year ended 30 June 2015

18 Financial instruments *continued*

The key unobservable inputs used in valuing these investments are:

- capitalisation rate (ranging between 5.38% and 9.25% (2014: 5.75% - 10%); and
- discount rate – ranging between 7.75% and 9.75% (2014: 8.18% to 10.25%).

Fund managers engage independent valuers to value the underlying investments no less than every six months.

It is possible that the latest independent valuation may not fully reflect the proceeds of sale when a property is sold, particularly in a rapidly moving property market or in a market of limited comparable sales evidence.

Sensitivity to changes in significant unobservable inputs

The use of different methodologies or assumptions could lead to different measurements of fair value. Significant movement in any one of the inputs listed above may result in a change in the fair value of the properties. An increase in the discount rate or capitalisation rate would result in a lower fair value of the investment. A reduction in these rates would increase the fair value. An increase in comparable multiples would result in a higher fair value.

Financial risk management

The MAIB'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 MAIB'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 MAIB, in consultation with its investment advisor, master custodian and external fund managers, is responsible for the management and control of financial risks. The MAIB'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 MAIB's direct investments. The sensitivity of the MAIB'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 MAIB 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 MAIB has exposure to equity securities price risk which arises from investments held and classified on the statement of financial position 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 MAIB resulting from financial instruments is determined by the fair value of the financial instruments.

The MAIB 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 following table demonstrates the impact on profit after tax and equity of movements in the price of listed equities and unlisted trusts. The analysis is based on the assumption that the indexes had increased or decreased 10% with all other variables held constant and all the related instruments moved according to the historical correlation with the index. This analysis represents one possible scenario and is not certain to occur.

Notes to the Financial Statements

For the year ended 30 June 2015



18 Financial instruments *continued*

	2015 \$'000	2014 \$'000
Impact on profit and equity of a 10% price increase:		
Listed instruments	1,616	1,672
Unlisted trusts	70,533	72,772
Impact on profit and equity of a 10% price decrease:		
Listed instruments	(1,616)	(1,672)
Unlisted trusts	(70,533)	(72,772)

(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. Where the MAIB holds assets denominated in currencies other than the Australian dollar (the functional currency) it 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 MAIB, in conjunction with its asset consultant, 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 MAIB's Investment Policy Statement.

The foreign exchange risk disclosures have been prepared on the basis of the MAIB's direct investment. Where the MAIB invests in trusts that invest in international markets, the impact of currency movement is dealt with as a component of price risk. Consequently the disclosure of currency risk may not represent the true currency risk profile of the MAIB.

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

	2015 \$'000	2014 \$'000
United States Dollar	55,133	2,976
Euro	19,058	11,799
Japanese Yen	14,487	7,345
British Pound	13,013	8,073
Other currencies	11,880	7,263
	113,571	37,456

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 MAIB's sensitivity to a 10% increase and decrease in the Australian Dollar against the foreign currencies.

	2015 \$'000	2014 \$'000
Impact on profit and equity of a 10% increase in foreign exchange rates	7,227	2,384
Impact on profit and equity of a 10% decrease in foreign exchange rates	(8,833)	(2,913)

(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 MAIB'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 MAIB 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 following table summarises the interest rate risk exposure of all financial instruments. The interest rate risk of the outstanding claims liability is included in note 22(b).

Notes to the Financial Statements

For the year ended 30 June 2015

18 Financial instruments *continued*

		Maturity dates				
	Floating interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2015						
Financial assets						
Cash and cash equivalents	23,752	244,210	-	-	-	267,962
Listed instruments	-	-	-	-	23,085	23,085
Unlisted trusts	-	-	-	-	1,007,619	1,007,619
Australian Government bonds	27,286	-	39,284	91,073	-	157,643
Other financial instruments	-	1,981	-	-	3,878	5,859
Trade and other receivables	-	-	-	-	1,789	1,789
Reinsurance recoveries receivable	-	-	-	-	24,418	24,418
Total financial assets	51,038	246,191	39,284	91,073	1,060,789	1,488,375
Financial liabilities						
Trade and other payables	-	-	-	-	2,101	2,101
Other financial instruments	2,405	-	-	-	1,503	3,908
Total financial liabilities	2,405	-	-	-	3,604	6,009
Net financial assets/(liabilities)	48,633	246,191	39,284	91,073	1,057,185	1,482,366

30 June 2014

Financial assets						
Cash and cash equivalents	286,658	-	-	-	-	286,658
Listed instruments	-	-	-	-	23,890	23,890
Unlisted trusts	-	-	-	-	1,039,676	1,039,676
Australian Government bonds	31,222	-	53,644	65,035	-	149,901
Other financial instruments	217	-	-	-	4,142	4,359
Trade and other receivables	-	-	-	-	1,357	1,357
Reinsurance recoveries receivable	-	-	-	-	22,336	22,336
Total financial assets	318,097	-	53,644	65,035	1,091,401	1,528,177
Financial liabilities						
Trade and other payables	-	-	-	-	2,056	2,056
Other financial instruments	1,284	-	-	-	163	1,447
Total financial liabilities	1,284	-	-	-	2,219	3,503
Net financial assets/(liabilities)	316,813	-	53,644	65,035	1,089,182	1,524,674

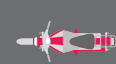
Sensitivity

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

	2015 \$'000	2014 \$'000
Impact on profit and equity of a 0.5% increase in interest rates	(3,381)	(3,061)
Impact on profit and equity of a 0.5% decrease in interest rates	3,383	3,062

Notes to the Financial Statements

For the year ended 30 June 2015



18 Financial instruments *continued*

(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 MAIB 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 and derivative financial instruments and is managed in accordance with the MAIB'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 trade and other receivables comprises premiums collected on behalf of the MAIB by the Department of State Growth. Premiums collected are transferred to the MAIB within two business days.

The MAIB'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. External funds managers and the custodian are 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 MAIB 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 or to historical information about counterparty default rates.

The MAIB's credit risk exposure is shown in the following table.

	Investment grade ¹ \$'000	Non investment grade ¹ \$'000
30 June 2015		
Financial assets		
Trade and other receivables	1,755	34
Reinsurance recoveries receivable	24,376	42
Cash and cash equivalents	267,962	-
Australian Government bonds	157,643	-
Other financial instruments	1,981	-
	453,717	76
30 June 2014		
Financial assets		
Trade and other receivables	1,344	13
Reinsurance recoveries receivable	22,104	232
Cash and cash equivalents	286,658	-
Australian Government bonds	149,901	-
	460,007	245

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.

Notes to the Financial Statements

For the year ended 30 June 2015

18 Financial instruments *continued*

(c) Liquidity risk

Liquidity risk is the risk that the MAIB will not be able to meet its financial obligations as they fall due. The MAIB'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 MAIB is cash flow positive with premium and investment income exceeding claims and administrative payments.

