



M.A.C.C.

Annual Report 2020-21

Northern Territory Motor Accidents
(Compensation) Commission



NT Motor Accidents (Compensation) Commission

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28 September 2021

Hon Michael Gunner MLA
Treasurer of the Northern Territory
GPO Box 3146
DARWIN NT 0801

Dear Treasurer

I have pleasure in submitting for your information and presentation to Parliament, the Motor Accidents (Compensation) Commission 2020-2021 Annual Report.

This report incorporates the audited financial statements for the Motor Accidents (Compensation) Commission for the year ended 30 June 2021, as required by section 22 of the Motor Accidents (Compensation) Commission Act 2014.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Will Oliver'.

Will Oliver

Acting Commissioner

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This Annual Report outlines Motor Accidents (Compensation) Commission (MACC) operations and financial statements for the 2020-21 financial year.

This Report is tabled in the Northern Territory Legislative Assembly to allow for public scrutiny of the MACC and its management of the MAC Scheme.

The Annual Report also includes information for those who have an interest in road safety in the Northern Territory.

About the Motor Accidents Compensation Commission

The Motor Accidents (Compensation) Commission (MACC) commenced operations on 1 January 2015. It is a government-owned entity with the Commissioner appointed by the Northern Territory Treasurer.

The key functions of MACC are to:

- administer, on behalf of the Northern Territory Government, the Motor Accidents Compensation Scheme (MAC Scheme) in accordance with the *Motor Accidents (Compensation) Act*
- manage the Motor Accidents (Compensation) fund (MAC Fund)
- promote road safety.

Under the legislation, MACC entered into the MAC Management Agreement with Allianz Australia Insurance Limited. The agreement sets out the framework for the administration of the MAC Scheme and MAC Fund. Territory Insurance Office (TIO), a division of Allianz, provides claims and fund administration.

About the Commissioner and Associate Commissioner

The Northern Territory Treasurer appoints the MAC Commissioner for a period of three years. The Commissioner is responsible for administering the MAC Scheme in accordance with the *Motor Accidents (Compensation) Act*, managing the MAC Fund and promoting road safety.



Jim Colvin

The Treasurer reappointed Jim Colvin as MAC Commissioner from 1 July 2018 for a further three years, with his tenure as the Scheme's inaugural Commissioner

ending on 30 June 2021. Jim has extensive experience in finance, governance and policy development. Prior to his appointment, he was a senior economist with the Organisation for Economic Cooperation and Development in Paris. Jim has extensive experience in monopoly regulation, corporate governance for government-owned businesses and industry restructuring. He continues to consult to the World Bank and the International Monetary Fund on these matters. Jim worked for the Northern Territory Government in senior policy and financial advisory roles before starting his own consultancy.



William Oliver

In May 2021 the Treasurer reappointed Will as Associate Commissioner until 31 December 2024. Will has extensive experience in personal injury compensation

schemes and has held executive level roles in operational business units including General Manager, Personal Injury Management and Banking. He was a partner in a national law firm before moving in-house as General Counsel at TIO where he gained significant experience in corporate governance, risk management and prudential compliance frameworks. Following the sale of TIO, Will was the General Counsel at Jacana Energy for two years before joining the Commission as Executive Director in April 2018 until his appointment as Associate Commissioner in April 2019. Since Jim Colvin's tenure as Commissioner ended Will has been the Acting Commissioner.



About the MAC Scheme

The Motor Accident Compensation (MAC) Scheme was established by the Motor Accidents (Compensation) Act 1979 and provides 'no fault' compensation for people injured or killed in motor vehicle accidents in the Northern Territory. This means we pay benefits regardless of who caused the crash, unlike some jurisdictions where injured people have to prove another party was negligent to be entitled to support.

The Motor Accidents Compensation Commission (MACC) administers the Scheme pursuant to the Motor Accidents (Compensation) Commission Act 2014 and is also responsible for the management of the MAC Fund and the promotion of road safety.

The Scheme is funded by Territorian motorists through a portion of their motor vehicle registration charges, which are indexed to the Darwin Consumer Price Index annually on 1 July. It provides a wide range of benefits, including the necessary and reasonable costs of lifetime attendant care, medical treatment, rehabilitation and payments for loss of earning capacity.

Reductions in benefits may be applied in cases of irresponsible road user behaviour, such as failing to wear a seatbelt or helmet, driving unregistered or driving under the influence of drugs or alcohol.

The Scheme also covers the owners and drivers of Northern Territory registered vehicles for their third-party personal injury liability arising from interstate motor vehicle accidents.

In order to determine the amount of reserves that need to be set aside in the MAC Fund to meet the cost of future claims, the Scheme's liabilities are reviewed by its appointed actuary twice a year.

There is a legislative requirement for an actuarial review every three years to ensure that the contributions and indexation methodology are sufficient to cover claims administration expenses and support the capital requirement of the Scheme. It also examines the accident experience of different vehicle classes and whether the relative premium rates they are charged remains appropriate.

TIO, a division of Allianz Insurance Australia Ltd, manages the Scheme on behalf of the Commission including the administration of our claims.

Commissioner's report

It gives me great pleasure to report on the results and activities of the Motor Accidents (Compensation) Commission for the year ended 30 June 2021.

Since 1979 the MAC Scheme has been helping people injured on our roads with their rehabilitation and recovery. We understand crashes can have life changing impacts on the injured and their families which motivates us to find new ways to improve health outcomes for victims of Territory road trauma.

Being a 'no-fault' scheme means payments of medical, rehabilitation and other supports begin shortly after accidents, so the injured can focus on their recovery without the stress of having to prove who caused the accident. For the severely injured, our aim is to help them achieve independence in daily life. This starts with discharge planning before they have left hospital, where we engage with medical and rehabilitation providers, to help transition the injured back into the community and gain independence.

COVID-19 Impact

While the Territory has avoided the worst impacts of COVID-19 as seen in other places, the pandemic has presented extraordinary challenges for injured claimants and the Scheme alike. With claimants living in communities spanning the Territory, some of which are among the remotest in the nation, we have had to find new ways of doing things to maintain continuity of support and services during this time.

COVID-19 related travel restrictions meant that specialist doctors were often unable to travel to the Territory for consultations and also prevented people in remote communities travelling to urban areas for medical treatment. In response the Commission adopted a policy that where medical assessments to determine eligibility for benefits couldn't be arranged, payments would be made on a goodwill basis until it was possible.

Additionally, TIO our partner claims manager, fast-tracked the take up of telehealth medical appointments where in-person consultations were not an option. These initiatives were key to minimising the impacts of COVID-19 so claimants could focus on their recovery.

Pleasingly, by the end of the 2021 financial year only 5 claims were affected by COVID-19 restrictions, in contrast to 55 claims at the end of last year.

Claimant service experience

The Commission requires its claims manager, TIO, to deliver best practice proactive claims management strategies to return people to health and work regardless of where they live. We aim to deliver a claims management service delivered by empathetic, professional claims consultants that is proactive, consistent and supported by transparent and timely decision making.

Each year we conduct a customer satisfaction survey, to seek feedback from claimants on their claims experience and assess their satisfaction with TIO at an overall level. The survey results help us better understand what we are doing well and identify and prioritise areas for improvement.

This year we broadened the survey population which resulted in a 23 per cent increase in the number of people completing the survey. Despite some COVID-19 challenges, overall claimant satisfaction increased this year to a high of 7.8 out of 10, up from 7.5 in 2020.

We also implemented strategies this year to increase the participation of Aboriginal people in our survey, who make up 30 per cent of our active claims. We achieved a statistically representative sample with an overall satisfaction of 7 out of 10. We recognise there is room for improvement in the consistency of information and responsiveness which will be a focus in the coming year.

In our pursuit of continuous improvement, MACC works with TIO to refine our claims management services through constant monitoring and oversight of our Quality Assurance Framework, claims management outcomes and TIO's complaints management processes.

