ANNUAL REPORT

2017
2018

MOTOR ACCIDENTS INSURANCE BOARD

43
YEARS

MAIB
Service·Support·Safety

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

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

DEDICATED SERVICE

5 YEARS

Sara / Janelle / Evan / Andrew / Chelsea 1 / Samantha 1 / Kate 1 / Rebecca 1 / Keryn 1 / Evelyn 1 / Teena 2 / Maxine 2 / Josie 2 / Paul 3 / Kate 3 / Elaine 3 / Michael 5 /

10 YEARS

Jade 6 / Emma 7 / Stephen 7 / Don 7 / Jocelyn 8 / Lucy 9 / Laura 9 / Clare 9 / Catherine 9 / Anne 10 / Annette 10 /

15 YEARS

Annet 11 / Kim 11 / Karen 13 / Sarah 13 / Jennifer 13 / Rebecca 14 /

OVER 15 YEARS

Kristy 16 / Angie 17 / Lyndell 17 / Peta 17 / Jane 17 / Sarah 19 / Maree 19 / Grant 19 / Ann 21 / Ian 27 / Jo 29 / Derek 30 / Linda 34 / Michael 41 /

PURPOSE STATEMENT

An excellent and sustainable personal injury scheme.

Towards a road casualty free Tasmania.

OUR VALUES

The MAIB's values are:
- Team Commitment
- Flexibility and Adaptability
- Community Awareness
- Accountability
- Respect, Understanding and Dignity

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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 of the *Government Business Enterprises Act 1995* (GBE Act).

The MAIB commenced operations on 1 December 1974 and is the single provider of compulsory third party (CTP) motor accidents insurance in Tasmania.

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

Benefits of the Tasmanian scheme include:

- "No-fault" statutory compensation for people who sustain fatal or personal injury as the result of a motor accident;
- "No-fault" lifetime care and support for the catastrophically injured;
- Common Law damages when injuries result from the negligence of another party;
- Indemnity for negligent motor vehicle owners or drivers for common law personal injury damages actions;
- "No-fault" payments which allow early access to compensation; and
- The scheme being fully funded at no cost to the State or its residents, other than the cost of premiums for motor vehicle owners.

CLAIM BENEFITS

Scheduled Benefits

The provisions for scheduled benefits allow people injured as a result of a motor accident to receive benefits irrespective of fault, allowing 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 (wage replacement);
- Housekeeping allowance;
- Funeral expenses;
- Death benefits; and
- Counselling fees for relatives of people fatally or seriously injured.

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

In addition to the scheduled benefits, those that are catastrophically injured have access to lifetime care and support.

Common Law

Clients can take action for damages at common law where the fault of another party can be established. There is no threshold restricting access to common law. There is an indexed threshold of $4,000 for non-economic loss, while future economic loss is limited to a maximum of three times average weekly earnings. Time limits apply for the commencement of actions for damages.

GOVERNANCE STRUCTURE

as at 30 June 2018

SHAREHOLDING MINISTERS

Portfolio Minister
The Hon. Jeremy Rockliff MP

Treasurer
The Hon. Peter Gutwein MP

BOARD OF DIRECTORS

Chairman
Don Challen AM

Directors
Elaine Collins
Kate Cuthbertson
Michael Dontschuk
Evelyn Horton

MANAGEMENT TEAM

Chief Executive Officer
Paul Kingston

Chief Operating Officer (Acting)
Jo Wilson

Chief Financial Officer
Derek Thurm

Manager – Claims
Evan Sommerville

Team Leader – Claims
Ian French

Team Leader – Serious Injury Claims
Sarah Hendriksen

Injury Management Advisor
Teena James

ICT Manager (Acting)
Andrew Vinson

Executive Officer
Kim Butterworth

Financial Accountant
Angie Edwards

STATEMENT OF COMPLIANCE

The Hon. Peter Gutwein MP, Treasurer and Hon. Jeremy Rockliff 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 2018. 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: 20 September 2018

D W Challen AM
Chairman

E Collins
Director

CHAIRMAN AND CEO REVIEW

It is with pleasure that we present the MAIB's 2017-18 Annual Report on behalf of the Board and management of MAIB.

The MAIB had a successful year with sound results across the business. A solid investment return coupled with lower than expected claims costs, resulted in a strong operating result and significant dividends to the Tasmanian Government. There was a continuation of low claim frequency and no increases in MAIB premiums.

A focus has been maintained on streamlining business processes to improve the experience for MAIB clients. The MAIB has also continued to work on increasing staff engagement to create a positive workplace environment.

The MAIB continues to support the community through sponsorship of a wide range of road safety and broader community initiatives.

Financial Results

The operating result before tax for the year is a profit of $137.2 million. The investment portfolio provided net revenue of $126.1 million, representing an annual return on investment of 7.9%.

Claims costs of $105.0 million were under budget primarily due to a reduction in the net outstanding claim liability (mainly related to fewer Future Care claims, reductions in projected care hours and lower than expected scheduled benefits and common law payments).

While the annual investment return has been above expectations in 2017-18, historically the returns have fluctuated.

The chart below illustrates the volatility of annual investment returns compared to long term returns.

Dividend to Government

The MAIB has recommended a dividend of $51.4 million to Government in respect of this year's operations. This is based on the agreed formula of 50% of averaged after tax profits and losses over this year and the previous four years.

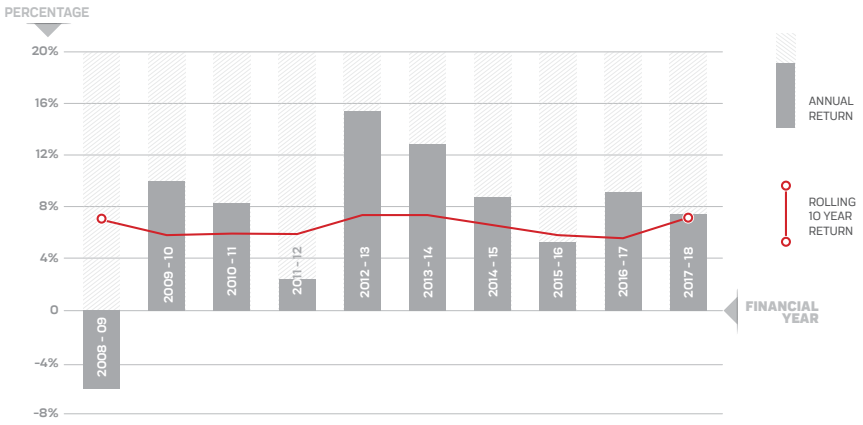
Capital Position

Based on the recommendations of the MAIB's consulting actuary, the Board maintained a target funding ratio of 120%-145%. This target range takes account of volatility in financial results and the desire for a high degree of confidence that the funding ratio will be at least 100%. The scheme is well positioned with a funding ratio of 136.2% at 30 June 2018.

Investment Portfolio

The MAIB has adopted a diversified investment portfolio investing in a range of asset classes including domestic and international equities, infrastructure, property, Australian Government bonds and cash. The investment strategy is reviewed annually to match the long-term nature of the outstanding claims liability and maintain a balance with the achievement of sustainable commercial rates of return for the Government and premium affordability.

INVESTMENT RETURNS



Claims

Throughout the year the MAIB has continued its focus on service delivery and identifying processes that will improve the management of claims and claim outcomes. An annual independent client satisfaction survey was undertaken during the year. The MAIB again achieved a high client satisfaction rating, with an overall score of 84.8%, which is above target.

The MAIB received 2,737 new claims in 2017-18, representing a claim frequency of 5.1 claims per 1,000 registered vehicles. The rate of fatalities increased, although the number of serious injuries has plateaued. New claims received increased by 6.7% compared to the previous year, with vehicle numbers increasing by 2.7%.

Premiums

The Tasmanian Economic Regulator (Regulator) undertook a review in 2017 of MAIB premiums and recommended maximum premium rates applicable from 1 December 2017 as well as maximum rates to apply for the following three years. The Government considered the Regulator's recommendations and determined that there would be no relativity increases to MAIB premiums from 1 December 2017, with relativity decreases to apply to some vehicle classes. This continues a long period of no overall increases in premiums, including the 7.3% reduction in 2016. The MAIB's premium for a motor car is the lowest of all State and Territory schemes.

Road Safety Funding and Community Support

In 2017-18 the MAIB provided in excess of $5 million to a wide range of community, Government and private businesses in Tasmania through various funding arrangements, grants and sponsorships. The funding was primarily focussed on efforts to improve road safety and motor accident outcomes and includes a $3.7 million contribution to the education and enforcement strategies of the Road Safety Advisory Council. Other supported activities include funding of regional high schools to provide all-terrain vehicle training, sponsorship of brain injury disability related charities and learner driver mentor programs.

Acknowledgments

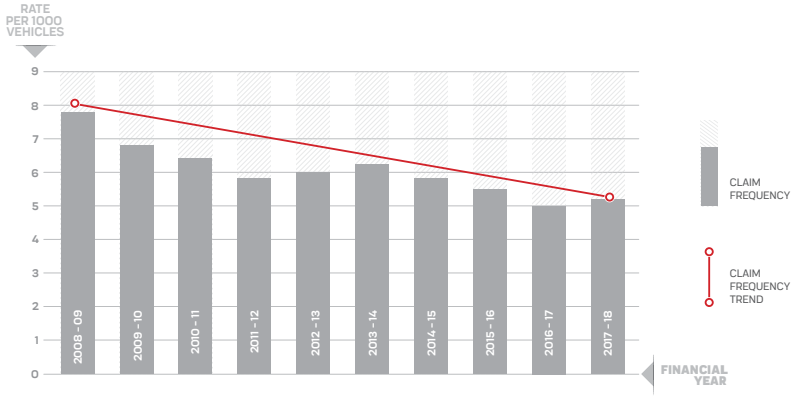
We would like to thank all MAIB staff for their business focus, diligence and excellent customer service, and acknowledge the management team for leading the organisation in such a positive manner. We also wish to thank Directors for their strong support and contribution to the MAIB throughout the year.

We look forward to the opportunities and challenges that 2018-19 brings.

D W Challen AM - Chairman

Paul Kingston - Chief Executive Officer

CLAIM FREQUENCY



CLAIMS MANAGEMENT

We are here for Tasmanians

- 2,737 new claims received
- $44.1 million in benefits paid to care for injured people
- 84.8% client satisfaction score
- 167 common law matters settled
- 76.6% of claims assessed within five days of receipt

What we do

The MAIB supports Tasmanian road users injured as a result of a motor vehicle accident. We aim to maximise the recovery of our clients by providing support for people to return to their pre-injury health as soon as possible.

Funding is provided for services to achieve the best possible outcome for those injured, whether that be for relatively minor injuries such as sprains and bruising, or for significant life changing injuries such as head trauma or spinal injuries.

The MAIB also provides compensation to people by way of common law damages where injuries have resulted from the negligence of another party.

Care and Support for the Seriously Injured

The MAIB lifetime care program, or Future Care, provides support for people requiring care every day. Currently, the MAIB provides funding and support for 103 people with lifetime care needs.

Daily care services funded by the MAIB include assisting those requiring part-time or full-time support, helping clients to build independence in cooking and self-care and reconnecting clients with community activities.

Clients receiving support under the MAIB scheme may receive attendant care where they have suffered injuries that impact their daily living. Support to return to independence after discharge from hospital can be provided in home, or at one of the MAIB supported accommodation facilities.

