


MOTOR ACCIDENTS AUTHORITY

Annual Report 2005-2006




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The MAA 2005-2006 Annual Report has been prepared in accordance with the relevant legislation for
the Hon John Della Bosca, MLC, Minister for Commerce

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The Hon John Della Bosca MLC
Minister for Commerce
Minister for Finance
Minister for Industrial Relations
Minister for Ageing
Minister for Disability Services
Leader of the Government in the Legislative Council

Parliament House, Macquarie Street
Sydney NSW 2000

October 2006

Dear Minister

We are pleased to submit the 17th Motor Accidents Authority of NSW Annual Report for presentation to the NSW Parliament.

It has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984, the Public Finance and Audit Act 1983*, the *Motor Accidents Compensation Act 1999* and relevant regulations.

Yours sincerely

Richard Grellman
Chairman, Board of Directors

David Bowen
General Manager

Contents

Message from the Chairman and General Manager

This year has seen two very significant changes to the motor accidents scheme with legislation being passed by Parliament to provide no-fault care and medical benefits to all children injured in a motor vehicle accidents and the Lifetime Care and Support Scheme being established for people with catastrophic injuries from motor vehicle accidents.

The lifetime care and support proposal gathered momentum after a community consultation process was announced by the NSW Government in June 2005. The results of this extensive public consultation process saw medical specialists, health professionals, disability support groups and service providers enthusiastically endorse a proposed scheme which will ensure all catastrophically injured people receive care and support for life, regardless of who caused the accident. These injuries include paraplegia, quadriplegia and traumatic brain injury. The expanded scheme will cost around $300 million a year to operate, and it is estimated that around 120 catastrophically injured people will enter the scheme each year. The scheme began for children on 1 October 2006 and will be extended to include adults from 1 October 2007.

The special children's benefit will provide treatment, rehabilitation and care for an injured child, regardless of fault and covers all children up to the age of 16 injured in accidents after 1 October 2006 to help with their recovery. Until this change a child had to prove they were injured by the fault of the driver. This means that if the driver was not at fault, the parents were left to pay for all treatment, care and rehabilitation costs. The special children's benefit will take the strain off the many innocent families of children who are injured in motor vehicle accidents each year. This important change acknowledges that children are unpredictable and are not physically or psychologically equipped to keep themselves safe in traffic.

The historic expansion of benefits was made possible by the Government's 1999 reforms that, over the years, have significantly improved the scheme's stability and also set the basis for a highly competitive CTP insurance market. Green slip premiums are the most affordable in the scheme's history and a number of insurers are competing and advertising on price and other benefits to increase their market share. The MAA is confident that the market is delivering a proper balance between the need to ensure the scheme is fully funded to meet the reasonable costs of claims of injured people while providing an appropriate but not excessive return on capital to the licensed insurers.

The 1999 reforms introduced a much greater focus on improved treatment for people injured in motor vehicle accidents. The MAA is keen to extend this by making health outcomes a scheme performance measure. The MAA believes it is as important to focus on getting claimants better as it is for them to receive monetary compensation. Some of the areas the MAA has marked for examination include the delivery of health services across a range of injury types in the motor accidents scheme and the development of evidence based practice, with a particular emphasis on earlier identification of those with poorer prognosis, to allow for differential medical management and intervention to improve long term health outcomes. The MAA also wishes to explore return-to-work programs within the scheme, identify where barriers exist to returning to work and create employment incentives for employers and injured workers.

The MAA's injury prevention and management program continues to provide funding to reduce the incidence of road crashes and improve treatment of those injured.

In addition to existing projects funded by the MAA, we committed a further $700,000 to promote road safety among young people. This boost in funding is being shared among a variety of organisations including local councils, health and community organisations, and young people so they can have a positive effect on the road safety awareness of their peers. This approach of "by local communities and for local communities" has proven to be a highly effective way of delivering very important road safety messages.

Child passenger safety has also been under the spotlight throughout the past year due to the release of an MAA funded research report in September 2005. This research shows an alarming number of children are being put at risk through the improper use of seat belts and child restraints. Results revealed that 82 per cent of parents and carers are not using the best restraint for their children's height and size. This provided a springboard for the Authority to invest in local community awareness campaigns and to develop a "choose right fit right " campaign encompassing an exhibition display, brochures, and DVDs to educate parents on the importance of using the most appropriate restraint for their child's size and height.

The MAA expanded its sports sponsorship this year to include the Sydney Kings basketball team and the Central Coast Mariners football team, as well as its ongoing commitment to the South Sydney Rabbitohs, St George Illawarra Dragons, and West Sydney Tigers. As part of the sponsorship agreements high profile sports stars deliver road safety presentations to young people. According to participant feedback, these presentations are extremely powerful and have a positive impact in promoting road safety among young people.

The Motor Accidents Assessment Service (MAAS) has been under the spotlight during the past year with the final part of an extensive user survey being completed. This will provide a benchmark for continued improvement in performance for MAAS, which has already demonstrated significant improvement in the level of service offered to assist parties to resolve disputes. The MAA is very well served by a body of medical assessors and claims assessors who bring an enormous level of expertise and experience to individual claims but also provide guidance in the operation of the scheme. We thank them for their contribution.

The MAA endeavours at all times to be an open and accountable regulator and to seek wide input through consultation on the operation of the scheme. MAA officers enjoy close working relationships with a wide range of scheme participants, including the insurers, legal representatives, health professionals and road safety and injury experts who all assist in improving the operation of the scheme and identifying areas for development. We thank all of those who have been involved for their continued input and acknowledge that we all share the view that the scheme has to work for the motorists who pay the premiums and the injured people who need access to compensation benefits.

We would like to thank our Minister, the Hon. John Della Bosca, and his staff, the MAA Board and members of the Motor Accident Council for their continued support and advice. And finally, but not least, we thank the MAA staff for their hard work and dedication throughout the year.

Richard Grellman (Chairman)
David Bowen (General Manager)

The Motor Accidents Authority of NSW

What is the MAA?

The Motor Accidents Authority (MAA) is a statutory corporation that monitors and supervises the compulsory third party (CTP) scheme for motor vehicles registered in New South Wales. It was established by the NSW Parliament under the *Motor Accidents Act 1988* on 10 March 1989. The MAA is funded by a levy on third party premiums (greenslips). The scheme was amended by the *Motor Accidents Compensation Act 1999* (the Act).

What does the MAA do?

The MAA is constituted by Section 198 of the Act and certain functions are set out in Section 206 of the Act, including:

- monitoring the operation of the CTP scheme
- collecting and analysing scheme statistics
- publishing and disseminating scheme information
- providing funding for the reduction of trauma as a result of motor accidents
- issuing certain guidelines
- advising the Minister on scheme efficiency and effectiveness
- providing support and advice to the Motor Accidents Council
- performing specific functions to support the provision of acute care, treatment, rehabilitation, long-term support and other services for persons injured in motor accidents.

Our vision

is to lead and support a CTP scheme that minimises the impact of motor vehicle accidents.

Our role

is to have a CTP insurance and compensation scheme that is affordable, fair and accessible by the Authority:

- being an effective regulator
- promoting appropriate treatment of injured persons
- providing medical and claims assessments in disputed cases
- providing advice to the Minister, Board, Council, Parliamentary Committee and stakeholders
- supporting injury prevention.

Corporate governance

The Corporate Governance Statement clarifies the roles and responsibilities of the Minister, Board of Directors, MAA Council and the Authority's management and the relationships between them. The Corporate Governance Statement is available on the MAA website: www.maa.nsw.gov.au

MAA General Manager	Insurance Division: Deputy General Manager	• Compliance • Scheme performance • Injury prevention and management • Nominal Defendant
	Motor Accidents Assessment Services: Assistant General Manager	• Claims Assessment & Resolution Service • Medical Assessment Service • Reviews • Case Management • Business Services
	Ministerial & Community Assistance: Assistant General Manager	• Claims Advisory Service • Policy • Media • MAA Counsel
	Executive	• Information Management • Finance • Executive Support

MAA Board

The Minister reappointed Richard Grellman, Penny Le Couteur, Antoinette le Marchant and Alan Hunt for a further period of three years from October 2005. Roger Wilkins resigned at the end of his term in October 2005. Ron Dyer was appointed in July 2006.

Richard Grellman FCA, Chair

Richard Grellman is President and Chairman of the Board of Mission Australia, Chairman of Cryosite Limited and the Association of Surfing Professionals, a non-executive director of AMP Limited, Atlas Group Holdings Limited and Trafalgar Corporate Limited.

Penny Le Couteur BSc (Hons), Deputy Chair

Penny Le Couteur is the Deputy Chair of the Motor Accidents Authority. She is also Chair of Employers Mutual Limited, President of KU Children's Services, a member of the Scheme Board for Home Warranty Insurance and a director of the Uniting Financial Services. She was formerly Managing Director of the Securities Institute of Australia.

Antoinette le Marchant BA (Hons), MA (Hons)

Antoinette le Marchant has extensive experience in third party and workers' compensation as well as social justice issues. She is the CEO of a large, not-for-profit organisation and is also a member of a number of government bodies, including the Central Sydney Planning Committee. She is Chair of the NSW Government's Social Justice Reference Group.

Alan Hunt BA, LLM

Alan Hunt is a company director and corporate adviser and was the managing partner of a large legal firm for more than 10 years. His experience as a lawyer includes general, life and reinsurance matters. He is a director of Insurance Manufacturers of Australia.

David Bowen BA, Dip Law

Before his appointment as MAA General Manager in December 1998, David Bowen was with the Attorney General's Department for more than 10 years, as Assistant Director of Policy and Legislation and Director of Community Relations. He is a member of the Government Agency Road Safety Committee and the Road Safety Taskforce.

Ron Dyer, Dip Law, Dip Crim

Ron Dyer was a member of the Legislative Council of NSW between 1979 and 2003. He was the Minister for Community Services, Disability Services and Aged Services from 1995-1997 and the Minister for Public Works and Services from 1997-1999. From 1999 to 2003 Mr Dyer was Chair of the Standing Committee on Law and Justice of the Legislative Council. Before entering Parliament he practised as a solicitor.

Board meetings attended:

• David Bowen	6
• Penny Le Couteur	6
• Richard Grellman	6
• Antoinette le Marchant	6
• Alan Hunt	6
• Roger Wilkins (resigned October 2005)	1

Motor Accidents Council

Dr Stephen Buckley is a consultant physician in Rehabilitation Medicine at the Royal North Shore Hospital and The Royal Rehabilitation Centre Sydney and specialises in traumatic brain injury. He is involved in educational and professional rehabilitation issues and is Vice President of the Australasian Faculty of Rehabilitation Medicine, Royal Australasian College of Physicians and a surveyor with the Australian Medical Council.

Philip Cooper joined Allianz in 2001. Philip is an engineer by background and has also worked as a management consultant. His insurance industry experience includes senior management roles with CIC Insurance. Philip is responsible for the distribution, underwriting and claims management of Compulsory Third Party (CTP) insurance together with national responsibility for the motor dealer distribution network, encompassing approximately 600 dealers.

Michael Griffiths has over 30 years in road safety research and strategic application of science based countermeasures. This includes on-scene in-depth crash studies and previously management of the RTA's crash test facility. He initiated the Australian New Car Assessment Program and the Child Restraint Evaluation Program. He chairs the National Panel on Bio-mechanics of Impact Injury, and also Standards Australia's Child Restraint Systems Committee. He is an active member of the international road safety community with frequent attendance at overseas conferences and meetings.

Dr Clayton King is the Medical Director of the Brain Injury Rehabilitation Service, Royal Rehabilitation Centre Sydney and a senior staff specialist at Royal North Shore Hospital. Dr King holds honorary appointments with St Vincent's Hospital, Darlinghurst and Royal Prince Alfred Hospital in the Rehabilitation Medicine Departments. He is a Fellow of the Australasian Faculty of Rehabilitation Medicine.

Monique King has been president of Spinal Cord Injuries Australia for the past four years and a board member for eight years. As president of the organisation, her vision is to create an Australia where all people can participate equally in the community.

Jan McClelland was a Director of NRMA Motoring and Services in 2005. She is an experienced senior executive and the former Director General of the NSW Department of Education and Training, and Managing Director of the NSW TAFE Commission. Jan is the Chair of NSW Businesslink Pty Ltd. Other Board appointments include The Waste Recycling and Processing Corporation and the Festival Development Corporation. She is a Fellow of the Australian Institute of Management and the Australian Council of Educational Leaders, a member of the Australian Institute of Company Directors and the Institute of Public Administration of Australia.

Robyn Norman is currently the General Manager, Operations, for QBE's Australia and Asia Pacific business. Over a long career in insurance Robyn has been involved in all CTP schemes in NSW and until July 2006 was QBE's General Manager, CTP insurance. Robyn has a detailed working knowledge of both the claims and pricing issues that affect CTP insurance. Robyn contributed to the development of various aspects of the current Motor Accident Compensation Act and Guidelines, and maintains a keen interest in ensuring that the scheme continues to deliver as intended to both claimants and motorists.

Andrew Stone is a barrister specialising in motor vehicle accident claims. He is a member of the Bar Association's Personal Injury Litigation Committee and is an editor of the Leslie and Britts Motor Vehicle Law looseleaf service. Andrew is a regular seminar speaker on the operation of the motor accident compensation scheme.

Penny Waters is a solicitor and partner practising in a country firm in Northern NSW, Accredited Specialist, member of the Law Society Ethics committee, and a member of the University of New England Law Faculty Board of Studies. She is an experienced solicitor in the area of motor vehicle injury claims including paediatric brain and spinal cord injury claims.

Role 1

Being an effective regulator

Being an effective regulator

Performance against key result areas

Goals	Key results and achievements
• To ensure a high level of compliance by insurers	2005 audits showed all insurers performed satisfactorily against the treatment rehabilitation and attendant care (TRAC) guidelines. Following review of insurers' 2005 annual compliance self assessment reports on the Claims Handling Guidelines (CHGs), the MAA considers that the insurance industry's compliance performance with the CHGs has improved compared to previous years. Complaints against insurers were dealt with in a timely and effective manner by the MAA. During the reporting period, 116 complaints were received of which 95% were resolved.
• To promote a competitive CTP insurer market	• **Number of insurers in the scheme** There are seven CTP insurers (no change since last year's report). • **Market capacity** AAMI increased its market share by more than 2% and NRMA's market share fell by 2%. • **Premium prices** Average Sydney car premiums fell from \$322 in June 2005 to \$314 in June 2006. Average NSW all classes premium fell from \$319 to \$309. All premium prices exclude GST.
• CTP scheme is effective	• **Affordability** • **Effectiveness** • **Fairness** • **Efficiency** Full report begins on page 82

Insurer compliance

The NSW CTP insurance industry generally achieved high levels of compliance during the reporting period based on the:

- MAA's 2005 performance audit against the treatment, rehabilitation and attendant care (TRAC) guidelines
- insurers' 2005 compliance self-assessment reports against the Claims Handling Guidelines (CHGs)
- number of complaints received by the MAA and the outcome of complaint investigations.

Complaints received

During the reporting period, the MAA's compliance branch received a total of 116 matters for investigation, of which 109 related to the way NSW CTP insurers managed claims. Of these 109 matters:

- 59 alleged a breach of the CHGs
- 10 alleged a breach of the TRAC guidelines
- 27 related to improper insurer behaviour
- 13 related to an allegation that the insurer was not just and expeditious in resolving the claim.

Of the total 116 matters, 110 were finalised during the reporting period: 46 were resolved in favour of the applicant and 60 were resolved in favour of the insurer. Four complaints concerned issues over which the MAA had no jurisdiction.

Insurer compliance strategy

The MAA finalised a three-year plan for the period 2005-2008 on insurer compliance strategies to promote best outcomes for claimants. The main objectives are to ensure insurers provide:

- access to appropriate and early treatment and rehabilitation for injuries sustained in motor vehicle accidents
- full compensation for severely injured claimants with ongoing impairment and disabilities.

The strategy includes:

- reviews of insurer self-reports on compliance/performance with CHGs and TRAC guidelines
- monitoring and analysing the MAA complaints database and insurer self-reports on complaints
- monitoring and analysing the MAA claims register database
- monitoring insurer claims handling business and compliance systems
- focused investigations/audits on claims handling compliance and performance
- reviewing the MAA TRAC and CHG guidelines
- reporting outcomes of performance to insurers and other stakeholders.

MAA regulatory and enforcement policy

The MAA finalised its regulatory and enforcement policy, which was approved by the MAA Board in October 2005. The policy assists MAA officers to apply a fair and consistent response to insurer non-compliance. The policy provides criteria for determining whether a non-compliance is minor or major, and procedures for issuing breach notices or penalty notices to insurers in the case of a major non-compliance.

The policy was applied during the reporting period and as a result, three out of 28 non-compliances by insurers were considered to be major non-compliances that resulted in breach notices (formal warnings) being issued by the MAA. Of the three breach notices, two related to claims handling and one related to market behaviour when issuing greenslips.

Claims Handling Guidelines (CHGs)

The MAA is currently reviewing the CHGs. The MAA is consulting with the Insurance Council of Australia, the Councils of the Bar Association, and the Law Society on proposed amendments to the CHGs that extend the obligations of insurers in relation to the use of surveillance. The MAA will re-issue the CHGs once the consultation process has been completed.

The CHGs require that all insurers monitor their compliance and prepare a self-assessment report on their levels of compliance with the CHGs. The insurers provide annual self-assessment reports to the MAA which include action plans to address non-compliances. The MAA reviewed the insurers' self reports for 2005 and found that the insurance industry's compliance performance has generally improved compared with previous years.

Market Practice Guidelines (MPGs)

The MAA reviewed the MPGs during the reporting period after consultation with CTP insurers and re-issued the MPGs on 1 January 2006. The change to the MPGs relates to text that must appear on or with insurers' greenslips to reflect the private rulings issued by the Australian Taxation Office (ATO) to each insurer. The revised MPGs are available on the MAA website.

The MAA has further revised the MPGs during the reporting period to cater for the implementation of legislation passed in early 2006, that being the *Motor Accidents Lifetime Care and Support Act 2006* and amendments to *Motor Accidents Compensation Act 1999*, in relation to policies incepting from 1 October 2006. The revised MPGs will be issued in early 2006-07 and will be available on the MAA website.

A competitive CTP insurer market

Competition in the CTP market increased during the year. Pending the introduction of the Lifetime Care and Support (LTCS) legislation, the MAA allowed insurers' current filings to continue rather than direct a refile during the reporting period. Although it was not necessary to refile, five insurers filed for reductions in base price and/or best price during the year. The best Sydney car price dropped to $295 (+GST) in April 2006. Filings submitted during the reporting period reduced the best price further to $291 (+GST) for policies after 30 June 2006.

In addition to reductions in best prices, a number of insurers also filed during the reporting period with changes to their discount/loading structure. Of special interest is QBE's initiative to rate on demerit points, offering lower prices to motorists with zero demerit points. Other insurers use a variety of rating factors to identify safe drivers e.g. number of collision claims, number of at fault accidents, number of traffic offences. While best prices are known at the time of filing, average premiums are calculated at the end of each quarter. Average premiums reflect the application of insurers' discount/loading structures. The average Sydney metro car premium dropped from $322 in the June 2005 quarter to $314 in the June 2006 quarter. The average premium for NSW all classes dropped from $319 to $309. All amounts exclude GST.

Before the 1999 legislative reforms, the lowest greenslip prices for metropolitan Sydney motorists under 55 was 50 per cent of average weekly earnings (AWE). This has reduced to 27 per cent of AWE in June 2006.

Nominal Defendant

The MAA is the Nominal Defendant for claims arising from accidents in NSW against owners and drivers of uninsured and unidentified motor vehicles. The MAA allocates these claims to licensed insurers in proportion to their market share. The insurer then manages the claim.

The Nominal Defendant allocated 500 claims between 1 July 2005 and 30 June 2006. In addition, the Nominal Defendant returned 185 claims to claimants, claimants' solicitors or insurers, mainly due to the following reasons:

- the vehicle was insured at the date of the accident
- the accident was not on a road or road related area in NSW.

Nominal Defendant claims represented approximately five per cent of all claims and six per cent of incurred cost. Since 1 July 1989, in approximately 61 per cent of Nominal Defendant claims, the vehicle at fault was unidentified, while in 39 per cent of Nominal Defendant claims the vehicle at fault was uninsured.

Insurers in the scheme and market capacity

The number of active CTP licences remains at seven. There have been some changes in market share. AAMI increased its market share by more than two per cent following a sustained television advertising campaign and a consistently low price. In contrast, the NRMA lost two per cent of market share.

Percentage of insurer market share

Company	2005-2006 %	2004-2005 %
AAMI	14.1	11.4
Allianz	16.3	16.8
CIC Allianz	7.6	7.6
GIO	7.9	7.6
NRMA	37.4	39.5
QBE	10.2	10.5
Zurich	6.5	6.5

Role 2

Promoting appropriate treatment of injured people

Priority

Review the Injury Prevention and Management (IP&M) programs (this is also a priority under role 5)

Establish a funding model and evaluation criteria

The IP&M programs were reviewed over the last year. It was recommended that the MAA continue to focus on reducing serious injuries in areas with greatest cost impact to the CTP scheme, and to promote positive health and social outcomes for people injured in motor vehicle accidents.

Focus on areas/initiatives with potential to add most value

Road safety: the priority areas are young people, children, pedestrians and motorcyclists. The MAA will also investigate opportunities to enhance current programs aimed at children and young people.

Injury management: the key injury types and issues continue to be whiplash, mild brain injury and orthopaedic injuries. Options for improving service delivery in acute health care and trauma management will also be investigated.

Responsibility for catastrophic injuries – that being long term care for claimants sustaining brain injuries and spinal cord injuries – will be transferred to the Lifetime Care and Support Authority, following legislation to introduce lifetime care on a no fault basis for such injuries.

Board approval of a three year strategic plan and budget

This planning has been incorporated into the MAA's annual corporate planning process.

Promoting appropriate treatment of injured people

Performance against key result areas

Goals	Key results and achievements
• To promote positive health outcomes for injured people	The MAA continues to fund a long term study of whiplash associated disorders (WAD) and health outcomes since the changes to CTP legislation in 1999. The study so far indicates that health outcomes two years after injury have improved following the 1999 legislation and the introduction of WAD guidelines. The WAD guidelines provide advice to medical and health professionals, insurers and consumers on the management of WAD for the first 12 weeks following a motor vehicle accident.
• To ensure service providers adopt the MAA treatment guidelines	The MAA has developed guidelines for recommending 24 hour care. They aim to provide a consistent and systematic approach to determining which severely injured people require 24 hour care and support services. Revised guidelines for neuropsychological assessment of mild and moderate-extremely severe brain injury have also been completed. These will maximise the usefulness of assessment data and reports. A systematic review of the literature on radiofrequency neurotomy was also commissioned and completed. The various guidelines have been promoted through distribution and education forums to the CTP insurers and relevant service providers.
• To ensure the costs of treatment is consistent with the MAA treatment guidelines	Rehabilitation and treatment payments on claims throughout the reporting year indicate that payment patterns for WAD claims are consistent with the WAD guidelines.
• To promote compliance with statutory guidelines	CTP insurers are required to comply with the MAA's TRAC guidelines that promote best practice and consistency in the rehabilitation management of CTP claims. Insurers provide a written self assessment annually and are externally audited every two years. The next audit is scheduled for 2007.

