



Motor Accidents  
Authority

Motor Accidents Authority of NSW  
Annual Report

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The Motor Accidents Authority of NSW 2012–13 Annual Report  
has been prepared in accordance with the relevant legislation for  
the Hon. Andrew James Constance MP

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Paper copies are also available on request.

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# Letter to the Minister

31 October 2013

The Hon. Andrew James Constance, MP  
Minister for Finance and Services  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Minister

In accordance with the *Annual Reports (Statutory Bodies) Act 1984*, I have pleasure in submitting for your information and presentation to Parliament, the Annual Report of the Motor Accidents Authority of NSW for the financial year ended 30 June 2013.

It provides a comprehensive insight in to the Agency's performance over the 2012–13 financial year and an overview of its future direction.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julie Newman', is displayed on a light grey rectangular background.

Julie Newman *PSM*  
Chief Executive Officer  
Motor Accidents Authority of NSW

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# Chief Executive Officer report

I am pleased to submit the Motor Accidents Authority of NSW's (MAA) Annual Report for 2012–13 for presentation to Parliament.

The main focus of the 2012–13 financial year was a review of the Compulsory Third Party (CTP) Scheme and development of policy options for the NSW Government.

The Government supported the introduction of a no fault, statutory benefits scheme, while retaining common law for the more severely injured. The Government introduced the *Motor Accident Injuries Amendment Bill 2013* into Parliament in May 2013, which passed the Legislative Assembly but lacked support to progress through the Legislative Council. In August 2013, the Government withdrew the legislation following ongoing stakeholder concerns about aspects of the Bill.

During 2012–13 the MAA established improved premium filing processes to enable more robust assessment of Green Slip prices and continued to deliver effective regulation of the CTP Scheme and improved performance in dispute resolution services.

The MAA also upgraded the Personal Injury Register, its key claims database, and developed a new assessment service within the MAA that established a new disputes resolution model covering both the Motor Accidents Assessment Service and the Merits Review Service of WorkCover NSW.

The real time integration project linking insurers and Roads and Maritime Services (RMS) databases was also progressed by MAA staff and will eventually allow for streamlined Green Slip and registration transactions.

The signing of a memorandum of understanding with the NSW Centre for Road Safety in road safety research and injury prevention will offer future opportunities for data sharing to improve the evidence base for MAA investment in injury prevention initiatives.

In the past year, the MAA has also delivered a grant program focusing on improving health and social outcomes in injury management in the key areas of education and training, service development and quality improvement.

Going forward, the MAA will continue to work closely with CTP insurers to ensure the NSW CTP Scheme is fair, affordable and sustainable.



Julie Newman *PSM*  
Chief Executive Officer

# About Us

## Vision

Reducing the social and economic impacts of motor accidents.

## Our Purpose

Ensuring eligible people injured in motor accidents receive appropriate treatment and benefits from a sustainable insurance scheme funded by NSW vehicle owners.

## Who we are

The Motor Accidents Authority (MAA) is the NSW Government agency responsible for ensuring a fair, efficient, affordable and effective motor accidents insurance scheme in NSW.

The Compulsory Third Party (CTP) Personal Injury Insurance Scheme (the Scheme) in NSW is privately underwritten and overseen by the MAA. The MAA regulates the Scheme so that premiums charged to insured vehicle owners are reasonable and competitive and so that treatment and payments to the injured are accessible, appropriate and consistent.

### The insured

It is compulsory for all vehicle owners in NSW to purchase a Green Slip from one of seven licensed CTP insurers before registering a vehicle. When a vehicle causes an injury to someone on the road, the Green Slip insurance policy protects the owner or driver of that vehicle from a claim by an injured person.

CTP Green Slip insurance policies are sold by private insurers whose conduct, performance standards and market activities are licensed, monitored, and regulated by the MAA, to ensure the fair pricing and easy accessibility of the Green Slip for vehicle owners.

### The injured

Everyone injured in a motor vehicle accident in NSW, caused through the fault of another, is entitled to claim compensation under the Scheme. The person at fault may also be eligible for some Scheme benefits.

Benefits are fully funded from CTP insurance policies and can include medical, rehabilitation and treatment expenses; domestic assistance; economic losses; and for serious injuries causing significant permanent impairment, damages for non-economic loss (pain and suffering). In the case of fatal injuries, benefits include funeral expenses and economic loss compensation to dependents.

Everyone, irrespective of fault, can access early payments for medical and treatment expenses and lost earnings up to \$5,000.

Claims are managed by the private insurers who must comply with guidelines and standards set and issued by the MAA.

In addition, all people injured in a road crash, irrespective of fault, can access public hospital and ambulance services, which are paid by the MAA from a levy on each Green Slip.

## Our services

### For the insured

- Regulate, license and monitor insurers who privately underwrite the Scheme.
- Issue premium setting and market practice guidelines to ensure a competitive and effective market for Green Slips.
- Fund measures for promoting road safety education and minimising the social cost of motor accident injuries.
- Work with the Roads and Maritime Services (RMS formerly known as the RTA) to ensure effective alignment of CTP insurance with the vehicle registration process.
- Provide information about the Scheme to vehicle owners to help them find the best Green Slip price.
- Investigate and resolve complaints from vehicle owners about insurers.
- Provide advice to government and the community about the ongoing performance of the Scheme.

### For the injured

- Regulate insurers who manage claims in the Scheme so claims are resolved justly and expeditiously.
- Provide effective and efficient medical and claims assessment services as an alternative to the court system where disputes between insurers and the injured can be determined efficiently and fairly and earlier in the lifecycle of the claim.
- Promote better practice in rehabilitation and injury management by setting standards for insurers and monitoring their performance, supporting and funding programs, research, guides and information; and directly funding hospital and ambulance services for all injured people, regardless of fault.
- Provide information and advice to inform the public about their rights and to help injured claimants better navigate the claims process.
- Investigate and resolve complaints from the injured about insurers.
- Support people injured by uninsured or unidentified vehicles through a Nominal Defendant Scheme.

## Legislation

The MAA's statutory functions are to ensure compliance with the following legislation:

- *Motor Accidents Act 1988 No 102*
- *Motor Accidents Compensation Act 1999 No 41*
- *Motor Accidents Compensation Regulation 2005*
- *Motor Accidents Compensation (Determination of Loss) Order 2009*
- *Motor Accidents (Determination of Non-Economic Loss) Order 2009*

## Organisational structure

The MAA is part of the Safety, Return to Work and Support Division (SRWSD) which was formed for the purposes of consolidating governance arrangements under the *Safety, Return to Work and Support Act 2012* on 1 August 2012. Julie Newman is the Chief Executive of SRWSD.

The SRWSD sits within the finance and services portfolio. Other agencies in the SRWSD are:

- WorkCover Authority of NSW
- Lifetime Care and Support Authority
- Workers' Compensation (Dust Diseases) Board

Julie Newman is also the Chief Executive Officer of the MAA.

All SRWSD agencies report to the Minister for Finance and Services.

## How the Annual Report is structured

For consistency, all SRWSD annual reports have been aligned to the following focus areas:

- Affordability, commerciality and solvency
- Safety, recovery and support
- Customer service
- Capabilities

The financial statements contain the audited financial statements for the year ended 30 June 2013.

The appendices to this report provide additional information required under the *Annual Reports (Statutory Bodies) Act 1984* and its regulations, the *Government Information (Public Access) Act 2009*, Treasury Circulars and Premier's memoranda.

## Our locations

### Motor Accidents Authority of NSW

Level 25, 580 George Street  
Sydney NSW 2000, Australia

DX: DX 1517 SYDNEY

General phone enquiries: 1300 137 131

Claims advisory service: 1300 656 919

Green Slip price enquiries: 1300 137 600

E-mail: [maa@maa.nsw.gov.au](mailto:maa@maa.nsw.gov.au)

Website: [www.maa.nsw.gov.au](http://www.maa.nsw.gov.au)

Hours of operation: 8.30am – 5.00pm

Monday – Friday (Public Holidays excepted)

### Motor Accidents Assessment Service

Level 19, 1 Oxford Street  
Darlinghurst NSW 2010, Australia

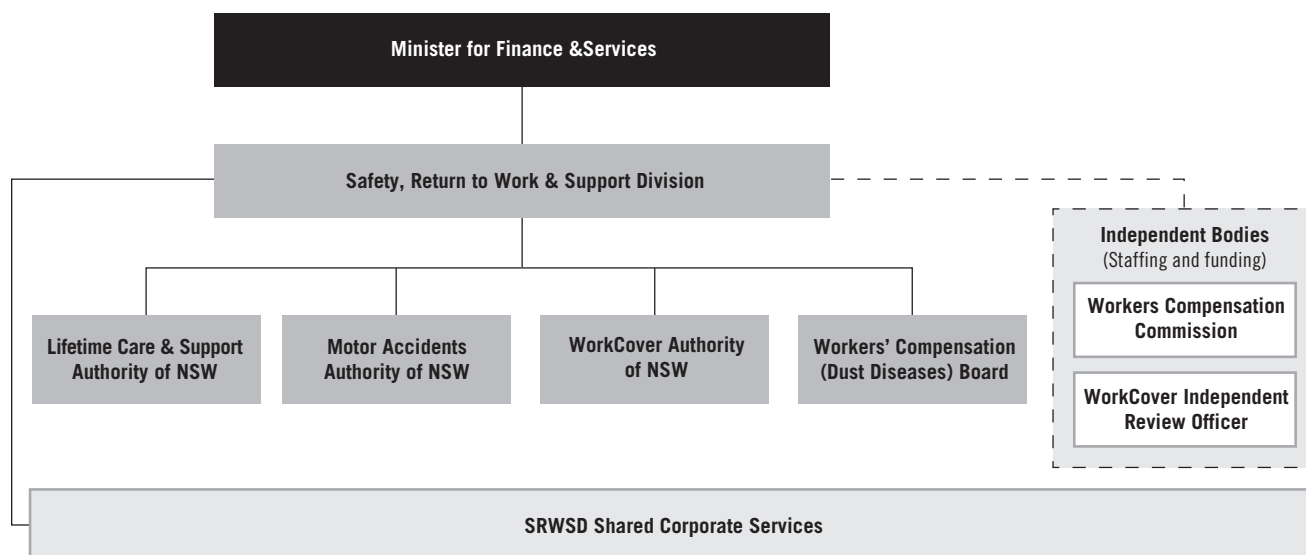
DX: DX 10 SYDNEY

Hours of operation: 8:30am – 5:00pm

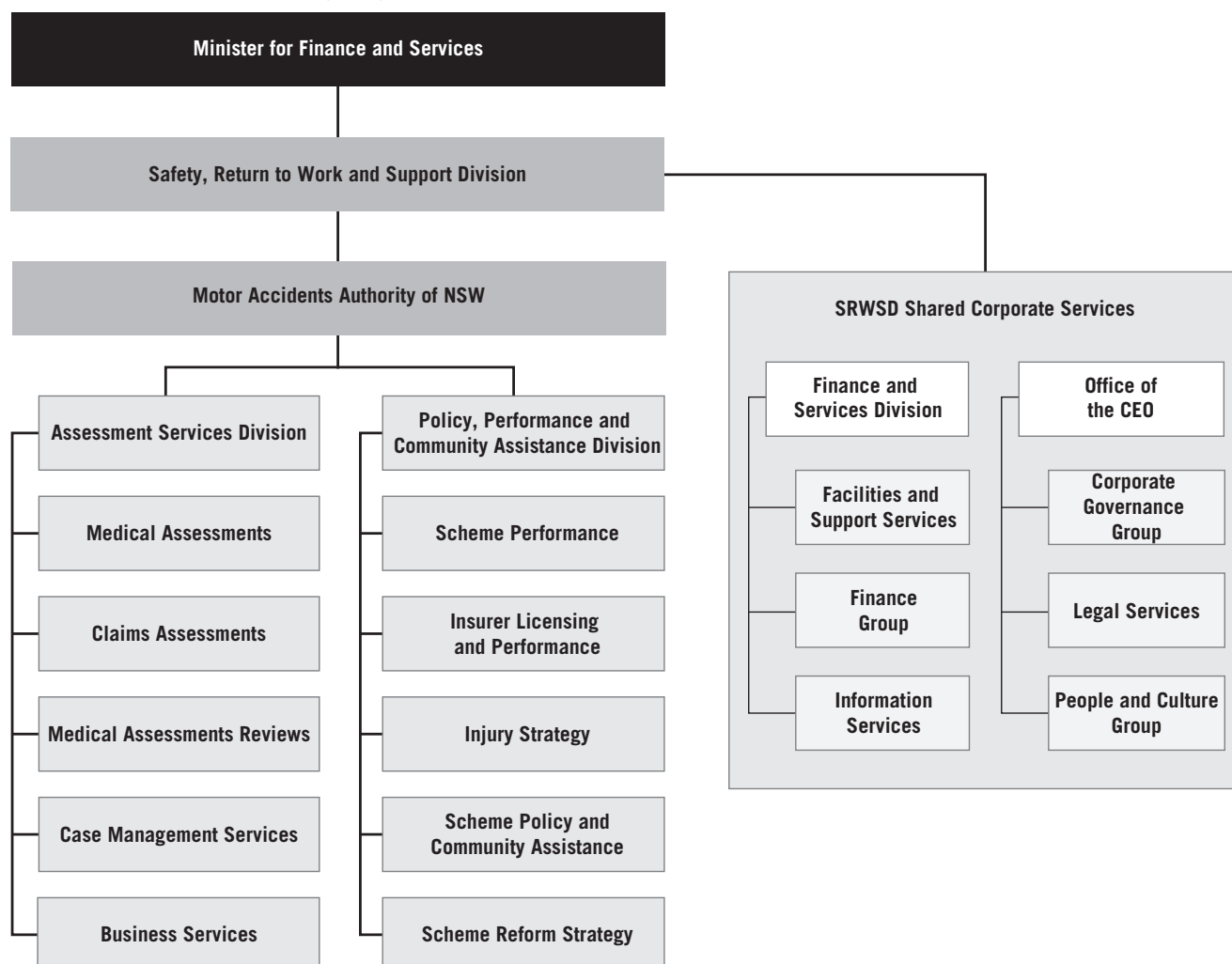
Monday to Friday (Public Holidays excepted)

# Organisational charts

## Safety, Return to Work and Support Division organisational chart



## Motor Accidents Authority organisational chart





## Our values

As a major NSW Government agency, trusted with public money and operating powers, the MAA adheres to a strong set of values in the performance of its day to day work.

Our values are a shared understanding of what we stand for as an organisation. They guide us in making a positive difference to our workplace culture and in the service we provide to our customers and the community.

Our values provide us with a clear understanding of our role in preserving the public interest, defending public value and adding professional quality and value to the commitment of the government.

These values guide our personal work behaviours, how we make decisions, contribute to and represent our organisation, and how we interact and support each other.

Integrity	Trust	Service	Accountability
<ul style="list-style-type: none"><li>• I consider people equally without prejudice or favour</li><li>• I act professionally with honesty, consistency and impartiality</li><li>• I take responsibility for situations, showing leadership and courage</li><li>• I place the public interest over personal interest</li></ul>	<ul style="list-style-type: none"><li>• I appreciate difference and welcome learning from others</li><li>• I build relationships based on mutual respect</li><li>• I uphold the law, institutions of government and democratic principles</li><li>• I communicate intentions clearly and invite teamwork and collaboration</li><li>• I provide apolitical and non partisan advice</li></ul>	<ul style="list-style-type: none"><li>• I will provide services fairly with a focus on customer needs</li><li>• I will be flexible, reliable and innovative in service delivery</li><li>• I will engage with the not for profit and business sectors to develop and implement service solutions</li><li>• I will focus on quality while maximising service delivery</li></ul>	<ul style="list-style-type: none"><li>• I will recruit and promote staff on merit</li><li>• I will take responsibility for actions and decisions</li><li>• I will provide transparency to enable public scrutiny</li><li>• I will observe standards for safety</li><li>• I will be fiscally responsible and focus on efficient, effective and prudent use of resources</li></ul>

# The Board and Senior Management

## Safety, Return to Work and Support Board Act 2012

The *Safety, Return to Work and Support Board Act 2012* established the Safety, Return to Work and Support Board to oversee the functions of the WorkCover Authority of NSW, the Lifetime Care and Support Authority of NSW and the MAA.

The general functions of the Board are to:

- determine the general policies and strategic direction of each relevant authority
- oversee the performance of each relevant authority
- advise the Minister and the CEO on any matter relating to the relevant authorities or arising under the compensation and other related legislation
- determine investment policies for certain funds, and establish and administer one or more funds for the purpose of investment of any of these certain funds:
  - Workers Compensation Insurance Fund
  - Lifetime Care and Support Authority Fund
  - Insurers Guarantee Fund
  - Sporting Injuries Fund
  - Workers' Compensation (Dust Diseases) Fund
  - Nominal Defendant's Fund (currently nil assets)
  - Terrorism Reinsurance Fund (currently nil assets)

Generally, the role of the Board extends to strategy and oversight of the relevant authorities, including policy making in respect of investments of funds, and encompasses the following responsibilities:

- oversight of the operational and financial performance of the relevant SRWSD authorities, compensation schemes and their respective funds

- advice and endorsement of the long term strategy for the relevant SRWSD authorities, schemes and the SRWSD annual Corporate Plan
- advice and endorsement of work health and safety and return to work policies and strategies
- advice and endorsement of regulations and policies in respect of the management and administration of the relevant SRWSD schemes
- approval and oversight of SRWSD risk management, governance and internal controls frameworks
- approval and oversight of the policies and procedures for investment of the relevant SRWSD funds

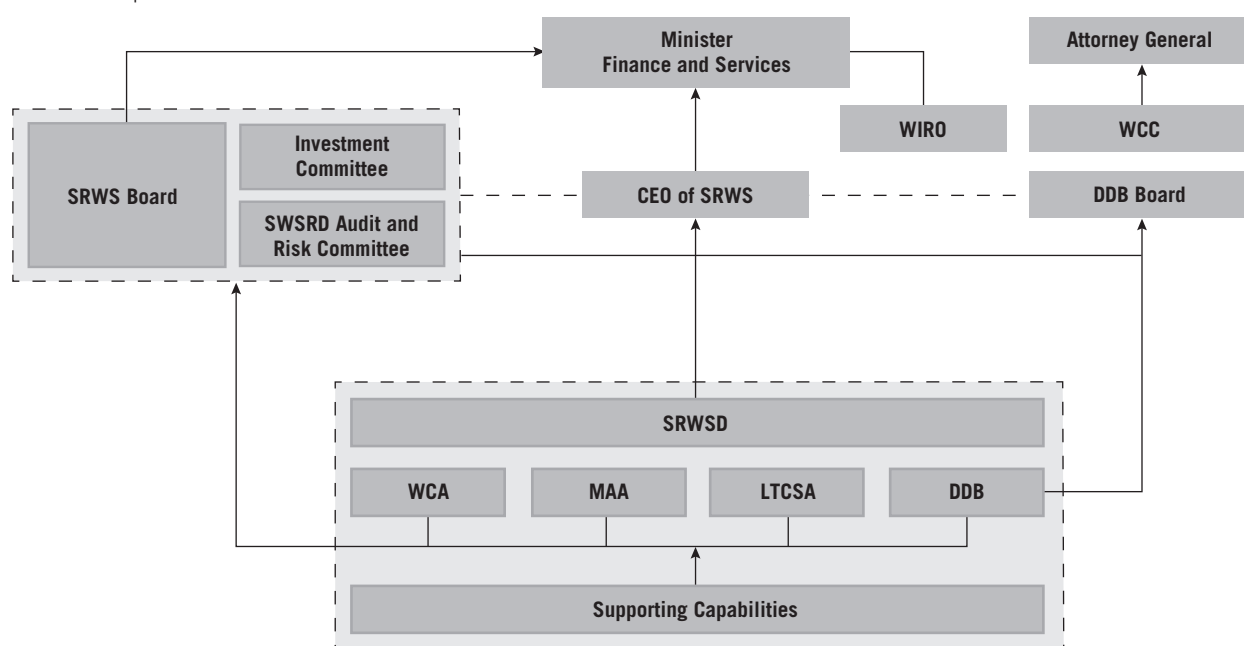
The Board must report to the Minister on the investment performance of each of the above funds.

The core responsibilities of the Board are essentially delivered through its conformance functions and strategic performance functions.

The Board's conformance functions ensure that the relevant SRWSD authorities are carrying out their activities properly and efficiently. The strategic performance functions ensure that the objectives of the compensation, work health and safety and other related legislation under which the relevant SRWSD authorities are constituted are delivered to the NSW public.

The Board consists of seven part-time directors including the CEO. The part-time directors were appointed by the Governor of NSW on the recommendations of the Minister for Finance and Services.

Both the Board and the CEO are subject to Ministerial control and direction.



### Members of the MAA Board up to 31 July 2012

The MAA Board was abolished on 31 July 2012 and did not meet during the 2012–13 financial year. Its members were:

- Raymond Whitten (Chair)
- Cass O'Connor
- Robert Ingui
- Ron Dyer
- Andrew Higginson
- Andrew Nicholls (A/General Manager)
- Julie Newman (A/CEO)

### Members of the Safety, Return to Work and Support Board on 30 June 2013

The Safety, Return to Work and Support Board was established on 1 August 2012.



#### Michael Carapiet, MBA – Chairman

Formerly with the Macquarie Group, Michael Carapiet held a number of senior executive roles including Global Head of Advisory and Specialised Funds, executive Director of Macquarie Bank Limited and executive Chairman of Macquarie Capital and Macquarie Securities.

As at 30 June 2013, Michael's roles included:

- Member, Safety, Return to Work and Support Board Investment Committee
- Chairman of SAS Trustee Corporation
- Non-Executive Director of Southern Cross Media Limited
- Member, Advisory Board, Norton Rose Australia
- Member, Advisory Board, Transfield Holdings
- Member, State Super Financial Services Board
- Member, Clean Energy Finance Corporation Board



#### Raymond Whitten BA, LLB, LLM

Raymond Whitten commenced practising law in 1972 and is a Solicitor Director of Whittens and McKeough Pty Limited. He has extensive experience in mining and resources law, public company law, commercial transactions

and all types of dispute work.

Raymond is an Accredited Specialist in Business Law, Notary Public and Responsible Officer of a Nominated Adviser to the NSX.

As at 30 June 2013, Raymond's roles included:

- Deputy Chair, Safety, Return to Work and Support Board
- Chair, Safety, Return to Work and Support Division Audit and Risk Committee
- Member, Safety, Return to Work and Support Board Investment Committee



#### Gavin Bell LLB, MBA (Exec)

Gavin Bell became Chief Executive Officer and Managing Partner of Herbert Smith Freehills on 1 July 2005. Gavin commenced at Herbert Smith Freehills in 1982 as a graduate solicitor and he became a partner in 1988.

Gavin is currently a member of the Advisory Council of the Australian School of Business and the Business Council of Australia.

As at 30 June 2013, Gavin's roles included:

- Member, Safety, Return to Work and Support Board
- Member, Safety, Return to Work and Support Board Investment Committee
- Director, AIMSIC Ltd (Aust Indigenous Minority Supplier Council)



#### Elizabeth Carr BA (Hons), MA

Elizabeth Carr's career has covered senior executive management positions in Technology (IBM), Finance (Macquarie Group) and Government (Department State Development WA). Elizabeth's focus is to maximise the inter-

dependence of the private and public sectors.

As at 30 June 2013, Elizabeth's roles included:

- Member, Safety, Return to Work and Support Board
- Member, Safety, Return to Work and Support Division Audit and Risk Committee
- Chairman, Macular Degeneration Foundation (National)
- Member, Environmental Protection Authority (WA)
- Director, Kokoda Track Foundation (National)
- Director, St Marys Anglican Girls School (WA)



#### Peeyush Gupta BA, MBA, FAICD

Peeyush Gupta was the co-founder and inaugural Chief Executive Officer of Ipac Securities, a pre-eminent wealth management firm spanning financial advice and institutional portfolio management.

Peeyush undertook a Master of Business Administration (Finance) degree at the Australian Graduate School of Management and graduated in 1985 and completed the Advanced Management Program at Harvard Business School in 2006. Peeyush also serves on a variety of non-profit boards, including being Executive-in-residence, Australian School of Business, UNSW and SIRCA & SIRCA Technology.