Purpose Built Facilities

The MAIB has purpose built supported accommodation facilities across Tasmania for the seriously injured, which are located in Hobart, Launceston and Ulverstone. These facilities provide transitional care for injured people moving from hospital to home with special needs. The facilities also provide respite for people when they need time away from home, or an accommodation option for those clients requiring medical treatment near major cities.

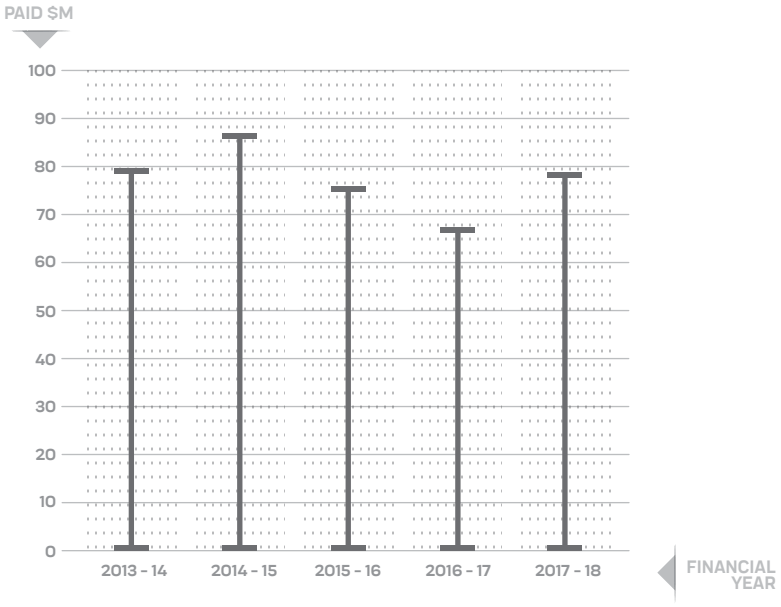
Claims Performance

The number of new claims received increased in 2017-18. Despite a 6.7% increase on the previous year, the number of claims received was in line with the five-year average and continues a long term overall downward trend.

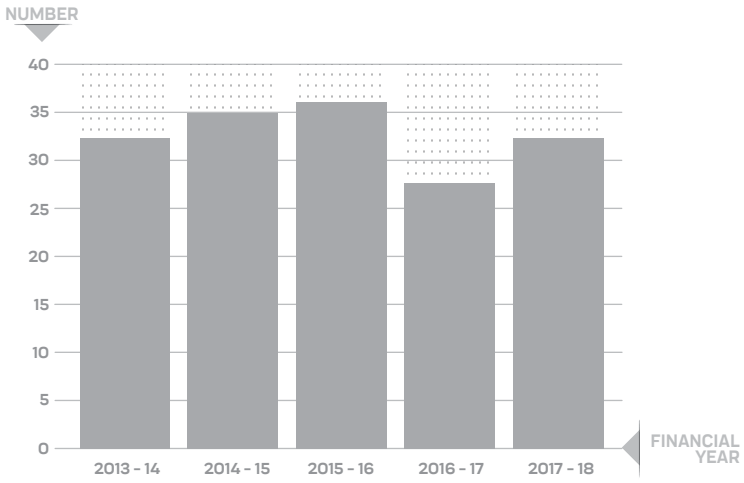
The group at greatest risk of injury on Tasmanian roads continues to be young drivers, with drivers under twenty remaining three times more likely to be injured as drivers in their thirties and forties. A small decrease was experienced in the claim rate for drivers in the 61-70 age group, with increases experienced in all other groups.

Total claim payments for 2017-18 were noticeably higher than the previous year, reflecting an increase in the number of new claims received and an increase in settlement of common law claims.

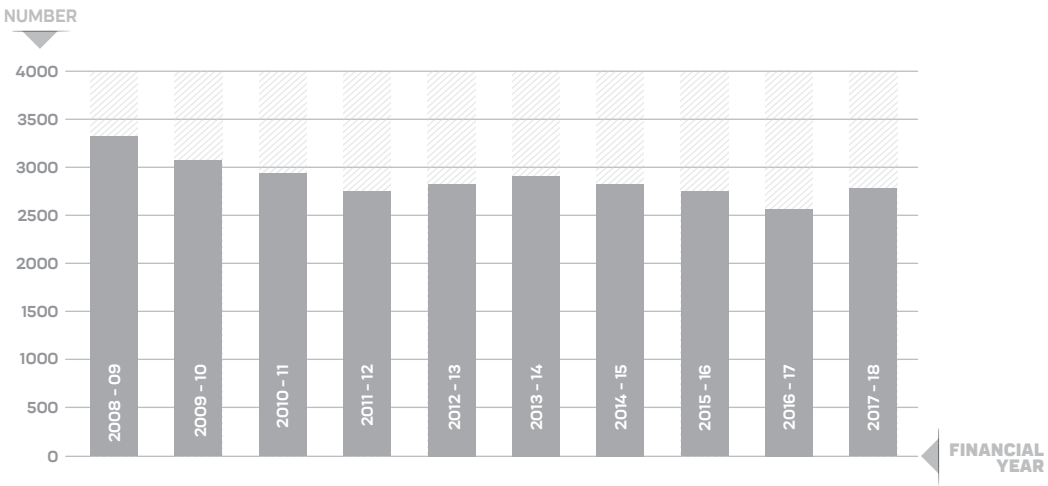
CLAIM PAYMENTS



FATALITIES REPORTED BY YEAR



NUMBER OF CLAIMS RECEIVED



CORPORATE GOVERNANCE

Legislative Authority

The MAIB was established pursuant to the Act and is constituted as a GBE under section 6 of the Government *Business Enterprise 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, management and review, as well as compliance, are conducted on a continual basis. Formal reporting of compliance with, and effectiveness of, the risk management framework and internal risk mitigation is made to the Board through the Audit Committee.

Pricing Policies

The Tasmanian Economic Regulator (Regulator) provides independent pricing oversight for the MAIB's premiums. The Regulator undertook a review during 2016–17, resulting in recommendations relating to premiums as at 1 December 2017 and for the following three years.

Board of Directors

In fulfilling its oversight role, the Board sets relevant performance targets for the business with a focus on achieving appropriate commercial returns and maintaining affordable premiums. The Board reviews and approves strategies and policies that will assist in the achievement of corporate goals and 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; and
- Internal and external audit.

Claims Committee

The Claims Committee meets on a regular basis to:

- Consider all settlement decisions on larger claims; and
- Approve settlements between $300,000 and $1,000,000 (the full Board is required to approve settlements above $1,000,000).

Injury Prevention and Management Foundation (Foundation) Committee

The Foundation Committee meets as required to:

- Assess all project funding applications; and
- Provide recommendations to the Board on projects to 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 (annual) 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 2018.

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 every two years 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 (addressing the requirements under section 20B of the GBE Act).

BOARD OF DIRECTORS

DON CHALLEN AM

BEc (Hons), MEc, FCA, FCPA, FAICD, FIPAA

CHAIRMAN (INDEPENDENT)

Appointed: 7 December 2010
Member: Audit Committee
Foundation Committee

Don Challen is an economist specialising in public finance.

He is currently a Senior Adviser with Flagstaff Partners, Deputy Chair of the Tasmanian Symphony Orchestra Holdings Ltd and Independent Chair of the Audit and Risk Management Committee of the Independent Broad-Based Anti-Corruption Commission of Victoria.

Don has extensive non-executive director experience. He recently retired as Chairman of the Tasmanian Public Finance Corporation, as a Director of Tasmanian Networks Pty Ltd and as Trustee Director and President of the Retirement Benefits Fund. He was formerly Secretary of the Department of Treasury and Finance in Tasmania.

ELAINE COLLINS

BSc (Hons), MEc, FIAA, GAICD

DIRECTOR (INDEPENDENT)

Appointed: 27 November 2015
Chairperson: Audit Committee

Elaine Collins is an actuary and company director. In addition to her role at the MAIB, she is a non-executive director and Chair of the Risk, Compliance & Audit Committee of Zurich Australia Insurance Limited and a Member of the Board and the Audit and Compliance Committee of the Australian Reinsurance Pool Corporation. Elaine is a Member of the Professional Standards Committee of the Actuaries Institute and a sessional lecturer at the University of New South Wales.

Elaine has over 25 years' experience in insurance, including premium rating and valuation of claim 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 capital efficiency, policy formulation and strategic risk management.

KATE CUTHBERTSON

LLB (Hons), BA,
Grad Cert in Legal Practice, GAICD

DIRECTOR (INDEPENDENT)

Appointed: 27 November 2015
Member: Claims Committee
Foundation Committee

Kate is a lawyer with over 18 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 Parole Board, Anti-Discrimination and Mental Health Tribunals, a Criminal Injuries Compensation Commissioner and a Deputy Chairperson of the Racing Appeal Board.

Kate is also a Board Member of Mosaic Support Services.

MICHAEL DONTSCHUK

BSc (Hons), FFTP, GAICD

DIRECTOR (INDEPENDENT)

Appointed: 1 May 2013
Member: Audit Committee

Michael Dontschuk is a finance professional with over 35 years' experience in investment, finance, treasury and financial risk management.

He currently is a professional non-executive director and sits on a number of company boards including the Motor Accidents Insurance Board (Tasmania), Public Trustee, Grange Resources Limited, Australia Ratings and Eticore.

Previously he was an executive with Grange Resources Limited and Group Treasurer of ANZ Bank, Managing Director of Treasury Corporation Victoria, President and Director of the Finance and Treasury Association of Australia and Manager at Bankers Trust and has worked extensively in corporate financial advisory and investment banking.

EVELYN HORTON

BEc, MSocSci(Econs), FAICD

DIRECTOR (INDEPENDENT)

Appointed: 16 May 2017
Member: Claims Committee

Evelyn Horton is an economist and company director. She is a director of MLC Superannuation Trustees (part of the NAB group), Centuria Life Limited and Over Fifty Guardian Friendly Society, Tasmanian Public Finance Corporation and Mission Australia.

Evelyn has over thirty years' experience in executive roles in investment banking and government where she specialised in risk management, finance and public policy.

STATEMENT OF CORPORATE INTENT

Introduction

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

The performance agreement details the key financial and non-financial targets for the MAIB for 2017-18, as agreed between the Board and the Shareholding Ministers through the Corporate Planning process. It also details estimates for the following three years.

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

Strategic Direction

The core business of the MAIB is to provide compulsory third party personal injury motor accident insurance and deliver appropriate compensation to people injured in motor accidents.

The three main drivers of the business performance are premiums, investment income and claims expense. The MAIB relies on professional advisors to forecast and/or formulate these inputs. Major external influences include financial markets impacting on investment revenue and changes in prevailing bond yields impacting claims expense. While every attempt is made to monitor and navigate these external influences, it is not possible to predict annual profits with certainty, leaving forecasts open to significant volatility.

The following strategic directions have been identified for the planning period:

1. Financial Management

Maintain a balance between premium income, the cost of claims and the requirement to achieve a sustainable commercial rate of return that maximises value for the State.

2. Claims and Rehabilitation

Maintain best practice solutions to meet the challenges in providing no-fault insurance, including an efficient and effective claims management system.

3. Accident Prevention and Injury Management

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

4. Service to Claimants

Continually improve service to claimants and their families.

5. Business Systems

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

Motivate and equip the workforce to continue to deliver quality client service.

7. Social, Community and Environmental Responsibilities

Meet the social, community and environmental responsibilities of the business and raise community awareness of the MAIB's contribution to the broader community.