Liquidity risk is managed in accordance with the Cash Management and Rebalancing Policy under which:

- Short-term liquidity requirements are monitored on a daily basis with excesses/(shortfalls) in the trading account deposited/(withdrawn) from the at-call 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 following tables analyse the financial liabilities by maturity dates based on the remaining period at the reporting date to the contractual maturity date.

30 June 2015	Less than 3 months \$'000	3-12 months \$'000	1+ years \$'000	Total \$'000
Financial liabilities				
Trade and other payables	2,101	-	-	2,101
Other financial instruments	1,459	412	2,037	3,908
	3,560	412	2,037	6,009

30 June 2014	Less than 3 months \$'000	3-12 months \$'000	1+ years \$'000	Total \$'000
Financial liabilities				
Trade and other payables	1,966	45	45	2,056
Other financial instruments	132	106	1,209	1,447
	2,098	151	1,254	3,503

(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 MAIB is not governed by APRA requirements. However, while the MAIB is not subject to any externally imposed capital requirements, for the purposes of good governance and sound commercial practice, in conjunction with its external actuary it has developed a Capital Adequacy Policy suitable to a government compulsory monopoly insurer.

The capital position is measured by reference to the funding ratio which is defined as the ratio of total assets less non-claims related liabilities, deferred tax asset and future dividends owing to the net outstanding claims and premium liabilities. A target range of 120% to 145% has been established by the Board of Directors following consultation with its actuary and takes account of the liability profile and an assessment of the investment risk profile. At 30 June 2015 the funding ratio is 127.8% (2014: 133.9%).

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

Notes to the Financial Statements

For the year ended 30 June 2015



	2015 \$'000	2014 \$'000
19 Plant and equipment		
Cost		
Balance at 1 July	1,609	1,460
Additions	227	232
Disposals	(827)	(83)
Balance at 30 June	1,009	1,609
Accumulated depreciation		
Balance at 1 July	1,037	930
Disposals	(633)	(58)
Depreciation expense	165	165
Balance at 30 June	569	1,037
Net book value	440	572
20 Intangibles		
Computer software		
Cost		
Balance at 1 July	2,476	2,459
Additions	25	17
Disposals	(96)	-
Balance at 30 June	2,405	2,476
Accumulated amortisation		
Balance at 1 July	2,137	2,042
Disposals	(96)	-
Amortisation expense	102	95
Balance at 30 June	2,143	2,137
Net book value	262	339
21 Underwriting expenses		
Deferred acquisition costs at 1 July	-	-
Acquisition costs in the year	2,793	2,697
Amortisation charged to income	(2,798)	(2,631)
Write down for premium deficiency (refer note 23)	5	(66)
Deferred acquisition costs at 30 June	-	-

Notes to the Financial Statements

For the year ended 30 June 2015

22 Outstanding claims liability

(a) Actuarial assumptions and methods

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

	2015			2014		
	Scheduled benefits	Common law	Future care	Scheduled benefits	Common law	Future care
Inflated mean term (years)	5.8	2.8	35.0	5.8	2.8	35.6
Discounted mean term (years)	4.0	2.7	20.5	3.7	2.6	20.6
Number of claims incurred but not reported (IBNR)	489	214	12	461	229	14
Average claim size (\$ '000)	9.7	54.3	5,561.4	9.5	55.8	5,196.6
Superimposed inflation	1.5%	1.5%	0.0%	1.5%	1.5%	0.0%
Claims handling expenses	6.5%	6.5%	6.5%	7.0%	7.0%	7.0%
Risk margin	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

Claims expected to be paid in:	Wage inflation rates		Discount rates	
	2015	2014	2015	2014
Year 1 (following end of financial year)	2.77%	3.16%	1.97%	2.45%
Year 2	3.19%	3.25%	1.98%	2.62%
Year 3	3.42%	3.80%	2.26%	3.04%
Year 4	2.83%	3.54%	2.72%	3.39%
Year 5	2.61%	3.54%	3.22%	3.68%
Year 6	2.83%	3.54%	3.67%	3.94%
Year 7	2.97%	3.54%	3.95%	4.17%
Year 8	3.02%	3.54%	4.03%	4.37%
Year 9	3.04%	3.54%	4.08%	4.54%
Year 10	3.06%	3.54%	4.13%	4.68%
Year 11	3.09%	3.54%	4.17%	4.86%
Year 12	3.11%	3.54%	4.22%	5.01%
Year 13	3.13%	3.54%	4.27%	5.15%
Year 14	3.16%	3.54%	4.31%	5.23%
Year 15	3.18%	3.54%	4.36%	5.29%
Thereafter	3.20%	3.54%	4.40%	5.29%

Notes to the Financial Statements

For the year ended 30 June 2015



22 Outstanding claims liability *continued*

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 MAIB 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 shown in current dollars on 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 2015 are included at the rate of 6.5% of future claim payments (2014: 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 the sources of uncertainty described above, at 30 June 2015 a 20% (2014: 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% (2014: 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, which approximate the risk free rate.

(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 MAIB'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; and
 - (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.

Notes to the Financial Statements

For the year ended 30 June 2015

22 Outstanding claims liability *continued*

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 the sensitivity of profit/(loss) and equity to changes in some of the key valuation assumptions described above. Note that the table is illustrative only, and it is not intended that it cover the range of potential variations.

	Profit/(loss) from continuing operations \$'000	Equity \$'000
Recognised amounts as per the 2015 financial statements	99,865	440,121
Inflation increase by 0.5%	44,380	384,636
Inflation decrease by 0.5%	148,068	488,324
Discount rate increased by 0.5% all durations	147,694	487,950
Discount rate decreased by 0.5% all durations	44,360	384,615
Long term discount rate increased by 0.5%	102,878	443,134
Long term discount rate decreased by 0.5%	96,789	437,045
Cost of current year Future Care IBNR claims increased by 10%	94,164	434,420
Cost of current year Future Care IBNR claims decreased by 10%	105,565	445,821
Common Law settlement size increased by 10%	85,300	425,556
Common Law settlement size decreased by 10%	114,345	454,601
Scheduled Benefits average size increased by 10%	96,453	436,709
Scheduled Benefits average size decreased by 10%	103,276	443,532
Increase in hospital cost adjustment from double to triple current rates	96,280	436,535
Hospital cost adjustment effective immediately rather than 30 June 2016	96,594	436,850
Reinsurance recoveries increased by 20% due to favourable commutations	100,548	440,804
Increase in discounted mean term by 1 year due to a delay in payments	97,854	438,110
Decrease discounted mean term by 1 year by bringing forward payments	101,870	442,126

Notes to the Financial Statements

For the year ended 30 June 2015



22 Outstanding claims liability *continued*

	Profit/(loss) from continuing operations \$'000	Equity \$'000
Recognised amounts as per the 2014 financial statements	125,498	484,380
Inflation increase by 0.5%	73,063	431,945
Inflation decrease by 0.5%	171,017	529,899
Discount rate increased by 0.5% all durations	170,571	529,453
Discount rate decreased by 0.5% all durations	73,176	432,058
Long term discount rate increased by 0.5%	144,424	503,306
Long term discount rate decreased by 0.5%	104,050	462,932
Cost of current year Future Care IBNR claims increased by 10%	122,038	480,920
Cost of current year Future Care IBNR claims decreased by 10%	128,959	487,841
Common Law settlement size increased by 10%	109,973	468,855
Common Law settlement size decreased by 10%	141,001	499,883
Scheduled Benefits average size increased by 10%	121,983	480,865
Scheduled Benefits average size decreased by 10%	129,013	487,895
Increase in hospital cost adjustment from double to triple current rates	122,099	480,981
Hospital cost adjustment effective immediately rather than 30 June 2015	122,256	481,138
Reinsurance recoveries increased by 20% due to favourable commutations	129,251	488,133
Increase in discounted mean term by 1 year due to a delay in payments	131,572	490,454
Decrease discounted mean term by 1 year by bringing forward payments	119,366	478,248

(c) Maturity analysis

The following table presents a maturity analysis of the estimated net discounted outstanding claims liability based on the remaining term to payment at the reporting date.