As at 30 June 2013, Peeyush's roles included:

- Member, Safety, Return to Work and Support Board
- Chair, Safety, Return to Work and Support Board Investment Committee
- Chair, State Super Financial Services
- Chair, Charter Hall Direct Property
- Director, National Wealth Management Holdings Board



#### Mark Lennon BComm, LLB

Mark Lennon is Secretary of Unions NSW, and was appointed to that position in October 2008. Mark joined Unions NSW (formerly the Labor Council) in 1988 and has held the positions of Occupational Health and Safety Training

Officer, Industrial Officer and Assistant Secretary, prior to becoming Secretary. Mark was previously a member of the WorkCover Authority of NSW Board.

As at 30 June 2013, Mark's roles included:

- Member, Safety, Return to Work and Support Board
- Member Safety, Return to Work and Support Division Audit and Risk Committee
- Director, Trades Hall Association
- Director, First State Super Trustee Corporation
- Director, Health Super Financial Services Pty Ltd
- Director, McKell Institute Board



#### Julie Newman PSM BHSMgt, CPA

Julie Newman has over 40 years experience in the NSW public sector, leading teams to deliver outstanding results. Julie has led diverse teams through periods of transformational change, and managed turnaround

scenarios to strengthen the commercial viability and sustainable delivery of government services in the Safety, Return to Work and Support Division, WorkCover NSW, Ambulance Service of NSW and NSW Health. In 2013, Julie was awarded the Public Service Medal in the Australia Day Honours.

As at 30 June 2013, Julie's roles included:

- Chief Executive Officer of Safety, Return to Work and Support Division
- Chair, Workers' Compensation (Dust Diseases) Board
- Member, Safety, Return to Work and Support Board
- Director, The Sargood Centre
- Chair, The Sargood Centre Audit and Risk Committee
- Chair of Heads of Asbestos Coordination Authorities

## Directors' meetings

During 2012–13, the SRWSD meetings held and attendance by directors were:

SRWS Board	Number eligible to attend	Number attended
Michael Carapiet – Chairperson	10	10
Raymond Whitten – Deputy Chair	10	9
Gavin Bell – Director	10	7*
Elizabeth Carr – Director	10	10
Mark Lennon – Director	10	9
Peeyush Gupta – Director	10	10
Julie Newman – (CEO)	10	10

\*Unable to attend due to illness

### Board committees

The Board is able to establish committees to assist with the performance of its general functions. There are currently two committees administered by the Board:

- audit and risk committee
- investment committee

### Audit and risk committee

The role of the audit and risk committee is to provide independent assistance to the Board and the Workers' Compensation (Dust Diseases) Board of the administration and operation of governance, risk management and control frameworks.

The committee provides an integral role in supporting the Board to fulfil its corporate governance and oversight responsibilities, and to make decisions in relation to areas such as financial reporting, internal control and associated risk management systems, and internal and external audit functions.

The members of the committee are listed in the following table:

Audit and Risk Committee Members	Date of appointment	Date of term end
<b>Chairperson</b>		
Raymond Whitten	31 October 2012	30 September 2016
<b>Members</b>		
Elizabeth Carr	31 October 2012	30 September 2016
Mark Lennon	31 October 2012	30 September 2016
Ray Petty*	31 October 2012	30 September 2016
<b>Chief Executive Officer (invited)</b>		
Julie Newman	31 October 2012	30 September 2016

\* Ray Petty is the representative for DDB

### Audit and risk committee attendance

The audit and risk committee provides independent assistance to all SRWSD entities by overseeing and monitoring their governance, risk and control frameworks, and their external accountability requirements.

In 2012–13, the CASD audit and risk committee was replaced by the SRWSD audit and risk committee following the enactment of the *Safety, Return to Work and Support Board Act 2012*, which commenced on Wednesday, 1 August 2012.

CASD audit and risk committee	Number eligible to attend	Number attended
Doug Wright (Chair)	1	1
Carolyn Walsh (deputy Chair)	1	1
Robert Ingui	1	1
Cass O'Connor	1	1
Ray Petty	1	1
Julie Newman*	1	1

\* Julie Newman attended as A/Chief Executive, CASD. The Chief Executive was a standing invitee of the CASD audit and risk committee.

SRWSD audit and risk committee	Number eligible to attend	Number attended
Raymond Whitten (Chair)	4	4
Elizabeth Carr	4	4
Mark Lennon	4	3
Ray Petty	4	3
Julie Newman*	4	4

\* Julie Newman attended as Chief Executive Officer, SRWSD. The Chief Executive Officer is a standing invitee of the SRWSD audit and risk committee

### Investment committee

The role of the investment committee is to determine the policies, practices and strategies for investments of the relevant SRWSD funds. This includes monitoring the investment performance of the funds and reviewing investment compliance.

The investment committee provides an integral role in supporting the Board to fulfil its investment responsibilities and to make decisions in relation to investment policies, investment objectives, strategic asset allocations and the risk profiles of the funds. The members of the committee are listed in the following table:

Investment Committee Members	Date of appointment	Date of term end
<b>Chairperson</b>		
Peeyush Gupta	31 October 2012	30 September 2015
<b>Members</b>		
Gavin Bell	31 October 2012	30 September 2015
Michael Carapiet	31 October 2012	30 September 2015
Raymond Whitten	31 October 2012	30 September 2015
<b>Chief Executive Officer (invited)</b>		
Julie Newman	31 October 2012	30 September 2015

### Investment Committee Attendance

Investment Committee	Number eligible to attend	Number attended
Peeyush Gupta	10	10
Michael Carapiet	10	10
Gavin Bell	10	7
Raymond Whitten	10	9
Julie Newman	10	10

## Abolished entities

The Motor Accidents Council (the Council) was dissolved on 31 July 2012, following the commencement of the *Safety, Return to Work and Support Board Act 2012*. The Council did not meet in the 2012–13 financial year. Its members were:

- Max Bosotti
- Dr Stephen Buckley
- Dr Clayton King
- Mary Maini
- Andrew Stone
- David Brogan
- Ros Everett
- Stephen Loomes
- Jan McClelland

## SRWSD executive on 30 June 2013

The SRWSD executive team has 10 members, comprised of seven general managers across the four authorities, a chief financial officer, chief human resources officer and director of legal services. This team is responsible for the management of the day to day operational activities of the organisation, including the implementation of the SRWSD strategy and corporate plan.

The executive team leads, directs, coordinates and controls SRWSD operations and performance, and makes recommendations on matters of strategic direction and policy to the CEO.

The SRWSD executive team consists of:

Chief Executive Officer of Safety, Return to Work and Support  
Julie Newman PSM, BHSMgt, CPA

General Manager, Workers' Compensation (Dust Diseases) Board  
Anita Anderson

General Manager, Workers' Compensation Insurance Division  
Geniere Aplin, MBA (Exec), LLB

General Manager, Strategy and Performance Division  
Carmel Donnelly, BA (Hons), MBA (Exec), MPH, GAICD

General Manager, Lifetime Care and Support Authority of NSW  
Don Ferguson

A/Chief Financial Officer, Finance and Services Division  
Megan Hancock CA

General Manager, Investment Division  
Steve McKenna

General Manager, Motor Accidents Authority of NSW  
Andrew Nicholls BA(Hons), MMgt, EMPA

General Manager, Work Health and Safety Division  
John Watson PSM, Assoc Dip OHS, HFSIA.NSW

Chief Human Resources Officer  
Greg Barnier, Dip Man, Ass Dip Bus (B&F), Dip HRM, Dip FS(FP)

A/Director Legal Services  
Catherine Morgan BA Hons LLM

# Affordability, commerciality and solvency

## CTP review

The major piece of work undertaken by the MAA during the reporting year was a review of the Scheme and the provision of options for the consideration of government. The review, which was conducted with the input of the Scheme's independent actuaries Ernst & Young, highlighted a number of deficiencies and trends in the current Scheme that are leading to reduced efficiency and increased costs (see insert).

The government's preferred model for Scheme reform was outlined in a policy statement published in February 2013.

The government subsequently withdrew the Bill as it lacked support.

Ernst & Young was appointed as the Scheme actuary in 2011 and were asked to conduct a review that measured the key metrics of the Scheme since its inception in 1999. Its 2012 Scheme performance report identified a number of its key concerns, including:

- The Scheme is the least affordable in Australia with a Green Slip costing the equivalent of 37 per cent of average weekly earnings. Prices have increased by around 70 per cent since 2008.
- The Scheme is less efficient than similar schemes around Australia, on average 50 cents in the collected premium dollar is returned to claimants as benefits.
- This reduces to 44 cents in the dollar for claims below \$50,000, and 28 cents for those that have legal representation.
- Efficiency would be lower when the impact of legal fees paid by injured people under individual cost agreements are taken into account, but these amounts are not known to the MAA. Claim numbers have increased at a rate faster than road casualties, with the increase particularly relating to minor injuries.
- People with minor injuries are increasingly retaining legal advisors – since 2008 this has increased by 40 per cent.
- The average size of minor injury claims with legal representation has almost doubled since 2001, increasing at approximately 6 per cent faster than wage inflation.
- At the same time, interest rates have fallen steadily since 2008 and government bond rates are at an all time low, significantly reducing insurer income which must be offset by premium increases.
- Care payments have increased from 5 per cent to 13 per cent of payments while treatment costs have remained relatively stable.
- The majority of benefits are paid to claimants between three to five years after the accident.

## Other policy initiatives

The MAA continued with a number of ongoing policy initiatives during the year, including:

- improved premium filing process to enable more robust scrutiny of filings.
- enhancement of the assessment service into a new dispute resolution model covering both CTP claim related disputes (MAA) and workers compensation reviews of work capacity decisions (WorkCover).
- input on national heavy vehicle reforms.
- input on the National Injury Insurance Scheme issues and options.
- analysis of potential recreational registration schemes.
- consolidating the partnership and MoU with the NSW Centre for Road Safety.
- input into Heads of CTP bi-annual meetings including coordination of a working party chaired by MAA that considered interstate coverage and gaps, and hosting the May 2013 meeting.

## Fair pricing

### Providing affordable premiums

The CTP Scheme is privately underwritten in NSW which means that private capital is at risk. Insurers can compete with each other on price and are entitled to make reasonable profit from their investment. As the regulator, the MAA aims to ensure that premiums are as affordable as possible and that prices are set fairly and in accordance with available evidence for all NSW vehicle owners, including those with the highest risks.

While the MAA does not set Green Slip prices, it issues premiums determination guidelines (PDG) which set out the requirements, documentation and justification that insurers must provide to the MAA when filing for price changes. Under the current legislation, the MAA does not approve or endorse prices but has the power to reject a proposed price change if the MAA is of the opinion that it does not conform to the PDG; or if it is considered inadequate to fully fund the insurer's present and future liabilities; or if it is considered excessive. During the reporting year, the MAA consolidated a rigorous approach to insurer price filings, involving more comprehensive requirements and an enhanced evaluation tool and will continue to refine the premium setting framework to ensure that prices properly reflect the available evidence.

The MAA also determines premium relativities for each vehicle class and rating district, which form part of the PDG. New relativities were issued during the reporting year, effective February 2013, based on the claims experience of the various vehicle classes and districts. Insurers must adopt these relativities to establish a base premium price for each class. Insurers can also apply discounts or loadings to the base premium price according to their view of the risk being insured, within a range prescribed by the MAA. The nature of risk is determined by different risk rating factors, such as the age of the owner and youngest driver, the age of the vehicle, and



the owner's claims history and driving record. Each insurer applies rating factors differently. It is on this basis that insurers compete in the market and why individual vehicle owners are able to shop around to obtain the most competitive price for their vehicle.

Green Slip prices have been adversely affected by historically low bond yields, inflation, and continuing increases in claims frequency and rising claims costs. As a result, the 2012–13 year has seen further increases in Green Slip prices. During the year to June 2013, the best price for a Sydney metropolitan passenger vehicle Green Slip increased from \$464 as at 30 June 2012 to \$505 (including GST and levies). In the June 2013 quarter the average Green Slip price for all vehicles was \$542 including GST, compared to \$487 including GST in June 2012 quarter (an 11.3 per cent increase). In contrast, motorcycles have seen lesser price increases with the average premium for a motorcycle at June 2013 of \$333 including GST, 1.9 per cent higher than the June 2012 average of \$327.

The total insurance premium component (excluding levies and GST) collected during the 2012–13 financial year was \$1.95 billion compared to \$1.76 billion in 2011–12, an increase of 11 per cent, while the total number of registered vehicles in NSW increased by 2 per cent, from 4.9 million to almost 5 million.

### **Providing equitable and accessible premiums**

To ensure that Green Slips are reasonably and readily available and accessible to all motorists in NSW, the MAA regulates the conduct of licensed insurers and their agents and brokers when issuing CTP policies through the market practice guidelines (MPG). During the year the MAA monitored and investigated breaches to the MPG to ensure that CTP policies are reasonably accessible for all eligible vehicle classes and motorists in NSW and that CTP insurers use processes and business practices that are fair and appropriate to the risk and do not unfairly discriminate, as well as being transparent and practical for the purpose of issuing policies to customers.

In November 2012 the business rules (Rules) were updated in consultation with the licensed insurers and RMS. The Rules interpret various legislative provisions and are the Rules that all insurers and RMS agree to follow when conducting CTP business. They also set out the systems and procedures that RMS and the insurers follow for CTP business.

Insurers are required to submit monthly payments to the MAA for the medical care and injury services levy (MCIS levy) component of Green Slips sold during the period. The MCIS levy meets the cost of ambulance and NSW public hospital treatment for all those injured in motor accidents, as well as the cost of care for those who are very seriously injured (through the Lifetime Care and Support Scheme) and the cost of administering the MAA regulatory and assessment services.

During the reporting year the MAA conducted a review of the MCIS levy, which led to an overall average levy reduction of 2 per cent for all vehicle classes. The MAA levy increased from 8 per cent to 9.5 per cent to incorporate an increase to the amount paid to the Ministry of Health for public hospital and ambulance services, reflecting a new hospital costing approach. This was offset by a decrease to the Lifetime Care and Support Authority (LTCSA) levy following a re-evaluation of their liabilities. Under the relevant legislation governing both MAA and LTCSA, the rates of the levy may be adjusted at any time to take into account variations in expense needs. The new levy rates came into effect from 1 July 2013.

Audits of MCIS levy collections are conducted routinely and at the time of reporting, the Internal Audit Bureau is conducting an audit of the timeliness and accuracy of these payments, with the results expected by August 2013.

In addition, the MAA oversees the run-off of HIH claims. When HIH went into liquidation in 2001, more than 6000 CTP claims worth an estimated \$600 million, were outstanding from its two licensed CTP insurers: CIC Insurance and FAI General Insurance. This liability was assumed by the MAA as the Nominal Defendant. The MAA appointed Allianz Australia Insurance Limited, under an agency agreement, to administer the claims on its behalf.

The MAA receives funding from NSW Treasury to meet payments for outstanding HIH claims.

The outstanding liability for HIH claims has reduced over time and estimates of the discounted outstanding liabilities as at 31 May 2013 were valued at \$38.5m. Currently, only five HIH claims remain outstanding. The MAA, as the Nominal Defendant, is also entitled to make a claim for all the HIH liabilities against the recoveries made by the HIH liquidator.

The MAA continues to work with insurers to prevent and detect fraudulent activity involving Green Slips; and with the Australian Prudential Regulation Authority (APRA) under an MoU, to conduct prudential monitoring and to ensure the continued solvency of licensed insurers.



## Scheme viability

### Providing an efficient CTP Scheme

The CTP Scheme predominantly provides benefits to people who are injured in a motor accident due to the fault of another. The average amount paid in benefits has continued to increase, with almost \$10.49 billion paid in benefits since the Scheme was introduced in 1999. This number is expected to exceed \$14.82 billion when the costs of claims that are not yet finalised are taken into account.

Since the inception of the present NSW CTP Scheme in 1999, 171,885 notifications have been lodged and 87 per cent (149,624) had been finalised by 30 June 2013.

Since April 2010, the Scheme has been extended to provide limited benefits (up to \$5000) to facilitate early access to treatment and lost wages to all those injured, regardless of fault, via lodgement of an accident notification form (ANF).

In the year to 30 June 2013, 14,376 injury notifications were received. Of these, 6797 (47.3 per cent) used the ANF.

There were 15,158 notifications finalised during this reporting period, of which 77 per cent (11,635) were full claims with an average payment of \$132,700. This compares to 14,211 notifications finalised during 2011–12, of which 77 per cent were full claims with an average payment of \$117,300.

The cost of providing Scheme benefits and making them available to more people is incorporated in the price of a Green Slip. Accordingly, the Scheme strives to strike a reasonable balance between affordability for the Green Slip purchaser and fairness for people injured in motor accidents. The recent review of Green Slip prices highlighted that scheme delivery costs are high with 50 cents in the dollar (collected by CTP insurers) paid to injured people in the decade from 2000 to 2010.

### Personal injury register

The personal injury register (PIR) is used to collect and store data on claims. PIR data is used to monitor the profile of people who are injured and the severity of their injuries and to analyse the number of claims and costs associated with the various types of vehicles, which enables the MAA to develop a risk-based weighting for each vehicle type. This information is used to help ensure Green Slip costs are fairly distributed between the vehicle owners of NSW.

The PIR receives and validates monthly claims data and quarterly payment information from insurers and provides a data repository for analysis by the MAA, insurers and actuaries. In addition, the system stores information on claimant injuries, coded according to the abbreviated injury scale. It also allows the MAA to monitor Scheme performance, conduct specific investigations and analyse developing trends.

During the year a major rebuild was completed to put this database on to a new platform to improve stability and analytical opportunity. The MAA, in partnership with SRWSD Information Services and the CTP Insurers, completed its major upgrade of the PIR on time and within budget. The upgraded PIR is demonstrating its improved stability and ease of administration. The MAA's consultation with insurers is informing our planning for increasing the capacity and capability of the PIR.

### Finalisation of disputes

- The volume of applications lodged for assessment by Medical Assessment Service (MAS) and Claims Assessment and Resolution Service (CARS) has increased over the past year. Overall lodgements in 2012–13 were four per cent higher compared to the previous year.
- During 2012–13, 7862 applications were lodged and 7984 applications were finalised.
- MAAS continues to finalise more disputes than were lodged, with a finalisation ratio of 1.02 in 2012–13 compared with 1.01 in 2011–12.

### Quality of assessment service decisions

The Motor Accidents Assessment Service (MAAS) ensures the quality and consistency of its decision making at MAS and CARS by monitoring the rate of obvious errors corrected, the number of complaints received, review panel decisions changing the outcome of an original assessment and administrative challenges finalised where the court overturned or set aside a decision.

In relation to MAS medical disputes there were 4,930 medical certificates issued in 2012–13.

- 200 applications for review of a medical assessment were accepted and the review panels changed the outcome in 54 cases.
- Obvious errors in certificates were corrected in 53 cases compared to 38 cases in 2011–12. Obvious errors corrected in this way can assist in avoiding the potential need for a full review application that may otherwise be lodged.
- Complaints received related to only 0.28 per cent of all medical certificates issued in 2012–13.
- Three MAS medical decisions were set aside by the court in 2012–13.

In relation to CARS claims disputes, 289 general assessment certificates were issued in 2012–13.

- Obvious errors were corrected in four per cent of assessment certificates issued in 2012–13.
- Complaints received represented 0.33 per cent of all certificates issued in 2012–13.
- Seven CARS claims decisions were set aside by the court in 2012–13.

### Nominal Defendant

The MAA is the Nominal Defendant for claims arising from crashes in NSW, against owners and drivers of uninsured and unidentified motor vehicles. This means the MAA stands in for the at-fault driver who was involved in a hit and run crash or was driving an uninsured car. The MAA takes this role to give the injured person a 'defendant' from whom they can seek compensation. The MAA allocates these Nominal Defendant claims to the licensed insurers, in proportion to their market share. The insurer then manages the claim as it would any other claim.

The Nominal Defendant received 809 claims during 2012–13, compared to 752 in 2011–12, an increase of 57 or 7.6 per cent. Since 1999, Nominal Defendant claims represent approximately 4.2 per cent of all claims and 5.5 per cent of incurred costs. 75 per cent of Nominal Defendant claims allocated to an insurer relate to an accident where the vehicle at fault was not identified, and 25 per cent involve an uninsured vehicle.

### Waste reduction and purchasing

The MAA undertakes a range of initiatives with regard to reducing its carbon footprint including:

- smart lighting at its George Street Office
- recycled content through its printer fleet
- minimal motor vehicle fleet
- office paper waste recycling
- 50 per cent green recycle copy paper
- ring-binders constructed from 100 per cent recycled board
- taps fitted with water control heads
- organic waste bins

# Safety, recovery and support

## Optimal recovery

### Prevention

The MAA has continued to support efforts to reduce the number of people involved in motor vehicle crashes and the severity of injuries sustained, through road safety and prevention initiatives. This is predominantly delivered through collaboration with Transport for NSW's Centre for Road Safety and funding key elements of the NSW Road Safety Strategy, 2012–21. Efforts during 2012–13 focused on finalising the 10-year strategy for NSW. The MAA provided specific support for elements targeting vulnerable road users including motorcyclists, pedestrians and learner drivers.

This year, the MAA undertook further work to determine opportunities for better sharing and linking of data and information with other government agencies to inform road safety and injury prevention priorities for NSW. Work will continue in the coming year to facilitate the use of motor vehicle injury claims data to inform priorities for road safety initiatives across NSW.

### Better recovery earlier for the injured

The MAA is committed to ensuring injured people experience better recovery earlier through education, information and the promotion of evidence based treatment for service providers, insurers and claimants. During 2012–13 the MAA has:

- Provided training for 317 health service providers through workshops (159) and online training (158) to improve and enhance knowledge about delivering services to claimants and working with insurers.
- Collaborated with the LTCSA and the WorkCover Authority of NSW (WCA) to fund a training initiative focused on setting and writing treatment and rehabilitation goals. Two hundred and fifty professionals working in the Schemes, including service providers and insurance claims staff, participated in the training which aimed to enhance their skills and knowledge, reduce the friction between parties associated with communicating and approving treatment.
- Supported the development of the 'Clinical Framework for the Delivery of Health Services' by the Health Services Group in Victoria which has been endorsed by all compensation authorities and allied health peak bodies. The framework outlines a set of guiding principles for delivering health services to injured people and forms the basis for the MAA's recommended approach to health service delivery in the Scheme.

- Released revised guidelines for the neuropsychological assessment of people with traumatic brain injury in conjunction with the LTCSA to promote sharing of information and minimise the burden of unnecessary assessments on injured people.
- Shared progress and findings of MAA funded evidence-based best practice research, targeting improved management of injuries and injured people. The research forums held in November 2012 and March 2013 were attended by 66 CTP insurance and WCA staff and included presentations on pain management, psychological injury, health outcomes and early treatment.

The MAA remains committed to improving outcomes for people sustaining whiplash injuries in motor vehicle crashes. To ensure currency of the evidence supporting recovery from whiplash, a working group of relevant stakeholders commenced a review of the Guidelines for the Management of Acute Whiplash-Associated Disorders (WAD). The revised guidelines will be available early 2014 with a comprehensive implementation strategy being developed to ensure maximum uptake and application of the recommendations in clinical settings.

Negotiations with the NSW Ministry of Health were successfully completed with a revised agreement for the funding of public hospital services for those injured in motor vehicle accidents in place from 1 July 2012. The new agreement moved to an activity-based funding model for public health care services that is consistent with the National Health Reform Agenda. Under this arrangement, transparency and efficiency of funding for services to people injured in motor vehicle crashes will improve, although overall costs to the MAA have increased substantially, necessitating an increase to the MAA component of the levy applied to each Green Slip from 8 per cent to 9.5 per cent commencing in 2013–14. This has generally been offset by a corresponding reduction in the LTCSA component of the levy.

### Insurer injury and claims management practices

To ensure that injured people who make personal injury compensation claims are treated justly and expeditiously, the MAA regularly reviews the performance of licensed insurers to check that they comply with their obligations under the Treatment, Rehabilitation and Attendant Care Guidelines and the Claims Handling Guidelines. Arising from last year's audit findings of the insurers' injury management practices, the MAA ensured that the insurers had implemented effective remedial action plans to address areas of unsatisfactory compliance.