Performance Agreement

Financial Returns to Government

	Target 2017-18	Actual 2017-18
Dividends Paid ($M)	56.3	56.3
Tax Equivalents Paid ($M)	42.0	44.2
Total	**98.3**	**100.5**

Financial Targets

	Target 2017-18	Actual 2017-18
Financial Result after Tax ($M)	46.0	100.1
Funding Ratio (%)	125.0	136.2
Return on Equity (%)	8.0	18.0
Return on Assets (%)	3.0	7.1
Return on investments (%)	5.5	7.9
Premium Increase (%)	0.0	-0.2

Non-Financial Targets

	Target 2017-18	Actual 2017-18
Claim rate per 1,000 vehicles	5.2	5.1
Number of Outstanding Claims	2,000	2,100
Client Satisfaction (%)	76	84.8
Premium Affordability of AWOTE (%)	21	21

The MAIB achieved its key financial targets for the year, while marginally decreasing premiums reflecting reductions in the rates applicable to a small number of vehicle classes. The reduction in premiums represents strong value for Tasmanian motor vehicle owners.

The financial result after tax of $100.1 million exceeded target by $54.1 million owing to:

- increased investment revenue resulting from higher than expected returns from global financial markets; and
- a lower claims expense resulting from fewer Future Care claims, reductions in projected care hours and lower than expected claim payments.

The MAIB targets long term growth from its investments and structures its portfolio in accordance with the profile of the outstanding claims liability. This strategy is expected to meet MAIB's requirements over the long term, however, introduces short term volatility which will be evident in annual investment returns.

The increased operating result at year end led to higher returns on equity and assets and contributed to the strong solvency position.

ROAD SAFETY AND COMMUNITY INVOLVEMENT

The MAIB proudly sponsors a range of community and road safety initiatives each year. The MAIB manages the scheme responsibly and innovatively in order to provide the best and most appropriate care to those injured as a result of a motor accident. 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 people. This work supports the MAIB objectives of reducing the number and severity of accidents that occur on Tasmanian roads, as well as improving injury outcomes.

Road Safety Advisory Council (RSAC)

Established in 1996, the RSAC enforcement and public education 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 $3.7 million per annum and the funding commitment extends to 30 June 2021.

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 RSAC activities have contributed to a consistent, and substantial, decrease in serious injury claims frequency during this period.

Several road safety marketing campaigns were delivered through RSAC during 2017-18, including:

- Inattention - mobile phone use in vehicles - "Don't be a goose ... leave your phone alone";
- Drink-driving message targeted at 17-25 year old males - "Real mates don't let real mates drink and drive";
- Speeding - "Speeding shatters lives";
- Personalised messages from victims of road trauma - "Road torque" series;
- Safe distances for motorists to pass cyclists - "Distance makes the difference";
- Safety around school zones - "Back to School";
- Various motorcycle safety messages:
  - Motorcycle safety gear - "Don't ride naked";
  - Advice for visiting motorcyclists - "Enjoy the ride"; and
  - Education on new motorcycle lane filtering laws - "Lane filtering".

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 and minimise the costs of the scheme to the Tasmanian community.

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:

- Promoting and advancing road safety;
- Reducing the frequency and severity of injuries from road accidents;
- Improved access to quality medical, rehabilitation and long-term care services; and
- New development/techniques in areas of injury management.

The Foundation provides funding to a maximum of 1% of gross premium revenue, with total funds of $736,000 being committed in 2017-18.

Foundation Projects Funded in 2017-18

The projects funded through the Foundation in 2017-18 were:

- Hobart Clinical School – Wilderness Skills Weekend;
- Yolla District High School – Driver Education and All-Terrain Vehicle Training (for Year 10 students);
- Campbell Town District High School – All-Terrain Vehicle Training – Quad Bike (for Year 10 students);
- Wellways Australia Ltd – Headway Acquired Brain Injury Program;
- Paraplegic and Quadriplegic Association of Tasmania – ParaQuad Tasmania;
- Brain Injury Awareness Tasmania - The Brain Injury ASPIRE Project;
- Tasmanian Acquired Brain Injury Services Inc. – Life Skills Project;
- Road Trauma Support – Supporting and promoting healing in Tasmania for road crash victims with psychological and emotional trauma;
- Jordan River Learning Federation School – Safety on Farm: Quad Bike Course;
- College of Emergency Nursing – Trauma Skills Development;
- Deakin University – An epidemiological study of motorcycle crashes in Tasmania;
- Bucaan Community House – UCAN Drive Programme;
- Sleep Disorders Australia (Tasmanian Branch) – Sleepy Drivers Die;
- Bridgewater PCYC – Driver Mentor Initiative;
- University of Tasmania – Improve Health Literacy Responsiveness – Improve Client Outcomes; and
- Lifestyle Solutions – Community Access Transition (CAT) Project: Enhancing Community Supports for NDIS readiness.

All-Terrain Vehicle rider safety courses

The Foundation has provided funding to a number of different projects since it was established in 1993, including research projects, bicycle safety (children and adults) and learner driver mentor programs.

Since 2005, the Foundation has approved funding for several different rural high schools around the state to provide eligible students the opportunity to undertake All-Terrain Vehicle (ATV) rider safety courses. The objective of the rider safety courses is to deliver national competency-based training to year 10 to 12 students (with a minimum age of 16), providing them with the skills and knowledge to safely operate quad bikes. Each student participating in the course, receives one full day of training. The training is required as many of the students attending the schools will drive ATV's on their properties, most likely from a young age, and students in this region are more likely to work in farm environments where safe driving of ATV's is a key issue.

Students participating in ATV training courses

ROAD SAFETY AND COMMUNITY INVOLVEMENT
continued

Students participating in ATV training courses

The training is delivered in two parts:

- The first part of the course is spent looking at basic ATV maintenance and safety issues as well as discussing various aspects of actually riding an ATV; and
- The second part of the course involves students completing numerous tasks on an ATV including, weaving in and out of witches hats (including in reverse), figure 8's in reverse, riding around tyres in a group formation, riding uphill and on uneven surfaces. Students are also challenged with the task of loading and unloading an ATV on and off a truck.

Feedback received by students who have completed the course has been positive. Some of the comments by students are:

"It helped my understanding of how a bike can be so dangerous and how easy you can get hurt and by doing the right things you'll stay alive"

"It was a good course to do because I now have a certificate in Quad Bike if I go for a job"

"This course was great, I would recommend it for others"

"It was a good day, I had fun and it was very easy to understand"

"Being taught how to drive a quad bike was amazing. I've always drove a two wheeler and I never really felt overly comfortable but now I am. Thanks for the great lesson"

"The quad bike course was an awesome experience"

Another benefit for the students who complete the ATV safety course is the advantage they have when applying for a job which requires the use of an ATV, as many employers will not allow their employees on an ATV until they have completed the training.

Motorcycle Road Skills Course

The Motorcycle Refresher Skills Course was initially funded through the MAIB Injury Prevention and Management Foundation in 2005. The aim of the project was to upgrade the road skills of motorcyclists using Tasmanian roads through the motorcycle road skills refresher course. In 2006, in an effort to decrease motorcycle related claims and to improve driving skills of motorcyclists who were returning to riding after an extended break, the MAIB agreed to provide a subsidy ($150 per participant) to apply to a Road Skills Refresher Course for Tasmanian motorcyclists, which was to be administered by the Tasmanian Motorcycle Council.

With the implementation of the new Motorcycle Training and Assessment Program in Tasmania in mid-2017 (by Motor Registry), the original course was replaced by the Check Ride component of the new motorcycle training program. The course is called Returning Riders Road Skills Check Ride. The MAIB subsidises $150 towards the cost of the course, participants pay $90.

The MAIB continues to assist the State Government and motorcycle representative groups in the ongoing improvement of motorcycle training.

Tasmanian Community Achievement Awards

The MAIB has provided sponsorship of the MAIB Disability Achievement Award as part of the Tasmanian Community Achievement Awards (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 2017 award went to David Cawthorn, who has been a ParaQuad Tasmania member for 23 years and is now the Chairperson. He is on the Hobart City Council's Access Advisory Committee, Chairperson for the Minister's Disability Advisory Committee and a member of the Premier's Advisory Committee. David peer mentors at the Austin Hospital and talks to groups about discrimination. He advocates for in-house design and transport to be improved for those with disabilities.

Presentation of the MAIB Disability Achievement Award 2017 by MAIB Injury Management Advisor, Teena James to David Cawthorn.

Road Rescue Services Funding for Emergency Services

The MAIB provides annual funding to the Tasmanian Fire Service and State Emergency Service for road rescue services. In 2017-18 the total MAIB annual funding for these services was close to $600,000.

Motor Accidents Injury Insurance Schemes

The MAIB is a member of the Heads of Motor Accidents Injury Schemes (HMAIS), which includes the motor accident personal injury insurance bodies from all Australian states and territories as well as New Zealand. The HMAIS meet to facilitate a shared understanding of trends and advancements in road safety as well as injury management and treatment. During 2017-18, the MAIB assumed responsibility as Chair of the HMAIS, as well as hosting a meeting in Launceston.

MAIB/Metro Nightrider

The MAIB has funded the MAIB Nightrider service for the past seven years. The MAIB Nightrider service comprises Metro buses being subsidised to operate on New Year's Eve in Hobart, Launceston and Burnie, thereby providing a low-cost option ($2 flat fee) to get home safely for those celebrating.

OUR PEOPLE

Human Resources

The MAIB is committed to maintaining a well-motivated and competent workforce that is able to deliver a high-quality service in accordance with the MAIB's Purpose and Values.

Employment Conditions

The MAIB has approximately 39 FTEs, with a staff profile of 81% female and 12 staff members working part time (using ongoing flexible working arrangements to assist staff to achieve a 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 2017 (Agreement). The MAIB has a Staff Code of Conduct (Code) 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. Training that has been undertaken throughout the year includes:

- Leadership Extensions Course;
- MAIB DISC (personality types and behaviours) Workshops;
- Holding Authentic Conversations;
- Customer Service Telephone Techniques and Tips; and
- Effective Business Writing Skills Course.

Employee Wellbeing

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

There is also an Employee Assistance Program available, offering 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 and fundraisers – 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, Men's Shed – Longford, Speak Up! Stay ChatTy, Give Me 5 for Kids and Launceston Feeding the Homeless;
- 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 provided sponsorship for Pollie Pedal 2018, which is a cycling event that raises awareness and funds for Diabetes Tasmania.