Remote Strategy

The Territory has a population of about 246,000 people spread across 1.3 million square kilometres. We have 36,000 km of roads, of which 70 per cent are unsealed and can be significantly impacted by weather conditions. People in remote areas invariably travel large distances to reach urban centres. These factors all help contribute to the very high accident rates experienced in our remote regions.

It remains deeply concerning that about 70 per cent of all serious accidents occur in remote areas, with Aboriginal Territorians making up 50 per cent of our Lifetime Care claims despite representing only 30 per cent of our population.

The impacts of these accidents are devastating to family and friends of accident victims and have broader consequences for the whole community, underscoring our imperative to reduce remote road trauma. We seek to do this through our Remote Strategy which has three core objectives:

- reduce road trauma in remote communities
- reduce the barriers to Aboriginal people making claims
- facilitate better claims management and access to appropriate services in remote communities

Our initiatives range from practical measures such as cultural awareness training and the creation of the specialist Remote Claims Management team, to leveraging relationships with key stakeholders and our educational and awareness campaigns aimed at improving safer road user behaviours.

A key initiative is the remote visitation program where TIO undertakes regular visits to Alice Springs and remote communities to build relationships with community medical clinics and remote healthcare providers. It also provides an important opportunity to meet claimants in person to discuss their claims.

Our Quality and Safeguarding Framework provides for the independent assessment of Lifetime Care claimants to ensure they are receiving safe and appropriate care. These people have some of the most significant injuries of all our claimants, so it is vital we ensure their ongoing care needs are being met, particularly in remote communities where professional service providers may not be available.

Severely injured Aboriginal people often experience a deep sense of dislocation when they are unable to permanently return home following an accident. To help maintain their connection to family, country and culture, we collaborate with the National Disability Insurance Scheme (NDIS) and aged care services to seek opportunities for claimants to travel to their communities for respite stays and to live in supported independent living arrangements, where possible.

Commissioner's report (cont)

Our Remote Strategy education and awareness program includes initiatives designed to achieve improved road user behaviours, using targeted road safety messaging on key issues faced in remote communities. Our ongoing partnership with Darwin-based Michael Long Learning and Leadership Centre (MLLLC) also provides a unique opportunity to promote targeted road safety messaging to students from remote Aboriginal communities.

Road Safety

Road safety is one of MACC's core mandates and in 2020-21 MACC again contributed \$3.2 million to the Department of Infrastructure, Planning and Logistics for road safety education and awareness campaigns.

As part of the Territory's Road Safety Executive Group, MACC works with lead Northern Territory Government (NTG) agencies who are collectively responsible for ensuring a coordinated approach to making our roads safer and monitoring the implementation of the NTG Towards Zero 2018-22 Road Safety Action Plan. The Toward Zero vision aims to inspire ownership of the Territory's road safety challenges and motivate Territorians to act to use our roads more safely.

These strategies are supported by the Commission's own directly funded road safety campaigns in which we target the worst road user behaviours including speed, drink driving and not wearing seatbelts, which have contributed to a substantial proportion of road trauma in the remote areas over the last 10 years.

Operational Performance

Overall, there were 529 new no fault claims during the year, up from 506 claims in 2019-20 and a total of 1,224 open no fault claims at the end of the 2020-21 financial year. Our small common law claims portfolio arising from interstate accidents involving NT registered motor vehicles reduced to 33 by the end of 2020-21, down from 43 last year, on the back of proactive claims management by the TIO common law team.

As part of our early claims management initiatives and the enhancement of our dispute management framework we have sought to make better, more transparent and timely claims decisions. It is now our policy that all decisions that will adversely impact claimant benefits or entitlements are subject to a review by a team of management and technical specialists.

Further, our policy is to discuss adverse claims decisions with claimants before they are formalised, giving claimants a chance to understand the basis of our decision and the opportunity to provide further information. These changes have led to better decision-making and have contributed to a 65 per cent reduction in claims appealed to the Designated Person on last year's numbers.

Financial Results

The MAC Scheme achieved a record reported profit for the financial year ended 30 June 2021 of \$169 million, up from the \$99 million recorded in the prior year. The result was driven largely by the Fund's investment portfolio returns of \$139 million, because of the continued strength in equity markets.

Profit also benefited from a reduction in outstanding claims liabilities, which were positively impacted by the increase in yields and changes in actuarial assumptions.

Each year, the Commission has to revalue its liabilities using a yield curve that largely tracks the Commonwealth Government 10-year bond rate. When the yield curve increases, as happened this year, the Commission's reported outstanding claims liabilities decrease, with the decrease reducing the expense and increasing profit.

To get a better sense of the Scheme's underlying performance, each year we calculate our underlying profit to exclude the impact of movements in interest rates, which we consider to be temporal factors. To do this we calculate our underlying profit using an 'alternative basis' in which outstanding claims liabilities are discounted to present value using a flat discount rate of 2 per cent above assumed inflation. On this basis the Commission made an underlying profit of \$116 million, compared to \$81 million last year.

The other core metric the Commission uses to measure its financial performance is cash generated from operating activities. In the 2020–21 financial year, the Commission generated operating cash flow of \$21.1 million, a decrease from last year's cash flow of \$41.4 million. Last year's cash flow included \$30 million received from reinsurers for commutation of historic treaty years, compared to \$5.1 million received in the current financial year. The smaller sums received in the current year reflects the completion in early 2020-21 of the process of commuting historic treaty years up to and including 2007-08.

During the year, MACC reclassified its cash flows from operating activities to exclude distribution and rebates received from Fund Managers, where they are satisfied by the issue of units in those Funds. As these transactions do not require the use of cash, they are now classified as non-cash flow transactions. In the 2020-21 financial year, MACC received \$50.1 million in distributions and fee rebates that were satisfied by the issue of units in Managed Funds, compared to \$32.3 million last year. These amounts have been excluded from MACC's cash flows from operating activities.

In summary, the MAC Scheme continues to meet its financial objective of being financially stable and able to meet its statutory obligations to claimants and its commitments to road safety funding. Reflecting the stability of the MAC Scheme's financial performance, the MAC Scheme's solvency at 30 June 2021 was slightly up from the previous year at 141 per cent. This remains comfortably within the target range set by the Northern Territory Treasurer of 110–150 per cent.

Looking ahead to 2021–22, the Commission will continue implementing strategies to ensure it remains affordable, sustainable and accessible for all Territorians.



Will Oliver

Acting Commissioner

Speeding - Community attitudes and behaviours

Over the past 10 years, 28 per cent of people killed on Territory roads and 20 per cent of those seriously injured were involved in crashes where speed was a contributing factor.

Changing community attitudes towards speeding and modifying road user behaviour requires a varied approach including raising awareness, driver education, police enforcement and appropriate penalties for road traffic infringements.

In February 2019, MACC launched a new campaign *Speeding – there's no future in it*, to educate drivers and raise awareness about the risks and consequences of driving to excessive speeds.

After two years in market, MACC conducted an independent community research project to measure the effectiveness of this campaign. In January 2021, 400 Territorians across the Top End through to Alice Springs were surveyed.

An overwhelming number of respondents were aware of the communications and advertising, with 85 per cent

recalling at least TV or radio advertising when prompted and 25 per cent spontaneously recalling the *Speeding – there's no future in it* campaign.

Most respondents understood the risks associated with speeding, with 84 per cent in agreement that the severity of an accident increases with the speed at which a vehicle is being driven. However, while 70 per cent of respondents agreed that speed limits are generally set at reasonable levels, 42 per cent of NT residents indicated they speed sometimes or occasionally and 35 per cent agreed that it's ok to speed if you are driving safely.

Self-reported behaviour saw only a moderate change in the number of people who regularly observe the speed limits, with 21 per cent of respondents fined for speeding in the past two years.

These results clearly show that despite awareness about the risks and consequences of speeding, a lot more can be done to achieve improvement in the culture of road safety in the Northern Territory.



Operational highlights

Claims under management

In 2020–21 there were 529 new No Fault claims received. This represents an increase of 5 per cent on the previous year, as shown in Figure 1. No Fault claim numbers have risen following the reduction of many COVID-19 restrictions, which were in place in the Territory in the last financial year, however claim numbers are consistent with prior years. With the exception of last year, claims frequency has continued to decline since 2017–18. Of the new claims, 516 or 92 per cent relate to accidents that occurred this year.

