Motor Accidents Authority of NSW

Annual Report

2013-14

the facts the figures the future

LETTER TO THE MINISTER

30 October 2014

The Hon. Dominic Perrottet, 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*, we have pleasure in submitting for your information and presentation to Parliament, the Annual Report of the Motor Accidents Authority (MAA) for the financial year ended 30 June 2014.

In August 2014, the MAA continued to work on non-legislative enhancements to the compulsory third party (CTP) scheme under the leadership of the previous Chief Executive Officer (CEO) of Safety, Return to Work and Support, Ms Julie Newman who retired on 1 August 2014.

Work will continue under the leadership of new CEO Vivek Bhatia to improve the experience for people making a CTP claim, with a focus on removing unnecessary delays, reducing settlement times and streamlining forms and information. In the year ahead, the MAA will also continue to improve customer service by simplifying the process for purchasing Green Slips across NSW.

The MAA will implement regulatory changes in 2014-2015 to increase transparency around insurer decision making on CTP prices, and to foster competition and innovation in the CTP market.

Yours sincerely

Michael Carapiet
Chair
Safety, Return to Work
and Support Board

Vivek Bhatia
Chief Executive Officer
Safety, Return to Work
and Support

2013-14

CONTENTS

NSW Government publication
Motor Accidents Authority of NSW
October 2014
ISBN 978 1 74341 458 3

The Motor Accidents Authority of NSW 2013–2014 Annual Report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* for the Hon. Dominic Francis Perrottet MP.

Motor Accidents Authority of NSW
Level 25, 580 George St Sydney 2000

General phone enquiries: 1300 137 131

Hours of operation: 8.30am - 5.00pm Monday - Friday (except public holidays).

www.maa.nsw.gov.au

maa@maa.nsw.gov.au

A copy of this report is available at www.maa.nsw.gov.au

2013-14 AT A GLANCE

Sustainable scheme

$2.11 billion in CTP premiums (excluding levies and GST)

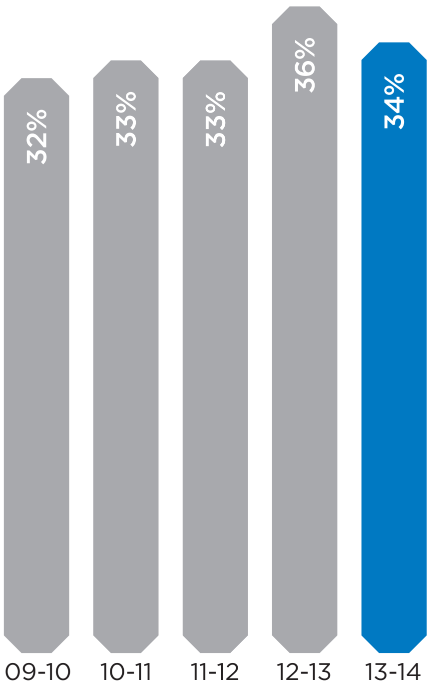
$471 best price, Sydney passenger vehicle (excluding GST. June quarter 2014)

$492 average premium – all passenger vehicles (excluding GST. June quarter 2014)

34.1% of average weekly earnings – affordability of average premium for passenger vehicles (June quarter 2014)

5.1 million vehicles required a Green Slip

AFFORDABILITY (Average premium as % of average weekly earnings)



Better outcomes for injured people

14,360 total injury notifications were received

- 7426 notifications were full claims
- 6934 were for treatment expenses and lost earnings up to $5000

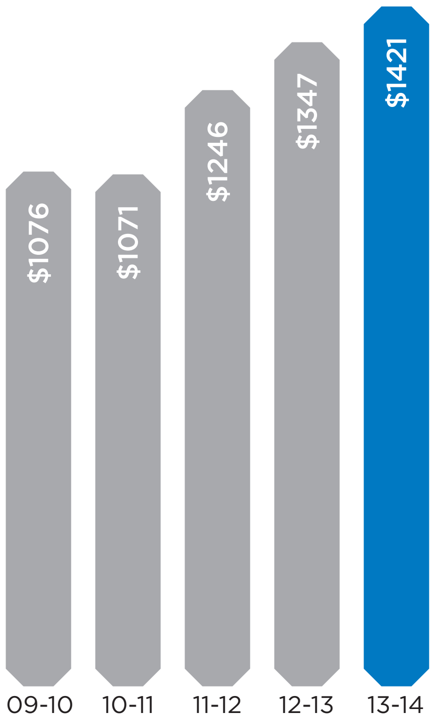
$1.42 billion paid in benefits

15,715 claims finalised

4658 medical disputes between injured people and insurers were finalised

$11.6 billion paid in benefits since the current CTP Scheme began in 1999

BENEFITS PAID $million



Our customers

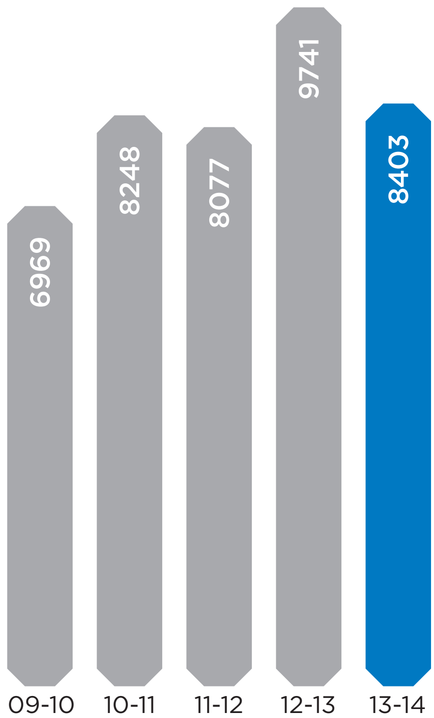
More than 2.4 million hits on Green Slip calculator

More than 17,000 enquiries on Green Slip helpline

8,452 applications were made by injured people and insurers to the Motor Accident Assessment Service, for alternative to Court dispute resolution

Claims Advisory Service handled more than 31,000 enquiries

NUMBER OF CALLS FROM INJURED PEOPLE



Our people

MAA – 96 staff (Full-time equivalent)

Winners of the Commitment to Wellness and Safety award at the SRWS Annual Employee Awards

STAFF TURNOVER

7.8%*

* FTE-Full-time equivalent

WORKFORCE DIVERSITY*

62.5% of employees are women

5.2% of employees have a disability

12.5% of employees first language was not English

* Results are based on 61.5 per cent of respondents to the non-mandatory workforce diversity survey.

Staff are supported by SRWS Shared Services who are responsible for the provision of business services within Safety, Return to Work and Support, in the areas of Information Services, Financial Services, Human Resources, Legal, Strategy and Performance, Facilities and Support, and Corporate Governance Services.

ABOUT THE MAA

The history of the Motor Accidents Authority

1942
First compulsory third party (CTP) personal injury insurance scheme introduced in NSW.

1984
The Motor Vehicles (Third Party Insurance) Amendment Act 1984 is introduced.

1987
A fault-based scheme administered by the GIO (Transcover) sets statutory benefits for pain and suffering and medical expenses, and caps weekly economic loss benefits.

1988
The *Motor Accidents Act 1988* restores the right to bring common law actions for damages and re-opens the market to private insurers. The Motor Accidents Authority is established as a statutory corporation under the Act.

1991
Premiums are deregulated. CTP prices decline and claims costs rise.

1995
The *Motor Accidents Amendment Act 1995* limits non-economic loss benefits.

1999
The current CTP Scheme is introduced through the *Motor Accidents Compensation Act 1999*.

2006
The Lifetime Care & Support Scheme is established for people under 16 severely injured on NSW roads.

2007
The Lifetime Care & Support Scheme is expanded to cover adults.

2009
MAA becomes part of the Compensation Authorities Staff Division pursuant to the *Public Sector Employment and Management (Departmental Amalgamations) Order 2009*.

2010
For the first time drivers at fault in an accident are able to claim up to $5000 to cover the cost of their injuries.

2012
MAA becomes part of Safety, Return to Work and Support Division (SRWSD) under the *Safety, Return to Work and Support Board Act 2012*.

2014
SRWSD becomes SRWS and forms part of the Office of Finance and Services within the Treasury and Finance cluster.

Mission and values

Reduce the social and economic impacts of motor accidents in NSW.

Our values underpin our interaction with each other, our stakeholders and our customers, and as such are an important part of our planning process. As a NSW Government agency, trusted with public money and safety, we adhere to a strong set of values in the performance of our day to day work.

Our values are integrity, trust service, accountability and respect.

Role

The MAA regulates the NSW Compulsory Third Party (CTP) Personal Injury Insurance Scheme. Our role is to licence and regulate the private insurers that underwrite the CTP Scheme to ensure that premiums charged to vehicle owners are accessible and competitive, and benefits provided to those injured in a motor accident are delivered fairly and quickly.

MAA and APRA

The MAA conducts prudential monitoring to ensure the continued solvency of licensed insurers, working in partnership with the Australian Prudential Regulation Authority (APRA) through a memorandum of understanding.

Legislation

The MAA was established as a statutory corporation by the *Motor Accidents Act 1988* and continues to be constituted under the *Motor Accidents Compensation Act 1999*.

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*

What we do

- Supervise insurers so that injured road users have their claims resolved justly and efficiently
- Investigate and resolve complaints about insurers
- Provide information and advice to the public to explain their rights and help claimants navigate the claims process
- Provide independent medical and claims assessment services as alternatives to the court system
- Promote better practice in rehabilitation and injury management by setting standards for insurers, funding research, and directly funding health and ambulance services for people injured on NSW roads
- Protect people injured by uninsured or unidentified vehicles through a Nominal Defendant Scheme
- Regulate the extent to which insurers can provide premium loadings for higher-risk drivers and discounts for lower-risk drivers
- Provide information to vehicle owners to help them find the best Green Slip price
- Work with Roads and Maritime Services to ensure effective alignment with vehicle registration
- Fund measures to help prevent and minimise motor accident injuries, including road safety education, in partnership with the Centre for Road Safety
- Review and report on CTP Scheme efficiency.

About the CTP Scheme

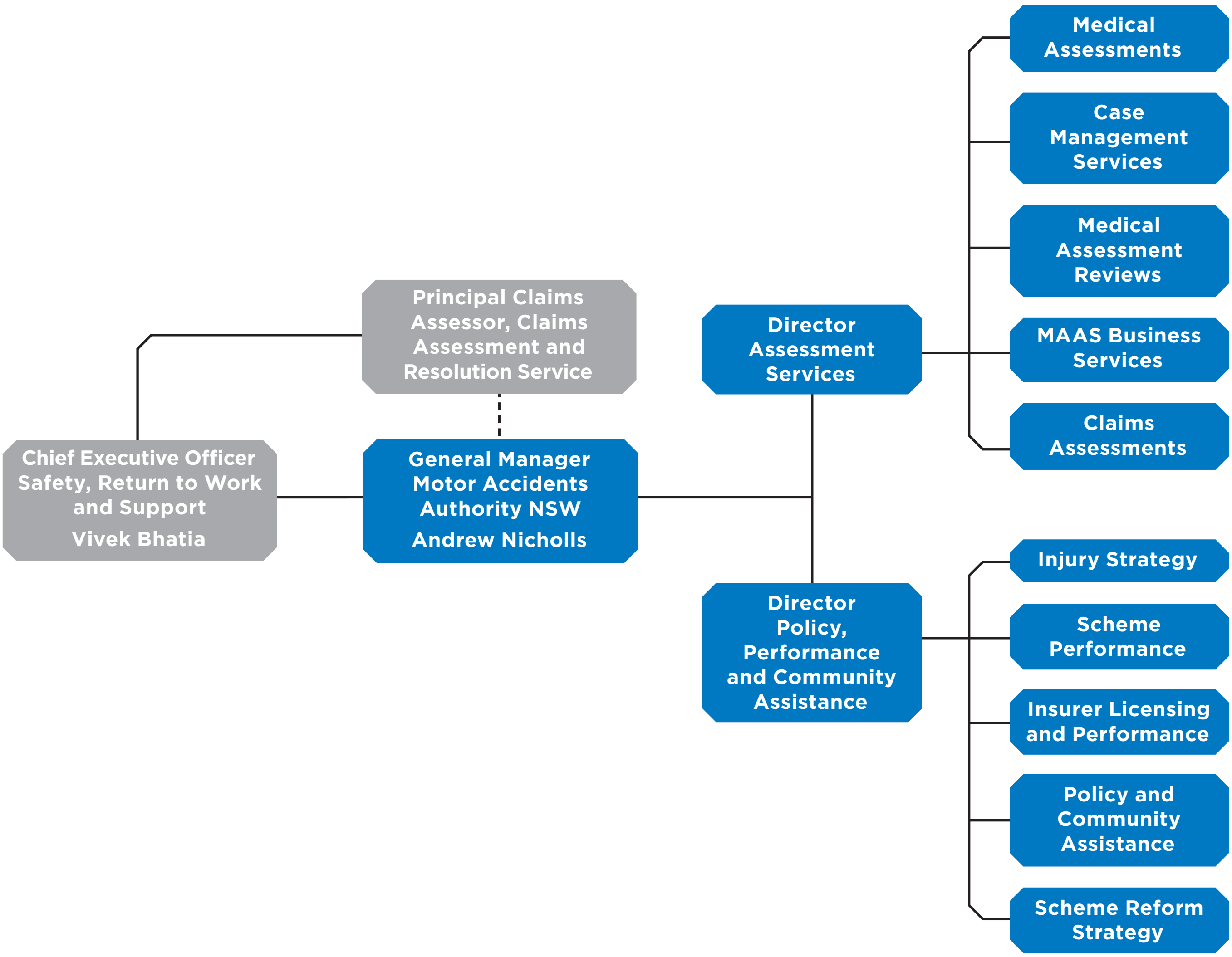
Motor vehicle owners in NSW are required to purchase a CTP insurance policy (known as a Green Slip) before Roads and Maritime Services can register a vehicle or renew its registration. Green Slip insurance covers the driver of a motor vehicle against personal injury claims from "third parties" – other road users (including pedestrians) who are injured in an accident involving the vehicle.

A person injured but not at fault in an accident can make a claim for a range of benefits under the CTP Scheme (the Scheme), including medical and related costs, past and future economic loss, and payments for "pain and suffering" (for those with severe permanent injuries). The Green Slip also provides some benefits irrespective of fault: it covers the first $5,000 of treatment costs and lost income, and provides access to the Lifetime Care and Support Scheme (LTCS Scheme) for the catastrophically injured. The LTCS Scheme is separately funded, and administered by the Lifetime Care and Support Authority.

The CTP Scheme is underwritten by private insurers licensed by the MAA, who set their own premiums in a competitive market. Green Slips are currently sold by five competing insurance companies, which operate seven CTP brands or licences: AAMI, Allianz, CIC-Allianz, GIO, NRMA, QBE and Zurich. These insurers set Green Slip prices based on a detailed assessment of NSW-wide claims data and their own claims experience. They may also apply a variety of risk-rating factors (e.g. age of driver, driver record, region where the vehicle is garaged) to offer discounts and loadings on Green Slips, according to the risk profile of the customer.

As Scheme regulator, the MAA aims to ensure that premiums are as affordable as possible for all NSW vehicle owners, including those with the highest risks, while ensuring that insurers adequately cover the costs of future claims. However the MAA has only limited power to affect pricing. The number and cost of claims, and external economic factors, have the greatest impact on how much motorists will pay for their Green Slip.

ABOUT THE MAA



SAFETY, RETURN TO WORK AND SUPPORT BOARD

About Safety, Return to Work and Support

Safety Return to Work and Support (SRWS) is part of the Office of Finance and Services and the NSW Government's Treasury and Finance Cluster. The SRWS Board determines the strategic direction and oversees the performance of the WorkCover Authority of NSW, the Motor Accidents Authority (MAA) and the Lifetime Care and Support Authority. The SRWS Chief Executive Officer is a member of the SRWS Board.

SRWS agencies are supported by shared services functions in the areas of finance, information and technology services, investment, procurement, human resources, strategy and performance, communications, and legal and policy. The agencies also share governance mechanisms including the SRWS Executive, SRWS Board and its audit and risk committee, investment committee and human resource committee.

SRWS contributes to the economic growth, productivity and wellbeing of NSW by:

- enhancing business and driver confidence
- increasing competiveness of the NSW economy
- improving workforce and community participation
- ensuring high quality, accessible and efficient services.

The Safety, Return to Work and Support Board

The Safety Return to Work and Support Board was appointed under the *Safety, Return to Work and Support Board Act 2012* for a three year period to 31 July 2015. Under the Act, the Board:

- determines the general policies and strategic direction of each relevant authority
- oversees the performance of each relevant authority
- advises the Minister and the CEO on any matter relating to the relevant authorities or arising under the compensation and other related legislation
- determines investment policies for certain funds, and establishes and administers one or more funds for the purpose of investment:
  - 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)
- reports to the Minister on the investment performance of each of the above funds.

The Board consists of seven members, including the SRWS CEO. The Board is 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.

SAFETY, RETURN TO WORK AND SUPPORT BOARD

From left: Vivek Bhatia, Peeyush Gupta, Raymond Whitten, Elizabeth Carr, Gavin Bell, Michael Carapiet, Mark Lennon.

Members of the Safety, Return to Work and Support Board on 30 June 2014

Michael Carapiet, MBA – Chair

Mr Carapiet is Chair of SAS Trustee Corporation, Chair of Smartgroup Corporation Limited & Chair of Adexum Capital Limited. His is a member of the Boards of Clean Energy Finance Corporation and Infrastructure Australia. He is also on the Advisory Boards of Norton Rose Australia and Transfield Holdings. Mr Carapiet was also Chair of Workers Compensation Insurance Fund Investment Board and Chair of WorkCover Authority Board prior to their abolishment in 2012.

Mr Carapiet has more than 30 years' experience in the financial sector and has held a number of senior roles with the Macquarie Group, where he was a member of Macquarie's Executive Committee from 2005. Prior to his retirement in July 2011 he was Executive Chairman of Macquarie Capital and Macquarie Securities. Mr Carapiet has a Master of Business Administration from Macquarie University.

Raymond Whitten, BA, LLB, LLM – Deputy Chair

Mr Whitten was previously Chair of the Motor Accidents Authority, Chair of the Workers Compensation and Work Health and Safety Council, Deputy Chair of the Workers Compensation Insurance Fund Investment Board and Director of the WorkCover NSW Board. He was also Chair of the National Stock Exchange of Australia Limited (NSX).

Mr Whitten is an Accredited Specialist in Business Law, Notary Public and Responsible Officer of a Nominated Adviser to the NSX. Mr Whitten commenced practicing law in 1972 and is a Solicitor Director of Whittens and McKeough Pty Limited. He has extensive experience in property, commercial transactions and all types of dispute work.

Mr Whitten graduated from the University of Sydney with a Bachelor of Arts and a Bachelor of Laws. He also has a Master of Laws from the University of Technology, Sydney.

Gavin Bell, LLB, MBA (Exec)

Mr Bell is currently a member of the Advisory Council of the Australian School of Business and the Business Council of Australia. He was also a member of the WorkCover NSW Board and Workers Compensation Insurance Fund Investment Board.

Mr Bell commenced at Freehills in 1982 as a graduate solicitor and became a partner in 1988. Mr Bell became Freehills' Chief Executive Officer and Managing Partner on 1 July 2005, and retired in 2014.

Mr Bell completed his law degree at the University of Sydney and graduated in 1982. He undertook a Master of Business Administration (Executive) degree at the Australian Graduate School of Management and graduated in 1995.

Elizabeth Carr, BA (Hons), MPA, FAICD

Ms Carr is a Member of The Environmental Protection Authority (WA) and has a number of non-profit and education board positions including Chair of the Macular Disease Degeneration Foundation and Chair of St Catherine's Aged Care Facility (NSW). Ms Carr is also the Chair of the NSW Family and Community Services Audit and Risk Committee and was a member of both the WorkCover NSW Board and Workers Compensation Insurance Fund Investment Board prior to their abolishment in 2012.

Ms Carr's career has covered senior executive management positions in technology (IBM), finance (Macquarie Group) and government (Department of State Development WA). She has a BA (Hons) from University of Western Australia and a Master's Degree from Harvard University.

Peeyush Gupta, BA, MBA, FAICD

Mr Gupta is currently the Chair of State Super Financial Services and Charter Hall Direct Property Management Limited. He is a non-executive director of the Special Broadcasting Service Board as well as director of number of NAB entities including MLC Life and its subsidiaries, BNZ Life insurance, QuintessenceLabs and Crowe Horwath. Mr Gupta also serves on a variety of non-profit boards, including the Australian School of Business at UNSW, Ascham School and SIRCA. He is the Chair of SRWS Board's investment committee and was previously a member of the Workers Compensation Insurance Fund Investment Board. Mr 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.

Mr Gupta has a Master of Business Administration (Finance) degree from the Australian Graduate School of Management. He completed the Advanced Management Program at Harvard Business School in 2006. He is a Fellow of the Australian Institute of Company Directors.

Mark Lennon, BComm, LLB

Mr Lennon is Secretary of Unions NSW and a Director of First State Super Trustee Corporation. He was a member of the WorkCover NSW Board. He joined Unions NSW (formerly the Labor Council) in 1988, holding positions as the Occupational Health and Safety Training Officer, Industrial Officer and Assistant Secretary prior to becoming Secretary in 2008.

Vivek Bhatia, MBA, B.Engg, CFA

Mr Bhatia was appointed as CEO of SRWS in August 2014. Mr Bhatia joins SRWS from previously being the CEO at Wesfarmers Insurance, where he led the multi-brand, multi-channel insurer through a significant transformation journey. He has also held several other prominent leadership roles in strategy, operations and technology at McKinsey & Company, Wesfarmers Insurance and QBE, both domestically and abroad over the past 15 years. Prior to joining SRWS, Mr Bhatia co-led the business restructuring and transformation practice at McKinsey & Company across Asia Pacific, where he worked across resources, industrials, telecommunications, financial services, and oil and gas.

Mr Bhatia has an undergraduate degree in Engineering and has completed his MBA in strategy. He is a qualified Chartered Financial Analyst.

Julie Newman *PSM*, FCPA BHSMgt, MAICD Chief Executive Officer of Safety, Return to Work and Support – retired 1 August 2014

SAFETY RETURN TO WORK AND SUPPORT EXECUTIVE

The SRWS Executive team has 13 members – seven general managers, a chief financial officer, chief human resources officer, a director of legal services, corporate governance director, company secretary and the CEO. The team is responsible for operational management of the organisation and the implementation of policies and strategic priorities determined by the SRWS Board. The Executive also makes recommendations on matters of strategic direction and policy to the CEO.