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED - 30 JUNE 2018

	Note	2018 $'000	2017 $'000
Premium revenue	2	135,091	138,867
Outwards reinsurance expense		(5,776)	(5,879)
Net premium revenue		**129,315**	**132,988**
Gross claims incurred	3	(108,782)	(91,601)
Recovery revenue	3	3,794	3,856
Net claims incurred		**(104,988)**	**(87,745)**
Underwriting expenses		(2,930)	(2,874)
Unexpired risk expense	16	1,086	(2,477)
Underwriting result		**22,483**	**39,892**
Investment income	4	127,760	137,656
Investment expenses	4	(1,613)	(2,053)
Other income		621	1,719
General and administration expenses	5	(6,778)	(6,561)
Road Safety Advisory Council	6	(3,748)	(3,711)
Injury Prevention and Management Foundation	7	(744)	(624)
State Emergency Service	8	(330)	(330)
Other expenses		(415)	(310)
Profit/(loss) before tax		**137,236**	**165,678**
Tax (expense)/benefit	9	(37,125)	(46,262)
Profit/(loss) after tax		**100,111**	**119,416**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)		(370)	1,359
Tax (expense)/benefit on other comprehensive income		111	(408)
Other comprehensive income net of tax		**(259)**	**951**
Total comprehensive result		**99,852**	**120,367**

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

STATEMENT OF FINANCIAL POSITION

AS AT - 30 JUNE 2018

	Note	2018	2017
		$'000	$'000
Assets			
Cash and cash equivalents	10	6,181	11,330
Receivables	12	32,770	29,892
Investments	10	2,134,505	1,650,406
Plant and equipment		405	531
Investment properties	13	16,485	16,460
Intangibles		140	230
Total assets		**2,190,486**	**1,708,849**
Liabilities			
Payables		2,285	2,203
Investments	10	454,708	44,946
Provision for tax	9	1,140	14,604
Net deferred tax	9	20,518	14,247
Unearned premiums	14	58,856	58,060
Outstanding claims	15	1,069,167	1,034,212
Unexpired risk	16	1,528	2,641
Provision for employee benefits	17	7,047	6,293
Total liabilities		**1,615,249**	**1,177,206**
Net assets		**575,237**	**531,643**
Equity			
Retained earnings attributable to equity holders		575,237	531,643
Total equity		**575,237**	**531,643**

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

FOR THE YEAR ENDED - 30 JUNE 2018

	2018 $'000	2017 $'000
Retained earnings attributable to equity holders at beginning of year	531,643	460,981
Profit/(loss) after tax	100,111	119,416
Other comprehensive income net of income tax	(259)	951
Total comprehensive result	**99,852**	**120,367**
Dividends paid	(56,258)	(49,705)
Retained earnings attributable to equity holders at end of year	**575,237**	**531,643**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED - 30 JUNE 2018

	Note	2018 Inflows (Outflows) $'000	2017 Inflows (Outflows) $'000
Cash flows from operating activities			
Premiums received		149,310	150,985
Recoveries received		1,144	3,236
Dividends received		77,237	81,334
Interest received		7,597	9,814
Rent received		626	520
Other investment revenue received		1,659	1,420
Claims paid		(78,944)	(67,269)
Reinsurance paid		(6,200)	(6,252)
Underwriting expenses paid		(3,253)	(3,209)
General and administration expenses paid		(6,364)	(6,144)
Other expenses		(380)	(308)
Investment expenses paid		(1,801)	(2,215)
Road Safety Advisory Council		(4,122)	(4,082)
State Emergency Service		(363)	(363)
Injury Prevention and Management Foundation		(786)	(687)
Tax equivalent paid		(44,206)	(42,660)
Goods and services tax paid		(6,947)	(7,814)
Net cash from operating activities	**18**	**84,207**	**106,306**
Cash flows used in investing activities			
Purchase of investments		(802,873)	(1,976,133)
Sale of investments		769,864	1,913,764
Purchase of investment property		(55)	(33)
Purchase of plant and equipment		(12)	(228)
Purchase of intangibles		(87)	(173)
Sale of plant and equipment		65	-
Net cash flows used in investing activities		**(33,098)**	**(62,803)**
Cash flows used in financing activities			
Dividends paid		(56,258)	(49,705)
Net cash flows used in financing activities		**(56,258)**	**(49,705)**
Net increase/(decrease) in cash and cash equivalents held		**(5,149)**	**(6,202)**
Cash and cash equivalents at the beginning of the financial year		11,330	17,532
Cash and cash equivalents at the end of the financial year	**10**	**6,181**	**11,330**

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 2018 and were certified and authorised for issue by the Board of Directors on 13 August 2018.

(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, 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, which is the MAIB's functional currency. Amounts have been rounded to the nearest thousand dollars unless otherwise stated.

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 the relevant notes.

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, from most liquid to least liquid. 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.

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 2018 and have not been adopted by the MAIB when preparing the 2017-18 financial report. The standards will be applied in 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 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. 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 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. 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 1 July 2019)

AASB 16 requires all leases to be accounted for on the statement of financial position, as the distinction between operating and finance leases has been removed, other than short-term and low value asset leases. Initial review has indicated that there is not expected to be a significant impact on the MAIB's financial statements from adopting the standard.

(iv) AASB 17 Insurance Contracts (effective 1 January 2021)

AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The impact on the MAIB has not yet been determined.

(d) 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 summary of the mitigation processes relevant to key risks arising from insurance contracts is contained in note 15 Outstanding Claims. Information in relation to investment risks is contained in note 11 Financial Instruments.

2 Premium revenue

Premium revenue consists of compulsory third party insurance premiums paid by motor vehicle owners. Premiums are levied at the rates prescribed under the Premiums Order(s) applicable during the year. Premium revenue is collected on behalf of the MAIB under a service level agreement with the Department of State Growth. Premium collection fees are levied under this agreement and recognised as underwriting expenses in the statement of comprehensive income.

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.

	2018 $'000	2017 $'000
Gross written premiums	135,887	137,294
Movement in unearned premiums	(796)	1,573
Premium revenue	135,091	138,867

3 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.

	2018			2017		
	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	254,677	(344,976)	(90,299)	231,518	129,083	360,601
Discount movement	(104,147)	303,228	199,081	(93,929)	(175,071)	(269,000)
	150,530	(41,748)	108,782	137,589	(45,988)	91,601
Claim recoveries						
Inflated/undiscounted	(2,749)	(1,201)	(3,950)	(2,486)	(1,896)	(4,382)
Discount movement	467	(311)	156	454	72	526
	(2,282)	(1,512)	(3,794)	(2,032)	(1,824)	(3,856)
Net claims incurred	148,248	(43,260)	104,988	135,557	(47,812)	87,745

4 Net investment income

Dividends are recognised as revenue when the right to receive payment is established. Interest income is recognised using the effective interest method. 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 gain or loss in the statement of comprehensive income in the reporting period in which the changes occur.

	2018 $'000	2017 $'000
Interest	8,788	11,050
Dividends	77,789	81,332
Other	1,657	1,468
Changes in fair value of investments		
Realised	(10,349)	2,377
Unrealised	49,875	41,429
Investment income	127,760	137,656
Investment expenses	(1,613)	(2,053)
Net investment income	126,147	135,603

5 General and administration expenses

	2018 $'000	2017 $'000
Salaries and related expenses	4,044	3,865
Depreciation and amortisation	232	231
Information technology	597	541
International travel [1]	22	12
Other operating costs	1,883	1,912
	6,778	6,561

[1] In both the 2017-18 and 2016-17 financial years the Chairman and the Chief Executive Officer completed one international trip to meet with reinsurers.

6 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 agreed key performance indicators and level of funding.

7 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.

8 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.

9 Income tax

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

The income tax expense or 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 or substantially 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 when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

9 Income tax continued

	2018 $'000	2017 $'000
(a) Income tax recognised in the statement of comprehensive income		
Tax expense/(benefit) comprises:		
Current tax expense/(benefit)	29,656	40,838
Deferred tax movement	7,469	5,453
Adjustment in respect of prior years	-	(29)
Tax expense/(benefit) attributable to operating result	37,125	46,262
Reconciliation between operating result and income tax expense/(benefit)		
Operating result before tax	137,236	165,678
Income tax expense/(benefit) calculated at 30%	41,171	49,703
Permanent differences	1	1
Tax offsets for franked dividends	(3,540)	(4,061)
(Over)/under statement of prior year deferred tax liability on investments	(507)	648
(Over)/under provision for tax in previous year	-	(29)
Tax expense/(benefit) attributable to operating result	37,125	46,262
(b) Tax liability		
Tax payable in respect of current year	29,656	40,838
Less tax instalments paid	(28,516)	(26,234)
Provision for tax/(prepaid tax)	1,140	14,604
(c) Deferred tax balances		
Deferred tax assets comprise:		
Unrealised loss on investments	817	72
Claims handling expenses included in outstanding claims liability	22,677	20,451
Provisions currently not deductible	2,953	3,052
Difference in depreciation of plant and equipment for accounting and tax purposes	34	43
	26,481	23,618
Deferred tax liabilities comprise:		
Unrealised gain on investments	44,759	35,687
Unrealised gain on investment properties	2,240	2,178
	46,999	37,865
	(20,518)	(14,247)

10 Investments

All investments are held to back insurance liabilities. Investments are designated at fair value through the statement of comprehensive income as the investments are managed as a portfolio based on their fair values.

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 within investment income in the statement of comprehensive income.

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.

Where the fair values of financial assets 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.

Repurchase agreements

A repurchase agreement involves the sale of securities with an undertaking to repurchase them at an agreed future date at an agreed price. Securities subject to repurchase agreements (i.e. Commonwealth and semi-government bonds) are retained in the financial statements and are measured in accordance with their original measurement principles. The proceeds of the sale are reported as liabilities and are carried at amortised cost.

Derivatives

Derivative instruments are financial contracts whose value depends on, or is derived from, the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or similar variable. Any gain or loss from remeasuring of derivative financial instruments is recognised in 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.

10 Investments continued

Investment portfolio

The investment portfolio consists of a range of asset classes designed to meet liquidity needs and to provide for long term growth.

	2018 $'000	2017 $'000
Cash and cash equivalents		
Cash at bank	3,502	4,526
Cash investments	2,679	6,804
	6,181	11,330
Investment assets		
Cash investments	472,837	90,642
Australian equities	227,801	210,951
International equities	510,730	486,494
Property	234,987	229,858
Infrastructure	93,218	105,592
Fixed income	112,221	107,102
Australian Government bonds	410,113	368,821
Outstanding settlements receivable	72,598	50,946
Total investments	2,134,505	1,650,406
Investment liabilities		
Repurchase agreements payable	426,571	-
Outstanding settlements payable	25,893	43,640
Other financial instruments	2,244	1,306
Total investment liabilities	454,708	44,946
Net investment portfolio	1,679,797	1,605,460

11 Financial instruments

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

- Level 1 fair value measurements are derived from unadjusted quoted prices in active markets for identical assets or liabilities. MAIB's primary level 1 financial instruments comprise its direct investment in listed Australian equities.
- Level 2 fair value measurements are based on market observable inputs other than quoted prices, including dealer quotations or alternative pricing sources and models. The observable inputs include prices and/or those derived from prices. 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 managers' websites 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 fixed income.
    - 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 fair value measurements are based on significant unobservable inputs where the fair values are derived from valuation techniques based on assumptions that are not supported by observable market data. 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. Financial assets classified as level 3 comprise the MAIB's investments in unlisted property investment schemes. As these investments are not traded in an active market 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 level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement and it is considered that observable data is market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

All fair value measurements disclosed are recurring fair value measurements.

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

The following tables present the financial assets and liabilities measured and recognised at fair value at 30 June 2018 and 30 June 2017.