There were 1,224 open claims in the No Fault portfolio at year-end, an increase of 24 claims on the previous year. Aboriginal claimants accounted for 31 per cent of all open claims. Men represented 60 per cent of the entire portfolio and claimants aged less than 18 years accounted for 11 per cent.

Included are 62 claimants currently eligible for Lifetime Care and Support benefits, based on the injury severity and National Injury Insurance Scheme benchmarks.

Figure 1: New claims (No Fault) received by financial year

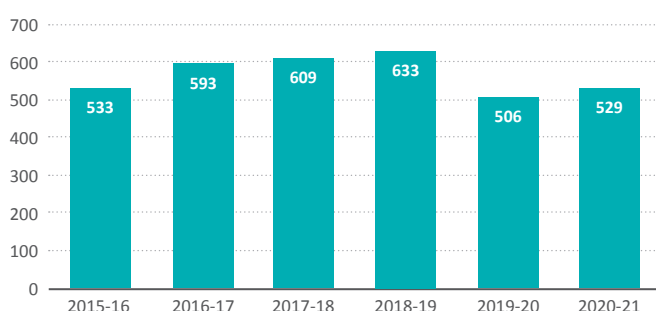
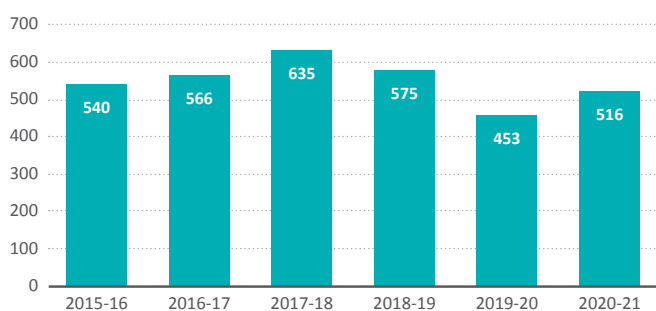


Figure 2: Claims (No Fault) by accident year at 30 June 2021

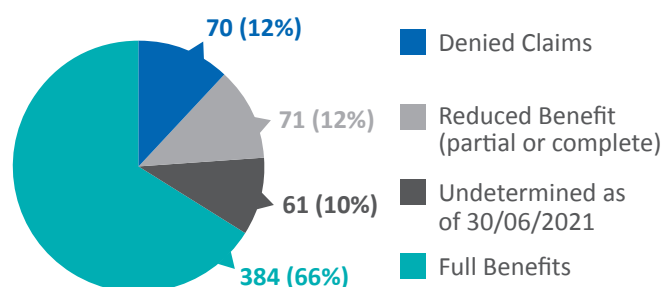


For the more recent accident years the claims experience is still developing and these will not be the final number of claims received for these accident years.

Liability decisions

Upon registration of a new claim, the liability is determined based on eligibility under the Act. Full benefit exclusions or partial benefit exclusions apply under certain situations, such as if a person is driving under the influence of drugs or alcohol, recklessly ignoring risk, involved in criminal conduct, an unlicensed driver or driving an unregistered vehicle. As many claims have factual circumstances that require investigation prior to making a liability decision, it can take some time for liability to be assessed. However, MACC and TIO have established processes to seek to fast track decision-making and have adopted an internal target that 70 per cent of all claims receive an initial liability decision within 20 days of claims lodgement. This has significantly reduced the average time from claim submission to the first payment for medical and loss of earning capacity payments. This has also assisted us to drive early intervention strategies across claims to ensure claimants receive timely treatment and benefits.

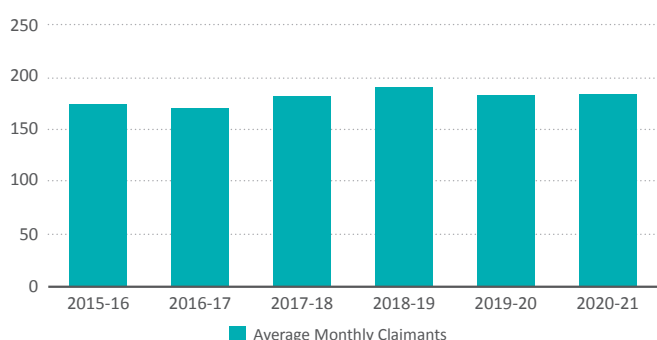
Figure 3: Effect of liability on the number of claims with benefits



Loss of earning capacity entitlements

Compensation for Loss of Earning Capacity (LOEC) is available for claimants if their capacity to earn income is reduced because of a motor vehicle accident-related injury. The average number of claimants receiving LOEC entitlements was 183 in 2020–21, which is comparable to the previous year. A reduction against prior year LOEC payments, due to increased capacity gains, reflects proactive return-to-work strategies implemented during 2020-21.

Figure 4: Average monthly claimants receiving LOEC



Common law claims

One feature of the MAC Scheme is that we provide coverage to Territory motorists for interstate common law claims involving a Northern Territory registered vehicle. In 2020-21 there were 10 new common law claims received with 16 files closed. The continued proactive management of the Common Law claim portfolio has seen the number of outstanding claims reduce further this year to only 33 open claims.

Best practice strategies

Claims management

The 2020-21 key focus areas were in the delivery of a disciplined, consistent approach to the management of claims, to deliver improved customer services and outcomes through:

- improving timeliness of initial claimant contact and early liability determinations, and promote early treatment and support

- promoting early intervention strategies to ensure proactive communication and timely provision of supports to increase health and/or return to work outcomes for claimants
- improving communication about the decisions being issued, which has significantly reduced the number of informal and formal disputes received, as evidenced by the Designated Person appeals lodged in 2020-21, compared with the prior year
- increasing collaboration with existing and new providers and stakeholders to deliver strong claims management practices and the implementation of new Service Level Agreements with our key stakeholders, to drive consistency and quality of services being provided to claimants
- reviewing key standard letters for claimants, to improve clarity and content of communications
- implementing a number of IT changes to the claims management system to drive efficiencies in claims management activities
- enhancing our Risk and Compliance Framework, which includes the monitoring and oversight of any incidents and complaints, to ensure actions are taken to address any non-compliance and mitigate any future incidents or complaints
- delivering a training and career development program for claims staff and people leaders, to ensure claims staff are providing effective claims management services and decisions, and equipping leaders with the tools to lead their staff now and into the future.

In addition, enhancements were made to the annual claimant satisfaction survey, to gain a greater understanding of the claimants' experiences during their claims journey. These enhancements will assist us to drive further improvements in 2021-22 in the delivery of claims management services to injured persons. The 2021 claimant satisfaction survey result of 7.8 out of 10 was a positive outcome reflecting a strong customer focus.



Dhambit, East Arnhem

Dhambit was seriously injured by a motor vehicle accident in 2005. Dhambit lives independently in her home, with her husband in a community fronting the ocean, 20 km from the township of Nhulunbuy. Acting MAC Commissioner Will Oliver and TIO NT MAC Manager Marie Colquhoun (pictured), visited Dhambit in her home to ensure that her wellbeing and care needs are being met by family.

Dhambit is a talented Yolngu artist who has worked very hard (with the help of her career and allied health professionals) to overcome her disability and be able to paint again. She is the winner of the 2021 Telstra Bark Painting Award at the 38th Telstra National Aboriginal and Torres Strait Islander Art Awards.



Sam, Warialda

Sam was seriously injured by a motor vehicle accident in 1987. Sam is very independent and lives in Warialda in regional NSW with his wife Jenny. Recently Yvette Sams, the Technical and Strategic Specialist from TIO MAC visited Sam with an occupational therapist who conducted a home assessment to ensure Sam was well equipped to maximise independence within the home.



Alfred, East Arnhem

Alfred was seriously injured by a motor vehicle accident in 1992, when he was 14 years of age. Alfred lives independently in his homeland with his wife Sharon and their 7-year-old son. The community Alfred lives in is very remote and is located 200 km from their closest township of Nhulunbuy.