Improving services

Intermittently, the MAA provides funding for capital development that will improve services, particularly for people with a brain or spinal cord injury. A number of capital projects initially approved in 2003 were completed during the last period, and combined, totalled $1.75 million in funding from the MAA. The capital works projects completed over the past year include:

- New, larger premises for the North Coast Head Injury Service at Port Macquarie. The MAA provided $200,000 in funding to assist the service to relocate. The expansion has enabled more individual and group sessions to be held as well as allowing visiting brain injury specialists to use rooms at the new premises.
- New office space and treatment facilities for the Brain Injury Community Rehabilitation Team at the Royal Rehabilitation Centre Sydney. The MAA provided $300,000 in funding. The new building includes group treatment and family conference areas, offices and administration areas.
- Extensions to the existing Hunter Brain Injury Service at Newcastle. The MAA provided $250,000 in funding for new outreach offices including increased office accommodation, clinical space and consultation rooms to support an expanded Outreach service. This capital works extension has been a joint project between NSW Health and the MAA.
- Extensions to the existing Brain Injury Unit at Westmead Hospital. The MAA provided a $1.6 million capital grant to fund the construction of the new Sydney West Community Rehabilitation Centre (of which $600,000 was an interest free loan.) The new centre will accommodate a transitional living unit and a community rehabilitation service and provide for approximately 5,000 non-inpatient occasions of service to about 80 people each year in Western Sydney. The centre opened in June 2006.

Guidelines

The MAA supports the development of guidelines that will improve the management of injuries under the CTP scheme. They are an effective way of informing medical and health professionals, insurers and consumers about the latest research and evidence on treatment. In addition to the guidelines already mentioned:

- a working party is reviewing and revising guidelines for acute WAD, originally developed in 2000. This will be completed by late 2006 and guidelines for managing chronic WAD will commence in the next reporting period.
- work has started on developing guidelines on mild traumatic brain injury, particularly for use by ambulance and hospital emergency departments. These guidelines are being coordinated for the MAA, by the Brain Injury Directorate based at Liverpool Brain Injury Unit.
- clinical practice guidelines for GPs on the best available evidence about the longer term care of patients with traumatic brain injury have been completed. The School of Public Health at University of Sydney initiated this project with funding from the MAA.

Role 3

Improved dispute resolution for CTP claimants

Priorities

- Milestone on approved reform package met
- Improved performance reporting
- Improve the quality, timeliness and lifecycle of MAS assessments
- Improve the quality, timeliness and lifecycle of CARS assessments

Improved dispute resolution for CTP claimants

Milestone on approved reform package met

- Stage 1 of the MAAS policy reform package was implemented in May 2006. These reforms include changes to guidelines.
- Stage 2 will include earlier exchange of information, pre-CARS settlement conferences and mandatory settlement offers by both parties. These proposed legislative reforms did not proceed during this reporting period.

Improved performance reporting

Timely and accurate quarterly KPI reports on MAAS compliance with statutory timeframes were provided to the General Manager, Board and Council on a regular basis. These KPI reports also include monthly trends analysis reports.

MAS: quality, timeliness and lifecycle

MAS and the review team introduced a number of initiatives to improve the quality and timeliness of medical assessments including:

- standardisation and reformatting of assessor decisions and review panel decisions to improve consistency, accuracy and ease of use by assessors and parties
- ongoing communication and education through newsletters, forums and targeted training programs to promote consistent decision making
- a new quality assurance (QA) approach to assessor determinations and review panel determinations to improve assessor performance.

Quality

- 81% of certificates met QA standards
- 89% of MAS assessments had no application for review.

Timeliness

- 84% of certificates were completed on time (within 15 days of the date of the assessment).

Lifecycle of MAS assessment – 17% reduction

- The average overall MAS lifecycle continued to reduce during the reporting period. In the 2005-06 year the overall MAS lifecycle was 131.6 days.

The Reviews team: timeliness and lifecycle

Timeliness of decisions of the Proper Officer – 20% reduction

- The average time for the decision by the Proper Officer on whether a review will be accepted or rejected reduced by 20% during the reporting period.
- In 2005-06 the average time for the decision by the Proper Officer reduced to 47.8 days in the June quarter (compared with 59.4 days in the last quarter of 2004-05). This is a reduction of 12 days (20%).

Lifecycle of Review Panel Assessment – 24% reduction

- By the last quarter of 2005-06, the overall MAS review lifecycle reduced to 126.6 days (a reduction of 39 days or 24%). This is compared with 165.7 days in the last quarter of 2004-05.

CARS: quality, timeliness and lifecycle

CARS introduced a number of initiatives to maintain the quality and timeliness of assessor decisions including:

- a performance and timeliness audit of assessors throughout 2005 The audit results will be used as a benchmark for future performance reviews
- ongoing communication and education through newsletters, forums and targeted training programs to promote consistent decision making
- maintaining high performing assessors through a selection and appointment process.

Quality

- 94% of certificates or reasons on assessed matters required no amendment.

Timeliness

- 94% of preliminary conferences were held on time
- 96% of preliminary conference reports were submitted on time
- 41% of assessment conferences that resulted in an assessment were on time
- 63% of assessment conference reasons were issued on time.

Special assessment lifecycle – 17% reduction

- The average overall CARS special assessment lifecycle for assessed matters reduced to 91 days in the final quarter compared with 110 days in the final quarter of 2004-05. This represents a reduction of 19 days (17%).

General assessment lifecycle

- The average overall CARS general assessment lifecycle for assessed matters continued to rise during the reporting period.
- In the last quarter of 2005-06, the overall CARS general assessment lifecycle was 342 days, compared with 320 working days in the last quarter of 2004-05. This represents an increase of 22 days or 7%.
- The MAAS reforms that were introduced in May 2006 requires greater preparation of disputes before lodgement at MAAS, and are anticipated to significantly reduce the CARS general assessment lifecycle for assessed matters.

Performance against key result areas

Goals	Key results and achievements
Satisfaction of claimants and service providers with services	The Justice Policy Research Centre, University of Newcastle, undertook a series of user satisfaction surveys. The following modules were completed and reported on: • MAS and CARS assessors • CTP insurers • CTP insurer solicitors and claimant solicitors • MAS and CARS claimants. The overall report is expected in late 2006 and MAAS will respond to the results in the next reporting period.
Efficient, effective and economic delivery of services	**Meeting MAS and CARS statutory timeframes** MAS • 96% of MAS applications processed on time (within 10 days before 1 May 2006 - within 5 days since then) • 95% of MAS replies processed on time (within 10 days before 1 May 2006 - within 5 days since then) • 32% of allocation reviews conducted on time (within 10 days before 1 May 2006 - within 5 days since then) • 84% of medical assessor reports were completed on time (within 15 days of the assessment) • 81% of certificates/reports met QA standards • 89% of MAS assessments had no application for review lodged. CARS • 96% of CARS applications processed on time (within 10 days before 1 May 2006 - within 5 days since then) • 96% of CARS replies processed on time (within 10 days before 1 May 2006 - within 5 days since then) • 61% of initial allocation reviews were conducted on time (within 10 days before 1 May 2006 - within 5 days since then) • 61% of matters were deferred at least once • 94% of preliminary conferences were held on time • 96% of preliminary conference reports submitted were on time • 63% of reasons and certificates were completed on time (within 10 days before 1 May 2006 - within 15 days since then) • 99% of certificates or reasons required no amendment. **Finalisation rates** The timeliness of matters finalised improves each year. Finalisation rates based on the 2004-05 application year were: MAS • 37% finalised within 5 months • 86% finalised within 9 months • 93% finalised within 12 months. CARS • 50% finalised within 5 months • 67% finalised within 9 months • 75% finalised within 12 months. The finalisation rates for the 2005-06 application year are unable to be calculated until data up to 30 June 2007 is available to allow a full 12 months development of that application year. As an input/output indicator for 2005-06, a total of 10,023 MAS and CARS applications were received and 10,984 finalised.

Quality assurance targets met

In 2005-06 a new QA policy and framework was developed and an internal QA officer position was established and filled. Specific QA targets will be monitored and benchmarked in 2006-07.

Improving WPI awareness

In February 2006 MAS began a 12 month whole person impairment (WPI) awareness project to improve knowledge and understanding of assessing WPI. The project includes a series of online educational tools, training sessions, seminar presentations and workshops, and an online WPI assistance service.

Role 4

Providing advice to the Minister, Board, Council, Parliamentary Committee and stakeholders

Priority 1

Change the scope of scheme to include Lifetime Care and Support and a No-Fault Benefit for Children

The *Motor Accidents (Lifetime Care and Support) Act 2006* and the *Motor Accidents Compensation Amendment Act 2006*, were enacted in May 2006. Both Acts provide the legislative framework for implementing a new scheme to provide treatment, care and support to people suffering very serious motor accident injuries and needing lifetime assistance; and to meet the treatment, rehabilitation and care expenses of all children injured in motor accidents.

Establish the LTCS scheme framework

Legislation was enacted in May 2006.

Begin operating the LTCS scheme

The Lifetime Care and Support Authority began operating on 1 July 2006.

Timely payments on child claims

The new children's benefit will begin on 1 October 2006.

Performance against key result areas

Goals	Key results and achievements
• To ensure the MAA meets its statutory obligations to the Minister and NSW Parliament	Under the *Motor Accidents Compensation Act 1999* (section 28), it is a statutory requirement that the MAA report to the Law and Justice Committee each year on insurer profit. During the reporting period this requirement was met
• To ensure the Minister, Board and Council receive appropriate and timely advice	• *Motor Accidents (Lifetime Care and Support) Act 2006* and the *Motor Accidents Compensation Amendment Act 2006* were enacted • The MAA provides regular briefings and advice to the Minister, Board and Council on the operation of, and trends in the CTP scheme
• To encourage motorists to use the MAA website and helpline to search for premium information and best prices	• 38% of targeted motorists used the MAA's premium information services
• To encourage claimants and service providers to use the Claims Advisory Service (CAS) for claims assistance information	During the reporting period: • 9,508 claimants contacted CAS • 10,384 service providers contacted CAS

New benefits for injured people

The *Motor Accidents (Lifetime Care and Support) Act 2006* and the *Motor Accidents Compensation Amendment Act 2006* provide the legislative framework to significantly improve the assistance available for people seriously injured in motor vehicle accidents.

In June 2005 the NSW Government released the Lifetime Care and Support plan that proposed all people catastrophically injured in motor vehicle accidents (such as spinal damage or brain trauma), should receive the medical care and support services they need throughout their life, regardless of who was at fault in the accident. There was extensive consultation on the proposal, with a series of public meetings throughout Sydney and regional NSW to discuss the scheme with key stakeholders. The proposal was enthusiastically endorsed by medical specialists, health professionals, disability support groups and service providers.

In May 2006, the *Motor Accidents (Lifetime Care and Support) Act 2006* was enacted by the NSW Parliament. The new scheme will cover catastrophically injured people who are entitled to make a negligence or fault-based claim under the *Motor Accidents Compensation Act 1999*. It will also cover catastrophically injured people who are "at-fault" in a motor vehicle accident, as well as catastrophic injuries resulting from motor vehicle accidents where no one is "at fault". Scheme benefits will be introduced from 1 October 2006.

The *Motor Accidents Compensation Amendment Act 2006* introduces enhancements to the existing CTP motor accidents injury scheme. The first enhancement is a special children's benefit that covers treatment, rehabilitation and care costs for children residing in NSW who are injured in motor accidents and who are not covered by the fault-based CTP scheme. Secondly, the Act extends the CTP scheme to provide compensation entitlements for injury or death resulting from a "blameless" or "inevitable" accident, that is a motor vehicle accident where no one is considered to have been at fault.

NSW motorists access the best greenslip prices

The MAA provides a greenslip helpline (1300 137 600) to assist NSW motorists find the best greenslip premium prices. These prices are also available on the MAA website. During the reporting period, there was an 11 per cent increase in the number of targeted vehicle owners using the MAA's premium information services to compare greenslip prices. The MAA premium information services are targeted at owners of passenger vehicles, light goods vehicles and motorcycles.

CAS assists injured people

The Claims Advisory Service (CAS) provides information on making and managing claims to people who are injured in motor vehicle accidents as well as information to service providers in the motor accidents scheme. CAS also provides an outreach service to legally unrepresented claimants who have applied to the MAA's medical and claims dispute resolution services. During the reporting period 1,257 unrepresented claimants accessing the dispute resolution services were contacted by CAS.

Role

5

Supporting injury prevention initiatives

Supporting injury prevention initiatives

Performance against key result areas

Goal	Key results and achievements
To reduce the number of road crash injuries in the MAA identified target groups	**Trends in injuries, claim numbers and costs per target group** Injury trends are being monitored using RTA and MAA data. Overall, the number of casualties has stabilised around 27,000 per year for 2003-2004 and the annual number of CTP claims has decreased since the start of the new scheme in October 1999. Rates of injury and claims for young people between 2000-2004 show that: • The injury rate for 16 year olds and under has reduced from 181 per 100,000 population in 2001 to 137 in 2004. • While young people (17-25 years) continue to be over-represented in road crashes, there has been some improvement in their injury rates in the period 2000-2004. The injury rate has reduced from 970 per 100,000 population in 2001 to 819 in 2004.
To reduce the severity of injuries in the MAA identified target groups	**Trends in serious injury data per target group** Trends in serious injury data are being monitored using NSW inpatient statistical collection data. The most current data indicates that there were 7,645 road users seriously injured in 2004-2005.
Promote road safety to young people	• The MAA's Arrive alive program targets 17-25 year olds. Road safety awareness is promoted through activities already attracting young people such as sport, music and arts. Most of these activities are promoted on the MAA's youth website: www.arrivealive.com.au. On average the website receives up to 16,000 visits each month. • The MAA allocated $214,000 to fund Arrive alive youth road safety awareness projects.These projects will be approved in September 2006. • The MAA continued its sponsorship of the South Sydney Rabbitohs, St George Illawarra Dragons and West Sydney Tigers. Players visited 118 NSW high schools giving Arrive alive road safety presentations, and spoke with almost 5,000 students. • The MAA sponsored the Arrive alive Schoolboy Cup (a major NSW schoolboy rugby league competition), and continued to promote road safety through the arrivealive.com.au website. • The Wheelchair Sports Roadshow visited 75 schools and spoke to more than 5,600 young people about disabilities and road safety. • The Arrive alive NSW Sapphires (women's soccer team), visited 24 schools speaking to more than 1,400 young women in Years 10 to 12. • MAA funded evaluations of the Reduce Risk Increase Student Knowledge (RRISK) and Rotary Youth Driver Awareness (RYDA) youth road safety education programs that were completed in 2005.
Reduce the risk to children from reversing vehicles	The MAA, in conjunction with other agencies: • promoted driveway safety via 26 community projects including a driveway safety calendar, across NSW • promoted the availability of RTA technical specifications for relevant vehicle equipment • contributed to a national publication by Australian Transport Safety Bureau (ATSB) on driveway deaths.

To promote child passenger and pedestrian safety	• The MAA and Kidsafe NSW, with the support of a multi-agency steering committee, ran a community based campaign to promote the use of child restraints. • The MAA approved $270,000 in funding over the next two years for Kidsafe NSW, for the MAA/Kidsafe Child Road Safety Initiative. • Child passenger safety was promoted through Playgroup NSW and on the South Sydney Rabbitohs website. • The MAA continued to support the annual Walk Safely to School Day project, which is coordinated by the Pedestrian Council of Australia.
Working with other organisations to support road safety	• The MAA is a member of the Road Safety Taskforce, the Government Agencies Road Safety Council (GARS), and the management committee for the Local Government Road Safety Program. • The MAA supports the Australian National Crash In-depth Study (ANCIS) that is building an Australia wide in-depth vehicle crash database. It will be a useful supplement to information provided by hospital and government databases. • The MAA is a major funding partner of the NSW Injury Risk Management Research Centre, to help build up research and evaluation expertise for injury prevention in NSW. • $120,000 in funding was allocated for the MAA/local government grants program, which is administered by the IPWEA (NSW Division). • The MAA continued its support for Operation Roadsafe in October/November 2005 and May/June 2006. This is an alliance between NSW Police and the RTA, and aims to reduce road injuries and fatalities in metropolitan Sydney. • The MAA and RTA continued to jointly fund motorcycle awareness advertising campaigns in mid 2006. The campaign targeted both motorcycle riders and drivers, and highlighted issues of drink riding, speeding, helmet wearing, braking safely and driver awareness of motorcycles. • The MAA provided $21,350 in funding for the Motorcycle Council of NSW to develop a road safety strategic plan to 2009. • The MAA worked on the NSW Sober Driver Program with the RTA, Attorney General's Department and the Probation and Parole Service of the Department of Corrective Services. This program targets repeat drink driver offenders and has proved to be an effective intervention that complements other sanctions for drink drivers. • The MAA funded an independent evaluation of On the Road Aboriginal Driver Education Program, with the result showing that this is an effective intervention program. The program is jointly funded by the MAA, the Attorney General's Department and the RTA. • The MAA continued to sponsor the Australasian College of Road Safety Seminar Series, which included a seminar on young drivers. • The MAA continued its sponsorship of 2006 IPWEA (NSW) Annual Conference, which included a keynote presentation on speed reduction.

Children

Child passenger safety campaign

The MAA launched the *Choose Right Fit Right* child passenger safety campaign in late 2005. This campaign was developed in response to research funded by the MAA that showed children are being moved from child restraints to adult seatbelts before they are ready.

The community based campaign was funded by the MAA and coordinated by Kidsafe NSW, and designed to help parents and carers of children aged between 2-6 years, to choose, correctly fit and always use a restraint appropriate to a child's size. The campaign involved the distribution of brochures and posters (which were also available in English, Arabic, Chinese and Vietnamese), through early childhood centres, councils and health networks.

The campaign was supported by an interactive display for community events and a video with key messages for parent meetings and doctor's surgeries.

Messages were also featured on the Kidsafe NSW website. To support the campaign, MAA funding of $45,000 was provided for 20 projects across NSW. These grants of up to $3,000 were made available to councils, health centres and community agencies to further raise awareness of correctly fitting and using restraints appropriate to a child's size.

Throughout the campaign period, visits to the Kidsafe NSW road safety web page doubled and some 50,000 brochures and 6,000 posters were distributed.

MAA funded research projects also provided sound evidence for guiding the Child Road Safety Roundtable convened by the Minister for Roads in June 2006.

These included the *Identification of Injury Mechanisms for Child Occupants Aged 2-8 in Motor Vehicle Accidents* and *Report on Devices to Reduce the Risk to Young Pedestrians from Reversing Motor Vehicles*. These are available on the MAA website.

Young people

Arrive alive grants scheme

The Arrive alive grants scheme actively involves young people in road safety initiatives in their local communities. Over the past three years, more than 60 projects have been funded under this initiative, and this year 17 projects were completed. Innovative projects included the production of films, plays and posters, creative writing and media campaigns.

These grants encourage young people to have a say, and impact positively on their road safety awareness, attitudes, discussion with friends and family, and behaviour when driving.

Sponsorships

The MAA promotes road safety through sponsoring youth activities and events. New partnerships during this reporting year included:

- The inaugural *Inside Art Express* – a website for the 2005 and 2006 Art Express exhibitions, which is hosted by the Art Gallery of NSW (AGNSW). *Inside Art Express* also included the online Art Express Peoples' Choice Award that allowed people to vote for their favourite artwork after answering a road safety question at the Arrive alive website. Art Express has an audience of over 19,000 secondary school students.
- The Sydney Kings basketball team and the Central Coast Mariners football team. During the reporting period, the Sydney Kings and the Central Coast Mariners visited 13 schools, giving Arrive alive road safety presentations to more than 450 students.
- The Wagga Campus of Charles Sturt University where road safety messages are promoted to university students at a number of social programs held on campus.

Youth Week activities

The MAA was a major sponsor of this year's Youthrock – a rock band competition – showcasing talented young bands from secondary schools across NSW. This was the third year of the Arrive alive Wildcard which gave young people the chance to vote their favourite band into the finals. This year the Arrive alive website also housed podcasts of finalists' music for people to listen to and download. During this year's Youth Week, the Arrive alive website received more than 30,000 hits.

The MAA continued to fund shuttle buses to transport young people to Youth Week events across NSW. More than $20,000 was provided across 35 councils to fund the Arrive alive shuttles, so that as many young people as possible – particularly those in remote areas – were able to attend their local events.

Role
6

Providing services as the Nominal Defendant

Providing services as the Nominal Defendant

This is the Nominal Defendant administering HIH claims management through Allianz Australia Insurance Ltd. This operation is funded by NSW Treasury.

Performance against key result areas

Goals/outcomes	Key results and achievements
HIH run-off claimants receive appropriate and timely settlements	**Comparison to industry averages** CIC/FAI run-off claimants received appropriate and timely compensation. This is demonstrated by the lack of official substantiated complaints. The comparative industry data is not available. The following finalisation rates will be an indicator of the performance of CIC/FAI portfolios.
Contracted service provider achieves the agreed minimum levels of performance	**Finalisation rates** Under *Motor Accidents Act 1988* (old Act) the finalisation rates were: CIC: 99.2% FAI: 99.4% All licensed CTP insurers: 99.3% Under *Motor Accidents Compensation Act 1999* (current Act) the finalisation rates were: CIC: 92.5% FAI: 92.8% All licensed CTP insurers: 70.6% **Comparison to industry averages** Under *Motor Accidents Act 1988* (old Act) compared to industry average, CIC/FAI companies are in line with the industry performance. Under *Motor Accidents Compensation Act 1999* (current Act) compared to industry average, CIC/FAI figures are volatile due to small size of the sample and absence of underwriting since March 2001.
Speedy claims resolution	Active claims managed and shared in fell from 1,068 to 780 (27% reduction) from July 2005 to June 2006. As HIH claims are mostly tail-end, the resolution process is more difficult than average industry claims.
Internal process improvements	Through regular monitoring and audits MAA has improved the internal claims management systems in the HIH run-off portfolio.