In April–May 2013, the MAA conducted a second round of compliance performance audits to assess the insurers' injury management practices. The audits were based on the compliance assessment framework developed in 2012 and enhanced in 2013.

In relation to the Claims Handling Guidelines, the industry in their self-assessments covering the 2012 calendar year reported a high standard of compliance (greater than 90 per cent). However, some areas of underperformance relating to delays in accepting provisional liability and in obtaining and sharing hospital and treatment provider reports were identified. Remedial action plans to address these issues are monitored by the MAA to ensure there is improved compliance performance in these areas.

### Research and grants

The MAA funded specific research projects under its grants program.

The Injury Management Grants Program allocates funding for projects that support the recovery of injured people after motor vehicle crashes. During 2012–13 the MAA allocated \$3,561,000 for grants. Some of the highlights of this program include:

- Delivering a small grants round totalling \$150,000 which was a successful means of attracting a broader range of applicants. A total of 32 applications were received and 11 grants were awarded which focused on improving health and social outcomes through education and training, service development and quality improvement initiatives. Given the success of this program, a further \$150,000 has been allocated for small grants in 2013–14.
- Successfully partnering with the LTCSA on a range of initiatives including a project which examined the vocational outcomes of people with brain injuries. This project has resulted in a further proposal to trial vocational pathways for this group to improve their return to work outcomes.
- Participating in the SRWSD research working group, which will lead to Division wide research initiatives in the coming 12 months.
- Continuation of a pilot with four CTP insurers implementing a health and return to work measurement tool to identify injured people at high risk of poor recovery. Baseline data collection is complete with follow up data and recommendations due in early 2014.

A significant investment this year has been in a research study of over 2000 people that will help the MAA better understand the health and social outcomes of people injured in road traffic crashes and identify interventions that will improve people's recovery. Professor Ian Cameron, Chair of Rehabilitation Medicine, University of Sydney Rehabilitation Studies Unit (RSU), is leading a multidisciplinary team of academics and expert clinicians from Australia and New Zealand to undertake this study. Recruitment is expected to commence later this year.

The MAA, in conjunction with the LTCSA, continues its partnership with the University of Sydney RSU to build its capacity to deliver a program of applied and policy-related research. This commitment to building research capacity is demonstrated through the MAA's funding of a Post Doctoral Fellowship program and a senior academic whose work will focus on understanding the psychosocial determinants of health recovery. Strategic planning for the next five year period is underway to ensure that the RSU's research strategy is aligned with key result areas for the Authorities.

In injury prevention, the MAA has continued a partnership with Transport for NSW to fund the University of NSW's Transport and Road Safety research centre and maintain funding for long term projects including the Australian national crash in depth study and the development of a safety management system for heavy vehicle transport.

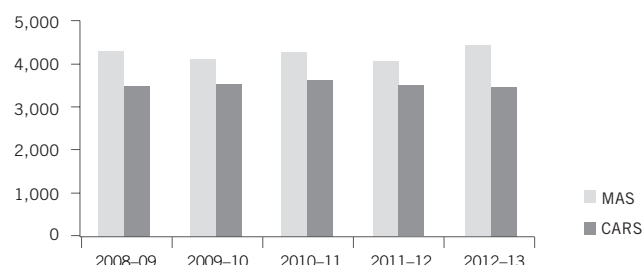
# Motor Accidents Assessment Service

## Motor Accidents Assessment Service – lodgements

The Motor Accidents Assessment Service Division (MAAS) assesses medical and claims disputes between injured people and insurers through independent services: the Medical Assessment Service (MAS) where there is a medical dispute; and the Claims Assessment and Resolution Service (CARS) where there is a dispute with regard to a claim.

The majority of claims are settled without requiring dispute resolution intervention by MAS or CARS and the disputation rate has remained relatively stable. Chart 1 shows the total number of applications lodged at both MAS and CARS for the last five years.

Chart 1: MAS and CARS applications



Both MAS and CARS finalised more disputes than were lodged in the reporting period. Table 1 shows the volume of applications finalised by both MAS and CARS in the financial year.

Table 1: MAAS applications – finalisations

	2008-09	%	2009-10	%	2010-11	%	2011-12	%	2012-13	%
MAS Finalised	3,880	53%	4,117	54%	3,901	51%	3,973	52%	4,479	56%
CARS Finalised	3,506	47%	3,520	46%	3,768	49%	3,613	48%	3,505	44%
<b>Total</b>	<b>7,386</b>		<b>7,637</b>		<b>7,669</b>		<b>7,586</b>		<b>7,984</b>	

## Medical Assessment Service (MAS)

### Claims with medical dispute

MAS determines disputes about treatment and the degree of permanent impairment of injuries. Assessment is by referral to health experts appointed under the *Motor Accidents Compensation Act 1999* as Medical Assessors whose decisions about past and future treatment and permanent impairment are binding on the parties, CARS and the courts.

Most claims with a medical dispute relate to the level of permanent impairment of an injured person. This is to

be expected, given the significance of this assessment in determining whether or not a claimant is entitled to make a claim for damages for non-economic loss.

Table 2 shows that the proportion of all claims with medical disputes referred to MAS since 2004 has decreased from 28 per cent to 24 per cent of all claims at the end of 2009-10 accident year. The figures for most recent years are likely to change as some disputes are not referred to MAS until several years after the accident once injuries are capable of being assessed.

Table 2: Claims with a medical dispute

Accident Year ^	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*	2011-12*	2012-13**
Claims with a MAS application	2,727	2,434	2,442	2,297	2,436	2,324	1,713	621	20
Claims with no MAS application	7,002	6,853	6,640	6,650	7,081	7,421	8,367	9,175	4,337
Total Claims	9,729	9,287	9,082	8,947	9,517	9,745	10,080	9,796	4,357
% Claims with a MAS dispute	28%	26%	27%	26%	26%	24%	17%	6%	0%
% Claims with no MAS disputes	72%	74%	73%	74%	74%	76%	83%	94%	100%

^ An accident year runs from 1 October to 30 September.

\* Data from the most recent three accident years have not yet matured. CTP insurance is a 'long tail' business and many disputes will be lodged in future years on claims from the last three accident years. Therefore the data relating to accidents that occurred before 30 June 2010 are considered to be more stable and consequently more reliable.

# The 2012-13 accident year reports the nine months to 30 June only.

## MAS lodgements

Each claim with a medical dispute may involve more than one lodgement. Table 3 shows the number of MAS primary applications, further applications and review applications lodged over the past five years. These have been dominated by disputes about permanent impairment. The 2008 legislative reforms removed earning capacity as a dispute type.

The number of MAS applications lodged increased by 9 per cent from 2011–12. This was largely due to an 8 per cent increase in the number of permanent impairment disputes and a 19 per cent increase in applications for review of a medical assessment.

**Table 3: MAS applications by type**

	2008–09	%a	%b	2009–10	%a	%b	2010–11	%a	%b	2011–12	%a	%b	2012–13	%a	%b
Treatment	202	6%	5%	260	9%	6%	258	8%	6%	246	8%	6%	232	7%	5%
Permanent Impairment	3,030	93%	70%	2,722	91%	66%	2,865	92%	67%	2,795	92%	69%	3,031	93%	69%
Earning Capacity <sup>^</sup>	36	1%	1%	0	0%	0%	0	0%	0%	0	0%	0%	0	0%	0%
Primary Applications <sup>#</sup>	3,268	-	76%	2,982	-	73%	3,123	-	73%	3,041	-	75%	3,263	-	74%
Further Assessment	546	-	13%	517	-	13%	473	-	11%	394	-	10%	392	-	9%
Review	501	-	12%	596	-	15%	654	-	15%	619	-	15%	761	-	17%
<b>Total</b>	<b>4,315</b>	<b>-</b>	<b>100%</b>	<b>4,095</b>	<b>-</b>	<b>100%</b>	<b>4,250</b>	<b>-</b>	<b>100%</b>	<b>4,054</b>	<b>-</b>	<b>100%</b>	<b>4,416</b>	<b>-</b>	<b>100%</b>

# Not including further assessments and reviews which can only be lodged in relation to a prior 'primary' application.

<sup>^</sup> MAS jurisdiction to assess disputes about earning capacity was removed in the legislative reforms which took effect from 1 October 2008.

%a = % of primary – The total has been rounded to 100% to allow for rounding in the individual percentages.

%b = % of total – The total has been rounded to 100% to allow for rounding in the individual percentages.

## MAS medical dispute outcomes

The following tables provide details of some of the different types of medical disputes assessed at MAS and the outcomes of these disputes.

A MAS matter finalised may include the assessment of more than one dispute and consequently, the number of reported outcomes will exceed the number of matters that have been finalised.

Outcomes relate to matters finalised during each financial year.

### Permanent Impairment

Permanent impairment disputes involve the assessment of whether the claimant's degree of permanent impairment resulting from the injuries caused by the motor accident is greater than ten per cent. An assessment by MAS or an agreement between the parties to that effect, entitles the claimant to seek compensation for non-economic loss.

In 2012–13 there was an 11 per cent increase in the number of permanent impairment disputes assessed. However the proportion of assessments resulting in a finding of greater than 10 per cent is stable (28 per cent) compared with 2011–12.

**Table 4: Permanent impairment dispute – outcomes**

	2008–09	%	2009–10	%	2010–11	%	2011–12	%	2012–13	%
Not greater than 10%	1,675	77%	1,596	77%	1,498	74%	1,527	72%	1,685	72%
Greater than 10%	497	23%	485	23%	529	26%	586	28%	650	28%
<b>Total assessments</b>	<b>2,172</b>	<b>100%</b>	<b>2,081</b>	<b>100%</b>	<b>2,027</b>	<b>100%</b>	<b>2,113</b>	<b>100%</b>	<b>2,335</b>	<b>100%</b>
Settled, withdrawn, dismissed	387	-	356	-	330	-	440	-	399	-

## Further medical assessments

After a 'primary' assessment has been completed by MAS, either of the parties to the dispute may apply for a further medical assessment in accordance with section 62 of the Act. A CARS assessor or a court may also refer a matter that has already been assessed back to MAS for a further assessment. Referrals for a further assessment may occur at any time and may occur more than once, even after a further assessment

has already been conducted or a review has been conducted.

Table 5 shows the outcomes of Proper Officer Determinations over the past five years. While there has been a slight drop in the volume of applications considered, the acceptance rate of applications for further assessment has seen a slight increase to 71 per cent.

**Table 5: Further medical disputes – proper officer determination outcomes**

	2008–09	%	2009–10	%	2010–11	%	2011–12	%	2012–13	%
Accepted	346	72%	356	82%	326	77%	224	70%	220	71%
Not Accepted	137	28%	79	18%	95	23%	97	30%	90	29%
<b>Total Determinations</b>	<b>483</b>	<b>100%</b>	<b>435</b>	<b>100%</b>	<b>421</b>	<b>100%</b>	<b>321</b>	<b>100%</b>	<b>310</b>	<b>100%</b>

Table 6 shows the different outcomes for applications for further medical assessments. These data have been relatively stable over the past five years. In 2012–13 40 per cent of

applications resulted in a material change of the outcome from the original assessment.

**Table 6: Outcomes of Further Assessments**

	2008–09	%	2009–10	%	2010–11	%	2011–12	%	2012–13	%
No change at all	69	23%	93	27%	93	29%	58	26%	56	26%
Change but not material	119	40%	123	35%	102	32%	81	37%	75	35%
Material change outcome	113	38%	134	38%	123	39%	81	37%	86	40%
<b>Total</b>	<b>301</b>	<b>100%</b>	<b>350</b>	<b>100%</b>	<b>318</b>	<b>100%</b>	<b>220</b>	<b>100%</b>	<b>217</b>	<b>100%</b>
Settled, withdrawn, dismissed	118		129		138		148		130	

## Reviews of medical assessments

Either party may apply for the review of a MAS assessment after a 'primary' assessment or after a 'further' assessment. As the original medical dispute may have been referred to more than one assessor for determination (for example, different assessors may be needed to assess different injuries in the case of impairment) each of those individual assessments by a 'single medical assessor' may be the subject of an application for review. An application for review must be lodged within 30 working days of MAS sending the original single assessor's determination (in a treatment dispute or an impairment dispute assessed by a single assessor), or the certificate combining the

assessments of multiple single assessors.

The application for review is determined by the proper officer. If the proper officer is satisfied there is reasonable cause to suspect a material error in the original assessment the application for review will be accepted and referred to a panel.

Table 7 shows that the number of review applications considered by the proper officer in 2012–13 (559) was stable with the previous year (558); however there has been a slight decline in the volume of applications accepted down to 28 per cent from 31 per cent in 2011–12.

**Table 7: Review of medical assessments – proper officer determination outcomes**

	2008–09	%	2009–10	%	2010–11	%	2011–12	%	2012–13	%
Not accepted	302	75%	414	76%	391	72%	383	69%	401	72%
Accepted	99	25%	131	24%	150	28%	175	31%	158	28%
<b>Total Determinations</b>	<b>401</b>	<b>100%</b>	<b>545</b>	<b>100%</b>	<b>541</b>	<b>100%</b>	<b>558</b>	<b>100%</b>	<b>559</b>	<b>100%</b>

For those matters where the application for review is accepted, the matter is referred to a review panel of at least three medical assessors. The review panel does not conduct an appeal to determine whether the original assessment was correct or incorrect but undertakes a fresh 're-assessment' of the dispute, known as a 'de-novo' assessment.

The outcome of that panel assessment may either be:

- exactly the same as the original assessment with the same dispute outcome, confirming the original certificate;
- different to the original outcome with a change to the certificate but with no change to the outcome of the assessment; or
- different to the original outcome also changing the outcome of the original assessment.



Table 8 shows that of the 160 review applications assessed by a review panel in 2012–13, 76 (48 per cent) resulted in a

material change to the original outcome.

**Table 8: Review applications accepted – review panel outcomes**

	2008–09	%	2009–10	%	2010–11	%	2011–12	%	2012–13	%
No change at all	18	20%	15	12%	31	21%	42	26%	31	19%
Change but not material	19	21%	42	34%	45	31%	56	35%	53	33%
Changed outcome	53	59%	68	54%	71	48%	62	39%	76	48%
<b>Total</b>	<b>90</b>	<b>100%</b>	<b>125</b>	<b>100%</b>	<b>147</b>	<b>100%</b>	<b>160</b>	<b>100%</b>	<b>160</b>	<b>100%</b>

## Claims assessment and resolution service (CARS)

### Claims with claims disputes

CARS provides an independent service to assess claims and procedural disputes that arise in connection with claims. There is no access to the courts unless a claim has either been assessed at CARS or exempted from assessment. Applications can be made to CARS for general assessment of the claim, a further general assessment, exemption from assessment and special assessment of procedural disputes.

Claims are assessed by assessors designated under the Act. If the insurer wholly admits liability, a CARS general assessment of the quantum of the claim is binding on the insurer (if the

claimant accepts the assessment). However, a claimant can reject a CARS general assessment and proceed to court but cost penalties may apply if the claimant does not achieve a significantly better result in court. If the insurer denies or partially accepts liability for the claim, then both the insurer and the claimant may reject the CARS general assessment.

Table 9 shows that since 2004, the proportion of all claims that have been referred to CARS (30 per cent) remained relatively stable and slightly declined in 2009–10 (26 per cent). The data for the more recent years are likely to increase as many cases are not referred to CARS until several years after the accident, once injuries and impairments are capable of being assessed.

**Table 9: Claims with a claims dispute**

Accident Year <sup>^</sup>	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11*	2011–12*	2012–13*#
Claims with a CARS application	2,952	2,799	2,664	2,630	2,728	2,522	1,612	1,015	111
Claims with no CARS application	6,777	6,488	6,418	6,317	6,789	7,223	8,468	8,781	4,246
Total Claims	9,729	9,287	9,082	8,947	9,517	9,745	10,080	9,796	4,357
% Claims with a CARS application	30%	30%	29%	29%	29%	26%	16%	10%	3%
% Claims with no CARS application	70%	70%	71%	71%	71%	74%	84%	90%	97%

<sup>^</sup> An accident year runs from 1 October to 30 September.

\* Data from the most recent three accident years have not yet matured. CTP insurance is a 'long tail' business and many disputes will be lodged in future years on claims from the last three accident years. Therefore the data relating to accidents that occurred before 30 June 2010 are considered to be more stable and consequently more reliable.

# The 2012–13 accident year reports the nine months to 30 June only.

## CARS lodgements

Each claim with a claims dispute may involve more than one lodgement. Table 10 shows the number of lodgements

at CARS. Over the past five years there has been a trend of increasing lodgements for exemptions and a reduction in applications for general assessment.

**Table 10: CARS applications by type**

	2008–09	2009–10	2010–11	2011–12	2012–13
Exemptions	1,729	1,832	1,861	2,017	2,028
General Assessment	1,574	1,471	1,479	1,271	1,236
Further Assessment	8	4	7	6	11
Special Assessment	201	232	284	189	171
<b>Total</b>	<b>3,512</b>	<b>3,539</b>	<b>3,631</b>	<b>3,483</b>	<b>3,446</b>



## CARS claim dispute outcomes

### Exemptions

A party cannot commence court proceedings unless the claim has been exempted from assessment by CARS or has been assessed by CARS.

The Act provides for two types of exemption from assessment: mandatory exemptions under section 92(1)(a) by the principal claims assessor (claims that must be exempted when certain specific circumstances exist as provided for in the Claims assessment guidelines), and discretionary exemptions under section 92(1)(b) where a claims assessor may recommend that a claim is 'unsuitable for assessment' and approval of the

principal claims assessor is obtained.

The number of applications for exemption lodged has been steadily increasing over the last five years and that trend continued in 2012–13. Table 11 shows the reasons for those mandatory exemptions from CARS, the vast majority of these applications are exempted because the insurer has denied fault (1039). In 2012–13 there were notable increases in the number of exemptions where the claimant was under 18 years of age, and where the insurer had alleged contributory negligence of greater than 25 per cent.

**Table 11: Reasons for mandatory section 92(1)(a) exemption**

	2008–09	%	2009–10	%	2010–11	%	2011–12	%	2012–13	%
Fraudulent claim alleged	1	0%	6	0%	8	0%	3	0%	3	0%
Insurer denies indemnity	12	1%	6	0%	9	1%	15	1%	30	2%
Claim against non CTP insurer	90	7%	90	6%	67	4%	67	4%	66	4%
Claimant under other incapacity	28	2%	9	1%	19	1%	24	1%	21	1%
Claimant under 18	191	14%	284	19%	325	19%	348	20%	400	22%
Contributory negligence > 25%	145	11%	241	16%	232	13%	203	12%	264	14%
Fault denied	912	66%	886	58%	1,083	62%	1,064	62%	1,039	57%
<b>Total</b>	<b>1,379</b>	<b>100%</b>	<b>1,522</b>	<b>100%</b>	<b>1,743</b>	<b>100%</b>	<b>1,724</b>	<b>100%</b>	<b>1,823</b>	<b>100%</b>

Note: The number of reported reasons for matters exempted from CARS may exceed the number of matters that have been exempted as there may be more than one reason for the exemption.

## CARS general assessments and further general assessments

If the insurer admits liability, the CARS general assessment of the quantum of the claim is binding on the insurer. A claimant can reject the CARS general assessment and proceed to court; however, cost penalties may apply if the claimant does not achieve a significantly better result in court. If a matter proceeds to court after a CARS assessment and new evidence is then adduced that was not before the original Claims Assessor, the matter may be remitted to CARS for a further general assessment to occur. There are very few applications for further assessment lodged at CARS.

Table 12 shows the outcomes of applications for general and further general assessment over the past five years. How an assessment proceeds is a matter for the claims assessor, taking into account the circumstances of the individual claimant

and the claim. The proportion of matters requiring assessment was 24 per cent of claims with the vast majority of assessments held undertaken by an assessment conference as opposed to an assessment on the papers.

Over the last five years we have seen an increase in the number of CARS matters dismissed, and this trend continued in 2012–13. The vast majority of applications received at CARS relate to claims made after 1 October 2008 and those claims are subject to the requirements set out in Division 1A of the Act, as amended which must be fulfilled before an application can be made. Corresponding with an increase in applications in respect of claims made after 1 October 2008 is an increase in applications being dismissed because parties are failing to comply with the requirements of Division 1A.

**Table 12: General and further general assessments – outcomes**

	2008–09	%	2009–10	%	2010–11	%	2011–12	%	2012–13	%
Assessed with conference	333	23%	311	23%	287	22%	298	22%	277	23%
Assessed on the papers	8	1%	3	0%	7	1%	8	1%	11	1%
Subtotal assessed	341	24%	314	23%	294	23%	306	23%	288	24%
Dismissed	48	3%	118	9%	121	9%	143	11%	166	14%
Withdrawn	5	0%	0	0%	0	0%	0	0%	0	0%
Exempt (mandatory exemptions and 'unsuitable' exemptions)	59	4%	64	4%	74	6%	123	9%	92	8%
Settled	986	69%	872	64%	796	62%	773	57%	655	54%
Subtotal not assessed	1,098	76%	1,054	77%	991	77%	1,039	77%	913	76%
<b>Total Finalised</b>	<b>1,439</b>	<b>100%</b>	<b>1,368</b>	<b>100%</b>	<b>1,285</b>	<b>100%</b>	<b>1,345</b>	<b>100%</b>	<b>1,201</b>	<b>100%</b>

## CARS special assessments

There are a number of procedural disputes that may arise in connection with a claim. CARS has jurisdiction to hear and determine ten types of disputes listed in section 96 of the Act. These special assessments include disputes about late claims, claims not reported to the police, claim forms not complying with requirements, whether an insurer can delay making an offer, and whether a payment for treatment or rehabilitation must be made.

Since October 2008, an additional five dispute types may now be referred to CARS for assessment.

The majority (75 per cent) of special assessment disputes lodged are in relation to whether a late claim can be made. Table 13 shows outcome of late claim disputes over the last five years. Of the 60 late claim disputes that were assessed in 2012–13, 50 (83 per cent) had a finding that a late claim could be made.

**Table 13: Special assessment late claim disputes – outcomes**

	2008–09	%	2009–10	%	2010–11	%	2011–12	%	2012–13	%
Late claim may be made	61	70%	90	85%	100	88%	66	88%	50	83%
Late claim may not be made	26	30%	16	15%	13	12%	9	12%	10	17%
<b>Total</b>	<b>87</b>	<b>100%</b>	<b>106</b>	<b>100%</b>	<b>113</b>	<b>100%</b>	<b>75</b>	<b>100%</b>	<b>60</b>	<b>100%</b>

# Customer service

## Our customer service charter

In May 2013, the SRWSD introduced a new customer service charter. The SRWSD consists of the following agencies:

- Workers' Compensation (Dust Diseases) Board
- Lifetime Care and Support Authority
- Motor Accidents Authority
- WorkCover NSW

The customer service charter sets out how SRWSD agencies, including the MAA, will make sure that our customers receive a high level of service.

What you can expect from us:

- We will identify ourselves when dealing with you.
- We will listen to you and be responsive.
- We will treat you fairly, courteously and consistently.
- Our information and advice will be:
  - accessible
  - accurate
  - consistent
  - timely.
- We will provide open, flexible communication options that take into account our diverse customer groups.
- We will respect your privacy and ensure that personal data remains confidential.
- Our actions will be completed within an agreed timeframe.
- We will follow through on commitments we make.
- Our services will generally be free of charge and, where costs are involved, we will inform you in advance.
- We will apologise when we get it wrong.
- We will value and encourage your feedback.
- We will have a policy and procedure for managing complaints and feedback, and it will be accessible to you.
- We will avoid any conduct that is unlawful or discriminatory.
- In accordance with legislative provision and NSW policies, we will take all necessary steps to provide information and services that are accessible.
- We will use feedback to continuously review and improve our services.

## Information and education

Information about the MAA and the CTP Scheme is available on the MAA's website [maa.nsw.gov.au](http://maa.nsw.gov.au). People can also request information by contacting the MAA on 1300 137 131 or emailing [enquiries@maa.nsw.gov.au](mailto:enquiries@maa.nsw.gov.au). The MAA also produces statistical information papers, guidelines for health, insurance and legal service providers and rehabilitation education programs.

Information about the CTP Scheme is available in a range of formats (website, brochures, telephone service) to maximise access for all members of the community.

The 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. In addition, brochures are presented clearly and accessibly. If necessary, the MAA will arrange an interpreter service (sign language or language other than English).

