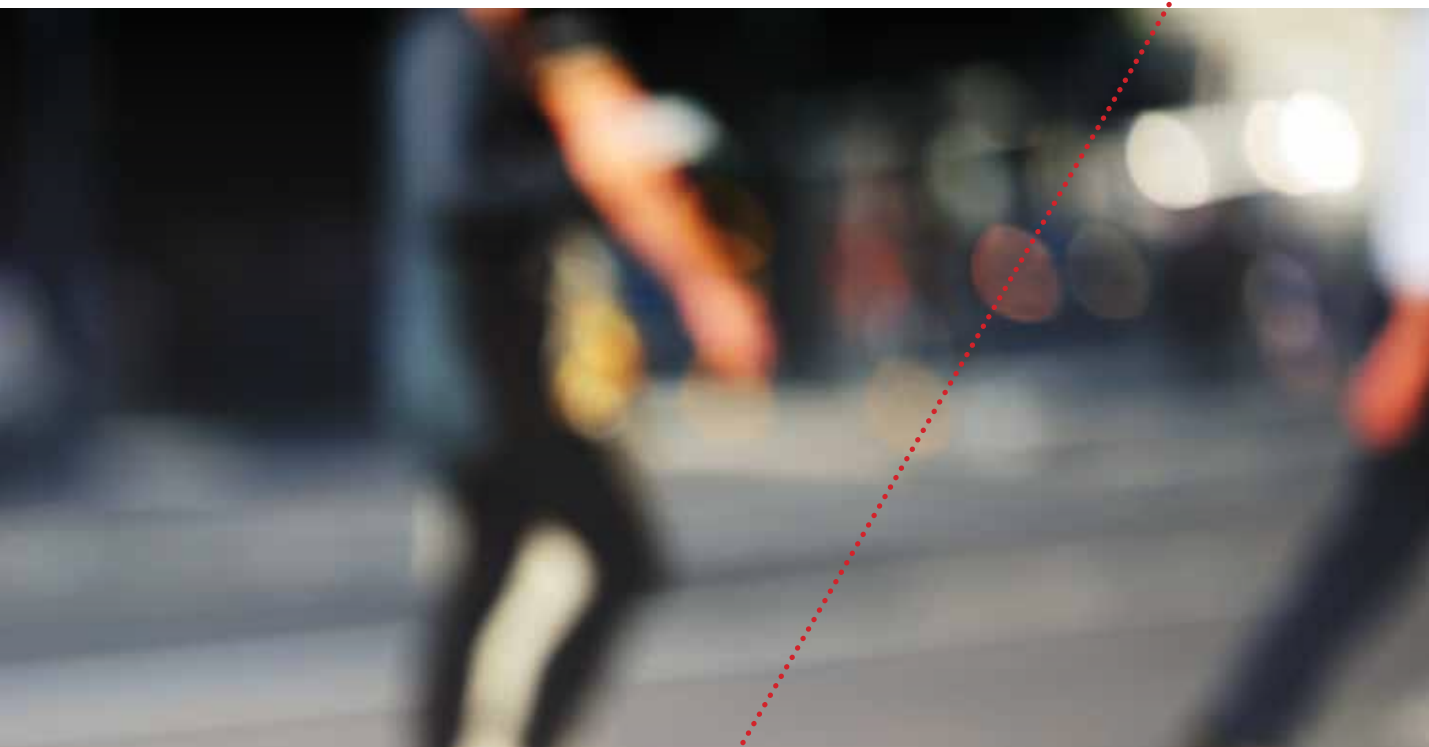




Service·Support·Safety

15-16



ANNUAL REPORT

MOTOR ACCIDENTS INSURANCE BOARD

/41 YEARS

DEDICATED SERVICE

/ Josie 1 / Kate 1 / Elaine 1
/ Paul 2 / Peter 2 / Michael 3
/ Jade 3 / Emma 5 / Don 5
/ Stephen 5 / David 5

**05
YEARS**

/ Lucy 6 / Chris 6 / Jocelyn 6
/ Andrea 7 / Clare 7 / Catherine 7
/ Laura 7 / Annette 8 / Anne 8
/ Annet 9 / Telia 9 / Kim 9
/ Jennifer 10 / Sarah 10 / Sara 10

**10
YEARS**

/ Karen 11 / Karen 11
/ Rebecca 12 / Kristy 14
/ Peta 14 / Angie 15 / Jane 15
/ Lyndell 15 / Sarah 17

**15
YEARS**

/ Belinda 16 / Grant 17
/ Maree 17 / Ann 19

**20
YEARS
& OVER**

/ Ian 25 / Lisa 25
/ Jo 27 / Derek 28
/ Linda 32 / Michael 39

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.

OUR VALUES

The MAIB's values are:

Team Commitment

Flexibility and
Adaptability

Community
Awareness

Accountability

Respect,
Understanding and
Dignity

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The Motor Accidents Insurance Board is a Tasmanian Government Business Enterprise which operates the State's 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

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

The MAIB is the single insurer for compulsory third party (CTP) motor accident insurance in Tasmania, commencing operations on 1 December 1974. The scheme design has required only minimal refinement since commencement.

The Tasmanian Economic Regulator (Regulator) provides independent pricing oversight for MAIB premiums.

The benefits of the Tasmanian scheme are that:

- It provides statutory compensation to people who sustain fatal or personal injury as the result of a motor accident;
- A person who sustains injury as a result of a motor accident is entitled to payment under the statutory “no-fault” scheme, regardless of fault, including lifetime care and support for the catastrophically injured;
- A person who sustains injuries as a result of the negligence of another is entitled to seek compensation by way of damages;
- It indemnifies a negligent motor vehicle owner or driver where a common law personal injury damages action is brought against them;
- “No-fault” payments allow early access to compensation;
- The scheme is designed and intended to be fully funded at no cost to the State or its residents, other than the cost of premiums; and
- All premiums collected are pooled, from which claim payments are made.

CLAIM BENEFITS**Scheduled Benefits**

The scheduled benefits provisions allow persons injured as a result of a motor accident to receive benefits irrespective of fault. It also enables benefits and rehabilitation to be made available without delay.

Scheduled benefits include the payment of:

- Reasonable medical and other health professional costs;
- Ambulance transport and hospital treatment costs;
- Attendant care costs;
- Reasonable travel costs for medical treatment;
- Disability allowance (for those previously in paid employment who are unable to work);
- Housekeeping allowance (for those who are unable to perform their normal household tasks);
- Funeral expenses;
- Death benefits;
- Long term care for the seriously injured; and
- Counselling fees for relatives of people fatally or seriously injured.

(Limitations and caps apply to all benefits except long term care.)

Common Law

Claimants can take action to obtain damages under common law where the fault of another party can be established. There is no threshold in place restricting access. An indexed threshold of \$4,000 for non-economic loss became effective on 4 July 2003 while future economic loss is limited to a maximum of three times average weekly earnings. No-fault payments already received are deducted from the settlement sum.

Time limits for the commencement of actions for damages apply and independent legal advice should be sought by those wishing to claim damages.

GOVERNANCE STRUCTURE **AS AT 30 JUNE 2016**

SHAREHOLDING MINISTERS

PORTFOLIO MINISTER - The Hon. M.T. (Rene) Hidding MP

TREASURER - The Hon. Peter Gutwein MP

BOARD OF DIRECTORS

CHAIRMAN - Don Challen AM

DIRECTORS - Elaine Collins

Kate Cuthbertson

Michael Dontschuk

David St. John

MANAGEMENT TEAM

CHIEF EXECUTIVE OFFICER - Paul Kingston

CHIEF OPERATING OFFICER - Christopher Hill

CHIEF FINANCIAL OFFICER - Derek Thurm

MANAGER CLAIMS - Lisa Harris

TEAM LEADER CLAIMS - Ian French

TEAM LEADER SERIOUS INJURY - Sarah Hendriksen

TEAM LEADER ADMINISTRATION - Belinda Barrett

INJURY MANAGEMENT ADVISOR - Andrea Bucher

ICT MANAGER - Jo Wilson

EXECUTIVE OFFICER - Kim Butterworth

FINANCIAL ACCOUNTANT - Angie Edwards


STATEMENT OF COMPLIANCE

The Hon. Peter Gutwein MP, Treasurer and 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 2016. The Report has been prepared in accordance with the provisions of the *Government Business Enterprises Act 1995*.

Signed in accordance with a resolution of the Directors:

Dated: 15 September 2016



D W Challen AM
CHAIRMAN



E Collins
DIRECTOR

The MAIB enjoyed a successful year with solid results across the business. In particular, favourable claims experience led to lower than expected claim costs resulting in a sound operating result and strong dividends to the Tasmanian Government.

BEFORE TAX
PROFIT
\$95.3 MILLION

FINANCIAL RESULT

Despite challenging financial market conditions throughout much of the year, an operating profit before tax of \$95.3 million was recorded. Improved investment performance in the latter half of the year provided net investment revenue of \$67.7 million, an annual return of 4.6%, which was in line with the median return for similar funds.

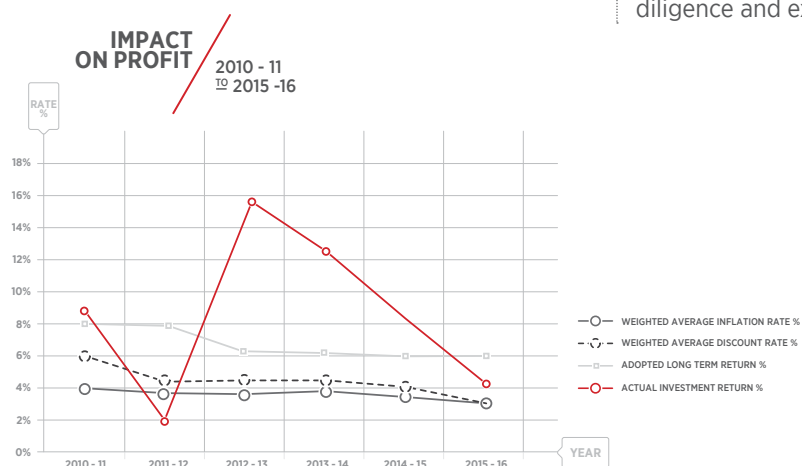
While claim costs of \$97.5 million were under budget, the favourable revaluations of outstanding claim liabilities were again partially offset by increases resulting from prevailing economic assumptions adopted in the valuation of claim liabilities. The Impact on Profit chart illustrates the volatility of investment returns.

DIVIDEND TO GOVERNMENT

The MAIB has recommended a dividend of \$49.7 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 recommendations of MAIB's consulting actuary, the Board maintained a target funding ratio range of 120% - 145%. This target range takes account of volatility of financial results and the desire for a very high degree of confidence that the funding ratio will be at least 100%. The scheme is well positioned with a funding ratio of 130.3% at 30 June 2016.



INVESTMENT PORTFOLIO

The strategic asset allocation of 65% to growth assets and 35% to defensive assets was maintained following the annual review. This mix of assets aims to balance the long term nature of the MAIB's claim liabilities and achieve sustainable commercial rates of return for the Government.

GOVERNANCE

Consistent with the Government's objective for smaller-sized boards, the MAIB Board has been maintained at five members. During the year two Board members, Kim Barker and Danny McCarthy retired. The successful recruitment of their replacements, Kate Cuthbertson and Elaine Collins, maintains an appropriate mix of skills on the Board and has improved the gender balance, a key objective for the Board noted in my 2014-15 review.

ACKNOWLEDGEMENTS

In conclusion, I wish to thank all of my fellow Directors for their strong support and contribution to the MAIB throughout the year. I particularly wish to acknowledge the significant contributions of Kim Barker who retired in December 2015 after 12 years' service which included service as Chair of the Claims Committee, and Danny McCarthy, who retired in April 2016 after 6 years' service including recently serving as Chair of the Audit Committee.