Corporate plan 2006-2009

Being an effective regulator

Priority 1	Outcomes	Performance indicators
1.1	Insurer premiums are affordable	• Average premium is less than 35% of AWE
1.2	The scheme is efficient	• More than 60% of total paid by motorists is returned as a benefit to injured people
1.3	A competitive and fair market	• The CTP insurers comply with market practice guidelines (target 95%) and premium determination guidelines (target 100%) • Insurers' target market shares exceed 100%
1.4	Claimants are informed about the process and dealt with fairly	• More than 90% CTP insurer compliance with CHG's and TRAC (measured by self reports and verified by audit)
1.5	Compensation is fair and timely	• 90% of claims finalised within benchmark cost and time according to injury type/severity (Target: establish benchmark by March 2008) • 90% of admissions of liability made by insurers within three months

Promoting positive health and social outcomes for injured persons

Priority 2	Outcomes	Performance indicators
2.1	Improved management of high-frequency and/or high cost injuries	• Acute whiplash guidelines revised and implemented by December 2007 • Chronic whiplash guidelines developed and implemented by April 2008 • Guidelines for mild traumatic brain injury are developed and implemented by December 2007
2.2	Improved services available for injured persons and their families	• Bereavement support program is operational by December 2006

Providing medical and claims assessments in disputes cases

Priority 3	Outcomes	Performance indicators
3.1	Improved culture of dispute resolution in the CTP scheme	• 25% reduction in number of claims referred to MAS for treatment and impairment disputes • 25% reduction in number of claims referred to CARS for general assessment
3.2	Improved efficiency and effectiveness of assessment services	• Reduction in MAS lifecycle measured by two weeks per year • Reduction in CARS lifecycle by 4 weeks per year • MAAS QA standards established and used to assess performance by June 2007
3.3	High levels of user satisfaction with MAAS processes	• Claimants' satisfaction with MAAS services improved by more than 10%. (Survey against benchmark by date) • Users' satisfaction with MAAS services improved by more than 10%. (Survey against benchmark by date)

Providing advice to the minister, board, council, parliamentary committee and stakeholders

Priority 4	Outcomes	Performance indicators
4.1	Minister, Board and Council receive appropriate and timely advice	• 100% of MAA advisings provided to the Minister within the requested timeframe • Minister and board satisfied with advice received from MAA (Target: no adverse feedback reported)
4.2	Motorists use *Helpline* and internet to search for premium information	• 5% increase in number of targeted motorists using the website calculator and helpline by 30 June 2009)
4.3	Claims Assistance Service (CAS) provides user-friendly and help-ful claims assistance information	• 100% of identified unrepresented claimants using MAS/CARS are contacted by outreach • 100% compliance by CAS with quality and time targets

Supporting injury prevention initiatives

Priority 5	Outcomes	Performance indicators
5.1	Reduction in number of child road crash injuries and claims	• MAA funded projects contribute to reducing child road crashes. Target: 100% of expenditure correlates to cost of injury)
5.2	Reduction in number and cost of crashes caused by young drivers	• MAA funded projects contribute to reducing frequency and cost of accidents caused by young drivers Target: 100% of expenditure correlates to cost of injury
5.3	Reduction in number of road crash injuries sustained by pedes-trians or motorcyclists	• MAA funded projects contribute to reducing crashes involving pedestrians and motorcyclists Target: 100% of expenditure correlates to cost of injury

Effective governance

Priority 6	Outcomes	Performance indicators
6.1	MAA Governance arrangements meet contemporary acknowledged standards	• Governance arrangements reviewed and a report provided to the Minister and Board by 30 October 2007
6.2	MAA attracts, retains and develops talented, knowledgeable and committed staff	• Performance management system reviewed and amended system implemented by July 2007 • Supervisor Development and Support Program (SDSP) is established and implemented by July 2007
6.3	MAA identifies and manages operational risks	• Risk review completed by November 2006 and risk management strategy approved by the Board by December 2006 • Critical issues procedures developed and implemented by 1 April 2007

Providing services as the nominal defendant

Priority 7	Outcomes	Performance indicators
7.2	Contracted service provider attains the agreed levels of performance as a minimum	Finalisation rates

Motor Accidents Authority of NSW Financial Statements as at 30 June 2006

Introduction

The 2005-06 financial statements of the consolidated entity include the accounts of the Motor Accidents Authority of NSW (MAA), being the parent and that of the Office of Motor Accidents Authority of NSW, a special purpose service entity which began on 17 March 2006.

The Authority's financial statements for the year ended 30 June 2006 disclosed a surplus of $1.455 million. The main source of funding for the Authority was a levy of 2.5% on CTP insurance premiums collected by licensed insurers. The levy amount was $36.191 million in 2005-06 ($36.675 million in 2004-05).

Total expenditure including accruals for the Authority amounted to $41.69 million. The largest item of expenditure was $10.364 million for employee benefits. The movement in recovery from the Crown Entity was $5.453 million. The Nominal Defendant cash outflows totalled $32.393 million. This amount was recouped from the funding of NSW Treasury and/or offset against the recoveries. Road safety and rehabilitation grants for the year amounted to $8.539 million. A major expenditure item was $7.047 million incurred in medical assessor fees and $2.733 million for CARS assessor fees. Total assets decreased by $24.454 million mainly due to the reduction in Receivables from the Crown Entity for payments of outstanding Nominal Defendant claims. Similarly, corresponding to the above, total liabilities decreased by $25.909 million, principally due to a reduction in the provision for outstanding Nominal Defendant claims. Equity represented by the retained earnings at the end of the year increased by $1.455 million to $20.868 million. A substantial part of the funds are formally committed to long-term rehabilitation and road safety projects.

Motor Accidents Authority of NSW

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STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2006

Under section 41C of the Public Finance and Audit Act 1983

In the opinion of the directors of the Board:

- We certify that the financial report and consolidated financial report of the Motor Accidents Authority of New South Wales have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005 and the Treasurer's Directions.
- In our opinion the financial report and consolidated financial report exhibits a true and fair view of the financial position and transactions of the Motor Accidents Authority of New South Wales.
- At the date of signing this report, we are not aware of any circumstances that would render any particulars included in the financial report and the consolidated financial report to be misleading or inaccurate.

RICHARD GRELLMAN	DAVID BOWEN
Chairman	General Manager

Dated at Sydney this 26th day of October 2006.

AUDITOR-GENERAL
NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

MOTOR ACCIDENTS AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Motor Accidents Authority of New South Wales:

- presents fairly the Authority's and the consolidated entity's (defined below) financial position as at 30 June 2006 and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act), and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and Board's Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements and accompanying notes to the financial statements for the Authority and consolidated entity, for the year ended 30 June 2006. The consolidated entity comprises the Authority and the entities it controlled during the year.

The members of the Board of the Authority are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Authority or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

G J Gibson, FCPA
Assistant Auditor-General

SYDNEY
27 October 2006

Motor Accidents Authority of NSW
Income statement for year ended 30 June 2006

	Notes	Consolidated		Parent	
		2006	2005	2006	2005
		$ '000	$ '000	$ '000	$ '000
Revenue from ordinary activities					
Movement in Nominal Defendant:					
- Recovery from Crown	2(g)/8	5,453	5,828	5,453	5,828
CTP premium levy	11	36,191	36,675	36,191	36,675
Other income	13	1,501	1,421	1,501	1,421
TOTAL revenue from ordinary activities		**43,145**	**43,924**	**43,145**	**43,924**
Less expenditure from ordinary activities					
Movement in Nominal Defendant:	8				
- Finance cost		5,809	7,323	5,809	7,323
- Claims expense		(356)	(1,495)	(356)	(1,495)
Employee benefits	14	10,364	10,834	7,757	10,834
Personnel services		-	-	2,607	-
Operating expenses	15	3,904	3,536	3,904	3,536
Road safety grants and sponsorships		3,840	4,409	3,840	4,409
Rehabilitation grants		4,699	4,850	4,699	4,850
Medical assessor fees		7,047	7,005	7,047	7,005
CARS assessor fees		2,733	2,385	2,733	2,385
Other expenses	16	3,650	2,637	3,650	2,637
TOTAL expenditure from ordinary activities		**41,690**	**41,484**	**41,690**	**41,484**
Net Profit		**1,455**	**2,440**	**1,455**	**2,440**

The accompanying notes form an integral part of these financial statements.

Motor Accidents Authority of NSW
Balance Sheet as at 30 June 2006

	Notes	Consolidated 2006 $ '000	Consolidated 2005 $ '000	Parent 2006 $ '000	Parent 2005 $ '000
Current assets					
Cash and cash equivalents	3	20,927	17,237	20,927	17,237
Receivables	4(a)	28,292	39,822	28,292	39,822
TOTAL current assets		**49,219**	**57,059**	**49,219**	**57,059**
Non-current assets					
Receivables - Non-current	4(b)	70,026	86,485	70,026	86,485
Property, plant and equipment	5	1,007	1,162	1,007	1,162
TOTAL non-current assets		**71,033**	**87,647**	**71,033**	**87,647**
TOTAL assets		**120,252**	**144,706**	**120,252**	**144,706**
Current liabilities					
Borrowings	7(b)	-	236	-	236
Payables	7(a)	5,333	2,623	8,220	2,623
Provisions - current	2(b)/8(a)	24,025	35,949	21,138	35,949
TOTAL current liabilities		**29,358**	**38,808**	**29,358**	**38,808**
Non-current liabilities					
Provisions - non-current	2(b)/8(b)	70,026	86,485	70,026	86,485
TOTAL non-current liabilities		**70,026**	**86,485**	**70,026**	**86,485**
TOTAL liabilities		**99,384**	**125,293**	**99,384**	**125,293**
Net assets		**20,868**	**19,413**	**20,868**	**19,413**
Equity					
Retained earnings		20,868	19,413	20,868	19,413
TOTAL equity		**20,868**	**19,413**	**20,868**	**19,413**

The accompanying notes form an integral part of these financial statements.

Motor Accidents Authority of NSW
Statement of changes in equity for year ended 30 June 2006

	Notes	Consolidated 2006 $ '000	Consolidated 2005 $ '000	Parent 2006 $ '000	Parent 2005 $ '000
Opening retained earnings		19,413	16,973	19,413	16,973
Profit for the year		1,455	2,440	1,455	2,440
Balance of retained earnings		20,868	19,413	20,868	19,413

Motor Accidents Authority of NSW
Cash flow statement for year ended 30 June 2006

	Notes	Consolidated 2006 Inflows/ (Outflows) $ '000	Consolidated 2005 Inflows/ (Outflows) $ '000	Parent 2006 Inflows/ (Outflows) $ '000	Parent 2005 Inflows/ (Outflows) $ '000
Cash flows from operating activities					
Payments					
Payments to suppliers and employees		(28,699)	(29,166)	(28,699)	(29,166)
Rehabilitation/Road Safety Grant		(8,539)	(9,259)	(8,539)	(9,259)
Nominal Defendant claims payment		(31,839)	(48,338)	(31,839)	(48,338)
Nominal Defendant: claims handling expenses		(554)	(1,618)	(554)	(1,618)
Receipts					
Receipts from licensed insurers		36,135	35,355	36,135	35,355
Interest received and other income		4,466	4,560	4,466	4,560
Nominal defendant recoveries		200	215	200	215
Cash flows from Government					
Grants from NSW Treasury	9	32,817	50,339	32,817	50,339
Net cash provided by / (used in) operating activities	21(a)	**3,987**	**2,088**	**3,987**	**2,088**
Cash flows from investing activities					
Proceeds from sale of plant & equipment		17	13	17	13
Purchase of plant and equipment		(78)	(140)	(78)	(140)
Net cash used in investing activities		**(61)**	**(127)**	**(61)**	**(127)**
Net increase/(decrease) in cash held		3,926	1,961	3,926	1,961
Cash at the beginning of the financial year		17,001	15,040	17,001	15,040
Cash at the end of the financial year	21(b)	**20,927**	**17,001**	**20,927**	**17,001**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements for the year ended 30 June 2006

1 Background

The financial statements of the consolidated entity include the accounts of the Motor Accidents Authority of NSW (MAA), being the parent entity, and the special purpose service entity, Office of Motor Accidents Authority of NSW.

Office of Motor Accidents Authority of NSW (Office of MAA) was established on 17 March 2006 under the amended *Public Sector Employment and Management Act 2002* as a consequence of the passage of the *Public Sector Employment Legislation Amendment Act 2006*. This is a special purpose service entity (a Division) providing personnel services to the Statutory Corporation MAA and has no other function other than providing staff to the Motor Accidents Authority of NSW (MAA). Consequently, Office of MAA does not have any Cash or Plant and Equipment. Nominal Defendant Fund operations continue to be nested in the MAA. For details of the employee related benefits and all relevant matters reference should be made to the Office of MAA Annual Accounts accompanying the Consolidated Accounts. The effect of all transactions and balances between entities in the consolidated entity are eliminated in full.

The Motor Accidents Authority of NSW is a not-for-profit entity (as profit is not its principle objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW total State Sector Accounts.

This financial report for the year ended 30 June 2006 has been authorised for issue by the Board on 26 October 2006.

2 Accounting policies

(a) Basis of preparation

The Motor Accidents Authority's Financial Statements for the year ended 30 June 2006 are a general purpose financial report and have been prepared:

- in compliance with the Public Finance and Audit Act 1983, Treasurer's Directions and the Public Finance and Audit Regulation 2005,
- in compliance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AEIFRS'), and
- on a full accrual basis and in accordance with other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Urgent Issues Group (UIG) Interpretations.

(b) Policy on provisions

- Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.
- The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows.

(c) Employee benefits

- Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.
- Provisions made for employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.
- Provisions made for employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by MAA in respect of services provided by employees up to reporting date.

- Calculations for accrued Long Service Leave (liability provided for leave due after five years) and other staff benefits are based on the computations of leave due. The present value method has been used to calculate the liability.

MAA has three defined benefit schemes. The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes. The defined benefits schemes include:
- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)
- State Superannuation Scheme (SSS).

With the defined benefits schemes, a component of the final benefit is derived from a multiple of member salary and years of membership. All the defined benefits schemes are closed to new members. Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

Pillar advises MAA of the level of liability for MAA superannuation commitments to its employees who are members of the various divisions of the scheme. The calculation of the superannuation position is based on actuarial reviews independent of MAA's ongoing activities and involvement. The main drivers of the actuarial calculations are the level of investment return, salary inflation and CPI increases. Details of these assumptions are presented below. MAA recognises the net total of the following:
- Present value of the defined benefit obligation at reporting date
- Fair value of plan assets at reporting date.

The difference between the opening and closing balances of the net defined benefit asset or liability for the year is brought to account as revenue or expense in MAA's Income Statement, depending on the direction of movement in the superannuation reserve. All fund assets are invested by State Trustee Corporation at arm's length through independent fund managers.

(d) Physical non-current assets are valued in accordance with the *Valuation of Physical Non-Current Assets at Fair Value* policy and Guidelines paper (TPP 05-3). This policy adopts fair value in accordance with AASB 116: Property, Plant and Equipment. Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost. Plant and equipment costing $5,000 and above individually are capitalised. Depreciation has been calculated on the straight-line basis over the estimated useful life of assets. The following depreciation rates were used:

	2006	**2005**
	%	**%**
Office machinery	12.5	12.5
Computer hardware	40.0	40.0
Plant & equipment	12.5	12.5
Motor vehicles	20.0	20.0
Leasehold Improvements	10.0	10.0

Depreciation rates and methods are reviewed annually.
As a not-for-profit entity with no cash generating units, the Agency is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and

depreciated replacement cost. This means that for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(e) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. The Authority's funds, generated from a levy of 2.5% (2.5% in 2005) on CTP premiums, are used to meet the expenses of its operations (including the provision of Rehabilitation project funding) under the Motor Accidents Compensation Act 1999. Any unused funds are kept in interest bearing investment accounts in accordance with the Motor Accidents Compensation Act 1999 and in line with the Board's approved investment strategy.

HIH funding received from the NSW Treasury is based on the claims and related expenses paid by the Authority including the cost of claims management and Clearing House payments. Any recoveries made from CTP insurers or other parties is offset while recouping funds from the Treasury.

(f) Revenues, expenses and assets are recognised net of GST, except:

- the amount of GST incurred by the Authority as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- receivables and payables are stated with the amount of GST included. Commitments are stated with the amount of GST included.
- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cashflows are included in the Cash Flow Statement on a gross basis.

(g) NDF proceeds from Clearing House and pay back from major shared claims are not included in Other Income. All claims payments are reflected in the Accounts by way of reduction of HIH claims liabilities (Note 8).

(h) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the income statement when impaired.

(i) Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value.

(j) Change in accounting policy

From 17 March 2006, all employees of MAA (and concomitantly, legal responsibility to pay employee benefits including on-costs and taxes) and related administrative services were transferred from MAA to the Office of MAA in accordance with the *Public Sector Employment Legislation Amendment Act 2006*. This legal change has no financial effect on the financial performance or position of MAA as MAA fully reimburses the Office of MAA for all employee-related costs and services. The Office of MAA is a non-profit entity with no net assets.

In the financial statements of MAA, on-going obligations to provide employee benefits, previously shown as Employee Benefit Provisions, are now shown as Amounts Due to Service Entity under the heading of Payables in the Balance Sheet. Staff costs incurred from 17 March 2006 are classified as Personnel Services costs in the Income Statement. There is no impact on the accounts of MAA.

3 Cash and cash equivalents

	Consolidated		Parent	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Cash and cash equivalents	20,927	17,237	20,927	17,237
Total	**20,927**	**17,237**	**20,927**	**17,237**

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

4 Receivables

(a) Current	Consolidated		Parent	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
CTP levy income receivable	3,780	3,724	3,780	3,724
Prepaid superannuation	162	-	-	-
Amount receivable from service entity	-	-	162	-
GST receivable	453	476	453	476
Advance to Allianz	1,610	2,434	1,610	2,434
Recovery from Crown Entity (note 8)	22,096	33,001	22,096	33,001
Other receivables	191	187	191	187
Total	**28,292**	**39,822**	**28,292**	**39,822**

Receivables are non-interest bearing and are generally on 30-day terms.

As at 30 June 2006, MAA advanced to Allianz amounted to $1.610 million ($2.434 million in 2005) and the funds were available for making payments to Nominal Defendant claimants from the Westpac bank account.

(b) Non-current	Consolidated		Parent	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Recovery from Crown Entity (note 8)	70,026	86,485	70,026	86,485
Total	**70,026**	**86,485**	**70,026**	**86,485**

5 Plant & equipment and leasehold improvements

Schedule of non-current assets as at 30 June 2006

	Computer hardware $'000	Leasehold improvements $'000	Motor vehicle $'000	Office machinery $'000	Total $'000
At fair value	425	1,010	43	112	1,590
Accumulated depreciation	(354)	(202)	(2)	(25)	(583)
Net carrying amount as at 30/06/06	71	808	41	87	1,007

Schedule of non-current assets as at 30 June 2005

	Computer hardware $'000	Leasehold improvements $'000	Motor vehicle $'000	Office machinery $'000	Total $'000
At fair value	439	1,010	28	97	1,574
Accumulated depreciation	(282)	(102)	(11)	(17)	(412)
Net carrying amount as at 30/06/05	157	908	17	80	1,162

A reconciliation of the carrying amount at the beginning and end of the reporting period is set out below:

	Computer hardware $'000	Leasehold improvements $'000	Motor vehicle $'000	Office machinery $'000	Total $'000
Net carrying amount as at 01/07/05	157	908	17	80	1,162
Acquisitions	14	-	43	21	78
Disposals	(28)	-	(28)	(6)	(62)
Depreciation	(100)	(100)	(7)	(15)	(222)
Write-back of depreciation on disposal	28	-	16	7	51
Net carrying amount as at 30/06/06	71	808	41	87	1,007

A reconciliation of the carrying amount at the beginning and end of the year 2004-05 is set out below:

	Computer hardware $'000	Leasehold improvements $'000	Motor vehicle $'000	Office machinery $'000	Total $'000
Net carrying amount as at 01/07/04	149	1,010	22	116	1,297
Acquisitions	100	-	-	40	140
Disposals	(59)	-	-	(123)	(182)
Depreciation	(96)	(102)	(5)	(15)	(218)
Write-back of depreciation on disposal	63	-	-	62	125
Net carrying amount as at 30/06/05	157	908	17	80	1,162

6 Superannuation

(a) Valuation method and principle actuarial assumptions at the reporting date

Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Economic assumptions

	30-Jun-06	30-Jun-05
Discount rate at 30 June	5.9% pa	5.2% pa
Expected return on plan assets at 30 June	7.6%	7.3%
Expected salary increases	4.0% pa to 2008; 3.5% pa thereafter	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

(b) Reconciliation of the assets and liabilities recognised in the Balance Sheet

	SASS Financial Year to 30 June 2006 $'000	SANCS Financial Year to 30 June 2006 $'000	SSS Financial Year to 30 June 2006 $'000
Present value of defined benefit obligations	2,262	516	4,143
Fair value of plan assets	(2,392)	(548)	(3,670)
Net (asset)/liability to be disclosed in Balance Sheet	(130)	(32)	473

	SASS Financial Year to 30 June 2005 $'000	SANCS Financial Year to 30 June 2005 $'000	SSS Financial Year to 30 June 2005 $'000
Present value of defined benefit obligations	2,020	564	4,243
Fair value of plan assets	(1,690)	(544)	(3,124)
Net (asset)/liability to be disclosed in Balance Sheet	330	20	1,119

(c) Movement in net liability/asset recognised in Balance Sheet	SASS Financial Year to 30 June 2006 $'000	SANCS Financial Year to 30 June 2006 $'000	SSS Financial Year to 30 June 2006 $'000
Net (asset)/liability at start of year	330	20	1,119
Net expense recognised in the Income Statement	(348)	(14)	(597)
Contributions	(112)	(38)	(49)
Net (asset)/liability to be disclosed in Balance Sheet	(130)	(32)	473

	SASS Financial Year to 30 June 2005 $'000	SANCS Financial Year to 30 June 2005 $'000	SSS Financial Year to 30 June 2005 $'000
Net (asset)/liability at start of year	189	30	1,276
Net expense recognised in the Income Statement	264	28	(24)
Contributions	(123)	(38)	(133)
Net (asset)/liability to be disclosed in Balance Sheet	330	20	1,119

(d) Total recognised in Income Statement	SASS Financial Year to 30 June 2006 $'000	SANCS Financial Year to 30 June 2006 $'000	SSS Financial Year to 30 June 2006 $'000
Current service cost	99	33	83
Interest on obligation	120	28	239
Expected return on plan assets	(129)	(41)	(241)
Net actuarial losses/(gains) recognised in year	(438)	(34)	(678)
Total included in "employee benefits expense"	(348)	(14)	(597)

	SASS Financial Year to 30 June 2005 $'000	SANCS Financial Year to 30 June 2005 $'000	SSS Financial Year to 30 June 2005 $'000
Current service cost	101	34	93
Interest on obligation	116	31	257
Expected return on plan assets	(121)	(37)	(210)
Net actuarial losses/(gains) recognised in year	169	-	(164)
Total included in "employee benefits expense"	265	28	(24)

(e) Actual return on plan assets	SASS Financial Year to 30 June 2006 $'000	SANCS Financial Year to 30 June 2006 $'000	SSS Financial Year to 30 June 2006 $'000
Actual return on plan assets	274	81	501

	SASS Financial Year to 30 June 2005 $'000	SANCS Financial Year to 30 June 2005 $'000	SSS Financial Year to 30 June 2005 $'000
Actual return on plan assets	208	64	370

(f) Summary of financial position of the fund calculated in accordance with AAS 25 - Financial Reporting by Superannuation Plans

	SASS 30-Jun-06 $'000	SANCS 30-Jun-06 $'000	SSS 30-Jun-06 $'000
Accrued benefits	2,182	487	3,347
Net market value of Fund assets	(2,392)	(548)	(3,670)
Net (surplus)/deficit	(210)	(61)	(323)

	SASS 30-Jun-05 $'000	SANCS 30-Jun-05 $'000	SSS 30-Jun-05 $'000
Accrued benefits	1,839	489	3,067
Net market value of Fund assets	(1,690)	(544)	(3,124)
Net (surplus)/deficit	149	(55)	(57)

Recommended contribution rates for the entity for 2006 and 2005 are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
1.90	2.50	1.60

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer. Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

The economic assumptions adopted for the current actuarial review of the Fund are:

Weighted-Average Assumptions	**2006**	**2005**
Expected rate of return on Fund assets	7.3% pa	7.0% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

7 Payables & borrowings

(a) Current payables	Consolidated		Parent	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Other payables and accruals	4,817	2,428	4,570	2,428
Payable to AAIL (HIH claims)	516	195	516	195
Amount due to service entity	-	-	3,134	-
Total	**5,333**	**2,623**	**8,220**	**2,623**

Payables are non-interest bearing and normally settled on 30-day terms.