	Less than 12 months \$'000	12 months to 10 years \$'000	11 years to 20 years \$'000	20+ years \$'000	Total \$'000
30 June 2015					
Outstanding claims liability	91,362	380,478	186,344	317,280	975,464
	91,362	380,478	186,344	317,280	975,464
30 June 2014					
Outstanding claims liability	97,338	384,237	175,397	295,711	952,683
	97,338	384,237	175,397	295,711	952,683

Notes to the Financial Statements

For the year ended 30 June 2015

22 Outstanding claims liability *continued*

(d) 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.

	2015 \$'000	2014 \$'000
Scheduled benefits claims		
Expected future claims payments (inflated/undiscounted)	44,356	43,930
Discount to present value	(6,367)	(7,103)
Claims handling expenses	2,623	2,738
Risk margin	8,122	7,913
	48,734	47,478
Common law claims		
Expected future claims payments (inflated/undiscounted)	174,528	192,987
Discount to present value	(10,705)	(14,631)
Claims handling expenses	11,355	13,312
Risk margin	35,036	38,334
	210,214	230,002
Future care claims		
Expected future claims payments (inflated/undiscounted)	1,741,739	1,848,691
Discount to present value	(1,178,767)	(1,320,877)
Claims handling expenses	38,194	38,578
Risk margin	115,350	108,811
	716,516	675,203
All claims		
Expected future claims payments (inflated/undiscounted)	1,960,623	2,085,608
Discount to present value	(1,195,839)	(1,342,611)
Claims handling expenses	52,172	54,628
Risk margin	158,508	155,058
	975,464	952,683
Due within 12 months	91,362	97,338
Due in more than 12 months	884,102	855,345
	975,464	952,683

Notes to the Financial Statements

For the year ended 30 June 2015



22 Outstanding claims liability *continued*

(e) Reconciliation of movement in outstanding claims liability

	2015			2014		
	Gross \$'000	Recoveries \$'000	Net \$'000	Gross \$'000	Recoveries \$'000	Net \$'000
Balance at 1 July	952,683	22,336	930,347	901,916	26,429	875,487
Liabilities due within 12 months from previous report	(97,338)	-	(97,338)	(96,096)	-	(96,096)
Accrual to 30 June	855,345	22,336	833,009	805,820	26,429	779,391
	876,398	22,887	853,511	825,788	27,084	798,704
Effect of changes in claims experience and modelling	(77,144)	(16)	(77,128)	(10,112)	(5,292)	(4,820)
Effect of changes in economic assumptions	59,252	1,547	57,705	16,601	544	16,057
Net revision to prior years' claims costs	(17,892)	1,531	(19,423)	6,489	(4,748)	11,237
Outstanding claims cost for prior accident years	858,506	24,418	834,088	832,277	22,336	809,941
Incurred claims for current accident year	130,014	-	130,014	132,222	-	132,222
Claims (payments)/recoveries for current accident year	(13,056)	-	(13,056)	(11,816)	-	(11,816)
Outstanding claims cost for current accident year	116,958	-	116,958	120,406	-	120,406
Balance at 30 June	975,464	24,418	951,046	952,683	22,336	930,347

Notes to the Financial Statements

For the year ended 30 June 2015

22 Outstanding claims liability *continued*

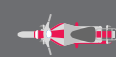
(f) Claims development table

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										
	2006 \$'000	2007 \$'000	2008 \$'000	2009 \$'000	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	Total \$'000
Gross of reinsurance recoveries											
Estimate of ultimate claims cost:											
At end of accident year	288,839	397,697	363,894	281,693	263,884	201,081	218,081	249,933	240,801	208,032	
One year later	340,652	348,300	242,314	297,639	223,297	111,109	221,189	210,096	162,877		
Two years later	307,592	205,414	214,801	291,303	198,314	116,768	106,355	158,319			
Three years later	194,869	170,510	186,141	235,532	181,337	146,081	176,931				
Four years later	193,756	166,291	158,180	251,943	237,782	79,949					
Five years later	203,967	131,362	160,118	169,404	152,367						
Six years later	175,132	137,430	116,772	226,806							
Seven years later	183,713	183,231	162,847								
Eight years later	143,850	124,388									
Nine years later	164,335										
Current estimate of cumulative claims cost	164,335	124,388	162,847	226,806	152,367	79,949	176,931	158,319	162,877	208,032	1,616,851
Cumulative payments	(61,104)	(64,868)	(59,351)	(69,724)	(60,640)	(50,052)	(38,084)	(30,840)	(22,600)	(12,920)	(470,183)
Outstanding claims (undiscounted)	103,231	59,520	103,496	157,082	91,727	29,897	138,847	127,479	140,277	195,112	1,146,668
Discount											(676,789)
2005 and prior (discounted)											294,906
Claims handling expense											52,171
Prudential margins											158,508
Outstanding claims (inflated & discounted)											<u>975,464</u>

Notes to the Financial Statements

For the year ended 30 June 2015



22 Outstanding claims liability *continued*

	Accident year										Total \$'000
	2006 \$'000	2007 \$'000	2008 \$'000	2009 \$'000	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	
Net of reinsurance recoveries											
Estimate of ultimate claims cost:											
At end of accident year	288,839	397,697	363,894	281,693	263,884	201,081	218,081	249,933	240,801	208,032	
One year later	340,652	348,300	242,314	297,639	212,172	111,109	221,189	210,096	162,877		
Two years later	307,592	205,414	207,085	289,837	183,945	116,768	106,355	158,319			
Three years later	194,869	170,510	183,277	228,184	162,323	146,081	176,931				
Four years later	193,756	166,291	151,970	242,499	208,053	79,949					
Five years later	203,967	131,362	152,400	164,220	126,817						
Six years later	175,132	135,903	103,326	220,135							
Seven years later	182,128	181,704	150,162								
Eight years later	142,234	122,861									
Nine years later	162,720										
Current estimate of cumulative claims cost	162,720	122,861	150,162	220,135	126,817	79,949	176,931	158,319	162,877	208,032	1,568,803
Cumulative payments	(59,488)	(63,340)	(59,351)	(69,724)	(60,640)	(50,052)	(38,084)	(30,840)	(22,600)	(12,920)	(467,039)
Outstanding claims (undiscounted)	103,232	59,521	90,811	150,411	66,177	29,897	138,847	127,479	140,277	195,112	1,101,764
Discount											(642,455)
2005 and prior (discounted)											281,058
Claims handling expense											52,171
Prudential margins											158,508
Outstanding claims (inflated & discounted)											<u>951,046</u>