11 Financial instruments continued

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2018				
Financial assets at fair value through profit or loss[1]				
Cash investments	-	472,837	-	472,837
Australian equities	-	227,801	-	227,801
International equities	-	510,730	-	510,730
Property	-	41,518	193,469	234,987
Infrastructure	-	93,218	-	93,218
Fixed income	-	112,221	-	112,221
Australian Government bonds	-	410,113	-	410,113
Outstanding settlements receivable	72,598	-	-	72,598
Total investments	72,598	1,868,438	193,469	2,134,505
Loans and receivables[2]				
Receivables	32,770	-	-	32,770
	32,770	-	-	32,770
	105,368	1,868,438	193,469	2,167,275
Financial liabilities at fair value through profit or loss[3]				
Repurchase agreements payable	-	426,571	-	426,571
Outstanding settlements payable	25,893	-	-	25,893
Other financial instruments	999	1,245	-	2,244
Payables	2,285	-	-	2,285
	29,177	427,816	-	456,993
	76,191	1,440,622	193,469	1,710,282
30 June 2017				
Financial assets at fair value through profit or loss[1]				
Cash investments	-	90,642	-	90,642
Australian equities	-	210,951	-	210,951
International equities	-	486,494	-	486,494
Property	-	99,571	130,287	229,858
Infrastructure	-	105,592	-	105,592
Fixed income	-	107,102	-	107,102
Australian Government bonds	-	368,821	-	368,821
Outstanding settlements receivable	50,946	-	-	50,946
Total investments	50,946	1,469,173	130,287	1,650,406
Loans and receivables[2]				
Receivables	29,892	-	-	29,892
	29,892	-	-	29,892
	80,838	1,469,173	130,287	1,680,298
Financial liabilities at fair value through profit or loss[3]				
Outstanding settlements payable	43,640	-	-	43,640
Other financial instruments	-	1,306	-	1,306
Payables	2,203	-	-	2,203
	45,843	1,306	-	47,149
	34,995	1,467,867	130,287	1,633,149

[1] The fair value of the financial assets equals the carrying amount.
[2] The fair value of loans and receivables approximates the carrying amount.
[3] Financial liabilities are stated at amortised cost which approximates the fair value.

There were no transfers between levels 1 and 2 in 2017–18 or 2016–17.

11 Financial instruments continued

The following table presents the level 3 financial instruments at 30 June.

	2018 $'000	2017 $'000
Property	193,469	130,287
	193,469	130,287

The following table presents the changes in level 3 financial instruments.

	2018 $'000	2017 $'000
Balance 1 July	130,287	141,912
Realised gain/(loss) recognised in the statement of comprehensive income	5,354	7,140
Unrealised gain/(loss) recognised in the statement of comprehensive income	9,096	6,629
Sale of investments	(1,919)	(25,394)
Purchases of investments	50,651	-
Balance at 30 June	193,469	130,287

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

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 4.25% and 7.00% (2017: 4.50% and 7.50%); and
- discount rates ranging between 6.25% and 8.00% (2017: 6.75% and 8.00%).

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

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

Sensitivity to changes in significant unobservable inputs

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

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.

Investment 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.

11 Financial instruments continued

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.

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

Equity 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 price risk which arises from equity investments held in Australia and overseas. All security investments present a risk of loss of capital.

The MAIB mitigates its price risk through diversification of its portfolio 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 equities. 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.

	2018 $'000	2017 $'000
Impact on profit and equity of a 10% increase in equity prices:		
Australian equities	15,946	14,767
International equities	35,751	34,055
Impact on profit and equity of a 10% decrease in equity prices:		
Australian equities	(15,946)	(14,767)
International equities	(35,751)	(34,055)

11 Financial instruments continued

(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.

The MAIB's investment exposure to international markets is achieved by investing in unit trusts, domiciled in Australia or overseas. The foreign currency risk disclosures have been prepared on the basis of the MAIB's direct investment in those trusts and not on a look-through basis. The impact of currency movement within the trusts 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.

	2018 $'000	2017 $'000
United States Dollar	95,184	97,947

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.

	2018 $'000	2017 $'000
Impact on profit and equity of a 10% increase in value of the Australian Dollar	(6,057)	(6,233)
Impact on profit and equity of a 10% decrease in value of the Australian Dollar	7,403	7,618

(iii) Interest rate risk

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

The MAIB manages a portion of the interest rate risk on its outstanding claims liability by establishing a partial 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 broadly offset by unrealised losses or gains on the re-measurement of these investment assets.

11 Financial instruments continued

The table below summarises the interest rate risk exposure of all financial instruments.

		Fixed Interest Maturity dates				
	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
30 June 2018	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents	2,145	4,036	-	-	-	6,181
Cash investments	-	472,837	-	-	-	472,837
Australian equities	-	-	-	-	227,801	227,801
International equities	-	-	-	-	510,730	510,730
Property	-	-	-	-	234,987	234,987
Infrastructure	-	-	-	-	93,218	93,218
Fixed income	-	-	-	-	112,221	112,221
Australian Government bonds	74,779	-	32,103	303,231	-	410,113
Outstanding settlements receivable	-	-	-	-	72,598	72,598
Receivables	-	-	-	-	32,770	32,770
Total financial assets	76,924	476,873	32,103	303,231	1,284,325	2,173,456
Financial liabilities						
Repurchase agreements payable	-	426,571	-	-	-	426,571
Outstanding settlements payable	-	-	-	-	25,893	25,893
Other financial instruments	2,244	-	-	-	-	2,244
Payables	-	-	-	-	2,285	2,285
Total financial liabilities	2,244	426,571	-	-	28,178	456,993
Net financial assets/(liabilities)	74,680	50,302	32,103	303,231	1,256,147	1,716,463
30 June 2017						
Financial assets						
Cash and cash equivalents	3,902	7,428	-	-	-	11,330
Cash investments	-	90,642	-	-	-	90,642
Australian equities	-	-	-	-	210,951	210,951
International equities	-	-	-	-	486,494	486,494
Property	-	-	-	-	229,858	229,858
Infrastructure	-	-	-	-	105,592	105,592
Fixed income	-	-	-	-	107,102	107,102
Australian Government bonds	101,212	28,393	41,886	197,330	-	368,821
Outstanding settlements receivable	290	-	-	-	50,656	50,946
Receivables	-	-	-	-	29,892	29,892
Total financial assets	105,404	126,463	41,886	197,330	1,220,545	1,691,628
Financial liabilities						
Outstanding settlements payable	-	-	-	-	43,640	43,640
Other financial instruments	1,306	-	-	-	-	1,306
Payables	-	-	-	-	2,203	2,203
Total financial liabilities	1,306	-	-	-	45,843	47,149
Net financial assets/(liabilities)	104,098	126,463	41,886	197,330	1,174,702	1,644,479

11 Financial instruments continued

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.

	2018 $'000	2017 $'000
Impact on profit and equity of a 0.5% increase in interest rates	(9,810)	(9,534)
Impact on profit and equity of a 0.5% decrease in interest rates	10,378	9,540

(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;
- recoveries receivable; and
- investments.

Credit risk on investments arises from debt securities and derivative financial instruments and is managed in accordance with the MAIB's Investment Policy Statement which:

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

The majority of trade and other receivables comprises premiums collected on behalf of the MAIB by the Department of State Growth. Premiums collected are transferred to the MAIB within two business days.

The MAIB's policy is to place reinsurance with businesses which have a minimum Standard and Poor's credit rating of "A". A broker is engaged to facilitate the placement of reinsurance cover.

Credit risk on investments is monitored in accordance with the Investment Policy Statement. External funds managers and the custodian are required to monitor counterparty exposure on an ongoing basis to avoid breach of limits. In addition, management undertakes an annual review of compliance with the credit risk provisions contained in the Investment Policy Statement. The level of investment with any one counterparty is assessed based on the market value of the investment.

Financial assets and liabilities are recorded in the statement of financial position at the amount which represents the maximum exposure to credit risk at the reporting date. The MAIB's primary credit risk exposure is to Australian Government bonds, which comprises 25% of the investment portfolio. There are no other significant credit risk exposures 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.

	2018		2017	
	Investment grade[1] $'000	Non investment grade[1] $'000	Investment grade[1] $'000	Non investment grade[1] $'000
Financial assets				
Cash and cash equivalents	6,181	-	11,330	-
Cash investments	385,959	-	12,899	-
Australian Government bonds	410,113	-	368,821	-
Receivables	29,725	3,045	27,213	2,679
	831,978	3,045	420,263	2,679

[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.

11 Financial instruments continued

Transfer of financial assets – repurchase agreements

During the year, the MAIB transferred $425 million (2017: nil) of securities to counterparties under repurchase agreements, but has retained substantially all the credit risk associated with the transferred assets.

Due to the retention of substantially all the risks and rewards of these assets, the assets continue to be recognised in the financial statements, and the proceeds of sale are reported as liabilities and are carried at amortised cost. The counterparties have an obligation to return the securities to the MAIB.

The following table sets out carrying amounts and fair values of financial assets transferred through repurchase agreements and the related liability at the reporting date.

	2018 $'000	2017 $'000
Carrying amount of transferred Australian Government Bonds	425,013	-
Carrying amount of repurchase agreement liabilities	(426,571)	-
Net position	(1,558)	-

(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 in relation to its operating activities with annual premium and investment cash inflows 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 sufficient liquidity is retained within the investment portfolio to meet known future financial obligations as they fall due. This approach also provides access at very short notice to substantial amounts of cash in the unlikely event of an unforeseen obligation.

Maturities of financial instruments

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

	Less than 3 months $'000	3-12 months $'000	1+ years $'000	Total $'000
30 June 2018				
Financial liabilities				
Repurchase agreements payable	426,571	-	-	426,571
Outstanding settlements payable	25,893	-	-	25,893
Other financial instruments	988	18	1,238	2,244
Payables	2,285	-	-	2,285
	455,737	18	1,238	456,993
30 June 2017				
Financial liabilities				
Outstanding settlements payable	43,640	-	-	43,640
Other financial instruments	204	485	617	1,306
Payables	2,203	-	-	2,203
	46,047	485	617	47,149

11 Financial instruments continued

(d) Capital management

The Australian Prudential Regulation Authority (APRA) is the agency responsible for the regulation of private sector insurers in Australia. As a Government Business Enterprise the 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 (representing the ratio of insurance assets to net claims 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 2018 the funding ratio is 136.2% (2017: 132.8%).

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.

12 Receivables

Premiums receivable and other receivables are recognised at amortised cost less impairment. Reinsurance and third party recoveries are assessed in a manner similar to the measurement of the outstanding claims liability, and assume that the recoveries are made in the same proportions over time as the gross claim payments.

Reinsurance recoveries primarily arise from incidents involving future care claims and are assessed by the MAIB's reinsurance broker at least annually, based on the most recent medical advice. A receivable is recorded where the actual or estimated cost of claims exceeds the reinsurance deductible. The recoverable amount is measured as the present value of the expected future cash flows less a provision for impairment where there is objective evidence that the MAIB will not be able to collect the total reinsurance recovery amounts owing.

	2018 $'000	2017 $'000
Premiums receivable	1,653	1,487
Reinsurance recoveries receivable	28,072	25,726
Other recoveries receivable	3,000	2,638
Other receivables	45	41
	32,770	29,892
Due within 12 months	11,109	6,033
Due in more than 12 months	21,661	23,859
	32,770	29,892

13 Investment properties

Investment properties are held to earn rental income and/or capital appreciation. They are initially recorded at cost at the date of acquisition and are subsequently measured at fair value at reporting date. Fair value is determined on the basis of an annual independent valuation prepared by external valuers which is based predominantly on market evidence. Gains or losses arising from changes in fair value are included in the statement of comprehensive income for the period in which they arise. The fair values are recognised in the statement of financial position and are reviewed at the end of each reporting period such that the carrying value of investment properties is not materially different from their fair values.

Reconciliation of carrying amount

At fair value

	2018 $'000	2017 $'000
Balance at 1 July	16,460	15,180
Acquisitions	-	-
Capitalised subsequent expenditure	55	33
Net gain/(loss) from fair value adjustment	(30)	1,247
Balance at 30 June	16,485	16,460

14 Unearned premiums

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

	2018 $'000	2017 $'000
Balance at 1 July	58,060	59,633
Earning of premiums written in previous periods	(58,060)	(59,633)
Premiums written in current period	135,887	137,294
Earning of premiums written in current period	(77,031)	(79,234)
Balance at 30 June	58,856	58,060

15 Outstanding claims

The outstanding claims liability comprises the estimated costs of settling claims incurred but not yet paid, claims incurred but not reported, the anticipated direct claims handling expenses of settling those claims, and a risk margin.