(b) Borrowings	Consolidated		Parent	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Bank Overdraft	-	236	-	236
Total	-	236	-	236

The bank overdraft is due to unpresented cheques being greater than the bank balance at 30 June 2005.

8 Provisions

(a) Current	Consolidated		Parent	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Provision for annual leave	845	709	-	709
Provision for long service leave				
- Expected to be settled within 12 months	135	129	-	129
- Expected to be settled with more than 12 months	1,434	1,399	-	1,399
Provision for deferred superannuation liabilities (Note 6)	473	1,469	-	1,469
Provision for outstanding Nominal Defendant claims	21,138	32,243	21,138	32,243
Total	24,025	35,949	21,138	35,949

(b) Non-current

	Consolidated		Parent	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Provision for outstanding Nominal Defendant claims	70,026	86,485	70,026	86,485
Total	70,026	86,485	70,026	86,485

Provision for outstanding nominal defendant claims

Under the *Motor Accidents Compensation Act 1999*, the Nominal Defendant meets claims from policies issued by insolvent insurers. For the purposes of the Act the MAA is the Nominal Defendant. Following the HIH collapse, the Nominal Defendant became responsible for the liabilities owed to policyholders. The Nominal Defendant is also entitled to recoveries by the liquidator of HIH. The MAA engaged Allianz Australia Limited (AAIL) to manage the claims on behalf of MAA. A management fee of 10 per cent on costs incurred is paid to AAIL. A Variation Agreement to Claims Management & Agency Agreement with provisions for incentives based on performance in claims management against the industry standard was signed on 5 January 2005. At 30 June 2006, liabilities for HIH CTP claims valued by the Actuaries after discounting were $91.164 million ($118.728 million in 2005). Movements in these liabilities for the year were:

	Note	2006 $'000	2005 $'000
Balance 1 July		118,728	163,260
Less Nominal Defendant Claims payment		(31,839)	(48,338)
NDF Claims handling expenses	10	(1,378)	(2,237)
NDF recoveries, net		200	215
Unwinding of discount - finance cost		5,809	7,323
Change in discount rate		(661)	(675)
Additional provision		305	(820)
Balance 30 June		91,164	118,728
Represented by:			
Current liabilities		21,138	32,243
Non-current liabilities		70,026	86,485

The movement in NDF Provision was due to an actuarial valuation of the HIH liabilities. In 2006, $0.661 million was due to the effect of the change in the discount rates. The liability for outstanding claims is measured as the present value of the expected future payments. Based on an actuarial valuation in June 2006 by the actuaries, Taylor Fry Pty Ltd, the expected cash flows at disscounted values to meet the claims were:

	2006 $'000	2005 $'000
Not later than one year	21,138	32,243
Later than one year but not later than five years	40,799	53,761
Later than five years	29,227	32,724
Total	**91,164**	**118,728**

The following inflation rates and discount factors were used in measuring the liability for outstanding claims:

	2006 % pa	2005 % pa
Claims expected to be paid not later than one year		
Inflation rate	4.5	4.5
Superimposed inflation	3.0	3.0
Discount rate	5.8	5.7
Claims expected to be paid later than one year		
Inflation rate	4.5	4.5
Superimposed inflation	3.0	3.0
Discount rate	5.8 - 6.0	5.7 – 5.8

Recovery from Crown Entity

Outstanding claims

Movements in the amount owing by the Crown Entity to meet outstanding claim liabilities was:

	Note	2006 $'000	2005 $'000
Balance 1 July		119,486	163,997
Receipts	9	(32,817)	(50,339)
Movement in recovery*		5,453	5,828
Balance 30 June		92,122	119,486

**The movement is based on actuarial valuation of HIH liabilities.*

	2006 $'000	2005 $'000
Recovery from Crown Entity–NDF claims	91,164	118,728
Recovery from Crown Entity-Other NDF costs	958	758
Total	92,122	119,486
Represented by:		
Current		
Recovery from Crown Entity-Other NDF costs	958	758
Recovery from Crown Entity-NDF claims	21,138	32,243
	22,096	33,001
Non-current receivables	70,026	86,485

9 Receipts from NSW Treasury

NSW Treasury made a grant of $32.817 million ($50.339 million in 2004-05) to MAA Nominal Defendant Fund to offset the claims payments of $31.839 million ($48.338 million in 2004-05) made through Allianz Australia Insurance Ltd, Claims handling expenses of $1.378 million ($2.237 million in 2004-05). This was after the adjustment of $0.200 million recoveries ($0.215 million in 2004-05).

10 Nominal Defendant claims handling expenses

Nominal Defendant claims handling expense in 2006 included agent's fees to AAIL of $0.966 million ($1.754 million in 2004-05), other contracted services of $0.199 million ($0.275million in 2004-05), & other expenses of $0.213 million ($0.208 million in 2004-05).

11 CTP premium levy

The Authority was funded by a levy of 2.5% (2.5% in 2004-05) on CTP insurance premiums collected by licensed insurers. The annual levy income of $36.191 million ($36.675 million in 2004-05) includes the accrued levy of $3.780 million for the month of June 2006 ($3.724 million in 2004-05).

12 Interest income

Interest income on funds during 2005-06 amounted to $1.156 million ($0.996 million in 2004-05). The weighted average interest rate on cash was 5.37% pa.

13 Other income

Other income received on MAA and NDF:

	Consolidated		Parent	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
HIH Trust Funds	-	91	-	91
Rental Income	212	130	212	130
Others	1,289	1,200	1,289	1,200
Total	**1,501**	**1,421**	**1,501**	**1,421**

14 Employee benefits

Employee benefits of $10.364 million ($10.834 million in 2004-05) for the year were lower by $0.47 million in comparison with 2004-2005. The main components are:

	Consolidated		Parent	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Permanent and temp salaries	8,725	7,621	5,927	7,621
Agency staff	165	573	115	573
Payroll tax	622	596	429	596
Employers Superannuation	907	727	658	727
Superannuation actuarial gain	(1,157)	-	-	-
Other salary components	1,102	1,317	628	1,317
Total	**10,364**	**10,834**	**7,757**	**10,834**

15 Operating expenses

This broad group includes a number of line items. The major items are listed below:

	Consolidated		Parent	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Rent and related costs	1,863	1,654	1,863	1,654
Computer software/expended hardware/maintenance	456	424	456	424
Telephone/fax	134	153	134	153
Stationery	147	204	147	204
Interpreting Services	223	224	223	224
Legal fees	201	86	201	86
Others	880	791	880	791
Total	3,904	3,536	3,904	3,536

16 Other expenses

These consist of:

		Consolidated		Parent	
		2006	2005	2006	2005
	Note	$'000	$'000	$'000	$'000
Consultancy fees		2,895	1,714	2,895	1,714
Advertising, promotion and publicity		179	283	179	283
Audit fees	17	141	111	141	111
Council members' fees		76	134	76	134
Board members' fees		137	133	137	133
Depreciation		222	218	222	218
Loss on disposal of non-current assets		-	44	-	44
Total		3,650	2,637	3,650	2,637

17 Audit fees

Annual audit fees comprise payments of $97,294 to the Internal Audit Bureau for internal audit ($35,872 in 2004-05) and $43,350 ($37,000 in 2004-05) to the Audit Office of NSW. The amount paid to the Audit Office of NSW was for auditing the financial report.

18 Related parties

Council and Board members fees

Council members' fees were $75,722 ($134,097 in 2004-05), and board members' fees were $136,868 ($132,934 in 2004-05). In addition to the payments prescribed for Board and Council Members by the Premiers Department, Council Member Stephen Buckley was paid $9,872 for MAS assessor fees ($11,935 in 2004-05) inclusive of GST during the reporting period.

Consolidated group

The consolidated group consists of the Motor Accidents Authority of NSW (MAA), and the special purpose service entity, Office of Motor Accidents Authority of NSW (Office of MAA).

19 Commitments for expenditure

On 30 June 2006, the Authority has expenditure commitment to lease its existing office premises, and ongoing Rehabilitation/Road Safety programs already approved by the Board. The lease commitment (inclusive of GST) is as follows:

	2006 Office premises $'000	2005 Office premises $'000
Not later than one year	1,926	1,774
Later than one year but not later than five years	3,792	5,256
Total	5,718	7,030

The MAA has an approved funding commitment (including GST) as at 30 June 2006 of $5.547 million ($8.894 million in 2004-05) for Rehabilitation grants and of $4.716 million ($6.578 million in 2004-05) for Road Safety grants. The grant commitments were not included in the current and non-current liabilities on the main body of the Balance Sheet considering the conditions attached to the disbursement of the approved funding. The total project grant commitment as at 30 June 2006 was $10.263 million ($15.432 million in 2004-05).

An integral part of the scheme is a commitment to effective injury management and rehabilitation. This is supported by provisions in the Motor Accidents Compensation Act 1999 that enable the MAA to fund initiatives that address the injury management needs of people injured in motor vehicle accidents. Applicants are required to submit a proposal within the guidelines for new project applications, demonstrating an impact on improving injury management and rehabilitation of persons sustaining such injuries. As MAA has a responsibility to ensure effective utilisation of the funding, conditions are attached to funding offers and projects are subject to monitoring and review processes through quarterly and six monthly reports including financial returns and also a final report on completion.

20 Contingent liabilities

There was no known contingent liability at 30 June 2006 (nil for 2004-05).

21 Notes to the Statement of Cash Flows

(a) Reconciliation of net cash provided by/ (used in) operating activities to net profit/ (loss) from ordinary activities

	Consolidated		Parent	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Net profit for the year	1,455	2,440	1,455	2,440
Depreciation	222	218	222	218
Loss/ (Profit) on disposal of fixed assets	(4)	44	(4)	44
Change in assets and liabilities				
Decrease/ (Increase) in receivables: current	11,530	25,016	11,530	25,016
Decrease/ (Increase) in receivables: Non-current	16,458	18,708	16,458	18,708
Increase/(Decrease) in payables: current	2,710	(188)	5,597	(188)
Increase/(Decrease) in provisions: current	(11,925)	(24,343)	(14,812)	(24,343)
Increase/(Decrease) in provisions: non-current	(16,459)	(19,807)	(16,459)	(19,807)
Net cash provided by/ (used in) operating activities	3,987	2,088	3,987	2,088

(b) Reconciliation of cash

For the purposes of the Cash Flow Statement, cash includes cash at bank & on hand, highly liquid investments & borrowings. Cash at the end of the financial year as shown on the Cash Flow Statement is reconciled to the related items in the Balance Sheet:

	Consolidated			Parent
	2006	2005	2006	2006
	$'000	$'000	$'000	$'000
Cash at bank (Note 3)	20,927	17,237	20,927	17,237
Borrowings (Note 7(b))	-	(236)	-	(236)
Total	20,927	17,001	20,927	17,001

22 Financial instruments

Credit risk exposures

The credit risk on financial assets of the Authority included in the Balance Sheet is the carrying amount (net of any provisions) based on fair value.

Interest rate risk exposures

Consolidated

2006 on the Balance Sheet	**Weighted av. Rate**	**1 Year or Less (Maturity)**	**Non-interest bearing**	**Total**
		$'000	**$'000**	**$'000**
Financial assets				
Cash assets	5.37%	20,927	-	20,927
Trade debtors	-	-	3,780	3,780
Other receivables	5.18%	1,610	806	2,416
Crown receivables	-	-	92,122	92,122
	-	22,537	96,708	119,245
Financial Liabilities				
Payables	-	-	5,333	5,333
Interest bearing liabilities	-	-	-	-
Nominal Defendant provisions	-	-	91,164	91,164
	-	-	96,497	96,497
Net Financial Assets/ Liabilities	-	22,537	211	22,748

2005 on the Balance Sheet	Weighted av. Rate	1 Year or Less (Maturity) $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash assets	4.93%	17,237	-	17,237
Trade debtors	-	-	3,724	3,724
Other receivables	5.43%	2,434	148	2,582
Crown receivables	-	-	119,486	119,486
	-	19,671	123,358	143,029
Financial Liabilities				
Payables	-	-	2,623	2,623
Interest bearing liabilities	-	-	236	236
Nominal Defendant provisions	-	-	118,728	118,728
	-	-	121,587	121,587
Net Financial Assets/Liabilities	-	19,671	1,771	21,442

Parent

2006 on the Balance Sheet	Weighted av. Rate	1 Year or Less (Maturity) $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash assets	5.37%	20,927	-	20,927
Trade debtors	-	-	3,780	3,780
Other receivables	5.18%	1,610	644	2,254
Crown receivables	-	-	92,122	92,122
	-	22,537	96,546	119,083
Financial Liabilities				
Payables	-	-	8,220	8,220
Interest bearing liabilities	-	-	-	-
Nominal Defendant provisions	-	-	91,164	91,164
	-	-	99,384	99,384
Net Financial Assets/ Liabilities	-	22,537	(2,838)	19,699

2005 on the Balance Sheet	Weighted av. Rate	1 Year or Less (Maturity)	Non-interest bearing	Total
		$'000	$'000	$'000
Financial assets				
Cash assets	4.93%	17,237	-	17,237
Trade debtors	-	-	3,724	3,724
Other receivables	5.43%	2,434	148	2,582
Crown receivables	-	-	119,486	119,486
	-	19,671	123,358	143,029
Financial Liabilities				
Payables	-	-	2,623	2,623
Interest bearing liabilities	-	-	236	236
Nominal Defendant provisions	-	-	118,728	118,728
	-	-	121,587	121,587
Net Financial Assets/ Liabilities	-	19,671	1,771	21,442

The carrying cost of all financial assets and liabilities is Net Fair Value unless stated otherwise.

23 Events after reporting date

Resulting from substantial changes in the estimates of four major claims of HIH portfolio the discounted Nominal Defendant liabilities have been increased by $5 million.

24 Impact of adoption of AEIFRS

(1) This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly. Reconciliations of AEIFRS equity and profit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed as follows:

Reconciliation of equity as presented under previous AGAAP to that under AEIFRS	30-Jun-05 $'000	1-Jul-04 $'000
Total equity under AGAAP	20,844	17,813
Adjustments to accumulated funds		
Defined benefit superannuation adjustment for change in discount rate	(1,431)	(840)
Total equity under AEIFRS	19,413	16,973

Reconciliation of profit for the year of 2005	2005 $'000
Profit for the year under AGAAP	3,031
Increase in superannuation expense due to change in discount rate	(591)
Profit for the year under AEIFRS	2,440

(2) Employee benefits

AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, as is the case with the Authority, this will increase the defined benefit superannuation liability and change the quantum of the superannuation expense.

(3) Cash flow statements

There are no material differences between the cash flow statement presented under AEIFRS and the cash flow statement presented under previous AGAAP.

25 AASB 108 disclosure on amendments

The following Australian Accounting Standards are being early adopted. Any initial impacts on the first time adoption are detailed in the Statement of Changes in Equity and note 24.

AASB Amendment	Affected Standards
2005-4	AASB 139: Financial Instruments: Recognition and Measurement. Issued June 2005.

In this reporting period, the following recent Australian Accounting Standards that are not yet effective were not used in preparing this financial report.

AASB Amendment	Affected Standards
2005-1	AASB 139: Financial Instruments: Recognition and Measurement Issued May 2005
2005-5	AASB 1: First-time adoption of AIFRS AASB 139: Financial Instruments: Recognition and Measurement Issued June 2006
2005-9	AASB 132: Financial Instruments: Presentation AASB 139: Financial Instruments: Recognition and Measurement Issued September 2005
2005-10	AASB 101: Presentation of Financial Statements AASB 117: Leases AASB 132: Financial Instruments: Presentation AASB 139: Financial Instruments: Recognition and Measurement Issued September 2005
2005-11	AASB 101: Presentation of Financial Statements AASB 132: Financial Instruments: Presentation AASB 139: Financial Instruments: Recognition and Measurement Issued September 2005
2006-1	AASB 21: The Effects of Changes in Foreign Exchange Rates
AASB 7	AASB 7: Financial Instruments: Disclosures Issued August 2005

All AASB amendments above are applicable for the year commencing 1 July 2006 with the exception of AASB 7 which is applicable for the year commencing 1 July 2007. No assessment has been made of the change in accounting policy in the year of change, or the financial impact of adoption of any of the amendments above.

End of audited financial statements

2005-2006 Financial Summary

The financial information shown below augments the audited financial statements of the Authority. The information is provided in accordance with the provisions of the Public Finance and Audit Act, 1983, the Annual Reports (Statutory Bodies) Act, 1984 and Treasurer's Directions.

The Authority has not made representations to Treasury for an extension of time nor has it requested exemptions from the reporting provisions of the Annual Report (Statutory Bodies) Act, 1984 and Regulations thereto.

MAA consolidated annual accounts actual/budget comparison year ended 30 June 2006

	Actual 2005-06 $'000	Budget 2005-06 $'000	Variance + / (-) $'000
Expenditures:			
Employee benefits	10,364	10,167	(197)
Rehabilitation grants	4,699	7,670	2,971
Road safety grants & sponsorships	3,840	6,297	2,457
Medical assessor fees	7,047	5,575	(1,472)
CARS assessor fees	2,733	1,800	(933)
Other operating costs & expenses	7,554	7,574	20
Total	36,237	39,083	2,846
Other Items - Capital expenditure	78	100	22
Movement in the Nominal Defendant	5,453	N/A	

Notes:

1 *Movement in Nominal Defendant: Recovery from Crown of $5.453 million has been excluded from the comparison above as it is not part of the core business of the Authority and is managed by MAA through NSW Treasury grants.*

2 *A contingency of $0.3 million provided to meet unforeseen expenditure was not required.*

3 *The 2005-06 budget approved by the Board has been reduced by $0.3 million as required by NSW Treasury savings targets for the year.*

4 *The Consolidated Accounts comprise the MAA (parent) and the Office of MAA.*

MAA Consolidated Annual Accounts
Comparative Statement of Financial Performance
for the year ended 30 June 2006

	Actual 2005-06 $'000	Budget 2005-06 $'000	Budget 2006-07 $'000
Revenue from ordinary activities			
Movement in Nominal Defendant Claims	5,453	-	-
CTP Premium Levy	36,191	36,232	35,516
Other Income	1,501	1,367	1,184
TOTAL Revenue from ordinary activities	43,145	37,599	36,700
Expenditure from ordinary activities			
Movement in Nominal Defendant: Finance cost	5,809	-	-
Claims expense	(356)	-	-
Employee benefits	10,364	10,167	12,924
Road safety grants and sponsorships	3,840	6,297	2,224
Rehabilitation grants	4,699	7,670	5,332
Medical assessor fees	7,047	5,575	6,000
CARS assessor fees	2,733	1,800	2,500
Other operating costs & expenses	7,554	7,574	9,733
TOTAL expenditure from ordinary activities	41,690	39,083	38,713
Net Profit/(Loss)	1,455	(1,484)	(2,013)

Note: The approved 2006-07 Budget figures are given above. The 2005-06 expenditure budget approved by the Board has been reduced by $0.3 million in line with NSW Treasury savings target for 2005-2006.

MAA Consolidated Annual Accounts for the year ended 30 June 2006
Notes to Comparative Statement of Financial Performance

1 Movement in Nominal Defendant Claims represents the decrease in the provision for outstanding Nominal Defendant liabilities as at 30 June 2005 and is not a budget item.
2 The expenditure on Rehabilitation and Road safety grants/sponsorships were much lower than budgeted as the level of activity had been less than anticipated.
3 Accruals and prepayments were fully provided for in accordance with the MAA's policy on accruals and prepayments.
4 Medical assessor and CARS assessor fees were higher than the budget by $1.472 million (26%) and $0.933 million (52%) respectively due to the increase in the number of MAS and CARS applications received during the year.
5 There is no other significant variance in other items of expenditure.
6 Historically, depreciation was not budgeted for, as the timing of capital purchases was not known.
7 A surplus of $1.455 million for the year was satisfactory compared to the deficit amount of $1.484 million budgeted for 2005-06.

Summary of Statement of Financial Performance: Actual and Budget
Actual/Budget comparison from 2002-2003 to 2005-2006

	2005-2006 Actual $'000	2005-2006 Budget $'000	2004-2005 Actual $'000	2004-2005 Budget $'000	2003-2004 Actual $'000	2003-2004 Budget $'000	2002-2003 Actual $'000	2002-2003 Budget $'000
Revenue from ordinary activities								
Movement in Nominal Defendant	5,453	-	5,828	-	38,600	-	43,522	-
Receipt from NSW Treasury	-	-	-	-	-	-	-	-
CTP Premium Levy	36,191	36,232	36,675	35,258	23,489	22,124	19,514	18,774
Interest & Other Income	1,501	1,367	1,421	1,200	2,250	1,642	13,849	1,375
TOTAL revenue from ordinary activities	43,145	37,599	43,924	36,458	64,339	23,766	76,885	20,149
Expenditure from ordinary activities								
Movement in Nominal Defendant	5,453	-	5,828	-	50,845	-	34,274	-
Nominal Defendant – Other Expenses	-	-	-	-	-	-	1,589	-
Salaries and Related Costs	10,364	10,167	10,922	9,954	11,413	9,713	7,703	6,893
Other Operating Costs & Expenses	7,554	7,574	6,173	7,338	6,211	7,153	10,019	9,296
Road Safety Grants	3,840	6,297	4,409	5,025	5,707	5,795	6,486	2,463
Rehabilitation Grants	4,699	7,670	4,850	4,624	2,414	7,015	5,265	2,607
Medical assessor fees	7,047	5,575	6,397	5,682	5,253	4,455	-	-
CARS assessor fees	2,733	1,800	2,314	742	1,035	662	-	-
TOTAL expenditure from ordinary activities	41,690	39,083	40,893	33,365	82,878	34,793	65,336	21,259
Net Profit/(Loss)	1,455	(1,484)	3,031	3,093	(18,539)	(11,027)	11,549	(1,110)

Notes: (1) Expenditure on capital items is excluded from this summary. (2) Depreciation is not budgeted, as the timing of capital purchases is not known.
(3) Each year starts on 1 July and ends on 30 June next year, that is, in line with the fiscal year. (4) 2005-06 consolidated accounts of the MAA include the Office of MAA.