The MAA may be contacted on 1300 137 131 within business hours. If your call needs to be redirected, you will not be transferred more than once without your agreement or an officer will return your call.

All correspondence either by letter or email will be answered within ten working days of receipt. If the enquiry cannot be fully answered within the period, an interim response will be provided.

## Customer feedback

Feedback, suggestions, compliments and complaints can be made by phone, in person, by mail, email, fax or through the MAA's website.

The MAA receives complaints about the handling of claims by insurers and about Green Slip prices (includes prices, premium collection, cancellations and renewal practices). In total, for the year 2012–13, 92 complaints were received against the insurers with 56 (58 last year) of those being claims handling complaints and 36 (29 last year) Green Slip complaints.

Of the 56 claims handling complaints:

- Twenty five (25) related to alleged non-compliance with the Claims Handling Guidelines.
- Five (5) alleged non-compliance with the Treatment, Rehabilitation and Attendant Care Guidelines.
- Fourteen (14) alleged improper insurer behaviour.
- Twelve (12) related to an allegation that the insurer was not fair and expeditious in resolving the claim.

Ninety five per cent of the above complaints were finalised during the reporting period. Of these, 63 per cent were resolved in favour of the complainant, 28 per cent were resolved in favour of the insurer and the remaining nine per cent of the complaints were found to be outside of the MAA's jurisdiction or were subsequently withdrawn.

Of the 36 formal complaints relating to Green Slips:

- Thirteen (13) related to policy cancellations.
- Thirteen (13) related to premium collection.
- Five (5) related to Green Slip renewal practices.
- Five (5) related to CTP prices.

Ninety seven per cent of the Green Slip complaints were finalised during the reporting period. Of these, 54 per cent were resolved in favour of the policy holder, 40 per cent in favour of the insurer, and 6 per cent were found to be outside of the MAA's jurisdiction.

Overall, 85 (92 per cent) claims handling and Green Slip complaints were finalised in the reporting period. Of these 71 (84 per cent) complaints were finalised within six weeks (30 working days) of receipt of the complaint.

Of the 36 complaints (22 last year) received by the MAAS, 35 were about MAS or CARS assessors or their decisions and one concerned MAAS policies or procedures. Complaints about the dispute resolution process provided valuable feedback which was then used to improve processes and training for assessors.

Further information regarding making a complaint about the NSW CTP Scheme can be obtained from the Claims Advisory Service, phone 1300 656 919.

## Claims Advisory Service

General enquiries about Green Slips are directed to the Claims Advisory Service (CAS), which operates between 8.30 am and 5.00 pm Monday to Friday, except public holidays.

CAS provides a range of information services for vehicle owners, injured people, Scheme stakeholders and the general public. In addition to enquiries, CAS can assist non-legally represented claimants with their claim, including making a claim, lodging a dispute or negotiating with the relevant CTP insurer.

During 2012–13 CAS received and responded to 33,889 telephone enquiries, which was a decrease of 6.8 per cent on the previous year, and more than 1200 email enquiries regarding the Scheme.

## Assisting injured people

CAS provides injured people with help for a range of issues that may arise during the course of their claim, such as making and managing their claim under the CTP Scheme or communicating with the insurer to resolve medical and payment issues. CAS also provides essential information services to Scheme service providers such as legal practitioners, insurer representatives and medical treatment providers.

During 2012–13, CAS dealt with 24,218 enquiries from injured people and service providers an increase of 0.8 per cent on the previous year.

CAS also provides an outreach service to claimants who are not legally represented and who have a dispute being assessed by the MAA's medical and claims assessment services. The outreach service ensures that these claimants know about assessment or meeting dates, are informed of the process and are aware of the documents and other information they need to provide at their assessment. During the 2012–13, all identified outreach clients were contacted by CAS.

Calls directed to CAS out of hours will be returned the following working day. CAS can also be reached by email at [enquiries@maa.nsw.gov.au](mailto:enquiries@maa.nsw.gov.au).

## Helping vehicle owners find the best Green Slip price

When setting Green Slip prices, insurers consider a range of factors within the risk profile of individual vehicle owners. These include the motorist's age, driving record and accident history, their vehicle type and age and a number of other objective risk factors.

Being a competitive market, the use of different risk factors by different insurers can result in a significant range of prices for individual vehicle owners. For this reason, the MAA promotes the shop-around message.

The MAA provides a free online Green Slip calculator at [www.greenslips.nsw.gov.au](http://www.greenslips.nsw.gov.au) and telephone Green Slip helpline on 1300 137 600 to assist vehicle owners find the best Green Slip price. This automated service operates 24 hours a day, seven days a week. The Green Slip helpline and calculator allow vehicle owners to quickly and easily compare prices from all seven insurers, based on their individual circumstances.

These services are important tools for Green Slip buyers as they can save money by identifying the best available price in the market. During 2012–13 the MAA recorded more than 2.1 million hits on the Green Slip calculator and more than 21,000 calls to the Green Slip helpline.

## Stakeholder forums

Regular briefings and advice were provided to the Minister, Board and other stakeholders on the operation of the Scheme and MAA initiatives.

There are a number of regular forums where stakeholders are kept up to date with the MAA's activities and initiatives and have the opportunity to be involved. These stakeholder forums include:

- insurer executive and claims management groups comprising representatives from the MAA and all seven insurers – meet on a quarterly basis to monitor and discuss the operation of the Scheme.
- a tripartite working group with representatives from the MAA, insurers and RMS meet monthly to discuss Scheme related operational and business issues.
- the Motor Accidents Assessment Service Reference Group comprising representatives of the claims and medical assessors, legal profession and insurance industry meets bi-monthly to discuss issues around improving medical and claims assessment services.
- quarterly meeting with legal professions.
- working party with motorcycling groups.
- executive forums with Transport for NSW and RMS.
- significant additional stakeholder consultation on the Scheme review process commissioned by government.
- Heads of CTP meetings every six months, with NSW hosting the meeting in May 2013.

The General Manager of the MAA is also a member of the Minister for Road's Road Safety Advisory Council.

# Capabilities

## SRWSD organisation capability

During the 2012–13 year, a significant number of actions and initiatives aligned with the GROWing Our Culture Framework (GROW) launched in 2011 were undertaken. The GROW framework is designed to support sustainable cultural change and improved capability across SRWSD through the creation of a constructive, empowered, productive and safe workplace. GROW includes 7 key focus areas of Wellness, Safety, Achievement, Capability, Leadership, Customer Experience and Innovation.

The following is a summary of the major GROW initiatives and actions implemented to achieve increased organisational capability:

- A significant realignment program commenced in early 2012 and continued throughout 2012–13. This major organisational review of capabilities, roles and structure included a number of new appointments to key leadership roles, including the role of Chief Executive and a number of General Managers and senior executive positions.
- A focus on values and ethics commencing with the formal adoption of the public sector values of Integrity, Trust, Service and Accountability as the SRWSD values and development and issue of a revised SRWSD code of conduct and ethics policy.
- Development of a comprehensive leadership strategy designed to build both leadership and management capability. The leadership strategy was launched through a series of leadership summits held throughout April and May. The summits were attended by people leaders from across the organisation and provided an opportunity for them to:
  - share in the overall vision
  - learn about key management practices and culture
  - build relationships and collaborate
  - share inspiring leadership experiences with each other.
- A focus on developing a high performance culture through goal identification and achievement, supported by authentic conversations. Information sessions on performance management were held across the organisation with clear expectations that managers are required to address poor performance early and are to have regular performance discussions with their employees. The importance of ensuring employees have role clarity, clear objectives, comfort with participating in authentic performance discussions and an understanding of how progress and performance is measured were highlighted as vital components towards enabling a constructive and productive workplace.
- Commencement of the SRWSD mandatory training program, with modules on “Maintaining a harassment free office” and “Drug and alcohol awareness” released to employees in December 2012 and modules on the “SRWSD Code of Conduct and Ethics” and “Public interest disclosures and reporting corrupt conduct” released in May 2013.
- Continued enhancement of the rigour and transparency of recruitment and selection processes including implementation of behavioural interviewing and the introduction of pre-screening questions.
- The inaugural SRWSD Annual Employee Awards Ceremony, providing an opportunity to acknowledge and celebrate the excellent work performed by employees from across the organisation, was held in May.
- A move to actively encouraging and enabling early intervention and support for SRWSD employees who have concerns in the workplace with working relationships and personal issues.
- Implementation of a tiered service and advice model within People and Culture including a clearly understood approach to case management to support people managers and employees who are managing workplace issues.

## Workforce diversity and inclusion

SRWSD is committed to building a workplace culture which values and understands the benefits of a diverse workforce, reflective of the wider community.

In 2012–13, a number of initiatives and actions were implemented to support this commitment, including the introduction of mandatory training for all staff on maintaining a harassment free work environment, planning for the development of a ‘diversity and inclusion’ intranet page, and preparation for the launch of a SRWSD diversity council/employee network. A diversity events calendar was also developed to plan and promote key diversity events, such as Harmony Day, NAIDOC Week, International Women’s Day and International Day for People with a Disability.

A number of initiatives aimed at recognising, valuing and supporting employees from diverse backgrounds, identified EEO groups and groups of interest identified through workforce data analysis (e.g. young workers) or through current focus (e.g. carers) were implemented.

## Employees with a disability

- SRWSD is a gold-level partner with the Australian Network on Disability (AND), which will enhance our capacity to attract and retain people with disabilities and become a disability-confident organisation.
- Adjusted position descriptions, with consideration to individual reasonable adjustment requirements, to enable the permanent appointment of workers with a disability. Workers are supported with additional training to aid career enhancement.
- Development of a ‘personal emergency evacuation plan’ (PEEP) template for roll out across SRWSD in late 2013. A PEEP is an individualised emergency evacuation plan designed for someone with a disability or injury, who may need assistance during an emergency. These plans are being coordinated between employees with a disability and fire wardens to ensure emergency coordinators are aware of individual employee needs should an evacuation be required.

### Indigenous employees

- Sponsored an indigenous student through the University of Newcastle's IBIS Scholarship Program, which provides work experience during two, 10-week industry placements within SRWSD.

### Employees from a multicultural background

Implemented actions from the SRWSD multicultural plan, including:

- putting a statement in all SRWSD job advertisements encouraging applicants from diverse cultural backgrounds.
- placing multicultural awareness information in induction packs and relevant leadership programs.

### Women

- Female employees were nominated to attend the International Women's Day celebrations.
- Sponsored six women from across the business to attend the Australian Women In Leadership Conference, which provided an opportunity to network with other women from across the private and public sector and to hear from a number of talented and respected leaders.
- Sponsored three women in the Drive Your Career Program, which helps participants plan and develop strategies for their career, including how to seek opportunities for greater responsibility and maintaining work/life balance.

### Young workers

- Expanded the SRWSD Scholarship Scheme to include two more scholarships with the University of NSW and another two with the University of Newcastle, bringing the total number of scholarships for young emerging professionals to seven. The program includes work experience placements in business areas aligned to the students' area of study.
- Sponsored three young employees from across SRWSD to attend the 2013 NSW Public Sector Young Leaders Conference in May.

### Employees with carer responsibilities

- Developed an information pack for managers to raise awareness of issues facing employees with carer responsibilities, as defined within the NSW Carers (Recognition) Act 2010. Information sessions for managers will be rolled out across SRWSD later in 2013.

## Work health safety and employee wellbeing

### Human resource statistics

During the reporting period 101 staff members occupied positions at the MAA.

### Staff numbers and gradings

	2012-13	2011-12	2010-11	2009-10
Administration & Clerical	89	93	109	111
Cadets	-	-	1	-
Legal Officers	2	2	2	4
Senior Management (senior executive service)	2	1	2	3
Senior Officers	7	8	9	8
Statutory and Other Officers Including Arbitrators	1	1	1	1
<b>TOTAL</b>	<b>101</b>	<b>105</b>	<b>124</b>	<b>127</b>

Note: The HR Statistics quoted for 2012-13 are headcount figures as at 20 June 2013 (being the census date for the PSC Annual Workforce profile data-collection)

### Work Health and Safety

There were three (3) workers compensation claims lodged in the 2012-13 financial year for MAA.

The MAA and the LTCSA successfully transitioned into new health and safety consultation arrangements establishing five workgroups and electing seven Health and Safety Representatives (HSRs). All elected HSRs completed the requisite training.

The MAA is represented on the SRWSD's strategic Health and Safety Committee which has been formed to focus on overarching policy review and strategic health and safety matters impacting all agencies in the SRWSD.

## Our people

The MAA includes the following areas to deliver their services:

### Policy, Performance and Community Assistance Division

- Provides information and assistance to members of the public and stakeholders.

### Scheme Performance Branch

- Manages the claims database and assesses insurers' filing for premium changes.

### Insurer licensing and Performance Branch

- Monitors insurer compliance with legislation and MAA guidelines and investigates complaints about insurer practices.



### **Injury Strategy Branch**

- Works with insurers and researchers to promote best practice in injury management as well as managing the MAA grant and injury prevention programs.

### **Scheme Policy and Community Assistance Branch**

- Provides expert strategic, policy and operational advice, research and reporting, stakeholder liaison and coordination, interagency and inter-jurisdiction initiatives and a range of administrative functions to support the executive, ministers' office and NSW parliament.

### **Scheme Reform Strategy**

- Engaged to coordinate and undertake related research and other activities to support reform and improvement initiatives.

### **Motor Accidents Assessment Service**

- Assesses medical and claims related disputes between injured people and insurers through independent services including the:
  - Medical Assessment Service (MAS) which manages a panel of 161 expert medical assessors
  - Claims Assessment and Resolution Service that manages a panel of 30 expert claims assessors who are experienced legal practitioners and reviews some challenges to LTCSA assessments

These services are delivered by the medical assessments team, medical review team, claims assessment team, business services team and case management service team.

### **Regulating insurers and ensuring claims are resolved fairly and quickly**

The MAA has the responsibility to ensure that claims are managed by insurers in accordance with the prescribed guidelines. This ensures that claims by injured people are dealt with as quickly, fairly and consistently as possible across all insurers. Where disputes arise between claimants and insurers, the MAA has a number of statutory powers and services to assist in resolving the dispute. These include a compliance branch that investigates and resolves complaints against insurers, and an independent dispute resolution service that can deal with medical disputes as well as issues around eligibility, process and the amount of a claim. Both claimants and insurers can apply to the dispute resolution service to resolve issues and progress the claim towards resolution.

### **Claims requiring dispute resolution intervention**

The MAAS assesses medical and claims disputes between injured people and insurers through independent services: MAS and CARS.

The majority of claims in the Scheme however are settled without requiring dispute resolution intervention by MAS or CARS and the disputation rate has remained relatively stable.

### **Skilled and qualified assessors**

There are 30 external claims assessors appointed based on their experience and expertise in assessing personal injury claims. The term of the currently appointed claims assessors has been extended until 30 June 2016.

The claims assessments team produced and implemented a comprehensive guide to preparing decisions to maintain clarity and consistency in decision writing by claims assessors. The claims assessments team is also developing a *Claims Assessor Handbook* and an assessor peer review program to be launched in late 2013.

There are currently 161 medical assessors appointed from over 25 different medical specialties and allied health groups. The term of the currently appointed medical assessors was extended until 15 October 2015.

The panels of claims and medical assessors participated in comprehensive training including regular assessor briefings and forums, decision writing workshops and an annual conference in November 2012.

### **Director Assessment Services, MAA and WorkCover**

The role of Director Assessment Services was expanded this year. This role reports to the General Manager of the MAA for the MAAS Division, delivering the assessment services provided by MAS and CARS, and now also reports to the General Manager of the Workers Compensation Insurance Division of WorkCover for the operations of the new Merit Review Service (MRS).

This new service is undertaking reviews of work capacity decisions made by workers compensation insurers. The MRS team are co-located with the operations of the existing MAAS teams in Darlinghurst.

## Staff capabilities

In addition to programs focused on enhancing skills and capability, the key focus for the last 12 months has been on career management and well being to support staff in SRWSD.

## Multicultural policies and service program

The MAA recognises the NSW principles of diversity and the need to provide equitable service delivery to all people across NSW. To achieve this, the MAA has continued with a number of initiatives during the reporting year including:

- Providing information about the MAA's activities to the ethnic media.
- Utilising interpreters and translators language services where required to assist in assessments with participants.
- Producing and making available appropriate publications in major community languages.
- Providing participants with access to surveys in their identified preferred language and where required, with the use of telephone interpreters.

## Action plan for women

The MAA continues to have a relatively high representation of women across all occupational groups and grades. Our culture and work practices provide a supportive culture for all staff.

As part of SRWSD staff now have access to a wide range of programs and access to information to enhance their career development opportunities.

## Disability action plan

The MAA is committed to ensuring that people with a disability have equitable access to government services, facilities and jobs through the delivery of enhanced services that promote fairness and opportunities.

The commitment includes targeting universal, adapted and specialist services. The following outcomes have been achieved as at 30 June 2013:

- Publications are produced in a clear, simple language and are readily available to all participants.
- The Annual Participant Survey has been conducted and is made available to all people including those with disabilities, in their identified preferred language.

## Equal employment opportunity

The 2007–10 Equal Employment Opportunity (EEO) Plan identified key priorities. This has included internal training completed by all staff to prevent bullying and harassment.

### Trends in the representation in EEO Groups

EEO Group	Benchmark/Target	2011	2012	2013
Women	50%	60.8%	64.4%	62.9%
Aboriginal People and Torres Strait Islanders	2.6%	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English	19.0%	25.3%	18.1%	17.1%
People with a Disability	N/A	5.0%	6.1%	5.7%
People with a Disability Requiring Work-Related Adjustment	1.5%	2.7%	3.3%	2.6%

### Trends in the distribution in EEO Groups

EEO Group	Benchmark/Target	2011	2012	2013
Women	100	94	95	97
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	94	N/A	N/A
People with a Disability	100	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A

Note 1: 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.

Note 2: The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.



## Corporate governance

### Risk management

During the year the MAA moved from an individual agency-based risk management approach to an integrated whole-of-SRWSD risk management approach. The new approach is consistent with AS/NZS standards (31000) and is appropriate for the MAA as it reflects how the Board(s) responsibilities across SRWSD resides with the Safety, Return to Work and Support Board and the Workers' Compensation (Dust Diseases) Board following the formation of SRWSD under the *Safety, Return to Work and Support Board Act 2012* in August 2012. The operation of the risk management approach commenced with the delivery of a strategic risk review.

### Internal Audit Unit

The SRWSD Internal Audit Unit (IAU) is an independent review function that manages, through an outsourced service provider, an annual plan of risk-based audits across all the SRWSD agencies including the MAA. In 2012–13, eight reviews were completed in MAA or SRWSD-wide (including MAA). These reviews made 46 audit recommendations to strengthen the organisation's internal controls.

The following internal audit reports were issued in 2012–13:

- SRWSD OHSS\*
- SRWSD Procurement
- SRWSD Business Continuity Management
- SRWSD Grants and rebates
- SRWSD Information Requests including GIPA
- SRWSD Mobile Phones
- MAA Case Management Services\*
- MAA Drives

\* Internal audit reviews from the 2011–12 audit plan completed during the 2012–13 year.

In addition to the above, the following internal audit reviews, from the 2012–13 audit plan, were in progress as at 30 June 2013:

- SRWSD Shared Service Delivery
- SRWSD Project Management
- Investment Division Performance Reporting to Management and Stakeholders

The IAU also undertakes a range of fraud and corruption prevention activities. In 2012–13, SRWSD-wide policies for fraud and corruption control and internal reporting were updated and issued to all staff by the SRWSD Chief Executive Officer. IAU staff act as Public Interest Disclosure Officers to whom staff can report allegations of corrupt conduct within the *Public Interest Disclosure Act 1994*. IAU also manages investigations into corrupt conduct liaising, where appropriate, with the Independent Commission Against Corruption (ICAC).

The Director Corporate Governance acts as the Chief Audit Executive and reports directly to the SRWSD Audit and Risk

Committee for strategic direction and accountability purposes, and reports administratively to the Chief Executive Officer to facilitate day to day operations.

## Public interest disclosure

The Department Head has taken action to make staff aware of their rights and responsibilities under the *Public Interest Disclosure (PID) Act 1994*. Awareness activities within the current PID reporting period (1 July 2012 to 30 June 2013) include induction training, external training, bulletin boards and internet communications.

The MAA has an internal reporting policy that was updated and re-issued by the Chief Executive Officer to all MAA staff in December 2012.

Statistical information on PIDs	01/07/12 to 30/06/13
Number of public officials who made PIDs	0
Number of PIDs received	0
Of PIDs received, number primarily about:	
Corrupt conduct	0
Maladministration	0
Serious and substantial waste of public money	0
Government information contraventions	0
Local government pecuniary interest contraventions	0
Number of PIDs finalised	0

# Scheme performance report

## Compulsory Third Party insurance market

Vehicle owners registering motor vehicles in NSW have a statutory requirement to purchase Compulsory Third Party (CTP) insurance (or Green Slip). This insurance provides for lost earnings, medical expenses and non economic loss claimed by road users who are injured in motor vehicle accidents.

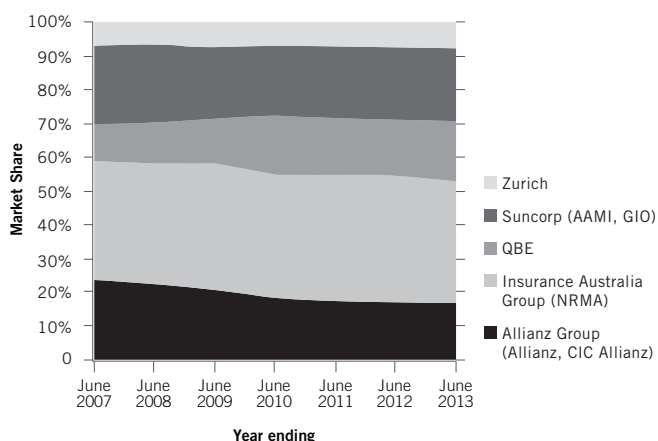
Insurers licensed to sell CTP insurance in NSW charge vehicle owners a premium to provide this insurance cover.

Apart from covering the cost of claims, the premium also provides for the cost of insurers' claims management and administration of insurance policies, and for insurer profit which represents the cost of capital invested to support insurers' CTP business.

Seven licensed insurers continue to write CTP business in NSW. The seven current CTP licences are held by five insurance groups.

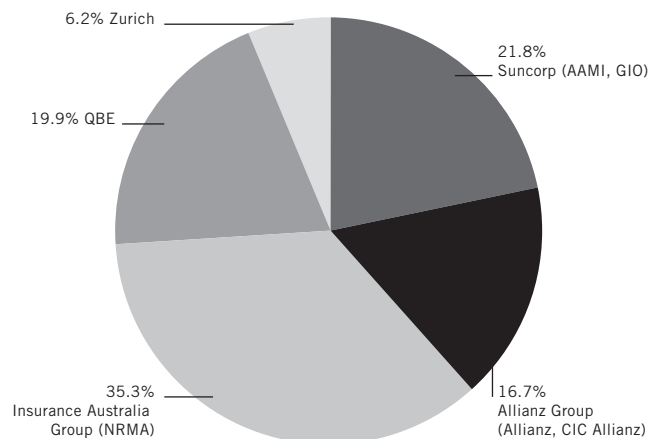
The stacked area chart below shows the trend in average annual market share for the year ending 30 June, by premiums collected, for each insurer group over the past seven years. Insurance Australia Group lost an average 1.5 per cent market share and QBE gained an average 1.1 per cent market share between 2012 and 2013.

**Market share by insurer group for year ending 30 June – seven-year trends (based on premium volume)**



Insurer market share generally fluctuates during the year, and in the 2012–13 financial year there was considerable movement in the final quarter of the year. The following pie chart shows the most recent snapshot of insurers' market share as at quarter ending 30 June 2013. IAG's market share was 35.3 per cent, compared to 37.8 per cent at quarter ending 30 June 2012, a drop of 2.5 per cent, while QBE's market share was 19.9 per cent compared to 16.9 per cent at quarter ending 30 June 2012, an increase of 3 per cent, based on premium volume.

**Market share by insurer group for quarter ending 30 June 2013 (based on premium volume)**



RMS data indicate that the number of registered vehicles in NSW rose from 4.9 million in June 2012 to nearly 5.0 million in June 2013, an increase of 2.0 per cent.