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.

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% (2017: 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.

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.

Risks arising from insurance contracts

The main insurance risks for the MAIB include claims and rehabilitation management, controlling costs, 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.
- 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.

Terms and conditions of insurance business

The terms and conditions of the accident compensation scheme administered by the MAIB are established under the *Motor Accidents (Liabilities and Compensation) Act 1973*.

15 Outstanding claims continued

Concentration of insurance risk

The MAIB operates the Tasmanian compulsory third party insurance scheme with the exposure to insurance risk concentrated in motor accidents. Catastrophic motor accidents represent a significant risk, with the financial exposure being limited by 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.

Valuation

The outstanding claims liability is actuarially assessed 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 all 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 common law claims are 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.

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.

15 Outstanding claims continued

(a) Actuarial assumptions and methods

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

	2018			2017		
	Scheduled benefits	Common law	Future care	Scheduled benefits	Common law	Future care
Inflated mean term (years)	7.3	3.7	32.1	7.6	3.6	33.4
Discounted mean term (years)	5.5	3.5	21.1	5.6	3.4	20.9
Number of claims incurred but not reported (IBNR)	461	313	15	517	305	15
Average claim size ($ '000)	11.6	164.6	6,658.9	12.0	150.9	7,081.9
Superimposed inflation	1.5%	1.5%	0.0%	1.5%	1.5%	0.0%
Claims handling expenses	7.0%	7.0%	7.0%	6.5%	6.5%	6.5%
Risk margin	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

	2018		2017	
	Wage inflation rates[1]	Interest rates[2]	Wage inflation rates[3]	Interest rates[4]
Claims expected to be paid in:				
Year 1 (following end of financial year)	2.36%	1.93%	2.95%	1.64%
Year 2	2.81%	2.07%	3.22%	1.92%
Year 3	3.08%	2.28%	3.23%	2.29%
Year 4	3.16%	2.55%	3.17%	2.56%
Year 5	3.15%	2.76%	3.06%	2.75%
Year 6	3.08%	2.91%	3.00%	2.90%
Year 7	2.98%	3.01%	2.92%	3.05%
Year 8	2.91%	3.08%	2.98%	3.18%
Year 9	2.87%	3.12%	2.97%	3.31%
Year 10	2.85%	3.16%	3.00%	3.43%
Year 11	2.85%	3.19%	3.04%	3.55%
Year 12	2.86%	3.22%	3.08%	3.66%
Year 13	2.88%	3.25%	3.13%	3.76%
Year 14	2.89%	3.29%	3.18%	3.86%
Year 15	2.91%	3.33%	3.23%	3.95%
Year 16	2.93%	3.37%	3.27%	4.04%
Year 17	2.96%	3.41%	3.31%	4.12%
Year 18	2.98%	3.46%	3.35%	4.20%
Year 19	3.00%	3.51%	3.38%	4.27%
Year 20	3.03%	3.56%	3.42%	4.34%
Year 21	3.05%	3.61%	3.45%	4.40%
Year 22	3.08%	3.66%	3.48%	4.46%
Year 23	3.11%	3.72%	3.51%	4.52%
Year 24	3.14%	3.77%	3.54%	4.57%
Year 25	3.17%	3.83%	3.56%	4.62%

[1] projected inflation rates after year 25 increase annually until they reach 4% in year 50.
[2] projected interest rates after year 25 increase annually until they reach 5.5% in year 50.
[3] projected inflation rates after year 25 increase annually until they reach 4% in year 50.
[4] projected interest rates after year 25 increase annually until they reach 5.5% in year 50.

15 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 represent the future cost of managing the claims outstanding at balance date and are calculated by reference to past experience of claims handling costs as a percentage of past payments. Claims handling expenses at 30 June 2018 are included at the rate of 7.0% of future claim payments (2017: 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, a risk margin is added to the actuarially assessed central estimate of the discounted future claims payments, and claims handling expenses, to provide for a higher probability at balance date, that the outstanding claims liability will be adequate to cover possible adverse developments arising from those areas of uncertainty.

Each benefit type (scheduled benefits, common law and future care) is analysed taking into consideration the potential areas of uncertainty described above. The assumptions regarding uncertainty are applied to the central estimates in order to arrive at a total liability that provides for a probability of not less than 75% that the liability is sufficient to meet the actual cost of claims. This resulted in the application of a 20% risk margin at 30 June 2018 (2017: 20%).

Interest rates

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

15 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 (interest 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.
Interest 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.

15 Outstanding claims continued

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

	Impact	Profit/(loss) after tax	Equity
	$'000	$'000	$'000
Recognised amounts as per the 2018 financial statements		100,111	575,237
Inflation rate increased by 0.5%	(61,162)	38,949	514,075
Inflation rate decreased by 0.5%	53,286	153,397	628,523
Interest rate increased by 0.5%	52,953	153,064	628,190
Interest rate decreased by 0.5%	(61,325)	38,786	513,912
Cost of current year Future Care IBNR claims increased by 10%	(8,201)	91,910	567,036
Cost of current year Future Care IBNR claims decreased by 10%	8,201	108,312	583,438
Common Law settlement size increased by 10%	(19,052)	81,059	556,185
Common Law settlement size decreased by 10%	19,052	119,163	594,289
Scheduled Benefits average size increased by 10%	(4,400)	95,711	570,837
Scheduled Benefits average size decreased by 10%	4,400	104,511	579,637
Recognised amounts as per the 2017 financial statements		119,416	531,643
Inflation increase by 0.5%	(59,010)	60,406	472,633
Inflation decrease by 0.5%	51,423	170,839	583,066
Interest rate increased by 0.5%	51,066	170,482	582,709
Interest rate decreased by 0.5%	(59,107)	60,309	472,536
Cost of current year Future Care IBNR claims increased by 10%	(8,459)	110,957	523,184
Cost of current year Future Care IBNR claims decreased by 10%	8,459	127,875	540,102
Common Law settlement size increased by 10%	(17,879)	101,537	513,764
Common Law settlement size decreased by 10%	17,879	137,295	549,522
Scheduled Benefits average size increased by 10%	(4,255)	115,161	527,388
Scheduled Benefits average size decreased by 10%	4,255	123,671	535,898

(c) Maturity analysis

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

	Less than 12 months	12 months to 10 years	11 years to 20 years	20+ years	Total
	$'000	$'000	$'000	$'000	$'000
30 June 2018					
Outstanding claims liability	88,366	423,284	205,055	352,462	1,069,167
	88,366	423,284	205,055	352,462	1,069,167
30 June 2017					
Outstanding claims liability	88,599	405,183	200,180	340,250	1,034,212
	88,599	405,183	200,180	340,250	1,034,212

15 Outstanding claims continued

(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.

	2018 $'000	2017 $'000
Scheduled benefits claims		
Expected future claims payments (inflated/undiscounted)	61,302	60,209
Discount to present value	(9,739)	(10,349)
Claims handling expenses	3,819	3,429
Risk margin	10,476	10,130
	65,858	63,419
Common law claims		
Expected future claims payments (inflated/undiscounted)	229,604	215,196
Discount to present value	(18,557)	(16,148)
Claims handling expenses	15,760	13,802
Risk margin	45,362	42,570
	272,169	255,420
Future care claims		
Expected future claims payments (inflated/undiscounted)	1,396,929	1,548,397
Discount to present value	(826,381)	(987,542)
Claims handling expenses	43,414	39,577
Risk margin	117,178	114,941
	731,140	715,373
All claims		
Expected future claims payments (inflated/undiscounted)	1,687,835	1,823,802
Discount to present value	(854,677)	(1,014,039)
Claims handling expenses	62,993	56,808
Risk margin	173,016	167,641
	1,069,167	1,034,212
Due within 12 months	88,366	88,599
Due in more than 12 months	980,801	945,613
	1,069,167	1,034,212

(e) Reconciliation of movement in outstanding claims liability

	2018			2017		
	Gross $'000	Recoveries $'000	Net $'000	Gross $'000	Recoveries $'000	Net $'000
Balance at 1 July	1,034,212	28,364	1,005,848	1,005,466	27,746	977,720
Adjustment to prior years						
Effect of actual versus expected payments	(9,584)	(2,952)	(6,632)	(19,642)	1,236	(20,878)
Effect of changes in actuarial assumptions	(65,560)	4,646	(70,206)	(20,521)	878	(21,399)
Effect of changes in economic assumptions	36,225	90	36,135	(2,111)	(199)	(1,912)
Effect of prior year claims moving closer to payment	(2,830)	(272)	(2,558)	(3,714)	(91)	(3,623)
Net revision to prior years' claims costs	(41,749)	1,512	(43,261)	(45,988)	1,824	(47,812)
Incurred claims for current accident year	150,531	2,282	148,249	137,589	2,032	135,557
Net claims incurred	108,782	3,794	104,988	91,601	3,856	87,745
Claims payments and recoveries in the year	(73,827)	(1,086)	(72,741)	(62,855)	(3,238)	(59,617)
Balance at 30 June	1,069,167	31,072	1,038,095	1,034,212	28,364	1,005,848

15 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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross of reinsurance recoveries											
Estimate of ultimate claims cost:											
End of accident year	281,693	263,884	201,081	218,081	249,933	240,801	208,032	156,465	183,794	200,655	
One year later	297,639	223,297	111,109	221,189	210,096	162,877	113,989	150,202	163,990		
Two years later	291,303	198,314	116,768	106,355	158,319	103,068	127,180	102,191			
Three years later	235,532	181,337	146,081	176,931	124,051	95,409	126,365				
Four years later	251,943	237,782	79,949	155,313	127,994	66,926					
Five years later	169,404	152,367	88,659	169,775	119,914						
Six years later	226,806	142,434	84,427	122,085							
Seven years later	196,508	150,642	82,321								
Eight years later	217,572	146,550									
Nine years later	204,556										
Current estimate of cumulative claims cost	204,556	146,550	82,321	122,085	119,914	66,926	126,365	102,191	163,990	200,655	1,335,553
Cumulative payments	(76,844)	(72,538)	(58,629)	(51,118)	(55,352)	(39,483)	(38,650)	(28,019)	(25,713)	(13,156)	(459,502)
Outstanding claims (undiscounted)	127,712	74,012	23,692	70,967	64,562	27,443	87,715	74,172	138,277	187,499	876,051
Discount											(398,891)
2008 and prior (discounted)											355,998
Claims handling expense											62,993
Risk margins											173,016
Outstanding claims (inflated & discounted)											1,069,167

	Accident year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Net of reinsurance recoveries											
Estimate of ultimate claims cost:											
End of accident year	281,693	263,884	201,081	218,081	249,933	240,801	208,032	156,465	181,328	198,001	
One year later	297,639	212,172	111,109	221,189	210,096	162,877	113,989	149,783	162,009		
Two years later	289,837	183,945	116,768	106,355	158,319	103,068	126,850	101,844			
Three years later	228,184	162,323	146,081	176,931	123,887	95,208	126,069				
Four years later	242,499	208,053	79,949	155,313	127,810	66,774					
Five years later	164,220	126,817	88,659	169,644	119,797						
Six years later	220,135	134,930	84,333	121,970							
Seven years later	193,859	142,778	82,235								
Eight years later	214,510	138,632									
Nine years later	201,053										
Current estimate of cumulative claims cost	201,053	138,632	82,235	121,970	119,797	66,774	126,069	101,844	162,009	198,001	1,318,384
Cumulative payments	(76,844)	(72,538)	(58,629)	(51,118)	(55,352)	(39,483)	(38,650)	(28,019)	(25,713)	(13,156)	(459,502)
Outstanding claims (undiscounted)	124,209	66,094	23,606	70,852	64,445	27,291	87,419	73,825	136,296	184,845	858,882
Discount											(397,173)
											340,377
Claims handling expense											62,993
Risk margins											173,016
Outstanding claims (inflated & discounted)											1,038,095

16 Unexpired risk

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 outflows 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 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.