STATEMENT BY DIVISION HEAD OF THE OFFICE OF MOTOR ACCIDENTS AUTHORITY OF NEW SOUTH WALES

FOR THE PERIOD 17 MARCH TO 30 JUNE 2006

Under section 41C of the Public Finance and Audit Act 1983

In my opinion:

- The financial report of the Office of Motor Accidents Authority of New South Wales has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005 and the Treasurer's Directions.
- The financial report exhibits a true and fair view of the financial position and transactions of the Office of Motor Accidents Authority New South Wales.
- At the date of signing this report, I am not aware of any circumstances that would render any particulars included in the financial report to be misleading or inaccurate.

DAVID BOWEN

General Manager of Motor Accidents Authority of New South Wales

Dated at Sydney this 26th day of October 2006.

AUDITOR-GENERAL
NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

OFFICE OF MOTOR ACCIDENTS AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Office of Motor Accidents Authority of New South Wales:

- presents fairly the Office's financial position as at 30 June 2006 and its performance for the period 17 March to 30 June 2006, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and General Manager's Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Office, for the period ended 30 June 2006.

The General Manager of the Motor Accidents Authority of New South Wales is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the General Manager in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the General Manager had not fulfilled his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Office,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

G J Gibson, FCPA
Assistant Auditor-General

SYDNEY
27 October 2006

Financial statements for the Office of the Motor Accidents Authority as at 30 June 2006

Income statement for the period 17 March to 30 June 2006

	Notes	2006 $ '000
Revenue		
Personnel services		2,607
Total revenue		2,607
Less expenditure		
Employee related expenses	6	2,607
Total expenditure		2,607
Net Profit		-

Balance sheet as at 30 June 2006

	Notes	2006 $ '000
Assets		
Receivables		3,296
Total assets		3,296
Liabilities		
Payables	4	409
Provisions	5	2,887
Total liabilities		3,296
Net assets		-
Equity		
Retained earnings		-
TOTAL equity		-

The accompanying notes form an integral part of these financial statements.

Financial statements for the Office of the Motor Accidents Authority as at 30 June 2006

Statement of changes in equity as at 30 June 2006

	Notes	2006
		$ '000
Total Equity at the beginning of the period		-
Profit for the period		-
Total Equity at 30 June 2006		-

Cash flow statement as at 30 June 2006

	Notes	2006
		$ '000
Cash flows from operating activities		
Net cash flows provided by operating activities		-
Cash at the beginning of the period		-
Cash at the end of the year		-

Notes to the Financial Statements for the year ended 30 June 2006

1 Background

Office of Motor Accidents Authority of NSW (Office of MAA) was established on 17 March 2006 under the amended *Public Sector Employment and Management Act 2002* as a consequence of the passage of the *Public Sector Employment Legislation Amendment Act 2006*. This is a special purpose service entity (a Division) providing personnel services to the Statutory Corporation MAA and has no other function other than providing staff to the Motor Accidents Authority of NSW (MAA).

The financial report for the year ended 30 June 2006 has been authorised for issue by the Board on 26 October 2006.

2 Summary of significant accounting policies

(a) Reporting entity

Office of MAA is a Division of the Government Service, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 22, 580 George Street, Sydney. Office of MAA's objective is to provide personnel services to MAA.

The objective of the Office of MAA is to provide personnel services to MAA. The Office of MAA is controlled by the MAA and is consolidated into the MAA accounts.

Office of MAA commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of MAA. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employer.

(b) Basis of preparation

This is a general purpose financial report prepared in accordance with the requirements of Australian Accounting Standards, the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2005, and specific directions issued by the Treasurer. This is the first financial report prepared.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. The accrual basis of accounting has been adopted in the preparation of the financial report. Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Comparative information

As this is Office of MAA's first financial report, comparative information for the previous year is not provided.

(d) Revenue

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(e) Receivables

Office of MAA's Receivables are recognised so far as these comprise firm collectibles from MAA including prepaid superannuation and these amounts wholly consist of short term receivables.

(f) Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement. A short-term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

(g) Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement. Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately. Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long-term annual leave (that is, not expected to be taken within 12 months) is measured at present value using a discount rate equal to the market yield on government bonds. Superannuation and long service leave provisions are actuarially assessed before each reporting date and are measured at the present value of the estimated future payments. All other employee benefit liabilities (i.e., for benefits falling due wholly within 12 months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The amount recognised for superannuation provision is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly. The amount recognised in the income statement for superannuation is the net total of current service cost, interest cost and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

3 Superannuation

(a) Valuation method and principle actuarial assumptions at the reporting date

Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Economic assumptions

	30-Jun-06
Discount rate at 30 June	5.9% pa
Expected return on plan assets at 30 June	7.6%
Expected salary increases	4.0% pa to 2008; 3.5% pa thereafter
Expected rate of CPI increase	2.5% pa

(b) Reconciliation of the assets and liabilities recognised in the Balance Sheet

	SASS Financial Year to 30 June 2006 $'000	SANCS Financial Year to 30 June 2006 $'000	SSS Financial Year to 30 June 2006 $'000
Present value of defined benefit obligations	2,262	516	4,143
Fair value of plan assets	(2,392)	(548)	(3,670)
Net (asset)/liability to be disclosed in Balance Sheet	(130)	(32)	473

(c) Movement in net liability/asset recognised in Balance Sheet

	SASS Financial Year to 30 June 2006 $'000	SANCS Financial Year to 30 June 2006 $'000	SSS Financial Year to 30 June 2006 $'000
Net (asset)/liability at start of year	330	20	1,119
Net expense recognised in the Income Statement	(348)	(14)	(597)
Contributions	(112)	(38)	(49)
Net (asset)/liability to be disclosed in Balance Sheet	(130)	(32)	473

(d) Total recognised in Income Statement

	SASS Financial Year to 30 June 2006 $'000	SANCS Financial Year to 30 June 2006 $'000	SSS Financial Year to 30 June 2006 $'000
Current service cost	99	33	83
Interest on obligation	120	28	239
Expected return on plan assets	(129)	(41)	(241)
Net actuarial losses/(gains) recognised in year	(438)	(34)	(678)
Total included in "employee benefits expense"	(348)	(14)	(597)

(e) Actual return on plan assets

	SASS Financial Year to 30 June 2006	SANCS Financial Year to 30 June 2006	SSS Financial Year to 30 June 2006
	$'000	$'000	$'000
Actual return on plan assets	274	81	501

(f) Summary of financial position of the fund calculated in accordance with AAS 25 - Financial Reporting by Superannuation Plans

	SASS	SANCS	SSS
	30-Jun-06	30-Jun-06	30-Jun-06
	$'000	$'000	$'000
Accrued benefits	2,182	487	3,347
Net market value of Fund assets	(2,392)	(548)	(3,670)
Net (surplus)/deficit	(210)	(61)	(323)

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	**% member salary**	**multiple of member contributions**
1.90	2.50	1.60

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer. Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

The economic assumptions adopted for the current actuarial review of the Fund are:

Weighted-Average Assumptions	2006
Expected rate of return on Fund assets	7.3% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

4 Payables

	2006 $'000
Pre paid super payable to MAA	162
Payroll tax	73
Accrued employee related expenses	174
Total	409

5 Provisions

	2006 $'000
Provision for annual leave	845
Provision for long service leave	
- Expected to be settled within 12 months	135
- Expected to be settled with more than 12 months	1,434
Provision for deferred superannuation liabilities	473
Total	2,887

6 Employee related expenses

The main components are:

	2006 $'000
Permanent and temp salaries	2,798
Agency staff	50
Payroll tax	193
Defined contribution superannuation	249
Defined benefit superannuation	(1,157)
Other	474
Total	2,607

7 Related parties

Controlling Entity and Economic Dependency

The Motor Accidents Authority of NSW is deemed to control the Office Motor Accidents Authority of NSW in accordance with Treasury Circular NSW TC 06/13. Transactions and balances in these financial statements related only the Office of MAA's function as provider of personnel services to the controlling entity. The Office of MAA's total income is sourced from the Motor Accidents Authority NSW. Cash receipts and payments are affected by the Motor Accidents Authority of NSW on the Office of MAA's behalf. The Motor Accidents Authority of NSW guarantees payment of all the Office of MAA's liabilities.

8 Auditor's remuneration

Auditor's remuneration for the review of these financial statements is borne by the Controlling entity.

9 Recently issued or amended accounted standards

The following Australian Accounting Standards are being early adopted.

AASB Amendment	Affected Standards
2005-4	AASB 139: Financial Instruments: Recognition and Measurement. Issued June 2005.

In this reporting period, the following recent Australian Accounting Standards that are not yet effective were not used in preparing this financial report.

AASB Amendment	Affected Standards
2005-1	AASB 139: Financial Instruments: Recognition and Measurement. Issued May 2005
2005-5	AASB 1: First-time adoption of AIFRS AASB 139: Financial Instruments: Recognition and Measurement. Issued June 2006
2005-9	AASB 132: Financial Instruments: Presentation AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005
2005-10	AASB 101: Presentation of Financial Statements AASB 117: Leases AASB 132: Financial Instruments: Presentation AASB 139: Financial Instruments: Recognition and Measurement. Issued September 2005
2005-11	AASB 101: Presentation of Financial Statements AASB 132: Financial Instruments: Presentation AASB 139: Financial Instruments: Recognition and Measurement. Issued September2005
2006-1	AASB 121: The Effects of Changes in Foreign Exchange Rates
AASB 7	AASB 7: Financial Instruments: Disclosures Issued August 2005

All AASB amendments above are applicable for the year commencing 1 July 2006 with the exception of AASB 7 which is applicable for the year commencing 1 July 2007. No assessment has been made of the change in accounting policy in the year of change, or the financial impact of adoption of any of the amendments above.

End of audited financial statements

Appendices

Accounts payable performance

During the reporting period, all MAA suppliers and service providers were paid within 30 days as required by NSW Treasury, unless there had been queries.

Credit card certification

Credit card use by MAA officers is certified in accordance with Treasurer's Direction 205.01 and relevant Premier's Memoranda and additional Treasurer's Directions and government policy.

Information technology

Infrastructure

The MAA's server and desktop application software were upgraded during the year. Improvements in the management of software patches and updates, and upgrading of intrusion detection software have helped to ensure the security and availability of the MAA's information processing facilities.

Records management

The MAA's TRIM software was upgraded during the year to improve stability and functionality of the system. High capacity multifunction scanning facilities were installed in the George St and Oxford St sites to assist the move towards fully electronic records management. Particular focus was placed during the year on the correct storage and handling of email messages as records.

Applications

Modifications were made to the Sirius case management system in line with changes to MAAS operations resulting from new Guidelines effective from 1 May 2006. A major upgrade of the system that was scheduled for this year has been postponed to next year, awaiting some legislative amendments.

Website

The functionality of the MAA's website was improved this year with the addition of a secured extranet area. This facility allows for secure information sharing between the MAA and assessors on issues relating to dispute resolution services.

Internal Audit Committee and risk management

Based on their risk analysis review, the Internal Audit Bureau (IAB) prepared the Annual Audit Plan for 2005-06. IAB received $97,294 for the following audit programs carried out during the financial year:

- insurer compliance including complaints handling
- consultants and contractors used by the MAA excluding MAS and CARS
- review of assessor management – MAS and CARS
- PIR System review
- review of service level agreement (SLA) with WorkCover Authority – draft report issued in June 2006
- review of the staff and assessors' code of conduct
- developing code of conduct for directors
- preparing accounting policies and procedures manual.

Reports were finalised on the above internal audit work done by IAB and submitted to the Audit Committee of the MAA Board. It may be noted that some low risk audit plans such as corporate governance - legislative and communications were cancelled. Some audit plans (medium risk) e.g. grants funding, reform policy review, RTA greenslip arrangements, IT performance review, Sirius system review and TRIM system were deferred to 2006-07.

The Audit Committee of the MAA Board received internal and external reports and reviewed the MAA's progress in implementing risk mitigation measures resulting from the audit recommendations.

Insurance

The MAA is adequately insured for public liability, contents and electronic equipment, motor vehicles, workers' compensation and directors' and officers' liability.

Major assets acquired

No major assets were acquired during the reporting period.

Privacy management plan

The MAA's privacy management plan complies with the *Privacy and Personal Information Protection Act 1998* and includes procedures for privacy complaints, applications for internal review and compliance with public register provisions. In 2005, the plan was reviewed and the majority of the review recommendations were implemented in 2005-2006, with the remainder to be implemented in 2006-2007. The MAA did not receive any requests for review under the Act this year.

Use of consultants

The MAA engages consultants in accordance with the Premier's Department's guidelines. Consultancy fees to 30 June 2006 totalled $13,239. Three consultants were used, providing legal and management services.

Waste reduction and purchasing plan

The MAA reported to the Department of Environment and Conservation NSW on its activities over the previous two years. The next report is due in August 2007.

Reducing waste

A number of initiatives were implemented or continued with to reduce waste, including providing a stationery kiosk, using crockery/cutlery instead of foam or plastic for general catering, printing "on demand" letterhead and forms, using toners with recycled content, minimising use of coloured paper, encouraging double sided printing and photocopying, publishing electronically and keeping records electronically.

All MAA publications, including the annual reports, are available online from the MAA website.

Resource recovery

The MAA offices are serviced by co-mingle recycling. Approximately six tonnes of paper was recycled in 2005-2006 and all used toner cartridges are recycled.

Recycled materials

Printing contracts give preference to printing on recycled paper when appropriate and cost-effective. Paper with 50 per cent recycled content is used for photocopying, faxing and printing.

Energy management policy

The MAA is committed to the NSW Government's initiative of reducing energy usage and greenhouse gas emissions, as part of the Government Energy Management Policy of 1998. During 2005-2006, the MAA purchased energy efficient office and computing equipment and tube lights for general lighting. ABGR rating of the office accommodation was undertaken by contractors, with the initial rating of 3 stars achieved in 2004-2005. In 2005-2006 the MAA installed movement sensors in selected office areas and installed better lighting equipment, resulting in an upgrade to 5 star rating.

Accommodation

Staff of the Motor Accidents Assessment Services (MAAS) continue to be co-located with the Workers' Compensation Commission (WCC) at 1 Oxford Street, Darlinghurst. The remainder of MAA staff occupy levels 21 and 22 of 580 George Street, Sydney. Some space on Level 21 is being used by two community groups. In 2006-2007, MAA staff will relocated from level 21 with this floor proposed to be occupied by the newly created Lifetime Care and Support Authority.

Shared corporate services

The MAA has an agreement with WorkCover to provide corporate support functions such as accounts payable, monthly financial reporting, payroll, leave and recruitment processes. This has allowed the MAA to make cost savings. An independent review of the services provided to the MAA will be undertaken early in the next financial year to confirm that the MAA is getting value for money.

Promotion and publications

The MAA develops guidelines for medical and health professionals, insurer and consumers to improve the management of injuries under the CTP scheme. During the reporting period, the MAA produced a new set of guidelines on neuropsychological assessment of traumatic brain injury. New editions of regularly published titles included four editions of the MAAS Bulletin and two editions of InforMAAtion.

MAA publications are available electronically on the MAA website. For paper copies of MAA titles, phone 1300 137 131.

Staffing

Staff numbers and grading

Staffing levels at the MAA rose by 13 per cent (17 staff members) during 2005-2006. The increase was spread throughout most of the grades and was due to a number of factors including temporary staffing of MAAS to manage backlog. In 2005-2006, there was an average of 141.5 effective full-time (EFT) staff in positions at the MAA. As at 20 June 2006, the actual number of staff employed (head count) was 150 (excluding contractors and agency temporary staff.)

	30 Jun '03	30 Jun '04	30 Jun '05	30 Jun '06
SES	4	4	4	4
Senior Officer	5	7	6	8
Clerk 11/12	15	16	15	13
Clerk 9/10	14	14	16	19
Clerk 7/8	16	19	19	26
Clerk 5/6	14	24	21	21
Clerk 3/4	26	20	18	19
Clerk 1/2	7	19	28	33
Other	6	5	4	7
Total (head count)	107	128	133	150
Total (EFT)	**103.6**	**122.7**	**128**	**141.5**

Senior executive officers

The MAA's SES establishment remains unchanged from last year as: General Manager, Level 5; Manager, Insurance Division, Level 3; Principal Claims Assessor, Level 2 and Manager, MAAS Continuous Improvement Project, Level 3 (temporary to December 2005).
Three SES officers are women.

GM's performance statement

David Bowen, SES level 5, total remuneration package: $237,796 per annum. The following statement is provided in compliance with annual reporting legislation, which requires that achievement statements be published for all SES officers, level 5 and above. The NSW Minister for Commerce, the Hon John Della Bosca, has indicated his continued satisfaction with Mr Bowen's performance in the management and strategic direction of the MAA. Achievements in 2005-06 included:

- continuing to streamline work practices in MAAS
- implementing the Community Participation Program
- developing and implementing the Lifetime Care and Support Scheme for people catastrophically injured in motor vehicle accidents
- conducting a comprehensive review of the Grants Program
- improving the level of compliance by insurers
- continued increase in the use of the greenslip helpline and website by motorists to access best price.

Equal Employment Opportunity

Progress during 2005-2006 of the EEO plan 2003-2006 included:

- training sessions for staff and supervisors on giving and receiving feedback, as part of implementing the Review of Achievements and Development Scheme (ROADS)
- continuing internal training programs that require all staff to complete mandatory training in EEO, disability and multicultural awareness, and harassment prevention
- appointment and training of another grievance officer, so that staff have a choice in who they approach for advice and assistance with grievances
- reviving the MAA's spokeswoman program, with two spokeswomen being elected
- in-house training for staff on job seeking skills and selection techniques for selection committees
- training union delegates and staff in job evaluation.

Major targets for 2006-2007 include:

- developing a new EEO plan for the period 2007-2010
- reviewing, in conjunction with the union, HR policies to ensure they are current and relevant
- continuing to provide EEO/grievance/discrimination training to staff.

Spokeswoman program

The spokeswoman program was revived at the MAA and two new spokeswoman were elected, one to represent women at the George Street office and one for the Oxford Street office. A number of activities were sponsored by the program during the year, including:

- an MAA-sponsored table at two women of influence events to hear Mary Robinson and Chris Rau speak
- sponsoring staff attendance at the Unifem International Women's Day event
- participating in the Springboard development program for women
- including information on the spokeswomen's role in the staff induction program
- a 'meet the spokeswomen' event for all staff.

Parliamentary annual report tables

A: Trends in the representation of EEO groups

Percentage of total staff

EEO Group	Target	2003	2004	2005	2006
Women	50	69	68	67	67
ATSI	2	0	0	0	n/a
People whose first language is not English	20	26	20	5	n/a
People with a disability	12	7	3	0	n/a
People with a disability requiring work-related adjustment	7	2.8	3.2	0	n/a

B: Trends in the distribution of EEO groups

Distribution Index

EEO Group	Target	2003	2004	2005	2006
Women	100	93	97	99	99
ATSI	100	n/a	0	n/a	n/a
People whose first language is not English	100	91	97	n/a	n/a
People with a disability	100	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a

Source: Premier's Department, Workforce Profile Tool

EEO data

A number of corporate functions were outsourced to WorkCover in 2005. In the transfer of personnel records, EEO data was corrupted and the MAA's EEO records are now incomplete. To recapture the data, MAA employees have been encouraged to resubmit individual EEO information via the online service centre function. By the end of November, all staff will have been approached about resubmitting their data, and as soon as the data is recompilied, the MAA will provide ODEOPE with complete EEO data for the MAA.

Notes

1. Staff numbers are as at 30 June, 2006.
2. Excludes casual staff.
3. A distribution index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The distribution index is automatically calculated by the software provided by the Director of Equal Opportunity in Public Employment.
4. The distribution index is not calculated where EEO group or non-EEO group numbers are less than 20 and is presented as n/a in Table B.

Grievances

There were no formal grievances lodged in the 2005-2006 reporting year.

Occupational Health and Safety

There were nine compensation claims in the 2005-2006 reporting year. Of these, four were claims carried forward from the previous year. The annual workers' compensation premium was $59,130, a reduction from last year's premium of $65,043.

The MAA's OH&S workplace committee met twice during the year, assisting the MAA to meet its statutory requirements. Two OH&S events were conducted during the reporting year:

- In February and March of 2006, two workshops were conducted for staff by beyondblue: the national depression initiative. As depression is estimated to cause the loss of over six million working days per year in Australia, the workshops were offered to MAA staff as a preventative health initiative. Sixty staff attended and on average over 75 per cent of participants agreed that they could now recognise the signs of depression, understand what depression was, identify helpful behaviour to assist someone with depression, and know where to access resources to manage depression.

- The MAA is participating in the Global Corporate Challenge (GCC), a virtual journey around the world for 154 days which commenced in Australia in May 2006 and concludes in Antarctica in October 2006. Along the way, it covers 46 countries and 112 different destinations and covers a total distance of 20,355kms.

The GCC is an annual on-line event held across Australia. Participants compete for their company in teams of seven to see how far they can race around the world. This year, over 1900 teams are competing throughout Australia. Participants enter their daily step count, recorded by a pedometer, into the GCC website. This step data is combined with all members of the team and converted to a global position on the website world map. Each participant is encouraged to achieve 10,000 steps per day. The teams will be ranked with other teams participating in the GCC.

MAA has eight teams participating in the challenge. The challenge is an effective health strategy to increase physical activity participation for corporate Australia with demonstrated health benefits including significant improvements in blood cholesterol, blood glucose, weight and waist measurements. Additionally, it has shown itself to be an excellent team-building activity.

Action Plan for Women

The NSW Government's Action Plan for Women aims to reduce violence, promote safe and equitable workplaces, maximise interests in economic reforms, promote the position of women in society and improve access to education, health and quality of life. The MAA takes these aims into consideration as an industry regulator and in allocating funding grants, offering education and information and in dispute resolution.

Disability Strategic Plan

During 2005-2006 achievements against the Disability Strategic Plan 2003-2006 included:

- mandatory training for all staff in disability awareness
- supporting a disability trainee through their TAFE course
- access to Auslan interpreters for hearing-impaired clients attending assessments
- ensuring assessors' offices are accessible for clients with disabilities.

Ethnic Affairs Priority Statement

Major achievements in the 2003-2006 implementation plan included:

- mandatory training for staff in cultural awareness and diversity, and included in ROADS, the performance development scheme
- under the Arrive alive grants program, a grant was made to the Bankstown "X-Roads" music video project. This project incorporated a road safety message in several local languages
- brochures and workshops were conducted in community languages by recipients of program funding. Languages included Vietnamese, Chinese, Arabic, Serbian/Bosnian and Macedonian
- grants were given for the development of cultural competence training
- all requests for interpreter services were met
- a list of MAA staff who speak other languages and who can provide basic interpreting is on the intranet.