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
23 Unexpired risk liability		
The application of the liability adequacy test in respect of the net premium liabilities at 30 June is presented below:		
(a) Unexpected risk liability		
Balance at 1 July	1,486	640
Recognition of additional unexpired risk liability in the period	2,403	1,486
Release of unexpired risk liability recorded in previous periods	(1,486)	(640)
Balance at 30 June	2,403	1,486
(b) Deficiency recognised in the statement of comprehensive income		
Gross movement in unexpired risk liability	917	846
Reinsurance recoveries on unexpired risk liability	-	-
Net movement in unexpired risk liability	917	846
Write down of deferred acquisition costs (refer note 21)	(5)	66
	912	912
(c) Unearned premium liability adequacy test		
Unearned premium liability	58,584	56,274
Deferred acquisition costs	(1,180)	(1,186)
Related reinsurance asset	-	-
	57,404	55,088
Net central estimate of the present value of expected future cashflows arising from future claims	47,527	44,788
Claims handling expenses	3,296	3,345
Risk margin	10,165	9,627
Present value of expected future cash inflows arising from reinsurance recoveries on future claims	-	-
Expected cost of future claims	60,988	57,760
Deficiency net of reinsurance recoveries	3,584	2,672
Add back reinsurance element of present value of expected future cash flows for future claims	-	-
Deficiency gross of reinsurance recoveries	3,584	2,672

Claims handling expenses

Claims handling expenses as at 30 June 2015 are included at the rate of 6.5% (2014: 7%).

Risk margin

As at 30 June 2015 a risk margin of 20% (2014: 20%) 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 20% risk margin provides a probability of not less than 75% (2014: not less than 75%) that the provision is sufficient to meet the cost of claims incurred.

Notes to the Financial Statements

For the year ended 30 June 2015



	2015 \$'000	2014 \$'000
24 Provision for employee benefits		
Due within 12 months		
Annual leave	212	238
Long service leave	29	126
Retirement Benefits Fund	49	82
	290	446
Due in more than 12 months		
Long service leave	355	356
Retirement Benefits Fund	4,563	4,885
	4,918	5,241
Total employee benefits	5,208	5,687

Retirement Benefits Fund contributions

Defined benefit members receive lump sum benefits on resignation and lump sum or pension benefits on retirement, death or invalidity. The defined benefit section of Retirement Benefits Fund (RBF) is closed to new members. All new members receive accumulation only benefits.

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 MAIB'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, 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.

Regulatory framework

The scheme operates under the *Retirement Benefits Act 1993* and the *Retirement Benefits Regulations 2005*.

Although the scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Tasmanian Government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the spirit of the SIS legislation.

As an exempt public sector superannuation scheme (as defined in the SIS legislation), the scheme is not subject to any minimum funding requirements.

RBF is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* such that the fund's taxable income is taxed at a concessional rate of 15%. However, RBF is also a public sector superannuation scheme which means that the employer contributions may not be subject to the 15% tax (if the RBF Board elects) up to the amount of "untaxed" benefits paid to members in the year.

Other entities responsibilities for the governance of the scheme

The RBF Board (the Board) is responsible for the governance of the scheme. As trustee, the Board has a legal obligation to act solely in the best interest of the scheme beneficiaries. The Board has the following roles:

- Administration of the scheme and payment to the beneficiaries when required in accordance with the scheme rules;
- Management and investment of the scheme assets; and
- Compliance with the Heads of Government Agreement referred to above.

Notes to the Financial Statements

For the year ended 30 June 2015

24 Provision for employee benefits *continued*

Risks

There are a number of risks to which the scheme exposes the MAIB. The more significant risks relating to the defined benefits are:

- **Investment risk** – The risk that investment returns will be lower than assumed and employers will need to increase contributions to offset this shortfall.
- **Salary growth risk** – The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions.
- **Inflation risk** – The risk that inflation is higher than anticipated, increasing pension payments and the associated employer contributions.
- **Benefit options risk** – The risk that a greater proportion of members who joined prior to 1 July 1994 will elect the pension option, which is generally more costly than the alternative lump sum option.
- **Pensioner mortality risk** – The risk that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period.
- **Legislative risk** – the risk that legislative changes could be made which increase the cost of providing the defined benefits.

Significant events

There were no plan amendments, curtailments or settlements during the 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. 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 is the sum of the accrued liabilities for all relevant employees.

Reconciliation of the net defined benefit obligation

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

	2015 \$'000	2014 \$'000
Reconciliation of the net defined benefit liability/(asset)		
Defined benefit obligation	5,385	5,612
(-) Fair value of plan assets	773	645
Deficit/(surplus)	4,612	4,967
(+) Adjustment for effect of asset ceiling	-	-
Net superannuation liability/(asset)	4,612	4,967
Due within 12 months	49	82
Due in more than 12 months	4,563	4,885
	4,612	4,967

Notes to the Financial Statements

For the year ended 30 June 2015



24 Provision for employee benefits *continued*

	2015 \$'000	2014 \$'000
Reconciliation of the fair value of scheme assets		
Fair value of plan assets at 1 July	645	592
(+) Interest income	27	25
(+) Actual return on plan assets less interest income	86	17
(+) Employer contributions	63	15
(+) Contributions by plan participants	38	37
(-) Benefits paid	81	36
(-) Taxes, premiums & expenses paid	5	5
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value plan assets at 30 June	773	645
Reconciliation of the defined benefit obligation		
Present value of defined benefit obligations at 1 July	5,612	4,810
(+) Current service cost	143	136
(+) Interest cost	228	204
(+) Contributions by plan participants	38	37
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	-	280
(+) Actuarial (gains)/losses arising from changes in financial assumptions	(829)	295
(+) Actuarial (gains)/losses arising from liability experience	279	(108)
(-) Benefits paid	81	36
(-) Taxes, premiums & expenses paid	5	6
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Past service cost	-	-
(+) Gains/loss on settlements	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Present value of defined benefit obligations at 30 June	5,385	5,612

Notes to the Financial Statements

For the year ended 30 June 2015

24 Provision for employee benefits *continued*

Reconciliation of the effect of the asset ceiling

The asset ceiling has no impact on the net defined benefit liability/(asset).