	2018 $'000	2017 $'000
(a) Unexpired risk liability		
Net central estimate	47,586	48,004
Claims handling expenses	3,578	3,353
Risk margin	10,064	10,117
Reinsurance recoveries	(844)	(773)
Premium liability	60,384	60,701
Unearned premiums net of deferred acquisition costs	57,589	56,820
Deficiency	2,795	3,881
Less deferred acquisition costs	(1,267)	(1,240)
Unexpired risk liability	1,528	2,641
(b) Deficiency recognised in the statement of comprehensive income		
Deficiency 1 July	3,881	1,404
Deficiency 30 June	2,795	3,881
Unexpired risk expense	(1,086)	2,477

Claims handling expenses

Claims handling expenses as at 30 June 2018 are included at the rate of 7.0% (2017: 6.5%).

Risk margin

As at 30 June 2018 a risk margin of 20% (2017: 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% (2017: not less than 75%) that the liability is sufficient to meet the cost of claims incurred.

17 Provision for employee benefits

Annual leave, long service leave and sick leave

Provisions for annual leave and long service leave owing at balance date which are expected to be wholly settled within 12 months are reported at their nominal values using the remuneration rates expected to apply at the time of settlement. It is expected that all annual leave owing at balance date will be taken within the next twelve months.

In calculating the provision for long service leave, consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. 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 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 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 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.

	2018 $'000	2017 $'000
Due within 12 months		
Annual leave	292	252
Long service leave	38	40
Defined benefit superannuation obligation	36	33
	366	325
Due in more than 12 months		
Long service leave	370	398
Defined benefit superannuation obligation	6,311	5,570
	6,681	5,968
Total employee benefits	7,047	6,293

18 Statement of cash flows

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

	2018 $'000	2017 $'000
Profit/(loss) after tax	100,111	119,416
Depreciation and amortisation	257	255
Loss/(profit) on sale of plant and equipment	(6)	-
Net unrealised loss/(gain) in net market value of investments	(49,875)	(41,429)
Net realised loss/(gain) in net market value of investments	10,349	(2,377)
Net unrealised loss/(gain) in net market value of investment properties	30	(1,247)
Net retained earning remeasurements of defined benefit superannuation plan	(259)	951
Decrease/(increase) in net deferred tax asset/liability	6,271	5,861
Decrease/(increase) in trade and other receivables	(2,878)	(647)
Decrease/(increase) in accrued dividends and interest	(1,803)	(1,301)
Increase/(decrease) in outstanding claims liability	34,955	28,746
Increase/(decrease) in tax payable	(13,464)	(1,851)
Increase/(decrease) in unexpired risk liability	(1,113)	2,434
Increase/(decrease) in employee benefits	754	(926)
Increase/(decrease) in trade and other payables	82	(6)
Increase/(decrease) in unearned premium liability	796	(1,573)
Net cash flow from operating activities	84,207	106,306

(b) Financing facilities

At 30 June 2018 the MAIB has four corporate credit cards (2017: six) with a total limit of $50,000 (2017: $60,000). The balance is paid in full on a monthly basis. The MAIB has no formal credit standby arrangements or unused loan facilities.

19 Auditor's remuneration

The amount payable to the Auditor-General for the year ended 30 June 2018 is $110,900 (2017: $87,644).

20 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 2018 of $51,426,552 (2017: $56,258,137) was recommended by directors to be paid.

21 Contingent liabilities

The MAIB has no contingent liabilities.

22 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.

23 Key management personnel information

(a) Directors

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

D Challen AM
E Collins
K Cuthbertson
M Dontschuk
E Horton

(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 (to 12 February 2018)
J Wilson	Chief Operating Officer (from 13 February 2018)
D Thurm	Chief Financial Officer

(c) Key management personnel compensation

	Directors		Executive		Total	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Short-term employee benefits	260	256	660	648	920	904
Post employment benefits	24	23	76	65	100	88
Other long-term employee benefits	-	-	(13)	31	(13)	31
Termination benefits	-	-	165	-	165	-
	284	279	888	744	1,172	1,023

23 Key management personnel information continued

(d) Non-executive director remuneration

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

			2018				
Name	Position	Period	Director Fees $'000	Committee Fees $'000	Superannuation $'000	Other Benefits $'000	Total $'000
D Challen AM	Chairman	Full year	77	7	8	-	92
E Collins	Director	Full year	37	7	4	-	48
K Cuthbertson	Director	Full year	37	7	4	-	48
M Dontschuk	Director	Full year	37	7	4	-	48
E Horton	Director	Full year	37	7	4	-	48
			225	35	24	-	284

			2017				
Name	Position	Period	Director Fees $'000	Committee Fees $'000	Superannuation $'000	Other Benefits $'000	Total $'000
D Challen AM	Chairman	Full year	77	6	8	-	91
E Collins	Director	Full year	36	7	4	-	47
K Cuthbertson	Director	Full year	36	7	4	-	47
M Dontschuk	Director	Full year	36	7	4	-	47
E Horton	Director	From 16 May 2017	5	1	0	-	6
D St. John	Director	To 15 May 2017	32	6	3	-	41
			222	34	23	-	279

23 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.

Name	Position	Period	Base Salary[1]	Short Term Incentive Payments[2]	Super-annuation[3]	Vehicle[4]	Total Remun-eration Package	Termin-ation Benefits[5]	Other Long-Term Benefits[6]	Total[7]
			$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018										
P Kingston	CEO	Full year	262	-	27	21	310	-	25	335
C Hill	COO	To 12 Feb 18	114	-	22	20	156	165	(62)	259
J Wilson	COO	From 13 Feb 18	59	-	7	-	66	-	11	77
D Thurm	CFO	Full year	162	-	20	22	204	-	13	217
			597	-	76	63	736	165	(13)	888
2017										
P Kingston	CEO	Full year	244	-	25	21	290	-	32	322
C Hill	COO	Full year	180	-	19	25	224	-	(4)	220
D Thurm	CFO	Full year	156	-	21	22	199	-	3	202
			580	-	65	68	713	-	31	744

[1] *Base 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 non-recurrent payments that are dependent upon achieving specified performance goals within specified timeframes. Senior executive contracts do not contain provision for short term incentive payments.*

[3] *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%.*

[4] *Vehicle costs represent the total cost of business and private use of vehicles provided to executives as part of their remuneration package.*

[5] *Termination benefits include all forms of benefit paid or accrued as a consequence of termination.*

[6] *Other long-term benefits comprise only annual leave and long service leave movements.*

[7] *Total includes all forms of remuneration and benefits paid or payable. No other benefits or non-monetary benefits are paid or provided.*

(f) Remuneration policies

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

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

(i) Non-executive director remuneration

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

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

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

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

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

23 Key management personnel information continued

(ii) Executive remuneration

Remuneration levels for key management personnel are set in accordance with the current Director and Executive Remuneration Guidelines. 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 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

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 2017-18.

Termination Benefits

Christopher Hill ceased employment effective 12 February 2018 and was paid a total termination benefit of $165,333.

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 2017-18.

Other transactions of key management personnel and related parties

Some key management personnel, or their related parties, transacted with MAIB in the reporting period as owners of registered motor vehicles on terms and conditions no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel.

There were no material related party transactions requiring disclosure.

Tasmanian Audit Office

Independent Auditor's Report

To the Members of Parliament

Motor Accidents Insurance Board

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Motor Accidents Insurance Board (MAIB) which comprises the statement of financial position as at 30 June 2018, the statements of comprehensive income, changes in equity, cash flows and tax equivalent for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the certification statement by the directors.

In my opinion, the accompanying financial report:

(a) presents fairly, in all material respects, MAIB's financial position as at 30 June 2018 and its financial performance and its cash flows for the year then ended

(b) is in accordance with the *Government Business Enterprises Act 1995* and Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of MAIB in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further 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.

I confirm that the independence declaration provided to the directors of MAIB on 13 August 2018 would be in the same terms if provided to the directors at the time of this auditor's report.

...1 of 4

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Significant investments *Refer note 10 and 11*	
MAIB held significant investments, totalling $2.13bn at 30 June 2018 that backed its insurance liabilities. The majority of investments were held with fund managers who were responsible for achieving agreed performance targets, whilst operating within an established framework. MAIB placed significant reliance on the appointed investment managers and custodian in regards to the existence, rights and obligations, and valuation of the investments and disclosures in the financial report. These matters are complex and the nature of the mark-to-market valuation of the investments can significantly impact their balances.	• Evaluating MAIB's internal control and oversight processes over investment management arrangements with fund managers. • Assessing the scope agreed between MAIB and fund managers for reliance on the Independent Service Auditor's Assurance Reports, issued in accordance with the Australian Auditing Standard on Assurance Engagements ASAE 3402 *Assurance Reports on Controls at a Service Organisation* and with reference to Auditing Guidance Statement GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*. • Obtaining and confirming the custodian valuation report with MAIB's investment balances at balance date. • Obtaining and assessing other relevant valuation data for investments where there was limited observable market data, particularly where there may be stale investment prices or estimation uncertainty.
Outstanding claims liability *Refer note 15*	
The estimation of outstanding claims liabilities involves significant judgement given the high degree of uncertainty that is inherent in estimating the expected future payments for claims incurred. In addition, long–tail liability businesses such as MAIB, experience a high level	• Evaluating and utilising the work of MAIB's internal auditor, to evaluate internal control and oversight processes over the engagement and management of the external actuary, to provide the valuation of the outstanding claims liability.

...2 of 4

of uncertainty in the estimation for outstanding claims. Inherent subjectivity involved in making judgements in relation to the assumptions applied in the valuation methodology can significantly impact the liability balance. This includes assumptions which are susceptible to changed economic conditions such as movements in the Australian Commonwealth Government bond rate, inflation rate and changes in claims experience. MAIB relied upon external actuarial advice for the valuation of the outstanding claims liability of $1.07bn.	• Assessing MAIB's actuary's quarterly valuations to understand recent economic and claims experience trends. • Engaging an independent actuarial expert to assess the appropriateness of MAIB's actuarial methods and key assumptions to assess the reasonableness of the estimation of the outstanding claims liabilities as at 30 June 2018. • Assessing the adequacy and completeness of disclosures in the financial statements as required by AASB 1023 *General Insurance Contracts.*

Responsibilities of the Directors for the Financial Report

The directors of MAIB are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Government Business Enterprises Act 1995* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing MAIB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate MAIB or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MAIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on MAIB's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause MAIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ric De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Tasmanian Audit Office

15 August 2018
Hobart

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

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13 August 2018

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

Dear Board Members

Auditor's Independence Declaration

In relation to my audit of the financial report of the Motor Accidents Insurance Board for the financial year ended 30 June 2018, 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

Ric De Santi
Deputy Auditor-General
Delegate of the Auditor-General

FOR THE YEAR ENDED - 30 JUNE 2018

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 2018 and the financial position as at 30 June 2018 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 2018 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 2018 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 2018 give a true and fair view.