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



In its 41st year of operation, the MAIB achieved another strong performance. Some of the highlights include reducing claim costs, an ongoing commitment to improving road safety throughout Tasmania and the lowest premiums in the nation. During the year we refreshed our branding, revitalised our core values and commenced work on structuring our workforce and systems to leverage future electronic and online opportunities and services.

RECORD LOW OF
5.4 CLAIMS
PER
1,000 REGISTERED
VEHICLES
IN 2015-16

CLAIM PORTFOLIO

The MAIB has continued to focus on improving service delivery and claims outcomes. A number of improvements were introduced to reinforce evidence based treatment processes, with new treatment plans rolled out for various allied health groups. The MAIB has been active in actioning claims at the earliest opportunity, with almost 75% of claims accepted or rejected within five days of receipt. An independent client satisfaction survey was undertaken during the year. The MAIB achieved a high client satisfaction rating, with an overall score of 84.75%. This continued several years of similar strong results.

PREMIUMS

Following an actuarial review of the MAIB's premium requirements, it was identified that premiums were sufficient and therefore, 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, including a 7.4% reduction in 2013 and represents a premium decrease in real terms of over 40% in the last decade. These premium savings are primarily driven by the general trend of declining claim frequency.

CLAIM FREQUENCY

Claim frequency dropped to a record low of 5.4 claims per 1,000 registered vehicles in 2015-16, although the rate of fatalities increased and the number of serious injuries plateaued. New claims lodged with the MAIB decreased by 4.0% compared to the previous year while vehicle numbers increased by 2.6%. Over the past decade, claim frequency has sustained a downward trend.

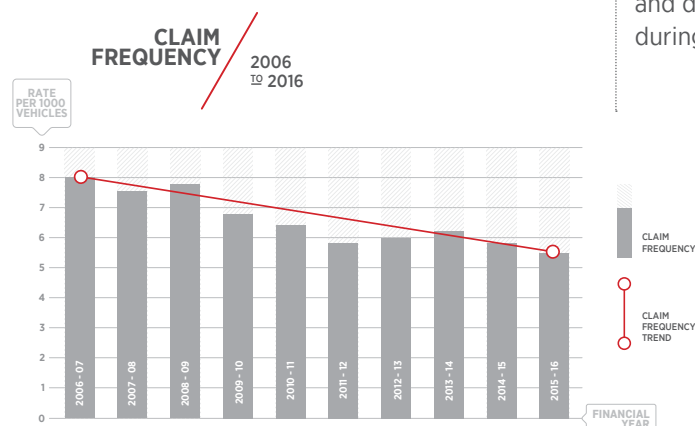
ROAD SAFETY FUNDING AND COMMUNITY SUPPORT

Since 1996, the MAIB has provided significant financial support for road safety in Tasmania, most recently funding the education and enforcement strategy of the Road Safety Advisory Council. The MAIB provides sponsorship to the Road Safety Advisory Council of over \$3.6 million per annum. This continues the MAIB's ongoing commitment to support road safety throughout the State.

Through a range of funding arrangements, grants and community sponsorships the MAIB provides in excess of \$5.5 million per year to a wide range of community, Government and private businesses in Tasmania.

CONCLUSION

I wish to thank the Board and the Executive team for their support and commitment over the past year. I also thank all MAIB employees for their collaboration and dedication to customer service, particularly during this period of change and progress.



SUMMARY

- 2,732 new claims received
- \$43 million in no fault statutory benefits paid
- 160 common law claims settled
- 26 settlement conferences attended by Claims Officers
- 70% of referred Vocational Rehabilitation claimants returned to pre-accident employment
- 74.7% of claims accepted or rejected within five days of receipt
- 84.75% client satisfaction score

BUSINESS PERFORMANCE

Total claim payments for 2015-16 were noticeably lower than the previous year, reflecting a significant decrease in the number of common law settlements. Future care (the MAIB's lifetime care scheme) and scheduled benefit payments were similar to previous years. It is particularly notable that future care payments have remained largely static for the past six years.

The number of new claims continued to fall, decreasing by 4.0% compared with the 2014-15 year, despite the number of insured vehicles increasing by 2.6%. This has resulted in a record low claim frequency rate of 5.4 per 1,000 registered vehicles.

Whiplash claims accounted for 28% of all injuries and is consistent with the previous year's experience. There was no material change in the mix of injury types.

The MAIB continued to achieve above target results from its vocational rehabilitation program, with 70% of those returning to their pre-accident employment, up from 64% in 2014-15.

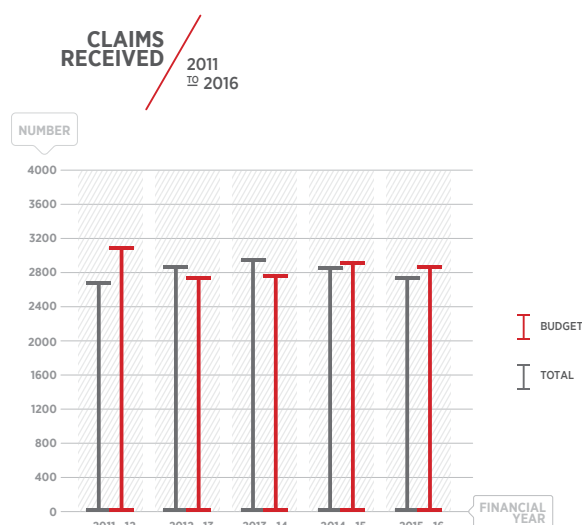
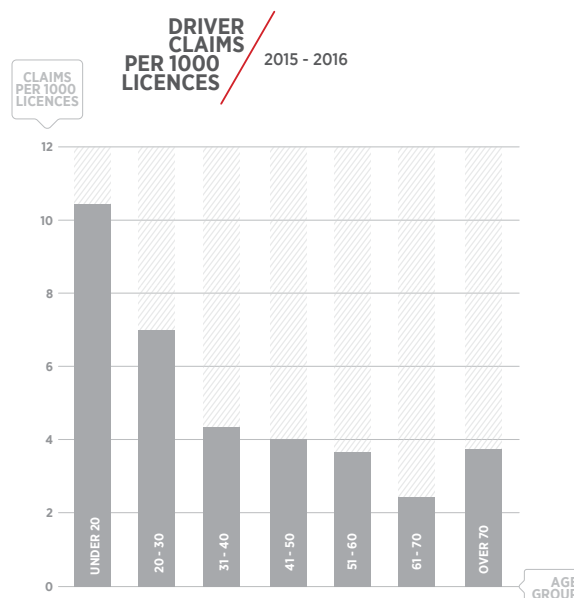
CUSTOMER SERVICE

As many claimants may feel vulnerable and uncertain after being injured in a motor accident, the MAIB is mindful of making the claims experience as seamless as possible. The MAIB aims to process claims in a timely manner, with almost 75% of all claims accepted or rejected within five days of receipt. During the year the MAIB improved its service offering, refreshing its claim form and improving various processes around rehabilitation. The MAIB's focus on customer service is evidenced by its 2015 client satisfaction score of 84.75%.

REHABILITATION PANEL

The MAIB completed an open tender for the appointment of new specialist rehabilitation panels (Occupational Therapy, Case Management, Vocational Rehabilitation (return to work) and Support Needs Assessors).

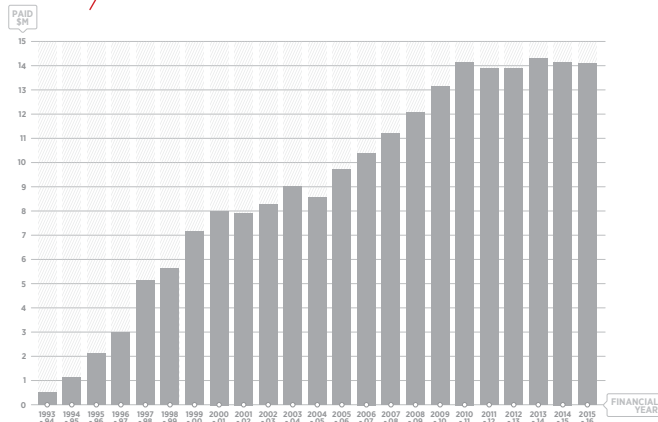
The number of providers on each panel has been increased with the most sizable increase in the number of new Occupational Therapists allowing greater focus on the MAIB's evidence based Support Needs Assessment process.



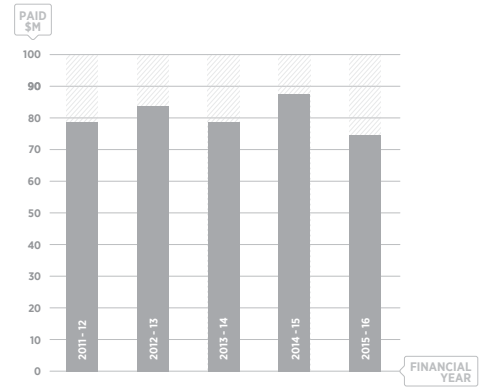
CLAIMS MANAGEMENT

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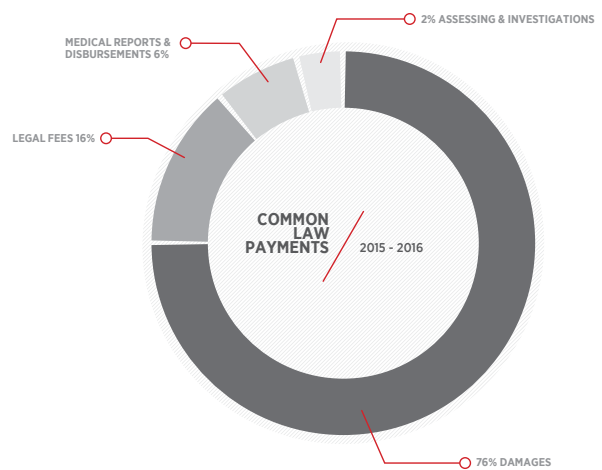
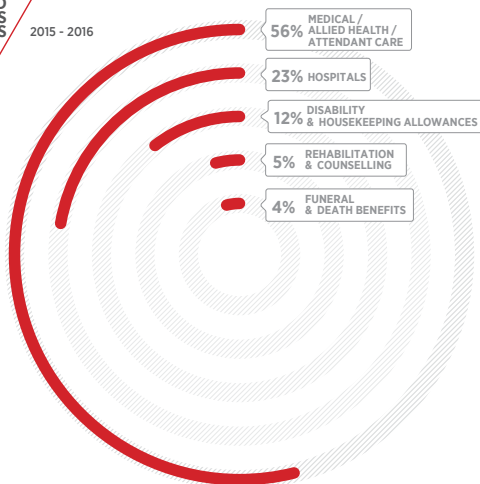
FUTURE CARE PAYMENTS / 1993 to 2016



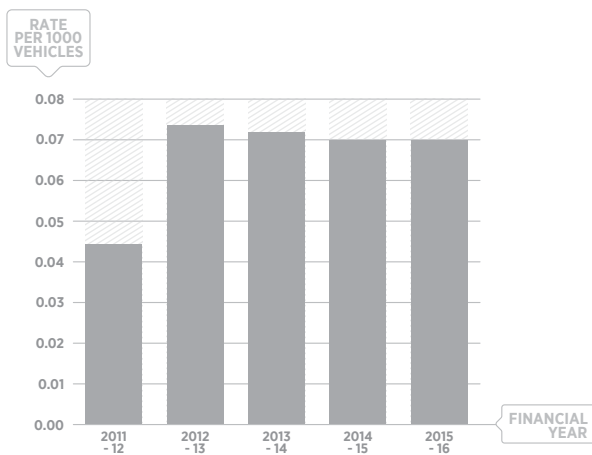
CLAIM PAYMENTS / 2011 to 2016



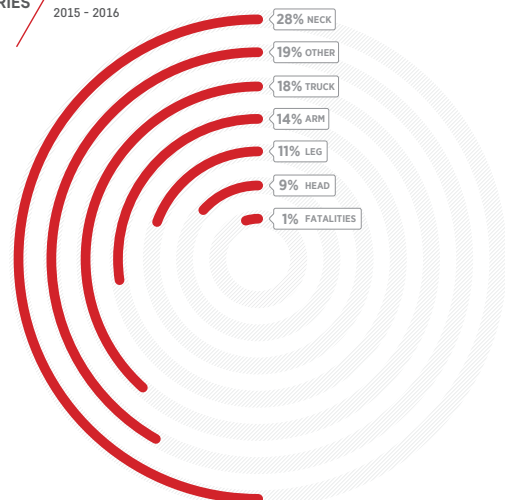
SCHEDULED BENEFITS PAYMENTS / 2015 - 2016



FATALITIES PER 1000 VEHICLES / 2011 to 2016



INJURIES / 2015 - 2016



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.