Overseas visits

The Minister approved Cameron Player, MAA Assistant General Manager for Motor Accidents Assessment Service, attending The Toronto Centre Insurance Supervision Leadership Program from 25 June to 1 July 2006 in Ontario, Canada. His participation will enhance the MAA's ability to perform its regulatory functions in line with best-practice international standards. Mr Player also attended the 23rd Australian Institute of Judicial Administration Annual Conference in Wellington, New Zealand from 7-9 October 2005.

Statutory reporting obligations

All statutory and non-statutory management plans, reports and returns to central coordinating authorities were completed within required deadlines during the reporting period.

Freedom of Information

During 2005-2006, the MAA processed 26 Freedom of Information (FOI) applications, including three applications brought forward from the 2004-2005 reporting period. Of the 26 applications processed by the MAA:

- 15 applications were granted in full including two internal reviews granting the release of all documents exempted in the initial determinations
- nine applications were granted in part and refused in part on the basis of exemptions within Sch 1 of the FOI Act (s25(1)(a))
- two applications were refused on the basis that the documents requested were not held (s28(1)(b)).

Four applications for internal review were lodged on exempt matters. Two applications were upheld and the remaining two released all documents exempted in the initial determinations.

One application was made to the Ombudsman for review during the reporting period which resulted in the MAA releasing the documents under s 52A of the *Freedom of Information Act 1989*. One application for review was made to the Administrative Decisions Tribunal (ADT) during this reporting period. At the request of the applicant, the ADT dismissed the matter on 25 July 2006.

There was no request for amendment of personal records. During 2005-2006, compliance with the provisions of the FOI Act had no significant impact on the administration of the MAA.

Legislative changes

Acts

The *Motor Accidents Amendment Act 2006* amends the *Motor Accidents Compensation Act 1999,* to provide for no-fault recovery by children and people injured in blameless accidents. A number of miscellaneous amendments dealing with the coverage and administration of the motor accidents scheme are also included in the amendment Act.

Section 59A of the amendment Act providing statutory protection for medical assessors was the only section of the Act commenced within the reporting period. The *Motor Accidents (Lifetime Care and Support) Act 2006* establishes a new scheme to provide lifetime care and support for people suffering catastrophic injuries such as spinal damage or serious brain trauma in motor vehicle accidents. The Act did not commence within the reporting period.

Regulations

The Motor Accidents Compensation Regulation 2005 remade the Motor Accidents Compensation Regulation (No 2) 1999 and commenced on 1 September 2005. The Regulation fixes the maximum amounts payable by insurers for certain treatment provided in connection with motor accident injuries and regulates the maximum costs for the provision of legal services and medico-legal services relating to motor accident claims.

Guarantee of service

You can expect us to

1 **Treat you with respect and courtesy**

2 **Provide an efficient and professional service**

To compare greenslip prices for privately registered vehicles, call the MAA's greenslip helpline on 1300 137 600. This automated service operates 24 hours, seven days a week. Alternatively, compare prices on the MAA website at www.maa.nsw.gov.au

General enquiries about greenslips will be directed to the Claims Advisory Service, which operates between 8.30am and 5.00pm Monday to Friday.

Calls directed to this service out of hours will be returned by the next working day. You can also email the Claims Advisory Service at enquiries@maa.nsw.gov.au. Emails will be answered as quickly as possible depending on the information you require.

The MAA's Claims Advisory Service can help you with your claim. This may include issues such as making a claim or lodging a dispute and negotiating with your insurance company.

If you phone the MAA's office on 1300 137 131 within business hours and we need to redirect your call, you will not be transferred more than once without your agreement, or we will arrange for the appropriate officer to return your call. If you write to us either by letter or email we will respond within 10 working days of receiving your letter/email. If we cannot fully answer your enquiry in that time, we will give you an interim response.

3 **Provide equitable access to the MAA and information about the Motor Accidents Compensation scheme**

The MAA makes information about the CTP scheme available in a range of formats (website, brochures, telephone service), to maximise access for all members of the community.

The MAA's website is designed to work with internet text-to-voice software commonly available for the vision impaired and on computers that have text-only browsers. MAA brochures are presented clearly and accessibly.

The MAA will arrange an interpreter service (sign language or language other than English) where necessary.

4 **Provide appropriate information**

Information on MAA and the CTP scheme is available from the MAA website (www.maa.nsw.gov.au) or you can phone or email the MAA and we will mail this information to you. The MAA also produces an annual report, statistical information papers, guidelines for health, insurance and legal service providers and rehabilitation education programs for professionals who work with the MAA.

5 **Give you the opportunity to be heard**

We welcome suggestions and complaints by phone, in person, by mail or email.

6 **Meet statutory confidentiality and privacy requirements**

If you have any suggestions on how the services described here can be improved or if you experience any difficulties, please contact the MAA at Level 22, 580 George Street, Sydney NSW 2000
Phone: 1300 137 131, Fax: 1300 137 707.

Committees at 30 June 2006

Significant internal committees

Joint consultative committee

Management representatives:	D Bowen, C Welsh
Union representatives:	M Brew, I Scorzelli, A Taylor, N Player (PSA)

OHS Committee

Employer representatives:	S Doenau, C Welsh, G King
Employee representatives:	D Hamilton, J Young, C Cargill

Reward and Recognition committee

D Bowen, M Rashid, D Davis, N Bajjaj, P Weiss, J Scott

Significant external committees

NSW Law Society Specialist Accreditation - Personal Injury Assessors Panel	C Player
NSW Law Society of NSW Technology Committee	C Player
Secretary - Council of Australasian Tribunals (COAT) NSW Chapter Inc	B Cassidy
NSW Law Society Personal Injury Specialist Accreditation Advisory Committee	B Cassidy
Attendant Care Network Working Party	C Seidel, N Mackinnon
Children Killed and Injured in Driveways Steering Committee	G Browne, J Edwards
Community Participation Reference Group	D Bowen, S Lulham, N MacKinnon
CTP National Road Safety Group	J Edwards, G Browne
District Court of NSW Civil Business Committee	B Cassidy
Heads of CTP	D Bowen, C Rizzo
Government Agency Road Safety Council	D Bowen, G Browne
Child Road Safety Initiative Steering Committee	G Browne, J Edwards
Injury Risk Management Research Centre	K Atsu, D Bowen
Institute of Public Works Engineering Australia NSW Division, Road Safety Panel	J Edwards
Arrive alive Grants Advisory Committee	H Newland
Law Council of Australia (Personal Injury) Committee	B Cassidy
Law Society Specialist Accreditation (Personal Injury) Committee	B Cassidy
Institute of Trauma Management (Research, Education and Rehabilitation)	N Mackinnon
24 Hour Care Guidelines Working Party	S Lulham, T Bidese
Neuropsychological Guidelines Working Party	S Lulham, N Mackinnon
Carers Linked into Caring Advisory Committee (Carers NSW)	M McDonald
Long Term Care Working Party	D Bowen, S Lulham
MAA Impairment Guidelines Review Working Party	S Lulham, S Freeman, S Davison, J Kirkby, L Gee, N Mackinnon
MAISC/MAA Executive Committee	D Bowen, C Rizzo
MAISC Health and Injury Management Sub-Committee	S Lulham
MAISC/MAA Claims Managers Committee	B Yeng
NSW Sober Driver Program Working Party	G Browne
Operation Westsafe Steering Committee	G Browne, K Hayes
Road Safety in Local Government Steering Committee	J Edwards
Road Safety in Local Government Management Committee	G Browne, J Edwards
Road Safety Taskforce Committee	D Bowen, K Hayes
RTA Online Registration Working Party	R Dawson, R McLachlan
Tripartite Committee	R Dawson, R McLachlan, C Rizzo
Trial of Flashing Lights in School Zones Committee	J Edwards
Walk Safely to School Day Committee	G Browne, J Edwards, J Scott

Motor Accidents Compensation Scheme

2005-06 Report

CTP insurance market

Over recent years there have been seven active licensed insurers writing CTP policies and this continued in the reporting year. There was some change in insurers' market shares during the year, with the main changes being a drop for NRMA and an increase for AAMI. AAMI's increased market share followed their increase in 2004-05 and reflects its aggressive bid for market share.

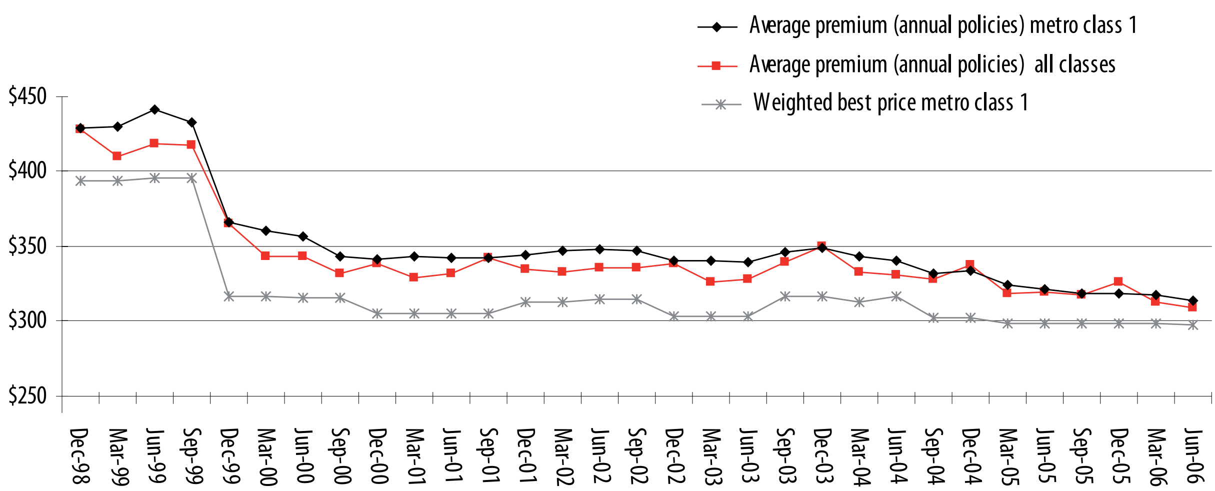
Percentage of market share as at end of:

Insurer	June 2004	June 2005	June 2006
AAMI	9.8	11.5	14.1
Allianz	19.3	16.8	16.3
CIC Allianz	6.5	7.6	7.6
GIO	7.5	7.6	7.9
NRMA	39.7	39.5	37.4
QBE	11.2	10.5	10.2
Zurich	6.0	6.5	6.5

CTP premiums

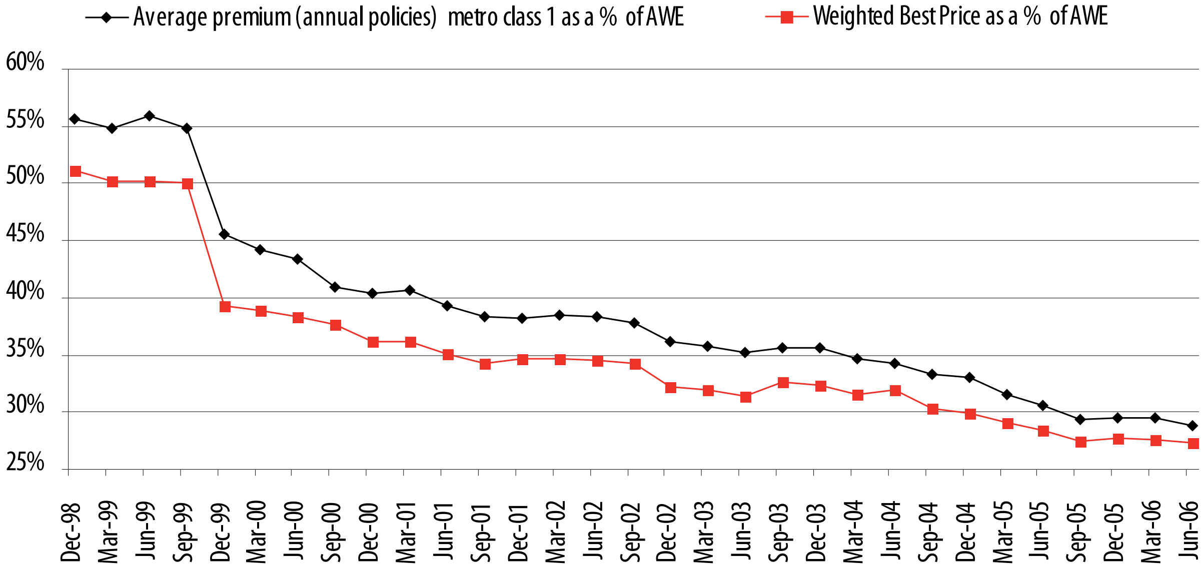
All premiums are exclusive of GST

The total premium collected during 2005-06 was $1.43 billion. The average premium for a Sydney metropolitan passenger vehicle in the June 2006 quarter was $314 compared to $322 in the June 2005 quarter. The average premium over all NSW vehicles was $309 in the June 2006 quarter compared to $319 in the June 2005 quarter.



Affordability

The affordability of greenslips is one of the key performance indicators for the scheme. The following graph tracks average premiums and best price (for motorists aged 30-54) as a percentage of average weekly earnings (AWE). As a proportion of average weekly earnings weighted best price has dropped from 50 per cent before the 1999 legislative reforms to below 28 per cent in June 2006.



Competition

The MAA believes the current CTP market provides competitive risk rated premiums for the majority of motorists. Four of the seven insurers lodged premium filings during 2005-06 to reduce either their base premium and/or their best price. The best price was $295 excluding GST by the end of June 2006. In addition to reductions in price, a number of insurers also filed with changes to their discount/ loading structures. The reporting period saw an increase in insurer advertising for CTP reflecting the keen competition among insurers to attract motorists.

Risk rating

The MAA mandates the geographic and vehicle classifications and rating relativities for use by insurers in preparing their premium filings. The classifications and relativities ensure that, as far as possible, there is no cross subsidisation of claim costs between existing vehicle classes and geographic regions. During the reporting period, the MAA commissioned a review of relativities by external actuaries. The resulting relativities will be incorporated into premiums for policies incepting 1 October 2006. There were improvements in claims experience that warranted a reduction in relativities for:

- small goods vehicles, i.e. panel vans and utes in the Sydney metropolitan area and the Newcastle/Central Coast area
- small buses in all regions, and
- taxis.

Deterioration in claims experience warranted an increase in relativities for:

- large motorbikes (over 300cc)
- large and medium sized trucks, and
- large buses in the Newcastle/Central Coast area.

The changes to existing relativities will be limited in the first instance to a maximum of plus or minus five per cent. This allows any relativity change to be phased in gradually and will also allow for any subsequent changes in claims experience to be factored into future relativities.

The MAA does not allow insurers to rate on any geographical subdivisions within MAA regions (such as local government area or postcode). However, the MAA permits insurers to risk rate on the basis of any other objective factors and offer their best prices to the best risks. Rating factors currently used by insurers in offering loadings and discounts include age and sex of vehicle owners and drivers, age of vehicle, vehicle performance, number of traffic offences, motor vehicle claims history, level of motor vehicle insurance and no claim bonus.

New rating factors introduced by insurers during 2005-06 include:

- demerit points - one insurer offers lower premiums to vehicle owners with zero demerit points.
- driving history of the youngest driver-one insurer takes into account the number of years that the youngest driver has been licensed and the youngest driver's history of at-fault accidents.

Different insurers use different factors to indicate a safe driving record, for example:

- no claim discount on comprehensive insurance
- number of at-fault claims
- number of moving traffic offences
- number of demerit points
- youngest driver's number of at-fault claims and number of years licensed.

Consumer advice

The MAA provides an information service for NSW motorists to assist them in finding the best greenslip price. This service complements the Government's focus on increasing competition between insurers on the cost of greenslips and the need for motorists to shop around. The information is provided by a greenslip phone helpline or by using the price calculator on the MAA website. During the reporting period, 39 per cent of the MAA's targeted motorists accessed these MAA services compared to 27 per cent in the previous reporting period. There were 97,644 calls to the greenslip helpline and 696,584 visits to the website price calculator. Visits to the website almost doubled (1.86 times) compared to the previous year.

Composition of filed premium

Insurers file with the MAA the base premium they intend to charge for a car in metropolitan Sydney. The base premiums for all other classes of vehicles and regions are calculated by applying the relativities set by the MAA. The base premium is derived from the risk premium to which the insurer adds loadings for expenses, levies and a profit margin. The risk premium is the insurer's estimate of the cost of claims based on projected claims frequency and projected average claim size. The risk premium is expressed as an average price per policy. In calculating the base premium, various components are added to the risk premium:

- acquisition expenses which include but are not limited to:
    - agents' commission
    - net cost of reinsurance
    - statutory levies
        - the Roads and Traffic Authority levy - $2.85 per policy at 30 June 2006
        - the MAA levy - 2.5 per cent of premium
- claims handling expenses
- profit margin.

Insurers may apply loadings and discounts to these base premiums in each region/vehicle category, according to the MAA's Premiums Determination Guidelines.

Composition of premium		%		$
Risk premium		71.2		224
Claim payments	59.4		187	
Legal & investigation costs	11.8		37	
Loading				
Claims handling expenses		4.9		15
Acquisition expenses		15.2		48
Insurer profit		8.7		27
Average premium (Sydney class 1) at 30 June 2006		100.0		314

Scheme efficiency

An efficient CTP scheme is one where as much as possible of the premium dollar is returned to injured people as compensation. This is achieved by reducing the transaction costs of administering the scheme. Transaction costs include acquisition expenses incurred by insurers in issuing greenslips and collecting premiums, and the payment of statutory levies. These represent a per policy cost independent of claims costs. Other transaction costs relate to claims management and include the cost of employing investigators, the cost of claims departments and payments to insurers' and claimants' legal representatives.

In the current filing period, the projected return to claimants is 59 per cent of total premiums. Generally, the return to the claimant has been greater under the new scheme averaging 60 per cent compared to 58 per cent under the old scheme. In terms of actual payments, the proportion paid to claimants has increased from 78 per cent to 84 per cent.

Finalised claims	**Old scheme last year**		**New scheme Year 1 full claims**		**New scheme Year 1 notifications**	
Number reported	**16,543**		**14,074**		**16,744**	
% finalised	**98**		**95**		**95**	
Payments ($)	**% receiving payment**	**average payment ($)**	**% receiving payment**	**average payment ($)**	**% receiving payment**	**average payment ($)**
Medical / treatment	84	19,200	81	21,100	79	17,900
Non economic loss	62	32,100	9	84,800	8	84,800
Past economic loss	43	15,400	35	19,300	30	19,300
Future fconomic loss	33	37,500	23	54,200	19	54,100
Other	15	9,400	19	11,500	18	10,200
Legal	68	19,900	59	12,700	49	12,600
Investigation	78	2,400	73	1,900	69	1,700
Total	96	74,700	95	58,700	93	49,700
Claimant benefit	78%		84%		84%	

Notes: All payments are adjusted to Jun 06 values. The last accident year of the old scheme covers the period from 1 Oct 98 - 4 Oct 99.

Report on profit

Section 28(1) of the MAC Act requires a licensed insurer to disclose to the MAA "the profit margin on which a premium is based" and "the actuarial basis for calculating that profit margin". Section 28(2) requires that the MAA report annually to the Legislative Council Standing Committee on Law and Justice on its assessment of the profit margin on which a premium is based and the actuarial basis for its calculation, as provided to it by a licensed insurer.

The MAA usually receives a premium filing from each insurer at least annually and considers all of the factors that go into calculating the proposed premiums. The MAA may reject a premium if it will not fully fund the liabilities or if it is excessive. In relation to profit, the Act provides that a premium will fully fund the liabilities if the premium is sufficient to "provide a profit margin in excess of all claims costs and expenses that represents an adequate return on capital invested and compensation for the risk taken" (section 27(8)(c)).

The MAA must, therefore, not reject a premium on the basis of the level of the profit as long as the level is within the range that ensures an adequate return on capital but is not excessive. The MAA has made every effort to ensure that the profit component of the premium is assessed against objective criteria and has adopted a methodology prepared by Taylor Fry actuaries.

The Taylor Fry methodology refers to a 'representative' insurer and involves three components:

1 the determination of a suitable quantum of total capital (net assets) for a representative insurer
2 the determination of a suitable allocation of insurer capital to NSW CTP
3 the calculation of a profit loading to service the allocated capital at a fair rate of return.

The representative insurer is based on the average of insurers writing CTP business in NSW. Taylor Fry calculations are based on a representative insurer holding capital equal to 58 per cent of CTP technical provisions, which is approximately equal to 66 per cent of outstanding claims provision (OCP) for NSW CTP. The insurer also holds additional (implicit) capital as a prudential margin within the provision for outstanding claims. The Taylor Fry methodology for allocating capital to the CTP line of business is consistent with APRA's new prudential regime.

There are wide variations in levels of capitalisation between individual insurers. The allocation of capital by the representative insurer used in the derivation of the profit margin is slightly higher than the highest notional capital allocation reported by an individual CTP insurer.

The indicative range resulting from Taylor Fry's calculations is a profit of 4.5-6 per cent of gross premium for the representative insurer. As the range of profit margins relates to a representative insurer, they are illustrative only. It is fully expected that profit margins filed by individual insurers may vary from them, reflecting the insurers' own business structures. The MAA accepts that the level derived by the Taylor Fry methodology sets the minimum level of profit to ensure an adequate return on capital and that actual profit levels will be within a range above this as long as the level is justified by the insurer and not considered by the MAA as excessive.

Over the last six years, profit margins ranged from 7.5 to 10 per cent for individual insurers, with an industry average between 7.7 and 8.7 per cent. The MAA considers this range of profit margins to be reasonable although the MAA has ongoing discussions with the CTP insurers who believe that the level of profit derived from the Taylor Fry methodology is not adequate.

Following the passage of legislation by the NSW Parliament in May 2006, special benefits for children including lifetime care and support were scheduled to commence on 1 October 2006. This required insurers to submit filings to the MAA in July 2006 for policies incepting 1 October to reflect the new benefit structure. Given this need, the MAA did not require insurers to lodge a filing in 2005-06. According to s26(1) of the MAC Act an insurer must lodge a filing once each year or such longer period as the MAA may allow. Insurers were still able to file for changes to their premiums at any time.

Profit margins in insurer filings

Filing period	Range (%)	Weighted average (%)
1999-00	7.5 – 9.5	7.7
2000-01	7.5 – 9.5	7.9
2001-02	7.5 – 9.5	8.2
2002-03	7.5 – 9.5	8.2
2003-04	7.5 – 9.7	8.5
2004-05	7.5 – 10.0	8.7
2005-06	7.5 – 10.0	8.7

The slight increase in the projected profit margin in recent years reflects increased allocation of capital to this line of business in accordance with revised APRA standards. The MAA believes the risk of writing business in the NSW CTP scheme is less than for other long tail business because of the legislative changes to promote scheme stability and the existence of a regulator to closely monitor scheme performance. The MAA also believes that with the introduction of the Lifetime Care and Support (LTCS) Scheme, insurers will require less capital to underwrite CTP as a significant portion of the risk will be included in the LTCS fund and therefore insurers will require a lower amount of profit from CTP.