Acting MAC Commissioner Will Oliver, TIO NT MAC Manager Marie Colquhoun and TIO Remote and Major Claims Team Manager Imogen Lovatt, visited Alfred to gain a better understanding of the services available and the access to treatment in his remote community.

Appeals

Under the Motor Accidents (Compensation) Act, claimants have the right to request a review of decisions made about their claims. This review can either be in the form of an informal review or a formal review by the Designated Person, as outlined below. There has been a significant reduction in the number of appeals when compared to the 2019-20 period, primarily because of enhancements to the management of decisions, demonstrating sound decision-making.

Discrepancies of designated person review

The first avenue of appeal is a non-legislated internal review process, while the second avenue is via a Designated Person Review as defined under the Act. There were 18 new reviews by the Designated Person in 2020-21 and 28 carried over from the previous year, with a decision made on 40 claims. As outlined above, the improvements to our decision-making process have resulted in a significant reduction in the number of new Designated Person reviews received in 2020-21.

Designated Person Review	2016-17	2017-18	2018-19	2019-20	2020-21
Total received	23	34	30	52	18
Decision upheld	18	13	19	25	20
Decision varied	9	8	14	7	8
Agreement reached	0	0	0	0	10
Ineligible for review or withdrawn	1	2	2	0	2
Open	2	13	8	28	6

MAC Tribunal

A litigation protocol is also in place to ensure that matters only continue to a Tribunal hearing in appropriate circumstances. The protocol is reflective of MACC's commitment to follow model litigant principles and to resolve matters without undue delay or unnecessary costs being incurred.

Of the three claims that were referred to the Tribunal, two were carried over from the previous year. All three matters have resolved. In 2020-21, there was only one new Tribunal matter that was lodged.

MAC Tribunal	2016-17	2017-18	2018-19	2019-20	2020-21
Total received	6	4	4	1	2
Decision upheld	0	0	0	0	0
Decision varied	1	0	1	1	0
Agreement reached	2	5	2	1	1
Ineligible for review or withdrawn	0	0	2	1	1
Open	4	3	2	0	0

MAC Scheme operational results

No Fault claim portfolio results	2016-17	2017-18	2018-19	2019-20	2020-21
Number of vehicles insured	200,707	200,948	198,580	198,036	200,603
Premium normal private vehicle	\$ 546.85	\$ 547.95	\$ 552.30	\$ 561.10	\$ 575.75
New claims received	593	609	631	506	529
Claims received per 1,000 vehicles	2.97	3.01	3.19	2.56	2.64
Number of finalised claims	565	583	678	604	534
Number of active claims at end of period	1,185	1,253	1,265	1,203	1,224
Gross No Fault claim payments (millions)	\$35.4	\$47.5	\$47.6	\$43.4	\$47.4
Net No Fault claim payments (millions)	\$32.4	\$45.3	\$45.4	\$39.2	\$45.5
Number of pedestrian claims received	63	72	74	43	55

No Fault payments by major heads of benefits (\$millions)	2016-17	2017-18	2018-19	2019-20	2020-21
Attendant care benefits	2.3	2.7	3.2	3.6	5.7
Hospital costs	7.9	9.5	11.7	6.5	6.6
Weekly benefits (Exc. Settlements)	7.8	8.9	8.8	9.4	8.5
Vocational rehabilitation benefits	1.6	1.9	1.7	1.2	1.3
Rehabilitation benefits	1.4	1.6	1.4	1.4	1.4
Medical benefits	3.6	3.9	3.8	3.9	5.7
Death and dependency benefits	3.1	4.4	3.4	4.3	3.8
Total no Fault major heads of benefit	27.7	32.9	34.0	31.2	33.0

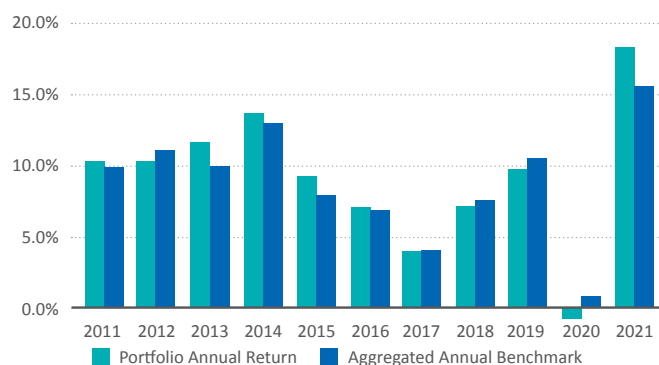
Fund performance

MACC Fund performance

Over 2020-21 the total investment assets increased by \$160 million (2020: \$782 million, 2021: \$942 million). The Fund was greatly assisted by strong equity markets, which has substantially improved medium-longer term performance.

The total Fund return of 18.37 per cent outperformed the aggregate benchmark by 2.76 per cent. The internal bond portfolio was the only negatively performing portfolio in the Fund as a result of long-end yields increasing. However, due to the performance of semi-government securities, the portfolio outperformed its benchmark by 1.63 per cent. Investment income of \$139 million was \$45 million above budget mainly as a result of the strength in the Australian and global equity markets during FY2021.

Annual performance



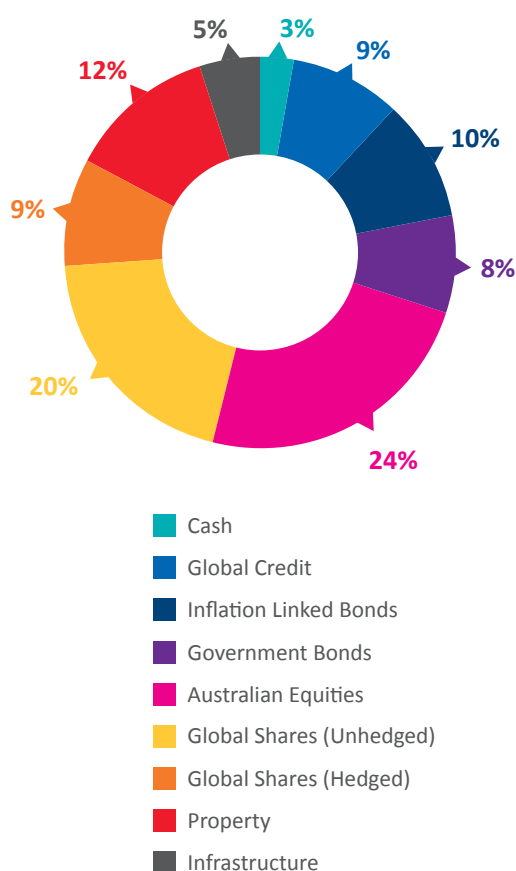
Sensitivity of operating result

Due to the long term nature of the MAC Scheme, volatility can impact the Fund significantly, as shown below. The Fund is particularly sensitive to changes in interest rates, wage inflation assumptions and local and global equity markets.

Sensitivity to external factors	2020-2021
1% decrease in interest rates	\$(77.8) million
1% decrease in wage inflation (AWE) assumptions	\$31.9 million
20% decrease in equity markets	\$(84.5) million

MAC asset allocation

This year, the Strategic Asset Allocation position of the Fund remained tilted more towards growth assets, such as Australian and International Equities and the recent addition of Infrastructure and Industrial Property.



During the year, the Commission worked with its investment consultants and developed a revised Strategic Asset Allocation. Asset allocations will be slightly reduced in high and low risk assets and investing more in mid-risk assets such as unlisted property and unlisted infrastructure. The change in investment mix will provide a more diversified, balanced portfolio and reduced volatility. This will support the Fund's objective to generate a positive real return over wage inflation over the longer term. The transition to the new Strategic Asset Allocation commenced in March 2021 and will be completed by 30 June 2022.



MACC "Always wear your seatbelt" Campaign

Road safety in the NT

The Northern Territory's small population of around 246,000 people is widely dispersed throughout urban centres and very remote locations across the Territory. Approximately three quarters of the NT's roads are unsealed, which together with vast geography and extreme climate, presents challenges for road users and road managers alike.