The total premium collected during the 2012–13 financial year was \$2.58 billion excluding GST. The insurance premium component (excluding levies and GST) was \$1.95 billion compared to \$1.76 billion in 2011–12, an increase of 10.8 per cent.

The price of a Green Slip varies depending on the type of vehicle, geographic location, and specific risk characteristics of the vehicle, owner and driver. It also depends on which insurance company the Green Slip is purchased from.

The following table shows the average Green Slip prices (including levies) offered in the June 2013 quarter compared to the June 2012 quarter.

**Comparison of premium**

	June 2013	June 2012
Average price offered for a Sydney metropolitan passenger vehicle	\$559 excl GST \$602 incl GST	\$502 excl GST \$541 incl GST
Average price for all passenger vehicles in NSW	\$504 excl GST \$542 incl GST	\$453 excl GST \$487 incl GST
Average price for all NSW vehicles	\$527 excl GST \$567 incl GST	\$475 excl GST \$512 incl GST
Best price for a Sydney metropolitan passenger vehicle (for motorists aged between 30 and 54 years)*	\$469 excl GST \$505 incl GST	\$431 excl GST \$464 incl GST

Green Slip prices have been adversely affected by historically low bond yields, increases in claims frequency and more legally represented claims. As a result, the 2012–13 year has seen increases in Green Slip prices.

For more information see the fact sheets about Green Slip prices on our website at [www.maa.nsw.gov.au/default](http://www.maa.nsw.gov.au/default).

## Scheme performance measurement

The MAA collects information on claims and premiums from insurers to fulfil its statutory role of overseeing the performance and viability of the Scheme.

Scheme performance is discussed under the following indicators:

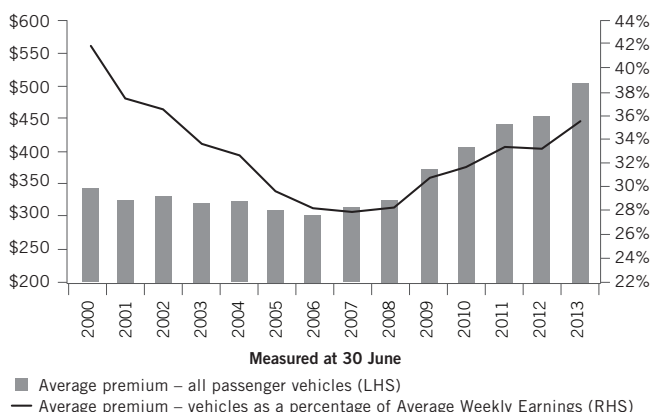
- **Affordability** – measures the cost of Green Slips relative to average NSW weekly earnings. The lower the premium as a proportion of average earnings, the more affordable premiums are considered to be.
- **Efficiency** – measures the proportion of premiums paid that is directly returned to injured persons. The higher the proportion of premiums paid as claim benefits (rather than as service delivery costs), the greater the efficiency of the Scheme.
- **Insurer profitability** – measures the balance between adequate return on capital for insurers to ensure a financially viable scheme and affordable premiums for vehicle owners.
- **Claims experience** – reflects the usage of the Scheme.

## Affordability

Affordable premiums are a primary objective of the Scheme.

Affordability is measured by comparing the average price of a Green Slip (including levies but excluding GST) with the average weekly earnings (AWE) in NSW. Whilst actual premiums vary by vehicle and risk rating factors, this measure is expressed using the average premium of all passenger vehicles in NSW. The lower the ratio the more affordable premiums are considered to be. The graph below shows the average premium for all passenger vehicles in NSW (bar chart) and the affordability of average premium for all passenger vehicles in NSW measured against AWE (line graph).

**Premium as a proportion of NSW Average Weekly Earnings**



During 2000 to 2007 when premiums were relatively stable, the affordability measure significantly improved. Since 2007, the average premium for all passenger vehicles has increased from approximately 28 per cent of AWE in 2007 and 2008 to 37 per cent in February 2013 and to approximately 36 per cent currently, based on actual policies sold during the period.

## Efficiency

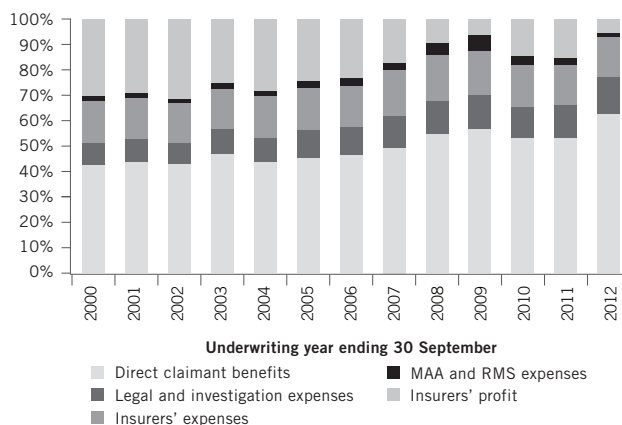
Scheme efficiency considers the proportion of each dollar paid in premiums that is directly returned to injured people as benefits (excluding the Lifetime Care Scheme).

The benefits that are considered to have been directly returned to injured people include loss of earnings payments, general damages, medical and related costs paid on the injured person's behalf (including payments for care, rehabilitation, bulk-billed ambulance and hospital costs, home modifications and travel). Service delivery costs such as legal expenses, investigation expenses and medico legal costs, insurers' expenses, insurers' profit, MAA operating costs and RMS commission are not classified as benefits received by claimants.

No account has been taken in these calculations of 'contracted-out' legal costs, which are costs over and above the regulated amount that are charged by the claimant's solicitor directly to the claimant. The MAA's independent actuaries advise that these amounts are not disclosed to insurers or the regulator.

The following figure shows the split of premium for underwriting years ended 30 September 2000 to 30 September 2012. It is important to note that the chart below is based on the latest claims experience. The direct claimant benefits and legal and investigation expenses rely on estimates of future payments, particularly for recent underwriting years. Estimates of future claim payments are always inherently uncertain because they depend on the outcome of future events which cannot be forecast precisely, such as quantum of claims costs, expectations of claimants and their legal representatives, amounts of court awards, etc. Therefore, actual claims payments may emerge at levels higher or lower than the estimates. It may take more than five years for the actual payments to emerge.

**Distribution of scheme funds by underwriting year**

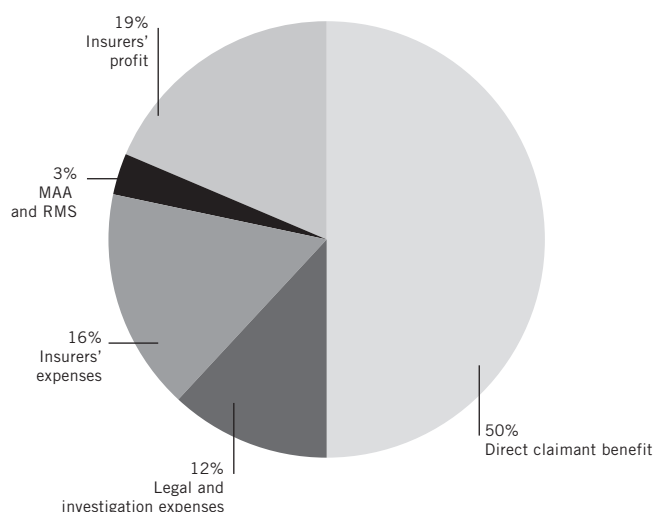


The light sections at the bottom of the bars in the above chart show the proportion of the premium that is returned directly to claimants, i.e. the measure of Scheme efficiency. Insurer profit indicated at the top of the bars in the chart above is the estimated realised industry profit for each underwriting year.

Scheme efficiency is less than 50 per cent in respect of policies sold in 2007 and prior, and is between 50 per cent and 65 per cent for policies sold in 2008 and later. However, the assessment of efficiency for the more recent underwriting periods is largely based on models and assumptions on expected claims experience. Actual claim outcomes can emerge materially differently to that estimated. As actual claims experience gradually replaces the modelled estimates over time, the assessment of efficiency can change as a result. It may take more than five years for the claims experience to emerge.

Hindsight analysis shows unexpected high profits for underwriting years 2000 to 2006 and these higher than expected profits have contributed to the low Scheme efficiency. The chart below shows that on average, across underwriting years 2000 to 2012, and without taking contracted out legal fees into account, Scheme efficiency is 50 per cent.

**Distribution of Scheme funds averaged over underwriting years 2000 to 2012**



Note that the estimate of efficiency relates to the NSW CTP insurance Scheme only and excludes the Lifetime Care Scheme. This is a change from the Scheme efficiency measure disclosed in prior annual reports which included the Lifetime Care Scheme and was based on estimates of future costs projected by insurers in their filings to the MAA, i.e. a prospective view. The Lifetime Care Scheme has been excluded because it is not managed or priced by insurers and is not subject to regulation by the MAA.

## Insurer profitability

Section 5(2)(d) of the *Motor Accidents Compensation Act 1999* acknowledges that insurers, as receivers of public money that is compulsorily levied, should account for their actual profit margins. Section 28(1) of the Act requires licensed insurers to disclose to the MAA 'the profit margin on which premiums are based' and 'the actuarial basis for calculating their profit margin'. Section 28(2) requires that the MAA report to the Legislative Council Standing Committee on Law and Justice on its assessment of insurers profit margins.

## Prospective profit

Prospective profit refers to the profit expected by insurers at the time of filing. It is based on insurers' expectations of the type of policies yet to be sold, the associated likely costs of accidents that are yet to happen and their projected expenses.

The MAA 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 insurer's liabilities or if it is considered to be excessive. The following table presents the profit margins projected by insurers in their filings to the MAA.

**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
2006–07	4.0 – 11.0	6.0
2007–08	5.0 – 9.3	7.7
2008–09	4.7 – 9.3	8.1
2009–10	5.0 – 9.3	8.6
2010–11	6.8 – 9.0	8.6
2011–12	1.9 – 9.3	8.1
2012–13	1.8 – 9.0	7.7

Source: MAA – Based on filings received and reviewed by the MAA.

Note: \*The weighting factor is the last four quarters market share.

Over the past five years, filed profit margins have ranged from 1.8 per cent to 9.3 per cent for individual insurers, with an industry average between 7.7 per cent and 8.6 per cent. The projected profit weighted average for the current reporting year has dropped to 7.7 per cent.

## Realised profit

The actual profit or loss that an insurer may ultimately make will depend on the extent to which assumptions in the premium filing are realised, and hence profitability may evolve over time from insurers' prospective estimates of the profit margin.

It can be many years before the profit earned on a policy can be known with any certainty. Assessment of profit (especially for the more recent underwriting periods) is largely based on models and assumptions on expected claims experience. Actual claim outcomes can emerge materially differently to that estimated. As actual claims experience gradually replaces the modelled estimates over time, the hindsight assessment of profit can change as a result.

The following table presents the current estimates of claims liabilities for each underwriting year and the estimated profit as a percentage of the written premium. It is important to note that this is only an estimate of what the realised profit will be, and assumes that the latest valuation of claim liabilities will emerge as assumed. The MAA has made every effort to ensure that the estimated profit component of the premium is assessed against objective criteria and has adopted a methodology prepared by the Scheme actuaries.

## Current estimate of industry profitability by underwriting year

### Scheme development by underwriting year

Underwriting year ended 30 Sep	Premiums written during the year (\$M)	Estimate of insurers' acquisition expenses and net cost of reinsurance (\$M)	Bulk-billed ambulance and hospital costs (\$M)	Proportion of reported full claims finalised (%)	Estimated discounted value:		Estimate of discounted value of profit/(loss) for insurer:					
							1		2		3	
					Projected total claims cost (excl. bulk billing) (\$M)	Insurers' claims handling expenses (\$M)	If estimate of claims liabilities, turns out to be 10% more than central estimate:		Using central estimate of claims liabilities		If estimate of claims liabilities, turns out to be 10% less than central estimate:	
							Amount (\$M)	Percentage of premiums (%)	Amount (\$M)	Percentage of premiums (%)	Amount (\$M)	Percentage of premiums (%)
2000	1,325	200	36	99%	652	42	393	30%	394	30%	395	30%
2001	1,321	198	36	100%	666	43	375	28%	376	29%	378	29%
2002	1,342	185	36	99%	666	43	409	30%	411	31%	413	31%
2003	1,395	197	39	99%	763	50	344	25%	346	25%	348	25%
2004	1,476	222	42	99%	753	50	405	27%	409	28%	412	28%
2005	1,451	224	41	98%	786	57	338	23%	343	24%	348	24%
2006	1,426	218	42	97%	790	58	312	22%	319	22%	327	23%
2007	1,221	173	-	95%	778	57	204	17%	214	18%	223	18%
2008	1,178	167	-	91%	841	61	90	8%	109	9%	127	11%
2009	1,328	180	-	82%	988	72	46	3%	87	7%	129	10%
2010	1,529	196	-	67%	1,027	73	166	11%	232	15%	298	20%
2011	1,698	217	-	47%	1,140	74	169	10%	268	16%	367	22%
2012	1,796	219	-	20%	1,394	91	-49	-3%	92	5%	234	13%

1 Claim payments occur over a period of time after premiums have been collected. Projected total claims cost are made up of past payments plus an estimate for future payments yet to be made.

The estimated value of ultimate claim cost per underwriting year is discounted back to the time of premium collection in order to obtain a valid estimate of profit as at the time premiums were paid.

2 The proportion of claim liabilities outstanding, compared to the projected total claims cost, is much more for recent underwriting years than earlier years. As a result, estimates of profit for recent underwriting years are much more sensitive to uncertain assumptions about future claim payments than estimates for earlier underwriting years. For this reason, underwriting year 2013 is excluded.

3 The table above provides examples of estimated underwriting profit according to three different estimates of outstanding claims liabilities. Scenario 2 which uses the central estimate is the expected result.

4 Projected total claims cost shown in the table above relate only to scenario 2 of the profit/loss estimates i.e. derived using the central estimate of claim liabilities.

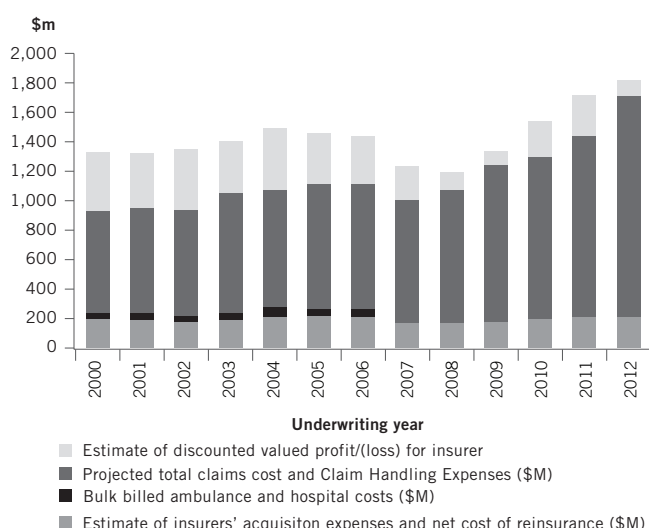
Profit (\$m) is derived as follows: Example: For 2012 [ $92 = 1796 - 219 - 1394 - 91$ ]

The estimates of profitability in respect of a given underwriting year could be different to the estimates reported in previous years. Such differences arise largely due to revisions in the actuarial estimates of ultimate claim costs.

The MAA levy covers operating costs of the MAA, the RMS commission for handling transactions and bulk-billed ambulance and hospital costs. Therefore, for the 2007 (2006–07) and subsequent underwriting years, premiums written exclude the MAA levy and the RMS commission and bulk-billed costs are not part of the total costs borne by insurers in analysing estimated profitability of premiums for insurers. *Note that the Scheme efficiency assessment includes the MAA levy, RMS commission and bulk-billed costs.*

The graph below illustrates the components of premiums by underwriting year using the central estimate of claims liabilities i.e. scenario 2 outlined in the table above.

### Estimated components of total premium



Historically, realised profit has been found to be higher than filed profit as claims costs emerged lower than initially expected. In aggregate over underwriting years 2000 to 2012, current estimate of average industry profit is 19 per cent of premiums.

## Claims experience

### Number of claims and notifications

Claims experience is often presented by accident year which groups claims by the year in which the accident took place. An accident year runs from 1 October to 30 September each year. This allows cohorts of accidents subject to the same external influences, including legislative Scheme changes like the introduction of LTCS, to be analysed together.

In this section, the aggregate of full claims and Accident Notification Forms (ANFs) are referred to as notifications.

The table below shows the distribution of notifications by accident year. The following observations can be made:

- At the end of June 2013, a total of 171,885 notifications had been received by insurers in relation to accidents since 5 October 1999. This represents an increase of 9 per cent since the end of June 2012.
- Of the 171,885 notifications, 80 per cent (138,081) were full claims and 20 per cent (33,804) were ANFs which had not converted to full claims by 30 June 2013.
- The estimated ultimate number of notifications (which includes claims incurred but not yet reported) per accident year declined over the period 1999–00 to 2007–08 but started to rise again from an estimated 11,717 notifications for 2008–09 to 13,920 notifications for 2011–12. The increase in ANF notifications reflects in part the expansion of the benefits available under the ANF scheme. The ANF entitlements were expanded to a maximum of \$5,000 from October 2008 and further extended to anyone injured in a motor vehicle accident in NSW, regardless of who was at fault, from April 2010. Full claims notifications have also increased since 2007–08, relating particularly to an increase in claims with minor severity injuries with legal representation.
- Because an accident year runs until the end of September, three months after the end of the financial year, the data reported here for the 2012–13 accident year is not directly comparable to the other accident years. The estimated ultimate number of notifications for 2012–13 does not include accidents that will occur in the three months to September 2013 (i.e. it only reflects nine months worth of exposure). The total estimated ultimate notifications for the 2012–13 accident year will be higher than 10,247 when the accidents occurring in the three months to September 2013 are included.



Accident Year <sup>1</sup>	ANFs			Full Claims			IBNR <sup>2</sup> estimates	Total Notifications <sup>3</sup>	Estimated Ultimate Notifications
	At-fault ANF	Not at-fault ANFs	Total ANFs	Converted ANFs	Direct Full Claims	Total Full Claims			
1999-00		2,668	2,668	3,281	10,833	14,114	0	16,782	16,782
2000-01		2,900	2,900	3,516	8,916	12,432	0	15,332	15,332
2001-02		2,698	2,698	3,019	8,016	11,035	0	13,733	13,733
2002-03		2,530	2,530	2,953	6,976	9,929	0	12,459	12,459
2003-04		2,265	2,265	2,950	7,072	10,022	0	12,287	12,287
2004-05		2,033	2,033	2,732	6,994	9,726	0	11,759	11,759
2005-06		1,900	1,900	2,538	6,747	9,285	4	11,185	11,189
2006-07		1,650	1,650	2,164	6,914	9,078	19	10,728	10,747
2007-08		1,283	1,283	1,935	7,012	8,947	47	10,230	10,277
2008-09		2,102	2,102	2,462	7,052	9,514	101	11,616	11,717
2009-10	253	2,091	2,344	2,615	7,115	9,730	177	12,074	12,251
2010-11	694	2,252	2,946	3,012	7,067	10,079	348	13,025	13,373
2011-12	881	2,455	3,336	3,201	6,608	9,809	775	13,145	13,920
2012-13	655	2,494	3,149	1,376	3,005	4,381	2,717	7,530	10,247
<b>Total</b>	<b>2,483</b>	<b>31,321</b>	<b>33,804</b>	<b>37,754</b>	<b>100,327</b>	<b>138,081</b>	<b>4,188</b>	<b>171,885</b>	<b>176,073</b>

1. Accident years run from 1 October to 30 September. 2012-13 has only 9 months of exposure as at June 2013.

2. IBNR - Incurred But Not Reported claims, are estimated from actuarial models.

3. Total Notifications = Total Full Claims + Total ANFs.

4. CTP Claims data as at June 2013.

5. Full claims as defined in Section 74 of MACA 1999.

6. ANFs as defined in Section 49 of MACA 1999.

## Claim frequency and propensity to claim

Total notifications include the total of all ANFs plus all full claims. 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. Propensity to claim is defined as the number of notifications per 100 motor vehicle road casualties. The table below shows the claim frequency and propensity to claim.

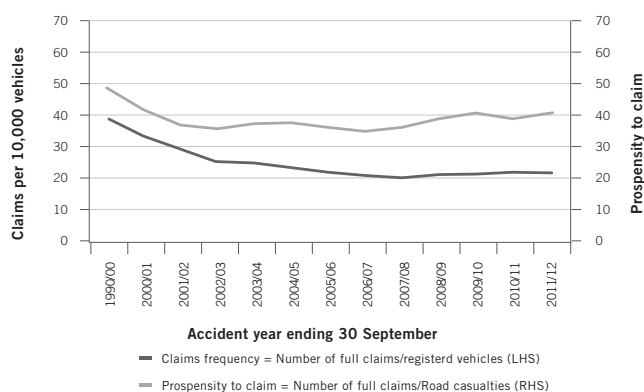
Accident Year	Registered Vehicles ('000)	Estimated Ultimate Notifications for ANFs	Estimated Ultimate Notifications for full claims	Total Estimated Ultimate Notifications	NSW road casualties	Total claim frequency / 10,000 vehicles	Total propensity (%) to claim	Claim frequency / 10,000 vehicles for full claims	Propensity (%) to claim for full claims
1999-00	3,644	2,668	14,114	16,782	29,061	46	58	39	49
2000-01	3,737	2,900	12,432	15,332	29,993	41	51	33	41
2001-02	3,829	2,698	11,035	13,733	30,080	36	46	29	37
2002-03	3,932	2,530	9,929	12,459	27,745	32	45	25	36
2003-04	4,054	2,265	10,022	12,287	26,961	30	46	25	37
2004-05	4,121	2,033	9,726	11,759	25,834	29	46	24	38
2005-06	4,231	1,900	9,289	11,189	25,947	26	43	22	36
2006-07	4,320	1,649	9,098	10,747	26,157	25	41	21	35
2007-08	4,416	1,281	8,996	10,277	24,823	23	41	20	36
2008-09	4,525	2,096	9,621	11,717	24,640	26	48	21	39
2009-10	4,637	2,334	9,917	12,251	24,585	26	50	21	40
2010-11	4,757	2,928	10,445	13,373	26,753	28	50	22	39
2011-12	4,847	3,285	10,635	13,920	26,033	29	53	22	41

Note:

1. Accident years run from 1 October to 30 September.
2. Data on registered vehicles was sourced from the Roads & Maritime Services (RMS) and adjusted to Scheme accident years.
3. Estimated Ultimate Notifications = Reported notifications + Estimated IBNRs (Total Notifications = Total Full Claims + Total ANFs).
4. Data on road casualties sourced from the Transport Roads & Maritime Services (Centre for Road Safety). Crash data is sourced from the NSW Police Force and only records crashes on roads open to the public in which at least one person was killed or injured or in which at least one motor vehicle was towed away.
5. Data for more recent accident years is subject to change as estimates are updated over time.
6. Due to the lag in reporting claims and vehicle data, only data for complete accident years have been published in the above table.

## Claim frequency and propensity to claim for full claims

The chart below shows the claim frequency per 10,000 vehicles and the propensity to claim since 2000 for full claims only (excluding ANFs).

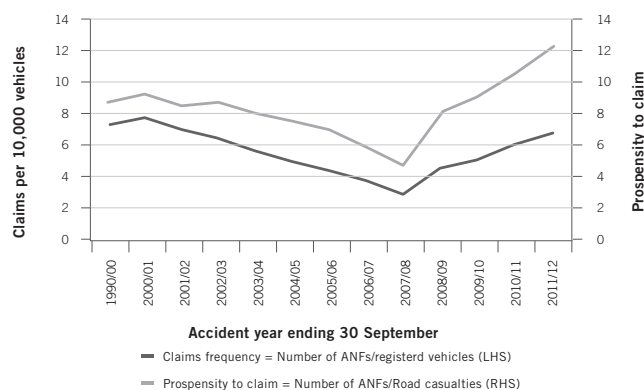


Claim frequency reduced steadily since the inception of the Scheme in 1999 to 2007-08 largely reflecting improvements in road injury rates during that time. However, the chart shows that propensity to claim has shown a marked increase since 2006-07 and full claim frequency has also exhibited

a slight trend upwards since 2007-08. Full claim frequency has increased by an average of 2 per cent per annum since 2007-08 and propensity to claim has increased by an average of 3 per cent per annum since 2006-07.