Signed in accordance with a resolution of the directors:

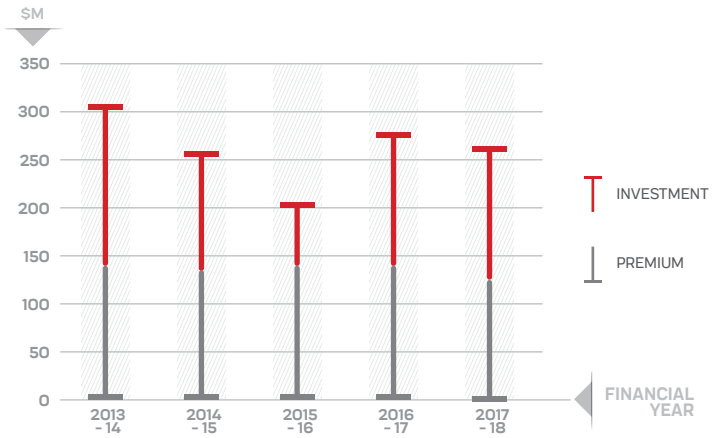
Dated 13 August 2018

DW Challen AM
Chairman

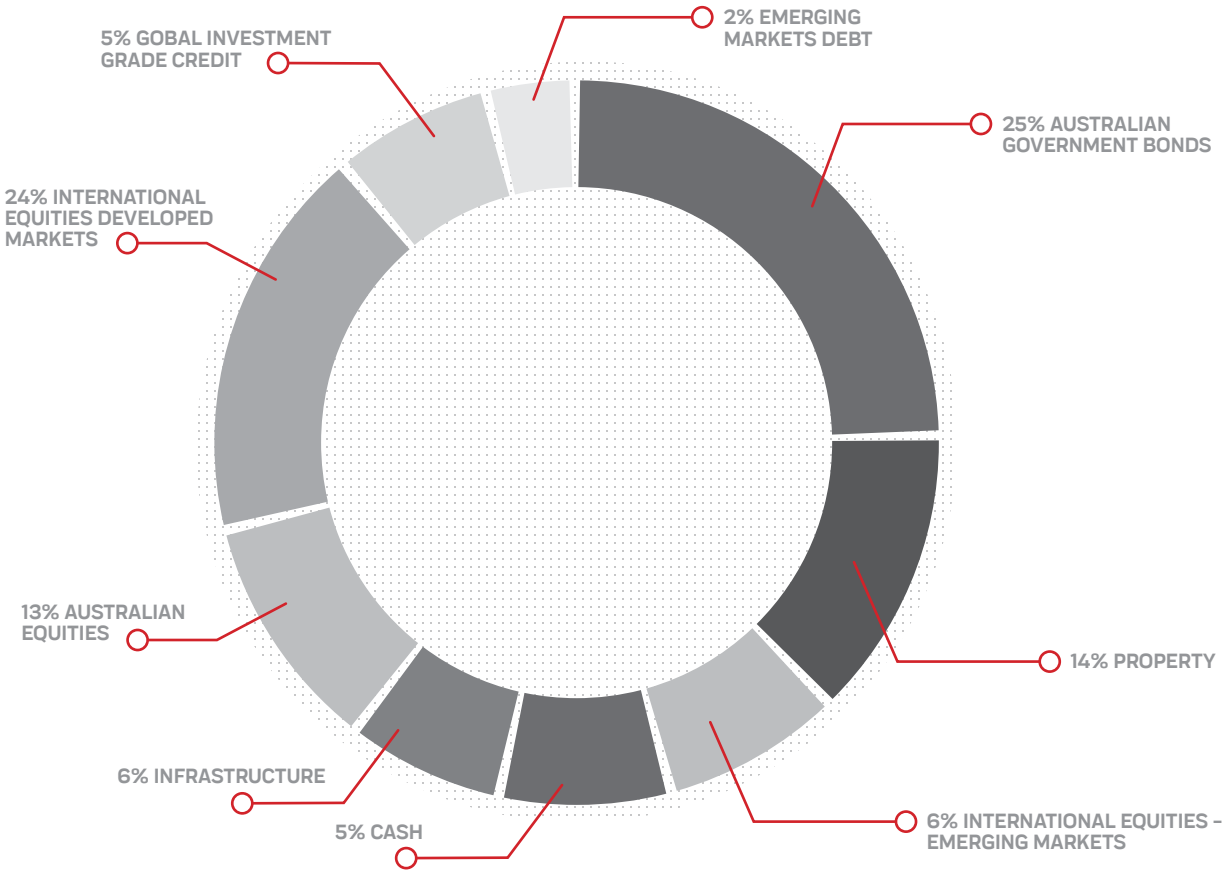
E Collins
Director

APPENDIX

PREMIUM AND INVESTMENT INCOME



ASSET ALLOCATIONS 30 JUNE 2018



APPENDIX
continued

FIVE YEAR SUMMARY - FINANCIAL	2013-14 $'000	2014-15 $'000	2015-16 $'000	2016-17 $'000	2017-18 $'000
Net premium revenue	133,514	128,625	131,946	132,988	129,315
Recovery revenue	4,767	3,082	7,494	3,856	3,794
Gross claims incurred	(124,272)	(103,405)	(99,696)	(91,601)	(108,782)
Unexpired risk expense	(912)	(912)	2,179	(2,477)	1,086
Other underwriting expenses	(2,631)	(2,798)	(2,805)	(2,874)	(2,930)
Underwriting result	10,466	24,592	39,118	39,892	22,483
Investment and other revenue	171,440	123,379	66,917	137,322	126,768
Administration, funding and other expenses	(9,964)	(10,778)	(10,770)	(11,536)	(12,015)
Profit/(loss) before tax	171,942	137,193	95,265	165,678	137,236
Tax (expense)/benefit	(46,444)	(37,328)	(25,562)	(46,262)	(37,125)
Profit/(loss) after tax	125,498	99,865	69,703	119,416	100,111
Net assets	484,380	440,121	460,981	531,643	575,237
Dividend paid	23,219	144,570	47,692	49,705	56,258

FIVE YEAR SUMMARY - OPERATIONAL	2013-14	2014-15	2015-16	2016-17	2017-18
Number of vehicles registered	481,656	492,313	505,132	518,076	532,281
Claim payments ($M)	79	87	76	67	79
Number of current claims	2,619	2,551	2,266	2,105	2,100
New claims received	2,924	2,847	2,732	2,566	2,737
Number of fatalities	33	35	36	27	33
Fatality rate per 1,000 vehicles	0.07	0.07	0.07	0.05	0.06
Claims per 1,000 vehicles	6.07	5.78	5.41	4.95	5.1
Tasmanian car premium ($)	318	318	318	294	294

Interstate Scheme Comparisons

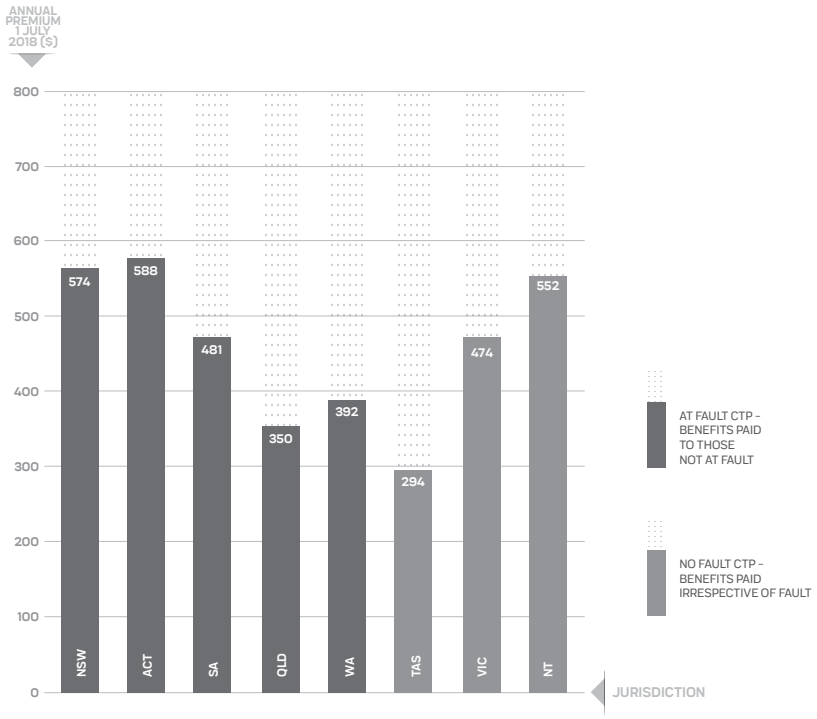
SCHEME COMPONENT	TAS	VIC	NT	NSW	QLD	WA	SA	ACT
No fault	Yes	Yes	Yes	Yes	No	No	No	No
Lifetime Care (support for catastrophically injured)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Common Law Rights	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Monopoly Scheme	Yes	Yes	Yes	No	No	Yes	No	No
Motor Car Premium[1]	$294	$474	$552	$574[2]	$350[3]	$392	$481	$588[3]

[1] Inclusive of GST and as at 1 July 2018.

[2] Average of Sydney metropolitan passenger vehicles (Class 1 - cars and station wagons)..

[3] Average premiums for Class 1 vehicles.

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; 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, clients (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 2017-18

Measure	
Creditor Days	6.7
Number of accounts due for payment	10,378
Number of accounts paid on time	10,352
Amount due for payment	$22,712,043
Amount paid on time	$22,646,430
Number of payments for interest on overdue accounts	16
Interest paid on overdue accounts	$329

APPENDIX
continued

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, clients (hospital, ambulance, treatment etc.) are excluded as these reimbursements are outside the intended scope of the Guideline.

MAIB purchases[1] from Tasmanian Businesses 2017-18	
Percentage of purchases from Tasmanian businesses	85%
Value of purchases from Tasmanian businesses	$19.3M

[1] Excludes payments to specialist reinsurers ($5.8 million)-there are no appropriately licenced reinsurers located in Tasmania.

Consultancies[1] valued at more than $50,000 (ex GST) in 2017-18

Name of consultant	Location	Description	Period of engagement	Amount ($)
Aon Benfield	Sydney, NSW	Reinsurance broker	Full year	432,498
SRA Corporate Change	Launceston, Tasmania	Strategy and culture consultant	Full year	100,724
Taylor Fry Pty Ltd	Melbourne, Victoria	Actuary	Full year	188,468
Willis Towers Watson	Melbourne, Victoria	Investment Consultant	Full year	316,982
Total				**1,038,672**
There were 2 consultants engaged for $50,000 or less totalling				17,411
Total Payment to Consultants				**1,056,083**

[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 2017-18 is provided below.

Director	Board (12 meetings held)	Audit Committee (5 meetings held)	Claims Committee (11 meetings held)	Foundation Committee (3 meetings held)
Don Challen AM	••••••••••••	•••••		•••
Elaine Collins	••••••••••••	•••••		
Kate Cuthbertson	••••••••••••		••••••••••••	••
Michael Dontschuk	••••••••••••	•••••		
Evelyn Horton	••••••••••••		••••••••••••	

Public Interest Disclosures Act 2002

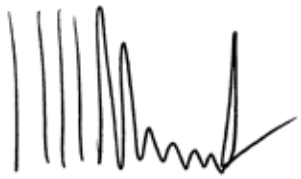
The MAIB is committed to the aims and objectives of the *Public Interest Disclosures Act 2002* (PID Act). It does not accept improper conduct by its employees or officers or the taking of detrimental action against those who come forward to disclose such conduct.

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 disclosure from any detrimental reprisal or action. Natural justice is afforded to all parties involved in any investigations 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 2017-18 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

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