Those living in regional and remote areas spend more time on Territory roads to gain access to service centres, public transport, vehicle registration and driver licensing services. And with less access to mechanical services than those in urban areas, they are also more likely to be driving older vehicles and driving long distances on unsealed roads.

An estimated 30 per cent of the Territory's population is Aboriginal, with nearly 80 per cent of this Aboriginal population living outside the greater Darwin area. The Northern Territory also has the youngest median age (at 32 years) of any state or territory in Australia, with nearly 60 per cent of our Aboriginal population aged under 30.

The past year

Fatalities

The Northern Territory remains the most dangerous place in Australia to be on the road. In the 2020 calendar year there were 31 fatalities, down from 35 in 2019. In 2020, 83 per cent of fatal crashes occurred on regional and remote roads (an increase from 68 per cent the previous year). Speed and not wearing a seatbelt are the two most frequent contributing factors.

Males made up 67 per cent of fatalities last year, which is consistent with the 10-year average of 70 per cent. Aboriginal Territorians remained proportionately over-represented, making up 58 per cent of fatalities.

Serious injuries

In the 2020 calendar year, 421 people were seriously injured (an increase of 16 from the previous year), with 45 per cent of serious injuries occurring on regional and remote roads. The top three contributing factors were speed, alcohol and fatigue. Of those seriously injured, 29 were not wearing a seatbelt.

MACC's contribution to road safety

In 2020-21 MACC contributed \$4 million to road safety funding to influence road user attitudes and behaviours through its own programs, events, campaigns and research, and to support the Northern Territory Government's road safety division and the implementation of the Towards Zero initiatives.

2020-21 Road Safety Campaigns

Drive to the conditions campaign for regional and remote areas

Most road crashes resulting in fatalities and serious injuries occur on regional and remote roads. The *Drive to the conditions* campaign targeted Aboriginal people living in remote communities and driving on unsealed roads.



Youth road safety education at the Michael Long Leadership and Learning Centre

The campaign features the Djuki Mala dancers delivering serious messages in a light-hearted way about driving at the right speed for unsealed roads and in other conditions. The campaign was predominantly delivered in four languages through Aboriginal media channels and social media.

Speeding – there’s no future in it campaign

The speed campaign was launched in early 2019 and has appeared cyclically throughout the past year. The campaign is designed to appeal to young males’ common sense, presenting them with the choice of the dangerous consequences of speeding or the prospective joy of their future lives.

Prior to commencing the speed campaign, MACC undertook a benchmark research study of the attitudes and behaviours of Territorians towards speeding. The effectiveness of the campaign was evaluated by independent market research in December 2020, with the result for self-reported behaviour and attitudes towards speeding marginally improved.

Drink driving campaigns Enough’s Enough and Sorry Business for regional and remote areas

The *Enough’s Enough* campaign targeting the urban audience and the *Sorry Business* campaign targeting Aboriginal audiences in regional and remote areas, has now been in market for four years. The campaign materials are broadcast in English and in six Aboriginal languages through Aboriginal media, digital and social media channels.

Seatbelt campaigns – Territory wide

Two seatbelt campaigns continued throughout the year, with separate materials and messages for urban and remote community audiences. The *Always Wear Your Seatbelt* campaign for regional and remote audiences addressed the dangers of overcrowded vehicles, riding in the back of utilities and unrestrained children. Broadcasting was in English and in six Aboriginal languages through Aboriginal media and social media.

Three 10 metre billboards were installed along major highways in the Northern Territory as a reminder for travellers to always buckle up.

Michael Long Learning and Leadership Centre (MLLLC) partnership

The partnership delivers road safety education and messaging to Aboriginal youth attending the Centre from remote communities. The program was suspended in March 2020 due to COVID-19 access restrictions.

The program, which recommenced in May 2021, is based around a week-long residential program and includes two hours of road safety education. AFLNT regional development managers act as road safety ambassadors in remote areas.

Car Seats for Kids – Aboriginal remote program

The *Car Seats for Kids* program was designed to achieve the rapid deployment of child restraints into regional and remote areas. Over the course of four years, more than 2,000 car seats and boosters were fitted in Aboriginal owned vehicles across 36 remote communities.



MACC "Check your Rego" Campaign

There are 126 people living in remote areas who are now car seat champions, trained to fit seats properly into vehicles. The *Car Seats for Kids* program concluded at the end of 2020. The Northern Territory Government's remote road safety team will continue to educate and advocate the use of child restraints as part of their community visitation program.

Darwin Cup Carnival car park security

The MACC sponsorship of the Darwin Cup Carnival car park security provided overnight safe car parking at the Darwin Turf Club during the Darwin Cup Carnival. The sponsorship followed research showing people risked driving home after drinking due to concerns about their vehicle being vandalised if left overnight.

Street Smart High 2021

MACC and the Northern Territory Government were the funding partners for a new initiative delivered by the Automobile Association of the NT (AANT). The half-day road safety event, *Street Smart High* was targeted at high school students in the Northern Territory.

Modelled on the successful South Australian event, which has been running for over 10 years, *Street Smart High* was held at the Darwin Convention Centre in May 2021 attracting more than 1,000 students who were shown the devastating reality of road trauma. The event included a simulated crash scene and talks from those who have been personally impacted by road trauma.

MACC funded Northern Territory Government Road Safety

Towards Zero

The Department of Infrastructure, Planning and Logistics (DIPL) developed the *Towards Zero Road Safety Action Plan (2018-2022)* in collaboration with other Road Safety Executive Group members (Northern Territory Department of Treasury and Finance, Northern Territory Police and MACC).

Towards Zero adopts the Safe Systems approach whereby four factors working together can prevent crashes that involve death or serious injury: safe roads, safe speeds, safe vehicles and safe people.

The *Towards Zero Road Safety Action Plan 2018-22* comprises 49 priority actions. Of these 25 have been or are nearing completion and several are ongoing actions. The remaining actions are works in progress. For more information visit towardszero.nt.gov.au

DriveSafe NT program

DriveSafe NT is a driver education and training program that supports Territorians to gain positive driving skills and be safer drivers. Delivered in remote communities by the DriveSafe Team as well as delivery in urban areas through third party service providers, the program delivers face-to-face sessions in most parts of the Northern Territory.



DIPL team, Tyler Thurston, Charlie Reid, Mel Roomes, Tamara Boehme promoting road safety at the Street Smart High event in May 2021

Participants are educated on road rules and the elements of Safe System approach, as well as ANCAP ratings and First At Scene response. Novice drivers are taught positive driving behaviours that minimise the risk of crashing or injuring themselves and others. Remote communities are using this driver education knowledge to further their education or employment.

The DriveSafe program also provides additional motor vehicle transaction services to those in regional and remote areas as well as assisting people to gain birth certificate identification to support their licence application. Support is also provided to people who have had their licence restricted by fines or other driving offences.

NT GOVERNMENT ROAD SAFETY TEAM

ACHIEVEMENTS 2020/21

TOWARDS
ZERO

LEARNING TO DRIVE

DriveSafe Remote LICENCING

- DriveSafe staff visited 62 regional and remote communities
- Assisted 1,044 local people to attain a Learners Licence and 291 to attain a Provisional Licence

DriveSafe Urban LICENCING

- Local driving school providers in partnership with the DriveSafe program assisted people in urban areas to attain 974 Learner Licences
- This year, 11,190 people joined the program
- A total of 7,977 have been through the program

COMMUNITY ROAD SAFETY EDUCATION AND ENGAGEMENT

School students

- 304 road safety education sessions were delivered to 12 000 students from 123 schools
- 98 students from remote areas also participated in 5 road safety education sessions delivered at MLLLC

Early Learning

- 20 "Hector the Road Safety Cat" shows presented to around 500 children at childcare and early Learning centres
- 49 Safe bike rider sessions delivered to over 1,000 students at the Parap and Newland Park Road safety centres

Workplace and community groups

- 18 road safety presentation and workshops delivered to community groups and workplaces



For those who require financial assistance, DriveSafe NT offers a fully subsidised scheme through not-for-profit organisations. This is for people who do not have regular support or means to progress through the driver licensing pathway. The scheme provides access to theory classes, in car driving lessons and driving tests.