Fair value of scheme assets

Asset category	30 June 2015 ¹			
	Total	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs
	\$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Cash and cash equivalents	134	135	-	-
Equity instruments	528	240	232	56
Debt instruments	104	28	43	33
Derivatives	1	-	1	-
Real Estate	6	-	6	-
Investment funds	-	-	-	-
Asset-backed securities	-	-	-	-
Structured debt	-	-	-	-
	773	403	282	89

¹Estimated based on assets allocated to the MAIB at 30 June 2015 and asset allocation of the RBF scheme at 30 June 2014.

Fair value of entities own financial instruments

The fair value of scheme assets includes no amounts relating to:

- any of the MAIB's own financial instruments; or
- any property occupied by, or other assets used by the MAIB.

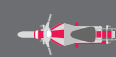
Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's funded liabilities, calculated using the assumptions outlined in this report.

Significant actuarial assumptions at the reporting date

	2015 % pa	2014 % pa
Assumptions to determine defined benefit cost and start of year defined benefit obligation		
Discount rate (active members)	4.10	4.25
Discount rate (pensioners)	4.10	4.25
Expected rate of increase of compulsory preserved amounts	4.50	3.75
Expected salary increase rate	3.00	3.00
Expected pension increase rate	2.50	2.50
Assumptions to determine end of year defined benefit obligation		
Discount rate (active members)	4.80	4.10
Discount rate (pensioners)	4.80	4.10
Expected salary increase rate	3.00	3.00
Expected rate of increase of compulsory preserved amounts	4.50	4.50
Expected pension increase rate	2.50	2.50

Notes to the Financial Statements

For the year ended 30 June 2015



24 Provision for employee benefits *continued*

Sensitivity analysis

The defined benefit obligation as at 30 June 2015 under several scenarios is presented below.

Scenario A and B relate to discount sensitivity. Scenario C and D relate to expected pension increase rate sensitivity, as follows:

- Scenario A: 0.5% pa lower discount rate assumption.
- Scenario B: 0.5% pa higher discount rate assumption.
- Scenario C: 0.5% pa lower expected pension increase rate assumption.
- Scenario D: 0.5% pa higher expected pension increase rate assumption.

	Base Case	Scenario A -0.5% pa discount rate	Scenario B +0.5% pa discount rate	Scenario C -0.5% pa pension increase rate	Scenario D +0.5% pa pension increase rate
Discount rate	4.80% pa	4.30% pa	5.30% pa	4.80% pa	4.80% pa
Pension increase rate	2.50% pa	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation (\$'000)	5,385	5,961	4,885	5,174	5,619

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-liability matching strategies

The MAIB is not aware of any asset and liability matching strategies adopted by the Fund.

Funding arrangements

The employer contributes a percentage of each lump sum or pension benefit payment. This percentage may be amended by the Minister on the advice of the Actuary.

	2016 \$'000
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Expected contributions

Financial year ending 30 June

Expected employer contributions	49
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Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for the MAIB is 20.9 years.

	2015 \$'000	2014 \$'000
25 Unearned premium liability		
Balance at 1 July	56,274	59,951
Earning of premiums written in previous periods	(56,274)	(59,951)
Premiums written in current period	136,776	135,862
Earning of premiums written in current period	(78,192)	(79,588)
Balance at 30 June	58,584	56,274

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
26 Trade and other payables		
Sundry creditors	1,632	1,645
Accrued expenses - employee on costs	27	36
Accrued expenses - other	442	375
	2,101	2,056
Due within 12 months		
Sundry creditors	1,632	1,645
Accrued expenses - employee on costs	11	18
Accrued expenses - other	442	375
	2,085	2,038
Due in more than 12 months		
Accrued expenses - employee on costs	16	18
	16	18
	2,101	2,056
27 Commitments		
Road Safety Advisory Council		
Less than 1 year	3,638	1,740
1 to 5 years	3,748	-
Greater than 5 years	-	-
	7,386	1,740
28 Statement of cash flows		
(a) Reconciliation of net cash provided by operating activities to profit and loss from continuing operations		
Profit/(loss) from continuing operations	99,865	125,498
Depreciation and amortisation	266	260
Loss/(profit) on sale of plant and equipment	119	6
Net unrealised loss/(gain) in net market value of investments	(70,734)	(79,001)
Net realised loss/(gain) in net market value of investments	(313)	(51,237)
Net unrealised loss/(gain) in net market value of investment properties	46	135
Net retained earning remeasurements of defined benefit superannuation plans	446	(315)
Decrease/(increase) in deferred tax asset	17,236	3,573
Decrease/(increase) in reinsurance recoveries receivable	(2,081)	4,093
Decrease/(increase) in trade and other receivables	(407)	780
Decrease/(increase) in other assets	(1,789)	24
Decrease/(increase) in accrued dividends and interest	1,274	(12)
Increase/(decrease) in outstanding claims liability	22,781	50,767
Increase/(decrease) in tax payable	(39,209)	32,862
Increase/(decrease) in unexpired risk liability	918	846
Increase/(decrease) in employee benefits	(480)	775
Increase/(decrease) in trade and other payables	23	(821)
Increase/(decrease) in unearned premium liability	2,311	(3,677)
Net cash flow from operating activities	30,272	84,556

Notes to the Financial Statements

For the year ended 30 June 2015



28 Statement of cash flows *continued*

(b) Financing facilities

At 30 June 2015 the MAIB has seven corporate credit cards with a total limit of \$60,000 (2014: \$55,000). The balance is paid in full on a monthly basis. The MAIB has no formal credit standby arrangements or unused loan facilities.

29 Road Safety Advisory Council

For the year ended 30 June 2015 contributions amounting to \$3,541,000 (2014: \$3,480,000) were paid to the Road Safety Advisory Council. A Memorandum of Understanding between the MAIB, Department of Police and Emergency Management and the Department of State Growth is in operation and specifies the relevant key performance indicators.

30 Injury Prevention and Management Foundation

Legislation is in place which allows the MAIB 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 is by way of up to 1% of premium income each year. Projects are approved by the Board of Directors upon the recommendation from a Committee set up to administer the Foundation. For the year ended 30 June 2015 projects amounting to \$584,926 (2014: \$54,572) were approved.

31 Motorcycle safety strategy

For the year ended 30 June 2015 contributions amounting to \$1,582 (2014: \$10,786) were paid in sponsorship of motorcycle rider education and training under the motorcycle safety strategy. Rider training is subsidised per participant.

32 Auditor's remuneration

The amount payable to the Auditor-General for the year ended 30 June 2015 is \$105,500 (2014: \$61,675).

33 Dividends

Following the end of the financial year, a final ordinary dividend relating to the year ended 30 June 2015 of \$47,691,524 (2014: \$44,570,226) is recommended.

34 Events after the reporting period

There has been no matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect the operations of the MAIB.