## Claim frequency and propensity to claim for ANFs

The chart below shows the claim frequency per 10,000 vehicles and propensity to claim since 2000 for ANF's.



Both claim frequency and propensity to claim for ANFs



decreased until 2007–08 and have increased since then. The increase reflects the expansion of ANF benefits to \$5,000 from October 2008. There is a further increase in 2009–10 due to the expansion of benefits to anyone injured in a motor vehicle accident in NSW regardless of who was at fault from April 2010. The frequency and propensity to claim continue to increase as awareness of the expansion grows.

## Claims profiles

The MAA continually monitors the claims experience of the Scheme not only to meet its obligations under the legislation, but also to help formulate properly targeted injury prevention and injury management strategies.

### Claims profile by NSW region

The table below shows that the share of claims costs for a region does not directly correspond to that region's share of total claim numbers. For example, 67.8 per cent of claims occur in metropolitan Sydney, but these claims make up only 63.0 per cent of total claims costs. By contrast, 16.5 per cent of claims occur in Country NSW but these make up 21.8 per cent of the total claims cost. One reason for this difference is the relatively higher proportion of accidents in Country NSW that involve higher speeds and therefore result in more severe injuries.

Accident region	% of claim numbers	% of total costs
Metropolitan	67.8	63.0
Country	16.5	21.8
Newcastle/Central Coast	10.2	8.0
Other	2.2	3.5
Wollongong	2.2	2.3
Outer Metropolitan	1.1	1.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Note:

1. Claims arising from accidents occurring between 01 October 2005 and 30 June 2013.
2. Claims data as at 30 June 2013.
3. Accident region category 'Other' includes claims relating to accidents occurring outside of NSW or where the location of accident is unknown or was not correctly recorded.

### Claims profile by road user status

Claims made by pillion passengers, motorcycle riders and pedestrians account for small numbers of claims but disproportionately high average claims costs. For instance, claims from pillion passengers make up only 0.6 per cent of claims but 1.0 per cent of overall claims costs with an average incurred cost per claim of \$216,900.

In contrast, drivers make up half of all claims but these claims account for 38.2 per cent of all claims costs, and have an average cost per claim of \$95,700.

	% of claims	% of total costs	Average cost (\$ per claim)
Driver	49.5	38.2	95,700
Passenger	26.8	26.6	122,700
Pedestrian	10.7	16.8	193,900
Rider	6.2	11.4	227,200
Cyclist	3.7	4.0	135,400
Other	2.5	2.1	104,400
Pillion	0.6	1.0	216,900
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>124,000</b>

Note:

1. Full claims arising from accidents occurring between 01 October 2005 and 30 June 2013.
2. Claims data as at 30 June 2013.
3. Category 'Other' in the above table pertains to claimants whose role in the accident could not be classified under the existing categories.

## Who causes the injuries?

The NSW CTP Scheme is primarily a fault-based scheme. Generally, an injured person can only make a full claim for compensation when their injury was caused by the fault of another person. In New South Wales, males currently make up 49.6 per cent of the population and 51.5 per cent of licence holders, but cause 59.4 per cent of crashes that result in injuries. In contrast, females cause only 29.1 per cent of injury crashes and in the remainder of cases the gender of the at-fault driver is unknown.

Persons aged between 17-25 years currently make up 12.1 per cent of the population, and 14.2 per cent of licence holders, but cause 25.6 per cent of all injury crashes, which account for 25.3 per cent of all claims costs. Those aged between 26-49 years make up 33.4 per cent of the population and 44.7 per cent of licence holders, but cause 45.3 per cent of injury crashes. These crashes account for 45.1 per cent of all claims costs. Persons in the 50-69 year old category make up 22.9 per cent of the population and 30.6 per cent of licence holders, but cause 19.9 per cent of injury crashes, their crashes accounting for 22.6 per cent of all claims costs.

Age group	% of population	% of licensed drivers	% of crashes caused	% of claims cost
<= 16	21.3	1.1	0.3	0.3
17-25	12.1	14.2	25.6	25.3
26-49	33.4	44.7	45.3	45.1
50-69	22.9	30.6	19.9	22.6
>=70	10.3	9.4	5.1	6.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note:

1. Population data – Australian Demographic Statistics, Australian Bureau of Statistics (ABS, 3101.0, June 2012).
2. Licence Holders data – Roads & Maritime Services (Licence holders by age by gender as at 30 June 2012).
3. Crash data - Centre for Road Safety Annual Statistical Statement, year ended 2011.
4. Claims data - NSW CTP Claims Register.
5. Table excludes cases where age group of persons is unknown.

## Legal representation (Full claims only)

The table below reports the rate of legal representation for full claims by accident year and development year (ie the years following the accident). The following observations can be made:

For development years 0 to 4, the proportion of full claims with legal representation increases with accident year. For example, at development year 4, 59.6 per cent of notifications arising from accident year 1999–00 have legal representation, compared to 60.7 per cent of notifications arising from accident year 2007–08.

For accident years 2008–09 and 2009–10, the proportion of full claims with legal representation is higher than in prior accident years, and exceeds the ultimate proportion of legal representation observed in the oldest accident years where the experience has stabilised. At development year 3, 57.0 per cent of full claims arising from accident year 1999–00 have legal representation, compared to 63.9 per cent of full claims arising from accident year 2008–09, which exceeds the ultimate projection of 61.7 per cent for 1999–00.

From the above observations, legal representation is occurring earlier and it is also increasing.

## Legally represented full claims as a percentage of ultimate projected full claims

Accident year	Development Year												
	0	1	2	3	4	5	6	7	8	9	10	11	12
1999–00	19.5%	47.8%	54.3%	57.0%	59.6%	61.0%	61.2%	61.4%	61.5%	61.5%	61.6%	61.7%	61.7%
2000–01	19.9%	48.8%	53.6%	57.2%	59.5%	60.0%	60.1%	60.3%	60.4%	60.4%	60.5%	60.5%	
2001–02	16.8%	43.7%	49.7%	54.3%	55.5%	56.1%	56.3%	56.5%	56.6%	56.7%	56.7%		
2002–03	16.2%	44.8%	51.7%	55.2%	56.6%	57.2%	57.4%	57.6%	57.8%	57.8%			
2003–04	18.4%	47.9%	53.6%	56.4%	57.4%	58.1%	58.4%	58.7%	58.7%				
2004–05	19.7%	47.1%	53.0%	55.7%	57.1%	57.6%	57.9%	58.2%					
2005–06	19.5%	48.9%	53.7%	57.0%	58.1%	58.7%	59.2%						
2006–07	20.0%	50.3%	55.9%	58.3%	59.2%	59.8%							
2007–08	20.5%	51.9%	56.9%	59.3%	60.7%								
2008–09	22.2%	56.7%	61.3%	63.9%									
2009–10	23.4%	58.3%	63.2%										
2010–11	22.9%	57.8%											
2011–12	24.4%												

Note:

1. Accident years run from 1 October to 30 September.
2. Ultimate full claims are estimated from a chain ladder actuarial model.
3. Development year is the number of years since the accident.
4. Accident year 2012–13 has been excluded since there is insufficient data to allow reliable conclusions.
5. For each accident year, the latest development year is not shown as there are only nine months of data to date.

## Average payment per full claim by accident year

The table below shows the average cumulative amount paid per claim in respect of all full claims that will be ultimately reported (i.e. includes IBNR claims), for each accident year at each stage of claims development. Historical payments have been adjusted to June 2013 values to remove the impact of economic inflation over time. The following observations can be

made:

- Within each accident year, the average cumulative amount paid per claim increases with each development year (i.e. from left to right) as more claims are settled and payments are made. For example, for accidents occurring in 2006–07, the average cumulative amount paid per claim in the first year (development year 0) was \$2,500, and by

development year 5 the average cumulative amount paid per claim was \$114,700. It illustrates the long tail nature of the Scheme in that it takes many years for claim costs and hence average payment per claim to be stabilised.

- The average cumulative amount paid at each stage of development has increased by accident year (i.e. from top to bottom). For example, at development year five,

the average cumulative amount paid for accidents that occurred in 1999–00 was \$63,700, while for accidents that occurred in 2002–03 it was \$98,500 and for accidents that occurred in 2006–07 it was \$114,700. All else being equal, a higher average cumulative amount suggests a higher average payment per claim eventually. However, as noted above, the claims cost will take many years to be stabilised.

#### Average cumulative amount paid per full claim (\$), by accident year and development year

Accident Year	Development Year												
	0	1	2	3	4	5	6	7	8	9	10	11	12
1999–00	1,500	6,200	14,400	29,200	48,900	63,700	74,700	80,800	84,100	85,800	86,800	87,200	87,700
2000–01	1,500	6,900	17,400	35,700	61,700	76,300	86,100	90,700	92,500	94,400	95,100	96,300	
2001–02	1,700	8,200	17,500	39,100	64,700	84,700	95,400	100,200	102,300	104,700	106,300		
2002–03	1,800	7,700	20,400	44,300	77,200	98,500	107,300	111,300	113,500	116,300			
2003–04	1,800	11,000	26,100	55,500	91,600	106,400	114,400	117,800	121,200				
2004–05	2,000	9,800	27,500	57,500	87,100	101,800	107,300	111,700					
2005–06	2,100	10,800	32,600	65,100	95,500	108,500	115,600						
2006–07	2,500	12,600	33,600	65,900	97,300	114,700							
2007–08	2,300	13,000	34,700	68,500	94,600								
2008–09	2,600	14,100	37,800	69,700									
2009–10	2,600	14,400	39,700										
2010–11	2,700	16,000											
2011–12	2,600												

Note:

1. Accident years run from 1 October to 30 September.
2. Development year is the number of years since the accident.
3. All claim amounts paid are inflated to 30 June 2013 values which are rounded to the nearest \$100.
4. Payments since 30 September 2012 have been excluded from the above table because there are only 9 months of data reported as at June 2013.
5. Average amounts paid will vary by claimant injury severity, however the amounts shown above are averaged across all claims regardless of injury severity.

In contrast, the average amount paid per ANF tends to be stable after the first development year. This reflects the short tailed nature of ANFs which are settled and paid more quickly than full claims. The average ANF size has increased from \$414 prior to 1 October 2008 to \$1714 since then (including IBNR) as a result of the increase in benefits from \$500 to \$5000.

## Glossary for Scheme Performance Report

### Accident year

This denotes the year in which the accident occurred. Accident years run from 1 October to 30 September each year.

### Acquisition expenses

Refers to all expenses insurers incur to acquire and retain CTP business. These expenses include administration costs, commissions, advertising and net reinsurance cost. A proportional allowance is made for corporate overheads including rent, IT and similar overheads.

### Agents' commission

Refers to payments made to agents/brokers by insurers for writing CTP insurance on behalf of the insurer. The maximum commission payable for CTP insurance is 5 per cent of the insurance premium.

### Bulk Billing

Under the Bulk Billing Agreement, CTP insurers pay an annual lump sum to the NSW Ministry of Health for public hospital and public road ambulance services.

### Casualty

Any person killed or injured as a result of an accident attributable to the movement of a road vehicle on a road, as recorded by Roads and Maritime Services.

### Claims handling expenses

Refers to expenses related to managing and administering CTP claims. These expenses include direct costs of claims staff managing claims, rehabilitation staff, managers and support staff.

### Development year

This denotes the time elapsed since the year in which the accident occurred.

### Green Slips

The term 'Green Slip' dates back to the start of the New South Wales CTP scheme in 1989 where the CTP insurance invoice was a detachable green coloured slip.

### IBNR

IBNR (Incurred But Not Reported) is an actuarial term for the estimate of claims that will be received in the future in respect of accidents which have already occurred.

### Medical Care and Injury Services (MCIS) Levy

Refers to a levy applied to the CTP insurance premium to fund the cover provided by the Lifetime Care and Support Scheme. Part of the MCIS levy is also used to fund the MAA and bulk billing arrangements for ambulance and hospital services.

### Net Reinsurance cost

Refers to the net cost of reinsurance after allowing for recoveries (reinsurance payments).

### Profit margin

Refers to the proportion of return expected in excess of all forecast claims liabilities, costs and expenses.

### Underwriting year

This denotes the year commencing 1 October each year until 30 September the following year in which the policy was sold.

# Internal Audit and Risk Management Statement

## Internal Audit and Risk Management Statement for the 2012-2013 Financial Year for the Motor Accidents Authority

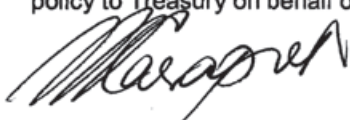
I, Michael Carapiet, Chair of the Safety, Return to Work and Support Board, am of the opinion that the Motor Accidents Authority has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Michael Carapiet, Chair of the Safety, Return to Work and Support Board, am of the opinion that the Safety, Return to Work and Support Division Audit and Risk Committee for the Motor Accidents Authority is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Raymond Whitten, independent Chair (Term: 31 October 2012 - 30 September 2016)
- Raymond Petty, independent Member (Term: 31 October 2012 - 30 September 2015)
- Elizabeth Carr, independent Member (Term: 31 October 2012 - 30 September 2016)
- Mark Lennon, independent Member (Term: 31 October 2012 - 30 September 2016)

These processes provide a level of assurance that enables the senior management of the Motor Accidents Authority to understand, manage, and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.



Michael Carapiet  
Chair, Safety, Return to Work and Support Board

Dated this 29<sup>th</sup> day of July 2013

Contact Officer: Andrew Nicholls, General Manager  
Motor Accidents Authority  
Level 25, 580 George St, Sydney, NSW 2000  
Telephone: (02) 8267 1900

# Financial statements

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## Statement by Chief Executive Officer and Chairman

### MOTOR ACCIDENTS AUTHORITY OF NSW

#### FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

##### Statement by Chief Executive Officer and Chairman

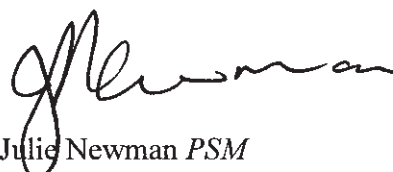
Pursuant to Section 41C of the *Public Finance and Audit Act 1983* I state that in my opinion:

1. the accompanying financial statements exhibit a true and fair view of the financial position of the Motor Accidents Authority of New South Wales as at 30 June 2013 and transactions for the year then ended; and
2. these statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2010, Australian Accounting Standards and the Treasurer's Directions.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Michael Carapiet  
Chairman  
Safety, Return to Work and Support  
Board  
17 September 2013



Julie Newman PSM  
Chief Executive Officer  
Safety, Return to Work and Support

17 September 2013



# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

### Motor Accidents Authority of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Motor Accidents Authority of New South Wales (the Authority), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

#### The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

My opinion does *not* provide assurance:

- about the future viability of the Authority
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



A Oyetunji  
Director, Financial Audit Services

19 September 2013  
SYDNEY

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

## Statement of comprehensive income for the year ended 30 June 2013

		Actual 2013	Budget 2013	Actual 2012
	Notes	\$ '000	\$ '000	\$ '000
<b>Expenses excluding losses</b>				
Operating expenses				
Personnel services	2(a)	10,898	14,923	12,980
Other operating expenses	2(b)	22,465	25,930	20,807
Depreciation and amortisation	2(c)	962	2,446	893
Grants and subsidies	2(d)	3,561	9,681	5,985
Finance costs	2(e)	1,067	-	2,291
Other expenses	2(f)	143,295	111,800	108,006
<b>Total expenses excluding losses</b>		<b>182,248</b>	<b>164,780</b>	<b>150,962</b>
<b>Revenue</b>				
Sale of goods and services	3(a)	-	-	6
Investment revenue	3(b)	2,385	2,009	2,909
Retained taxes, fees and fines	3(c)	156,759	151,187	141,998
Other revenue	3(d)	789	72	8,173
<b>Total Revenue</b>		<b>159,933</b>	<b>153,268</b>	<b>153,086</b>
<b>Gain/(loss) on disposal</b>	4	(62)	-	2
<b>Net result</b>		<b>(22,377)</b>	<b>(11,512)</b>	<b>2,126</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>(22,377)</b>	<b>(11,512)</b>	<b>2,126</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

## Statement of financial position as at 30 June 2013

		Actual 2013	Budget 2013	Actual 2012	1 July 2011
	Notes	\$ '000	\$ '000	\$ '000	\$ '000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	6	2,186	8,768	4,196	4,184
Receivables	7	74,072	27,525	73,374	68,836
Financial assets at fair value	8	4,521	30,729	46,988	49,011
<b>Total Current Assets</b>		<b>80,779</b>	<b>67,022</b>	<b>124,558</b>	<b>122,031</b>
<b>Non-Current Assets</b>					
Receivables	7	-	49,175	-	-
Property, plant and equipment	9				
Plant and equipment		963	1,929	1,313	1,830
Total property, plant and equipment		963	1,929	1,313	1,830
Intangible assets	10	2,052	6,136	2,403	1,301
<b>Total Non-Current Assets</b>		<b>3,015</b>	<b>57,240</b>	<b>3,716</b>	<b>3,131</b>
<b>Total Assets</b>		<b>83,794</b>	<b>124,262</b>	<b>128,274</b>	<b>125,162</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Payables	12	21,261	22,005	21,399	13,767
Provisions	13	14,334	17,795	33,426	24,123
<b>Total Current Liabilities</b>		<b>35,595</b>	<b>39,800</b>	<b>54,825</b>	<b>37,890</b>
<b>Non-Current Liabilities</b>					
Provisions	13	31,574	50,018	34,447	50,396
<b>Total Non-Current Liabilities</b>		<b>31,574</b>	<b>50,018</b>	<b>34,447</b>	<b>50,396</b>
<b>Total Liabilities</b>		<b>67,169</b>	<b>89,818</b>	<b>89,272</b>	<b>88,286</b>
<b>Net Assets</b>		<b>16,625</b>	<b>34,444</b>	<b>39,002</b>	<b>36,876</b>
<b>Equity</b>					
Accumulated funds		16,625	34,444	39,002	36,876
<b>Total Equity</b>		<b>16,625</b>	<b>34,444</b>	<b>39,002</b>	<b>36,876</b>

The accompanying notes form part of these financial statements.

2012 Financial Statements have been restated. Refer to Note 5 for further information.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

### Statement of changes in equity for the year ended 30 June 2013

		Accumulated Funds	Total
	Notes	\$ '000	\$ '000
<b>Balance at 1 July 2012</b>		<b>39,002</b>	<b>39,002</b>
<b>Net result for the year</b>		<b>(22,377)</b>	<b>(22,377)</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(22,377)</b>	<b>(22,377)</b>
<b>Transactions with owners in their capacity as owners</b>		<b>-</b>	<b>-</b>
<b>Balance at 30 June 2013</b>		<b>16,625</b>	<b>16,625</b>
<b>Balance at 1 July 2011</b>		<b>54,314</b>	<b>54,314</b>
Correction of errors	5	(17,438)	(17,438)
<b>Restated total equity at 1 July 2011</b>		<b>36,876</b>	<b>36,876</b>
<b>Net result for the year</b>		<b>2,126</b>	<b>2,126</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>2,126</b>	<b>2,126</b>
<b>Transactions with owners in their capacity as owners</b>		<b>-</b>	<b>-</b>
<b>Balance at 30 June 2012</b>		<b>39,002</b>	<b>39,002</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

## Statement of cash flows for the year ended 30 June 2013

		Actual 2013	Budget 2013	Actual 2012
	Notes	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
<b>Payments</b>				
Personnel services		(10,568)	(14,904)	(10,807)
Grants and subsidies		(3,561)	(9,681)	(3,535)
Other		(188,660)	(146,193)	(132,245)
<b>Total Payments</b>		<b>(202,789)</b>	<b>(170,778)</b>	<b>(146,587)</b>
<b>Receipts</b>				
Sale of goods and services		2	-	7
Interest received		2,385	2,009	2,910
Retained taxes, fees and fines		155,412	143,144	140,536
Other		835	17,636	2,598
<b>Total Receipts</b>		<b>158,634</b>	<b>162,789</b>	<b>146,051</b>
<b>Net cash flows from operating activities</b>	17	<b>(44,155)</b>	<b>(7,989)</b>	<b>(536)</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		54	-	20
Proceeds from sale of investments		42,468	15,132	2,023
Purchases of property, plant and equipment		(29)	(239)	-
Purchases of intangible assets		(348)	(2,480)	(1,495)
<b>Net cash flows from investing activities</b>		<b>42,145</b>	<b>12,413</b>	<b>548</b>
<b>Net increase/(decrease) in cash</b>		<b>(2,010)</b>	<b>4,424</b>	<b>12</b>
Opening cash and cash equivalents		4,196	4,344	4,184
<b>Closing cash and cash equivalents</b>	6	<b>2,186</b>	<b>8,768</b>	<b>4,196</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

## 1. Summary of Significant Accounting Policies

### a. Reporting entity

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

Under the Safety Return to Work and Support Board Act 2012, the SRWSD Board determines the Authority's general policies and strategic direction. Additionally it oversees the Authority's performance including ensuring that its activities are carried out properly/efficiently and provides advice to the Minister/CEO on the Authority. Additionally the Chief Executive Officer of the Safety Return to Work and Support Division is the Chief Executive Officer of Motor Accidents Authority of NSW.

These financial statements for the year ended 30 June 2013 have been authorised for issued by the Chief Executive Officer on 17 September 2013.

### b. Basis of preparation

The Authority's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the Public Finance and Audit Act 1983 and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

### c. Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

### d. Insurance

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

### e. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except that:

- 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 the asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

### f. Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

#### i. CTP premium levy

The MAA's funds are generated from levies on Compulsory Third Party (CTP) insurance premiums collected by licensed insurers in accordance with notices issued under section 214A(5) of the *Motor Accidents Compensation Act 1999*. CTP levy revenue is recognised when it falls due and receivable by the Authority.

The levies were used to meet the expenses of the Authority's operations (including the provision of Rehabilitation project funding) under the *Motor Accidents Compensation Act 1999* and also from 1 October 2006 were used to meet the fees to Roads and Traffic Authority of NSW (RTA) to co-ordinate registration and insurance of motor vehicles and to the Minister for Health and The Ambulance Service of NSW (Health and Ambulance) for hospital and ambulance services to persons with claims 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 the *Public Authorities (Financial Arrangements) Act 1987*.

#### ii. Nominal Defendant Fund contribution

Under a 2013 Crown Solicitor opinion the Nominal Defendant Fund (NDF) retains all recoveries from reinsurers, of the former HIH group. Amounts distributed by the liquidators of HIH as part of the liquidation are the property of NSW Treasury (Crown Entity). If the NDF has insufficient funds to meet claims liabilities then NSW Treasury will provide funds through the Policy Holders Protection Fund.

#### iii. Rendering of services

The Authority ran a number of training programs for licensed insurers. Revenue is recognised when the service is provided or by reference to the stage of completion.



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies (continued)=

#### f. Income recognition (continued)

##### iv. Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

##### v. Other revenue

Other miscellaneous revenue is recognised in accordance with AASB 118 Revenue.

##### vi. Other gains

Gains represent other items that meet the definition of income and may, or may not, arise in the course of the ordinary activities of the Authority. Gains represent increases in economic benefits and as such are no different in nature from revenue. Gains include, for example, those arising on the disposal of non-current assets.

#### g. Assets

##### i. Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. Cost is the amount of cash and cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction.

##### ii. Capitalisation thresholds

The capitalisation threshold for property, plant and equipment is \$5,000 and above individually (or forming part of a network costing more than \$5,000) while that for intangible assets is \$100,000 and above.

##### iii. Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1)(as amended by NSWTC 12/05 and NSWTC 10/07). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and social-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

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.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

No valuation is performed as the Authority's property, plant and equipment are non-specialised assets with short useful lives.

##### iv. Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, the Authority 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.

##### v. Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority. All material separately identifiable components of assets are depreciated over their shorter useful lives. The following depreciation rates were used:

Categories	On or after 1 January 2010	Before 1 January 2010
	%	%
Computer hardware	25	40
Furniture and fittings	20	20
Leasehold improvements	Shorter of 10 years or over lease term	
Motor vehicles	25	20
Office equipment	25	12.5

All assets purchased before 1 January 2010 will continue to be depreciated using the old depreciation rates while assets purchased on or after 1 January 2010 are depreciated using the new depreciation rates.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies (continued)

#### g. Assets (continued)

##### vi. Restoration costs

The estimated cost of dismantling and removing an asset and restoring the office sites is included in the cost of an asset, to the extent it is recognised as a liability.