RISK MANAGEMENT

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

Risk identification, compliance, management and review is conducted on a continual basis. 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 years commencing 1 December 2014 and 1 December 2015, although some classes of registration had relativity adjustments applied in accordance with the Regulator's recommendations.

BOARD OF DIRECTORS

In fulfilling its oversight role, the Board of Directors sets relevant performance targets for the business, with a focus on achieving appropriate commercial returns and identifying, wherever possible, external benchmarks relevant to the industry. The Board reviews and approves strategies and policies for the MAIB that will assist in the achievement of corporate goals and ensure compliance with legislative requirements.

There are four committees to assist the Board with corporate governance and oversight responsibilities.

Audit Committee

The Audit Committee (constituted in accordance with section 16 of the GBE Act) meets on a regular basis and assists the MAIB in fulfilling its corporate governance and oversight responsibilities in relation to:

- Financial reports and reporting processes;
- Internal control structures and monitoring;
- Risk management systems (financial and non-financial); and
- Internal and external audit oversight.

Claims Committee

The Claims Committee meets regularly to:

- Consider all settlement decisions on larger common law claims; and
- Approve damages between \$300,000 and \$1,000,000 (the Board as a whole approves damages above \$1,000,000).

Injury Prevention and Management Foundation (Foundation) Committee

The Foundation Committee meets as required to:

- Assess all project applications for funding; and
- Provide recommendations to the Board as to which applications should be funded.

Nomination Committee

The Board as a whole 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

There are a number of processes in place to manage Board performance.

Evaluations

The MAIB has external (every three years) and internal (annually) processes in place to conduct performance assessments of the Board, its Committees and the individual Directors and the Chairman.

An internal evaluation of the Board, individual Directors and the Chairman was undertaken in 2016.

Director Induction, Education and Training

The Board has a Director Induction, Education and Training policy in place to provide Directors with an understanding of corporate expectations as well as appropriate support for their ongoing education and training.

Code of Conduct

The MAIB has a Code of Conduct for Directors. This is reviewed annually and is available to the public on the MAIB website.

CEO Performance Review

An annual review of the CEO's performance is conducted by the Board. The review includes MAIB's business performance, achievement of strategic objectives, service delivery, leadership and risk management (which addresses the requirements under section 20B of the GBE Act).



BOARD OF DIRECTORS

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

ELAINE COLLINS
BSc (Hons), MEc, FIAA, GAICD
DIRECTOR (INDEPENDENT)

KATE CUTHBERTSON
LLB (Hons), BA,
Grad Cert in Legal Practice, GAICD
DIRECTOR (INDEPENDENT)



Appointed: 7 December 2010
Member: Audit Committee
Foundation
Committee

Appointed: 27 November 2015
Chairperson: Audit Committee

Appointed: 27 November 2015
Member: Claims Committee
Foundation
Committee

Don Challen is an economist specialising in public finance. He is 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 and a Senior Adviser with Flagstaff Partners.

Don retired as Chairman of the Tasmanian Public Finance Corporation in May 2016 and was formerly Secretary of the Department of Treasury and Finance in Tasmania.

Elaine Collins is a fully qualified actuary with over 25 years' experience in general insurance, including premium filings and valuation of CTP liabilities. She has previously been a Partner of Deloitte (2006-2012) and Director of KPMG (2001-2006), where she carried out statutory roles with key expertise in policy formulation, capital allocation and strategic risk management.

Elaine is currently also a Non-Executive Director, Member of the Risk, Compliance & Audit Committee and Member of the Reinsurance Committee of Zurich Australia Insurance Limited and a Member of the Board and Member of the Audit and Compliance Committee of the Australian Reinsurance Pool Corporation. In addition, Elaine is a Member of the Professional Standards Committee of the Actuaries Institute and a sessional lecturer at the University of New South Wales.

Kate is a lawyer with over 16 years' experience practising in the areas of Criminal Law and General Litigation. She commenced practice as a Barrister at Malthouse Chambers in Hobart in February 2010 and was appointed Head of Chambers in August 2014. In addition to her work as a Barrister, Kate is a member of the Anti-Discrimination and Mental Health Tribunals and is Deputy Chairperson of the Racing Appeals Board.

Kate is also the Vice Chair of Mosaic Support Services, a Board Member of the Theatre Royal Management Board and a Director of Contemporary Art Tasmania.

BOARD OF DIRECTORS

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MICHAEL DONTSCHUK
BSc (Hons), FFTP, MAICD
DIRECTOR (INDEPENDENT)



Appointed: 1 May 2013
Member: Claims Committee

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

Michael is also a Director of Australia Ratings and Principal of Dontschuk and Associates. He was previously Group Treasurer with Grange Resources Limited and the 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.

DAVID ST. JOHN
BAgrSc, 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 and Superannuation at PricewaterhouseCoopers and is Investment Counsel to the Trustee at Legal Super Pty Ltd.

KIM BARKER
BA, DipEd, MAICD
DIRECTOR (INDEPENDENT)

Appointed: 15 September 2003
Chairperson: Claims Committee
Member: Foundation Committee

Kim retired from the Board on 31 December 2015.

DANNY MCCARTHY
BEC (Hons), FCA
DIRECTOR (INDEPENDENT)

Appointed: 1 February 2010
Chairperson: Audit Committee
(21 May 2015 to 30 April 2016)

Danny retired from the Board on 30 April 2016.

INTRODUCTION

This Statement of Corporate Intent (SCI) is a high level summary of the Corporate Plan (the 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 *Government Business Enterprises Act 1995* (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 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.

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.

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.



STATEMENT OF CORPORATE INTENT

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PERFORMANCE AGREEMENT**Financial Returns to Government**

	Target 2015-16	Actual 2015-16
Dividends Paid (\$M)	47.2	47.7
Tax Equivalents Paid (\$M)	22.9	16.1
Total	70.1	63.8

Financial Targets

	Target 2015-16	Actual 2015-16
Financial Result after Tax (\$M)	43.9	68.6
Funding Ratio (%)	125.0	130.3
Return on Equity (%)	8.0	15.2
Return on Assets (%)	3.0	6.2
Real return on investments (%)	3.0	2.1
Premium Increase (%)	4.0	0.2
Capital Expenditure (\$ '000)	460	147

Non-Financial Targets

	Target 2015-16	Actual 2015-16
Claim rate per 1,000 vehicles	6	5.4
Number of Outstanding Claims	2,500	2,266
Client Satisfaction (%)	75	84.75
Premium Affordability of AWOTE (%)	27.5	24.1
Operating Costs Against Peers (%)	<100	<100

Staff satisfaction was not measured in 2015-16

The MAIB achieved the majority of its key performance indicators for the year. The financial result after tax of \$68.6 million exceeded target by \$24.7 million due primarily to savings resulting from a reduction in accident rates and the reassessment of prior years' claim costs. These savings were partially offset by a lower than expected investment return following volatility in global financial markets, particularly in the first half of the year. The MAIB targets long term growth in its investment portfolio, in accordance with the profile of the outstanding claims liability. This strategy is expected to meet the MAIB's requirements over the long term, however introduces short term volatility, which will be evident in annual investment returns.

The increased operating result led to higher returns on equity and assets and contributed to the strong solvency position at year end. Following an actuarial assessment of premium requirements, the Board did not seek the maximum premium increase allowable under the current Premiums Order and limited the increase to the relativity adjustments applicable to a small number of vehicle classes. The ability to limit premium increases in recent years has led to a continuing improvement in premium affordability for motor vehicle owners.

Capital expenditure for the year was lower than budget due to the deferral of expenditure in relation to the implementation of the electronic records management system. This project has commenced recently and expenditure will be primarily incurred during 2016-17.



ROAD SAFETY AND COMMUNITY INVOLVEMENT

The MAIB proudly sponsors a range of community and road safety initiatives each year.

The MAIB is accountable to the Tasmanian community to manage the scheme responsibly and innovatively in order to provide the best and most appropriate care to all persons who have been injured as a result of a motor accident. Furthermore, the MAIB has a clear social responsibility to provide an affordable product to Tasmanian motorists.

Each year the MAIB actively works with other sectors of the Tasmanian community to promote safer driving, as well as advancing practices for the treatment and rehabilitation of injured persons. This work is a key contributor to the objective of reducing the number and severity of accidents that occur on Tasmanian roads.

ROAD SAFETY ADVISORY COUNCIL (RSAC)



Established in 1996, the RSAC enforcement and public education program (RSAC program) is an MAIB funded initiative of the Department of State Growth, Tasmania Police and the MAIB. The MAIB's funding of the RSAC program is currently in excess of \$3.6 million per annum.

Over this period, 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 program has significantly grown in profile and research conducted has concluded that the RSAC program is perceived by the Tasmanian community as the pre-eminent independent face of road safety.

The current MAIB funding commitment extends to 31 December 2017.

INJURY PREVENTION AND MANAGEMENT FOUNDATION

The Foundation was established under the Act in 1993 with the objective of promoting measures to reduce the number and severity of motor accidents.

The Foundation funds research, education and service development programs directed towards the prevention of motor accidents and/or the reduction in the severity and improved management of injuries resulting from motor accidents. The priority areas of the Foundation are:

- Reducing the frequency and severity of injuries from road accidents;
- Improved access to quality medical, rehabilitation and long term care services;
- New developments/techniques in areas of injury management; and
- Minimising costs of the MAIB scheme to the Tasmanian community.

The Foundation provides funding to a maximum of 1% of gross premium revenue with total payments of \$726,000 in 2015-16 (including the Charities Committee).

FOUNDATION PROJECTS FUNDED IN 2015-16

The projects funded through the Foundation in 2015-16 were:

- College of Emergency Nursing – Trauma Skills Development;
- Rotary International District 9830 Inc – Rotary Youth Driver Awareness Program (RYDA);
- Yolla District High School – Crash Free Driver and All-Terrain Vehicle Training (for Year 10 students);
- University of Tasmania School of Health Sciences – Identifying and targeting risk related behaviours raised by Tasmanian youth attending an injury prevention P.A.R.T.Y (Prevent Alcohol and Risk Related Trauma in Youth) program;
- Community Transport Services Tasmania Inc – Driver Safety and Skills Enhancement project;
- 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); and
- RACT – CarFit Program.

CHARITIES COMMITTEE

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

The recipients of funding during 2015-16 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
- Tasmania Acquired Brain Injury Services Inc.

MOTORCYCLE ROAD SKILLS COURSE

To assist in reducing proportionally high rates of motorcycle crashes, the MAIB has allowed motorcyclists to access a subsidy on the Road Skills Refresher Courses (reducing the course fee payable to \$50). This funding has been provided on the basis that the training providers and motorcycle representative groups encourage and publicise the course.

The MAIB continues to assist the State Government and motorcycle representative groups in the ongoing improvement of motorcycle training, including through the current RSAC review of the motorcycle learner training. The MAIB has also provided funding to the Tasmanian Motorcycle Council, Northern Motorcycle Riders Association and Ulysses club for various events and activities throughout the year that promote road safety.

ROAD RESCUE SERVICES FUNDING FOR EMERGENCY SERVICES

The MAIB provides annual funding to the Tasmania Fire Service and State Emergency Service for road rescue services. The total MAIB annual funding for these services is in excess of \$700,000.