General Manager, Workers' Compensation (Dust Diseases) Board
Anita Anderson, Dip-Gov-Policy

A/General Manager, Workers Compensation Insurance Division (8 October 2013 – 30 June 2014)
Gary Jeffery

A/General Manager, Work Health and Safety Division (29 May – 30 June 2014)
Peter Dunphy *PSM*, MPP (Hons), MURP, BSc

General Manager, Investment
Steve McKenna, MA, CIMA

Chief Executive Officer of Safety, Return to Work and Support
Vivek Bhatia, MBA, B.Engg, CFA

A/Chief Financial Officer, Finance and Services
Megan Hancock, BBus, Grad Dip AFI, CA

Director, Corporate Governance
Michael Saad BEc

Company Secretary
Samantha Lawrence BA(Hons), MBA

Chief Human Resources Officer
Greg Barnier, MBusCoach (Dist), AdvDipGovt (Mgmt), DipHRM, DipMgmt, DipFinServ (FinPlan), AssocDipBus (Bank&Fin), SF Fin, FAIM, CAHRI, MIPAA, AInstIB

A/Director Legal Services
Catherine Morgan, BA Hons LLM

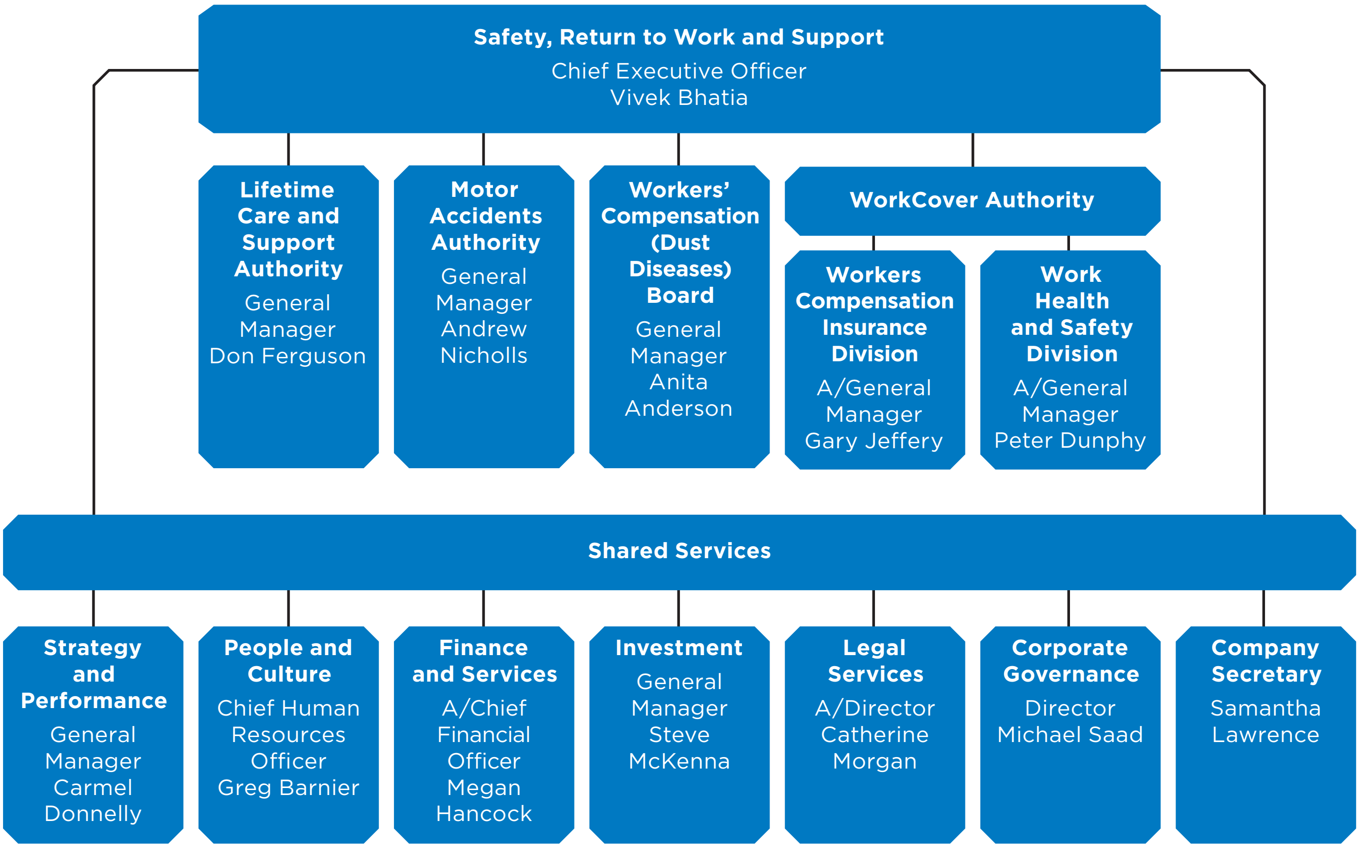
General Manager, Motor Accidents Authority
Andrew Nicholls, BA (Hons), MMgt, EMPA, JP

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

General Manager, Lifetime Care and Support Authority
Don Ferguson, MA, BA

Geniere Aplin, MBA (Exec), LLB General Manager, Workers Compensation Insurance Division – on leave 8 October 2013 to 9 November 2014
Julie Newman *PSM*, FCPA BHSMgt, MAICD Chief Executive Officer of Safety, Return to Work and Support – retired 1 August 2014
John Watson *PSM*, Assoc Dip OHS, HFSIA.NSW General Manager, Work Health and Safety Division – retired 3 July 2014

Organisational structure



CHAIR/CEO REVIEW

2013-14 was a year of achievements, challenges, and programs for continued success

Michael Carapiet, Chair

Vivek Bhatia, CEO

Meeting Challenges

The key challenge for the MAA in 2013-14 was to identify effective ways to improve the efficiency of the CTP Scheme within the current legislative framework.

At the start of 2013-14, the MAA was preparing for major structural change through the *Motor Accidents Injuries Amendment Bill 2013*, which the NSW Government had introduced into the Parliament in May 2014. However by August, the Bill had been withdrawn and legislative reform was off the agenda.

A key objective of the Government's proposed reform Bill was to arrest an ongoing upward trend in CTP premiums, which had begun in 2008 and accelerated in 2011. The Bill sought to place downward pressure on Green Slip prices by adopting a system of statutorily defined benefits for the injured, and limiting access to common law damages, and the accompanying legal costs, to the minority of claimants with more serious injuries. Industry stakeholders and service providers raised a number of concerns in relation to the Bill and the Government held a CTP Scheme Roundtable at Parliament House in July 2013 to canvass their concerns. The Bill was subsequently withdrawn from the Parliament in August 2013, due to lack of support in the Legislative Council.

With significant reform off the agenda, the MAA developed a program of regulatory and operational enhancement with the potential to increase the efficiency and effectiveness of the CTP Scheme within the current legislative framework. However, unlike the structural reforms proposed in the legislation, these enhancements are not expected to be sufficient, without legislative change, to address premium pricing.

In 2013-14, the CTP Scheme continued to face a number of challenges, including:

- ongoing poor affordability of premiums, due to external economic pressures and rising costs
- inefficiency, with a low proportion of the premium delivered to injured people and relatively high delivery costs
- instances of prolonged disputation and delays in settling claims.

Strategic priorities

There were two main objectives for the enhancement program across all aspects of the MAA's regulation of the Scheme:

- Ensuring claims are resolved as justly and expeditiously as possible, improving the claimant experience by eliminating unnecessary delays and disputes
- Improving regulation of insurer market practices and premium setting to make improvements for vehicle owners.

The CTP Scheme enhancement projects listed here are described in more detail in the body of this report. The enhancements were at various stages of development and implementation at the close of the reporting year and will continue to drive MAA priorities in 2014-15.

Completed CTP Scheme enhancement projects

Premium pricing: Changes to the MAA's Premiums Determination Guidelines to require greater transparency from insurers regarding proposed price changes, and impose an affordability ceiling on Green Slip prices (see p 19).

Claims Process: Consulted with insurers and legal practitioners on issues and causes of unnecessary delays in the claiming process.

Customer Service: Promoted faster and easier entry to the Scheme by transferring initial enquiries from the injured, directly from the MAA to the relevant insurer (see p 30).

Customer Service: Customer Service Charter established and information sheets created for distribution to users of the MAA's Motor Accidents Assessment Service.

Projects underway

Regulatory Framework: Revise the MAA's regulatory framework and policy to focus on outcomes and ensure a risk-based approach to regulation.

Market Practice: Implement improved, principles-based Market Practice Guidelines to better regulate market practices and encourage innovation, while ensuring fair and equitable access for motorists (see p 20).

Claims Handling: Develop improved, principles-based Claims Handling Guidelines to better articulate and enforce insurer obligations, and improve claimants' experience of the Scheme (see p 24)

Claims Assessment: Develop improved Guidelines for medical and claims assessments to help reduce claim assessment timeframes.

Customer Service: Develop simpler MAA-approved claims notification forms for use by claimants.

Green Slip Purchasing: Streamline Green Slip purchasing and reduce consumer fraud through a real-time integration project linking insurer databases with Roads and Maritime Services registration databases. Review the Green Slip Certificate format, with a view to increasing information delivered to customers purchasing a Green Slip.

Review of MAA

The Legislative Council's Standing Committee on Law and Justice completed its twelfth Review of the exercise of the functions of the Motor Accidents Authority in July 2014.

The Committee acknowledged the MAA's effectiveness as the scheme regulator during the previous three years:

> "The period since the committee's previous review in 2011 has been uncertain for the Scheme and the MAA, as the NSW Government's proposed scheme reform in 2013 did not eventuate following the discharge of the Motor Accident Injuries Amendment Bill from parliament."
> "Despite the reform not taking place, the committee has found that the MAA continues to perform its functions in an effective manner."
> Chair's Foreword, Report of the Standing Committee's Twelfth Review of the exercise of the functions of the Motor Accident Authority, 3 July 2014.

However, the report also acknowledged that stakeholders still have a number of concerns with the Scheme, including the high level of insurer profits, the whole person impairment threshold and the late claims process.

The MAA is exploring enhanced reporting options and analysis to better explore these issues, including an independent review of insurer profit.

The recommendations arising from the review are currently being considered, and will inform the MAA's initiatives in the next year.

The report is available on the NSW Parliament website at www.parliament.nsw.gov.au.

Resolving disputes

The MAA continued to prioritise out of court dispute resolution through its Claims Assessment and Resolution Service (CARS) in 2013-14.

The MAA developed and implemented Guideline amendments to counter the effect of a Supreme Court decision (Smalley v MAA [2013] NSWSC 318) which would have resulted in more claims being exempted from resolution through CARS.

The amended Guidelines that came into force in May 2014 ensure that suitable claims will still be assessed through CARS, and will also improve the quality and consistency of insurer decisions on liability. The MAA initiated a stakeholder consultation process to support this amendment process, which achieved a high level of stakeholder consensus and will provide a platform for future consultations.

A further initiative in dispute resolution was to update the independent review of CARS commissioned by the MAA in 2011. The updated review found CARS to be working well, with recommendations from the 2011 review achieved or in progress.

CHAIR/CEO REVIEW

Collaborating with stakeholders

As the scheme regulator, the MAA works collaboratively and engages regularly with stakeholders and Scheme service providers including: CTP insurers, legal professions, health service providers, community and motor vehicle representative groups, other government agencies and the NSW Parliament through the Upper House Standing Committee on Law and Justice.

Regular consultation with stakeholders and service providers assists the MAA to identify issues and risks, and ensure the ongoing viability of the Scheme. The MAA has a regular program of meetings with insurers and legal professions in particular, given their important respective roles as key service providers in achieving the outcomes of the Scheme.

Motorcyclists

The MAA continued constructive, regular consultation with NSW motorcycle groups, an important stakeholder in the Scheme.
In response to enquiries from motorcycle groups, the MAA commissioned a report by actuarial firm Finity Consulting on the premiums paid and benefits received by motorcyclists in the CTP Scheme. The report by Finity demonstrated that motorcyclists were paying their own way in CTP, without cross-subsidising other road users, although they themselves were subsidised in the Lifetime Care and Support Scheme. The report also showed that premiums for motorcyclists had increased at a much lower rate than for passenger vehicles in NSW: motorcycle premiums increased by 10 per cent from 2006-2013, compared to a 67 per cent increase for Sydney passenger vehicles.

The MAA presented the report to motorcycle groups and published it online in May 2014 (available at www.maa.nsw.gov.au). However, motorcycle representatives remained concerned that data being provided by the MAA was insufficient, which was the subject of submissions to the Law and Justice Committee, to be addressed in the next reporting year.

The Year Ahead

MAA activity in 2014-15 will be driven by our business planning process which centres on four key result areas.

A sustainable Scheme

Priorities for 2014-15

- Revise MAA's regulatory policy and compliance management framework
- Review insurer profit
- Better regulate Scheme delivery costs and insurer market practices
- Work with insurers and legal practitioners to implement Scheme improvements.

Outcomes

- Greater scrutiny of, and insurer accountability for, CTP premium prices
- Promotion of competition and innovation in the CTP market
- Improved framework to support Scheme efficiency
- Enhance the effectiveness of the Green Slip calculator.

Better outcomes for injured people

Priorities for 2014-15

- Better regulate insurer compliance with claims management principles
- Streamline dispute processes
- Explore options for improving impairment assessment rules and approaches
- Work with insurers, legal practitioners, assessors and customer feedback from injured people to implement claims and dispute resolution improvements

- Build on the new partnership with the Centre for Road Safety and focus on crash data linkage improvements
- Launch the John Walsh Centre for Rehabilitation Research, University of Sydney, a major contribution to the international field of rehabilitation research and injury management, jointly funded by the LTCSA and the MAA.

Outcomes

- Earlier resolution of claims and disputes
- Better experience for the injured
- Better insurer accountability and transparency
- Better understanding of healthy outcomes.

Customer service

Priorities for 2014-15

- Provide more information on available services and support to the injured
- Simplify claims notification procedures
- Better understand how the injured experience the Scheme
- Better educate and inform vehicle owners, claimants and service providers about the Scheme
- Improve Green Slip transactions through increased use of technology
- Improve MAA complaint management functions.

Outcomes

- Improved experience of the Scheme for claimants
- Improved experience of the Scheme for vehicle owners.

Capabilities

Priorities for 2014-15

- Review MAA's regulatory and compliance framework
- Incorporate improved data analysis, benchmarking and reporting
- Build on new partnership with the Australian Prudential Regulation Authority.

Outcomes

- Robust and transparent regulatory model, allowing better supervision of the CTP market
- Appropriate structure and leadership to ensure community confidence in the CTP regulator
- Capable, motivated, empowered and safe workforce.

Our team...Our community

We take this opportunity to thank our employees, management team, customers and stakeholders for your continued support throughout the year, and look forward to building on our achievements, as we continue to serve the people of NSW.

Michael Carapiet
Chair
Safety, Return to Work and Support Board

Vivek Bhatia
Chief Executive Officer
Safety, Return to Work and Support

SUSTAINABLE SCHEME

As high Green Slip prices and Scheme delivery costs continued to constrain the CTP Scheme in 2013-14, the MAA progressed a series of regulatory and operational reforms to help make the Scheme more efficient and effective.

Green Slip pricing

As Scheme regulator, the MAA aims to ensure that premiums are as affordable as possible for all NSW vehicle owners, including those with the highest risks, while also ensuring that insurers adequately cover the costs of future claims. However the MAA has only limited power to affect pricing. The number and cost of claims, and external economic factors, have the greatest impact on how much motorists will pay for their Green Slip.

Insurers set Green Slip prices based on a detailed assessment of industry-wide data and their individual claims experience, and provide discounts and loadings on premium prices according to the risk profile of the motorist. The MAA allows risk-based pricing, to promote competition, but sets limits to keep premiums as affordable as possible for all NSW vehicle owners, including higher risk drivers.

The MAA gathers claims data from each CTP insurer in order to generate and analyse the industry-wide data that underpins CTP premium pricing. The levers available to the MAA to ensure fair pricing for all NSW motorists are:

- determining the relative cost of one vehicle class to another (e.g. passenger vehicle, truck, motor bike)
- determining the relative cost of one geographical zone to another (e.g. metropolitan, rural)
- determining the extent to which insurers can offer premium loadings and discounts based on customer risk profile
- ensuring that premiums are set in accordance with all available NSW-wide claims data
- not permitting insurers to refuse coverage to any motorist based on risk.

The MAA also specifies the documentation and explanation required from insurers when they file for a change in Green Slip premium price. The MAA has power to reject an insurer's premium filing, where it believes that the premium:

- will not fully fund the present and likely future liability of the insurer, or
- is excessive having regard to actuarial advice and to other relevant financial information, or
- does not conform to the Premiums Determination Guidelines.

At June 2013-14, a total of 5.1 million cars required a Green Slip, up from 5.0 million the previous year. The amount collected in CTP premiums during the period totalled $2.11 billion (excluding levies and GST), up from $1.95 billion the previous year.

The underlying upward pressure on CTP premiums that began in 2008 continued through 2013-14. However, the average CTP premium

MAA ENHANCEMENT

Premiums Determination Guidelines

In 2013-14, the MAA revised the rules for insurers when filing changes in Green Slip prices with the MAA. The revised Premiums Determination Guidelines (PDG) requires more explicit and consistent information from insurers, including greater clarity on the assumptions underlying their projections. The new rules improve the MAA's capacity to determine whether filings represent a genuine effort on the part of the insurer to offer competitive premiums, which are not excessive and are fully funded. They also mandate timely delivery of data to the MAA to allow proper scrutiny.

In addition, an affordability ceiling on CTP premiums was introduced: the average maximum CTP premium payable for a NSW passenger vehicle (excluding GST) is to be within 50 per cent of the average weekly earnings for NSW workers.

Where an insurer does not comply with the PDG, the MAA may impose a penalty of up to $50,000. Examples of non-compliance include: intentionally misleading the MAA by omission or deception, and intentionally charging the incorrect premium. The revised PDG will come into effect, November 2014.

SUSTAINABLE SCHEME

for all passenger vehicles[1] decreased by 2.4 per cent: it was $492 at 30 June 2014, down from $504 at 30 June 2013. This was due mainly to a reduction in the Medical Care and Injury Services (MCIS) Levy[2] in July 2013, as well as price reductions by some insurers.

The affordability of premiums improved marginally: the index of average premiums for all passenger vehicles in NSW measured against Average Weekly Earnings (AWE) decreased from 36 per cent at June 2013 to 34 per cent at June 2014.

As part of its CTP Scheme improvement program, the MAA completed a major revision of its Premiums Determination Guidelines in 2013-14 (see box on previous page), to increase transparency and accountability in premium setting.

The MAA is also reviewing, in 2014-15, the components of the premium framework, including insurer profits, and the operation of current approaches to cross-subsidisation of premiums. Improved analysis of premiums is being supported by the establishment of a new Green Slip Policy Database, which will enhance the MAA's business intelligence capabilities.

Another enhancement initiated during the period was a review of the MAA's Market Practice Guidelines (see box above). These guidelines are the MAA's principal mechanism for ensuring customer access to CTP Policies and preventing discrimination by insurers against high-risk motorists.

1 Including the MCIS Levy, excluding GST

2 The MCIS Levy covers the costs of ambulance and NSW public hospital treatment for all those injured in motor accidents, care for the seriously injured (through the Lifetime Care and Support Authority), and administration of the MAA's regulatory and assessment services.

MAA ENHANCEMENT

Market practice guidelines

In 2013-14 the MAA began a review of the Market Practice Guidelines that will determine a set of principles to support the following objectives:

i. verify that insurers are to act in good faith at all times when interacting with customers

ii. explain the underlying principles to be followed by insurers, in order to provide clarity as to the expectations of the MAA

iii. promote better, more informed communication between insurers and their customers in relation to the issuing and maintenance of CTP policies

iv. foster competition by removing unnecessary barriers to innovation by insurers.

The review will be completed and the principles incorporated into revised Market Practice Guidelines to come into effect in the second half of 2014.

Recovering premiums

The MAA works with insurers to prevent leakage in Green Slip premiums through:

- fraudulent activity involving Green Slips
- dishonoured cheque or credit card payments
- under-payment of correct premiums due to deliberate avoidance.

Where these activities occur, insurers can seek approval from the MAA to request that the Roads and Maritime Services (RMS) suspend or cancel vehicle registration (which also cancels the vehicle's CTP insurance policy).

In 2013-14, the MAA granted approval for 1,765 applications from insurers seeking suspension of vehicle registrations by RMS, due to dishonoured credit card or cheque payments or under-payment of Green Slip premiums worth approximately $1 million. Four hundred and eighty of these vehicle registrations were eventually cancelled by RMS as the Green slip premiums remained unpaid or under-paid.

Scheme costs

Benefits for the injured

The cost of providing benefits for those injured in motor vehicle accidents is directly related to the price of Green Slips: an increase in the overall cost of claims will lead to an increase in the average price of Green Slips.

New claim numbers were stable in 2013-14: a total of 14,360 injury notifications were received during the period, compared to 14,376 the previous year. Just over half of these notifications (51.7 per cent) were full claims, with the remaining 48.3 per cent made through the Accident Notification Form (ANF), which provides benefits up to $5,000, regardless of fault[3].This was roughly equivalent to the previous year (52.7 per cent full claims and 47.3 per cent made through the ANF).

The cost of benefits paid through the Scheme increased by 5.2 per cent: a total of $1.42 billion was paid

3 The Accident Notification Form (ANF) was introduced in 2010, to facilitate early access to treatment and lost wages, regardless of fault. Prior to its introduction, the CTP Scheme did not provide benefits for those at fault in an accident.

in benefits in 2013-14, compared to $1.35 billion in 2012-13. For the most part, these payments are for settlement of claims or ongoing expenses from accidents that occurred in previous years. A total of 15,715 notifications were finalised during the reporting period, of which 76.1 per cent were full claims with an average payment of $140,500. By comparison, 15,158 notifications were finalised in 2012-13, of which 77 per cent were full claims with an average payment of $132,700.

The total amount of benefits paid through the Scheme since 1999 was $11.9 billion at the end of the reporting period. This number is expected to increase to $16.5 billion when the costs of claims not yet finalised are taken into account. More information on claims is provided in the Scheme Performance Report on page 43.

Service delivery costs

A key measure of Scheme efficiency is the proportion of each premium dollar returned directly to those injured in a motor accident. The higher the percentage of premium dollar paid out for Scheme delivery costs, the less efficient the Scheme.

Service delivery costs include legal expenses[4], investigation expenses and medico legal costs, and insurers' expenses and profits.

A 2012 review of the CTP Scheme by actuary Ernst & Young found that on average, over the period 2000-2010, only 50 cents in the collected premium dollar was returned to claimants as benefits, which represented low efficiency by comparison to similar schemes around Australia. The most recent data on Scheme efficiency is provided in the Scheme Performance Report on page 43.

In 2013-14, the MAA began consultation with Scheme stakeholders on a remaking of the *Motor Accidents Compensation Regulation 2005*, which regulates the service provider costs associated with the Scheme (see box below).

MAA ENHANCEMENT

Cost Regulation

In 2013-14, the MAA commenced discussion with insurers and legal professionals on the *Motor Accidents Compensation Regulation 2005* (the regulation), in advance of an updated regulation which is expected to come into force in 2014-15.

The regulation prescribes the maximum fees recoverable for legal advice, medical reports and medico-legal reports applicable at various stages of a claim.

Insurer profits

In recognition that CTP insurers are in receipt of public money that is compulsorily levied, the *Motor Accidents Compensation Act 1999* requires insurers to disclose "the profit margin on which premiums are based" and "the actuarial basis for calculating their profit margin".

Insurers are required to present this information to the MAA when filing premium changes. The extent to which projected profit margins align with the actual profits made by insurers depends on the extent to which the assumptions in insurers' premium filings are realised. However, it may take up to six years before this can be determined with any certainty, due to the 'long tail' of the Scheme – the length of time from notification of a motor accident claim to finalisation of that claim.

The level of insurer profitability was a major topic of discussion as part of the Law and Justice Committee review of the MAA. Concerns were raised by some stakeholders and options for imposing stronger regulation on insurers were suggested. Other stakeholders argued for ways to promote better market competition. The Committee suggested that further analysis is required on this issue.

The MAA is obliged to report annually to the Committee on insurer profits. In the past, the MAA has sought to do this via the Annual Report. This information is provided in the Scheme Performance Report on page 43.

Super-imposed Inflation

Super-imposed inflation (i.e. increases in claims costs over and above normal inflation) is a regular feature of compensation type schemes. The long-term super-imposed inflation average of the CTP Scheme is 2.8 per cent. However in recent years, unusually, there has been no super-imposed inflation.

In general, low rates of super-imposed inflation are evidence that claims costs are not spiralling out of control. While this is desirable, the downside is that if insurers have anticipated some degree of super-imposed inflation in their liability estimates, they may make higher than expected profit where super-imposed inflation is lower than anticipated.

The MAA tabled evidence in the Law and Justice Committee review demonstrating that recent higher insurer profits had been the direct result of insurers' allowances for super-imposed inflation in insurance premiums, where none had eventuated. These trends have continued and are reflected in the Scheme Performance Report on page 43.

4 Note: Scheme efficiency calculations do not take into account '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.

SUSTAINABLE SCHEME

The MAA has responded by driving down the allowable estimates of super-imposed inflation in premiums filings, and introduction of new Premium Determination Guidelines.