Realised profit

Section 5(2)(d) of the Act provides that the insurers, as receivers of public money that is compulsorily levied, should account for their actual profit margins. The assessment of profit requires a review of the development of the underwriting year from the time of the premium filing. The premium filing includes the insurers' prospective estimates of the profit margin but the actual profit or loss that an insurer may ultimately make will depend on the extent to which the other assumptions in the premium filing are correct.

The profit or loss that an insurer makes on an underwriting year will depend in the main on the level of claim liabilities. During the development of an underwriting year as claims are received and paid, insurers identify a central estimate of claims cost in regular valuations. To meet APRA requirements insurers must hold a risk margin above the central estimate. If subsequent valuations identify a reduction in the claims cost, insurers will be able to release a proportion of the prudential margin for that underwriting year. That can happen at any time during the development of an underwriting year. However, it may also be necessary for insurers to strengthen their reserves if the valuation identifies increased claims cost.

The table opposite presents the current estimates of claims liabilities for each underwriting year and the estimated profit as a percentage of written premium. It is important to note that this is only an estimate of what the realised profit will be if the current liability valuation is correct.

Historically, NSW CTP experience has been volatile. Insurers' profit under the *Motor Accidents Act 1988* from 1991 to 1999 varied from an estimated 33 per cent loss in 1994 to an estimated 26 per cent profit in 1996. The average profit for this period is estimated to be eight per cent of premiums.

The MAA assesses the estimated future profit by accounting for the actual payments made to date and current estimates of the liabilities for each underwriting year. These estimates do not represent actual profit but a current indication of the profit that may be realised once all claims are paid if the current liability valuations prove correct. They are, therefore, heavily qualified by the fact that they will change as the scheme develops further and claims are paid. For example, even for the first underwriting year of the new scheme with 94 per cent of full claims finalised, this represents only 80 per cent of the estimated ultimate incurred claim cost. As the larger claims are finalised over the next few years, this may change the estimated incurred claims cost.

Scheme development by underwriting year (all figures are in $ millions)

Year ended 30 Sep	Premiums written	Acquisition costs [1]	Estimate of ultimate claims costs in insurers' premium filings		Estimated ultimate claims cost excluding claims handling expenses			Estimated ultimate claims cost including claims handling expenses	Estimated profit
			Discounted [2]	Discounted +15% prudential margin [3]	Undiscounted	Discounted	Discounted +15% prudential margin	Discounted +15% prudential margin	
2000	1325	200	1053	1211	998	710	732	774	350 (26.5%)
2001	1321	198	977	1123	1033	767	806	852	271 (20.5%)
2002	1342	185	997	1146	1095	796	860	909	248 (18.5%)
2003	1395	197	1018	1171	1211	907	1005	1063	135 (9.7%)
2004	1476	222	1061	1220	1292	935	1053	1117	137 (9.3%)

Claim payments

Year ended 30 Sep	Claim payments to 30/9/06		% of full claims finalised	Estimated proportion of claims costs paid	
	Actual $m	Discounted $m		Undiscounted	Discounted
2000	722	566	94%	72%	80%
2001	614	511	91%	59%	67%
2002	435	372	82%	40%	47%
2003	282	256	66%	23%	28%
2004	159	149	49%	12%	16%

Notes:

1 Including estimated net cost of reinsurance

2 The discounted value of the claims estimate translates the estimated ultimate total claim payments back to underwriting year dollars for valid comparison. The actual amount that insurers pay will be greater than the discounted amount.

3 APRA requires that insurers' estimates of their claim liabilities include a prudential margin that will provide at least a 75% probability that the insurers' provisions are sufficient to cover their liabilities. This represents a prudential margin of approximately 15%.

Noting these qualifications, the table sets out the current position and estimates for each underwriting year of the new scheme. Differences between the current estimate of claims cost and the estimate included in insurer filings are due to reductions in the two components – claim frequency and average claim size – on which the insurers' risk premium is based.

To calculate a risk premium, insurers estimate the frequency of full claims, that is, the number of full claims per registered vehicle. The actual claim frequency has been lower than the projected claim frequency. Furthermore, the claim frequency has decreased from one underwriting year to the next. This is partly due to a drop in the rate of casualties/registered vehicle. It should also be noted that all Australian CTP jurisdictions report a decrease in claim frequency.

The average claim size has been lower than projected in premium filings reflecting the effective implementation of the 1999 reforms. With the introduction of the untested reformed scheme in 1999, insurers originally filed for less than 100 per cent scheme effectiveness in the first years of the scheme. As the scheme settled and demonstrated its effectiveness, insurers responded by incorporating scheme effectiveness of 100 per cent in their filings with the effect that premiums reduced further.

New scheme claims experience by accident year

Accident years are from 1 October to 30 September, except for Year 1 which runs from 5 October to 30 September (as the scheme began on 5 October 1999)

At the end of June 2006, a total of 86,507 notifications had been received by insurers in relation to accidents from 5 October 1999. Of the total there were 69,578 full claims, and 16,929 accident notification forms (ANFs) which had not converted to full claims by 30 June 2006. It is estimated that there will ultimately be more than 90,000 notifications in relation to the accident period from 5 October 1999 to 30 June 2006. The estimated ultimate number of notifications for each accident year is greatest for the first accident year being almost 17,000 and reduces to around 12,000 notifications for more recent accident years.

Accident year	Full claims	ANFs	Total claims	IBNR estimates	Estimated ultimate claims
1) 1999-00	14074	2670	16744	43	16787
2) 2000-01	12375	2902	15277	69	15346
3) 2001-02	10966	2703	13669	111	13780
4) 2002-03	9772	2537	12309	180	12489
5) 2003-04	9680	2284	11964	369	12333
6) 2004-05	8993	2067	11060	780	11840
7) 2005-06	3718	1766	5484	2751	8235
Total	**69578**	**16929**	**86507**	**4303**	**90810**

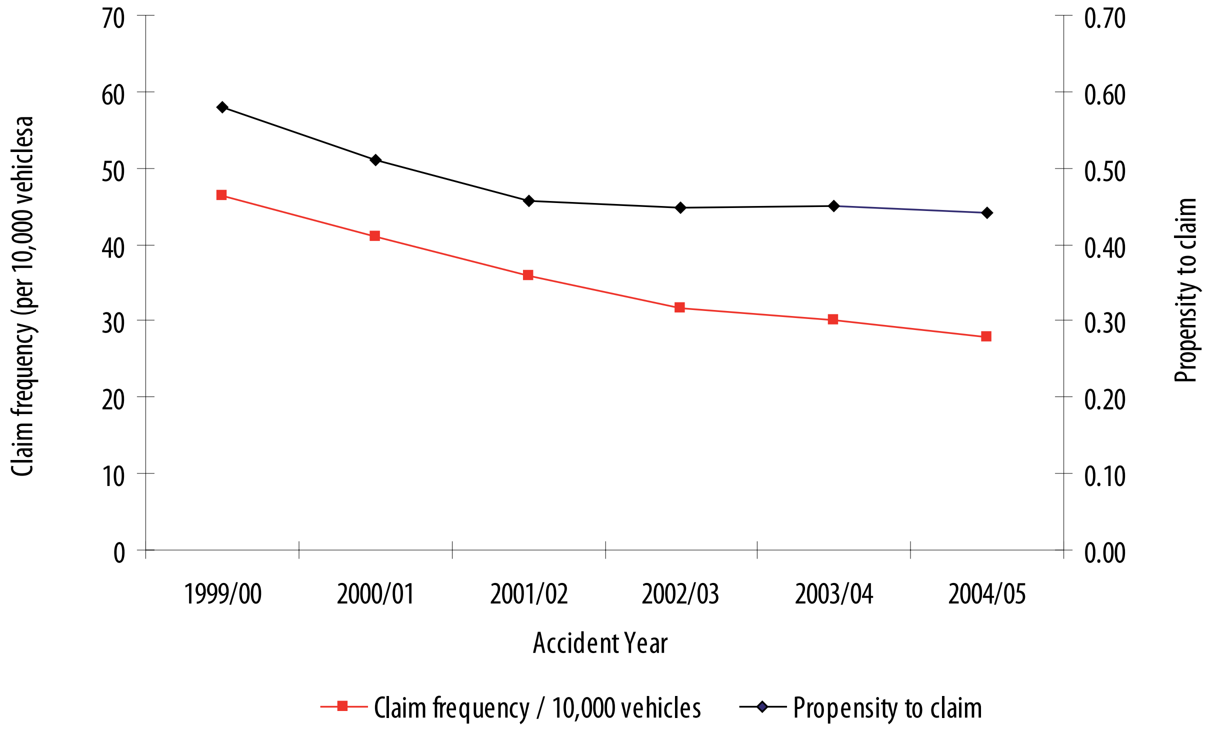
Note: Accident years are 1 October to 30 September. 2005/06 covers only 9 months

The estimated ultimate number of notifications is used to calculate two measures: claim frequency and propensity to claim. Claim frequency is the number of notifications per 10,000 registered vehicles. Claim frequency has dropped from an estimate of 46 for the first accident year to around 30 for the most recent accident years. This is at least partly due to the increase in the number of registered vehicles over the period and the reduction in the rate of casualties/registered vehicle. It is noteworthy that all Australian CTP jurisdictions report a decrease in claim frequency, which suggests that the decrease may be due to factors outside the CTP schemes, such as effective road safety campaigns and the prolonged drought, for example.

The propensity to claim is the number of notifications per NSW road casualty. The upper limit of this measure would be well below 100 per cent in NSW, as the scheme is fault based and injured people may lodge a claim if a vehicle owner or driver, other than themselves, caused the injuries. The estimated propensity to claim (including ANFs) is 58 per cent for accident Year 1 (similar to later years of the old scheme when the rate was around 60%) and has dropped to 46 per cent for more recent accident years.

Accident year	Registered vehicles ('000)	Claim frequency / 10,000 vehicles	NSW road casualties	Propensity to claim	Casualties / 10,000 vehicles
Old scheme 1998-99	3,556	47	27,045	0.61	76
1) 1999-00	3,644	46	29,061	0.58	80
2) 2000-01	3,737	41	29,993	0.51	80
3) 2001-02	3,829	36	30,080	0.46	79
4) 2002-03	3,934	32	27,745	0.45	71
5) 2003-04	4,049	30	26,961	0.46	67
6) 2004-05	4,118	29	25,834	0.46	63

Notes The table does not include 2005/06 which only covers 9 months



The following table presents information on each accident year at 30 June 2006. When comparing accident years, it is necessary to note the long tail nature of the scheme and that the profile of each accident year will change over time. Each accident year in the table is at a different stage of development and this means that comparisons between accident years are not straightforward. It must be noted that the numbers do not include an estimate of incurred but not reported (IBNR) claims. They are actual reports.

	Accident year							
	1	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
Full claims	14074	12375	10966	9772	9680	8993	3718	69578
Direct full claims	*10799*	*8859*	*7953*	*6827*	*6752*	*6297*	*2446*	*49933*
Converted ANFs	*3275*	*3516*	*3013*	*2945*	*2928*	*2696*	*1272*	*19645*
ANFs (not converted)	2670	2902	2703	2537	2284	2067	1766	16929
Total notifications	16744	15277	13669	12309	11964	11060	5484	86507
% ANFs of total notifications	35.5	42.0	41.8	44.5	43.6	43.1	55.4	42.3
Finalised notifications	15969	14196	12005	9376	7428	4889	1066	64929
% finalised	95.4	92.9	87.8	76.2	62.1	44.2	19.4	75.1
% legal representation: full claims	61.4	60.2	55.9	56.0	55.4	51.0	48.7	56.7
% legal representation: total notifications	52.2	49.7	45.5	44.9	45.3	41.7	34.2	46.2
% litigated: full claims	7.6	6.9	6.3	4.6	2.9	0.8	0.1	4.9
% litigated: total notifications	6.4	5.6	5.0	3.7	2.4	0.6	0.1	3.9

Note: Year 7 only covers 9 months.

Scheme effectiveness

The 1999 legislation sought to streamline the claims process to make it less adversarial and court based, and so reduce transaction costs and also provide a more claimant friendly environment.

Earlier access to compensation

One aim of the legislation was to improve claimants' access to earlier payments for treatment thus assisting in improved health outcomes for claimants and maximising their recovery. A key reform was the introduction of the Accident Notification Form (ANF). This allows claimants to make a claim more easily and more quickly, and it ensures faster payment from the insurer. The ANF gives insurers a 10 day deadline to accept provisional liability and entitles the injured person to a maximum of $500 for medical and treatment expenses. Liability is deemed accepted for passengers and pedestrians.

By 30 June 2006, 36,500 ANFs had been lodged. That is, 43 per cent of claimants used this simplified procedure to notify insurers of their claim and receive more immediate compensation. ANFs may convert to full claims if treatment expenses exceed the ANF limit or if claimants wish to claim for other heads of damages. Since the start of the scheme in October 1999, 55 per cent of ANFs have converted to full claims.

To measure scheme effectiveness, the experience of the first accident year, i.e. the most developed, from its start to the end of June 2006, is compared against the experience of the last year of the old scheme at the end of June 2005. The number of notifications received by the end of June 2006 for accident year 1 was 16,744 which was three per cent more than the number of claims received in relation to the last year of the old scheme at the same stage of development.

Timing and service delivery

The introduction of ANFs reduced the time it takes for an injured person to make a claim and for compensation payments to be made. In the first accident year of the 1999 scheme the average time to lodge an ANF was 30 days. The notification period (the time from the accident to notification) dropped by 13 per cent. The shorter notification period has been maintained in subsequent accident years.

The average time to the first payment to the claimant dropped by 22 per cent and the average time to finalisation also reduced by one per cent. Insurers reduced the time to determine liability on full claims by 26 per cent. These trends indicate that injured people now lodge claims more quickly and access funds for the treatment of their injuries more quickly. Insurers make liability decisions sooner and settle claims more quickly.

Legal representation

Of injured people lodging full claims, 61 per cent were legally represented compared to 68 per cent of claimants in the last year of the old scheme. In total there was legal representation in 52 per cent of year 1 notifications.

Litigation

In eight per cent of year 1 full claims (equivalent to 6% of total notifications) litigation has commenced compared to 26 per cent of claims from the last year of the old scheme at the same stage of development. Accident years 2 and 3 are duplicating the development of year 1. However, there is a slight increase in level of litigation for accident years 4 and 5.

Claims handling and treatment guidelines

A key aim of the MAC Act was to improve insurers' management of claims and provision of rehabilitation and treatment to claimants. The MAA developed claims handling and treatment guidelines for insurers in consultation with relevant stakeholders.

The Treatment, Rehabilitation and Attendant Care (TRAC) Guidelines aim to improve consistency in insurers' decision making about treatment, rehabilitation and attendant care for CTP claimants. These guidelines were initially developed in 1998 and insurers' compliance with the guidelines was audited in 1999. The guidelines were substantially revised after the introduction of the MAC Act in 1999 and were further revised in May 2004. The MAA most recently audited insurers on these revised guidelines in the first half of 2005. All insurers achieved an overall satisfactory rating on the full range of the criteria. Three of the six insurers exceeded the required standards with two achieving an overall commendable result and one (QBE) achieved an overall excellent result.

Following the 2005 TRAC audits, each insurer provided a Quality Action Plan (QAP) to the MAA in July 2005 responding to the recommendations made in their individual audit reports. The MAA has reviewed the QAPs and considers that they comprehensively address the auditors' recommendations. The insurers are required to provide a report to the MAA on the implementation and outcomes of their QAPs by 31 August 2006. In addition, insurers will provide the MAA with a self assessment report on their compliance performance with the TRAC guidelines in April 2007.

The MAA, with the assistance of an expert group, developed the Whiplash Associated Disorders (WAD) guidelines and published them in 2001. Over the past 12 months, the MAA has continued to see trends in payment for treatment that are consistent with the guidelines. In particular, sustained reductions in physiotherapy and chiropractic costs have been noted, with appropriate allocation of monies for pain management programmes. The guidelines are being revised to reflect current evidence based practice and will be published in 2007. An extensive implementation and education plan will follow.

The Claims Handling Guidelines (CHGs) were developed by the MAA in 2000 in consultation with the Insurance Council of Australia (ICA), the Council of the Bar Association and the Council of the Law Society. The MAA conducted regulatory compliance audits of insurers' files against the CHGs in 2002 and 2003. The 2003 audit indicated that insurers complied with the majority of claims handling requirements. Revised CHGs were issued by the MAA on 1 July 2004 after consultation with the ICA, the Council of the Bar Association and the Council of the Law Society. In addition to including general principles for claims handling, the major changes were new requirements that insurers provide:

- reasons for an allegation of contributory negligence
- copies of all treatment provider reports in their possession, and
- advice about their internal dispute resolution procedures when declining to pay for treatment expenses.

During the reporting period, the MAA further reviewied the CHGs in consultation with the ICA, the NSW Bar Association and the Law Society about proposed amendments to extend the obligations of insurers in the use of surveillance. The MAA will re-issue the CHGs upon completion of the consultation process.

One of the requirements of the CHGs is that insurers review and monitor their compliance with the guidelines and submit self reports to the MAA each year. This annual report is due by mid February each year in relation to the previous calendar year. During the reporting period the MAA found that all insurers' self reports had improved significantly in quality and level of reporting detail, and that insurers' compliance with the CHGs continued to improve.

Fairness

All payment figures are historical

The scheme is intended to provide a fair and equitable system for claimants ensuring that the most seriously injured receive maximum compensation. Serious brain injury claims represent one of the most significant serious injury groups, and historically have been a high cost group of claims. The experience of the most serious brain injury claims in the new scheme is examined by comparing the first accident year of the new scheme at the end of June 2006 with the last accident year of the old scheme at the end of June 2005.

A total of 166 serious brain injury claims were made relating to accidents in the first accident year after the reforms, compared to 160 claims relating to accidents in the last accident year before the reforms.

Average time to determine liability reduced by 32 per cent. Almost 95 per cent of both old and new scheme claimants were legally represented. Litigation had been commenced in 52 per cent of new scheme claims compared to 55 per cent of old scheme claims at the same stage of development.

There were 55 new scheme claims finalised with liability fully accepted (33%) compared to 44 (28%) old scheme claims. The rate of litigation was 33 per cent of finalised new scheme claims compared to 75 per cent of old scheme finalised claims. The average payment, excluding legal and investigation costs, increased by 74 per cent to $947,200. Non-economic loss payments were made on 44 finalised new scheme claims and 41 finalised old scheme claims. The average non-economic loss payments on new scheme claims was $176,100, 42 per cent higher than the average on old scheme claims.

Health outcomes

One aim of the 1999 legislation was earlier acceptance of compensation claims and earlier access to treatment for injured claimants. The legislation also introduced restrictions to non-economic loss damages for claimants with whiplash associated disorders (WAD). In 2001, the MAA developed clinical treatment guidelines for acute WAD in conjunction with a working party of health providers, insurers and the legal profession. They provide guidance to treatment providers and insurers on best practice management of claimants with WAD. The MAA has provided training to insurers and providers as part of its guideline implementation and will continue to do so when the revised version of acute WAD guidelines is completed early next year.

In May 2001, the MAA commissioned a consortium of PricewaterhouseCoopers (PwC) and the University of Sydney to evaluate the impact of the 1999 legislation and the WAD guidelines on the health outcomes of claimants. The evaluation was based on three cohorts of claimants namely people injured in 1999 (before the legislation changes), 2001 and 2003. Overall, the study found that health outcomes two years post injury improved, i.e. following the 1999 legislation and WAD guidelines: 52 per cent of the 2001 cohort and 49 per cent of the 2003 cohort had recovered two years after injury (as defined by a score of ≤ 25 on the Functional Rating Index) compared to 37 per cent of the 1999 cohort. Similarly, the later cohorts reported significantly better physical health related quality of life. Pain, disability and physical functioning all improved over time. However, there was no significant difference in mental health related quality of life between the 1999 cohort and the 2001 and 2003 cohorts.

In addition to improved health outcomes, the cost of WAD claims was reduced. Overall, the pattern of costs reflected earlier access to treatment, reduced legal fees and reduced non-economic loss payments. In particular, average claim size of smaller claims that finalise relatively quickly reduced. However, for larger claims that were slow to finalise there were higher medical and economic loss payments.

While the reported improved health outcomes for claimants is certainly positive, whiplash injury clearly had a large effect on the health of the later cohorts with about 50 per cent still not recovered at two years. Therefore, the MAA will continue to support strategies, such as better identification of claimants not likely to recover and referral to appropriate treatment. These strategies aim to prevent the development of chronic ill health after WAD. The MAA will also investigate the development of guidelines for chronic neck pain in 2007 after the Canadian Bone and Joint Decade 2000-2010 Task Force on chronic neck pain publishes the results of an extensive systematic review.

Claim payments

All payment figures are historical

To achieve both aims of lowering the cost of greenslips and maintaining compensation levels for seriously injured claimants, the legislation provides access to non-economic loss payments only to claimants with greater than 10 per cent permanent impairment, and provides economic loss payments only after the first five days' loss of pay. The reforms also aimed to increase the scheme's efficiency, which means that as much as possible of the premium dollar is available to claimants for compensation. In order to achieve this objective, legislation was introduced to limit transaction costs including legal costs, medico-legal costs and investigation costs.

The estimated total incurred cost of the scheme to date based on payments and insurers' outstanding estimates on individual claims is $6.2 billion including bulk billing costs for public hospitals and ambulance services. It should be noted that this estimate of claims costs does not include a component for claims that have not yet been reported. It is the aggregate of estimates attached by insurers to individual reported claims. These estimates are revised throughout the life of a claim. Revisions are made in response to stabilisation of the claimant's injuries and factors such as superimposed inflation and legal precedent.

A total of $2.7 billion has been paid, representing 44 per cent of incurred. The estimated incurred cost is fairly constant at just below $1 billion for each accident year. Naturally payments are highest for the earliest accident years both because those years are more developed and also because the numbers of claims notified were higher.

Although 95 per cent of year 1 claims have been finalised, only 80 per cent of the incurred cost has been paid, indicating that the claims with more serious injuries and therefore higher costs are still outstanding.

Payment year	Accident year							
	1	2	3	4	5	6	7	Total
	$ millions							
Year 1	13							13
Year 2	42	13						54
Year 3	74	45	13					132
Year 4	147	91	50	13				301
Year 5	212	171	76	43	13			515
Year 6	150	241	180	96	71	16		754
Year 7	101	115	172	133	75	39	8	643
Payments to 30/06/06	740	674	491	285	160	55	8	2413
Bulk Bill for ambulance & public hospital	36	36	36	39	42	42	43	275
Total payments	776	711	527	324	202	97	51	2688
Incurred cost inc bulkbill	959	964	968	983	983	867	438	6162
% paid	81%	74%	54%	33%	21%	11%	12%	44%

Notes: (1) Accident years and payment years are from 1 October to 30 September. (2) Year 7 covers only 9 months.