DriveSafe NT operate five programs:

- DriveSafe Urban
- DriveSafe Remote
- *Supervising Driver* - a driving mentor program for remote communities where there is no access to driving schools
- *H Endorsement* - a training program for those wanting to drive under a restricted passenger licence in remote areas
- *Back on Track* – a drink/drug driver education program delivered across the Territory.

DriveSafe NT is also working closely with the Northern Territory Department of Education to reintroduce driver training and education as an integrated learning option for both urban and remote senior school students.

As a response to the COVID-19 pandemic and associated restrictions, the online delivery of some DriveSafe NT programs is being considered.

Road Safety School Education NT

In 2020-21 DIPL's Road Safety NT team delivered school and community road safety education and awareness programs across the Territory.

Various presentations were delivered to Charles Darwin University international students, youth diversion programs, Family as First Teachers groups and school expos. Seventeen grants totalling \$77,963 were provided to schools, not-for-profit or Local Government organisations through the Towards Zero Road Safety Grants Programs.

The annual *Who's Your Sober Bob* campaign was promoted throughout the year and National Road Safety Week was promoted in both November 2020 and May 2021.

Road safety was also promoted at targeted community events including Street Smart High, the Barunga Festival, Defence expos and Children's Week. *Towards Zero* sponsored round 8 of the NTFL competition in November 2020 and *Towards Zero* safe driving messages were promoted throughout the AFL season and at football grounds.

The team manage the *Towards Zero* road safety website and social media platforms and the Vehicle Accident Crash database. They also manage both the Parap and Newland Park Road Safety Centres which provide a safe off road environment to learn to ride.

In conjunction with Tourism NT, a safe driving in the NT webpage was developed and translated into six key languages.

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Motor Accidents (Compensation) Commission

2020-21 Financial Statements

Motor Accidents (Compensation) Commissioners' Statement

The Motor Accidents (Compensation) Commissioner is of the opinion that to the best of his belief:

The Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Financial Statements of the Motor Accidents (Compensation) Commission are drawn up so as to present fairly Motor Accidents (Compensation) Commission's financial position as at 30 June 2021 and its performance for the year ended on that date.

The financial statements are drawn up in accordance with Australian Accounting Standards and Interpretations, International Financial Reporting Standards, other mandatory professional reporting requirements, and the *Motor Accidents (Compensation) Commission Act*, as amended.



William Oliver
Acting Commissioner

28 September 2021

Statement of profit or loss and other comprehensive income for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Profit and Loss			
Revenue	5	208,784	74,970
Insurance expense	6	(1,814)	(1,805)
Claims incurred/(expense)	13 (c)	(15,069)	47,180
Grants provided to fund road safety programs		(4,073)	(4,171)
Finance costs	12	(1)	(1)
Depreciation and amortisation expense	12	(53)	(53)
Management fees	7	(14,253)	(13,741)
Other expenses		(4,148)	(2,966)
Profit/(Loss) for the period		169,373	99,413
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on hedging instruments entered into for cash flow hedge		-	-
Total items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income/(loss) for the period		-	-
Total comprehensive income for the period		169,373	99,413

The total comprehensive income for the period is attributable to the owner.

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of financial position as at 30 June 2021

	Notes	2021	2020
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	8	73,394	79,208
Trade and other receivables	9	1,912	2,337
Other financial assets	10	913,902	749,438
Insurance and other recoveries receivable	11	5,471	9,767
Right of use assets	12	-	52
Total Current Assets		994,679	840,802
NON-CURRENT ASSETS			
Insurance and other recoveries receivable	11	65,650	89,380
Total Non-Current Assets		65,650	89,380
Total Assets		1,060,329	930,182
CURRENT LIABILITIES			
Outstanding claims provision	13	47,457	47,291
Unearned CTP contributions	14	31,295	29,434
Trade and other payables	15	6,784	6,702
Provisions	21	13	16
Lease liabilities	12	-	49
Total Current Liabilities		85,549	83,492
NON-CURRENT LIABILITIES			
Outstanding claims provision	13	552,954	594,246
Provisions	21	30	21
Total Non-Current Liabilities		552,984	594,267
Total Liabilities		638,533	677,759
Net Assets		421,796	252,423
EQUITY			
Retained earnings		421,796	252,423
Total Equity		421,796	252,423

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2021

	Retained Earnings	Total
	\$'000	\$'000
Balance as at 30 June 2019, restated	153,010	153,010
Profit for the period, restated	99,413	99,413
Other comprehensive income	-	-
Total comprehensive income for the period, restated	99,413	99,413
Transactions with owners in their capacity as owners		
Dividend paid	-	-
Balance as at 30 June 2020	252,423	252,423
Profit for the period	169,373	169,373
Other comprehensive income	-	-
Total comprehensive income for the period	169,373	169,373
Transactions with owners in their capacity as owners		
Dividend paid	-	-
Balance as at 30 June 2021	421,796	421,796

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of cash flows for the year ended 30 June 2021

	Notes	2021	2020
		\$'000	\$'000
Cash flows from operating activities			
CTP contributions received		97,664	91,922
Insurance paid		(1,780)	(2,017)
Claims paid		(50,968)	(49,513)
Insurance recoveries received		9,830	32,278
Interest received		2,180	2,918
Rentals received		1	143
Other income received		-	2
Acquisition costs paid		(984)	(960)
General and administrative expenses paid		(27,236)	(26,097)
Funding for road safety programs paid		(4,073)	(4,171)
Goods and services tax paid		(3,582)	(3,106)
Interest paid	12	(1)	(1)
Net cash flow from operating activities		21,051	41,398
Cash flows from investing activities			
Proceeds from sale of investments		303,199	173,583
Purchase of investments		(330,016)	(233,892)
Net cash flow used in investing activities		(26,817)	(60,309)
Cash flows from financing activities			
Repayment of lease liabilities		(48)	(56)
Net cash flow used in financing activities		(48)	(56)
Net decrease in cash and cash equivalents		(5,814)	(18,967)
Cash and cash equivalents at the beginning of the period		79,208	98,175
Cash and cash equivalents at the end of the period	8	73,394	79,208

Cash flows from operating activities for the current year and its comparative figures have been presented in a detailed level to enhance the understandability and comparability of business and economic activities of the entity.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Corporate information

Motor Accidents (Compensation) Commission (“MACC”) is domiciled in the Northern Territory. The principal commercial activities of MACC are the administration of the MAC Scheme on behalf of the Northern Territory Government.

Motor Accidents (Compensation) Commission Principal Place of Business

Unit 1/6 Knuckey Street
DARWIN NT 0800

2. Summary of significant accounting policies

2.1 Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the *Financial Management Act, Treasurer’s Directions, Motor Accidents (Compensation) Commission Act 2014*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The principal accounting policies adopted are consistent with those of the previous year, except where otherwise stated. The financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These general purpose financial statements were authorised by the Acting MAC Commissioner on 28 September 2021.

The financial statements have been prepared in accordance with the fair value basis of accounting with certain exceptions as described in the accounting policies set below at Note 2.3. Motor Accidents (Compensation) Commission is a for profit entity for financial reporting purposes. MACC is not subject to income tax as per Income Tax Assessment Act 1936 Part III Division 1AB section 24AK.

2.2 New and revised accounting standards

Standards and Interpretations affecting amounts, presentation and disclosure reported in the current period

No accounting standard has been adopted earlier than the applicable dates as stated in the standard.

New standards/revised standards/interpretations/amending standards issued prior to the sign off date applicable to the current reporting period did not have a financial impact on MACC and are not expected to have future financial impact on MACC.

Standards and Interpretations in issue not yet adopted

The following new and revised Standards and Interpretations have recently been issued or amended but are not yet effective. MACC will apply these standards in its financial statements for the annual reporting periods beginning on or after the effective dates. Adoption of these standards is not expected to have a material impact on MACC.