The need to allow for super-imposed inflation may be overcome by a regular process of addressing its underlying causes. Hence the Law and Justice Committee proposes that the MAA reports twice a year on any emerging issues driving super-imposed inflation, to permit the legislators to consider any appropriate responses. The Government will respond to this recommendation in the next reporting year.

MCIS Levy

Insurers are required to submit monthly payments, levied on each Green Slip sold during the period, to the MAA. This Medical Care and Injury Services levy (MCIS) covers the costs of:

- ambulance and NSW public hospital treatment for all those injured in motor accidents
- care for the seriously injured (through the Lifetime Care and Support Authority)
- administration of the MAA's regulatory and RMS services.

New MCIS levy rates came into effect from 1 January 2014, following reviews in the previous reporting period. The MAA levy increased from 9.5 to 10.5 per cent to accommodate increased hospital and ambulance costs, and to ensure budget stability. This increase was offset by a reduction in the Lifetime Care and Support Authority (LTCSA) levy, following a re-evaluation of its liabilities.

The MAA commissions annual audits of MCIS levy collection and remittance by insurers. An audit was underway at the time of reporting. Previous audits found that insurers were generally collecting and remitting the correct levies in a timely manner, with some minor issues identified and corrected.

In 2013-14, the MAA gained agreement to a $17 million reduction in the service fee paid to the RMS by the MAA and insurers for the provision of CTP services. This significant reduction was negotiated on the basis of CTP transactions increasingly occurring online, rather than over-the-counter, with accompanying cost savings. The fee reduction will result in CTP Scheme savings.

Nominal Defendant

The MAA is the Nominal Defendant for claims arising from motor accidents in NSW against owners and drivers of uninsured or 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 provides a safety net for the injured person, giving them a 'defendant' from whom they can seek compensation. It allocates these Nominal Defendant claims to CTP insurers, in proportion to their market share, and the insurers then manage the claim as they would any other.

The MAA received 680 claims as Nominal Defendant during 2013-14 compared to 809 in 2012–13, a decrease of 19 per cent. 72 per cent of Nominal Defendant claims related to an accident where the vehicle at fault was not identified, and 28 per cent involved an uninsured vehicle.

Nominal Defendant claims represented approximately 4.2 per cent of all claims, and 5.4 per cent of incurred costs, since the Scheme was established in 1999.

HIH

As the Nominal Defendant, the MAA is responsible for the management of CTP claims from the former HIH group's two former licensed CTP insurers: CIC Insurance and FAI General Insurance. When it went into liquidation in 2001, the HIH group had more than 6,000 CTP claims worth an estimated $600 million. The outstanding liability for HIH claims has been progressively settled with only seven claims still outstanding at the end of the reporting period, four of which are shared with other insurers.

Independent actuaries estimated that the outstanding amount of these claims at 30 June 2014 was $36.6 million in total. The claims are administered by Allianz Australia Insurance Limited, under an agency agreement with the MAA.

Funding for the claims is provided by reinsurance recoveries obtained by the HIH liquidators and by NSW Treasury, through grants from the Policyholders Protection Fund (PPF). In accordance with legislative requirements, distributions from the HIH liquidation are paid to the PPF to partially reimburse the monies it has provided to settle claims.

During the reporting year, the MAA submitted its final claim on the HIH estate, which is in the process of being wound up.

BETTER OUTCOMES FOR INJURED PEOPLE

BETTER OUTCOMES FOR INJURED PEOPLE

The MAA is focused on improving claimants' experience of the Scheme, and reducing the claims lifecycle by eliminating unnecessary delays and disputes.

Claims handling

The MAA reviews the performance of each licensed CTP insurer to help ensure that they treat claims from those injured in motor vehicle crashes as justly and expeditiously as possible. Insurers must meet the MAA's industry benchmark for compliance with each guideline in its Treatment, Rehabilitation and Attendant Care Guidelines and Claims Handling Guidelines.

The MAA has adopted a more strategic approach to monitoring compliance during the period, focusing more specifically on insurer decisions critical to the claimant (e.g. determination of liability, offers of settlement, requests for treatment and care). Reviews conducted by the MAA in April-May 2014 indicated that insurers were generally operating within the benchmark, with some specific areas of concern noted. Any insurer that did not meet required standards was required to submit an action plan outlining how performance would be improved.

Another compliance strategy in 2013-14 was risk-based auditing. The MAA commissioned two targeted performance audits relating to insurer liability determinations. The audits were conducted by accredited personal injury lawyers, with experience in claims and dispute resolution. They were still in progress at the end of the reporting period and will be expanded in the coming reporting year.

MAA ENHANCEMENT

Claims Handling Guidelines

The draft Claims Handling Guidelines developed by the MAA in 2013-14 move from rules-based regulation to a set of principles that insurers must comply with when dealing with injured people making a claim. The proposed principles-based framework aims to achieve a more embedded comprehensive improvement in claims handling by insurers than has been possible through the existing rules-based guidelines.

The draft principles call for insurers to optimise the injured person's recovery through early approval of reasonable and necessary treatment, rehabilitation and attendant care services – from claim lodgement through to finalisation. They call for transparency, expeditious and just decision-making, and require insurers to actively seek to minimise disputes when managing claims. If disputes cannot be avoided, insurers are required to proactively attempt to resolve them as they arise, by informal, collaborative and non-adversarial means.

The draft Claims Handling Guidelines principles were developed and circulated to insurers in 2013-14, for implementation in the next reporting year.

Better recovery

The MAA supports better recovery outcomes for injured people through education, information and promotion of evidence-based treatment. Targeted initiatives supported in 2013-14 included:

- Training for 402 health service providers, through workshops (277) and online (125), to enhance their skills and knowledge in delivering services to claimants and working with insurers.
- Building on a successful collaboration with the Lifetime Care and Support Authority (LTCSA), in 2013-14, by providing further skills development for health service providers and insurers who develop and approve treatment and rehabilitation goals for injured people. Fifty-five professionals participated in training during the period.
- Partnering with LTCSA and WorkCover to fund, over three years, a project to improve employment outcomes for people with a traumatic brain injury. This initiative builds on a prior gap analysis conducted by the three agencies, to develop, deliver and evaluate two streams of vocational services according to the severity of injury. Recruitment will commence in the new financial year.
- Benchmarking four CTP insurers to evaluate current approaches to managing injured people at risk of work incapacity. The benchmarking exercise indicated

that while the insurers had processes in place to support good return to work outcomes, there was scope for the MAA to help improve overall outcomes by developing clear and consistent approaches to be adopted by all CTP insurers.

- Holding forums in August 2013 and May 2014 to present on the progress and findings of MAA-funded research on best practice in treatment of whiplash and pain as a consequence of motor vehicle crashes. The forums were attended by 108 CTP insurance and WorkCover personnel.

- Engaging with key health service provider groups and CTP insurers to review the approach to approval and funding of treatment and rehabilitation benefits. The MAA's aim is to minimise delays for injured people in accessing reasonable and necessary treatment through revised guidelines and processes.

- Continued work with relevant stakeholders to improve outcomes for people with whiplash injuries through a review of the Guidelines for the Management of Acute Whiplash-Associated Disorders. The revised evidence-based clinical guidelines will be available in the second half of 2014. A comprehensive implementation strategy has been developed to ensure maximum uptake and application of the recommendations in clinical settings.

- Working with other SRWS agencies to identify opportunities for consistency, efficiency and synergy in the delivery of health services to injured people.

Grant funding

In 2013–14, the MAA allocated $2,242,600 through its Injury Management Grants Program to projects supporting improved recovery for people injured in motor vehicle crashes. Highlights of grant funding during the period included:

- A small grants program, totalling $124,000, which attracted a broad range of applicants: 66 applications were received and 10 grants awarded to projects focusing on improved access to medical equipment, education and training, service development and quality improvement. Given the ongoing success of this program, an additional $150,000 was allocated for small grants in 2014-15.

- Continued support for a major research study involving over 2,000 people, which will identify interventions with demonstrated potential to improve health and social outcomes after motor vehicle crashes. Over 700 people participated in the study during the period.

- A continued partnership with the University of Sydney's Rehabilitation Studies Unit (RSU) and the LTCSA to deliver a program of applied and policy-related research. Following a strategic review and realignment in 2012-13, and as part of its program to further develop as a centre of excellence for rehabilitation research, the RSU commenced relocation to the Kolling Institute at St Leonards, which is an important research hub in the NSW health system. During the period, the RSU commenced a number of projects with colleagues in Queensland and Victoria who are similarly funded by their respective CTP regulators.

- A partnership with the Queensland Motor Accidents Commission, University of Sydney and Griffith University on a National Health and Medical Research Council grant to develop and evaluate the effectiveness of a web-based pathway of care for whiplash. The pathway will assist injured people to manage their recovery and provide a resource on effective treatment for health practitioners.

Dispute resolution

One of the most important ways in which the MAA supports shorter timeframes for claims settlement is by providing independent assessment services to resolve medical and claims disputes between injured people and insurers. The MAA encourages the use of these services as an alternative to lengthy and expensive dispute resolution through the courts.

The volume of applications lodged for assessment by the MAA's dispute resolutions services in 2013-14 increased by seven per cent compared to the previous year. A total of 8,452 applications were lodged during the period. Also, a total of 8,444 applications were finalised (many of these claims are finalised years after the accident, when the claim can be determined).

BETTER OUTCOMES FOR INJURED PEOPLE

1. Medical Assessment Service

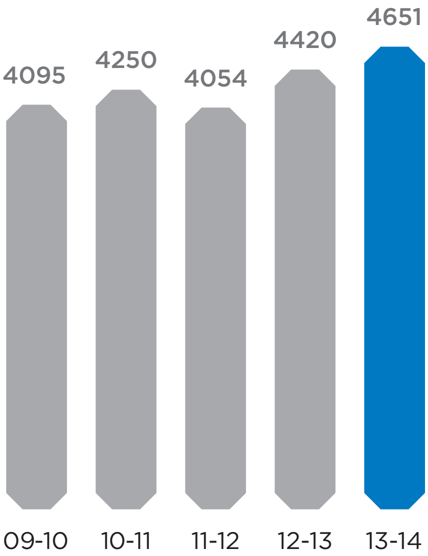
The MAA's Medical Assessment Service (MAS) provides an independent, fair and timely way of helping injured people and insurers resolve medical disputes arising during the claims process. The proportion of CTP claims referred to MAS sits consistently at between 24 to 28 per cent of total claims per year.

The number of medical disputes lodged in 2013-14 was up slightly: 4651 applications represented a five per cent increase (231 applications) on the previous year. The chart below shows that the number of applications lodged with MAS has been relatively consistent over the past five years.

MAS can assess medical disputes about the following:

- Impairment: Whether the degree of "whole person permanent impairment" as a result of the motor accident injury is greater than 10 per cent (this threshold determines whether an injured person is entitled to claim damages for non-economic loss, i.e. pain and suffering).

MAS APPLICATIONS



FAST FACTS 2013-14

Applications lodged:

- 4,651 applications lodged

Applications finalised:

- 4,658 applications finalised

Treatment disputes:

- averaged 123 working days to resolve, down 12 per cent on 2012-13.

Permanent Impairment disputes:

- averaged 102 working days to resolve, down 14 per cent reduction on 2012-13.
- permanent impairment met the greater than 10 per cent threshold in 28 per cent of assessments, consistent with the five-year average of 26 per cent.

Further medical assessments:

- averaged 121 working days to resolve, down 5 per cent on 2012-13.

Review of medical assessments:

- 46 per cent of accepted review applications resulted in a change to the original assessment, consistent with previous years.

- Treatment: Whether the treatment provided, or to be provided, is reasonable and necessary in the circumstances, and whether it relates to an injury caused by the motor accident.

Disputes are assessed by an independent, expert medical practitioner or other suitably qualified person, appointed by the MAA. MAS manages a panel of approximately 150 independent expert Medical Assessors from over 25 different medical practice areas and allied health groups. Certificates issued by these Medical Assessors are conclusive evidence in any court proceedings or claims assessment, so a number of protections are in place to ensure that the assessments are as accurate and robust as possible, including the ability to seek a further medical assessment or review of an assessment.

The current panel of Medical Assessors are appointed until October 2015. Approximately 55 of these experts are also members of the current Review Panel, which may review medical assessments and confirm or revoke certificates issued by the Medical Assessors.

The table below shows a breakdown of the number of the disputes relating to permanent impairment and treatment (primary applications), further assessment applications and review applications.

MAS saw the following changes in the number of applications in 2013-14 compared to 2012-13:

- permanent impairment applications increased by six per cent (190)
- applications for further assessments fell by 17 per cent (68)

MAS APPLICATIONS BY TYPE

	2009-10	2010-11	2011-12	2012-13	2013-14
Treatment	260	258	246	232	247
Permanent Impairment	2722	2865	2795	3033	3223
Further Assessment	517	473	394	393	325
Review	596	654	619	762	856
Total	**4095**	**4250**	**4054**	**4420**	**4651**

- applications for review of a medical assessment increased by 11 per cent (94).

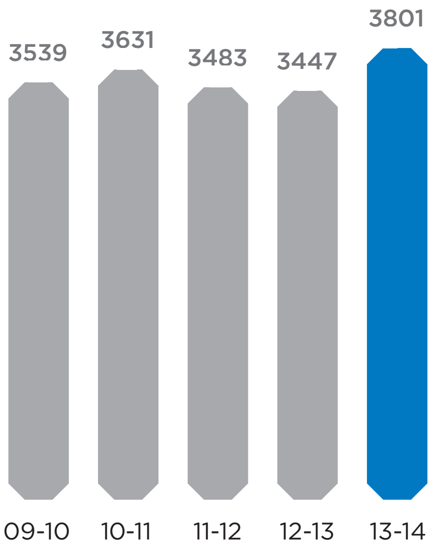
2. Claims Assessment and Resolution Service

The Claims Assessment and Resolution Service (CARS) offers a simple and fast way to assess compensation claims and resolve disputes between insurers and claimants. Parties cannot commence court proceedings unless the claim has been assessed by CARS or exempted from assessment by CARS.

The proportion of CTP claims referred to CARS has remained relatively consistent over the past five years, at between 26 to 30 per cent of total claims. Many claims lodged with CARS are settled independently before they are assessed. Where they do not settle, they are assessed by an expert, independent Claims Assessor appointed by CARS. For most injured people, a CARS assessment will allow their claim to be finalised without the need to go to court.

In 2013-14, a total of 3,801 applications were lodged with CARS. The chart below shows that the number of applications lodged over the past five years has been relatively consistent, although there was a nine per cent increase in 2013-14 compared to the previous year.

CARS APPLICATIONS



The number of disputes exempted from assessment by CARS has increased over the past five years and in 2013-14, the MAA moved to address a decision by the NSW Supreme Court, which would have further increased exemptions. Guideline amendments introduced by the MAA in response to Smalley v MAA [2013] NSWSC 318 came into effect in May 2014, ensuring that suitable claims still have the opportunity to be assessed by CARS.

CARS manages a panel of 30 independent expert Claims Assessors, with the current panel appointed until June 2016. These experts can assess disputes about:

- exemption from CARS assessment
- general assessment and further general assessment of the claim

CARS APPLICATIONS BY TYPE

	2009-10	2010-11	2011-12	2012-13	2013-14
Exemptions	1832	1861	2017	2029	2393
General Assessment	1471	1479	1271	1236	1233
Further Assessment	4	7	6	11	9
Special Assessment	232	284	189	171	166
Total	3539	3631	3483	3447	3801

MAA ENHANCEMENT

Dispute Resolution – response to the "Smalley Decision"

The MAA took a holistic approach to the issues raised in the decision of *Smalley v MAA [2013] NSWSC 318*, implementing the following initiatives:

- revised Claims Assessment Guidelines, clarifying and strengthening provisions about mandatory exemptions from assessment by CARS
- revised Claims Handling Guidelines, clarifying and strengthening provisions about notification of insurers' decisions on liability, in line with the new court interpretation
- new document templates for insurers, developed in consultation with Scheme stakeholders, notifying claimants of insurers' liability decisions
- workshops on liability decision-making and model templates for plain English notifications
- supporting material on revised guidelines
- ongoing monitoring by the MAA.

These changes support the MAA's broad objective to improve the efficiency of the Scheme by reducing claim friction points and disputation, shortening the claims lifecycle, and improving customer experience for the injured.

The amended Claims Handling Guidelines and Claims Assessment Guidelines came into effect on 1 May 2014 and are available on the MAA's website at www.maa.nsw.gov.au. The MAA is monitoring insurers' application of the templates and compliance with the new liability notification requirements, and the impact of the changes on exemptions from CARS.

BETTER OUTCOMES FOR INJURED PEOPLE

(including liability and the amount of compensation)

- special assessment of procedural disputes (e.g. whether the injured person can make a claim more than six months after the accident)

The number of applications for exemption from CARS continued to increase – up by 15 per cent in 2013-14 compared to the previous year. Applications for general assessment remained consistent, while applications for special assessment continued to decline, with an overall reduction of 30 per cent since 2009-10.

FAST FACTS 2013-14

CARS Applications lodged:

- 3,801 applications lodged

Applications finalised:

- 3,786 applications finalised

Applications proceeding to assessment

- 24 per cent of applications lodged with CARS proceeded to assessment, compared to 23 per cent in 2012-13

Exemptions:

- average 15 working days to resolve, up from 10 days in 2012-13 (due to the increased volume of lodgements)

General assessments:

- average 173 working days to resolve, down from 175 days in 2012-13

Special assessments:

- average 74 working days to resolve, down from 80 days

Quality of assessment service decisions

The MAA closely monitored the quality and consistency of decision-making by its dispute resolution services in 2103-14.

In comparison to the 4,658 applications finalised by MAS in 2013-14:

- 237 applications for review of a medical assessment were accepted and the review panels changed the outcome in 102 cases.
- Obvious errors were corrected in 47 certificates.
- Six medical decisions were set aside by the court.

In comparison to the 3,786 applications finalised by CARS in 2013-14:

- Obvious errors were corrected in 16 certificates.
- Six decisions were set aside by the court.

Review shows CARS working well

The MAA sought further quality assessment during the period by refreshing the independent review of CARS that the MAA commissioned in 2011. The updated review found CARS to be working well, with recommendations from the 2011 review achieved or in progress.

Injury prevention

In 2013-14, the MAA supported a range of initiatives designed to reduce the number of people involved in motor vehicle crashes. This prevention program was predominantly undertaken in collaboration with Transport for NSW's Centre for Road Safety (CRS), in support of key elements of the *NSW Road Safety Strategy 2012-2021*, in particular, those elements targeting vulnerable road users and drivers at fault in the CTP Scheme.

Initiatives supported during the period included:

- development and delivery of campaigns on motorcycle safety and driver fatigue
- research on pedestrian safety and post-crash response
- data linkage to enhance the evidence used in determining NSW's road safety and injury prevention priorities (the first routine data exchanges are due to commence in late 2014 and work is progressing on more complex data linkage)
- development of sub-strategies, released by Transport for NSW, focusing on pedestrian, cyclist and Aboriginal road safety issues.

In addition, the MAA supports sharing of road safety and prevention information and research across Australian and New Zealand, through a CTP national road safety group.

Injury prevention grant funding

The MAA finalised support during the period for the following injury prevention projects:

- the Australian national crash in-depth study
- development of a safety management system for heavy vehicle transport
- a safety DVD for motorcycle riders, which will be available to all learner riders in 2014-15.

The MAA's road safety and injury prevention grants and research are predominantly managed through a partnership with Transport for NSW, to enable efficiency and consistency in NSW. A research partnership to fund the University of NSW's Transport and Road Safety Research Centre was discontinued during the period and will be replaced by a joint panel of approved research providers.

OUR CUSTOMERS

OUR CUSTOMERS

The MAA adds value as Scheme regulator by providing information, advice and support to members of the public to help them better navigate the Scheme.

Advising our customers

A small team of dedicated specialists at the MAA respond to enquiries from the injured, motorists and Scheme service providers, by telephone (1300 137 131) and online (enquiries@maa.nsw.gov.au). The service operates from 8.30 am to 5.00 pm Monday to Friday (except public holidays). Out-of-hours calls to the MAA are returned on the following working day.

In 2013-14 the MAA responded to 31,283 telephone enquiries (down 8.3 per cent on the previous year) and more than 1,500 email enquiries (up 25 per cent on the previous year).

Finding the best Green Slip price

The Green Slip prices offered to individual vehicle owners can vary significantly, due to the different application by insurers of a variety of risk-rating factors (e.g. age of driver, driver record, age of vehicle).

The MAA encourages consumers to shop around for the best price and provides a free online Green Slip Calculator (www.greenslips.nsw.gov.au) and Green Slip Helpline (1300 137 600) to assist. These automated services allow vehicle owners to compare prices from all seven insurers quickly and easily, based on their individual circumstances. They are available 24 hours a day, seven days a week.

In 2013-14, the MAA recorded more than 2.4 million hits on its Green Slip Calculator and almost 17,000 calls to the Green Slip Helpline.

Streamlining Green Slip purchase

The MAA worked during the period to streamline Green Slip purchasing by progressing a real-time integration project linking insurer databases with Roads and Maritime Services databases. It also initiated a review of the Green Slip Certificate format, with a view to increasing the Scheme information delivered to customers when they purchase a Green Slip.

Helping the injured make a claim

The MAA's Claims Advisory Service helps the injured better navigate the claims process by:

- Assisting them to make and manage a claim
- Communicating with the insurer to help resolve medical and payments issues
- Providing essential information to service providers (e.g. legal practitioners, medical treatment providers, insurer representatives).

In 2013-14, the Claims Advisory Service handled 22,379 enquiries from injured people and service providers, which represented a decrease of eight per cent on the previous year.

MAA ENHANCEMENT

Early notification protocol

The MAA's Claims Advisory Service receives about 8000 calls each year from those injured in a motor accident. Almost 60 per cent of calls are from the recently injured, taking their first step towards making a claim: they call within 28 days of the accident and generally prior to making contact with the CTP insurer or a legal representative.

Under the Early Notification Protocol introduced by the MAA in January 2014, callers are now transferred directly to the relevant CTP insurer once MAA staff have taken the necessary information from the claimant and passed it on to the insurer. The aim is to accelerate the claimant's access to treatment and rehabilitation, and reduce the claim timeframe for people with minor injuries. As well as improving health outcomes, the Early Notification Protocol creates a more positive experience for claimants within the CTP Scheme.

In the first six months of using the new protocol, over 1000 injured people were directly connected with an insurer claims officer, to start the process of making a claim. Results were overwhelmingly positive, with 86 per cent of injured people surveyed by the MAA reporting that they were receiving early treatment for their injuries. In addition, 89 per cent of claimants reported finding it easy to get the process of making a claim started, and 89 per cent found their early communication with the insurer helpful.

MAA ENHANCEMENT

Better customer service in dispute resolution

The MAA's dispute resolution services launched their first Customer Service Charter and suite of information sheets for injured people in April 2014.

The Customer Service Charter and the information sheets detail the dispute services provided by MAA and the standards of service delivery that applicants can expect to receive. A copy of the charter and relevant information sheets are sent directly to an injured person when an application is made to either the Medical Assessment Service (MAS) or the Claims Assessment and Resolution Service (CARS).

The five information sheets, available on the MAA's website, cover the following subjects:

- Assessment of claims at CARS
- What is MAS?
- What to expect at a MAS medical appointment
- What to expect at a CARS assessment conference
- Assessment of disputes in connection with a claim

The MAA provides an outreach service for those claimants who do not have legal representation and have an application lodged with the MAA's dispute resolution services.

The outreach service ensures that claimants are informed about the assessment process, relevant meeting dates, and the documents and other information they need to provide at their assessment. In 2013-14, all potential outreach clients identified by the MAA's dispute resolution services were contacted by the MAA's outreach service.

Listening to our customers

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

MAA ENHANCEMENT

Claim form simplification

The MAA initiated the Claim Form Simplification Project in January 2014, in response to feedback that the forms used by insurers were overly long and complex, and difficult to complete in a timely manner. The objectives of the project are to support earlier access to treatment and rehabilitation, and make it easier for those with injuries to make a claim, through the use of streamlined claim forms. The new forms will be issued in 2014-15.