##### vii. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

##### viii. Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between principal component and the interest expense.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

##### ix. Intangible assets

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the Authority and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Intangible assets are software and recorded at cost less accumulated amortisation and impairments, if any. Amortisation has not been charged against assets that are still at work-in-progress (WIP) status because they are not ready for utilisation.

The useful lives of intangible assets are assessed to be finite. No amortisation is charged on intangible assets until they are ready for use. The Authority charges amortisation on intangible assets using the straight-line method over a period of three years.

The Authority reviews its amortisation rate and method on an annual basis.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Authority's intangible assets, the assets are carried at cost less any accumulated amortisation.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

##### x. Receivables

Receivables comprise 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 recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Recoveries relate principally to amounts that are expected to be recovered from other insurers, based on relevant actuarial estimate. These recoveries relate to amounts that are already incurred on a claim or the amounts estimated to be recovered from the relevant estimated claim liability. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims.

##### xi. Investments

Investments are initially recognised at fair value. The Authority determines the classification of financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

#### Fair value through profit or loss:

The Hour-Glass Investment Facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the Authority's key management personnel.

The movement in the fair value of the Hour-Glass Investment Facilities incorporate distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of financial position date.

##### xii. Impairment of financial assets

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies (continued)

#### g. Assets (continued)

##### xii. Impairment of financial assets (continued)

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

##### xiii. Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire, or if the Authority transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Authority has not transferred substantially all the risks and rewards, if the Authority has not retained control.

Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

##### xiv. Other assets

Other assets are recognised on a cost basis.

#### h. Liabilities

##### i. Payables

These amounts represent liabilities for goods and services provided to the Authority and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

##### ii. Personnel services and other provisions

The Authority receives personnel services from Safety, Return to Work and Support Division (SRWSD). The Authority is responsible for paying payroll tax and other employee benefits including on-costs while SRWSD is responsible for all other related administrative services. SRWSD is a not-for-profit entity with no net assets.

In the Authority's financial statements, any on-going obligations related to SRWSD staff providing personnel services to the Authority are shown as Personnel services under the heading of 'Provisions' in the Statement of financial position.

##### Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

##### Long service leave and superannuation

The liability for long service leave is recognised in the provision for personnel services and measured as the present value of expected future payments to be made in respect of personnel services received up to the reporting date. Consideration is given to salary levels, long service leave balance, assumed rates of taking leave in service, rates of death, disablement, retirement, and resignation, and rates of salary escalation.

Expected future payments (over twelve months) are discounted using markets yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. The calculation is performed by a qualified actuary. The discount rate used is 3.75% (2012: 3.00%).

The superannuation expense for the financial year is determined by using the formula specified in Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions. At the end of the financial year, the superannuation expenses and the related liabilities are further adjusted based on actuarial advice.

##### iii. Make-good provision (building leases)

Make-good provision is recognised for the estimate of future payments for make good upon the termination of the leases of the current office premises.

##### iv. Provision for outstanding Nominal Defendant claims

The liability for outstanding Nominal Defendant claims as at end of the financial year are valued by independent professional actuaries. It is measured at present value of the expected future payments for all claims incurred up to the valuation date.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

## 1. Summary of Significant Accounting Policies (continued)

### h. Liabilities (continued)

#### v. Other provisions

Other provisions are recognised when the Authority has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### i. Equity and reserves

#### Accumulated Funds

The category 'Accumulated funds' includes all current and prior period retained funds.

### j. Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

### k. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. Comparative data has been reclassified when necessary to enhance comparability in respect of changes in the current year.

### l. New Australian Accounting Standards issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective. These new Standards will not have any direct impact on the financial performance or position of the Authority.

- AASB 9 *Financial Instruments*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9*
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*
- AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transitional Disclosures.*

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

### 2. Expenses Excluding Losses

	2013	2012
	\$'000	\$'000
<b>a. Personnel services</b>		
Salaries and wages (including recreation leave)	9,068	8,888
Superannuation - defined contribution plans	735	718
Superannuation - defined benefit plans (including actuarial (gains)/losses)	46	2,023
Long service leave	214	540
Workers' compensation insurance	(1)	86
Payroll tax and fringe benefit tax	521	532
Agency short-term staff	315	193
	<b>10,898</b>	<b>12,980</b>
<b>b. Other operating expenses</b>		
Auditor's remuneration		
– audit of the financial statements	70	60
– internal audit and reviews	182	129
Operating lease rental expense		
– minimum lease payments	1,675	1,471
– other related expenses	337	275
Maintenance	40	11
Insurance	12	11
Actuarial fees	3,202	1,258
Assessor fees – Claims	1,830	2,228
Assessor fees – Medical	8,566	8,127
Advertising, promotion and publicity	32	115
Board of directors' fees	15	152
Information, communication and technology	387	699
Consultants	312	791
Other contractors	1,401	1,143
Council members' fees	12	161
Legal fees	595	85
Service partnership agreement fees	2,819	2,957
Other miscellaneous	978	1,134
	<b>22,465</b>	<b>20,807</b>
<b>c. Depreciation and amortisation expense</b>		
Depreciation		
– Computer hardware	-	1
– Furniture and fittings	2	3
– Leasehold improvement	332	466
– Motor vehicle	3	12
– Office equipment	19	17
	<b>356</b>	<b>499</b>
Amortisation		
– Computer software	606	394
	<b>962</b>	<b>893</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

### 2. Expenses Excluding Losses (continued) =

	2013	2012
	\$'000	\$'000
<b>d. Grants and subsidies</b>		
Rehabilitation	3,081	3,022
Road safety	480	2,963
	<b>3,561</b>	<b>5,985</b>
<b>e. Finance costs</b>		
Unwinding of discount rate on Nominal Defendant claims liability	<b>1,067</b>	<b>2,291</b>
<b>f. Other expenses</b>		
Bulk Billing fees – Ambulance Service of NSW	29,440	31,008
Bulk Billing fees – NSW Ministry of Health	97,045	76,074
Processing fees – Road and Maritime Services	18,786	17,892
Movement in outstanding Nominal Defendant claims	(1,976)	(16,968)
	<b>143,295</b>	<b>108,006</b>

### 3. Revenue

<b>a. Sale of goods and services</b>		
Rendering of services – Training	-	6
	<b>-</b>	<b>6</b>
<b>b. Investment revenue</b>		
Interest revenue from financial assets not at fair value through profit or loss	362	426
TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss	2,023	2,483
	<b>2,385</b>	<b>2,909</b>
<b>c. Retained taxes, fees and fines</b>		
Fees		
CTP premium levy	156,759	142,005
Fines		
CTP premium levy penalty interest	-	(7)
	<b>156,759</b>	<b>141,998</b>
<b>d. Other revenue</b>		
Nominal Defendant Fund contribution	73	7,864
Other miscellaneous	716	309
	<b>789</b>	<b>8,173</b>

### 4. Gain/(Loss) on Disposal

Intangible Assets	(93)	-
Motor Vehicles	31	2
	<b>(62)</b>	<b>2</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

### Notes to the financial statements

#### 5. Prior Period Errors

Reinsurance recoveries received by the Nominal Defendant Fund (NDF) were incorrectly remitted to NSW Treasury in prior years. Under Section 191 of the *Motor Accidents Compensation Act 1989* (the MAC Act) reinsurance recoveries received from the administrator/liquidator of HIH are owned by the NDF. Claims of the former HIH group that were previously viewed as being funded by additional funding from the Policy Holders Protection Fund managed by NSW Treasury, will now instead be met from the NDF. Related financial information for 2013 and 2012 is presented as if the error had not been made.

Details of the impact of this error on MAA's accounts in prior periods were:

	2012	2011	Cumulative Total
	\$'000	\$'000	\$'000
Finance costs	2,291	2,169	4,460
Other expenses	(16,968)	60,604	43,636
Total expenses	(14,677)	62,773	48,096
Other revenue	7,864	45,335	53,199
<b>Net result</b>	<b>22,541</b>	<b>(17,438)</b>	<b>5,103</b>
Current receivables	27,946	32,702	
Non-current receivables	(30,049)	(48,110)	
Total assets	(2,103)	(15,408)	
Current payables	(7,206)	2,030	
Total liabilities	(7,206)	2,030	
<b>Net Assets</b>	<b>5,103</b>	<b>(17,438)</b>	
<b>Equity</b>	<b>5,103</b>	<b>(17,438)</b>	

#### 6. Current Assets - Cash and Cash Equivalents

	2013	2012
	\$'000	\$'000
Cash at bank and on hand	1,388	3,515
Short-term deposits:		
– TCorp Hour-Glass investment – Cash facility	798	681
	<b>2,186</b>	<b>4,196</b>
For the purposes of the Statement of cash flows, cash includes cash at bank and on hand and highly liquid investments.		
Cash and cash equivalent assets recognised in the Statement of financial position are reconciled at the end of the financial year to the Statement of cash flows as follows:		
Cash and cash equivalent assets (per Statement of financial position)	2,186	4,196
Closing cash and cash equivalents (per Statement of cash flows)	<b>2,186</b>	<b>4,196</b>

Refer to Note 18 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

## 7. Current/Non-Current Assets – Receivables

	2013	2012
	\$'000	\$'000
<b>Current</b>		
Retained taxes, fees and fines	17,129	15,782
Prepayments	2,879	454
GST receivable	628	678
Recovery from Crown Entity	53,272	45,993
Other recoveries from Crown Entity	-	2,700
Nominal Defendant reinsurance recoveries	-	7,206
Other	164	561
	<b>74,072</b>	<b>73,374</b>
<b>Non-current</b>		
Recovery from Crown Entity	-	-
	<b>-</b>	<b>-</b>
<b>Total Receivables</b>	<b>74,072</b>	<b>73,374</b>

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

## 8. Current Assets – Financial Assets at Fair Value

TCorp Hour-Glass investment – Strategic cash facility	4,521	46,988
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Refer to Note 18 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

### 9. Non-Current Assets – Property, Plant and Equipment

	Computer Hardware	Furniture & Fittings	Leasehold Improvements	Motor Vehicles	Office Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2012 – fair value</b>						
Gross carrying amount	195	21	3,445	48	123	3,832
Accumulated depreciation and impairment	(195)	(11)	(2,184)	(44)	(85)	(2,519)
Net carrying amount	-	10	1,261	4	38	1,313
<b>At 30 June 2013 - fair value</b>						
Gross carrying amount	-	21	3,445	-	29	3,495
Accumulated depreciation and impairment	-	(13)	(2,516)	-	(3)	(2,532)
Net carrying amount	-	8	929	-	26	963

#### Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

#### Year ended 30 June 2013

Net carrying amount at start of financial year	-	10	1,261	4	38	1,313
Additions	-	-	-	-	29	29
Disposals	-	-	-	(48)	(123)	(171)
Depreciation expense	-	(2)	(332)	(3)	(19)	(356)
Write-back of depreciation on disposal	-	-	-	47	101	148
Net carrying amount at end of financial year	-	8	929	-	26	963

#### At 1 July 2011 – fair value

Gross carrying amount	348	21	3,445	79	123	4,016
Accumulated depreciation and impairment	(347)	(8)	(1,718)	(45)	(68)	(2,186)
Net carrying amount	1	13	1,727	34	55	1,830

#### At 30 June 2012 – fair value

Gross carrying amount	195	21	3,445	48	123	3,832
Accumulated depreciation and impairment	(195)	(11)	(2,184)	(44)	(85)	(2,519)
Net carrying amount	-	10	1,261	4	38	1,313

#### Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

#### Year ended 30 June 2012

Net carrying amount at start of financial year	1	13	1,727	34	55	1,830
Additions	-	-	-	-	-	-
Disposals	(153)	-	-	(31)	-	(184)
Depreciation expense	(1)	(3)	(466)	(12)	(17)	(499)
Write-back of depreciation on disposal	153	-	-	13	-	166
Net carrying amount at end of financial year	-	10	1,261	4	38	1,313

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

### 10. Intangible Assets

	Software	Software WIP	Total
	\$'000	\$'000	\$'000
<b>At 1 July 2012</b>			
Cost (gross carrying amount)	2,091	1,467	3,558
Accumulated amortisation and impairment	(1,155)	-	(1,155)
Net carrying amount	<b>936</b>	<b>1,467</b>	<b>2,403</b>
<b>At 30 June 2013</b>			
Cost (gross carrying amount)	3,250	-	3,250
Accumulated amortisation and impairment	(1,198)	-	(1,198)
Net carrying amount	<b>2,052</b>	<b>-</b>	<b>2,052</b>

#### Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the current reporting period is set out below:

#### Year ended 30 June 2013

Net carrying amount at start of financial year	936	1,467	2,403
Additions	-	348	348
Disposals	(119)	-	(119)
Amortisation expense	(606)	-	(606)
Write-back of amortisation on disposal	26	-	26
Transfers	1,815	(1,815)	-
Net carrying amount at end of financial year	<b>2,052</b>	<b>-</b>	<b>2,052</b>

#### At 1 July 2011

Cost (gross carrying amount)	1,207	856	2,063
Accumulated amortisation and impairment	(762)	-	(762)
Net carrying amount	<b>445</b>	<b>856</b>	<b>1,301</b>

#### At 30 June 2012

Cost (gross carrying amount)	2,091	1,467	3,558
Accumulated amortisation and impairment	(1,155)	-	(1,155)
Net carrying amount	<b>936</b>	<b>1,467</b>	<b>2,403</b>

#### Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the previous reporting period is set out below:

#### Year ended 30 June 2012

Net carrying amount at start of financial year	445	856	1,301
Additions	-	1,496	1,496
Amortisation expense	(394)	-	(394)
Transfers	885	(885)	-
Net carrying amount at end of financial year	<b>936</b>	<b>1,467</b>	<b>2,403</b>

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

## 11. Restricted Assets

	2013	2012
	\$'000	\$'000
TCorp Hour-Glass investment - Cash facility	140	181
Restricted cash assets represent cash received (plus bank interest) from Department of Family and Community Services (formerly Department of Human Services - Ageing, Disability and Home Care) held in escrow for the redevelopment of Ferguson Lodge in Lidcombe NSW. The site was substantially completed and opened on 24 November 2011. It is expected that the remaining balance will be fully disbursed during 2013-14 financial year.		
Recovery from Crown Entity	53,272	45,993
Nominal Defendant reinsurance recoveries	-	7,206
	<b>53,272</b>	<b>53,199</b>
Recovery from Crown entity and Nominal Defendant reinsurance recoveries represent restricted asset held by the Authority for funding of Nominal Defendant claims liability following the collapse of HIH Insurance Limited. Refer to Note 5 for further information.		
Refer to Note 18 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.		

## 12. Current Liabilities - Payables

Creditors	13	1168
Accrued bulk billing fees	2,193	8,479
Accrued expenses	16,828	11,288
Nominal Defendant payable to Crown Entity	1,816	-
Payroll tax and fringe benefits tax	43	49
Accrued salaries, wages and on-costs	228	234
Other	140	181
	<b>21,261</b>	<b>21,399</b>
Refer to Note 18 for further information regarding credit risk, liquidity risk, and market risk, including a maturity analysis of the above payables.		

## 13. Current/Non-Current Liabilities -Provisions

<b>Current</b>		
<b>Personnel services and related on-costs</b>		
Recreation leave	939	910
Long service leave	2,456	2,377
	<b>3,395</b>	<b>3,287</b>
<b>Other provisions</b>		
Provision for Bulk billing fees	-	12,157
Outstanding Nominal Defendant claims	10,939	17,982
	<b>10,939</b>	<b>30,139</b>
<b>Total current provisions</b>	<b>14,334</b>	<b>33,426</b>
It is expected that the current leave provisions and related on-costs will be settled over the following period:		
<b>Expected to be settled no more than twelve months</b>		
Recreation leave and related on-costs	939	910
Long service leave and related on-costs	206	191
	<b>1,145</b>	<b>1,101</b>
<b>Expected to be settled after more than twelve months</b>		
Long service leave and related on-costs	2,250	2,186

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

## 13. Current/Non-Current Liabilities – Provisions (continued)

	2013	2012
	\$'000	\$'000
<b>Non-current</b>		
<b>Personnel services and related on-costs</b>		
Long service leave	82	130
Superannuation	3,401	3,438
	3,483	3,568
<b>Other provisions</b>		
Make good provision	765	765
Outstanding Nominal Defendant claims	27,326	30,114
	28,091	30,879
<b>Total non-current provisions</b>	<b>31,574</b>	<b>34,447</b>
<b>Total Provisions</b>	<b>45,908</b>	<b>67,873</b>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions - current	3,395	3,287
Provisions - Non-current	3,483	3,568
Accrued salaries, wages and on-costs (Note 12)	228	234
	<b>7,106</b>	<b>7,089</b>

### Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Bulk billing fees	Outstanding Nominal Defendant claims	Make good provision	Total
2013	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of financial year	12,157	48,096	765	61,018
Additional provisions recognised	-	-	-	-
Amounts used	(7,928)	(8,937)	-	(16,865)
Unused amounts reversed	(4,229)	(1,961)	-	(6,190)
Unwinding / change in the discount rate	-	1,067	-	1,067
Carrying amount at end of financial year	-	<b>38,265</b>	<b>765</b>	<b>39,030</b>

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

## 13. Current/Non-Current Liabilities – Provisions (continued)

### Provision for Outstanding Nominal Defendant claims

Under the *Motor Accidents Compensation Act 1999*, the Nominal Defendant meets CTP claims from policies issued by insolvent insurers. For the purposes of the Act, the Authority is the Nominal Defendant. Following the collapse of HIH Insurance Limited (HIH), the Nominal Defendant became responsible for the liabilities owed to policyholders. The Nominal Defendant is also entitled to recoveries by the liquidator of HIH from reinsurers of HIH. The Authority engaged Allianz Australia Insurance Limited to manage the claims on its behalf. A management fee of approximately 10 per cent on costs incurred is paid to Allianz. A Variation Agreement to Claims Management and 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, the HIH liabilities were valued by actuaries at Taylor Fry Proprietary Limited.

The HIH liabilities are measured at the present value of the expected future payments. The present values after discounting are as follow:

	2013	2012
	\$'000	\$'000
Not later than one year	10,939	17,982
Later than one year but not later than five years	20,428	19,325
Later than five years	6,898	10,789
<b>Total</b>	<b>38,265</b>	<b>48,096</b>

The relevant rates and discount factors (per annum) below were used in:	%	%
Actuarial valuation of the HIH liabilities		
Claims expected to be paid not later than one year		
Inflation rate	3.6	4.5
Superimposed inflation rate	-	-
Discount rate	2.5	2.4
Claims expected to be paid later than one year		
Inflation rate	3.3 - 3.8	3.0 - 3.5
Superimposed inflation	-	-
Discount rate	2.7 - 5.2	2.5 - 4.4

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

## 13. Current/Non-Current Liabilities – Provisions (continued)

### Sensitivity analysis for the valuation as at 30 June 2013

The liability represents the best estimate and is based on standard actuarial assessment. The table below shows sensitivities to the valuation.

	30 June Liability	Effect on 30 June Liability	Percentage Effect
	\$'M	\$'M	%
Central estimate of the Authority's liability	38.3		
All valuation assumptions used			
<b>Rates of future investment return used for discounting:</b>			
One per cent per annum more than assumed	37.2	(1.0)	(2.7)
One per cent per annum less than assumed	39.4	1.1	2.9
<b>Future AWE inflation:</b>			
One per cent per annum more than assumed	39.5	1.2	3.1
One per cent per annum less than assumed	37.1	(1.1)	(3.0)
<b>Future development on case estimates for the two largest open claims which have not been finalised yet:</b>			
Twenty per cent more than current case estimate	43.3	5.1	13.2
Ten per cent more than current case estimate	40.8	2.5	6.6
Ten per cent less than current case estimate	35.7	(2.5)	(6.6)
Twenty per cent less than current case estimate	33.2	(5.1)	(13.2)
<b>Allowance for additional outstanding liability resulting from net effects of sharing arrangements were to be:</b>			
Three million dollars	36.0	(2.3)	(5.9)
Eight million dollars	41.6	3.4	8.8
<b>Instead of the adopted ten per cent of claim payments gross of reinsurance but net of sharing recoveries, the allowance for future claims handling expenses were to be:</b>			
Reduced to eight per cent	37.6	(0.7)	(1.8)
Increased to twelve per cent	39.0	0.7	1.8

Notes:

\* The above table illustrates only the effect of each scenario considered in isolation, and not the effect of possible combinations of scenarios.

\*\* It is conceivable that the net of recoveries outstanding liability might ultimately turn out to be outside the range of illustrative scenarios whose effect is summarised in the above table.

## 14. Commitments for Expenditure

	2013	2012
	\$'000	\$'000
Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	1,747	1,662
Later than one year but not later than five years	4,195	5,640
Later than five years	-	-
Total (including GST)	5,942	7,302

The Authority leases office accommodation under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights.

Expenditure commitments for the Authority include input tax credits of \$0.5M (2012: \$0.66M) which are expected to be recovered from the Australian Taxation Office.

## 15. Contingent Liabilities and Contingent Assets

A contingent liability is a possible liability that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Authority. The Authority does not recognise contingent liability but disclose its existence where outflows of economic benefits are probable, but not virtually certain. A contingent asset is the opposite of a contingent liability.

The Authority does not have any contingent asset or liability at reporting date (2012: nil).



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

## 16. Budget Review

### Net result

The net result is \$10.9m unfavourable to budget. This result is primarily due to:

- Unfavourable bulk billing fees of \$36.7m due to changes in the contractual arrangements with NSW Ministry of Health.
- Favourable CTP premium levy of \$5.6m due to marginally higher premiums and an increase in vehicle registrations.
- Favourable grant expenditure of \$6.1m due to delays with program approvals.

### Assets and liabilities

- Total assets were \$40.5m unfavourable to budget primarily due to a decrease in cash and financial assets to fund the increase in the NSW Ministry of Health bulk billing expenditure.
- Total liabilities were \$22.6m favourable to budget due to revised treatment of HIH Insurance Limited Nominal Defendant reinsurance recoveries.

### Cash flows

- Net operating activities were \$36.2m unfavourable to budget due to increases in the NSW Ministry of Health bulk billing expenditure.
- Investing cash activities were \$29.7m favourable to budget due to a reduction in financial assets to pay the increase in the NSW Ministry of Health bulk billing expenditure.

## 17. Reconciliation of Cash Flows from Operating Activities to Net Result

	2013	2012
	\$'000	\$'000
Net cash used on operating activities	(44,155)	(536)
Depreciation and amortisation	(962)	(893)
Net gain/(loss) on disposal	(62)	2
Change in assets and liabilities		
Increase/(Decrease) in receivables: current	698	4,538
Increase/(Decrease) in receivables: non-current	-	-
Decrease/(Increase) in payables: current	138	(7,631)
Decrease/(Increase) in provisions: current	19,092	(9,368)
Decrease/(Increase) in provisions: non-current	2,874	16,014
<b>Net result</b>	<b>(22,377)</b>	<b>2,126</b>

## 18. Financial Instruments

The Authority's principal financial instruments are outlined below. These financial instruments arise directly from the Authority's operations or are required to finance the Authority's operations. The Authority does not enter into or trade financial instruments, including derivative instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with its objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the Authority to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continual basis.

### a. Financial instrument categories

		Category	Carrying Amount 2013	Carrying Amount 2012
Financial Assets Class:	Notes		\$'000	\$'000
Cash and cash equivalents	6	N/A	2,186	4,196
Receivables 1	7	Loans and receivables (at amortised cost)	53,436	56,460
Financial assets at fair value	8	At fair value through profit or loss - designated as such upon initial recognition	4,521	46,988
<b>Financial Liabilities Class</b>				
Payables 2	12	Financial liabilities (at amortised cost)	21,218	28,558

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

## Notes to the financial statements

### 18. Financial Instruments (continued)

#### b. Credit risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment, if applicable).

Credit risk arises from the financial assets of the Authority, including cash and receivables. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

The Authority's deposits held with NSW Treasury Corporation (TCorp) are guaranteed by the State.