35 Key management personnel information

(a) Directors

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

(i) Non executive directors

DW Challen AM

K Barker

M Dontschuk

DJ McCarthy

DC St. John

ME Scanlon (to 25 May 2015)

(ii) Executive director

PJ Roche (to 4 February 2015) Chief Executive Officer

Notes to the Financial Statements

For the year ended 30 June 2015

35 Key management personnel information *continued*

(b) Other key management personnel

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

PJ Kingston (from 5 February 2015)	Chief Executive Officer
CMQ Hill	Chief Operating Officer
DW Thurm	Chief Financial Officer

	2015 \$'000	2014 \$'000
(c) Key management personnel compensation		
Short-term employee benefits	931	1,008
Post employment benefits	101	108
Other long-term employee benefits	(96)	(1)
Termination benefits	148	-
	1,084	1,115

(d) Non-executive director remuneration

The following table discloses the remuneration details in bands for each person that acted as a non-executive director during the financial year:

2015						
Name	Position	Director Fees \$'000	Committee Fees \$'000	Superannuation \$'000	Other Benefits \$'000	Total \$'000
DW Challen AM	Chairman	74	6	8	-	88
K Barker	Director	35	6	4	-	45
M Dontschuk	Director	35	6	4	-	45
DJ McCarthy	Director	35	6	4	-	45
ME Scanlon ¹	Director	33	7	4	-	44
DC St. John	Director	35	6	4	-	45
		247	37	28	-	312

¹ ME Scanlon's appointment as director concluded 25 May 2015.

2014						
Name	Position	Director Fees \$'000	Committee Fees \$'000	Superannuation \$'000	Other Benefits \$'000	Total \$'000
DW Challen AM	Chairman	75	6	7	-	88
K Barker	Director	35	6	4	-	45
M Dontschuk	Director	35	6	4	-	45
DJ McCarthy	Director	35	6	4	-	45
C Rockefeller ¹	Director	32	5	3	-	40
ME Scanlon	Director	35	7	4	-	46
DC St. John	Director	35	6	4	-	45
		282	42	30	-	354

¹ CJ Rockefeller's appointment as director concluded 15 May 2014.

Notes to the Financial Statements

For the year ended 30 June 2015



35 Key management personnel information *continued*

(e) Executive remuneration

The following table discloses the remuneration details for those persons who acted as senior executives during the financial year.

2015										
Name	Position	Gross Salary ¹	Short-Term Incentive Payments ²	Termination Benefits ³	Super-annuation ⁴	Vehicle ⁵	Other Benefits ⁶	Total Cash Benefits	Other Non-Cash Benefits ⁷	Total Benefits
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
P Roche	CEO	155	31	148	28	23	1	386	(151)	235
P Kingston ⁸	CEO	80	-	-	8	6	-	94	9	103
C Hill	COO	172	-	-	18	29	1	220	9	229
D Thurm	CFO	149	-	-	20	27	1	197	8	205
Total		556	31	148	74	85	3	897	(125)	772

¹ Gross salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Short term incentive payments are dependent upon achieving specified performance goals within specified timeframes.

³ Termination benefits include all forms of benefit paid or accrued as a consequence of termination. During 2014-15 P Roche ceased employment effective 4 February 2015 and received \$147,799 representing the balance of his accrued annual and long service leave. No other termination benefits were paid.

⁴ Superannuation means the contribution to the superannuation fund of the individual. Where an individual is a member of a defined benefit scheme the superannuation benefit for the defined benefit component is a notional cost calculated as the base salary multiplied by 11%.

⁵ Vehicle costs represent the total cost of business and private use of vehicles provided to executives as part of their remuneration.

⁶ Other benefits includes all forms of employment allowances, payments in lieu of leave, and any other compensation paid and payable.

⁷ Other non-cash benefits include annual leave and long service leave movements.

⁸ P Kingston commenced as CEO on 5 February 2015.

2014										
Name	Position	Gross Salary ¹	Short-Term Incentive Payments ²	Termination Benefits ³	Super-annuation ⁴	Vehicle ⁵	Other Benefits ⁶	Total Cash Benefits	Other Non-Cash Benefits ⁷	Total Benefits
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
P Roche	CEO	247	18	-	40	28	1	334	5	339
C Hill	COO	172	-	-	17	28	1	218	8	226
D Thurm	CFO	145	-	-	21	23	16	205	(9)	196
Total		564	18	-	78	79	18	757	4	761

¹ Gross salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Short term incentive payments are dependent upon achieving specified performance goals within specified timeframes. These payments are non-recurrent and do not exceed 10% of base salary.

³ Termination benefits include all forms of benefit paid or accrued as a consequence of termination. No termination payments were paid in 2013-14.

⁴ Superannuation means the contribution to the superannuation fund of the individual. Where an individual is a member of a defined benefit scheme the superannuation benefit for the defined benefit component is a notional cost calculated as the base salary multiplied by 11%.

⁵ Vehicle costs represent the total cost of business and private use of vehicles provided to executives as part of their remuneration.

⁶ Other benefits includes all forms of employment allowances, payments in lieu of leave, and any other compensation paid and payable.

⁷ Other non-cash benefits include annual leave and long service leave movements.

Notes to the Financial Statements

For the year ended 30 June 2015

35 Key management personnel information *continued*

(f) Remuneration policies

Remuneration levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced directors and executives. The remuneration structures take into account:

- The capability and experience of key management personnel;
- The key management personnel's ability to control the MAIB's performance; and
- Achievement of strategic initiatives.

(i) Non-executive director remuneration

Non-executive directors are appointed by the Governor-in-Council on the joint recommendation of the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed.

Non-executive directors' remuneration is administered by the Department of Premier and Cabinet. Remuneration levels are reviewed periodically, with increases subject to approval by the Treasurer and Portfolio Minister.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation.

No other leave, termination or retirement benefits are accrued or paid to directors.

Directors are entitled to reimbursement of expenses incurred while attending to MAIB business.

(ii) Executive remuneration

Remuneration levels for key management personnel are set in accordance with the Director and Executive Remuneration Guidelines, dated December 2014. Under these Guidelines, remuneration bands for Chief Executive Officers (CEOs) are determined by the Government Business Executive Remuneration Panel, reflect the principles outlined in the Guidelines and broadly align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's salary.

The CEO is appointed by the Premier and Portfolio Minister following selection and recommendation by the Board of the MAIB. The Board of Directors consults with the Government Business Executive Remuneration Advisory Panel when determining the CEO's remuneration package.

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, motor vehicle and salary sacrifice provisions. In addition to their salaries, the MAIB also provides non-cash benefits and contributes to post-employment superannuation plans on their behalf.

The CEO may be eligible for a short term incentive payment (capped at 10% of base salary) subject to meeting agreed key performance indicators. These payments are non-recurrent.

The performance of each senior executive, including the CEO, is reviewed annually which includes a review of the remuneration package.

Consistent with the requirements of the *Government Business Enterprises Act 1995*, employment contracts have durations not exceeding five years. Whilst not automatic, contracts can be extended.



35 Key management personnel information *continued*

Short term incentive payments

Short term incentive payments are awarded following assessment against a range of financial and non-financial KPIs. The Board sets fixed performance targets with goals and indicators aligned to the creation of value.