TASMANIAN COMMUNITY ACHIEVEMENT AWARDS

The MAIB has provided sponsorship of the MAIB Disability Achievement Award as part of the Tasmanian Community Achievement Awards since its inception in 2007. The Awards aim to encourage, acknowledge and reward the valuable contributions that individuals, groups, communities and businesses are making throughout Tasmania.

The 2015 award went to Rebecca Astell who was born with cerebral palsy. Rebecca has had to overcome significant barriers in her life, such as low expectations from teachers and bullying. Her motivation and optimism has seen her gain tertiary education, employment, live independently, get married and contribute to the community through her volunteer work. Rebecca is working part-time in the disability sector and is studying to be a social worker.



Presentation of MAIB Disability Achievement Award 2015 to Rebecca Astell.

MAIB/METRO NIGHTRIDER

The MAIB has funded the MAIB/Metro Nightrider for the past seven years. The Nightrider service is provided on New Year's Eve in Hobart, Launceston and Burnie and provides a low cost option (\$2 flat fee) for those celebrating to get home safely.

HUMAN RESOURCES

The MAIB is committed to maintaining a well motivated and competent work force that is able to deliver a high quality service in accordance with the MAIB's Vision and Mission Statements and its Values.

EMPLOYMENT CONDITIONS

The MAIB has approximately 35 FTEs, with a staff profile of 80% female and 15 staff members working part time (due to ongoing flexible working arrangements that assist staff with work/life balance and to accommodate working parents).

The wages and conditions for MAIB staff are provided for under the MAIB and FSU Enterprise Agreement 2015 (Agreement). The Agreement was approved by the Fair Work Commission on 3 September 2015.

The MAIB has a Staff Code of Conduct to which all employees must adhere. The Code is reviewed on an annual basis and is available on the MAIB website.

EMPLOYEE DEVELOPMENT

Staff at the MAIB are provided with ongoing training opportunities to assist in their development. Some of the training that has been undertaken throughout the year include:

- Ethical Decisions at Work (Integrity Commission);
- Changing Times;
- Supporting Mental Health & Wellbeing in the Workplace; and
- Helping claimants get back to work sooner.

EMPLOYEE WELLBEING

The MAIB has a Health and Safety Committee to identify risks and address any issues that may affect an employee's safety in a prompt manner.

There is also an Employee Assistance Program available that offers counselling services to all staff for both work and personal issues.

SUPPORT FOR CHARITIES

The MAIB staff are passionate about providing support to charities. Some of the charities that have been supported throughout the year include:

- Red Cross Meals on Wheels – MAIB staff support the 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 as nominated by staff. The charities that have been supported throughout the year include the Launceston Benevolent Society, Launceston Women's Shelter and Bonorong Wildlife Rescue;
- Women's 5km Walk/Run – The MAIB provided sponsorship for staff members to participate in this event, which raises funds for breast cancer research;
- Samaritan's Purse Operation Christmas Child – MAIB employees continue to participate in this project that provides gift filled "shoe boxes" to needy children in over 100 countries; and
- Pollie Pedal – The MAIB sponsored a staff member to participate in Pollie Pedal 2016, which is a cycling event that raises awareness and funds for Diabetes Tasmania.



MAIB

Service·Support·Safety

FINANCIAL REPORT

— 2015-16 —

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FOR THE YEAR ENDED
// 30 JUNE 2016

STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 \$'000	2015 \$'000
Premium revenue	4	137,755	134,465
Outwards reinsurance expense		(5,809)	(5,840)
Net premium revenue		131,946	128,625
Gross claims incurred	5	(97,515)	(103,405)
Recovery revenue	5	5,313	3,082
Net claims incurred		(92,202)	(100,323)
Underwriting expenses		(2,805)	(2,798)
Unexpired risk expense	19	2,179	(912)
Underwriting result		39,118	24,592
Investment income	6	67,700	124,922
Investment expenses	6	(1,846)	(2,034)
Other income		1,063	491
General and administration expenses	7	(5,799)	(5,926)
Road Safety Advisory Council	8	(3,638)	(3,541)
Injury Prevention and Management Foundation	9	(689)	(585)
Motorcycle Safety Strategy	10	(6)	(2)
State Emergency Service	11	(330)	(300)
Other expenses		(308)	(424)
Profit/(loss) before tax		95,265	137,193
Tax (expense)/benefit	12	(25,562)	(37,328)
Profit/(loss) after tax		69,703	99,865
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)		(1,644)	637
Tax (expense)/benefit on other comprehensive income	12	493	(191)
Other comprehensive income net of tax		(1,151)	446
Total comprehensive result		68,552	100,311

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

STATEMENT OF FINANCIAL POSITION

 AS AT
 // 30 JUNE 2016

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	Note	2016 \$'000	2015 \$'000
Assets			
Cash and cash equivalents	14	17,532	267,962
Trade and other receivables		1,499	1,789
Investments	13	1,502,697	1,194,206
Prepaid tax	12	-	1,789
Reinsurance recoveries receivable	15	25,185	24,418
Plant and equipment		437	440
Investment properties	16	15,180	14,630
Intangibles		178	262
Total assets		1,562,708	1,505,496
Liabilities			
Trade and other payables		2,209	2,101
Provision for tax	12	16,455	-
Net deferred tax	12	8,386	17,707
Unearned premiums	17	59,633	58,584
Outstanding claims	18	1,002,905	975,464
Unexpired risk	19	207	2,403
Provision for employee benefits	20	7,219	5,208
Other financial instruments	14	4,713	3,908
Total liabilities		1,101,727	1,065,375
Net assets		460,981	440,121
Equity			
Retained earnings attributable to equity holders		460,981	440,121
Total equity		460,981	440,121

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

FOR THE YEAR ENDED
// 30 JUNE 2016**STATEMENT OF CHANGES IN EQUITY**

	2016	2015
	\$'000	\$'000
Retained earnings attributable to equity holders at beginning of year	440,121	484,380
Profit/(loss) after tax	69,703	99,865
Other comprehensive income net of income tax	(1,151)	446
Total comprehensive result	68,552	100,311
Dividends paid	(47,692)	(144,570)
Retained earnings attributable to equity holders at end of year	460,981	440,121

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED
// 30 JUNE 2016

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	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities			
Premiums received		152,989	150,043
Reinsurance and other recoveries received		5,206	1,660
Dividends received		47,553	39,957
Interest received		10,981	13,946
Rent received		566	539
Other investment revenue received		1,363	1,261
Claims paid		(75,546)	(87,049)
Reinsurance paid		(6,100)	(6,246)
Underwriting expenses paid		(3,104)	(3,072)
General and administration expenses paid		(5,395)	(5,687)
Other expenses		(294)	(279)
Investment expenses paid		(1,976)	(2,097)
Road Safety Advisory Council		(4,002)	(3,896)
Motorcycle Safety Strategy		(6)	(2)
State Emergency Service Fund		(364)	(332)
Injury Prevention and Management Foundation		(755)	(729)
Tax equivalent paid		(16,146)	(61,281)
Goods and services tax paid		(7,706)	(6,464)
Net cash from operating activities	21	97,264	30,272
Cash flows used in investing activities			
Purchase of investments		(1,290,554)	(217,533)
Sale of investments		990,680	313,385
Purchase of investment property		-	(71)
Purchase of plant and equipment		(20)	(229)
Purchase of intangibles		(126)	(25)
Sale of plant and equipment		18	75
Net cash flows used in investing activities		(300,002)	95,602
Cash flows used in financing activities			
Dividends paid		(47,692)	(144,570)
Net cash flows used in financing activities		(47,692)	(144,570)
Net increase/(decrease) in cash and cash equivalents held		(250,430)	(18,696)
Cash and cash equivalents at the beginning of the financial year		267,962	286,658
Cash and cash equivalents at the end of the financial year	14	17,532	267,962

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

1 Basis of preparation

This section of the financial report sets out MAIB's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

(a) Reporting entity

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.

(b) 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 2016 and were certified and authorised for issue by the Board of Directors on 11 August 2016.

(c) Basis of accounting

The financial statements have been prepared on an accruals basis and are based on historical costs, except for:

- investments and investment properties which are measured at fair value; and
- The outstanding claims liability, reinsurance recoveries receivable and provision for employee benefits which are measured at present value.

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.

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

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

1 Basis of preparation continued**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 2016. The MAIB has not adopted the following standards early when preparing the 2015-16 financial statements and will apply them for the annual reporting periods beginning on or after the effective dates set out below. The MAIB has reviewed the pending standards and considers the following standards may apply. Standards that are not considered relevant to the MAIB have not been included.

(i) AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. 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 standard.

(ii) AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

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 2018 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.

(iii) AASB 16 Leases (effective from 1 July 2019)

AASB 16 requires all leases to be accounted for on the statement of financial position other than short-term and low value asset leases. The standard is not applicable until 1 July 2019 but is available for early adoption (if AASB 15 Revenue from Contracts with Customers has been adopted on or before the date of initial application of AASB 16). Initial review has indicated that there is not expected to be a significant impact on the MAIB's financial statements from adopting the standard.

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 judgements are applied are detailed below.

(a) Outstanding claims liability

A liability is held 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 obtain appropriate information regarding claims exposure. 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.

Scheduled benefits

Scheduled benefits exhibit high initial payments for most claims with some claims receiving ongoing payments over many years. The actuarial analysis of these costs is undertaken utilising the Payments Per Claim Incurred (PPCI) method.

Common law

Common law projections take into account the following:

- the ultimate number of common law claims;
- the rate at which this common law potential is settled;
- the average damages costs at settlement; and
- the level of other common law costs (primarily legal and other investigation costs).

Damages payments are modelled using the Payments Per Claims Finalised (PPCF) method. Other common law costs are calculated using the Chain Ladder Method.

2 Critical accounting judgements and estimates continued**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 requirements, 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 for each of the above categories is based on assumed numbers of incurred claims multiplied by an average claim size.

(b) Reinsurance recoveries receivable

Assets arising from reinsurance contracts primarily arise from incidents involving future care claims. Recoverable amounts are actuarially assessed on a quarterly basis based on the most recent medical advice.

(c) Fair value measurement of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, the fair values are subject to estimation.

The primary estimation techniques include adopting the net asset value (NAV) per unit applicable for redemption at the end of the reporting period for investments in unlisted trusts, and discounted cash flow methodologies.

3 Risk management policies and procedures

The MAIB has a risk management framework which is governed by the Risk Management Policy and administered through the Risk Management Plan. The plan outlines key risks and mitigating strategies for MAIB's operations and is designed to effectively manage exposure to financial and non-financial risks.

(a) Risks arising from insurance contracts and policies for mitigating those risks

The main insurance risks for the MAIB include claims and rehabilitation management, controlling costs, maximising long term investment returns and collection of appropriate premium revenue.

Key aspects of the processes 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 including recommending appropriate investment strategies to meet future financial obligations.
- An independent actuary is engaged to value the claim liabilities, assess premium requirements annually, assess capital adequacy requirements, annually review the financial condition of the MAIB 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 proposed premium rates.

(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*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
// 30 JUNE 2016**25****3 Risk management policies and procedures continued****(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. Catastrophic motor accidents represent a significant concentration of insurance risk. The MAIB purchases reinsurance cover to limit its exposure to the financial impact of catastrophic motor accidents.

(d) Interest rate risk

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.

(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 Premium revenue**Premium revenue accounting policy**

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.

Premium revenue is recognised in the Statement of Comprehensive Income when it has been earned and is calculated from the date of attachment of risk.

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 linearly based on time, which is considered to approximate closely the pattern of risks underwritten.