Complaints against insurers 2013-14

Of the total 92 complaints against insurers received and investigated by the MAA in 2013-14:

- 63 complaints related to claims handling (up from 56 last year)
- 29 complaints related to Green Slips (down from 36 last year)
- 91 per cent of these complaints were finalised in 2013-14 (92 per cent of these within 30 working days).

Of the 63 complaints related to claims handling:

- 24 related to allegations of non-compliance with the Claims Handling Guidelines
- 13 related to allegations of non-compliance with the Treatment Rehabilitation and Attendant Care Guidelines
- nine related to allegations of improper insurer behaviour
- 17 related to allegations of the insurer not being just and expeditious in handling and resolving the claim.

CASE STUDY 1

Ms J contacted the MAA while suffering a psychological disorder as a result of witnessing her elderly mother being knocked over by a car when crossing the road. The insurer had covered the cost of initial counselling for Ms J but subsequently declined to pay for ongoing counselling treatment.

The MAA's Claims Advisory Service made arrangements for Ms J to visit the MAA, where they helped her to obtain an assessment of the dispute by the MAA's independent Medical Assessment Service. MAA staff provided ongoing support throughout the life of the dispute, keeping Ms J informed of the progress of the matter, notifying her of examination times, and ensuring that she received and understood the decision when the assessment was determined. In this case, the medical assessment service found that continued counselling services were reasonable and necessary, and as a result this was funded by the insurer.

At the end of the process, Ms J thanked MAA staff for their expert help in supporting her through the dispute resolution process.

To protect the privacy of our clients, this example includes fictional details based on typical cases assisted by the Claims Advisory Service.

OUR CUSTOMERS

Of the 55 claims-handling complaints finalised in the reporting period:

- 25 resulted in regulatory action being taken against the insurers
- 47 per cent were resolved favourably for the complainant,
- 49 per cent were resolved favourably for the insurer
- 4 per cent were found to be outside the MAA's jurisdiction or withdrawn.

Of the 29 complaints relating to Green Slips:

- Eight related to policy cancellations
- Seven related to Green Slip renewal practices
- Six related to premium collection
- Five related to insurer rating factors
- Two related to Green Slip prices
- One related to an alleged breach of the Market Practice Guidelines.

All 29 Green Slip complaints were finalised in the reporting period. Of these:

- one resulted in regulatory action against the insurer
- 59 per cent were resolved in favour of the insurer
- 34 per cent were resolved in favour of the complainant
- 7 per cent were found to be outside the MAA's jurisdiction.

Dispute resolution complaints 2013-14

Of the 43 complaints received by the MAA about its dispute resolution services in 2013-14:

- 27 related to the behaviour, conduct and assessment procedures of the medical and claims assessors
- 16 related to the MAA's dispute resolution services guidelines, policies and procedures.

Of the 48 complaints finalised by the MAA in the reporting period:

- 62 per cent were finalised within 30 working days.

CASE STUDY 2

Mr B was a construction industry worker who sustained neck and shoulder injuries when his ute was hit from behind.

The insurer handling his claim had lodged an application for independent assessment by the MAA's Claims Assessment and Resolution Service, after failing to reach agreement with Mr B on the value of the claim, particularly in relation to his claim for compensation for his reduced capacity to work in the construction industry in the future.

MAA staff assisted Mr B by providing support and information throughout the assessment process, which involved four preliminary conferences and an assessment conference. The MAA's Claims Advisory Service ensured that he understood and complied with the directions issued by the Claims Assessor, and that documentation was provided as directed. MAA staff also advised Mr B about what he should expect at the assessment conference and how it would be run.

Mr B accepted the damages determined by the independent dispute resolution service. He contacted MAA staff following the resolution of his matter, to thank them for their support throughout the process.

To protect the privacy of our clients, this example includes fictional details based on typical cases assisted by the Claims Advisory Service.


OUR PEOPLE

OUR PEOPLE

As part of SRWS, MAA participated in ongoing actions and initiatives aligned with the GROWing Our Culture Framework (GROW), which is designed to support sustainable cultural change and improved capability across SRWS through the creation of a constructive, empowered, productive and safe workplace. GROW includes seven key focus areas: wellness, safety, achievement, capability, leadership, customer experience and innovation. The major GROW activities for 2013-14 included:

- Implementation of the leadership development strategy designed to build both leadership and management capability. The program includes strategic leadership forums, development centres, an Executive Development Program, continuous leadership development points, SRWS management practices training (mandatory for all managers), and targeted leadership training programs.
- Implementation of the Public Service Commission Performance Management Framework including a single online performance management system across all SRWS agencies. This is supported by ongoing coaching and advice to managers about having authentic performance discussions and understanding how progress and performance is measured to enable a constructive and productive workplace. At 30 June 2014, 95 per cent of eligible MAA employees had agreed performance objectives in place.
- Completion of four new SRWS mandatory training programs related to compliance and health, safety and wellbeing with 99 per cent of MAA employees completing assessments for all four modules.
- 165 core voluntary training programs aligned to the Public Sector Capability Framework offered to MAA staff. Satisfaction was rated at 96 per cent with 97 per cent of employees indicating they would apply what they had learnt in the workplace.
- Development and implementation of the Wellness Program to provide staff with education, skills and experiences aligned to physical, social, emotional and financial wellness. The Early Detection Program resulted in a number of staff reporting successful early detection of chronic illness and health conditions. These initiatives complement the range of support services already available to employees.
- Creation of a single SRWS intranet platform with improved visibility, clarity and access to policies, corporate systems and information, employee communications and shared services resources.
- Enhancements to the rigour and transparency of recruitment and selection processes with a focus on building the capability of hiring managers and employing the best person for a role.
- Development of a recruitment strategy to improve access to employment for diversity groups.
- Early intervention and support for SRWS employees who have concerns in the workplace with working relationships and personal issues.

Work health and safety performance and employee wellbeing

The MAA's performance in the area of work health safety and employee wellbeing continued to focus on early intervention approaches. There is an overarching SRWS health and safety committee providing strategic direction on matters of health and safety. MAA has two workgroups being represented by four health and safety representatives, consistent with the work health and safety legislation. There has been an ongoing focus on continuous improvement across the SRWS health and safety management system, including the adoption of revised health and safety policies and procedures across all SRWS agencies.

In 2013–14, there were two workers compensation claims lodged by MAA staff. MAA continues to support staff through non-work related illness and injury concerns and there is a continued focus on early intervention, pro-active case management, timely return to work strategies and wellbeing strategies in the workplace.

Rewards and recognition

SRWS holds an annual Employee Awards Program to recognise individuals and teams delivering services to the NSW community that are meeting the goals in the corporate plan and reward employees who display the values of integrity, trust, service and accountability. In 2013-14 there were five MAA employees and four teams who were nominated for awards, with one team winning the award for commitment to wellness and safety. Other award categories were customer experience, values in action, pursuit of excellence, outstanding achievement by a team or individual, commitment to wellness and safety, leadership excellence and the CEO commendation.

Workforce diversity and inclusion

MAA is committed to building a workplace culture that values and understands the benefits of a diverse workforce, reflective of the wider community. In 2013-14, a diversity and inclusion intranet page was published, with a diversity events calendar and the Diversity Council of Australia provided the keynote address at the Annual SRWS Employee Awards.

Disability

MAA is committed to reducing barriers for people with disabilities to access services and facilities, obtain and maintain employment, and engage, work and participate with our organisation. In 2013-14, SRWS:

- attended events and discussions on disability issues and employment
- sponsored a university student, providing six weeks paid work experience. SRWS is a gold-level member of the Australian Network on Disability (AND)
- developed pre-screening questions in recruitment advertisements to ensure necessary adjustments were identified and offered for all workers as required
- conducted a pilot program on disability for people leaders, resulting in a number of process changes
- implemented targeted recruitment.

Indigenous employees

In 2013-14, SRWS:

- participated in NAIDOC Week celebrations
- sponsored an indigenous student through the University of Newcastle's IBIS Scholarship Program
- Advertised in indigenous publications for new inspectors.

Employees from a multicultural background

In 2013-14, SRWS:

- participated in Harmony Day events
- encouraged applicants from diverse cultural backgrounds in all SRWS job advertisements and provided multicultural awareness information in induction packs
- included information on diversity in leadership, recruitment and development programs.

Women

In 2013-14, SRWS:

- attended the United Nations Women's breakfast
- sponsored women across all SRWS agencies to attend the Australian Women in Leadership Conference, the Committee for Economic Development of Australia (CEDA) Women in Leadership conference, the Drive Your Career Program and the Public Sector Women in Leadership NSW Summit.

Young workers

In 2013-14, SRWS:

- continued the Scholarship Scheme with the Universities of NSW, Newcastle, and Western Sydney. Including work experience for students.

FAST FACTS

SRWS was recognised for best practice approaches to health, safety and injury management and rewarded as finalists for the TMF Risk Management Awards for Leadership Excellence and two employees were finalists in the Individual Achievement in Return to Work.

There was a continued focus on early intervention, effective case management and increasing manager capability facilitating recovery-at-work resulting in an annual lost time injury frequency rate (LTIFR) of 6.45 for the MAA, which is above the whole of public sector rate of 4.8[1]. This rate was a result of having one injury with a lost time of greater than five business days, but was impacted by the small number of employees in the agency.

There was also a 65 per cent reduction in the cost of deposit premiums for the next financial year[2].

84 per cent of people leaders across SRWS completed one or more modules of the SRWS Leadership Development Program.

1. Published by Safework Australia Sept 2014 for the 2011-12 lodgement period
2. Until 2012-13 Lifetime Care and Support were included in the MAA policy

OUR PEOPLE

MANDATORY TRAINING AND PERFORMANCE MANAGEMENT PROGRAMS

Item	Target	Completion rates
Mandatory training		
Code of Conduct and Ethics	95%	99%
Public Interest Disclosures and Reporting Corrupt Conduct	95%	99%
Safety in our Workplaces	95%	100%
Hazardous Manual Tasks	95%	100%
Performance Management		
Non-Executive employee with performance objectives in place	95%	100%
Executives with agreed performance objectives	95%	100%

Workforce diversity and inclusion – 2014-15 financial year

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

In 2014-15, MAA will participate in a number of activities across all diversity groups as well as young workers including:

- targeted recruitment and support for managers to remove unconscious bias
- targeted learning and development programs
- participation in targeted events and celebrations such as. NAIDOC, Harmony Day and International Women's Day.
- sponsorship programs
- enhancements to recruitment advertising to encourage applications from people from all diverse backgrounds
- embedding diversity into Induction as well as leadership and recruitment learning and development programs.

Workforce diversity statistics

Prior to June 2014, diversity statistics for MAA were an estimate for the whole of the organisation based on the results for those who provided diversity information. For example if 50 per cent of the workforce provided diversity information, the result would be doubled to estimate the results as if all employees had responded.

From June 2014, this method for determining diversity group statistics will continue if an organisation has at least 65 per cent of employees providing diversity information. If the response rate is below this, the Public Service Commission will only report actual results as a ratio of the organisation's total number of 'non-casual' employees.

As MAA's response rate was below 65 per cent (61.5 per cent), actual results have been reported for 2014. As a result, diversity data from 2012 and 2013 has been adjusted to also reflect actual results where results previously reported were based on the ratio of actual respondents only.

Although providing diversity information is not mandatory, MAA is continuing to encourage our employees to provide this data.

TRENDS IN THE REPRESENTATION OF WORKFORCE DIVERSITY GROUPS*

Workforce Diversity Group	Benchmark/Target	2012	2013	2014
Women	50%	62.5%	61.0%	62.5%
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%	11.5%	10.0%	12.5%
People with a Disability	N/A	4.8%	5.0%	5.2%
People with a Disability Requiring Work-Related Adjustment	1.5%	2.9%	3.0%	3.1%

* Based on a response rate 61.5%

TRENDS IN THE DISTRIBUTION OF WORKFORCE DIVERSITY GROUPS

Workforce Diversity Group	Benchmark/Target	2012	2013	2014
Women	100	98	98	102
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	N/A	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 Workforce Diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the Workforce Diversity 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 Workforce Diversity group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where Workforce Diversity group or Non-Workforce Diversity group numbers are less than 20.

KRA	KPI	Target	2013-14 result
Capabilities (Growing our culture framework)	Lost time injury frequency rate to not exceed public sector average	<4.6	6.45
	10% improvement in engagement results in the Public Service Commission *People Matters Survey* in 2012-2014	65%	67%
	10% improvement in leadership results in the Public Service Commission *People Matters Survey* in 2012-2014	39%	70%
	10% improvement in performance management results in the Public Service Commission *People Matters Survey* in 2012-2014	64%	80%
	10% improvement in health and wellbeing results in the Public Service Commission *People Matters Survey* in 2012-2014	76%	86%

Multicultural Policies and Services Program

The MAA recognises and supports multiculturalism in NSW. We are committed to supporting our multicultural society by ensuring that all our services are easily accessible to people from diverse linguistic, religious and cultural backgrounds.

The MAA has continued to embrace and support multiculturalism in the development and introduction of services across our organisation and the community. With a focus on improving our services, we have continued to raise awareness by embedding diversity through our leadership, recruitment and development programs. Initiatives undertaken during 2013–14 included:

- launching a diversity and inclusion intranet page along with a diversity events calendar
- raising multicultural awareness in recruitment and induction packs
- Harmony Day 21 March 2014, with employees participating in 'a taste of harmony' (sharing cultural food) or wearing orange in support for Australia's diverse community.

Collaborating with others, we also:

- engaged the Diversity Council of Australia to provide keynote address for the 2013-14 Annual SRWS Employee Awards
- participated in the Office of Finance and Services (OFS) working group contributing to the development of the OFS Diversity and Inclusion Strategy.

An SRWS Multicultural Plan is currently under development.

OUR PEOPLE

HUMAN RESOURCES STATISTICS

	2013-14		2012-13		2011-12		2010-11		2009-10	
	SRWS[3]	MAA	SRWSD[2]	MAA	CASD	MAA	CASD	MAA	CASD[1]	MAA
Administration and clerical	920	84	965	89	1046	93	1061	109	1094	111
Associates/Ministerial	-	-	0	-	-	-	-	-	-	-
Cadets	-	-	0	-	-	-	8	1	17	-
Departmental professional officers	25	0	29	0	32		34		32	-
Engineers	10	0	13	0	11		12		12	-
General division	-	-	0	-	-	-	-	-	-	-
Graduates	-	-	0	-	-	-	-	-	15	-
Legal officers	24	3	42	2	37	2	38	2	37	4
Safety inspectors	290	0	281	0	280		293		310	
Senior management (Senior Executive Service)	34	2	33	2	11	1	13	2	15	3
Senior officers	29	6	37	7	56	8	55	9	59	8
Technical officers	7	0	10	0	7		8		11	-
Trainees	-	-	0	-	-	-	-	-	-	-
Statutory and other officers including arbitrators	1	1	23	1	24	1	24	1	5	1
Total	**1340**	**96**	**1433**	**101**	**1504**	**105**	**1546**	**124**	**1607**	**127**

Note: The HR Statistics quoted for 2013-14 are headcount figures as at 19 June 2014 (being the census date for the PSC Annual Workforce profile data-collection)

1. From 1 July 2009, employees from WorkCover NSW (WCA), the Building and Construction Industry Long Service Payments Corporation (LSPC), the Dust Diseases Board (DDB), the Sporting Injuries Committee (SIC), the Motor Accidents Authority (MAA), the Lifetime Care and Support Authority (LTCSA) and the Workers Compensation Commission (WCC) have become employees of the Compensation Authorities Staff Division (CASD)
2. Compensation Authorities Staff Division (CASD) retitled to Safety Return to Work and Support Division (SRWSD) in August 2012.
3. From 24 February 2014, the Safety Return to Work and Support Division was retitled to Safety Return to Work and Support (SRWS). SRWS figures for 2013-14 include DDB, LTCSA, MAA and WCA.

Corporate governance

Risk management

The MAA has an integrated whole-of-SRWS risk management strategy that incorporates the SRWS Enterprise Risk Management (ERM) Framework. The ERM Framework is consistent with AS/NZS standards (31000) and the *NSW Treasury Internal Audit and Risk Management Policy for the NSW Public Sector (TPP09-05)*. Further, the framework is appropriate for the MAA as it reflects how the Board's responsibilities across SRWS resides with the Safety, Return to Work and Support Board and the Workers' Compensation (Dust Diseases) Board, following the formation of SRWS under the S*afety, Return to Work and Support Board Act 2012* in August 2012.

During 2013-14, the SRWS Board approved the:

- Risk Management Policy which provides the mandate and commitment for implementing the risk strategy across the Motor Accidents Authority; and for aligning the roles and responsibilities of all staff in respect of addressing risk.
- Risk Appetite Statement which provides staff at all levels of the Motor Accidents Authority's business operations with a clear understanding of the risks limits that apply to various categories of risk.

SRWS continued with the program of strategic risk reviews and operational risk reviews at the agency and division levels. The information obtained through applying the risk strategy is used to inform corporate and business planning, governance and assurance activities. In addition, there are a suite of tools available to staff and an ongoing program of works will continue to enhance the risk maturity across SRWS.

Internal Audit Unit

The SRWS Internal Audit Unit (IAU) has an independent review function that manages, through an outsourced service provider, an annual plan of risk-based audits across all the SRWS agencies including the MAA. In 2013-14, there were 12 reviews across SRWS that were completed that affected the MAA. These reviews raised 35 audit issues and made 48 audit recommendations to strengthen the organisation's internal controls.

The following internal audit reports were finalised in 2012-13:

- SRWS Shared Service Delivery*
- SRWS Project Management*
- SRWS Board and Treasury Reporting
- SRWS Payroll
- SRWS Fleet Management
- SRWS IT Security
- SRWS Litigation Branch
- SRWS Organisational and Staff Development
- SRWS Purchasing and Credit Card Compliance

FAST FACTS 2013-14

Desktop, Collaboration, Incident Management and Support

In 2013-14, the SRWS support Desk managed a total of 20,000 faults and 13,500 service requests. A total of 18,229 telephone calls were received with a first-call resolution of 70 per cent with a customer satisfaction rate of 94 per cent. Over 350 hardware installations were completed, with over 300 hardware relocations and over 1000 software installations.

STATISTICAL INFORMATION ON PUBLIC INTEREST DISCLOSURES (PIDS)

	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
Number of public officials who made PIDs directly	0	0	0
Number of PIDs received	0	0	0
Of PIDs received, number primarily about:			
Corrupt conduct	0	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
Number of PIDs finalised		**0**	

- MAA Drives 24 Terms of Access Review 2012-13*
- MAA Drives 24 Terms of Access Review 2013-14
- Investment Division Performance Reporting to Management and Stakeholders*
- Investment Division Investment Management

In addition to the above, the following internal audits were in progress as at 30 June 2014:

- SRWS Complaints Management Process

The IAU also undertakes a range of fraud and corruption prevention activities. In 2013-14, a SRWS wide fraud health check survey was undertaken to help identify flaws in our fraud strategy. 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 alleged corrupt conduct liaising, where appropriate, with the Independent Commission Against Corruption (ICAC).

*Internal audit reviews from the 2012-13 audit plan completed during the 2013-14 year.

The Director of Corporate Governance acts as the Chief Audit Executive and reports directly to the SRWS 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 disclosures (PIDs)

The MAA has an internal reporting policy that was updated and re-issued by the Chief Executive Officer to all MAA staff in September 2013.

Department heads make staff aware of their rights and responsibilities under the *Public Interest Disclosure Act 1994*. Induction training, bulletin boards, intranet communications and fact sheets were completed in 2013-14.

OUR PEOPLE

Energy performance and waste reduction

The MAA is committed to achieving savings in energy usage and maintaining sustainable energy management principles. MAA initiatives in 2013-14 to reduce its carbon footprint included:

- 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
- use of designated group waste bins in lieu of individual bins.

Information services

SRWS Information Services is responsible for the support and maintenance of existing infrastructure and applications within the SRWS technology stack. It is also tasked with planning and implementing the SRWS Information and Communications Technology (ICT) Strategic Plan which sets the direction for use of technology by SRWS between 2013 and 2018. The ICT strategy benefits include consolidation, standardisation, improved connectivity, reliability and availability of business systems and business continuity, value-driven sourcing and overall alignment with the NSW Government direction for information technology.

Information Services works across SRWS to ensure IT planning is fully integrated. This allows the operational agencies to focus solely on delivering quality service to customers and not on duplicating their efforts in IT planning and purchasing. The strategy enables SRWS to operate as a coordinated set of brands with each brand maintaining some autonomy while utilising cross-agency synergy in information services, and infrastructure.

Delivery of the ICT Strategic Plan

The ICT strategy delivers the objectives of the enterprise architecture, efficiently expediting their delivery and establishes a platform for the future that is responsive to changing business demands. It also balances the functionality, maintainability and cost effectiveness of the ICT infrastructure. The ICT strategy ensures that SRWS is an organisation that uses information to achieve its outcomes, enabling the progression from data in its raw form to information that has reached its full potential.

The single case management system is currently being implemented for People and Culture, the WorkCover claims management branch and the Dust Diseases Board. Other business processes are also being considered for consolidation under the same technology.

INTERNAL AUDIT AND RISK MANAGEMENT STATEMENT

Internal Audit and Risk Management Statement for the 2013-2014 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, excluding the exceptions described below, 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 internal audit and risk management processes for the Motor Accidents Authority depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) the Motor Accidents Authority is implementing the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
Core Requirement 3: The Audit and Risk Committee has an independent chair and a majority of independent members. The Audit and Risk Committee has at least three members, and no more than five members. **3.3.2** The department head or governing board of the statutory body must select all independent chairs and members of the Audit and Risk Committee from the panel of pre-qualified individuals maintained by the Department of Finance and Services through the *Pre-qualification Scheme: Audit and Risk Committee Independent Chairs and Members.* The panel of pre-qualified individuals, and the scheme conditions, are available at the NSW Procurement website.	• One of the members was not prequalified at the time of appointment and it was a condition of appointment to become prequalified. • The Member has now submitted an application and this is being considered by the Scheme administrators.

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 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:

- Independent Chair, Raymond Whitten, 31 October 2012, 30 October 2016
- Independent Member, Raymond Petty, 31 October 2012, 30 October 2015
- Independent Member, Elizabeth Carr, 31 October 2012, 30 October 2016
- Independent Member, Mark Lennon, 31 October 2012, 30 October 2016

These processes, including the practicable alternative measures being implemented, provide a level of assurance that will enable 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 exceptions with the policy to the Treasury on behalf of the Treasurer.

MCarapiet

Michael Carapiet
Chair

Dated this 25th day of August 2014

Page **1** of **1**

DIGITAL INFORMATION SECURITY ATTESTATION STATEMENT

Digital Information Security Annual Attestation and Evidence of Certification Statement for the 2013-14 Financial Year for Safety, Return to Work and Support

I, Vivek Bhatia, Chief Executive Officer of the Safety, Return to Work and Support, am of the opinion that the Safety, Return to Work and Support have implemented an Information Security Management System during the financial year being reported on which is compliant with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I, Vivek Bhatia, Chief Executive Officer of the Safety, Return to Work and Support, am of the opinion that the security controls in place, to mitigate identified risks to the digital information and digital information systems of the Safety, Return to Work and Support are adequate for the foreseeable future.

I, Vivek Bhatia, Chief Executive Officer of the Safety, Return to Work and Support, am of the opinion that all Public Sector Agencies, or part thereof, under the control of the Safety, Return to Work and Support with a risk profile sufficient to warrant an independent Information Security Management System have developed an Information Security Management System in accordance with the Core Requirements of the Digital Information Security Policy for the NSW Public Sector

I, Vivek Bhatia am of the opinion that, in accordance with the *Digital Information Security Policy for the NSW Public Sector*, certified compliance with *AS/NZS ISO/IEC 27001 Information technology – Security techniques – Information security management systems – Requirements*, is not required by Safety, Return to Work and Support.