The following short term incentive payments were awarded during the year:

- P Roche, Chief Executive Officer, was granted a cash bonus of \$30,642 following assessment of his performance against his KPIs in 2013-14 and in 2014-15 up to his retirement.

Termination benefits

P Roche ceased employment with the MAIB effective 4 February 2015 and was paid a termination benefit of \$147,799 representing the balance of his accrued annual and long service leave.

No other termination benefits were paid.

Acting arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to the key management position during their period of absence.

No acting arrangements were in place during 2014-15.

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

No business transactions were undertaken with Directors for the year ended 30 June 2015.

The MAIB undertakes financial transactions with director related entities on terms that are no more favourable than those available, or which might reasonably be expected to be available on similar transactions to non-director entities on an arm's length basis. The director related relationships are:

DW Challen AM – Deputy President of the Retirement Benefits Fund Board

ME Scanlon – Member of the Governing Council, Tasmanian Health Organisation North

Independent Auditor's Report



Independent Auditor's Report

To Members of the Tasmanian Parliament

Motor Accidents Insurance Board

Financial Report for the Year Ended 30 June 2015

Report on the Financial Report

I have audited the accompanying financial report of the Motor Accidents Insurance Board (MAIB) which comprises the statement of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certification statement by the Directors.

Auditor's Opinion

In my opinion:

- (a) MAIB's financial report:
 - (i) presents fairly, in all material respects, its financial position as at 30 June 2015, 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 of the MAIB 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 report complies with International Financial Reporting Standards.

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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 my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered 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 Corporation'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
- 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 the independence declaration provided to the Directors dated 12 August 2015 and included in the annual report, would be unchanged if provided to the Directors as at the date of this auditor's report.

Tasmanian Audit Office

H M Blake
Auditor-General

Hobart
13 August 2015

...2 of 2

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Auditor's Independence Declaration



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address: GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900 | Fax: 03 6173 0999
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

12 August 2015

The Board of Directors
Motor Accidents Insurance Board
33 George Street
LAUNCESTON TAS 7250

Dear Board Members

Auditor's Independence Declaration

In relation to my audit of the financial report of the Motor Accidents Insurance Board for the financial year ended 30 June 2015, 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.

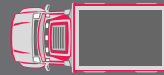
As agreed with the Audit Committee, a copy of this declaration must be included in the annual report.

Yours sincerely

H M Blake
Auditor-General

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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 2015 and the financial position as at 30 June 2015 of the Enterprise; and
 - ii. complying with the Australian Accounting Standards and Interpretations and with the Treasurer's Instructions.
- (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 2015 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 2015 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 2015 give a true and fair view.

Signed in accordance with a resolution of the directors:

Dated 12 August 2015

DW Challen
Chairman

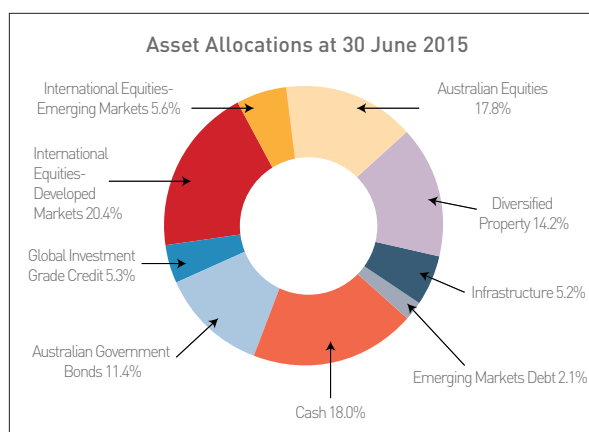
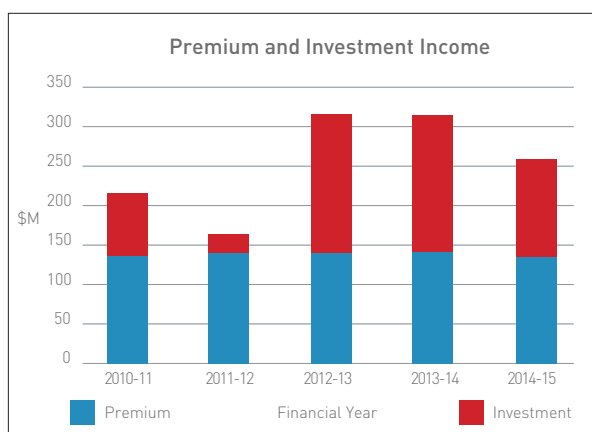
DJ McCarthy
Director

Appendix

KEY PERFORMANCE INDICATORS

The MAIB significantly outperformed its investment KPI objectives in 2014-15. However, as a long tail insurer the MAIB is targeting long term investment growth and is subject to short term volatility, which is evident in the KPI results from year to year.

Key Performance Indicator	Forecast	Actual
Funding ratio (%)	120.0	127.7
Return on equity (%)	8.0	21.6
Return on total assets (%)	3.0	9.0



FIVE YEAR SUMMARY - FINANCIAL	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Premium income net of reinsurance	131,131	133,719	133,220	133,514	128,625
Recovery income	7,340	13,490	3,514	4,767	3,696
Claims expense	(133,978)	(201,094)	(87,348)	(124,602)	(104,342)
Underwriting expenses	(2,680)	(3,093)	(3,975)	(3,543)	(3,710)
Underwriting result	1,813	(56,978)	45,411	10,136	24,269
Investment and other revenue	77,148	23,292	172,521	171,135	122,978
Administration, road safety and Foundation expenses	(9,466)	(9,874)	(10,165)	(9,329)	(10,054)
Profit/(loss) before tax	69,495	(43,560)	207,767	171,942	137,193
Tax (expense)/benefit	(17,829)	16,506	(60,322)	(46,444)	(37,328)
Profit/(loss) after tax	51,666	(27,054)	147,445	125,498	99,865
Net assets	288,638	240,388	382,416	484,380	440,121
Dividend paid	34,567	20,249	6,140	23,219	144,570

FIVE YEAR SUMMARY - OPERATIONAL	2010-11	2011-12	2012-13	2013-14	2014-15
Number of vehicles registered	463,567	469,132	473,817	481,656	492,313
Claim payments (\$'000)	79,252	78,228	84,129	79,050	87,049
Current claims	2,800	2,676	2,750	2,619	2,551
New claims received	2,977	2,707	2,839	2,924	2,847
Claim rate per 1,000 vehicles	6.42	5.77	5.99	6.07	5.78
Tasmanian motor car (class 1) premium (\$)	344	344	344	318	318



INTERSTATE SCHEME COMPARISONS – JUNE 2015

SCHEME COMPONENT	TAS	VIC	NT	NSW	QLD	WA	SA	ACT
No fault	Yes	Yes	Yes	No ¹	No	No	No	No
Life time Care (support for catastrophically injured)	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Common Law Rights	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Monopoly Scheme	Yes	Yes	Yes	No	No	Yes	Yes	No
Motor Car Premium ²	\$318	\$443	\$531	\$613 ³	\$324 ⁴	\$265	\$439	\$604