	2016 \$'000	2015 \$'000
Gross written premiums	138,804	136,776
Movement in unearned premiums	(1,049)	(2,311)
	137,755	134,465

5 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 2016			30 June 2015		
	Current Year Claims \$'000	Prior Years' Claims \$'000	Total \$'000	Current Year Claims \$'000	Prior Years' Claims \$'000	Total \$'000
Gross claims incurred						
Inflated/undiscounted	197,160	(587,222)	(390,062)	261,805	(354,716)	(92,911)
Discount movement	(67,089)	554,666	487,577	(131,791)	328,107	196,316
	130,071	(32,556)	97,515	130,014	(26,609)	103,405
Reinsurance recoveries						
Inflated/undiscounted	-	55,566	55,566	-	3,110	3,110
Discount movement	-	(60,879)	(60,879)	-	(6,192)	(6,192)
	-	(5,313)	(5,313)	-	(3,082)	(3,082)
Net claims incurred	130,071	(37,869)	92,202	130,014	(29,691)	100,323

6 Net investment income**Net investment income accounting policy**

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.

	2016	2015
	\$'000	\$'000
Interest	8,689	12,948
Dividends	47,679	39,639
Other	1,286	1,288
Changes in fair value of investments		
Realised	(4,158)	313
Unrealised	14,204	70,734
Investment income	67,700	124,922
Investment expenses	(1,846)	(2,034)
Net investment income	65,854	122,888

7 General and administration expenses

	2016	2015
	\$'000	\$'000
Salaries and staff related expenses	3,648	3,660
Depreciation and amortisation	187	205
Information technology	317	341
International travel ¹	30	32
Other operating costs	1,617	1,688
	5,799	5,926

¹ In both the 2015-16 and 2014-15 financial years the Chairman and the Chief Executive Officer completed one international trip to meet with reinsurers in Singapore and London.

8 Road Safety Advisory Council

The MAIB funds enforcement and public education strategies through the Road Safety Advisory Council (RSAC). A Memorandum of Understanding between the MAIB, Department of Police Fire and Emergency Management and the Department of State Growth is in operation and specifies the relevant key performance indicators.

9 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 of a Committee set up to administer the Foundation.

10 Motorcycle Safety Strategy

The MAIB sponsors motorcycle rider education and training under the Motorcycle Safety Strategy. Rider training is subsidised per participant.

11 State Emergency Service

The MAIB funds the State Emergency Service (SES) to provide rural road rescue services where occupants have been trapped in their vehicles after a motor accident. The funding arrangement with the SES assists in the provision of a key component of road crash management and the commencement of the injury treatment process.

12 Income tax

Income tax accounting policy

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 benefit for the period is that tax payable or receivable 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.

12 Income tax continued**(a) Income tax expense/(benefit) recognised in the statement of comprehensive income****Tax expense/(benefit) comprises:**

	2016	2015
	\$'000	\$'000
Current tax expense/(benefit)	33,839	20,098
Deferred tax movement	(8,828)	17,045
Prior year adjustments	551	185
Tax expense/(benefit) attributable to operating result	25,562	37,328

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

Operating result before tax	95,265	137,193
Income tax expense/(benefit) calculated at 30%	28,580	41,158
Permanent differences	1	2
Tax offsets for franked dividends	(3,421)	(4,832)
Overstatement of prior year deferred tax liability on investments	(149)	-
(Over)/under provision for tax in previous year	551	1,000
Tax expense/(benefit) attributable to operating result	25,562	37,328

(b) Tax liability

Tax payable in respect of current year	33,839	20,098
Less tax instalments paid	(17,384)	(21,887)
Provision for tax/(prepaid tax)	16,455	(1,789)

(c) Tax expense/(benefit) recognised directly in equity

Actuarial movement in defined benefit plan liability	(493)	191
Tax expense/(benefit) recognised directly in equity	(493)	191

(d) Deferred tax balances**Deferred tax assets comprise:**

Unrealised loss on investments	1,479	1,204
Claims handling expenses included in outstanding claims liability	19,893	18,782
Provisions currently not deductible	2,587	2,637
Difference in depreciation of plant and equipment for accounting and tax purposes	51	58
	24,010	22,681

Deferred tax liabilities comprise:

Unrealised gain on investments	30,663	38,891
Unrealised gain on investment properties	1,733	1,497
	32,396	40,388
Net deferred tax asset/(liability)	(8,386)	(17,707)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
// 30 JUNE 2016**29****13 Investments****Investments accounting policy**

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.

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 held at cost plus accrued interest 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.

Derivatives

Derivative instruments are financial contracts whose value depends 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.

	2016	2015
	\$'000	\$'000
Listed instruments	24,891	23,085
Unlisted trusts	1,099,657	1,007,619
Australian Government bonds	370,417	157,643
Other financial instruments	7,732	5,859
	1,502,697	1,194,206

14 Financial instruments

	2016 \$'000	2015 \$'000
Financial assets		
The fair value of the financial assets equals the carrying amount.		
Cash and cash equivalents		
Cash at bank	77	76
Cash investments	17,455	267,886
	17,532	267,962
Financial assets at fair value through profit or loss		
Listed instruments	24,891	23,085
Unlisted trusts	1,099,657	1,007,619
Australian Government bonds	370,417	157,643
Other financial instruments	7,732	5,859
	1,502,697	1,194,206
Loans and receivables		
Trade and other receivables	1,499	1,789
Reinsurance recoveries receivable	25,185	24,418
	26,684	26,207
	1,546,913	1,488,375
Financial liabilities		
The amortised cost of the financial liabilities approximates the fair value.		
Financial liabilities at amortised cost		
Trade and other payables	2,209	2,101
Other financial instruments	4,713	3,908
	6,922	6,009

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

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

The 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.

14 Financial instruments continued

The pricing for most financial instruments is 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. MAIB's primary level 1 financial instruments comprise listed Australian equities.

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. MAIB's level 2 financial instruments primarily comprise investments in:

- Unlisted managed investment trusts where the prices of units are either published on the investment manager's website and/or circulated among market participants as executable quotes. MAIB holds units in managed investment trusts that invest in listed Australian and international equities, property, infrastructure and global credit.
- Australian Government bonds which are not listed on a stock exchange and where the prices are valued and calculated using discounted cash flow methodologies.

Level 3 instruments 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 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. 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.

14 Financial instruments continued

The following tables present the financial assets and liabilities measured and recognised at fair value at 30 June 2016 and 30 June 2015.

	30 June 2016			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Listed instruments	24,891	-	-	24,891
Unlisted trusts	-	957,745	141,912	1,099,657
Australian Government bonds	-	370,417	-	370,417
Other financial instruments	1,077	6,655	-	7,732
	25,968	1,334,817	141,912	1,502,697
Financial liabilities at fair value through profit or loss				
Trade and other payables	2,209	-	-	2,209
Other financial instruments	729	3,984	-	4,713
	2,938	3,984	-	6,922
	23,030	1,330,833	141,912	1,495,775
30 June 2015				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'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

There were no transfers between levels 1 and 2 in 2015-16 or 2014-15.

The following table presents the changes in Level 3 financial instruments for the year ended 30 June 2016.

	2016	2015
	\$'000	\$'000
Balance 1 July	117,323	105,163
Profit/(loss) recognised in statement of comprehensive income	15,158	9,108
Sale of investments	(569)	-
Purchases of investments	10,000	3,052
Transfers in/(out)	-	-
Balance at 30 June	141,912	117,323

The following table presents the Level 3 financial instruments for the year ended 30 June 2016.

	2016	2015
	\$'000	\$'000
Property	119,642	97,632
Infrastructure	22,270	19,691
	141,912	117,323

14 Financial instruments continued

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 externally managed unlisted infrastructure trusts comprising both domestic and international exposures to airports, rail utilities, roads and social infrastructure.

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.

The key unobservable inputs used in valuing these investments are:

- capitalisation rates ranging between 4.50% and 8.00% (2015: 5.38% and 9.25%); and
- discount rates ranging between 6.75% and 9.00% (2015: 7.75% and 9.75%).

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.

Volatility in results

The MAIB has adopted a strategy that structures its investment portfolio taking account of the expected payment patterns of 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.

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 price risk, foreign currency risk and interest rate risk);
- (b) credit risk; and
- (c) liquidity risk.

The MAIB, in consultation with its investment consultant, 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 price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk.

14 Financial instruments continued

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.

The maximum risk for the MAIB resulting from financial instruments is determined by the fair value of the financial instruments.

(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 financial markets. Market price risk comprises three types of risk:

- (i) price risk;
- (ii) foreign currency risk; and
- (iii) interest rate 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 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 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 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 table below 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 scenario from a number of possible scenarios, all of which carry significant uncertainty.

	2016 \$'000	2015 \$'000
Impact on profit and equity of a 10% price increase:		
Listed instruments	1,742	1,616
Unlisted trusts	76,976	70,533
Impact on profit and equity of a 10% price decrease:		
Listed instruments	(1,742)	(1,616)
Unlisted trusts	(76,976)	(70,533)

(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 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.

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14 Financial instruments continued

As part of its risk management strategy, the MAIB, in conjunction with its investment consultant, regularly monitors its foreign currency exposure. Forward currency contracts are used to manage a proportion of 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 currency 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 net direct exposure to foreign currency risk.

	2016 \$'000	2015 \$'000
United States Dollar	(2,836)	55,133
Euro	17,017	19,058
Japanese Yen	12,909	14,487
British Pound	10,698	13,013
Other currencies	10,267	11,880
	48,055	113,571

Sensitivity

The foreign currency risk sensitivity analysis is conducted on 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 value of the Australian Dollar against the foreign currencies.

	2016 \$'000	2015 \$'000
Impact on profit and equity of a 10% increase in value of the Australian Dollar	3,058	7,227
Impact on profit and equity of a 10% decrease in value of the Australian Dollar	(3,738)	(8,833)

(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 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 table below summarises the interest rate risk exposure of all financial instruments. The interest rate risk of the outstanding claims liability is included in note 18.

	Floating interest rate \$'000	Maturity dates			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000		
30 June 2016						
Financial assets						
Cash and cash equivalents	2,582	14,950	-	-	-	17,532
Listed instruments	-	-	-	-	24,891	24,891
Unlisted trusts	-	-	-	-	1,099,657	1,099,657
Australian Government bonds	137,291	4,115	86,069	142,942	-	370,417
Other financial instruments	-	4,961	-	-	2,771	7,732
Trade and other receivables	-	-	-	-	1,499	1,499
Reinsurance recoveries receivable	-	-	-	-	25,185	25,185
Total financial assets	139,873	24,026	86,069	142,942	1,154,003	1,546,913
Financial liabilities						
Trade and other payables	-	-	-	-	2,209	2,209
Other financial instruments	4,710	-	-	-	3	4,713
Total financial liabilities	4,710	-	-	-	2,212	6,922
Net financial assets/(liabilities)	135,163	24,026	86,069	142,942	1,151,791	1,539,991

14 Financial instruments continued

30 June 2015	Floating interest rate \$'000	Maturity dates			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000		
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

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.

	2016 \$'000	2015 \$'000
Impact on profit and equity of a 0.5% increase in interest rates	(9,203)	(3,381)
Impact on profit and equity of a 0.5% decrease in interest rates	9,208	3,383

(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.

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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	Non investment grade ¹
	\$'000	\$'000
30 June 2016		
Financial assets		
Trade and other receivables	1,449	50
Reinsurance recoveries receivable	25,185	-
Cash and cash equivalents	17,532	-
Australian Government bonds	370,417	-
Other financial instruments	4,961	-
	419,544	50
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

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

(c) Liquidity risk

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

14 Financial instruments continued**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.

	Less than 3 months \$'000	3-12 months \$'000	1+ years \$'000	Total \$'000
30 June 2016				
Financial liabilities				
Trade and other payables	2,209	-	-	2,209
Other financial instruments	976	158	3,579	4,713
	3,185	158	3,579	6,922
	Less than 3 months \$'000	3-12 months \$'000	1+ years \$'000	Total \$'000
30 June 2015				
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

(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 for a government monopoly insurer in a compulsory sector.

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 2016 the funding ratio is 130.3% (2015: 127.8%).

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.