SCHEME PERFORMANCE REPORT

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 an appropriate return on the 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.

Figure 1 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 (NRMA) lost an average 1.7 per cent market share and QBE gained an average 2.4 per cent market share between 2013 and 2014.

Figure 2 shows the snapshot of insurers' average annual market share for the year ending 30 June 2014, based on premium volume.

FIGURE 1 – MARKET SHARE BY INSURER GROUP FOR YEAR ENDING 30 JUNE – SEVEN-YEAR TRENDS (BASED ON PREMIUM VOLUME)

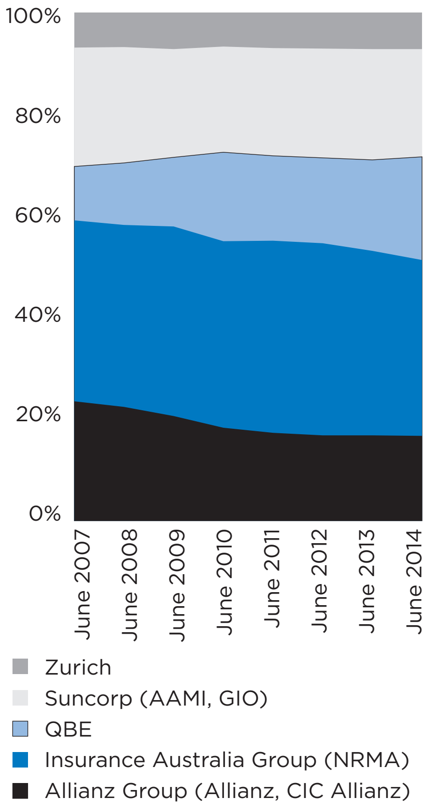
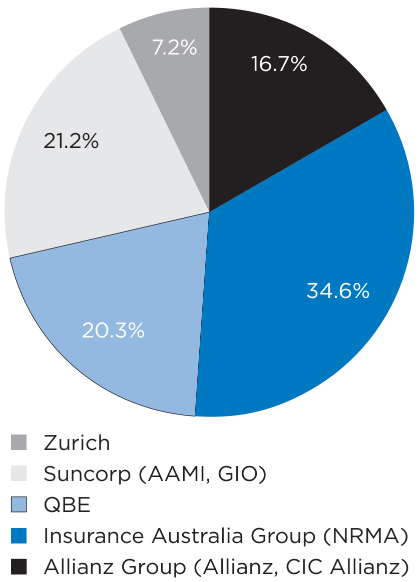


FIGURE 2 – MARKET SHARE FOR YEAR ENDING 30 JUNE 2014



Data from Roads and Maritime Services (RMS) indicates that the number of registered vehicles in NSW rose from 5.0 million in June 2013 to nearly 5.1 million in June 2014, an increase of 2.0 per cent.

The total premium collected during the 2013–14 financial year was $2.74 billion, excluding GST. The insurance premium component (excluding levies and GST) was $2.11 billion, compared to $1.95 billion in 2012–13, an increase of 8.2 per cent.

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

The table on the next page (table 1) shows the average Green Slip price (including MCIS levy) offered in the June 2014 quarter compared to the June 2013 quarter.

Comparison of premium

Green Slip prices have been adversely affected in recent years by historically low bond yields, increases in claims frequency and more legally represented claims. However 2013-14 saw reductions in average Green Slip prices due to a reduction of the MCIS levy and lower filed premiums by some insurers. Nonetheless, some individual premiums were higher. For more information about how Green Slip prices are set, please see the fact sheets about Green Slip prices on our website at www.maa.nsw.gov.au/default.

TABLE 1 – COMPARISON OF PREMIUM

	June 2014	June 2013
Average price offered for a Sydney metropolitan passenger vehicle	$547 excl GST $591 incl GST	$559 excl GST $602 incl GST
Average price for all passenger vehicles in NSW	$492 excl GST $531 incl GST	$504 excl GST $542 incl GST
Average price for all NSW vehicles	$521 excl GST $563 incl GST	$527 excl GST $567 incl GST
Best price for a Sydney metropolitan passenger vehicle (for motorists aged between 30 and 54 years)	$471 excl GST $509 incl GST	$468 excl GST $505 incl GST

Scheme performance measurement

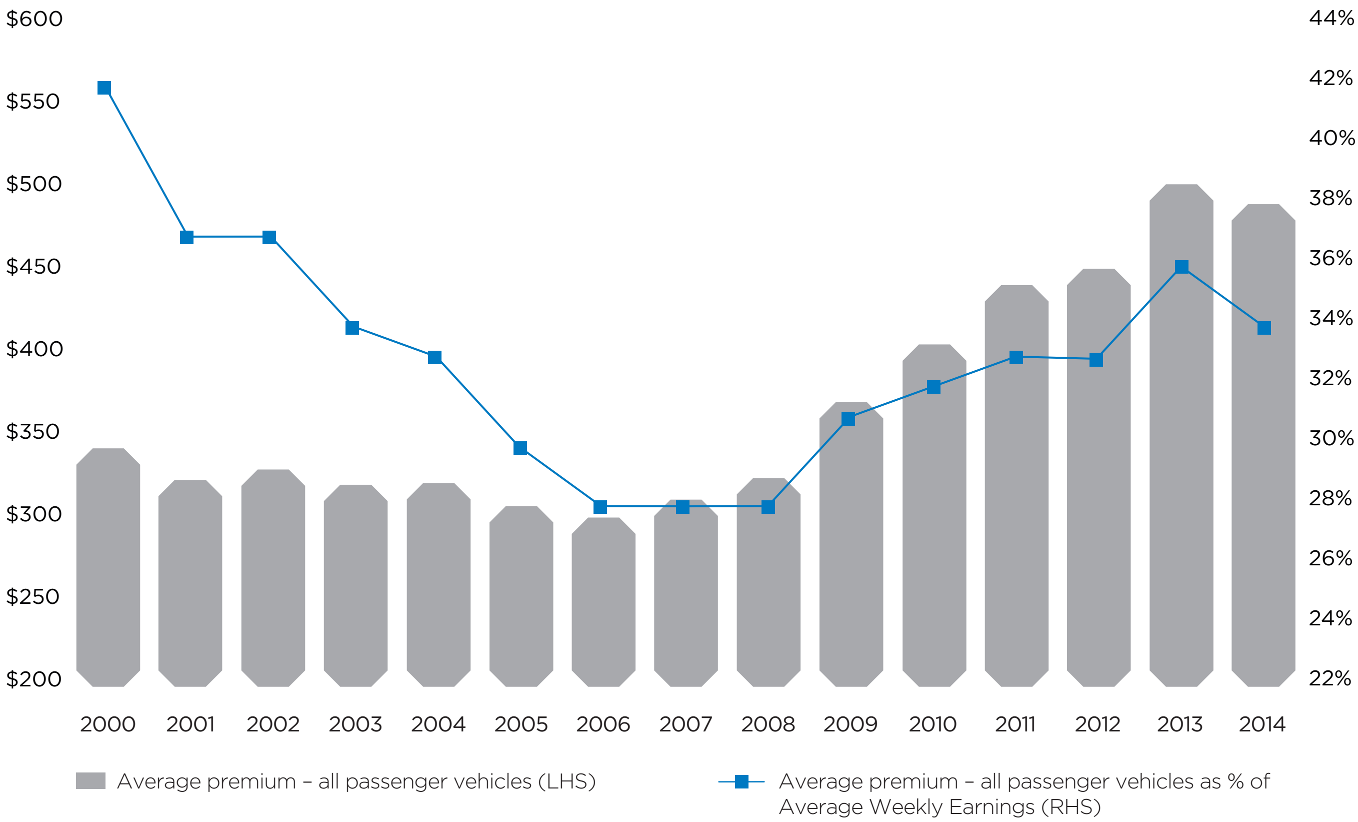
Scheme performance is discussed under the following indicators:

- Affordability
- Efficiency
- Insurer profitability
- Claims experience

Affordability

Affordability is measured by comparing the average price of a Green Slip (including MCIS levy 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

FIGURE 3 – PREMIUM AS A PROPORTION OF NSW AVERAGE WEEKLY EARNINGS (MEASURED AT 30 JUNE)



SCHEME PERFORMANCE REPORT

average premium of all passenger vehicles in NSW. The lower the ratio the more affordable premiums are considered to be. Figure 3 on the previous page 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).

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 36 per cent in June 2013. Currently it is approximately 34 per cent, based on actual policies sold during the period. Although marginally better than last year as a result of relatively flat premium movements, it should be noted this level of affordability remains much higher than at any point in the preceding decade.

Efficiency

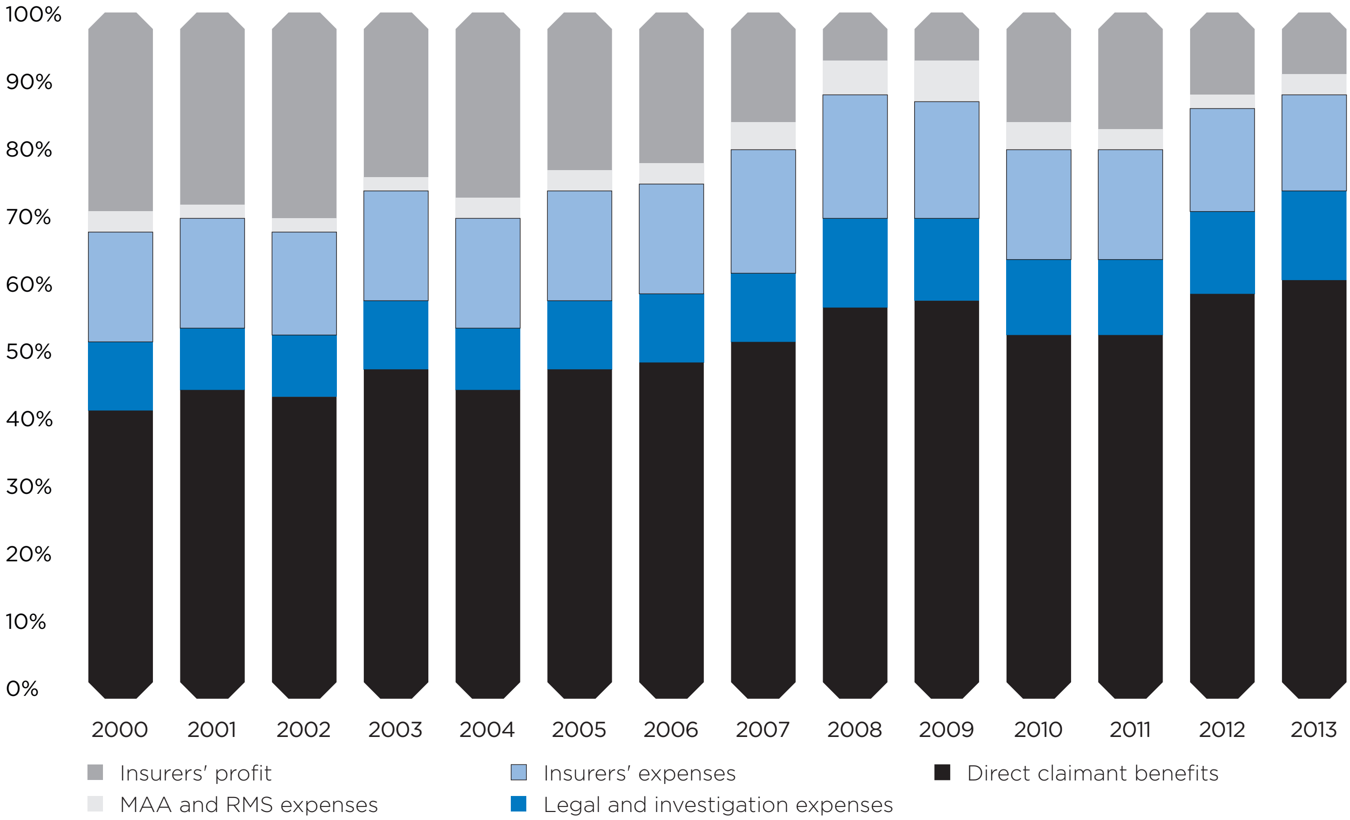
Scheme efficiency considers the proportion of each dollar paid in premiums that is directly returned to injured people as benefits (excluding the Lifetime Care and Support Scheme).

The benefits considered to have been directly returned to injured people include loss of earnings payments, general damages, and medical and related costs paid on the injured person's behalf (including payments for care, rehabilitation, bulk-billed ambulance and public 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 fees are not classified as benefits received by claimants.

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

Figure 4 shows the split of premium for underwriting years ended 30 September 2000 to 30 September 2013. It is important to note that the chart is based on the latest claims experience. The amounts shown as payments for 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

FIGURE 4 – DISTRIBUTION OF SCHEME FUNDS BY UNDERWRITING YEAR
(UNDERWRITING YEAR ENDING 30 SEPTEMBER)

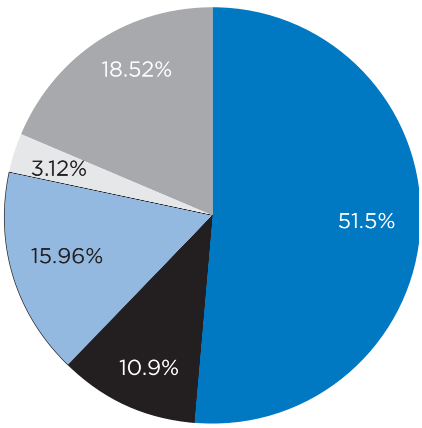


events which cannot be forecast precisely. Actual claims payments may emerge at levels higher or lower than these estimates. It may take more than five years for the actual payments to emerge.

The lowest section of each of the bars in the chart show the estimated 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, is the estimated realised industry profit for each underwriting year.

Scheme efficiency is less than 50 per cent in respect of policies sold in 2006 and prior, and is between 50 per cent and 61 per cent for policies sold in 2007 and later. The assessment of efficiency for the more recent underwriting periods is largely based on predictions of expected claims experience. As actual claims experience gradually replaces the predicted experience over time, the assessment of efficiency can change as a result. It may take more than five years for the claims experience to emerge.

FIGURE 5 – DISTRIBUTION OF SCHEME FUNDS AVERAGED OVER UNDERWRITING YEARS 2000 TO 2013



Hindsight analysis shows unexpected high profits for underwriting years 2000 to 2006, and these higher than expected profits have contributed to low overall Scheme efficiency. Figure 5 below shows that on average, across underwriting years 2000 to 2013, and without taking contracted out legal fees into account, Scheme efficiency is 51.5 per cent.

Note that the estimate of efficiency relates to the NSW CTP insurance Scheme only and excludes the Lifetime Care and Support (LTCS) Scheme, which is not managed or priced by insurers and is not subject to regulation by the MAA.

During the reporting year, the Law and Justice Committee has asked the MAA to consider reporting the overall efficiency of the Green Slip, including the LTCS Scheme. There are some practical limitations to doing this, given scheme differences, however Government will be considering this recommendation in due course.

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. The Law and Justice Committee has recommended that this occur in a separate report, in April each year. The Government will respond to this recommendation in due course.

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 claims arising from 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

TABLE 2 – PROSPECTIVE PROFIT

Filing period	Filed profit range (%)	Filed profit 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
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
2013–14	5.7 - 9.0	7.8

Source: MAA – Based on filings received and reviewed by the MAA.
Note: *The weighting factor is the last four quarters market share.

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. Table 2 on the previous page presents the profit margins projected by insurers in their filings to the MAA.

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 weighted average profit for the current reporting year remains at the lower end of this range (7.8 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, and vary 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.

Table 3 on the following page 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. A range is published to show the level of uncertainty in the final profit margin.

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 as costs for that year become more certain (i.e. as claims are being settled).

The MAA levy covers operating costs of the MAA, the RMS fees for handling transactions, and bulk-billed ambulance and public hospital costs. Prior to 2006-2007 these costs were included in the written premiums. Following the introduction of the

FIGURE 6 – ESTIMATED COMPONENTS OF TOTAL PREMIUM ($M PER UNDERWRITING YEAR)

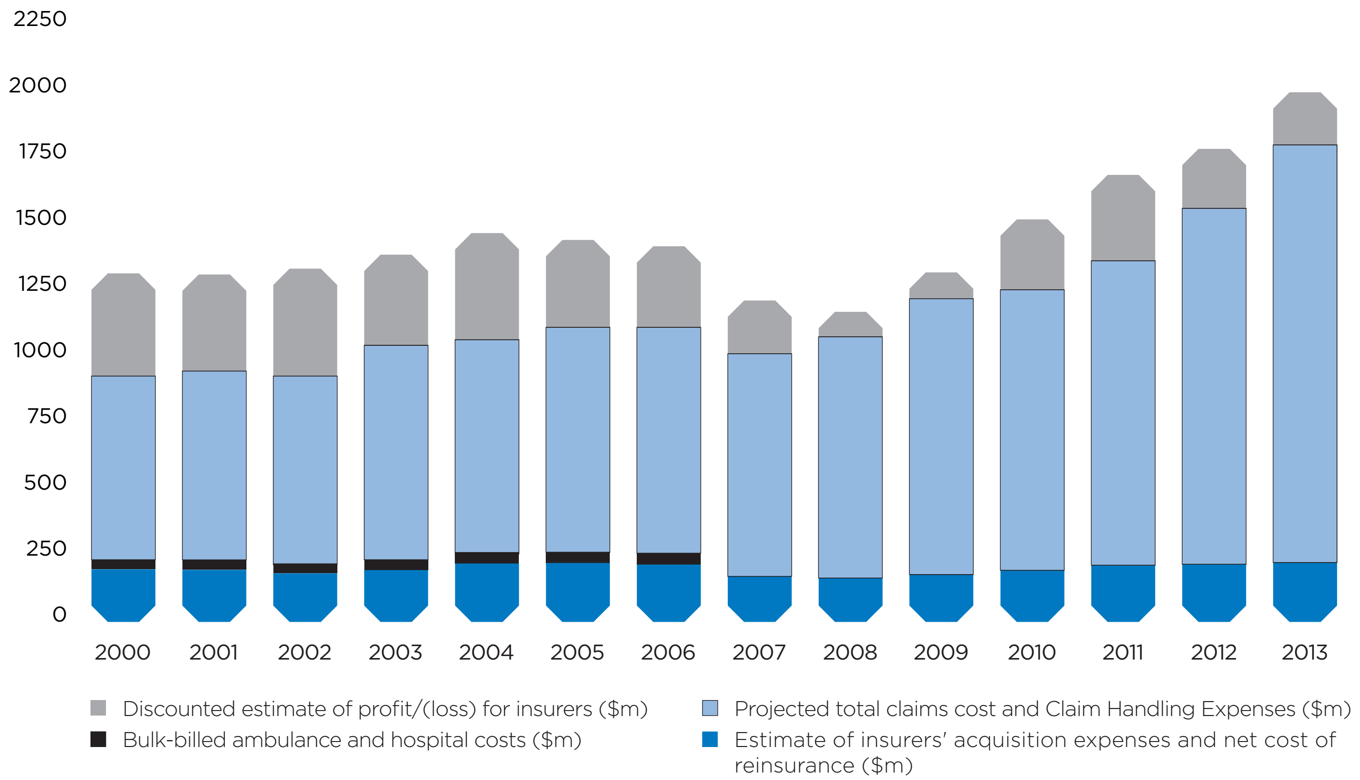


TABLE 3 – CURRENT ESTIMATE OF INDUSTRY PROFITABILITY BY UNDERWRITING YEAR

					Estimated discounted value:		Estimate of discounted value of profit/(loss) for insurer:					
							1 If estimate of claims liabilities, turns out to be 10% more than central estimate:		2 Using central estimate of claims liabilities		3 If estimate of claims liabilities, turns out to be 10% less than central estimate:	
Underwriting year ended 30 Sept.	Premiums written during the year ($m)	Estimate of insurers' acquisition expenses and net cost of reinsurance ($m)	Bulk-billed ambulance and hospital costs ($m)	Proportion of reported full claims finalised (%)	Claims payments (excl. bulk billing) ($m)	Insurers' claims handling expenses ($m)	Amount ($m)	Percentage of premiums (%)	Amount ($m)	Percentage of premiums (%)	Amount ($m)	Percentage of premiums (%)
2000	1,325	200	36	100	655	43	390	29%	390	29%	391	30%
2001	1,321	198	36	100	675	44	366	28%	368	28%	369	28%
2002	1,342	185	36	99	670	44	406	30%	408	30%	410	31%
2003	1,395	197	39	99	765	50	342	24%	344	25%	346	25%
2004	1,476	222	42	99	757	51	402	27%	405	27%	407	28%
2005	1,451	224	41	99	796	58	327	23%	332	23%	337	23%
2006	1,426	218	42	98	801	58	302	21%	308	22%	314	22%
2007	1,221	173	0	97	789	58	196	16%	202	17%	208	17%
2008	1,178	167	0	95	854	62	83	7%	95	8%	107	9%
2009	1,328	180	0	91	976	71	78	6%	100	8%	122	9%
2010	1,529	196	0	84	995	71	230	15%	267	17%	304	20%
2011	1,698	217	0	70	1,085	71	259	15%	326	19%	393	23%
2012	1,796	219	0	46	1,270	81	115	6%	226	13%	334	19%
2013	2,012	226	0	18	1,495	90	42	2%	200	10%	345	17%

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 2014 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 underwriting year 2013, scenario 2 profit is calculated as [200 = 2012 – 226 – 1495 – 90]

SCHEME PERFORMANCE REPORT

LTCS Scheme, premiums written have excluded the MAA levy, RMS fees and bulk-billed costs, as these levies are not part of the total costs borne by insurers for the purposes of analysing estimated profitability of premiums.

[Note however that the Scheme efficiency assessment includes the MAA levy, RMS commission and bulk-billed costs.]

Figure 6 illustrates the components of premiums by underwriting year using the central estimate of claims liabilities i.e. scenario 2 outlined in table 3 on page 49.

Historically, realised profit has been found to be higher than filed profit as claims costs emerged lower than initially expected. These trends continued this year. In aggregate over underwriting years 2000 to 2013, the current estimate of average industry profit is 19 per cent of premiums.

As noted in the body of the annual report, the continuing low rates of wage inflation and lower than usual super-imposed inflation have contributed to realised insurer profit in recent years. This issue was the subject of a recommendation of the Law and Justice Committee, which has asked for a review of the insurer profits. The Government will respond to this recommendation in due course.

Claims experience

Claims experience data reflects the utilisation of the Scheme.

Number of claims and notifications

Claims experience data reflects the utilisation of the scheme. Claims experience is generally 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

TABLE 4 – NUMBER OF CLAIMS AND NOTIFICATIONS

	ANFs				Full claims					
Accident year[1]	At-fault ANF	Not at-fault ANFs	Total ANFs	Workers compensation recoveries (S151z)	Converted ANFs	Direct full claims	Total full claims	Total notifications[2]	IBNR[3] estimates	Estimated ultimate notifications
1999-00	0	2,662	2,662	1,891	3,154	9,075	12,229	16,782	0	16,782
2000-01	0	2,897	2,897	1,829	3,402	7,207	10,609	15,335	0	15,335
2001-02	0	2,698	2,698	1,682	2,924	6,429	9,353	13,733	0	13,733
2002-03	0	2,528	2,528	1,608	2,870	5,454	8,324	12,460	0	12,460
2003-04	0	2,264	2,264	1,567	2,871	5,590	8,461	12,292	0	12,292
2004-05	0	2,033	2,033	1,649	2,675	5,404	8,079	11,761	0	11,761
2005-06	0	1,900	1,900	1,547	2,495	5,248	7,743	11,190	0	11,190
2006-07	0	1,650	1,650	1,442	2,121	5,525	7,646	10,738	2	10,740
2007-08	0	1,282	1,282	1,344	1,896	5,727	7,623	10,249	16	10,265
2008-09	0	2,099	2,099	1,407	2,410	5,717	8,127	11,633	48	11,681
2009-10	253	2,085	2,338	1,322	2,583	5,883	8,466	12,126	97	12,223
2010-11	695	2,240	2,935	1,315	2,970	5,923	8,893	13,143	193	13,336
2011-12	883	2,425	3,308	993	3,198	5,963	9,161	13,462	343	13,805
2012-13	998	2,616	3,614	269	3,192	6,242	9,434	13,317	584	13,901
2013-14	647	2,675	3,322	43	1,326	3,291	4,617	7,982	2,910	10,892
Total	**3,476**	**34,054**	**37,530**	**19,908**	**40,087**	**88,678**	**128,765**	**186,203**	**4,195**	**190,398**

Note
1. Accident years run from 1 October to 30 September. 2013/14 has only 9 months of exposure as at June 2014
2. Total Notifications = Total ANFs + Workers Compensation Recoveries + Total Full Claims
3. IBNR - Incurred But Not Reported claims, are estimated from actuarial models.
4. CTP Claims data as at Jun 14
5. Full claims as defined in Section 74 of MACA 1999.
6. ANFs as defined in Section 49 of MACA 1999
7. Workers compensation recoveries (S151z) have been shown as a separate category, so that underlying scheme trends as from 2010/11 are not distorted by the change to the Workers Compensation legislation which has narrowed the definition of journey claims.