Title	Amendment	Effective for accounting periods on or after	Financial year expected to be applied
AASB 2020-8 Amendments to Interest Rate Benchmark Reform - Phase 2	The IASB amends AASB 4 <i>Insurance Contracts</i> , AASB 9 <i>Financial Instruments</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 7 <i>Financial Instruments: Disclosures</i> and AASB 16 <i>Leases</i> to address issues that may affect financial reporting during interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of an interest rate benchmark with an alternative benchmark rate.	1 January 2021	30 June 2022
AASB 2020-1 and AASB 2020-6 Amendments to Classification of Liabilities as Current or Non-current	The amendments to AASB 101 <i>Presentation of Financial Statements</i> affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.	1 January 2023	30 June 2024
AASB 2021-2 Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates	The amendments to AASB 101 <i>Presentation of Financial Statements</i> requires entities to disclose their material accounting policy information rather than their significant accounting policies. The amendments to AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> provide a definition of and clarifications on accounting estimates and clarify the concept of materiality in the context of disclosure of accounting policies. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	1 January 2023	30 June 2024

2.3 Significant accounting policies

MACC's primary operation is to administer the MACC Scheme pursuant to the MACC Act. All accounting policies are consistent with the previous year unless otherwise stated.

a) Revenue recognition

The following specific recognition criteria are used before revenue is recognised:

Compulsory Third Party contributions ("CTP contributions or contributions")

CTP contributions relate to amounts charged to owners of motor vehicles registered in the Northern Territory that relate to the funding of the MACC Scheme. The earned portion of CTP contributions collected and receivable are recognised as revenue. CTP contributions are treated as earned from the date of attachment of risk.

The pattern of recognition of income over the contribution is in accordance with the pattern of the incidence of risk to which the contribution relates or over its expected life. Unearned CTP contribution liability, which is the proportion of contribution collected or receivable not earned in the Statement of Profit or Loss and Other Comprehensive Income, is determined by apportioning the CTP contribution in the year over the periods of indemnity from the attachment of risk, and is treated as a liability on the Statement of Financial Position at the reporting date.

Insurance and other recoveries receivable

Insurance and other recoveries receivable on paid claims expenses, reported claims not yet paid, claims incurred but not reported are recognised as revenue.

Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims provision. Recoveries receivable are measured as the present value of the expected future receipts, calculated on the same basis as the provision for outstanding claims. The details of discount and inflation rates applied are included in note 3.

Interest

Interest income is recognised on an accrual basis.

Rental revenue

Rental revenue is recognised as income on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

b) Insurance expense

Insurance expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income from the attachment date over the period of indemnity of the contributions received in accordance with the pattern of insurance protection received. Where appropriate, an unearned portion of insurance expense is treated at the reporting date as an asset.

2.3 Significant accounting policies continued...

c) Income taxes

MACC is not subject to income tax as per Income Tax Assessment Act 1936 Part III Division 1AB Section 24AK and accordingly MACC is not subject to the National Tax Equivalents Regime and has no tax related balances or transactions recorded.

d) Receivables

Receivables comprise CTP contributions receivable, interest receivables, other debtors and insurance and other recoveries on claims paid. These amounts are initially recognised at fair value. Trade receivables that do not contain a significant financing component are measured at the transaction price.

CTP contribution receivable and insurance recoveries on claims paid, which include amounts due from insurers and intermediaries, are subsequently measured at amortised cost. MACC holds trade receivables and other debtors with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

For trade receivables MACC applies a simplified approach in calculating ECL's. MACC recognises a loss allowance based on lifetime ECL's at each reporting date. MACC has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable. The resulting impairment charge is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

e) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

f) Dividend

Pursuant to Section 20 of the *Motor Accidents (Compensation) Commission Act 2014*, the Minister may direct that any amount of funds held by MACC which, in the Minister's opinion, is in excess of that required as adequate provision for actual and contingent liabilities or for the reasonable operational and other expenses of MACC shall be paid by MACC to the Central Holding Authority of the Northern Territory.

2.3 Significant accounting policies continued...

g) Financial instruments

Financial assets and financial liabilities are recognised on MACC's Statement of Financial Position when MACC becomes a party to the contractual provisions of the instrument.

Financial assets

Cash and cash equivalents, interest receivables and investment assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Receivables

Refer to note 2.3(d)

Investments

MACC actively manages its investment portfolio to ensure that investments mature in accordance with the expected pattern of future cash flows arising from outstanding claim provisions.

Government bonds and units in trust funds are classified "at fair value through profit and loss" because the business model test is neither to collect contractual cash flows, nor to collect contractual cash flows and sell the assets. Hence these investments are mandatorily required to be measured at fair value through profit and loss.

(i) Classification

MACC classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit and loss, and
- those measured at amortised cost.

The classification depends on MACC's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit and loss.

MACC reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

All purchases and sales of financial assets that require delivery of the asset within the time frame established by regulation or market convention ('regular way' transactions) are recognised on the date of settlement, being the date the asset is delivered to or by MACC.

2.3 Significant accounting policies continued...

In cases where the period between trade and settlement exceeds this time frame, the transaction is also recognised at settlement date. Financial assets are derecognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and MACC has transferred substantially all the risks and rewards of ownership or control of the asset.

Finance revenue, comprising trust distributions and interest, is brought to account on an accrual basis. Revenue on investments in unlisted trust funds is deemed to accrue on the date the distributions are declared.

(iii) Measurement

At initial recognition, MACC measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs or financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on MACC's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which MACC classifies its debt instruments:

- Amortised costs: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in the Statement of Profit or Loss and Other Comprehensive Income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Equity instruments

MACC subsequently measures all equity investments at fair value. Changes in fair value of financial assets at FVPL are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(iv) Impairment

MACC assesses on a forward looking basis the expected credit loss (ECL) associated with its debt instruments carried at amortised cost. MACC uses a provision matrix to calculate the ECL for trade receivables and uses a probability of default approach for insurance recoveries on claims paid and term deposits.

2.3 Significant accounting policies continued...

h) Fair value measurement

A number of MACC's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

MACC has overall responsibility for overseeing all significant fair value measurements. MACC regularly review significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then MACC assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the MAC Commissioner.

When measuring the fair value of an asset or a liability, MACC uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement.

MACC recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

i) Management Fee

The management of the MAC Fund and Scheme fell under the provision of the management agreement between NT Government and Allianz Australia Insurance Limited, effective 1 January 2015. In return, MACC pays a management fee in accordance with the provision of the management agreement.

2.3 Significant accounting policies continued...

The management agreement is a 10 year contract beginning 1 January 2015 for the provision of the following services:

- Manage all claims in respect of the MAC Scheme, pay benefits and settle claims for benefits
- Undertake all duties and perform all roles of MACC under the MAC Act except to the extent that the power of function has been expressly reserved to MACC under the contract or by written notice by MACC
- Enter into any MAC Scheme Contracts (including in relation to management of the MAC Fund, MAC Agency Contracts) which it is required to enter into or it considers appropriate or desirable for the purposes of managing the MAC Scheme and / or MAC Fund to which it is not expressly prohibited from entering
- Administer and manage the investment of the MAC Fund in accordance with the MAC Act and Prudential Documents
- Perform such other functions as the parties agree in writing from time to time.

The management fee payable for the provision of management services is comprised of the following:

- (a) Base remuneration which is adjusted for each period in accordance with:
 - (i) the Service Level Bonus/Malus; and
 - (ii) the Liability Management Bonus/Malus; and
- (b) the Funds Under Management fee is calculated using a percentage applied to the level of Funds Under Management over the relevant period.

The Base remuneration and amounts used in the calculation of the Service Level and the Liability Management Bonus/Malus are adjusted on each CPI adjustment date by the applicable CPI.

j) **Funding for road safety programs**

MACC provides the Northern Territory Government with funds to meet certain costs in relation to the operation of the road safety programs.

k) **Leases**

MACC recognises assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. MACC assesses whether a contract is, or contains a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

2.3 Significant accounting policies continued...

Operating leases are measured at the commencement date similarly to finance leases through the recognition of a right-of-use asset representing its right to use the underlying asset, and a lease liability representing MACC's obligations to make lease payments in the statement of financial position.