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// 30 JUNE 2016**39****15 Reinsurance recoveries receivable****Reinsurance recoveries receivable accounting policy**

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.

Reinsurance recoveries are assessed in a manner similar to the measurement of the outstanding claims liability, and assume that the reinsurance recoveries are made in the same proportions over time as the gross claim payments.

	2016	2015
	\$'000	\$'000
Expected future reinsurance recoveries undiscounted	86,065	86,602
Discount to present value	(60,880)	(62,184)
Provision for impairment of reinsurance assets	-	-
Reinsurance recoveries receivable on incurred claims	25,185	24,418
Expected future reinsurance recoveries on unexpired risk liability	-	-
	25,185	24,418
Due within 12 months	-	-
Due in more than 12 months	25,185	24,418
	25,185	24,418

16 Investment properties**Investment properties accounting policy**

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 such that the carrying value of investment properties is not materially different from their fair values.

Reconciliation of carrying amount**At fair value**

	2016	2015
	\$'000	\$'000
Balance at 1 July	14,630	14,605
Acquisitions	-	-
Capitalised subsequent expenditure	-	71
Net gain/(loss) from fair value adjustment	550	(46)
Balance at 30 June	15,180	14,630

17 Unearned premiums

Unearned premiums accounting policy

Unearned premiums represent the portion of premiums written which relate to periods of insurance subsequent to balance date.

	2016 \$'000	2015 \$'000
Balance at 1 July	58,584	56,274
Earning of premiums written in previous periods	(58,584)	(56,274)
Premiums written in current period	138,803	136,776
Earning of premiums written in current period	(79,170)	(78,192)
Balance at 30 June	59,633	58,584

18 Outstanding claims

Outstanding claims liability accounting policy

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 claims do not have to be paid out immediately. Expected future payments are calculated based on the ultimate cost of settling claims, which includes the anticipated effects of claims development, inflation, the goods and services tax and other factors. Expected future payments are then discounted to a present value at balance date using market determined risk free interest rates.

Claims handling expenses include the cost of managing claims such as administration expenses and professional fees that are not 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% (2015: not less than 75%) that the liability is sufficient to meet the cost of claims incurred. The 75% threshold represents 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.

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18 Outstanding claims continued**(a) Actuarial assumptions and methods**

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

	2016			2015		
	Scheduled benefits	Common law	Future care	Scheduled benefits	Common law	Future care
Inflated mean term (years)	6.4	3.3	32.9	5.8	2.8	35.0
Discounted mean term (years)	5.2	3.1	20.9	4.0	2.7	20.5
Number of claims incurred but not reported (IBNR)	512	275	13	489	214	12
Average claim size (\$ '000)	11.2	144.4	6,389.2	9.7	142.6	5,561.4
Superimposed inflation	1.5%	1.5%	0.0%	1.5%	1.5%	0.0%
Claims handling expenses	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Risk margin	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

	2016		2015	
	Wage inflation rates ¹	Discount rates ²	Wage inflation rates ³	Discount rates ⁴
Claims expected to be paid in:				
Year 1 (following end of financial year)	2.95%	1.58%	2.77%	1.97%
Year 2	3.36%	1.51%	3.19%	1.98%
Year 3	3.02%	1.58%	3.42%	2.26%
Year 4	2.23%	1.75%	2.83%	2.72%
Year 5	1.97%	1.95%	2.61%	3.22%
Year 6	2.07%	2.14%	2.83%	3.67%
Year 7	2.16%	2.32%	2.97%	3.95%
Year 8	2.24%	2.48%	3.02%	4.03%
Year 9	2.31%	2.62%	3.04%	4.08%
Year 10	2.38%	2.76%	3.06%	4.13%
Year 11	2.44%	2.88%	3.09%	4.17%
Year 12	2.49%	2.98%	3.11%	4.22%
Year 13	2.54%	3.08%	3.13%	4.27%
Year 14	2.59%	3.18%	3.16%	4.31%
Year 15	2.63%	3.26%	3.18%	4.36%
Year 16	2.67%	3.34%	3.20%	4.40%
Year 17	2.71%	3.42%	3.22%	4.40%
Year 18	2.75%	3.50%	3.25%	4.40%
Year 19	2.79%	3.58%	3.27%	4.40%
Year 20	2.83%	3.65%	3.29%	4.40%

¹ projected inflation rates after year 20 increase by 0.04% per annum until they reach 4% in year 50.

² projected discount rates after year 20 increase by 0.08% per annum until they reach 6% in year 50.

³ projected inflation rates after year 20 increase by 0.02% per annum until they reach 4% in year 50.

⁴ projected discount rates after year 20 increase by 0.05% per annum until they reach 6% in year 50.

18 Outstanding claims 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 2016 are included at the rate of 6.5% of future claim payments (2015: 6.5%).

Risk margin

Estimates of claim payments contain a considerable degree of uncertainty owing 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 2016 a 20% (2015: 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% (2015: not less than 75%) that the liability is sufficient to meet the cost of claims.

Discount rates

Discount rates are based on market yields available on Commonwealth Government securities, which approximate risk free interest rates.

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18 Outstanding claims continued**(b) Sensitivity analysis**

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) and changes in claims experience. These external factors can cause significant variations in the value of the outstanding claims liability from year to year.

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 outstanding claims liability is inherently uncertain, for the following reasons:

- (a) Models used to estimate future claims payments 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 resulting 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.

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. During periods when assumed interest rates are higher than assumed inflation rates, an increase or decrease in the discounted mean term would have an opposing effect on the outstanding claims liability.
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 outstanding claims liability.
Average claim size	An increase or decrease in the average claim size would have a corresponding impact on the outstanding claims liability.
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 outstanding claims liability.
Claims handling expenses	An increase or decrease in the expected claims handling expenses will have a corresponding impact on the outstanding claims liability.
Risk margin	An increase or decrease in the risk margin will have a corresponding impact on the outstanding claims liability.
Discount rate	The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted at prevailing rates of interest to adjust for the time value of money. An increase or decrease in the assumed interest rate will have an opposing impact on the outstanding claims liability.

18 Outstanding claims continued

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.

	Impact on profit/(loss) after tax \$'000	Profit/(loss) after tax \$'000	Equity \$'000
Recognised amounts as per the 2016 financial statements		69,703	460,981
Inflation rate increased by 0.5% all durations	(58,682)	11,021	402,299
Inflation rate decreased by 0.5% all durations	51,063	120,766	512,044
Discount rate increased by 0.5% all durations	50,723	120,426	511,704
Discount rate decreased by 0.5% all durations	(58,795)	10,908	402,186
Long term discount rate increased by 0.5%	7,699	77,402	468,680
Long term discount rate decreased by 0.5%	(7,635)	62,068	453,346
Cost of current year Future Care IBNR claims increased by 10%	(6,769)	62,934	454,212
Cost of current year Future Care IBNR claims decreased by 10%	6,769	76,472	467,750
Common Law settlement size increased by 10%	(15,718)	53,985	445,263
Common Law settlement size decreased by 10%	15,718	85,421	476,699
Scheduled Benefits average size increased by 10%	(4,132)	65,571	456,849
Scheduled Benefits average size decreased by 10%	4,132	73,835	465,113
Reinsurance recoveries increased by 20% due to favourable commutations	4,231	73,934	465,212
Increase in discounted mean term by 1 year due to a delay in payments	1,299	71,002	462,280
Decrease discounted mean term by 1 year by bringing forward payments	(1,302)	68,401	459,679
	Impact on profit/(loss) after tax \$'000	Profit/(loss) after tax \$'000	Equity \$'000
Recognised amounts as per the 2015 financial statements		99,865	440,121
Inflation rate increased by 0.5% all durations	(55,485)	44,380	384,636
Inflation rate decreased by 0.5% all durations	48,203	148,068	488,324
Discount rate increased by 0.5% all durations	47,829	147,694	487,950
Discount rate decreased by 0.5% all durations	(55,505)	44,360	384,616
Long term discount rate increased by 0.5%	3,014	102,879	443,135
Long term discount rate decreased by 0.5%	(3,076)	96,789	437,045
Cost of current year Future Care IBNR claims increased by 10%	(5,701)	94,164	434,420
Cost of current year Future Care IBNR claims decreased by 10%	5,701	105,566	445,822
Common Law settlement size increased by 10%	(14,565)	85,300	425,556
Common Law settlement size decreased by 10%	14,481	114,346	454,602
Scheduled Benefits average size increased by 10%	(3,411)	96,454	436,710
Scheduled Benefits average size decreased by 10%	3,411	103,276	443,532
Increase in hospital cost adjustment from double to triple current rates	(3,585)	96,280	436,536
Hospital cost adjustment effective immediately rather than 30 June 2016	(3,271)	96,594	436,850
Reinsurance recoveries increased by 20% due to favourable commutations	684	100,549	440,805
Increase in discounted mean term by 1 year due to a delay in payments	(2,011)	97,854	438,110
Decrease discounted mean term by 1 year by bringing forward payments	2,005	101,870	442,126

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18 Outstanding claims continued**(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 2016					
Outstanding claims liability	85,641	377,217	200,441	339,606	1,002,905
	85,641	377,217	200,441	339,606	1,002,905
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

(d) Outstanding claims liability by benefit type

In recognition of the three benefit type 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 outstanding claims liability is as follows.

	2016 \$'000	2015 \$'000
Scheduled benefits claims		
Expected future claims payments (inflated/undiscounted)	51,920	44,356
Discount to present value	(6,054)	(6,367)
Claims handling expenses	3,329	2,623
Risk margin	9,839	8,122
	59,034	48,734
Common law claims		
Expected future claims payments (inflated/undiscounted)	184,867	174,528
Discount to present value	(9,877)	(10,705)
Claims handling expenses	12,132	11,355
Risk margin	37,424	35,036
	224,546	210,214
Future care claims		
Expected future claims payments (inflated/undiscounted)	1,352,116	1,741,739
Discount to present value	(788,278)	(1,178,767)
Claims handling expenses	39,797	38,194
Risk margin	115,690	115,350
	719,325	716,516
All claims		
Expected future claims payments (inflated/undiscounted)	1,588,903	1,960,623
Discount to present value	(804,209)	(1,195,839)
Claims handling expenses	55,258	52,172
Risk margin	162,953	158,508
	1,002,905	975,464
Due within 12 months	85,641	91,362
Due in more than 12 months	917,264	884,102
	1,002,905	975,464

18 Outstanding claims continued**(e) Reconciliation of movement in outstanding claims liability**

	2016			2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	\$'000	Recoveries \$'000	\$'000	\$'000	Recoveries \$'000	\$'000
Balance at 1 July	975,464	24,418	951,046	952,683	22,336	930,347
Adjustment to prior years						
Effect of actual versus expected payments	(16,131)	4,546	(20,677)	(8,598)	1,000	(9,598)
Effect of change in actuarial assumptions	(81,020)	(380)	(80,640)	(74,034)	1,111	(75,145)
Effect of changes in economic assumptions	66,841	664	66,177	56,058	421	55,637
Effect of prior year claims moving closer to payment	(2,247)	483	(2,730)	(173)	550	(723)
Net revision to prior years' claims costs	(32,557)	5,313	(37,870)	(26,747)	3,082	(29,829)
Incurred claims for current accident year	130,071	-	130,071	130,150	-	130,150
Net claims incurred	97,514	5,313	92,201	103,403	3,082	100,321
Claims payments and recoveries in the year	(70,073)	(4,546)	(65,527)	(80,622)	(1,000)	(79,622)
Balance at 30 June	1,002,905	25,185	977,720	975,464	24,418	951,046

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18 Outstanding claims 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										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross of reinsurance recoveries											
Estimate of ultimate claims cost:											
At end of accident year	397,697	363,894	281,693	263,884	201,081	218,081	249,933	240,801	208,032	157,343	
One year later	348,300	242,314	297,639	223,297	111,109	221,189	210,096	162,877	115,596		
Two years later	205,414	214,801	291,303	198,314	116,768	106,355	158,319	104,989			
Three years later	170,510	186,141	235,532	181,337	146,081	176,931	126,594				
Four years later	166,291	158,180	251,943	237,782	79,949	158,326					
Five years later	131,362	160,118	169,404	152,367	92,305						
Six years later	137,430	116,772	226,806	146,864							
Seven years later	183,231	162,847	201,372								
Eight years later	124,388	149,845									
Nine years later	116,671										
Current estimate of cumulative claims cost	116,671	149,845	201,372	146,864	92,305	158,326	126,594	104,989	115,596	157,343	1,369,905
Cumulative payments	(69,752)	(66,491)	(77,557)	(70,630)	(58,131)	(48,037)	(40,550)	(30,627)	(25,622)	(13,975)	(501,372)
Outstanding claims (undiscounted)	46,919	83,354	123,815	76,234	34,174	110,289	86,044	74,362	89,974	143,368	868,533
Discount											(404,929)
2006 and prior (discounted)											321,090
Claims handling expense											55,258
Risk margins											162,953
Outstanding claims (inflated & discounted)											1,002,905

18 Outstanding claims continued

[illegible]

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19 Unexpired risk**Unexpired risk accounting policy**

At each reporting date the unearned premium liability is actuarially assessed to determine if it is sufficient to cover all expected 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 net of reinsurance cash flows relating to future claims plus claims handling expenses and a risk margin exceeds the unearned premium liability less deferred acquisition costs, then the unearned premium liability is deemed to be deficient. This deficiency is initially accounted for by a write-down in deferred acquisition costs, with any remaining deficiency recognised as an unexpired risk liability.