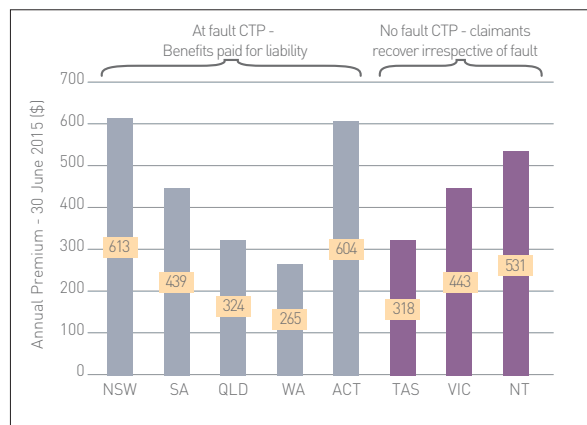
¹ No fault for children only

² Inclusive of GST

³ Average of Sydney metropolitan

⁴ Maximum allowable

INTERSTATE PRIVATE MOTOR CAR PREMIUM RATE COMPARISONS



overdue payments, the amount of penalty interest payable is to be the greater of the amount specified above or that outlined in the contract conditions; and

- a formal complaint procedure exists if a provider is not satisfied with the payment of an invoice and/or the payment of penalty interest.

The following payments are excluded from the requirements of the TI and Treasury Guideline:

- Payments made to, or on behalf of, claimants (hospital, ambulance, treatment etc.) - these reimbursements are outside the intended scope of the Guideline; and
- Payments by credit card (credit card payments are made at the time of purchase and have been excluded from being assessed against the requirements of the Guideline).

PAYMENT OF ACCOUNTS

In accordance with Treasurer's Instruction *GBE-13-114-09 (Payment of Accounts)*, the MAIB is required to report on its payment of accounts in a timely manner. While the MAIB's policy is to pay all accounts in a timely manner, new internal policies and procedures have been prepared to comply with the TI and Treasury Guidelines, specifically:

- all relevant, correctly rendered invoices to be paid by the due date, and where they are less than \$50,000 to be paid within 30 days, or by the due date if the payment terms are less than 30 days;
- if payment is made late, interest is to be self assessed and paid to providers in accordance with negotiated arrangements. The penalty interest to be paid is the greater of \$20, or an amount calculated on a daily basis from the payment due date of the correctly rendered invoice until the date of payment. The applicable interest rate is the small business "small overdraft" rate published by the Reserve Bank of Australia in its Indicator Lending Rates Series. Where a contract prescribes a rate of interest payable for

Accounts due or paid within 2015 (January to July) ¹

Measure	
Creditor Days	7.7
Number of accounts due for payment	509
Number of accounts paid on time	509
Amount due for payment	\$4,986,962
Amount paid on time	\$4,986,962
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	0

¹ Year commencing 1 January 2015 - system changes were required to enable reporting in accordance with the new TI and Guidelines which delayed the period for which reporting was available.

PROCUREMENT (BUY LOCAL)

In accordance with Treasurer's Instruction *GBE-13-114-11 (Buy Local)*, the MAIB is required to report on its procurement policies and practices and how these support local businesses. During the year, the MAIB prepared new internal Procurement (Buy Local) policies and procedures that aim to promote open and effective competition, pursue value for money, conduct ethical procurement and enhance opportunities for local businesses. Payments made to, or on behalf of, claimants (hospital, ambulance, treatment etc.) are excluded as these reimbursements are outside the intended scope of the Guideline.

MAIB purchases¹ from Tasmanian Businesses² 2014-15

Percentage of purchases from Tasmanian businesses	82%
Value of purchases from Tasmanian businesses	\$16.04 million

¹ Excludes payments to specialist reinsurers (\$5.8 million) – there are no appropriately licensed reinsurers located in Tasmania.

² Definition of a Tasmanian business (ie local) is a business operating in Tasmania, which has a permanent office or presence in Tasmania and employs Tasmanian workers (as per the Treasury Buy Local Guidelines for Tasmanian Government Businesses Version 1).

Consultancies ¹ valued at more than \$50,000 (ex GST) in 2014-15				
Name of consultant	Location	Description	Period of engagement	Amount
Aon Benfield	Sydney, Australia	Reinsurance broker	1 Jul 2014 to 30 June 2015	\$421,888
Taylor Fry Pty Ltd	Melbourne, Victoria	Actuary	15 Aug 2013 to 14 Aug 2017	\$235,211
Towers Watson Australia Pty Ltd	Melbourne, Victoria	Investment Advisor	1 Dec 2012 to 30 Nov 2015	\$299,215
			Total	\$956,314
There were 3 consultants engaged for \$50,000 or less totalling				\$26,830
Total Payment to Consultants				\$983,144

¹ Excludes standard professional services such as accounting, audit, tax and legal services.

DIRECTORS' MEETINGS

The number of Directors' Board meetings and Committee meetings held and attended by each Director during 2014-15 are shown in the following table.

Director	Board (14 meetings held)	Audit Committee (6 meetings held)	Claims Committee (12 meetings held)	IPMF Committee (6 meetings held)
Don Challen AM	● ● ● ● ● ● ● ● ● ● ● ● ● ●	● ● ● ● ● ●		● ● ● ● ● ●
Kim Barker	● ● ● ● ● ● ● ● ● ● ● ● ● ● ●		● ● ● ● ● ● ● ● ● ● ● ● ● ●	● ● ● ● ● ●
Michael Dontschuk	● ● ● ● ● ● ● ● ● ● ● ● ● ●		● ● ● ● ● ● ● ● ● ● ● ● ● ●	
Danny McCarthy	● ● ● ● ● ● ● ● ● ● ● ● ● ●	● ● ● ● ● ●		
Peter Roche ¹	● ● ● ● ● ● ● ●		● ● ● ● ● ● ● ●	
David St. John	● ● ● ● ● ● ● ● ● ● ● ● ● ●	● ● ● ● ● ●		
Mark Scanlon ²	● ● ● ● ● ● ● ● ● ● ● ● ● ● ●	● ● ● ● ● ●		

● Attended ● Did not Attend

¹ Peter Roche's appointment as Executive Director concluded on 4 February 2015.

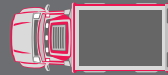
² Mark Scanlon's appointment as Director concluded on 25 May 2015.

SUPERANNUATION

I certify that the MAIB has met its obligations under the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* in respect of any employee who is a member of a complying superannuation scheme to which the MAIB contributes.



Paul Kingston
Chief Executive Officer



*You'd let your
mate get away with*

HIS ENTHUSIASM FOR A WIN



BUT

**REAL MATES DON'T
LET MATES DRINK DRIVE**



MOTOR ACCIDENTS INSURANCE BOARD

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Address	Level 1, 33 George Street Launceston 7250, Tasmania
Telephone	(03) 6336 4800
Toll Free	1800 006 224
Facsimile	(03) 6336 4848
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	www.maib.tas.gov.au