Notification Forms (ANFs) are referred to as notifications. Table 4 on the previous page shows the distribution of notifications by accident year. The following observations can be made:

- At the end of June 2014, a total of 186,203 notifications had been received by insurers in relation to accidents since 5 October 1999. This represents an increase of 8 per cent since the end of June 2013.
- Since the last report in 2012-13, there have been changes to Workers Compensation legislation, which has narrowed the definition of journey claims. As a result there has been a significant decrease in the number of recovery actions taken by workers compensation insurers to recover costs from the CTP insurer (known as S151z recoveries). These workers compensation recoveries have been shown as a separate category in the following tables, so that any underlying trends in claims notification are not masked by this change in the workers compensation scheme.
- Of the 186,203 notifications received, 69 per cent (128,765) were full claims, 20 per cent (37,530) were ANFs which had not converted to full claims by 30 June 2014, and the remaining 11 percent were workers compensation recovery claims.
- 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, then started to rise again, from an estimated 11,681 notifications for 2008–09 to 13,901 notifications for 2012–13. The increase in ANF notifications reflects in part the expansion of the benefits available under the ANF scheme. 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.

TABLE 5 – CLAIM FREQUENCY AND PROPENSITY TO CLAIM

			Estimated ultimate number of claims[4]				Claims frequency per 10,000 vehicles			Propensity to claim per 100 casualties		
Accident Year[1]	Registered Vehicles ('000)[2]	NSW road casualties[3]	ANFs	S151Z	Full claims (excl S151Z)[5]	Total notifications	ANFs	Full claims (excl. S151Z)	Total notifications	ANFs	Full claims (excl. S151Z)	Total notifications
1999-00	29,061	2,662	1,891	12,229	16,782	7	34	46	9	42	58	58
2000-01	29,993	2,897	1,829	10,609	15,335	8	28	41	10	35	51	51
2001-02	30,080	2,698	1,682	9,353	13,733	7	24	36	9	31	46	46
2002-03	27,745	2,528	1,608	8,324	12,460	6	21	32	9	30	45	45
2003-04	26,951	2,264	1,567	8,461	12,292	6	21	30	8	31	46	46
2004-05	26,063	2,033	1,649	8,079	11,761	5	20	29	8	31	45	45
2005-06	25,940	1,900	1,547	7,743	11,190	4	18	26	7	30	43	43
2006-07	26,157	1,650	1,444	7,646	10,740	4	18	25	6	29	41	41
2007-08	24,823	1,282	1,355	7,628	10,265	3	17	23	5	31	41	41
2008-09	24,640	2,099	1,438	8,144	11,681	5	18	26	9	33	47	47
2009-10	23,517	2,333	1,380	8,510	12,223	5	18	26	10	36	52	52
2010-11	24,416	2,934	1,417	8,985	13,336	6	19	28	12	37	55	55
2011-12	23,947	3,304	1,105	9,396	13,805	7	19	28	14	39	58	58
2012-13	22,030	3,575	332	9,994	13,901	7	20	28	16	45	63	63

Note:
1. Accident years run from 1 October to 30 September.
2. Data on registered vehicles is sourced from the Roads & Maritime Services (RMS) and adjusted to Scheme accident years.
3. Data on road casualties is sourced from Centre for Road Safety (CRS).
4. Estimated ultimate number of claims = Reported notifications + Estimated IBNRs (Incurred But Not Reported) claims. IBNR claims are estimated from actuarial models
5. S151Z denotes workers compensation recoveries.
6. Data for claims and casualties for more recent accident years are subject to change as estimates and collections are updated over time.
7. Due to the lag in reporting claims, casualties and vehicle data, only data for complete accident years have been published in the above table. Accident year 2013/14 (01Oct13 - 30Sep14) has only 9 months of exposure as at June 2014, hence 2013/14 is excluded from the above table.

SCHEME PERFORMANCE REPORT

- 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 2013–14 accident year is not directly comparable to the other accident years. The estimated ultimate number of notifications for 2013–14 does not include accidents that will occur in the three months to September 2014 (i.e. it only reflects nine months worth of exposure). The total estimated ultimate notifications for the 2013–14 accident year will be higher than 10,892 when the accidents occurring in the three months to September 2014 are included.

Claim frequency and propensity to claim

The estimated ultimate number of notifications is used to calculate two measures: claim frequency and propensity to claim. Claim frequency is defined as 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.

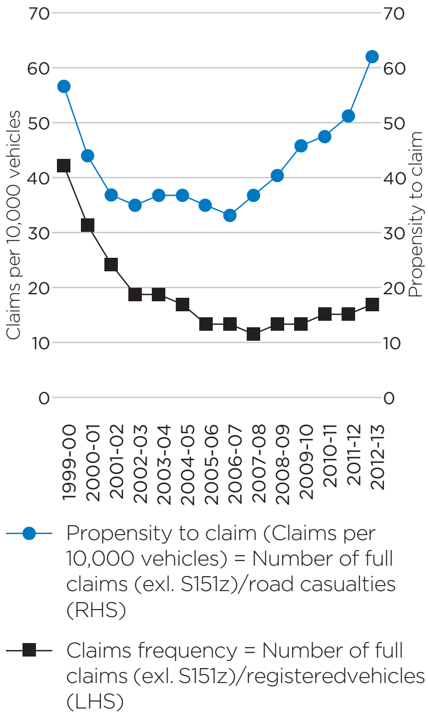
This year, S151z workers compensation recoveries are shown separately, for the reasons discussed above. Table 5 on the previous page shows the claim frequency and propensity to claim, for full claims (excluding S151z recoveries), and for ANFs. Full claims are the key driver of costs for the Scheme.

[Note: Due to revisions in the identification and coding of road casualty data (mainly affecting accident years 2010-11 and 2011-12). the estimates of propensity to claim for accident years 2010-11 and 2011-12 shown in this year's report are different to those published in last year's report.]

Claim frequency and propensity to claim for full claims (excluding S151z)

Figure 7 below shows the claim frequency and the propensity to claim since 1999-00 for full claims, excluding workers compensation recoveries (S151z).

FIGURE 7

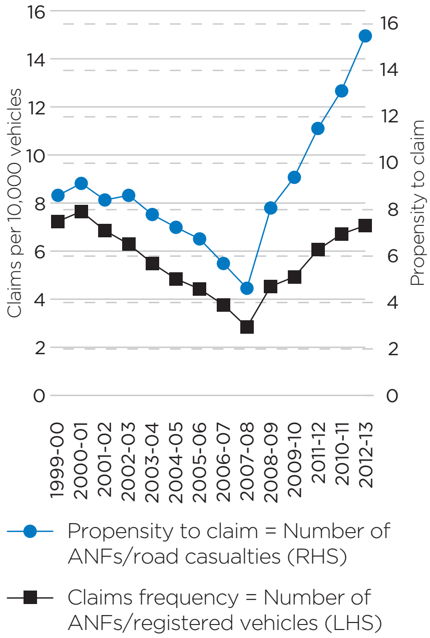


Claim frequency and propensity to claim have reduced steadily since the inception of the Scheme in 1999 to 2007-08. In an environment of falling casualty rates and improvements to road safety claim frequency would be expected to fall. However, as shown above, since 2007-08, full claims frequency has increased from 17 to 20 claims per 10,000 vehicles, and propensity to make a full claim has increased from 31 to 45 claims per 100 casualties. In this particular case the increase in propensity during this period is mainly driven by the decreasing road casualty numbers and partly driven by the continued increase in claim numbers. This follows from the definition of propensity (claims/casualties)The very recent increases in claims frequency and propensity to claim could also have been driven up by public anticipation of reforms to the scheme in 2013.

Claim frequency and propensity to claim for ANFs

Figure 8 below shows the claim frequency per 10,000 vehicles and propensity to claim since 1999-00 for ANFs.

FIGURE 8



Compared to full claims, ANFs showed stronger trends of increasing claim frequency and propensity to claim since 2007-08.

From 2007-08 to 2012-13, ANF claims frequency increased from 3 to 7 ANFs per 10,000 vehicles. During the same period, the propensity to lodge an ANF increased from 5 to 16 claims per 100 casualties. This increase is partly explained by the revision in casualty data explained above, and may also be driven by other factors, which include the expansion of ANF benefits to $5,000 (from October 2008) and the further expansion of ANF benefits to those who were at fault in an accident (from April 2010).

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

Table 6 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 66.6 per cent of claims occur in metropolitan Sydney, but these claims make up only 61.5 per cent of the total claims costs. By contrast, 16.3 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.

TABLE 6 – CLAIMS PROFILE BY NSW REGION

Accident region	% of claim numbers	% of total costs
Metropolitan	66.6	61.5
Country	16.3	21.8
Newcastle/Central Coast	10.3	9.3
Other	3.1	3.2
Wollongong	2.3	2.5
Outer Metropolitan	1.5	1.7
Total	**100.0**	**100.0**

Note
1. Claims arising from accidents occurring between 01 October 2005 and 30 June 2014
2. Claims data as at 30 June 2014
3. Accident region "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 as shown in table 7. 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 $231,700.

In contrast, drivers make up about half of all claims but these claims account for 38.6 per cent of all claims costs, and have an average cost per claim of $100,900.

TABLE 7 – CLAIMS PROFILE BY ROAD USER STATUS

Road user class	% of claim numbers	% of total costs	Average cost ($) per claim
Driver	49.2	38.6	100,900
Passenger	27.1	26.2	124,300
Pedestrian	10.7	16.5	198,500
Rider	6.3	11.5	234,900
Cyclist	3.7	4.0	139,100
Other	2.6	2.2	111,400
Pillion	0.6	1.0	231,700
Total	**100.0**	**100.0**	**128,500**

Note
1. Full claims arising from accidents occurring between 01 October 2005 and 30 June 2014
2. Claims data as at 30 June 2014
3. Road user class "Other" in the above table includes claimants whose role in the accident could not be classified under the existing categories.
4. Only full claims are considered in the above table, since although they make up 80% of claim numbers they account for over 99% of claims costs.

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 NSW, males currently make up 49.7 per cent of the population, and 51.5 per cent of licence holders, but cause 62.9 per cent of crashes that result in injuries. In contrast, females cause only 34.9 per cent of injury crashes and in the remainder of cases the gender of the at-fault driver is unknown.

Table 8 below shows persons aged between 17-25 years currently make up 12.3 per cent of the population and 14.2 per cent of licence holders, but cause 26.0 per cent of all injury crashes, which account for 16.4 per cent of all claims costs. Those aged between 26-49 years make up 34.6 per cent of the population and 44.7 per cent of licence holders, but cause 46.9 per cent of injury crashes. These crashes account for 48.4 per cent of all claims costs. Persons in the 50-69 year old category make up 21.2 per cent of the population and 30.6 per cent of licence holders, but cause 20.9 per cent of injury crashes, their crashes accounting for 28.6 per cent of all claims costs.

TABLE 8 – CLAIMS PROFILE BY AGE GROUP

Age group	% of population	% of licence holders	% of crashes caused	% of claims cost
<= 16	22.2	1.1	0.4	0.1
17-25	12.3	14.2	26.0	16.4
26-49	34.6	44.7	46.9	48.3
50-69	21.2	30.6	20.9	28.6
>=70	9.7	9.4	5.8	6.5
Total	**100.0**	**100.0**	**100.0**	**100.0**

Note:
1. Population data: Estimated Resident Population by Postal Areas for NSW, 1999-2013 - Australian Bureau of Statistics (ABS).
2. Licence holders and crash data: Centre for Road Safety, Transport for NSW (Statistical statement for year ended 31 December 2013).
3. Claims data: NSW CTP Claims Register as at 30 June 2014
4. Table excludes cases where age group of persons are unknown.

SCHEME PERFORMANCE REPORT

Legal representation (Full claims only)

Table 9 below report the rate of legal representation for full claims by accident year and development year (i.e. the years following the accident). The first table is produced for all full claims as shown in previous reports.

The second table however, excludes full claims which were also workers compensation recoveries (S151z). Following changes to Workers Compensation legislation explained earlier, this exclusion will remove the effect of workers compensation claims on trends in claims notifications.

The following observations can be made on all full claims:

- For development years 0 to 4, the proportion of full claims with legal representation declined then increased with accident year. For example, at development year 4, 59.5 per cent of full claims arising from accident year 1999–00 have legal representation. This proportion reduced to 55.5 per cent in 2001–02, compared to 65.2 per cent of legally represented full claims arising from accident year 2008–09.
- For accident years 2008–09 to 2011–12, the current estimates of the proportions of full claims with legal representation is higher than in prior accident years and also exceeds the ultimate proportion of legal representation in the oldest accident years where the experience has stabilised. At development year 3, 57 per cent of full claims arising from accident year 1999-00 have legal representation, compared to 65.6 percent of full claims arising from 2009-10 which already exceeds the ultimate projection of 61.7 per cent for 1999–00. Also the most recent full accident year, 2012-13, has 30.7 per cent of ultimate projected full claims, already legally represented, which is much higher than prior accident years.

From the above observations, legal representation is occurring earlier in the life of a claim and it is also increasing.

TABLE 9 – LEGALLY REPRESENTED FULL CLAIMS AS A PERCENTAGE OF ULTIMATE PROJECTED FULL CLAIMS

	Development Year													
Accident year	0	1	2	3	4	5	6	7	8	9	10	11	12	13
1999-00	19.6%	47.8%	54.2%	57.0%	59.5%	61.0%	61.2%	61.4%	61.5%	61.5%	61.5%	61.7%	61.7%	61.7%
2000-01	19.9%	48.8%	53.6%	57.2%	59.5%	59.9%	60.1%	60.3%	60.4%	60.4%	60.5%	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%	56.7%		
2002-03	16.2%	44.8%	51.6%	55.1%	56.6%	57.2%	57.4%	57.6%	57.7%	57.7%	57.8%			
2003-04	18.4%	47.9%	53.5%	56.4%	57.3%	58.0%	58.3%	58.6%	58.7%	58.7%				
2004-05	19.7%	47.1%	53.0%	55.7%	57.1%	57.6%	57.9%	58.2%	58.4%					
2005-06	19.5%	48.9%	53.7%	57.0%	58.1%	58.7%	59.2%	59.4%						
2006-07	20.1%	50.4%	56.0%	58.3%	59.3%	59.9%	60.3%							
2007-08	20.6%	52.0%	57.0%	59.3%	60.8%	61.4%								
2008-09	22.3%	56.9%	61.5%	64.1%	65.2%									
2009-10	23.5%	58.5%	63.4%	65.6%										
2010-11	23.0%	58.1%	63.3%											
2011-12	24.8%	63.0%												
2012-13	30.7%													

Note:
1. Accident years run from 1 October to 30 September.
2. Ultimate full claims are estimated from actuarial models
3. Development year is the number of years since the accident.
4. Accident year 2013/14 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.

The following observation can be made on full claims excluding workers compensation recoveries:

- for full claims excluding workers compensation recoveries (S151z), the development trend in legal representation is similar to all full claims. However the proportion of claims with legal representation is up to 10 percentage points higher for the latter after development year 0, suggesting that full claims which are not workers compensation recoveries do have a higher and increasing proportion of legal representation.

TABLE 10 – LEGALLY REPRESENTED FULL CLAIMS (EXCLUDING S151Z) AS A PERCENTAGE OF ULTIMATE PROJECTED FULL CLAIMS (EXCLUDING S151Z)

	Development Year													
Accident year	0	1	2	3	4	5	6	7	8	9	10	11	12	13
1999-00	22.4%	54.6%	61.9%	64.5%	66.7%	67.7%	67.7%	67.8%	67.8%	67.8%	67.8%	68%	68%	68%
2000-01	23.2%	56.6%	61.7%	65.2%	67%	67.4%	67.5%	67.4%	67.5%	67.5%	67.6%	67.7%	67.6%	
2001-02	19.7%	51.1%	57.4%	62.1%	63.2%	63.8%	63.8%	63.9%	64%	64.1%	64.1%	64.1%		
2002-03	19.2%	52.4%	59.7%	63.4%	64.8%	65.2%	65.4%	65.6%	65.7%	65.7%	65.7%			
2003-04	21.7%	55.8%	61.9%	65%	65.9%	66.5%	66.8%	67.1%	67.1%	67.2%				
2004-05	23.6%	55.3%	61.9%	64.9%	66.4%	66.9%	67.2%	67.3%	67.3%					
2005-06	23.3%	57.7%	63.1%	66.9%	68%	68.5%	68.8%	68.9%						
2006-07	23.7%	59.1%	65.4%	68%	69%	69.4%	69.6%							
2007-08	24.1%	60.7%	66.4%	68.9%	70%	70.4%								
2008-09	26.2%	66.7%	71.9%	74.5%	75.4%									
2009-10	27.2%	67.2%	72.5%	74.7%										
2010-11	26.6%	66.8%	72.2%											
2011-12	27.6%	69.5%												
2012-13	31.6%													

Note:
1. Accident years run from 1 October to 30 September.
2. Ultimate full claims are estimated from actuarial models
3. Development year is the number of years since the accident.
4. Accident year 2013-14 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.

SCHEME PERFORMANCE REPORT

Average payment per full claim by accident year

Table 11 below shows the average cumulative amount paid per claim in respect of all full claims (excluding workers compensation recoveries) 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 2014 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 $2,900, and by development year 6 the average cumulative amount paid per claim was $145,800. 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 $73,300, while for accidents that occurred in 2002–03 it was $117,900 and for accidents that occurred in 2007–08 it was $129,700. 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.
- 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 $426 prior to 1 October 2008 to $1715 since then (including IBNR) as a result of the increase in benefits from $500 to $5000.

TABLE 11 – 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	13
1999-00	1,800	7,100	16,500	33,600	56,300	73,300	85,600	92,300	95,800	97,900	99,000	99,500	100,000	100,400
2000-01	1,800	8,100	20,100	41,300	71,800	88,700	99,500	103,800	106,600	108,900	109,600	111,000	111,500	
2001-02	2,000	9,400	20,200	45,800	76,100	99,900	112,400	118,000	120,200	123,100	124,900	125,300		
2002-03	2,100	9,000	23,900	52,600	92,300	117,900	128,500	133,300	136,000	139,300	140,300			
2003-04	2,100	12,900	30,700	66,100	108,700	126,300	136,500	140,400	144,600	146,400				
2004-05	2,400	11,600	32,800	69,300	105,800	123,600	130,200	135,500	138,000					
2005-06	2,500	12,800	39,100	78,500	115,600	131,500	140,100	145,200						
2006-07	2,900	14,800	40,000	79,200	117,300	138,500	145,800							
2007-08	2,700	15,200	41,000	81,600	112,900	129,700								
2008-09	3,000	16,500	45,000	83,400	115,900									
2009-10	3,000	16,700	46,700	86,200										
2010-11	3,100	18,600	49,300											
2011-12	2,900	19,900												
2012-13	3,000													

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 2014 values which are rounded to the nearest $100.
4. Payments since 30 September 2013 have been excluded from the above table because there are only 9 months of data reported as at June 2014,
5. Average amounts paid will vary by claimant' injury severity, however the amounts shown above are averaged across claims with different injury severity
6. Workers compensation recovery claims have been excluded from this table so that underlying scheme trends are not distorted by the change in journey claims, following changes to the Workers Compensation legislation which has narrowed the definition of journey claims

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.

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 NSW Centre for Roads Safety.

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.

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.

Underwriting year

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

2013-14

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
Motor Accidents Authority

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
Motor Accidents Authority

Statement by Chief Executive Officer and Chair

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 NSW as at 30 June 2014 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

16 September 2014

Vivek Bhatia
Chief Executive Officer
Safety, Return to Work and Support

16 September 2014

Actuarial Certificate

Motor Accidents Authority of NSW
Actuarial Certificate
Outstanding Claims Liabilities as at 30 June 2014

Taylor Fry Consulting Actuaries ("Taylor Fry") has been engaged by the Motor Accidents Authority of NSW ("MAA") to estimate the outstanding liabilities as at 30 June 2014 for NSW compulsory third party Nominal Defendant ("ND") claims which arose from the insolvency of the HIH Group.

Data

The valuation of outstanding claims liabilities as at 30 June 201d is based on data provided to us by the MAA and by Allianz Australia Ltd. We have not independently verified the data provided to us but have reviewed it for reasonableness and internal consistency. We are of the opinion that it is suitable for the purpose of estimating the claims liabilities. The accuracy of our estimates depends on the accuracy and completeness of the data supplied.

Basis of our estimates

Our estimates of the outstanding claims liabilities are central estimates in that they contain no deliberate bias towards either over or under estimation. Our estimates allow for future inflation and investment return, and include an allowance for future expenses associated with paying the claims liabilities.

Valuation results

Our estimate of the outstanding claims liability as at 30 June 2014 is **$36.6m**. That estimate includes an allowance of $1.7m for future expenses associated with paying the claims liabilities.

Uncertainty

There is considerable uncertainty associated with estimation of future claim payments. This is because the ultimate liability for claims is subject to the outcome of uncertain future events.

In our opinion, we have used models and assumptions which are appropriate, and the resulting estimate of the outstanding claims liability is reasonable, given the information currently available. However, it should be recognised that the ultimate liability for ND claims is likely to differ, perhaps materially, from our estimate of that liability referred to in this certificate.

Report

The valuation of outstanding claims as at 30 June 2014 has been documented in our previous report dated 12 July 2013 and our letter dated 14 July 2014.

Taylor Fry

Actuarial Certificate

Relevant standards

Our advice on the estimate of outstanding ND claims liabilities complies with the Institute of Actuaries of Australia's Professional Standard PS300 titled "Valuations of General Insurance Claims" dated March 2013. The central estimate of the liabilities documented in our letter dated 14 July 2014 has been prepared in accordance with the requirements of Accounting Standard AASB137 titled "Provisions, Contingent Liabilities and Contingent Assets".

A.M. Gould

Adrian Gould

Fellow of the Institute of Actuaries of Australia

Taylor Fry

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 Motor Accidents Authority of New South Wales (the Authority), which comprise the statement of financial position as at 30 June 2014, 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 2014, 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 entity'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 entity'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.

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

Independent Auditor's Report

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 assumptions used in formulating the budget figures disclosed in the financial statements
- 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.