Analysis of verdicts

Response to Law and Justice Committee recommendation

In its Sixth Report Review of the exercise of the functions of the Motor Accidents Authority and the Motor Accidents Council the Legislative Council Standing Committee on Law and Justice recommended that "the MAA conduct analysis from their own databases on the level of damages awarded by the New South Wales courts in relation to personal injury suffered as a result of motor vehicle accidents since the 1999 amendments to the Scheme".

In response to the recommendation, the MAA agreed to conduct the analysis and include the results in the MAA's 2005-06 Annual Report. The analysis is based on data supplied by insurers to the Personal Injury Register (PIR) maintained by the MAA. Data are supplied to the register by the insurer of the vehicle most at fault in the accident against whom claims are lodged.

At the end of June 2006, 95 new scheme claims had finalised by court verdict. Almost three-quarters of these claims related to accidents that happened in the first two years of the new scheme. The claims fell into five main categories.

Category	Number	%
Interstate or recovery claims, not bound by NSW CTP legislation	14	15%
Nominal Defendant claims (12 of which were rejected)	14	15%
Other claims (liability rejected)	28	29%
Other claims (liability partially accepted)	9	10%
Other claims (liability fully accepted)	30	31%
All court verdicts to date	95	100%

Broadly speaking, just over half of the claims (51 cases) went to court primarily because of a dispute about liability. This included 14 Nominal Defendant claims, most of which involved the allegation that an unidentified vehicle was at fault in the accident. Legal and investigation costs accounted for 44 per cent of total payments made on these 51 claims. Fourteen claims (15%) related to an interstate accident or a workers compensation recovery. In these claims the assessment of damages was not bound by NSW CTP legislation.

In the remaining 30 claims (31%) liability may or may not have been disputed, but was ultimately recorded as fully accepted by the insurer. In these cases, the court determined the amounts payable under each head of damages. The average incurred cost of these 30 claims was $332,539, with a minimum value of $14,422 and a maximum of $5,685,506.

Four claims had a total incurred cost of less than $25,000. Thirteen had an incurred cost of between $25,000 and $100,000. Thirteen claims had an incurred cost of more than $100,000.

Claim size	Number of claims	Percentage
Under $25,000	4	13
$25,000 to $50,000	6	20
$50,000 to $100,000	7	23
$100,000 to $250,000	7	23
$250,000 & over	6	20
Total	30	100

The table below shows the proportion of total payments in each of the major heads of damages. Care costs were the largest component, accounting for 35 per cent, followed by economic loss (27%). Legal and investigation costs accounted for 15 per cent of total payments.

Heads of damages	Percentage
Care costs	35
Economic loss	27
Legal and investigations	15
Medical and hospital	7
Non economic loss	6
Aids and modifications	5
Other	5
Rehabilitation	0

Motor Accidents Assessment Service

The 1999 legislation introduced the Motor Accidents Assessment Service (MAAS) to assess disputes in the claims process with minimal recourse to litigation. MAAS is comprised of the Medical Assessment Service (MAS) and the Claims Assessment and Resolution Service (CARS). The first three years of the scheme saw relatively few lodgements at MAAS followed by an influx of applications from 2002 to 2004 first at MAS then at CARS. Since 2004, applications appear to be stabilising at around 10,000 applications a year. The proportion of lodgments that relate to MAS has continued to decrease after an initial influx in the early years, with the MAS component reducing to 55% of all lodgments in 2005/6.

Applications	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
MAS	4,592	77	7,205	63	6,680	60	6,431	59	5,543	55
CARS	1,396	23	4,204	37	4,803	40	4,418	41	4,480	45
Total	**5,988**	**100**	**11,409**	**100**	**11,483**	**100**	**10,849**	**100**	**10,023**	**100**

Medical Assessment Service

MAS is an independent medical assessment service that facilitates early resolution of medical disputes about treatment, stabilisation, the degree of permanent impairment and the degree of impairment to a claimant's earning capacity from injuries caused by a motor vehicle accident. Assessment is by referral to health experts appointed under the Act as medical assessors. MAS decisions about past treatment, permanent impairment and stabilisation are binding on the parties, CARS and the courts.

Lodgement and matters finalised

The recent decrease in lodgements is largely a result of a drop in treatment and earning capacity disputes. As might be expected, applications for further medical assessment have increased each year as the scheme continues to mature. Permanent impairment/stabilisation applications continue to be the largest category by an increasing margin, now accounting for 80 per cent of MAS applications in 2005-06. The total number of finalised primary MAS matters in the reporting period was 4,371 compared to the 3,815 lodgements, representing a finalisation rate of 1.15.

MAS primary applications	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Treatment	785	18	1,312	20	806	16	657	14	369	10
Permanent impairment, stabilisation	2,493	57	3,807	58	3,468	68	3,421	72	3,042	80
Earning capacity	1,076	25	1,439	22	788	16	648	14	404	10
Sub total*	4,354	100	6,558	100	5,062	100	4,726	100	3,815	100

* *Not including furthers (978) and reviews (750). These are dealt with in later tables.*

MAS primary matters finalised	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Treatment	355	17	962	19	1,161	17	674	14	491	11
Permanent impairment, stabilisation	1,136	56	2,864	58	4,282	63	3,430	72	3,367	77
Earning capacity	546	27	1,115	23	1,292	20	656	14	513	12
Sub total	2,037	100	4,941	100	6,735	100	4,780	100	4,371	100

Once an assessment has been completed by MAS, either party to the dispute may apply for a further medical assessment if there is a deterioration of the injury or additional relevant information about the injury. In this reporting period, the number of further assessment applications increased slightly, as did the indicator rate of the proportion of furthers sought against total matters finalised in the same period. The total number of finalised applications for further assessment in the reporting period was 948 compared to the 978 lodgements. This represents a finalisation rate of 0.97.

Furthers lodged	99-02	02-03	03-04	04-05	05-06
Applications for further lodged	51	245	772	967	978
Total MAS matters finalised*	**2,070**	**5,441**	**7,737**	**6,550**	**6,032**
% of furthers to MAS matters	2.5%	4.5%	10.0%	14.8%	16.2%

* *All finalised primary disputes (4,371) and reviews (713) and furthers (948) are counted in this indicator, as a further may be lodged after any of these events.*

Furthers applications finalised#	99-02	02-03	03-04	04-05	05-06
Applications not accepted*	19	17	118	168	66
Settled, withdrawn, rejected*	11	11	34	59	63
Total Furthers assessed*	3	93	298	606	819
Total finalised	**33**	**121**	**450**	**833**	**948**

 # Indication based on data extrapolated from charts below. ** See charts below for detailed data on these issues.*

Dispute outcomes

It is important to note that a MAS matter may include more than one dispute. Consequently, the number of reported outcomes will exceed the number of matters that have been finalised. Outcomes relate to matters finalised during the reporting period.

Treatment dispute outcomes

Insurers pay for most treatment for people injured in motor vehicle accidents. Occasionally a dispute may arise over a specific form of treatment. There are two types of treatment disputes:

- related treatment – whether or not a specified treatment relates to the injury caused by the motor accident (past and/or future)
- reasonable and necessary (R&N) – whether the specified treatment is/was reasonable and necessary in the circumstances (past and/or future).

In this reporting period, the proportion of related treatment outcomes was consistent with 2004/05 outcomes. Note: the reduction in the number of assessments is in line with the continued reduction in the number of treatment dispute lodgements. The finding of *treatment not reasonable and necessary* continued to increase to 45% of assessments, however, this may be somewhat misleading. As assessors must make their determinations on the dispute *as described by the parties*, unless the treatment described by the parties is exactly what the assessor determines is R&N, the assessor must find against the described treatment. The assessor will usually then list the level/frequency etc of the listed treatment that is/was R&N, and this may be quite similar to that sought in the application.

Related treatment	99-02	%	02-03	%	03-04	%	04-05	%	05-06	%
treatment related	41	47	66	31	115	40	103	53	80	51
treatment related in part	31	36	93	44	106	37	43	22	36	23
treatment not related	15	17	51	25	64	23	48	25	40	26
Total disputes assessed	**87**	**100**	**210**	**100**	**285**	**100**	**194**	**100**	**156**	**100**
Settled, withdrawn, rejected	14		49		80		99		77	

R&N treatment	99-02	%	02-03	%	03-04	%	04-05	%	05-06	%
treatment R&N	20	7	64	9	91	11	77	19	71	22
treatment partly R&N	174	61	427	60	448	57	169	41	105	33
treatment not R&N	91	32	224	31	248	32	165	40	144	45
Total disputes assessed	**285**	**100**	**715**	**100**	**787**	**100**	**411**	**100**	**320**	**100**
Settled, withdrawn, rejected	62		217		328		230		134	

Permanent impairment and stabilisation assessment outcomes

Whole person impairment (WPI) is the assessment of the degree of permanent impairment resulting from the injuries caused by the accident. A WPI rating over the threshold of 10 per cent entitles the claimant to claim compensation for non-economic loss. Applications for stabilisation and WPI assessments are usually received and assessed together. Stabilisation refers to a dispute about whether the injuries are stable and unlikely to change significantly. Impairment must be permanent before the degree of WPI can be determined. The WPI and stabilisation outcomes are entirely consistent with those of the past two years. The categories of "Not permanent and likely not over 10%" and "Not permanent and likely over 10%" will not appear in future reports as these will be captured in the "Assessment Declined" category.

Whole person impairment	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Permanent and not over 10%	81	9	1,901	84	2,740	80	2,152	77	2,345	80
Permanent and over 10%	15	2	244	11	582	17	567	20	540	19
Not permanent and likely not over 10%	702	79	102	4	87	2	48	2	38	1
Not permanent and likely over 10%	88	10	12	1	24	1	16	1	4	0
Total assessments	**886**	**100**	**2,259**	**100**	**3,433**	**100**	**2,783**	**100**	**2,927**	**100**
,	184		448		553		435		422	

* *Under section 132(3) of the Act, an Assessor may decline to assess the degree of whole person impairment of an injured person if the injuries have not stabilised*

Stabilisation	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
No injuries considered stable	75	8	68	3	63	1	37	1	39	1
Some injuries considered stable	74	8	177	7	322	9	293	10	208	7
All injuries considered stable	793	84	2,124	90	3,290	90	2,622	89	2,698	92
Total assessments	**942**	**100**	**2,369**	**100**	**3,675**	**100**	**2,951**	**100**	**2,945**	**100**
Settled, withdrawn, rejected	130		301		285		233		306	

Earning capacity dispute outcomes

Earning capacity assessments determine whether there has been an impairment of capacity to earn an income – either in the past (from the accident date to the assessment) or in the future (from the assessment onwards) – as a result of the injuries suffered in the accident. These assessments are not binding but are indicative for the parties, CARS assessors and the courts. In this reporting period, the outcomes of both past and future earning capacity disputes have been consistent with outcomes over the previous two years, albeit on a reduced volume of assessments consistent with the reduction in lodgements of these disputes.

Past earning capacity	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
No impairment to past earning capacity	39	25	182	23	131	12	52	10	50	12
Impairment to past earning capacity	119	75	622	77	944	88	484	90	372	88
Total assessments	**158**	**100**	**804**	**100**	**1,075**	**100**	**536**	**100**	**422**	**100**
Settled, withdrawn, rejected	42		103		90		53		47	

Future earning capacity	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
No impairment to future earning capacity	252	59	526	57	437	39	207	37	176	38
Impairment to future earning capacity	175	41	395	43	680	61	351	63	284	62
Total assessments	**427**	**100**	**921**	**100**	**1,117**	**100**	**558**	**100**	**460**	**100**
Settled, withdrawn, rejected	106		158		127		72		50	

Further medical assessment outcomes

An application for a further medical assessment will only be accepted for assessment if additional relevant information or evidence of a deterioration about an injury is provided and satisfies the Proper Officer (MAS) that it may change the outcome of the matter on further assessment (for example, from not greater than 10% WPI to greater than 10% WPI, or *vice versa*). A further assessment is a de novo (fresh) assessment. There was a significant increase in the proportion of applications for further assessment accepted (rising to 89%) and decrease in those not accepted (reducing by half from 23% to 11%) when compared to last year. The outcomes of matters where a further assessment has been completed are set out below. The proportion of further assessments materially changing the outcome of the original assessment reduced by 5%, however, there was a corresponding 4% rise in matters where there was a change to the outcome, but the change was not material and did not change the outcome. The proportion of cases where there was no change in the result at all remained stable (rising very slightly from 22% to 23% of all further assessments).

Further applications considered	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Accepted	178	90	154	90	450	79	558	77	543	89
Not accepted	19	10	17	10	118	21	168	23	66	11
Total	**197**	**100**	**171**	**100**	**568**	**100**	**726**	**100**	**609**	**100**
Settled, withdrawn, rejected	11		11		34		59		63	

Further assessment outcomes	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Total assessed	3		93		298		606		819	
Same as previous result	0	0	58	62	115	39	137	22	189	23
Material change to outcome	2	67	15	16	78	26	191	32	225	27
Changes but not material	1	33	20	22	105	35	278	46	405	50
Total	**3**	**100**	**93**	**100**	**298**	**100**	**606**	**100**	**819**	**100**
Assessment declined*, settled, withdrawn, rejected	0		3		21		44		65	

* *Under section 132(3) of the Act, an Assessor may decline to assess the degree of whole person impairment of an injured person if the injuries have not stabilised.*

Proportion of MAS assessments where the outcome changed after a further assessment

MAS assessments where outcome was reversed after a further assessment	**99-02**	**02-03**	**03-04**	**04-05**	**05-06**
Total MAS matters finalised*	**2070**	**5441**	**7737**	**6550**	**6032**
Total furthers with outcome reversed	2	15	78	191	225
% where outcome was reversed	0.01%	0.3%	1.0%	2.9%	3.7%

** All finalised primary disputes (4,371),and reviews (713) and furthers (948) are counted in this indicator, as a further may be lodged after any of these events.*

The overall proportion of all MAS assessment outcomes reversed after a further assessment remained low.

Reviews of medical assessments

Either party may apply for the review of a MAS assessment (original or further). A MAS application may be referred to more than one assessor for determination (for example, different assessors to assess different injuries in the case of impairment). Each of those assessments can be subject to review. The number of applications, and the proportion of review applications to the total number of MAS assessments, remained consistent with last year's results. The total number of finalised reviews in the reporting period was 713 compared to 750 lodgements. This represents an approximate finalisation rate of 0.95. A review application will only be accepted if the Proper Officer (Reviews) is satisfied that there is reasonable cause to suspect that the assessment was incorrect in a material respect. In 2005-06 there were a reduced number of applications considered compared to 2004-05. This follows the commitment of additional resources in 2004-05 to address a large number of outstanding applications that, in turn, resulted in an unusually high number of decisions in that year. The proportion of applications accepted and referred to a panel this year increased to 22% (compared to 18% last year) continuing a rising trend since 2002-03.

There was an increase from 50% (2004-05) to 60% (2005-06) in the proportion of review panel decisions that reversed the outcome of the assessment. This result may be a little misleading as the reversal of the outcome may result from additional information provided by the parties to the review panel rather than the amendment of any error. The overall proportion of MAS assessments reversed on review remained extremely low at just 1.4%.

Review lodgements and matters finalised

Reviews lodged	99-02	02-03	03-04	04-05	05-06
Applications for review lodged	187	402	846	738	750
Total MAS assessments*	**1,902**	**5,112**	**7,237**	**5,256**	**5,122**
% of review applications to assessments	9.8%	7.9%	11.7%	14.0%	14.6%

** Treatment (476), WPI, stabilisation (2,945), earning capacity (882) & further (819) assessments are included. Note: A review panel decision cannot be subject to a review.*

Review applications finalised#	99-03	03-04	04-05	05-06
Applications not referred to a panel*	315	524	793	591
Review panel decisions*	64	28	144	122
Total finalised	**379**	**552**	**937**	**713**

 # Approximation only based on data extrapolated from charts below. ** See charts below for detailed data on these issues.*

Review outcomes

Review applications accepted	99-02	02-03	03-04	04-05	05-06
Applications considered	134	225	596	973	757
Applications referred to a panel	21	23	72	180	166
% of review applications referred to a panel	16%	10%	12%	18%	22%

Review panel decisions	99-03	%	03-04	%	04-05	%	05-06	%
Confirmed previous certificate	20	31	9	32	23	16	25	20
Alteration to detail of previous certificate	6	9	5	18	49	34	25	20
Reversed the outcome of the assessment	38	60	14	50	72	50	72	60
Total panel decisions	**64**	**100**	**28**	**100**	**144**	**100**	**122**	**100**

Proportion of MAS assessments where the outcome changed after a review

MAS assessments where outcome reversed after review	99-03	03-04	04-05	05-06
Total MAS assessments finalised*	7014	7237	5256	5122
Total reviews reversing outcome	38	14	72	72
% of review outcomes reversing outcome	0.5%	0.2%	1.4%	1.4%

* *Treatment (476), WPI/stabilisation (2,945), earning capacity (882) & further (819) assessments are included. Note: A review panel decision cannot be subject to a review.*

Claims Assessment and Resolution Service

The Claims Assessment and Resolution Service (CARS) is an independent dispute resolution service for disputed claims. All disputed claims must go to CARS. There is no access to court unless the matter has been to CARS. CARS will either assess the claim or find the matter exempt or unsuitable for assessment and issue an exemption certificate allowing the matter to proceed to court.

CARS procedures are intended to be flexible with an emphasis on dealing with matters on the papers or at an assessment conference, rather than formal hearings. If the insurer admits liability, the CARS general assessment of the claim's quantum is binding on the insurer. The claimant can reject the assessment and proceed to court. However, cost penalties will apply if the claimant does not do significantly better at court. In addition to exemptions and general assessments, the legislation also provides for special assessments by CARS of five types of disputes about claims procedures.

Total CARS applications appear to have stabilised in the last two periods at around 4,400 applications a year, with the proportion of dispute types lodged also consistent in this period. In the reporting period, 4,895 CARS matters were finalised representing an increase of 600 more matters finalised than in the prior period, and also representing over 400 more matters being finalised than were lodged in this period. This represents a finalisation rate of 1.1.

The proportion of matters exempted remains very high, consistent with prior periods, notwithstanding a significant increase in the volume of exemptions determined this year compared to the previous years. The various reasons for the exemption of matters are shown below for this year and last year.

CARS applications lodged	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Exemptions	1,135	81	1,407	33	1,720	36	1,712	39	1,661	37
General assessment	166	12	2,597	62	2,835	59	2,470	56	2,337	57
Further assessment	0	0	1	0	2	0	10	0	7	0
Special assessment	95	7	199	5	246	5	226	5	278	6
Total	**1,396**	**100**	**4,204**	**100**	**4,803**	**100**	**4,418**	**100**	**4,480**	**100**

CARS finalised matters	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Exemptions	992	88	1,151	61	1,715	42	1,588	37	1,899	39
General assessment	60	5	594	31	2,106	52	2,483	58	2,723	56
Further assessment	0	0	0	0	1	0	3	0	11	0
Special assessment	72	7	141	8	252	6	222	5	262	5
Total CARS finalised matters	**1,122**	**100**	**1,886**	**100**	**4074**	**100**	**4,296**	**100**	**4,895**	**100**

Exemption outcomes

Exemption outcomes	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Exempted	688	72	963	87	1381	86	1205	83	1526	86
Not exempted	274	28	141	13	218	14	241	17	245	14
Total	**962**	**100**	**1,104**	**100**	**1,599**	**100**	**1,446**	**100**	**1,770**	**100**
Withdrawn/settled/dismissed	30		47		116		142		128	

Exempted outcome reasons	**04-05**	**%**	**05-06**	**%**

Total exempted matters	**1,205**	**83**	**1,526**	**86**
Liability/Fault denied	665	44	848	47
Contributary Negligence more than 25%	73	4	124	6
Injured person/dependant lacks legal capacity	18	1	24	1
Injured person/dependant under 18 years age	181	12	253	14
Claim against non CTP insurer	0	0	5	0
Complex legal issues	74	4	91	5
Liability deemed denied	100	6	103	5
False or misleading claim alleged	15	1	16	0
Injured person resides outside NSW	16	1	28	1
Material witness resides outside NSW	7	0	1	0
Non CTP party involved	72	4	80	4
Complex – insurer withdraws admission of liability	0	0	3	0
Complex – factual issues	65	4	64	3
Complex issues of assessment	59	3	42	2
Injured person has NEL and complex issues	16	1	12	0
Complex issues – another injury	26	1	8	0
Complex issues – another accident	16	1	13	0
Injuries not stabilised 3 yrs after accident	60	4	27	1
Issues of indemnity or insurance	21	1	22	1
Other	6	0	8	0
Total exempted reasons*	**1,490**	**100**	**1,772**	**100**

** It is important to note that the number of reported reasons for matters exempted from CARS will exceed the number of matters that have been exempted as there may be more than one reason for the exemption. Outcomes relate to matters finalised during the reporting period.*

There is little if any change in the distribution of exemption reasons for 2005-06 and they are largely consistent with the 2004-05 reporting period. The one area of difference is a reduced proportion of matters exempted because injuries were not stabilised within 3 years.

Special assessments outcomes

The majority of special assessments continue to require an assessment and these are predominantly carried out by internal claims assessment officers employed by the authority.

Special assessments	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Assessed	35	50	84	59	138	55	150	68	146	56
Settled	26	37	45	32	47	19	21	9	41	16
Withdrawn	5	7	7	5	59	23	46	21	60	23
Dismissed	4	6	5	4	8	3	5	2	15	6
Total	**70**	**100**	**141**	**100**	**252**	**100**	**222**	**100**	**262**	**100**

General assessments outcomes

In 2005-06, the proportion of settlements increased by 2% to 65% and the proportion of matters requiring an assessment decreased by 2% to 20%. The vast majority of assessments held are now undertaken by an assessment conference (479, 90%) as opposed to an assessment on the papers (56, 10%).

General and further assessments	**99-02**	**%**	**02-03**	**%**	**03-04**	**%**	**04-05**	**%**	**05-06**	**%**
Assessed at conference	3	5	38	6	195	9	399	16	479	18
Assessed on papers	10	17	102	17	205	10	153	6	56	2
Subtotal assessed	13	22	140	23	400	19	552	22	535	20
Dismissed	1	2	31	5	98	5	72	3	100	4
Withdrawn	6	10	35	6	88	4	124	5	100	4
Exempted	2	3	15	3	170	8	172	7	205	7
Settled	38	63	373	63	1,351	64	1,566	63	1,794	65
Subtotal not assessed	47	78	454	77	1,707	81	1,934	78	2,199	80
Total finalised	**60**	**100**	**594**	**100**	**2,107**	**100**	**2,486**	**100**	**2,734**	**100**

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