#### Cash

Cash comprises cash on hand and bank balances held at private financial institutions. Interest is earned on daily bank balances at the monthly average. The TCorp Hour-Glass Cash facility and Strategic Cash facility are discussed in paragraph (d) below.

#### Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known as uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Board will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions. There is no independently assessed rating of the clients other than past experience and their compliance with credit terms, these credit terms are monitored by management on a monthly basis. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. At balance date, some debtors are past due but they are determined not impaired (2012: some debtors are past due but they are determined not impaired). Together, these represent 37% of the total trade debtors.

The only financial assets that are past due are 'rendering of services' in the 'receivables' category of the Statement of financial position.

Receivables - trade debtors	Total 1,2 \$'000	Past Due but not Impaired 1,2 \$'000	Considered Impaired 1, 2 \$'000
<b>2013</b>			
< 3 months overdue	24	24	-
3 months - 6 months overdue	8	8	-
> 6 months overdue	29	29	-
<b>2012</b>			
< 3 months overdue	26	26	-
3 months - 6 months overdue	9	9	-
> 6 months overdue	-	-	-

Notes:

- Each column in the table reports 'gross receivables'.
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statement of financial position.

#### Authority Deposits

The Authority has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call'. The interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 2.52% (2012: 5.1%), while over the year, the weighted average interest rate was 3.69% (2012: 4.9%) on a weighted average balance during the year of \$0.798M (2012: \$0.681M). None of these assets are past due or impaired.

The Authority also placed a minimal amount of funds with Westpac Banking Corporation to meet its daily operating expense needs. The cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate on these funds was 2.72% (2012: 3.68%).

#### c. Liquidity Risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances, if applicable.

The Authority's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular NSWTC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received. For small business suppliers, where payment is not made within the specified time period, simple interest

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

### 18. Financial Instruments (continued)

#### c. Liquidity Risk (continued)

must be paid, automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of the Authority (or a person appointed by the Head of the Authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.95% (2012: 12.37%).

#### Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Interest Rate	Nominal Amount	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 year	1-5 years	> 5 years
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013 Payables	N/A	21,218	-	-	21,218	21,218	-	-
2012 Payables	N/A	28,558	-	-	28,558	28,558	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Authority can be required to pay. The tables include both interest (if applicable) and principal cash flows and therefore may not reconcile to the Statement of financial position.

#### d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily through interest rate risk on the Authority's price risks associated with the movement in the unit price of the Hour-Glass Investment Facilities. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit or loss, and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of financial position date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

#### Interest rate risk

Exposure to interest rate risk arises primarily through interest-bearing liabilities. The Authority does not have such exposure because it does not have any interest bearing liability nor does it hold or account for any fixed rate financial instruments at fair value through profit or loss. A reasonably possible change of percentage (as in table below) is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

	Carrying Amount	-1%		1%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2013</b>					
Financial assets					
Cash and cash equivalents	2,186	(22)	(22)	22	22
Financial assets at fair value	4,521	(45)	(45)	45	45
<b>2012</b>					
Financial assets					
Cash and cash equivalents	4,196	(42)	(42)	42	42
Financial assets at fair value	46,988	(470)	(470)	470	470

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Motor Accidents Authority of NSW

Notes to the financial statements

## 18. Financial Instruments (continued)

### d. Market risk (continued)

#### Other price risk - TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The Authority has no direct equity investments. The Authority holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2013 \$'000	2012 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	798	681
Strategic cash facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	4,521	46,988

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW Treasury Corporation (TCorp) as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass Facilities limits the Authority's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment Facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on the profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

		Change in Unit Price		Impact on Profit or Loss	
		2013	2012	2013	2012
		%	%	\$'000	\$'000
TCorp Hour-Glass investment - Cash facility	+/-	1	1	8	7
TCorp Hour-Glass investment - Strategic cash facility	+/-	1	1	45	470

The effect of changes in unit prices on other components of equity is nil.

### e. Fair Value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass Investments Facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

The amortised cost of TCorp Hour-Glass Investment Facilities recognised in the Statement of Financial Position approximate the fair value, because of the term nature of these investments.

### f. Fair value recognised in the Statement of Financial Position

The Authority uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Derived from quoted prices in active markets for identical assets/liabilities;
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly;
- Level 3 - Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	2013 Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
TCorp Hour-Glass investment - Strategic cash facility	-	4,521	-	4,521
	-	4,521	-	4,521

There were no transfers between level 1 and 2 during the period ended 30 June 2013.

	Level 1	Level 2	Level 3	2012 Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
TCorp Hour-Glass investment - Strategic cash facility	-	46,988	-	46,988
	-	46,988	-	46,988

There were no transfers between level 1 and 2 during the period ended 30 June 2012.

End of Audited Financial Statements

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## Appendix 1: Legislation

The MAA's statutory functions are to ensure compliance with the following legislation:

- *Motor Accidents Act 1988 No 102*
- *Motor Accidents Compensation Act 1999 No 41*
- *Motor Accidents Compensation Regulation 2005*
- *Motor Accidents Compensation (Determination of Loss) Order 2009*
- *Motor Accidents (Determination of Non-Economic Loss) Order 2009*

### Departures from the Subordinate Legislation Act

During the reporting period the automatic repeal of the *Motor Accidents Compensation Regulation 2005* was postponed.

### Legislative changes

#### Acts

The *Motor Accident Injuries Amendment Bill 2013* was introduced into Parliament in May 2013.

#### Regulations

Under Clause 4(2) of the *Motor Accidents Compensation Amendment Regulation 2005*, the MAA updated the 'List of Medical Services and Fees' produced by the Australian Medical Association.

## Appendix 2: Chief and Senior Executive Performance Statements

Name	Julie Newman PSM
Position and level	Chief Executive Officer SES Level 7
Total remuneration package	\$412,200
Performance pay	Nil
Period in position	Appointed effective 23 October 2012 to 30 June 2013  Acting CEO for the period 5 December 2011 to 22 October 2012

- Delivered significant reform to the Workers Compensation System including Scheme design, resulting in an improvement in the NSW Workers Compensation Scheme funding position from 91 per cent at 30 June 2012 to 95 per cent at 31 December 2012.
- Delivered the continued implementation of the national workplace health and safety legislation in NSW including development of the return to work inspectorate.
- Provided strategic leadership to the development of CTP reform options for the NSW Government.
- Directed the development and implementation of stakeholder engagement and customer experience strategies supporting the implementation of regulatory reforms.

- Provided strategic leadership and commitment to the development and implementation of talent management, leadership, performance management, service delivery, and customer experience strategies to further build capability and develop an empowered, productive and constructive workplace culture across the SWSRD.
- Delivered workplace health safety and wellbeing strategies, including an early intervention model, resulting in a 70 per cent reduction in the outstanding 2012–13 workers compensation claims performances achieved by SRWSD as an employer.
- Led significant organisational change including the review and implementation of new business operating models across SRWSD to improve productivity and accountability to deliver business results.
- Enhanced senior executive capability across SRWSD including the recruitment of new leadership teams for People & Culture Group, Investment Division, Motor Accidents Authority and Lifetime Care and Support Authority.
- Influenced positive outcomes for NSW in national agendas regarding asbestos management, National Injury Insurance Scheme, National Disability Insurance Scheme and Workers Compensation and Work Health and Safety.
- Enhanced SRWSD's governance through the development of an enterprise risk management strategy/framework and commenced program of work to improve organisational performance reporting.
- Led the implementation of the *Safety, Return to Work and Support Board Act 2012*.
- Delivered the SRWSD business and financial plans.

Name	Andrew Nicholls
Position and level	General Manager, SES Level 5
Total remuneration package	\$272,976
Performance pay	Nil
Period in position	1 November 2010 to 30 June 2013

- Developed Green Slip reform options for government, leading to a policy statement by the NSW Government, including stakeholder consultation.
- Established improved premium filing processes to enable more robust assessment of Green Slip prices and continued to deliver effective regulation of the CTP Scheme and improved performance in dispute resolution services.
- Delivered the upgrade of the Personal Injury Register, the MAA's key claims database.
- Development of a new assessment service within the MAA which established a new disputes resolution model covering both the Motor Accidents Assessment Service and the Merits Review Service of WorkCover.
- Progressed the real time integration project linking insurer's and RMS databases to allow for streamlined Green Slip and registration transactions.

- Consolidation of partnership with the Centre for Road Safety in road safety research and injury prevention through the MoU and exploration of opportunities for data sharing to improve the evidence base for MAA investment in injury prevention initiatives.
- Delivered a grant program focussing on improving health and social outcomes across the injury management continuum in key areas of education and training, service development and quality improvement.
- Served as a Director of the Personal Injury Education Foundation Board.

#### Senior Executive Service (SES) and Chief Executive Service (CES) positions

	2012-13							2011-12							2010-11							2009-10								
	SRWSD (3)	WCA	WCC	SIC	DDB	MAA	LTCSA	CASD (1)	WCA	WCC	SIC	DDB	MAA	LTCSA	OWCA	WCA	WCC	LSPC (2)	SIC	DDB	MAA	LTCSA	OWCA	WCA	WCC	LSPC (2)	SIC	DDB	MAA	LTCSA
Number of CES/SES positions	41	36				3	2	16	10				2	2	16	10					3	2	2	11	10	1			3	2
Number of positions filled by women	17	16					1	7	5				1	1	7	6					1	1	4	5				1	1	
Positions at or above SES level 5	9	7				1	1	9	7				1	1	7	7					1	1	5	5				1	1	

Note:

1. MAA and Lifetime Care and Support Authority (LTCSA) are reported as part of the Compensation Authorities Staff Division as of 2009-10.
2. From 4 April 2011, employees from the Building and Construction Industry Long Service Payments Corporation (LSPC) no longer formed part of the Compensation Authorities Staff Division (CASD).
3. Compensation Authorities Staff Division retitled to Safety Return to Work & Support Division in August 2012.



### Appendix 3: Government Information (Public Access) Applications

Part 3, Clause 7 of the Government Information (Public Access) Regulation 2009 stipulates that the annual reporting requirements for agencies are to include: details of reviews of programs for release of government information (under Part 2, Division 1, Section 7(3) of the *Government Information (Public Access) Act 2009*); the total number of access applications received by the agency (including withdrawn and refused applications); statistical information about formal access applications; and the tabular form that this reported information is to take.

Additionally, the MAA, like all Government agencies, is encouraged to proactively release information to the public in an informal manner, where possible. Numerous requests for information were provided informally during the reporting period. Furthermore, the MAA undertook a review of all policy and related documents and made these available on the website as appropriate.

#### Review of proactive release program (Clause 7(a) of the GIPA Regulation 2009)

Under Section 7(3) of the *GIPA Act 2009*, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Under Clause 7(a) of the GIPA Regulation 2009, agencies are required to report details of these reviews.

The MAA's program for the proactive release of information involves publication of information sheets and procedural documentation about its various functions. These documents are widely available through a variety of means mainly through the MAA's website.

The MAA continually prepares, reviews and updates information which it makes available to the public through its web site. As a result of these reviews, the MAA proactively released the following information:

- CARS Assessor Guidance Material: Assessment of Damages under s 15B *Civil Liability Act*
- Commentary on *Nguyen v Motor Accidents Authority of NSW & Zurich Australian Insurance Ltd* [2011] NSWSC 351 – March 2013
- CTP Insurance Review of Premium Relativities from 1 January 2013
- CTP Pricing Strategy Terms of Reference
- CTP Policy Statement February 2013
- CTP Scheme Performance Report, Ernst & Young
- Damages and Costs Calculator
- Decision Production Guidelines for Assessors
- List of appointed Medical Assessment Review Panel members 2012–14 and updated Terms of Appointment
- List of appointed CARS Assessors July 2009–June 2013

- List of appointed Medical Assessors 2011–13 updated
- Medical Assessment Venue Policy
- MAA Bulletin from March 2012
- MAAS Bulletin up to December 2011
- MAA Market Practice Guidelines revised 1 January 2012
- MAA Regulatory and Enforcement Policy revised July 2012
- Amended Medical Assessment Fee Schedule as amended February 2013
- Memorandum of Understanding between the Australian Prudential Regulation Authority and the Motor Accidents Authority of New South Wales
- Permanent Impairment Assessment Examination Checklist
- Permanent Impairment Case Studies
- Permanent Impairment Guidance Notes for Medical Assessors

#	Assessment of
1	Mild collateral and mild cruciate ligament laxity
2	Femoral shaft fracture rotational deformity
3	Tibial shaft fracture rotational deformity
4	Pelvic fractures
5	Post-concussional syndrome/post concussional disorder
6	Dysmetria
7	The area of function 'Adaptation' (Psychiatric Impairment Rating Scale)
8	Muscle atrophy
9	Resection arthroplasty
10	Oesophagus, stomach and duodenum
11	Compression fracture(s)

- Assessment of Premiums Determination Guidelines updated in February 2013
- Summary Guide of NSW Compulsory Third Party Insurers' Obligations issued 1 July 2012
- Suspected CTP insurance scam involving fraudulent Green Slips.

#### Number of access applications received (Clause 7(b) of the GIPA Regulation 2009)

During the reporting period, the MAA received a total of two (2) formal access applications. One application has been completed and the other is still on foot.

No application was made to the Information and Privacy Commission or the Administrative Decisions Tribunal for external review during the reporting period.

#### Number of refused access applications (Clause 7(c) of the GIPA Regulation 2009)

During the reporting period, the MAA did not refuse any formal access applications.

Statistical information about access applications – (Clause 7(d) and Schedule 2 of the GIPA Regulation 2009)

Table A: Number of applications by type of applicant and outcome\*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	1	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

\* At end of the financial year a member of the public's application is still ongoing. The MAA is waiting for the applicant's advance deposit.

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny whether information is held	Application withdrawn
Personal information applications*^	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	1	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

\* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 of the GIPA Act) about the applicant (the applicant being an individual).

^ At the end of the financial year a member of the public's application is still ongoing. The MAA is waiting for the applicant's advance deposit.

**Table C: Invalid applications**

Reason for invalidity	No. of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

**Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act**

Reason for invalidity	No. of times consideration used
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

**Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act**

	No. of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	2
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**Table F: Timeliness**

	Number of applications
Decided within statutory timeframe (20 days plus any extensions)	1
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
<b>Total</b>	<b>1</b>

**Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total
Internal review			0
Review by Information Commissioner*			0
Internal review following recommendation under section 93 of the Act			0
Review by ADT			0
<b>Total</b>			<b>0</b>

The information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access (application relates (see section 54 of the Act))	0

### Privacy Management Plan

The MAA is, for the purposes of any Act, a statutory body that represents the Crown. The MAA therefore falls within the definition of 'public sector agency' in the *Privacy and Personal Information Protection Act 1998* and, as such, is required to comply with Information Protection Principles, unless an exemption applies.

The MAA's current Privacy Management Plan has been in place since 2004. The Plan is augmented by internal policies and procedures and is reflected in the Agency's Code of Conduct (which is updated annually). Mandatory training is held for staff every year as well as related mandatory governance training for all staff. All new staff are required to undergo governance and Code of Conduct training.

#### Appendix 4: Credit card certification

Credit card use by the MAA officers is certified in accordance with Premier's Memorandum and Treasurer's direction. The SRWSD has a rigours process in place to ensure full accountability for the use of credit cards.

#### Appendix 5: Response to significant matters raised in the outgoing audit report

There were no significant matters raised in the outgoing audit report.

#### Appendix 6: Accounts payable performance

Amounts outstanding to suppliers at the end of each quarter of the year were:

2012-13	September Quarter	December Quarter	March Quarter	June Quarter
Current	\$0.00	\$94,219.04	\$0.00	\$0.00
<30 days overdue	\$52,241.98	\$6,710,177.00	\$416,179.22	\$13,226.50
>30 & <60 days overdue	\$2,860.00	\$90,115.15	\$1,572.00	\$0.00
>60 days & <90 days	\$0.00	\$0.00	\$0.00	\$0.00
90 days & over	\$0.00	\$0.00	\$0.00	\$0.00

Amounts paid to suppliers at the end of each quarter of the year were:

2012-13	September Quarter	December Quarter	March Quarter	June Quarter	Total for Year
Number of accounts paid	764	613	779	773	2,929
Number paid on-time	741	585	726	720	2,772
% accounts paid on-time	96.99%	95.43%	93.20%	93.14%	94.64%
Value of accounts paid	\$27,750,257.77	\$35,047,373.55	\$97,149,764.65	\$56,141,081.34	\$216,088,477.31
Value paid on-time	\$27,417,179.81	\$34,200,722.94	\$97,032,761.93	\$39,109,764.43	\$197,760,429.11
% value paid on-time	98.80%	97.58%	99.88%	69.66%	91.52%

During the year MAA paid \$216.1m to all suppliers of which \$197.8m or 91.52 per cent of the invoices were paid within the vendors terms.

#### Payment of Accounts – Small Business suppliers

Amounts paid to identified small business suppliers at the end of each quarter of the year were:

2012-13	September Quarter	December Quarter	March Quarter	June Quarter	Total for Year
Number of accounts paid	123	114	113	137	487
Number paid on-time	123	114	113	137	487
% accounts paid on-time	100.00%	100.00%	100.00%	100.00%	100.00%
Value of accounts paid	\$173,415.00	\$140,945.00	\$156,210.00	\$198,016.00	\$668,586.00
Value paid on-time	\$173,415.00	\$140,945.00	\$156,210.00	\$198,016.00	\$668,586.00
% value paid on-time	100.00%	100.00%	100.00%	100.00%	100.00%
Overdue interest payments	0	0	0	0	0
Overdue interest paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

During the year MAA paid \$0.7m to small businesses of which \$0.7m or 100 per cent of the invoices were paid within 30 days.

## Appendix 7: Information technology

The MAA's Information Services are provided through the SRWSD Shared Services. Work to virtualise and migrate server farms to the Gosford data centre was completed in 2012-2013. In addition, the MAA and SRWSD domains were integrated, resulting in reduced maintenance costs and more efficient channels for the sharing of information.

The Windows 7 Standard Operating Environment has been implemented at MAA and further opportunities will be leveraged in line with this environment including the use of desktop video conferencing. This facility will reduce travel costs and will also allow users to collaborate 'live' on their desktop.

### Application and Infrastructure Roadmaps

SRWSD Information Services also completed developing application and infrastructure roadmaps for all agencies within the SRWSD cluster which includes MAA. The infrastructure roadmap, endorsed at the last Finance and Information Service Governance Committee and the application roadmap, in draft, supports the MAA by ensuring that information technology requests align with the ICT Strategic plan which provides the benefits of standardisation, faster connection and overall alignment with the NSW Government direction for Information Technology.

The Infrastructure roadmap also considers current and emerging SRWSD business priorities as well as NSW government policies and programs. Where possible and practical, the roadmap incorporates broader government initiatives designed to improve service quality, increase infrastructure reliability and improve system availability.

The roadmap sets out a clear focus on using ICT for better service delivery, and achieving better value for ICT investment. It outlines a new, SRWSD wide approach to ICT planning to maximise the support and coordination necessary to share expertise and fully capitalise on opportunities arising from a changing ICT environment.

Consolidating and standardising the infrastructure also provides additional capabilities for availability of business systems and business continuity. The mobility programmes of works provide an infrastructure that eliminates the constraint of geographical locations by providing Anytime-Anywhere access to business systems for SRWSD users.

### Single Case Management System

Investigation into a single case management system has been approved by the Finance and Information Service Governance Committee. This will investigate the alignment and opportunities available in the processes in all business areas across SRWSD.

## Appendix 8: Insurance

The MAA utilises the Treasury Managed Fund for day to day workers compensation and other types of insurance cover.

## Appendix 9: Overseas travel

Person travelling	Date	Purpose	Cost to MAA
David Andrews	November 2012	To attend the 2nd Australasian Health Research Forum in Auckland, NZ	\$1,416

## Appendix 10: Consultants

Vendor	Description	Vendor Total
L.E.K. Consulting	Strategic advisory support for the CTP review	207,157
<b>Total greater than \$50,000</b>		<b>207,157</b>
Plus 11 consultants \$50,000 and under		104,788
<b>Total consultants</b>		<b>311,945</b>

## Appendix 11: Grant and sponsorship funding

### Non-government organisations

Recipient	Purpose	Amount \$
Pedestrian Council of Australia	Pedestrian road safety initiatives	24,000
NSW Motorcycle Alliance	Road side safety education	7,000
<b>Non-government organisation totals</b>		<b>31,000</b>

### Academic and health service institutions

Recipient	Purpose	Amount t\$
Local Southern Health Network	Rural Trauma Workshop	5,139
Macquarie University	Examining predictors of return to productivity in hospitalised trauma patients with mild to moderate TBI and non-brain physical injury	345,271
Macquarie University	Research to examine the efficacy of the chronic pain course with 3 different levels of clinician involvement	265,806
Pain Management and Research Centre, Royal North Shore Hospital	To provide on-line skills training courses for clinicians about chronic pain	14,814
Pain Management and Research Centre, Royal North Shore Hospital	To develop videos demonstrating key interview and communication skills to primary health care practitioners	15,000
Rehabilitation Studies Unit, University of Sydney	Supporting evidence based practice for psychologists	16,527
Rehabilitation Studies Unit, University of Sydney	MAA chair of Rehabilitation Medicine	395,605
Royal Prince Alfred Hospital	Development of on-line training resources to support trauma training course	10,000
Royal Prince Alfred Hospital	Development of an App to facilitate dissemination of key trauma protocols and guidelines relevant to clinicians within Sydney LHD	15,000
St George Hospital	An e-learning program to improve trauma care on the wards	14,717
St George Hospital	Improving outpatient pain management outcomes	14,814
University of Sydney	Supporting evidence based practice for speech pathologists	14,285
University of Sydney	To identify successful strategies or interventions that aim to improve health and social outcomes of people injured following land based transport accidents in NSW.	1,125,000
University of Sydney	Supporting evidence based practice for psychologists	16,527
University of Sydney Rehabilitation Studies Unit	Post Doctoral fellowship; epidemiology of motor vehicle trauma	277,500
University of Sydney, George Institute	Supporting evidence based practice for physiotherapists	49,275
University of Western Sydney	Optimising health and social recovery of people after a car crash using a low-intensity self-management intervention	281,983
Westmead Hospital	Development of an App of clinical algorithms for trauma management	15,000
Whitlam Orthopaedic Research Centre	Measuring the rate of continuing narcotic use after major orthopaedic injury	212,000
<b>Academic and Health Service Institutions totals</b>		<b>3,104,263</b>

### Sponsorship and education initiatives

Recipient	Purpose	Amount t\$
Royal Rehabilitation Centre Sydney. University of Sydney Rehabilitation studies unit	Sponsorship of educational session on importance of early rehabilitation in injury management	3,000
<b>Sponsorships and education initiatives totals</b>		<b>3,000</b>

## Appendix 12: Fast Facts

Affordability, commerciality and solvency	
Number of vehicles requiring Green Slips	4.96 million

Total premiums collected (ex GST)	\$2.58 billion
Best price (Sydney passenger vehicle driver aged 30–54)	\$505
Affordability (based on average passenger vehicle premium excluding GST as a percentage of average weekly earnings.)	36% AWE
Average premium (All passenger vehicles excluding GST, which is \$542 including GST)	\$504 excluding GST
Efficiency (based on the average efficiency of the NSW Scheme from 2000 to 2012 before contracted-out legal costs)	50%
<b>Safety, recovery and support</b>	
Number of claims per 10,000 vehicles (actual and projected claims incurred in the year ended 30 September 2012)	29
Number of full claims lodged to 30 June 2012	7,579
Number of Accident Notification Forms lodged	6,797
Number of applications for Medical Assessment Service (MAS)	4,416
Number of applications for Claims Assessment (CARS)	1,418
Number of applications for Exemption from Claims Assessment (CARS)	2,028
<b>Customer service</b>	
Number of hits recorded for the Green Slip Calculator	2,159,634
Number of enquiries received – Green Slip Calculator	21,217
Number of hits on MAA website	450,000
Number of enquiries received from general public	19,412
Number of enquiries received from scheme service providers	14,477
Number of complaints received	128
Percentage of identified Outreach clients contacted by Claims Advisory Service	100%
Percentage of surveyed users who would use the Green Slip Calculator again	97%
<b>Capability</b>	
Number of external claims assessors	30
Number of medical assessors	161

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