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

18 September 2014
SYDNEY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
Motor Accidents Authority

Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	Actual 2014 $ '000	Budget 2014 $ '000	Actual 2013 $ '000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	12,482	13,245	10,566
Other operating expenses	2(b)	23,618	23,358	22,465
Depreciation and amortisation	2(c)	1,257	1,535	962
Grants and subsidies	2(d)	4,352	6,000	3,561
Finance costs	2(e)	927	-	1,067
Other expenses	2(f)	205,145	160,789	143,295
Total Expenses excluding losses		**247,781**	**204,927**	**181,916**
Revenue				
Investment revenue	3(a)	2,215	813	2,385
Retained taxes, fees and fines	3(b)	210,782	205,219	156,759
Other revenue	3(c)	38,108	4	789
Total Revenue		**251,105**	**206,036**	**159,933**
Loss on disposal	4	**-**	**-**	**(62)**
Net result		**3,324**	**1,109**	**(22,045)**
Other comprehensive income		**-**	**-**	**-**
Total Comprehensive Income		**3,324**	**1,109**	**(22,045)**

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2014

	Notes	Actual 2014 $ '000	Budget 2014 $ '000	Actual 2013 $ '000	1 July 2012 $ '000
Assets					
Current Assets					
Cash and cash equivalents	5	31,275	24,456	2,186	4,196
Receivables	6	26,839	25,629	72,256	73,374
Financial assets at fair value	7	-	-	4,521	46,988
Total Current Assets		**58,114**	**50,085**	**78,963**	**124,558**
Non-Current Assets					
Receivables	6	25,804	19,360	-	-
Property, plant and equipment	8				
Plant and equipment		623	1,227	963	1,313
Total property, plant and equipment		**623**	**1,227**	**963**	**1,313**
Intangible assets	9	1,219	2,904	2,052	2,403
Total Non-Current Assets		**27,646**	**23,491**	**3,015**	**3,716**
Total Assets		**85,760**	**73,576**	**81,978**	**128,274**
Liabilities					
Current Liabilities					
Payables	12	20,305	28,191	19,445	21,399
Provisions	13	14,607	11,315	14,334	33,426
Total Current Liabilities		**34,912**	**39,506**	**33,779**	**54,825**
Non-Current Liabilities					
Provisions	13	31,435	23,693	32,110	35,315
Total Non-Current Liabilities		**31,435**	**23,693**	**32,110**	**35,515**
Total Liabilities		**66,347**	**63,199**	**65,889**	**90,140**
Net Assets		**19,413**	**10,377**	**16,089**	**38,134**
Equity					
Accumulated funds		19,413	10,377	16,089	38,134
Total Equity		**19,413**	**10,377**	**16,089**	**38,134**

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2014

	Accumulated Funds $'000	Total $'000
Balance at 1 July 2013	16,625	16,625
Changes in accounting policy	(536)	(536)
Restated total equity at 1 July 2013	**16,089**	**16,089**
Net result for the year	3,324	3,324
Total other comprehensive income	**-**	**-**
Total comprehensive income for the year	**3,324**	**3,324**
Transactions with owners in their capacity as owners	-	-
Balance at 30 June 2014	**19,413**	**19,413**
Balance at 1 July 2012	39,002	39,002
Changes in accounting policy	(868)	(868)
Restated total equity at 1 July 2012	**38,134**	**38,134**
Net result for the year	(22,045)	(22,045)
Total other comprehensive income	**-**	**-**
Total comprehensive income for the year	**(22,045)**	**(22,045)**
Transactions with owners in their capacity as owners	-	-
Balance at 30 June 2013	**16,089**	**16,089**

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Motor Accidents Authority

Statement of Cash Flows for the year ended 30 June 2014

	Notes	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Cash flows from operating activities				
Payments				
Personnel services		(10,483)	(13,245)	(10,568)
Grants and subsidies		(4,357)	(6,000)	(3,561)
Other		(230,042)	(193,202)	(188,660)
Total Payments		**(244,882)**	**(212,447)**	**(202,789)**
Receipts				
Sale of goods and services		-	-	2
Interest received		2,215	813	2,385
Retained taxes, fees and fines		206,342	205,219	155,412
Other		60,977	9,059	835
Total Receipts		**269,534**	**215,091**	**158,634**
Net cash flows from/(used in) operating activities	17	**24,652**	**2,644**	**(44,155)**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		-	-	54
Proceeds from sale of investments		4,521	-	42,468
Purchases of property, plant and equipment		-	(351)	(29)
Purchases of intangible assets		(84)	(1,980)	(348)
Net cash flows from/(used in) investing activities		**4,437**	**(2,331)**	**42,145**
Net increase/(decrease) in cash		**29,089**	**313**	**(2,010)**
Opening cash and cash equivalents		2,186	24,143	4,196
Closing cash and cash equivalents	5	**31,275**	**24,456**	**2,186**

The accompanying notes form part of these financial statements.

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 SRWS 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 is the Chief Executive Officer of Motor Accidents Authority of NSW.

These financial statements for the year ended 30 June 2014 have been authorised for issued by the Chief Executive Officer on 16 September 2014.

b. Basis of preparation

The Authority's financial statements are general purpose financial statements which have been prepared using the accrual basis of accounting and are in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010* 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 Maritime Services (RMS) 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*.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

f. Income recognition (continued)

ii. Nominal Defendant Fund

Under a 2013 Crown Solicitor opinion the Nominal Defendant Fund (NDF) retains all recoveries from reinsurers, of the former HIH group that relate to NSW Third Party insurance claims. 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.

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

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, 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 price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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 (including the direct allocation of personnel service costs).

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 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 8 and Note 10 for further information regarding fair value.

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, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

g. Assets (continued)

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 useful lives. The following depreciation rates were used:

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

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. Where an asset is acquired at no or nominal cost, the cost is its fair value at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

g. Assets (continued)

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.

The Authority seeks to manage exposure to investment risk so that it can generate sufficient returns to meet the Authority's current and future liabilities and mitigate the risk that the assets will be insufficient to meet their liabilities. Designation of investments at fair value through profit or loss is consistent with this risk management strategy as it allows for these investments to be recorded at fair value and for any gains or losses in the movement in their fair value to be recognised in the net result for the year.

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.

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 historic 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 received personnel services from the Safety, Return to Work and Support Division (SRWSD) up until 23 February 2014. Under the Administrative Arrangements Order 2014, SRWSD was abolished from 23 February 2014 and all staff transferred to the Office of Finance and Services (OFS). From 24 February 2014, OFS has been responsible for providing staff to the Authority.

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

h. Liabilities (continued)

ii Personnel services and other provisions (continued)

a. Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by NSW Treasury has confirmed that the nominal value of annual leave increased to reflect the annual leave accrued whilst on annual leave (calculated as 7.9 per cent of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Authority has assessed the actuarial advice based on its circumstances and has determined that the effect of discounting is immaterial on its annual leave liability and will measure annual leave at is nominal value increased by 7.9 per cent to reflect the value of annual leave accrued whilst on annual leave.

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.

b. Long service leave and superannuation

The Authority's 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 3.5 per cent (2013: 3.75 per cent).

Superannuation is actuarially assessed prior to each reporting date and is measured at the present value of the estimated future payments. The amount recognised is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligation is to be settled directly.

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

c. Consequential on-costs

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

iii. Restoration provision (building leases)

A restoration provision is recognised for the estimate of future payments for restoration 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 an independent professional claims assessor and reviewed by an independent qualified Actuary. It is measured as the present value of the expected future payments for all claims incurred up to the valuation date.

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.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

i. Fair value hierarchy

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Refer Note 10 and Note 18 Note for further disclosures regarding fair value measurements of financial and non-financial assets.

j. Equity and reserves

Accumulated Funds

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

k. 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.

l. 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.

m. Application of new and revised Accounting Standards

i. Except for the changes described below, the Authority has consistently applied the accounting policies set out at Note 1 to all periods presented in these financial statements.

AASB 119 *Employee Benefits* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119*.

The Office of Finance and Services which provides personnel services to the Authority, has adoted the revised AASB 119 *Employee Benefits* with an application date of 1 July 2013.

The superannuation payable to OFS provision in the Authority's Statement of financial position has been restated for prior years. This adjustment reflects a change in value of the superannuation payable to OFS provision as a result of retrospective changes to accounting for defined benefit plans under AASB 119 *Employee Benefits* (applicable from 1 July 2013) by OFS. The impact of the restatement of prior year superannuation payable to OFS and personnel service expense, as well as the impact of the change in accounting standard on current year are summarised below.

Impact on total comprehensive income for the year ended 30 June 2013 as a result of AASB 119

	30 June 2013 previously reported $'000	**Adjustments** $'000	**30 June 2013 as restated** $'000
Expenses excluding losses			
Personnel services	10,898	(332)	10,566
Total expenses excluding losses	**182,248**	**(332)**	**181,916**
Net result	(22,377)	332	(22,045)
Total comprehensive income	**(22,377)**	**332**	**(22,045)**

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

m Application of new and revised Accounting Standards (continued)

Impact on total comprehensive income for the year ended 30 June 2014 as a result of AASB 119

	Adjustments $'000
Expenses excluding losses	
Personnel services	149
Total expenses excluding losses	**149**
Net result	(149)
Total comprehensive income	**(149)**

Impact on assets, liabilities and equity as at 1 July 2012 as a result of AASB 119

	As at 1 July 2012 as previously reported $'000	Adjustments $'000	As at 1 July 2012 as restated $'000
Non-current liabilities			
Provisions	34,447	868	35,315
Total non-current liabilities	**34,447**	**868**	**35,315**
Total liabilities	**89,272**	**868**	**90,140**
Net Assets	**39,002**	**(868)**	**38,134**
Equity			
Accumulated funds	39,002	(868)	38,134
Total equity	**39,002**	**(868)**	**38,134**

Impact on assets, liabilities and equity as at 30 June 2013 as a result of AASB 119

	As at 30 June 2013 as previously reported $'000	Adjustments $'000	As at 30 June 2013 as restated $'000
Non-current liabilities			
Provisions	31,574	536	32,110
Total non-current liabilities	**31,574**	**536**	**32,110**
Total liabilities	**65,353**	**536**	**65,889**
Net assets	**16,625**	**(536)**	**16,089**
Equity			
Accumulated funds	16,625	(536)	16,089
Total equity	**16,625**	**(536)**	**16,089**

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

m Application of new and revised Accounting Standards (continued)

Impact on assets, liabilities and equity as at 30 June 2014 as a result of AASB 119

	Adjustments $'000
Non-Current Liabilities	
Provisions	685
Total Non-current Liabilities	**685**
Total Liabilities	**685**
Net Assets	**(685)**
Equity	
Accumulated funds	(685)
Total Equity	**(685)**

ii. Application of new and revised 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 1031 *Materiality*
- AASB 1055 *Budgetary Reporting*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9*
- AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transitional Disclosures*
- AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Parts B and C).*

Notes to the Financial Statements

2. Expenses Excluding Losses

	2014 $'000	2013 $'000
a. Personnel services		
Salaries and wages (including annual leave)	8,871	9,068
Superannuation – defined contribution plans	717	735
Superannuation – defined benefit plans (including actuarial (gains)/losses)	1,095	(286)
Long service leave	435	214
Workers' compensation insurance	92	(1)
Payroll tax and fringe benefit tax	529	521
Agency short-term staff	743	315
	12,482	**10,566**
b. Other operating expenses		
Auditor's remuneration		
audit of the financial statements	68	70
internal audit and reviews	74	182
Operating lease rental expense		
minimum lease payments	1,814	1,675
other related expenses	267	337
Maintenance	41	40
Insurance	13	12
Assessor fees – Claims	2,623	1,830
Assessor fees – Medical	10,229	8,566
Advertising, promotion and publicity	7	32
Board of directors' fees	-	15
Information, communication and technology	589	387
Consultants – actuarial	1,891	3,202
Consultants – other	294	429
Other contractors	1,133	1,284
Council members' fees	-	12
Legal fees	517	595
Service partnership agreement fees	2,891	2,819
Other miscellaneous	1,167	978
	23,618	**22,465**
c. Depreciation and amortisation expense		
Depreciation		
Furniture and fittings	2	2
Leasehold improvement	332	332
Motor vehicle	-	3
Office equipment	6	19
	340	**356**
Amortisation		
Computer software	917	606
	1,257	**962**

Notes to the Financial Statements

2. Expenses Excluding Losses (continued)

	2014 $'000	2013 $'000
d. Grants and subsidies		
Rehabilitation	2,584	3,081
Road safety	1,768	480
	4,352	**3,561**
e. Finance costs		
Unwinding of discount rate on Nominal Defendant claims liability	**927**	**1,067**
f. Other expenses		
Bulk Billing fees – Ambulance Service of NSW	33,405	29,440
Bulk Billing fees – NSW Ministry of Health	108,677	97,045
Processing fees – Road and Maritime Services	20,042	18,786
NDF claims expenses	1,337	-
Movement in outstanding Nominal Defendant claims	(2,592)	(1,976)
NDF transfer of surplus funds to the Policy Holder's Protection fund (PPF)	44,276	-
	205,145	**143,295**

3. Revenue

a. Investment revenue		
Interest revenue from financial assets not at fair value through profit or loss	2,066	362
TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss	149	2,023
	2,215	**2,385**
b. Retained taxes, fees and fines		
Fees		
CTP premium levy	210,781	156,759
Fines		
CTP premium levy penalty interest	1	-
	210,782	**156,759**
c. Other revenue		
Nominal Defendant Fund reinsurance recoveries	9,097	73
Nominal Defendant Fund contribution from PPF	28,472	-
Other miscellaneous	539	716
	38,108	**789**

4. Gain/(Loss) on Disposal

Intangible Assets	-	(93)
Motor Vehicles	-	31
	-	**(62)**

5. Current Assets – Cash and Cash Equivalents

	2014 $'000	2013 $'000
Cash at bank and on hand	31,275	1,388
Short-term deposits:		
TCorp Hour-Glass investment – Cash facility	-	798
	31,275	**2,186**

For the purposes of the Statement of cash flows, cash and cash equivalents 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)	31,275	2,186
Closing cash and cash equivalents (per Statement of cash flows)	**31,275**	**2,186**

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

Refer to Note 11 for information regarding restricted assets.

6. Current/Non-Current Assets – Receivables

Current		
Retained taxes, fees and fines	21,569	17,129
Prepayments	1,601	2,879
GST receivable	797	628
NDF receivables	2,668	51,456
Other	204	164
	26,839	**72,256**
Non-current		
NDF receivables	25,804	-
	25,804	-
Total Receivables	**52,643**	**72,256**

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

7. Current Assets – Financial Assets at Fair Value

TCorp Hour-Glass investment – Strategic cash facility	**-**	**4,521**

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

8. Non-Current Assets – Property, Plant and Equipment

	Computer Hardware $'000	Furniture and Fittings $'000	Leasehold Improvements $'000	Motor Vehicles $'000	Office Equipment $'000	Total $'000
At 1 July 2013 – fair value						
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**
At 30 June 2014 – fair value						
Gross carrying amount	-	21	3,445	-	29	3,495
Accumulated depreciation and impairment	-	(15)	(2,848)	-	(9)	(2,872)
Net carrying amount	**-**	**6**	**597**	**-**	**20**	**623**

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:

	Computer Hardware $'000	Furniture and Fittings $'000	Leasehold Improvements $'000	Motor Vehicles $'000	Office Equipment $'000	Total $'000
Year ended 30 June 2014						
Net carrying amount at start of financial year	-	8	929	-	26	963
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation expense	-	(2)	(332)	-	(6)	(340)
Write-back of depreciation on disposal	-	-	-	-	-	-
Net carrying amount at end of financial year	**-**	**6**	**597**	**-**	**20**	**623**
At 1 July 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**
At 30 June 2013 - fair value						
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 previous reporting period is set out below:

	Computer Hardware $'000	Furniture and Fittings $'000	Leasehold Improvements $'000	Motor Vehicles $'000	Office Equipment $'000	Total $'000
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**

Notes to the Financial Statements

9. Intangible Assets

	Software $'000	Software WIP $'000	Total $'000
At 1 July 2013			
Cost (gross carrying amount)	3,250	-	3,250
Accumulated amortisation and impairment	(1,198)	-	(1,198)
Net carrying amount	**2,052**	**-**	**2,052**
At 30 June 2014			
Cost (gross carrying amount)	3,334	-	3,334
Accumulated amortisation and impairment	(2,115)	-	(2,115)
Net carrying amount	**1,219**	**-**	**1,219**

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:

	Software $'000	Software WIP $'000	Total $'000
Year ended 30 June 2014			
Net carrying amount at start of financial year	2,052	-	2,052
Additions	84	-	84
Disposals	-	-	-
Amortisation expense	(917)	-	(917)
Write-back of amortisation on disposal	-	-	-
Transfers	-	-	-
Net carrying amount at end of financial year	**1,219**	**-**	**1,219**
At 1 July 2012			
Cost (gross carrying amount)	2,091	1,467	3,558
Accumulated amortisation and impairment	(1,155)	-	(1,155)
Net carrying amount	**936**	**1,467**	**2,403**
At 30 June 2013			
Cost (gross carrying amount)	3,250	-	3,250
Accumulated amortisation and impairment	(1,198)	-	(1,198)
Net carrying amount	**2,052**	**-**	**2,052**

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:

	Software $'000	Software WIP $'000	Total $'000
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	**2,052**	**-**	**2,052**

Notes to the Financial Statements

10. Fair Value Measurement of Non-financial Assets

Valuation techniques, inputs and processes

All of the Authority's assets are non-specialised and are measured using the market approach. NSW Treasury Policy paper 14-01 *Valuation of Physical Non-Current Assets at Fair Value* allows non-specialised assets with short useful lives to be recognised at depreciated historical cost as a surrogate for fair value. Depreciated historical cost is an appropriate surrogate for fair value because any difference between fair value and depreciated historical cost is unlikely to be material and the benefit of ascertaining a more accurate fair value does not justify the additional cost of obtaining it.

NSW Treasury have advised that assets measured using depreciated historical cost as a surrogate for fair value do not require fair value hierarchy disclosures under AASB 13 *Fair Value Measurement*.

11. Restricted Assets

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 an independent claims assessor and independent actuaries at Taylor Fry Proprietary Limited.

Funds held by the Nominal Defendant are only able to be used to meet the obligation of the Nominal Defendant and can not be used to meet the Authority's operational requirements.

	2014 $'000	**2013** $'000
Nominal Defendant Fund		
Expenses excluding losses		
NDF claims expenses	1,337	
NDF finance cost	927	1,067
Movement in outstanding Nominal Defendant claims	(2,592)	(1,976)
NDF other expenses	419	-
NDF transfer of surplus funds to the Policy Holder's Protection fund (PPF)	44,276	-
	44,367	**(909)**
Revenue		
Nominal Defendant Fund reinsurance recoveries	9,097	73
Nominal Defendant Fund contribution from PPF	28,472	
Interest revenue	713	
	38,282	**73**
Net result	**(6,085)**	**982**
Assets		
Cash and cash equivalents	6,718	-
Prepayments	1,590	2,779
GST receivable	30	-
NDF reveivables	28,472	51,456
	36,810	**54,235**
Liabilities		
Accrued expenses	210	9,885
Outstanding Nominal Defendant claims	36,600	38,265
	36,810	**48,150**
Net assets	**-**	**6,085**
Total equity	**-**	**6,085**

Notes to the Financial Statements

12. Current Liabilities – Payables

	2014 $'000	2013 $'000
Creditors	126	13
Accrued bulk billing fees	12,286	2,193
Accrued expenses	7,623	16,828
Payroll tax and fringe benefits tax	49	43
Accrued salaries, wages and on-costs	221	228
Other	-	140
	20,305	**19,445**

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

Current		
Personnel services and related on-costs		
Annual leave	888	939
Long service leave	2,743	2,456
	3,631	**3,395**
Other provisions		
Outstanding Nominal Defendant claims	10,976	10,939
	10,976	**10,939**
Total current provisions	**14,607**	**14,334**
It is expected that the current leave provisions and related on-costs will be settled over the following period:		
Expected to be settled no more than twelve months		
Annual leave and related on-costs	888	939
Long service leave and related on-costs	155	206
	1,043	**1,145**
Expected to be settled after more than twelve months		
Long service leave and related on-costs	2,588	2,250
Non-current		
Personnel services and related on-costs		
Long service leave	58	82
Superannuation	4,988	3,937
	5,046	**4,019**
Other provisions		
Restoration costs	765	765
Outstanding Nominal Defendant claims	25,624	27,326
	26,389	**28,091**
Total non-current provisions	**31,435**	**32,110**
Total Provisions	**46,042**	**46,444**

Notes to the Financial Statements

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

	2014 $'000	2013 $'000
Aggregate employee benefits and related on-costs		
Provisions – current	3,631	3,395
Provisions – Non-current	5,046	4,019
Accrued salaries, wages and on-costs (Note 12)	221	228
	8,898	**7,642**

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:

	Outstanding Nominal Defendant claims $'000	Restoration costs $'000	Total $'000
Carrying amount at the beginning of financial year	38,265	765	39,030
Reduction in provision	(906)	-	(906)
Amounts used	(1,686)	-	(1,686)
Unused amounts reversed	-	-	-
Unwinding / change in the discount rate	927	-	927
Carrying amount at end of financial year	**36,600**	**765**	**37,365**

Provision for Outstanding Nominal Defendant claims

The Nominal defendant liabilities are measured at the amount expected to be paid to settle the claim (Refer Note 11 for details of the Nominal Defendant). The amount expected to settle the claim has been determined by an expert external claims assessor who has extensive experience in relation to the HIH claims portfolio. The estimated settlement amounts are as follows:

	2014 $'000	2013 $'000
Not later than one year	10,976	10,939
Later than one year but not later than five years	25,624	20,428
Later than five years	-	6,898
Total	**36,600**	**38,265**

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	3.0	3.6
Discount rate	2.5	2.5
Claims expected to be paid later than one year		
Inflation rate	3.3 - 3.6	3.3 - 3.8
Discount rate	2.7 - 4.9	2.7 - 5.2

Notes to the Financial Statements

14. Commitments for Expenditure

	2014 $'000	2013 $'000
Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	1,934	1,747
Later than one year but not later than five years	2,812	4,195
Later than five years	-	-
Total (including GST)	**4,746**	**5,942**

The Authority leases office accommodation and motor vehicles under non-cancellable operating leases expiring within three years. The leases have varying terms, escalation clauses and renewal rights.

Expenditure commitments for the Authority include input tax credits of $0.4M (2013: $0.5M) 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 (2013: nil).

16. Budget Review

Net result

The net result approximates budget.

Assets and liabilities

- Total assets were $12.2m favourable to budget primarily due to an increase in cash due to the increase in the MCIS levy rate to build a prudential reserve.
- Total liabilities approximates budget.

Cash flows

Total cash flows increased by $6.8m mainly due to the receipts of $9m in NDF reinsurance recoveries.

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

	2014 $'000	2013 $'000
Net cash flows from/(used in) operating activities	24,652	(44,155)
Depreciation and amortisation	(1,257)	(962)
Net loss on disposal	-	(62)
Change in assets and liabilities		
Increase/(Decrease) in receivables: current	(45,417)	698
Increase/(Decrease) in receivables: non-current	25,804	-
Decrease/(Increase) in payables: current	(860)	138
Decrease/(Increase) in provisions: current	(273)	19,092
Decrease in provisions: non-current	675	3,206
Net result	**3,324**	**(22,045)**

Notes to the Financial Statements

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

	Notes	Category	Carrying Amount 2014 $'000	Carrying Amount 2013 $'000
Financial Assets				
Class:				
Cash and cash equivalents	5	N/A	31,275	2,186
Receivables[1]	6	Loans and receivables (at amortised cost)	28,676	51,620
Financial assets at fair value	7	At fair value through profit or loss - designated as such upon initial recognition	-	4,521
Financial Liabilities				
Class:				
Payables[2]	12	Financial liabilities (at amortised cost)	20,256	19,402

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)

b. Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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).

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

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW 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 in accordance with the NSW Treasury banking contract.

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 (2013: some debtors are past due but they are determined not impaired). Together, these represent 89 per cent (2013: 37 per cent) 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.

18. Financial Instruments (continued)

b. Credit Risk (continued)

Receivables - trade debtors	Total[1,2] $'000	Past Due but not Impaired[1,2] $'000	Considered Impaired[1,2] $'000
2014			
< 3 months overdue	13	13	-
3 months - 6 months overdue	6	6	-
> 6 months overdue	91	91	-
2013			
< 3 months overdue	24	24	-
3 months - 6 months overdue	8	8	-
> 6 months overdue	29	29	-

Notes:

1. Each column in the table reports 'gross receivables'.
2. 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 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 3.35 per cent (2013: 2.72 per cent).

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 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 10.63 per cent (2013: 10.95 per cent).