The risk margin applied achieves 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.

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

(a) Unexpired risk liability

	2016 \$'000	2015 \$'000
Balance at 1 July	2,403	1,486
Recognition of additional unexpired risk liability in the period	207	2,403
Release of unexpired risk liability recorded in previous periods	(2,403)	(1,486)
Balance at 30 June	207	2,403

(b) Deficiency recognised in the statement of comprehensive income

Gross movement in unexpired risk liability	(1,713)	917
Reinsurance recoveries on unexpired risk liability	(483)	-
Net movement in unexpired risk liability	(2,196)	917
Write down of deferred acquisition costs	17	(5)
Unexpired risk expense	(2,179)	912

(c) Liability adequacy test

Unearned premium liability	59,633	58,584
Deferred acquisition costs	(1,197)	(1,180)
Unearned premium liability net of deferred acquisition costs	58,436	57,404
Net central estimate of the present value of expected cashflows arising from future claims against current insurance contracts	47,042	47,527
Claims handling expenses	3,307	3,296
Risk margin	9,973	10,165
Present value of expected cash inflows arising from reinsurance recoveries on future claims against current insurance contracts	(483)	-
Expected cost of future claims	59,839	60,988
Deficiency net of reinsurance recoveries	1,403	3,584
Add back reinsurance element of expected future cash inflows	483	-
Deficiency gross of reinsurance recoveries	1,886	3,584

Claims handling expenses

Claims handling expenses as at 30 June 2016 are included at the rate of 6.5% (2015: 6.5%).

19 Unexpired risk continued**Risk margin**

As at 30 June 2016 a risk margin of 20% (2015: 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% (2015: not less than 75%) that the provision is sufficient to meet the cost of claims incurred.

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 a future benefit.

Deferred acquisition costs

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.

20 Provision for employee benefits**Employee benefits accounting policy****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 applied 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 to 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 members of the RBF defined benefits scheme, the MAIB contributes at least the minimum level of superannuation required by the Commonwealth *Superannuation Guarantee (Administration) Act 1992*. Contributions are made to nominated accumulation schemes and are expensed when they fall due.

	2016 \$'000	2015 \$'000
Due within 12 months		
Annual leave	236	212
Long service leave	35	29
Retirement Benefits Fund	38	49
	309	290
Due in more than 12 months		
Long service leave	375	355
Retirement Benefits Fund	6,535	4,563
	6,910	4,918
Total employee benefits	7,219	5,208

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21 Statement of cash flows**Cash and cash equivalents accounting policy**

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.

(a) Reconciliation of net cash provided by operating activities to profit/(loss) after tax

	2016 \$'000	2015 \$'000
Profit/(loss) after tax	69,703	99,865
Depreciation and amortisation	215	266
Loss/(profit) on sale of plant and equipment	1	119
Net unrealised loss/(gain) in net market value of investments	(14,204)	(70,734)
Net realised loss/(gain) in net market value of investments	4,158	(313)
Net unrealised loss/(gain) in net market value of investment properties	(550)	46
Net retained earning remeasurements of defined benefit superannuation plans	(1,151)	446
Decrease/(increase) in deferred tax asset	(9,321)	17,236
Decrease/(increase) in reinsurance recoveries receivable	(767)	(2,081)
Decrease/(increase) in trade and other receivables	290	(407)
Decrease/(increase) in other assets	1,789	(1,789)
Decrease/(increase) in accrued dividends and interest	2,233	1,274
Increase/(decrease) in outstanding claims liability	27,441	22,781
Increase/(decrease) in tax payable	16,455	(39,209)
Increase/(decrease) in unexpired risk liability	(2,196)	918
Increase/(decrease) in employee benefits	2,011	(480)
Increase/(decrease) in trade and other payables	108	23
Increase/(decrease) in unearned premium liability	1,049	2,311
Net cash flow from operating activities	97,264	30,272

(b) Financing facilities

At 30 June 2016 the MAIB has seven corporate credit cards with a total limit of \$60,000 (2015: \$60,000). The balance is paid in full on a monthly basis. The MAIB has no formal credit standby arrangements or unused loan facilities.

22 Auditor's remuneration

The amount payable to the Auditor-General for the year ended 30 June 2016 is \$88,550 (2015: \$105,500).

23 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.

Following the end of the financial year, a final ordinary dividend relating to the year ended 30 June 2016 of \$49,705,474 (2015: \$47,691,524) is recommended.

24 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.

25 Key management personnel information**(a) Directors**

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

- (i) Non executive directors
 - D Challen AM
 - K Barker (to 31 December 2015)
 - E Collins (from 27 November 2015)
 - K Cuthbertson (from 27 November 2015)
 - M Dontschuk
 - D McCarthy (to 30 April 2016)
 - D St. John

(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:

- P Kingston Chief Executive Officer
- C Hill Chief Operating Officer
- D Thurm Chief Financial Officer

(c) Key management personnel compensation

	2016 \$'000	2015 \$'000
Short-term employee benefits	917	931
Post employment benefits	88	101
Other long-term employee benefits	15	(96)
Termination benefits	-	148
	1,020	1,084

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

2016						
Name	Position	Director Fees \$'000	Committee Fees \$'000	Superannuation \$'000	Other Benefits \$'000	Total \$'000
D Challen AM	Chairman	76	6	8	-	90
K Barker ¹	Director	19	3	2	-	24
E Collins ²	Director	21	4	2	-	27
K Cuthbertson ³	Director	21	4	2	-	27
M Donschuk	Director	36	6	4	-	46
D McCarthy ⁴	Director	30	6	3	-	39
D St. John	Director	36	6	4	-	46
		239	35	25	-	299

¹ K Barker's appointment as director concluded 31 December 2015.

² E Collins' appointment as director commenced 27 November 2015.

³ K Cuthbertson's appointment as director commenced 27 November 2015.

⁴ DJ McCarthy's appointment as director concluded 30 April 2016.

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

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

25 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:

2016										
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 ⁸
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
P Kingston	CEO	223	-	-	22	20	-	265	19	284
C Hill	COO	182	-	-	19	28	-	229	4	233
D Thurm	CFO	158	-	-	21	20	-	199	5	204
Total		563	-	-	62	68	-	693	28	721

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 defined as those that are dependent upon achieving specified performance goals within specified timeframes. Senior executive contracts do not contain provision for short term incentive payments.

³ Termination benefits include all forms of benefit paid or accrued as a consequence of termination. No termination benefits were paid during the period.

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 Total payments to the COO and CFO exceed the maximum percentage of the CEO's salary (as prescribed under the Tasmanian Government's Director and Executive Remuneration Guidelines) due to the appointment of a new CEO in 2015 at the base of a lower remuneration band.

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
		\$'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.

(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.

25 Key management personnel information continued**(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 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.

Short Term Incentive Payments

Effective from 5 February 2015, senior executive contracts do not contain provisions for the payment of short term incentives or bonuses. No short term incentives or bonuses were paid during 2015-16.

In prior years, short term incentive payments were awarded following assessment against a range of financial and non-financial KPIs set by the Board and aligned to the creation of value.

Termination Benefits

No termination benefits were paid in the year.

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 2015-16.

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

No business transactions were undertaken with Directors for the year ended 30 June 2016.

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

**Independent Auditor's Report****To Members of the Tasmanian Parliament****Motor Accidents Insurance Board****Financial Report for the Year Ended 30 June 2016****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 2016 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 2016, 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.

...1 of 2

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

Strive | Lead | Excel | To Make a Difference

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
// 30 JUNE 2016

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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 MAIB'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* promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

My independence declaration was provided to the Directors on the same date as this auditor's report and is included in the Annual Report.

Tasmanian Audit Office

E R De Santi
Acting Auditor-General

Hobart
11 August 2016

...2 of 2

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FOR THE YEAR ENDED
// 30 JUNE 2016

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

11 August 2016

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

Dear Board Members

Auditor's Independence Declaration

In relation my audit of the financial report of Motor Accidents Insurance Board for the financial year ended 30 June 2016, 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
- (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

A handwritten signature in black ink, appearing to read "ER De Santi".

E R De Santi
Acting Auditor-General

CERTIFICATIONFOR THE YEAR ENDED
// 30 JUNE 2016**59**

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 2016 and the financial position as at 30 June 2016 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 2016 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 2016 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 2016 give a true and fair view.

Signed in accordance with a resolution of the directors:

Dated 11 August 2016



DW Challen AM
Chairman

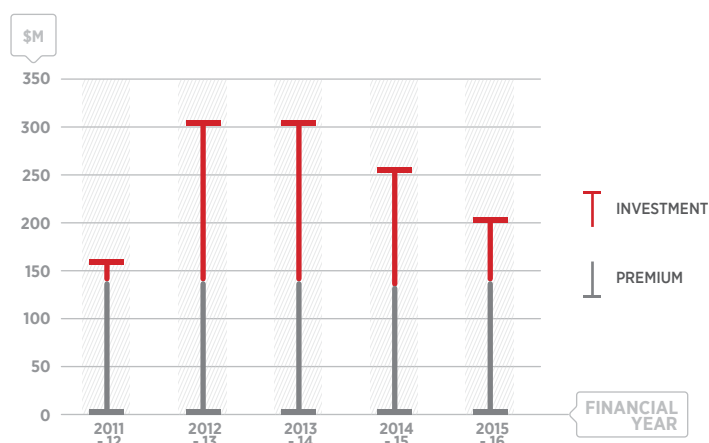
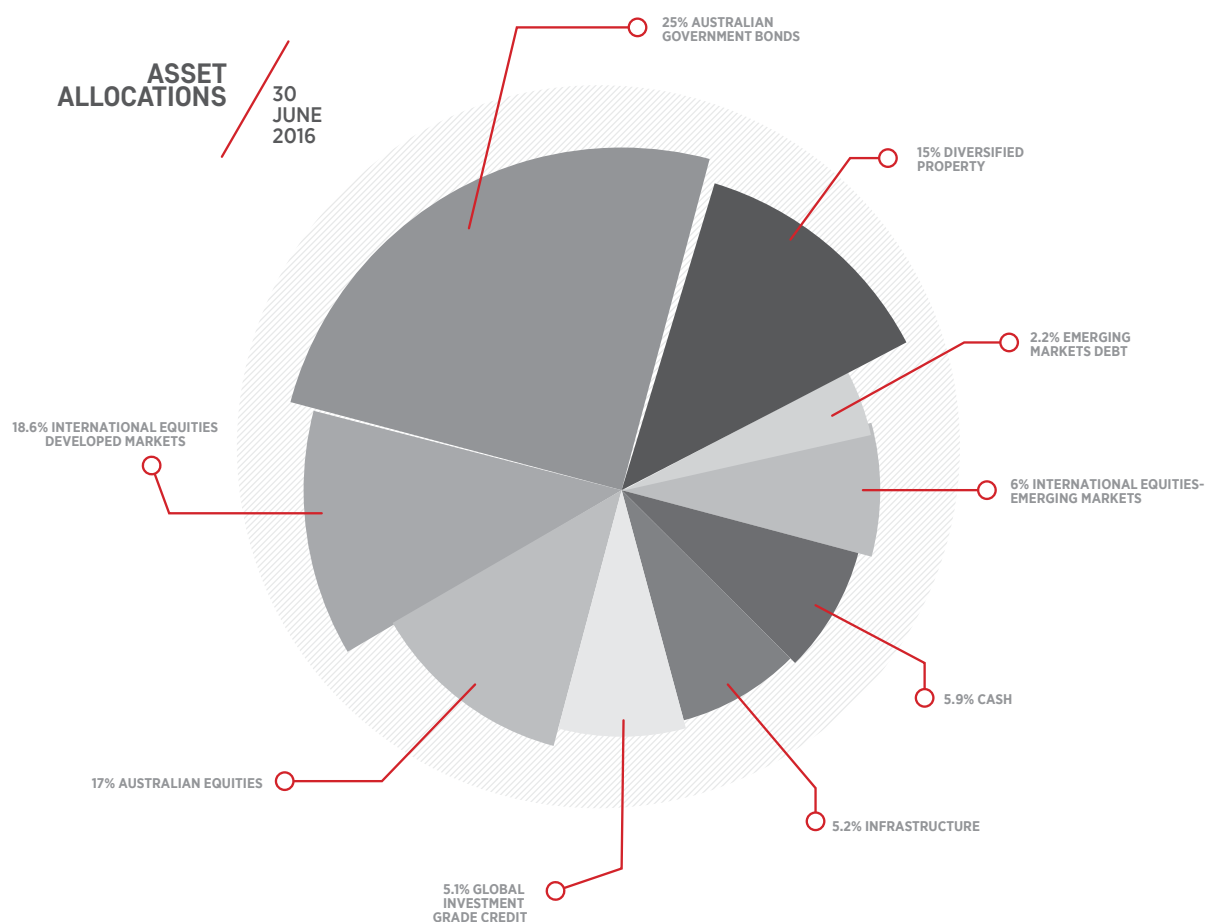


E Collins
Director

KEY PERFORMANCE INDICATORS

The MAIB's three key financial performance targets were exceeded in 2015-16. As a long tail insurer, the MAIB targets long term investment growth but its investment returns are subject to short term volatility, which is evident in the KPI results from year to year.

Key Performance Indicator	Forecast	Actual
Funding ratio (%)	125.0	130.3
Return on equity (%)	8.0	15.2
Return on total assets (%)	3.0	9.0

**PREMIUM
AND INVESTMENT
INCOME**2011
to 2016**ASSET
ALLOCATIONS**30
JUNE
2016

FIVE YEAR SUMMARY - FINANCIAL	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Premium income net of reinsurance	133,719	133,220	133,514	128,625	131,946
Recovery income	13,490	3,514	4,767	3,082	5,313
Claims expense	(200,666)	(87,001)	(124,272)	(103,405)	(97,515)
Unexpired risk expense	(428)	(1,331)	(912)	(912)	2,179
Other underwriting expenses	(2,665)	(2,644)	(2,631)	(2,798)	(2,805)
Underwriting result	(56,550)	45,758	10,466	24,592	39,118
Investment and other revenue	23,561	172,891	171,440	123,379	66,917
Administration, road safety and Foundation expenses	(10,571)	(10,882)	(9,964)	(10,778)	(10,770)
Profit/(loss) before tax	(43,560)	207,767	171,942	137,193	95,265
Tax (expense)/benefit	16,506	(60,322)	(46,444)	(37,328)	(25,562)
Profit/(loss) after tax	(27,054)	147,445	125,498	99,865	69,703
Net Assets	240,388	382,416	484,380	440,121	460,981
Dividend paid	20,249	6,140	23,219	144,570	47,692

FIVE YEAR SUMMARY - OPERATIONAL	2011-12	2012-13	2013-14	2014-15	2015-16
Number of vehicles registered	469,132	473,817	481,656	492,313	505,132
Claim payments (\$M)	78	84	79	87	76
Current claims	2,676	2,750	2,619	2,551	2,266
New claims received	2,707	2,839	2,924	2,847	2,732
Number of fatalities	21	34	33	34	35
Fatality rate per 1,000 vehicles	0.04	0.07	0.07	0.07	0.07
Claim rate per 1,000 vehicles	5.77	5.99	6.07	5.78	5.41
Tasmanian car premium (\$)	344	344	318	318	318

INTERSTATE SCHEME COMPARISONS

SCHEME COMPONENT	TAS	VIC	NT	NSW	QLD	WA	SA	ACT
No fault	Yes	Yes	Yes	No ¹	No	No	No	No
Lifetime Care (support for catastrophically injured)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Common Law Rights	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Monopoly Scheme	Yes	Yes	Yes	No	No	Yes	No	No
Motor Car Premium²	\$318	\$457	\$547	\$658 ³	\$330 ⁴	\$372	\$461	\$586

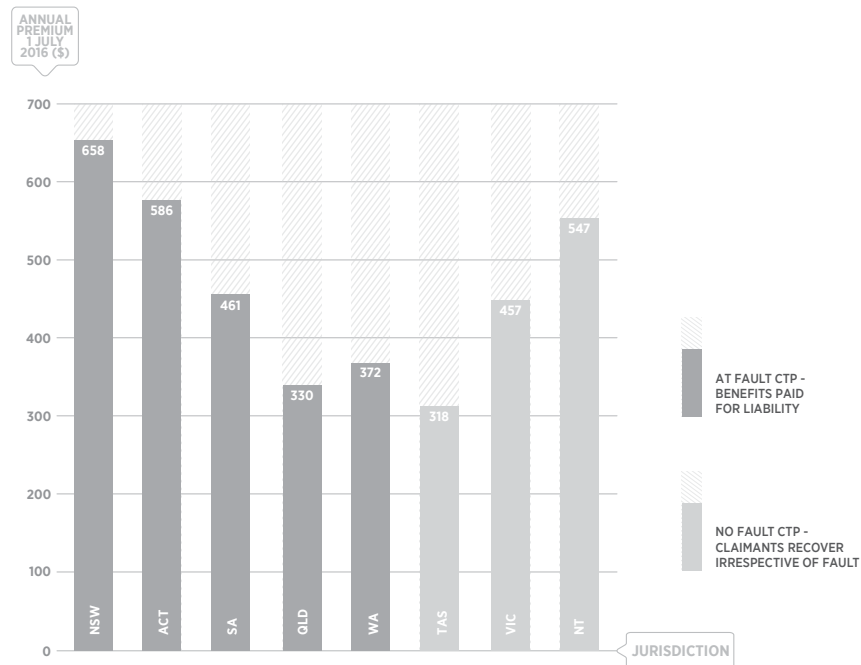
¹ No fault for children only.

² Inclusive of GST and as at 1 July 2016.

³ Average of Sydney metropolitan.

⁴ Maximum allowable.

INTERSTATE PRIVATE MOTOR CAR PREMIUM RATE COMPARISONS



PAYMENT OF ACCOUNTS

In accordance with Treasurer's Instruction GBE-13-114-09 (Payment of Accounts), the MAIB is required to report on the timeliness of its payment of accounts. The MAIB has internal policies and procedures to comply with the Treasurer's Instructions 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 for 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 Treasurer's Instructions and Treasury Guidelines:

- 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).

Accounts due or paid within 2015-16

Measure

Creditor days	9.1
Number of accounts due for payment	9,568
Number of accounts paid on time	9,556
Amount due for payment	\$18,027,249
Amount paid on time	\$17,991,524
Number of payments for interest on overdue accounts	6
Interest paid on overdue accounts	\$131

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.

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 Businesses 2015-16

Percentage of purchases from Tasmanian businesses	82%
Value of purchases from Tasmanian businesses	\$14.73M

¹ Excludes payments to specialist reinsurers (\$5.9 million)-there are no appropriately licenced reinsurers located in Tasmania.

Consultancies¹ valued at more than \$50,000 (ex GST) in 2015-16

Name of Consultant	Location	Description	Period of engagement	Amount
Aon Benfield	Sydney, Australia	Reinsurance broker	1 Jul 2015 to 30 June 2016	\$428,216
Taylor Fry Pty Ltd	Melbourne, Victoria	Actuary	15 Aug 2013 to 14 Aug 2017	\$218,053
Towers Watson Australia Pty Ltd	Melbourne, Victoria	Investment Advisor	1 Dec 2015 to 30 Nov 2018	\$304,836
Total				\$951,105
There was 1 consultant engaged for \$50,000 or less totalling				\$1,860
Total Payments to consultants				\$952,965

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

DIRECTORS' MEETINGS

The number of Board and associated Committee meetings held and attended by Directors in 2015-16 is provided below. Some Directors were only eligible to attend some meetings (primarily relating to their commencement or end date).

Director	Board (14 meetings held)	Audit Committee (6 meetings held)	Claims Committee (10 meetings held)	Foundation Committee (2 meetings held)
Don Challen AM	● ● ● ● ● ● ● ● ● ● ● ● ● ●	● ● ● ● ● ●		● ●
Elaine Collins ¹	● ● ● ● ● ● ● ● ● ● ● ● ● ●	● ● ●		
Kate Cuthbertson ¹	● ● ● ● ● ● ● ● ● ● ● ● ● ●		● ● ● ● ● ●	● ●
Kim Barker ²	● ● ● ● ● ● ● ● ● ● ● ● ● ●		● ● ● ● ● ● ● ● ● ●	
Michael Dontschuk	● ● ● ● ● ● ● ● ● ● ● ● ● ●		● ● ● ● ● ● ● ● ● ●	
Danny McCarthy ³	● ● ● ● ● ● ● ● ● ● ● ● ● ●	● ● ● ● ● ●		
David St. John	● ● ● ● ● ● ● ● ● ● ● ● ● ●	● ● ● ● ● ●		

● Attended ● Did not attend (*did not attend only applies for meetings that Directors were eligible to attend*)

¹ Elaine Collins and Kate Cuthbertson were appointed as Directors on 27 November 2015.

² Kim Barker's appointment as Director concluded on 31 December 2015.

³ Danny McCarthy's appointment as Director concluded on 30 April 2016.

PUBLIC INTEREST DISCLOSURES ACT 2002 (PID ACT)

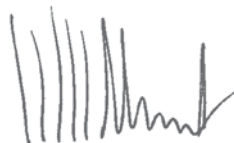
The MAIB is committed to the aims and objectives of the *Public Interest Disclosures Act 2002* (PID Act). It does not tolerate improper conduct by its employees or officers or the taking of detrimental action against those who come forward to disclose such conduct.

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 the welfare of people who make such a disclosure from any detrimental reprisal or action. Natural justice is afforded to all parties involved in any investigation of a disclosure.

Procedures that comply with the requirements of the PID Act are available on the MAIB website. There were no reported or reportable disclosures under the PID Act during the 2015-16 period.

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

REAL MATES DON'T LET MATES DRINK DRIVE

Booooo!

**Nobody cheers
for drink drivers.**

SPEEDING SHATTERS LIVES

ROAD SAFETY ADVISORY COUNCIL
TOWARDS ZERO

MAIB
Service Support Safety

ABN

93 610 406 210

ADDRESS Level 1, 33 George Street Launceston Tasmania 7250

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