Maturity analysis and interest rate exposure of financial liabilities

			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Interest Rate %	Nominal Amount $'000	Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-interest bearing $'000	< 1 year $'000	1-5 years $'000	> 5 years $'000
2014								
Payables	N/A	20,256	-	-	20,256	20,256	-	-
2013								
Payables	N/A	19,402	-	-	19,402	19,402	-	-

Notes:

1. 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 has no exposure to other price risk as it holds no financial instruments with TCorp. The Authority's main financial instrument is cash which is held with the Westpac Banking Corporation.

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. 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 2013. 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.

		-1%		1%	
	Carrying Amount $'000	**Profit** $'000	**Equity** $'000	**Profit** $'000	**Equity** $'000
2014					
Financial assets					
Cash and cash equivalents	31,275	(313)	(313)	313	313
Financial assets at fair value	-	-	-	-	-
2013					
Financial assets					
Cash and cash equivalents	2,186	(22)	(22)	22	22
Financial assets at fair value	4,521	(45)	(45)	45	45

e. Fair Value measurement

i. 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.

ii. Fair value recognised in the statement of financial position

	Level 1 $'000	**Level 2** $'000	**Level 3** $'000	**2014 Total** $'000
Financial assets at fair value				
TCorp Hour-Glass investment - Strategic cash facility	-	-	-	-
	-	**-**	**-**	**-**

There were no transfers between level 1 and 2 during the period ended 30 June 2014.

	Level 1 $'000	**Level 2** $'000	**Level 3** $'000	**2013 Total** $'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.

- End of audited Financial Statements -

Motor Accidents Authority of New South Wales

Financial Statements

Operating Statement

	2013-14 Budget $000	2013-14 Revised $000	2014-15 Budget $000
Expenses Excluding Losses			
Operating Expenses -			
Employee related	475	647	487
Other operating expenses	36,128	41,699	38,614
Depreciation and amortisation	1,535	1,261	2,156
Grants and subsidies	6,000	4,379	6,000
Other expenses	160,789	162,954	151,720
TOTAL EXPENSES EXCLUDING LOSSES	**204,927**	**210,940**	**198,977**
Revenue			
Investment revenue	813	1,949	938
Retained taxes, fees and fines	205,219	216,688	227,246
Other revenue	4	343	...
Total Revenue	**206,036**	**218,980**	**228,184**
Net Result	**1,109**	**8,040**	**29,207**

Motor Accidents Authority of New South Wales

Balance Sheet

	2013-14 Budget $000	2013-14 Revised $000	2014-15 Budget $000
Assets			
Current Assets			
Cash assets	24,456	24,108	56,249
Receivables	25,629	55,521	23,650
Total Current Assets	**50,085**	**79,629**	**79,899**
Non Current Assets			
Receivables	19,360	...	...
Property, plant and equipment - Plant and equipment	1,227	619	511
Intangibles	2,904	1,220	2,366
Total Non Current Assets	**23,491**	**1,839**	**2,877**
Total Assets	**73,576**	**81,468**	**82,776**
Liabilities			
Current Liabilities			
Payables	28,191	21,261	21,261
Provisions	5,679	3,395	3,395
Other	5,636	27,899	...
Total Current Liabilities	**39,506**	**52,555**	**24,656**
Non Current Liabilities			
Provisions	765	765	765
Other	22,928	3,483	3,483
Total Non Current Liabilities	**23,693**	**4,248**	**4,248**
Total Liabilities	**63,199**	**56,803**	**28,904**
Net Assets	**10,377**	**24,665**	**53,872**
Equity			
Accumulated funds	10,377	24,665	53,872
Total Equity	**10,377**	**24,665**	**53,872**

Motor Accidents Authority of New South Wales

Cash Flow Statement

	2013-14 Budget $000	2013-14 Revised $000	2014-15 Budget $000
Cash Flows From Operating Activities			
Payments			
Employee related	475	647	487
Grants and subsidies	6,000	4,379	6,000
Other	205,972	218,019	221,133
Total Payments	**212,447**	**223,045**	**227,620**
Receipts			
Interest received	813	1,949	938
Retained taxes, fees and fines	205,219	212,998	228,086
Other	9,059	25,584	33,931
Total Receipts	**215,091**	**240,531**	**262,955**
Net Cash Flows From Operating Activities	**2,644**	**17,486**	**35,335**
Cash Flows From Investing Activities			
Proceeds from sale of investments	...	4,521	...
Purchases of property, plant and equipment	(351)	...	(300)
Other	(1,980)	(85)	(2,894)
Net Cash Flows From Investing Activities	**(2,331)**	**4,436**	**(3,194)**
Net Increase/(Decrease) in Cash	**313**	**21,922**	**32,141**
Opening Cash and Cash Equivalents	24,143	2,186	24,108
Closing Cash and Cash Equivalents	**24,456**	**24,108**	**56,249**
Cash Flow Reconciliation			
Net result	1,109	8,040	29,207
Non cash items added back	1,535	1,261	2,156
Change in operating assets and liabilities	...	8,185	3,972
Net Cash Flows From Operating Activities	**2,644**	**17,486**	**35,335**

2013-14

APPENDICES
Motor Accidents Authority

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 withdrawn from the Legislative Council on 20 August 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: Performance and numbers of senior executives

	Motor Accidents Authority of NSW	WorkCover Authority	Workers' Compensation (Dust Diseases) Board	Lifetime Care & Support Authority of NSW
Band 1				
Male	4	28	-	1
Female	5	30	1	1
Total	**9**	**58**	**1**	**2**
Average Remuneration	155,028	161,561	177,595	195,206
Band 2				
Male	2	7	-	1
Female	-	3	-	-
Total	**2**	**10**	**-**	**1**
Average Remuneration	234,993	232,798	-	245,968
Band 3				
Male	-	2	-	-
Female	-	2	-	-
Total	**-**	**4**	**-**	**-**
Average Remuneration	-	296,068	-	-
Senior Executives Total				
Male	6	37	-	2
Female	5	35	1	1
Total	**11**	**72**	**1**	**3**
Employee Related Costs				
Exec	1,911,982	13,348,429	251,146	670,461
Non-Execs	6,579,282	92,973,245	3,043,361	6,528,660
Total	**8,491,265**	**106,321,674**	**3,294,506**	**7,199,121**
%	**22.52%**	**12.55%**	**7.62%**	**9.31%**

Appendix 3: Government Information (Public Access) applications

The MAA administers and fulfils its obligations under the *Government Information (Public Access) Act 2009* (GIPA Act), which focuses on making Government information more readily available.

GIPA Applications July 2013 - June 2014

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	1	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business^^	0	0	0	1	3	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)	1	0	0	0	0	0	0	0
Members of the public (other)^, ^^	1	0	0	0	0	0	0	0

^ Carried forward from 2012-2013 application.

^^ Two applications received in late June 2014 to carry forward to 2014-2015 reporting period.

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

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^	2	0	0	0	0	0	0	0
Access applications (other than personal information applications)^^	0	0	0	2	3	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

^ One application was carried forward from 2012-2013.

^^ Two applications received in late June 2014 to carry forward to 2014-2015 reporting period.

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

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

	Number 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

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

TABLE E: OTHER PUBLIC INTEREST CONSIDERATIONS AGAINST DISCLOSURE: MATTERS LISTED IN TABLE TO SECTION 14 OF ACT

	Number 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	0
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 the statutory timeframe (20 days plus any extensions)	5
Decided after 35 days (by agreement with applicant)^	1
Not decided within time (deemed refusal)	0
Total	**6**

^ Applicant's application carried forward from 2012-2013 reporting period.

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	1		1
Review by Information Commissioner*			0
Internal review following recommendation under section 93 of Act			0
Review by NCAT			0
Total			**1**

* 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	1*
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

*Application to Civil and Administrative Tribunal was withdrawn by the applicant.

Privacy and Personal Information

Privacy and Personal Information Protection Act 1998 **(PPIP Act)** ***and Health Records and Information Privacy Act 2002*** **(HRIP Act)**

The PPIP Act and HRIP Act deal with how all NSW public sector agencies, including the MAA, must manage personal and health information.

All personal information held by the MAA is managed in accordance with NSW legislation. This includes all types of records in any format such as documents (paper and electronic), data in business information systems, and verbal decisions and objects (e.g. photographs, maps, evidence, samples).

Appendix 4: Credit card certification

Credit card use within SRWS is certified in accordance with Premier's Memorandum and Treasurer's directions. SRWS has a rigorous process in place to ensure full accountability for the use of credit cards.

NSW GOVERNMENT | Safety, Return to Work & Support

Safety, Return to Work and Support
92-100 Donnison Street, Gosford, NSW 2250
Locked Bag 2906, Lisarow, NSW 2252
t 02 4321 5000 f 02 4325 4145

29 July 2014

Our Ref: WC01771/14

The Hon. Dominic Perrottet MP
Minister for Finance and Services
Member for Castle Hill
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

The New South Wales Treasury Policy & Guidelines Paper on Credit Card use requires Chief Executive Officers to certify to their Minister that credit card use in their Department is in accordance with Premier's Memoranda and Treasurer's Directions.

On behalf of Safety, Return to Work and Support I certify that all card holders for the period 1st July 2013 to 30th June 2014, have used their cards in accordance with the SRWS Corporate and Purchasing Credit Card Policies and in accordance with Premier's Memoranda and Treasurer's Directions.

Yours sincerely

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

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

Payments of accounts – all suppliers

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

2013-14	June Quarter	March Quarter	December Quarter	September Quarter
Current	**$114,304**	**$2,043**		**$19,965**
<30 days overdue	$0	$267,859	$1,630,727	$659,316
>30 and <60 days overdue	$1,177	$75,847		$17,138
>60 days and <90 days		$1,573	$805	$374
90 days and over	$10,900	$5,866		$4,004

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

2013-14	2013/2014 Total	June Quarter*	March Quarter	December Quarter	September Quarter
Number of accounts due for payment	11,442	2,920	2,701	2,626	3,195
Number of accounts paid on-time	11,122	2,873	2,653	2,612	2,984
% accounts paid on-time (based on number of accounts)	97%	98%	98%	99%	93%
Dollar amount of accounts due for payment	$198,600,505	$72,096,247	$71,971,938	$28,925,141	$25,607,179
Dollar amount of accounts paid on-time	$196,251,940	$71,833,957	$71,838,477	$28,820,630	$23,758,876
% of accounts paid on-time (based on $)	99%	100%	100%	100%	93%
Number of payments for interest on overdue accounts	2		1		1
Interest paid on overdue accounts	$22		$6		$16

Payments of accounts – small business suppliers

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

2013-14	2013/2014 Total	June Quarter*	March Quarter	December Quarter	September Quarter
Number of accounts due for payment	415	122	83	88	122
Number of accounts paid on-time	415	122	83	88	122
% accounts paid on-time (based on number of accounts)	100%	100%	100%	100%	100%
Dollar amount of accounts due for payment	$841,380	$251,659	$176,060	$165,775	$247,886
Dollar amount of accounts paid on-time	$841,380	$251,659	$176,060	$165,775	$247,886
% of accounts paid on-time (based on $)	100%	100%	100%	100%	100%
Number of payments for interest on overdue accounts	0	0	0	0	0
Interest paid on overdue accounts	$0	$0	$0	$0	$0

The Motor Accidents Authority has a target of 95 per cent accounts paid on-time. In 2013-14 this target was achieved all four quarters with an average of 97 per cent achieved across the year.

Interest on late payments

The Motor Accidents Authority did not incur interest penalties for late payments to small suppliers.

The Authority did incur late interest penalties in two of the four quarters of 2013-14 to one supplier. A failure to process two invoices in a timely manner resulted in interest of $22 being paid. A review of the Policy related to these payments has occurred to assist with these payments in the future.

Appendix 7: Insurance activities

Reporting period	**2013-14**	**2012-13**	**2011-12**	**2010-11**
Workers Compensation:				
No. of employees	95	*177	*174	*185
No. of claims	2	3	13	10
No. of claims per employee	0.02	0.02	0.07	0.05
Total cost of claims	$17,181	$7,627	$390,824	$288,220
Average claim cost	$8,590	$2,542	$30,063	$28,822

*MAA policy inclusive of LTCSA staff

Motor vehicles: (Total Claims)	**2013-14**
Vehicles	2
Number of claims	1
No. of claims per vehicle	0.5
Total cost of claims	$8,595
Average cost per claim	$8,595
Average cost per vehicle	$4,297

Property:	**2013-14**
Number of claims	Nil
No. of claims per employee	
Total cost of claims	
Average cost per claim	
Average cost per employee	

Liability:	2013-14
Number of claims	Nil
Total cost of claims	
Average claim	

Miscellaneous:	**2013-14**
Number of claims	Nil
Total cost of claims	
Average claim	

Appendix 8: Overseas travel

Person travelling	Date (Month - Year)	Purpose	Cost $	Recovery $	Net Cost $
Belinda Cassidy	June 2014	To attend the 2014 Council of Australian Tribunals (COAT) Annual Tribunals Conference in NZ	1192	0	1192
Total			**1192**	**0**	**1192**

Appendix 9: Consultants

Vendor	Description	Vendor total
Ernst & Young	Actuarial services for the review of the NSW CTP scheme	688,544
Ernst & Young	Actuarial services for the review of general items	499,797
Ernst & Young	Actuarial services for premium filings assessments	458,250
Maydark Pty Ltd	CTP enhancement project - independent expert advisor	246,600
Taylor Fry Consulting Actuaries	Actuarial services for various valuations including - nominal insurer defendant outstanding liabilities and collection of CTP levies	88,194
Taylor Fry Consulting Actuaries (via DFS)	Peer review of actuarial analysis for reform papers under the CTP roundtable	79,391
Total greater than $50,000		**$2,060,776**
Plus 9 Consultants $50,000 and under		123,905
Finance and accounting/tax		59,684
Organisational review		64,221
Total consultants		**$2,184,682**

Note: Consultants for 2013-14 now include actuarial fees. Consultants under $50,000 for 2013-14 includes an entity, Kreab Gavin Anderson, which was classified as a contractor in 2012-13, but is believed to be more correctly classified as a consultant. Kreab Gavin Anderson provided communication advice as part of CTP Reforms and the CTP Roundtable Forum. $117,346 was expended on this consultant in FY12/13.

Appendix 10: Grants

MAA Grants awarded in 2013-14

Non-Government community organisations

Grants awarded to an external non-government community organisation for a specific program.

Recipient organisation	Amount of funding awarded	Nature and purpose (incl. aims, target clients and area of coverage)
Motorcycle Council of NSW	$18,160.00	Production of a Rider Risk DVD to be delivered through motorcycle learner rider programs in NSW

Research grants

Grants awarded to Academic and Health Service Institutions.

Recipient organisation	Amount of funding awarded	Nature and purpose (incl. aims, target clients and area of coverage)
Pain Management and Research Centre, Royal North Shore Hospital	$15,000.00	Developing train the trainer webinars for health professionals to improve chronic pain management skills in NSW
Trauma Services, Royal Prince Alfred Hospital	$15,000.00	Integrating education and training modules into a smart phone acute trauma app for emergency department health professionals

Recipient organisation	Amount of funding awarded	Nature and purpose (incl. aims, target clients and area of coverage)
Pain Management and Rehabilitation Services, St Vincent's Hospital	$14,687.00	Development of a series of patient education videos about the management of chronic pain
South NSW Medicare Local	$15,000.00	Enhancing chronic and complex pain management service for the Bega Valley through professional up-skilling and the development of partnerships with a tertiary chronic pain service
Rehabilitation Studies Unit, Kolling Institute, The University of Sydney	$14,000.00	Updating the PsycBITE evidence database psychologists to support subscriber services
The George Institute for Global Health, The University of Sydney	$36,292.00	Investigating health and related outcomes in older people injured in motor vehicle crashes
Rehabilitation Studies Unit, The University of Sydney	$13,440.00	Clarifying the extent and nature of psychological injury associated with motor vehicle crashes
NSW Ministry of Health, Agency for Clinical Innovation	$201,586.70	Vocational Intervention Program: Developing and evaluating a vocational interventions program for people with a traumatic brain injury. (In partnership with Lifetime Care and Support Authority and WorkCover NSW.)
Faculty of Law, Monash University	$94,300.00	Investigating how injured people seek claims advice when deciding making a CTP claim
Faculty of Health Sciences, The University of Sydney	$147,000.00	Development of an online tool to support a clinical pathway of care for people who have whiplash (NHMRC partnership project)
Illawarra Brain Injury Service, Port Kembla Hospital	$13,620.00	Introduction of a program for the use of portable electronic devices as memory aids for people with a traumatic brain injury
Macquarie Base Hospital, Mid North Coast Local Health District	$7,786.00	Emergency Department specialised medical equipment to improve resuscitation after trauma
Trauma Services, St George Hospital	$13,676.00	Implementation of best practice of care and assessment of outcomes of patients with blunt chest injury at the St George Hospital
Department of Occupational Therapy, The University of Queensland	$19,962.00	Maintenance and management of the OTseeker evidence database for occupational therapy interventions
Faculty of Health Sciences, The University of Sydney	$14,285.00	Maintenance and management of the SpeechBITE evidence database for speech therapy interventions
Pain Management and Rehabilitation Services, St Vincent's Hospital	$15,000.00	Examining rehabilitation outcomes of patients admitted to NSW hospitals after a motor vehicle crashes using data linkage techniques
Faculty of Health Sciences, The University of Sydney	$16,800.00	Examining the delivery of evidence based management of whiplash on health outcomes after a car crash
Lismore Base Hospital, Northern NSW Local Health District	$14,554.00	Development of mild- moderate brain injury e- learning modules for health professionals
South Western Sydney Local Health District, Ingham Institute	$277,500.00	Post Doctoral Fellowship
The George Institute for Global Health, The University of Sydney	$49,275.00	Maintenance and management of the PEDro evidence database for physiotherapy interventions

Programs withdrawn (previously approved in 2012-13)

Trauma Services, St George Hospital	$14,814	Examining and improving acute pain management outcomes of people
Trauma Services, Westmead Hospital	$15,000	Improving consistency and quality of care at Westmead Hospital Trauma Unit through the integration of clinical algorithms into a smart phone trauma app

Funding expended in 2013-14

Non-Government community organisations

Funds provided to an external non-government community organisation for a specific program.

Recipient organisation	Amount of funding expended in 2013-14	Nature and purpose (incl. aims, target clients and area of coverage)
Motorcycle Council of NSW	$18,160.00	Production of a Rider Risk DVD to be delivered through motorcycle learner rider programs in NSW

Research grants

Funds provided to Academic and Health Service Institutions.

Recipient organisation	Amount of funding expended in 2013-14	Nature and purpose (incl. aims, target clients and area of coverage)
Pain Management and Research Centre, Royal North Shore Hospital	$9,000.00	Developing train the trainer webinars for health professionals to improve chronic pain management skills in NSW
Trauma Services, Royal Prince Alfred Hospital	$9,000.00	Integrating education and training modules into a smart phone acute trauma app for emergency department health professionals
Pain Management and Rehabilitation Services, St Vincent's Hospital	$7,343.00	Development of a series of patient education videos about the management of chronic pain
South NSW Medicare Local	$10,000.00	Enhancing chronic and complex pain management service for the Bega Valley through professional up-skilling and the development of partnerships with a tertiary chronic pain service
The George Institute for Global Health, The University of Sydney	$5,815.00	Investigating health and related outcomes in older people injured in motor vehicle crashes
Faculty of Law, Monash University	$30,077.00	Investigating how injured people seek claims advice when deciding making a CTP claim
Illawarra Brain Injury Service, Port Kembla Hospital	$12,899.00	Introduction of a program for the use of portable electronic devices as memory aids for people with a traumatic brain injury
Macquarie Base Hospital, Mid North Coast Local Health District	$7,786.00	Emergency Department specialised medical equipment to improve resuscitation after trauma
Trauma Services, St George Hospital	$10,000.00	Implementation of best practice of care and assessment of outcomes of patients with blunt chest injury at the St George Hospital
Department of Occupational Therapy, The University of Queensland	$19,962.00	Maintenance and management of the OTseeker evidence database for occupational therapy interventions
Faculty of Health Sciences, The University of Sydney	$7,143.00	Maintenance and management of the SpeechBITE evidence database for speech therapy interventions
Pain Management and Rehabilitation Services, St Vincent's Hospital	$14,022.00	Examining rehabilitation outcomes of patients admitted to NSW hospitals after a motor vehicle crashes using data linkage techniques
Faculty of Health Sciences, The University of Sydney	$9,240.00	Examining the delivery of evidence based management of whiplash on health outcomes after a car crash
Lismore Base Hospital, Northern NSW Local Health District,	$14,554.00	Development of mild- moderate brain injury e- learning modules for health professionals
South Western Sydney Local Health District, Ingham Institute	$34,692.00	Post Doctoral Fellowship
The George Institute for Global Health, The University of Sydney	$49,275.00	Maintenance and management of the PEDro evidence database for physiotherapy interventions acute trauma app for emergency department health professionals

Appendix 11: Land disposal

MAA did not dispose of any land in the 2013-14 financial year.

Appendix 12: Board and committee meetings

Directors' meetings

During 2013-14, the SRWS meetings held and attendance by directors were:

SRWS Board	Number eligible to attend	Number attended
Michael Carapiet – Chair	12	12
Raymond Whitten – Deputy Chair	12	11
Gavin Bell – Director	12	12
Elizabeth Carr – Director	12	12
Mark Lennon – Director	12	10
Peeyush Gupta – Director	12	10
Julie Newman – (CEO)	12	12

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
- Human resources 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
Chair		
Raymond Whitten	31 October 2012	30 September 2016
Members		
Elizabeth Carr	31 October 2012	30 September 2016
Mark Lennon	31 October 2012	30 September 2016
Ray Petty*	31 October 2012	30 September 2016
Chief Executive Officer (invited)		
Julie Newman**	30 October 2012	Retired 1 August 2014

* Ray Petty is the representative for the DDB.
** Julie Newman attended as SRWS Chief Executive Officer (CEO). The CEO is a standing invitee.

Audit and risk committee attendance

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

Audit and risk committee	Number eligible to attend	Number attended
Chair		
Raymond Whitten	7	6
Members		
Elizabeth Carr	7	7
Mark Lennon	7	5
Ray Petty	7	7
Chief Executive Officer (invited)		
Julie Newman*	7	6

* Julie Newman attended as SRWS Chief Executive Officer (CEO). The CEO is a standing invitee.

Investment committee

The role of the investment committee is to determine the policies, practices and strategies for investments of the relevant SRWS 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
Chair		
Peeyush Gupta	31 October 2012	30 September 2015
Members		
Gavin Bell	31 October 2012	30 September 2015
Michael Carapiet	31 October 2012	30 September 2015
Raymond Whitten	31 October 2012	30 September 2015
Julie Newman	31 October 2012	Retired 1 August 2014

Investment committee attendance

Investment committee	Number eligible to attend	Number attended
Chair		
Peeyush Gupta	10	10
Members		
Michael Carapiet	10	10
Gavin Bell	10	10
Raymond Whitten	10	10
Julie Newman	10	9

Human resources committee

The role of the human resources committee is to support the Board by reviewing and monitoring the development and implementation of relevant human resource strategies and initiatives to ensure as far as practicable, that the activities of the SRWS are carried out properly and efficiently. The members of the Committee are listed in the following table:

Human resources committee members	Date of appointment	Date of term end
Chair		
Gavin Bell	9 December 2013	31 July 2015
Members		
Michael Carapiet	9 December 2013	31 July 2015
Elizabeth Carr	9 December 2013	31 July 2015
Julie Newman	9 December 2013	Retired 1 August 2014

Human resources committee attendance

Human resources committee	Number eligible to attend	Number attended
Chair		
Gavin Bell	2	2
Members		
Elizabeth Carr	2	2
Michael Carapiet	2	2
Julie Newman	2	2

Members of the SRWS executive who resigned prior to 30 June

Nil

Appendix 13: Publication notes

A copy of the Motor Accidents Authority Annual Report 2013-14 can be downloaded from the Motor Accidents Authority website, at www.maa.nsw.gov.au. The cost of the 2013-14 Annual Report was $18,175.63.

INDEX