The right-of-use asset is initially measured at cost which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by MACC; and
- an estimate of costs incurred in dismantling, restoring and removing the underlying asset

MACC uses a cost model to measure the right-of-use asset subsequently to the initial measurement. To apply the cost model MACC measures the right-of-use asset at cost:

- less any accumulated depreciation and any accumulated impairment loss; and
- adjusted for any measurement of the lease liability

The asset is depreciated using the straight line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, MACC shall use the incremental borrowing rate. MACC uses the incremental borrowing rate as the discount rate. MACC determines its incremental borrowing rate using the Northern Territory government discount rates based on the term of the lease and type of asset lease.

Lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lease is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

2.3 Significant accounting policies continued...

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest or payments that vary to reflect changes in market rental rates.

MACC's future lease payments will increase over the term of the lease by 2% annually.

MACC subsequently measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the incremental borrowing rate.

l) Claims provision

The MAC Fund does not fall within the scope of Australian Accounting Standard AASB 1023: *General Insurance Contracts* as its operations are not underpinned by contracts of insurance with its members. Accordingly, the provision for estimated future claim costs is based on AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*.

The outstanding claims provision is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date, with no addition of an explicit risk margin.

Claims include statutory benefits and compensation claimed by eligible persons as defined under the Motor Accidents (Compensation) Act 2014 ("MAC Act").

Claims expense and the outstanding claims provision are recognised in respect of MACC Scheme. The provision covers claims reported but not yet paid, incurred but not reported claims ("IBNR") and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims, IBNRs and settlement costs using statistics based on past experience and trends. Valuation of outstanding claims is subject to independent actuarial assessment.

The outstanding claims provision is measured as the present value of expected future payments. These payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation. The expected future payments are discounted to present value at the Statement of Financial Position date using a risk free rate. The details of rates applied are included in note 3.

2.3 Significant accounting policies continued...

m) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. The benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their undiscounted amounts based on remuneration rates which are expected to be paid when the liability is settled.

All other employee benefit liabilities are recognised, and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

n) Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes to the financial statements, unless the possibility of settlement is remote, in which case no disclosure is made. If settlement becomes probable, a provision is recognised.

Contingent assets are not recognised in the Statement of Financial Position but are disclosed in the notes to the financial statements when inflows are probable. If inflows become virtually certain, an asset is recognised. The amount disclosed as a contingent liability or contingent asset is the best estimate of the settlement or inflow.

o) Commitments

Commitments are not recorded on the Statement of Financial Position but are disclosed in the financial statements.

p) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

q) Rounding of amounts

Amounts in the financial statements are presented in Australian dollars and have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

2.4 Critical accounting judgments and estimates

MACC makes estimates, judgments and assumptions in respect of certain key assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates are applied are described below and relate to outstanding claims provision and insurance recoveries assets.

a) The ultimate liability arising from Compulsory Third Party

Provision is made at the year-end for the estimated cost of claims incurred but not yet settled at the Statement of Financial Position date, including the cost of claims incurred but not yet reported to MACC. The estimated cost of claims provision includes direct expenses to be incurred in settling claims gross of the expected value of salvage and other recoveries.

MACC takes all reasonable steps to ensure that it has appropriate information regarding its outstanding claims provision exposures. However, given the uncertainty in establishing claims provision, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims incurred but not reported ('IBNR') is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to MACC, where more information about the claim event is generally available. IBNR claims may often not be apparent to MACC until many years after the events giving rise to the claims have happened. There is also typically a greater variation between initial estimates and final outcomes due to the uncertainty in estimating the ultimate cost of claims reported.

In calculating the estimated cost of unpaid claims MACC uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- Changes in MACC processes which might accelerate or slow down the development and/or recording of paid or incurred claims, compared with the statistics from previous periods
- Changes in the legal environment
- The effects of inflation
- The impact of large losses
- Movements in industry benchmarks
- Medical and technological developments.

2.4 Critical accounting judgments and estimates continued...

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these claims MACC has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

Where possible, MACC adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Claims provisions are calculated gross of any insurance and other recoveries. A separate estimate is made of the amounts that will be recoverable from insurers and third parties based upon the gross provisions.

Details of specific assumptions used in deriving the outstanding claims provisions at year end are detailed in note 3.

b) Assets arising from insurance and other recoveries

Assets arising from insurance and other recoveries are also computed using the above methods. The recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that MACC may not receive amounts due to it and these amounts can be reliably measured.

3. Actuarial assumptions and methods

Provisions of claims estimates for MACC are derived from analysis of the results of several different actuarial models including claims incurred, payment per active claims, claims estimates, loss ratio and annuity. Payment reporting patterns and payment experience are analysed to develop a weighting to each method that the actuary expects to best represent likely future payments at the valuation date.

Claims inflation is incorporated into the resulting projected payments, to allow for both general economic inflation as well as any superimposed inflation detected in the modelling of payments experience.

Projected payments are discounted to allow for the time value of money. The long tail classes of business are also subject to the emergence of new types of latent claims, but no specific allowance is included for this as at the Statement of Financial Position date.

Actuarial assumptions

The following assumptions were made in determining the outstanding claims provisions.

	2021	2020
Average weighted term to settlement (years)	15.26	15.47
Average claim frequency (latest accident year)	0.24%	0.24%
Average claim size (\$)	142,302	148,372
Expense rate *	9%	10%
Discount rate	0.03% - 5.00%	0.2% - 2.8%
Inflation	1.46% - 3.00%	2.25%

*16% (2020: 16%) is used for the period applicable to the MACC management agreement. A rate of 7.7% (2020: 7.7%) has been applied for the period after 1 January 2025.

3. Actuarial assumptions and methods continued...

Process used to determine assumptions

A description of the processes used to determine these assumptions is provided below:

Average weighted term to settlement

The average weighted term to settlement is calculated separately by class of business based on historical payment patterns.

Average claim frequency

Claim frequency is estimated by projecting the number of claims incurred based on past patterns and dividing this by the number of policies in force.

Average claim size

Ultimate cost divided by the ultimate number of claims.

Expense rate

Claims handling expenses were calculated through the application of the claims handling expense (CHE) rate to central estimate of gross outstanding claims liability. The rate is derived with reference to 60% of the budgeted base contract fee as a proportion of expected claim payments.

Discount rate

Discount rates derived from market yields on Commonwealth Government securities as at the reporting date have been adopted.

Inflation

Economic inflation assumptions are set by reference to current economic indicators.

Sensitivity analysis

i) Summary

MACC conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact the performance and equity of MACC. The tables below describe how a change in each assumption will affect the outstanding claims provision and show an analysis of the sensitivity of the profit/(loss) and equity to changes in these assumptions both gross and net of insurance.

3. Actuarial assumptions and methods continued...

Variable	Impact of movement in variable
Average weighted term to settlement	A decrease in the average term to settlement in the long tail classes would lead to more claims being paid sooner than anticipated. Expected payment patterns are used in determining the outstanding claims provision. An increase or decrease in the average weighted term would have a corresponding increase or decrease on claims expenses respectively.
Average claim frequency	Claims frequencies are used in determining the level of claims incurred but not reported (IBNR). An increase or decrease in the assumed average frequency levels would have a corresponding impact on claims expense.
Expense rate	An estimate for the internal costs of handling claims is included in the outstanding claims provision. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.
Discount rate	The outstanding claims provision is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase or decrease in the assumed discount rate will have an opposing impact on total claims expense.
Inflation	Expected future payments are inflated to take account of inflationary increases. Such rates of inflation are specific to the model adopted. An increase or decrease in the assumed levels of inflation would have a corresponding impact on claims expense, with particular reference to longer tail business.
Average claim size	Average amount paid per claim. An increase or decrease in the average claim size would have a corresponding impact on claims expense.

ii) Impact of changes in key variables

		Effect on Profit/(loss) before tax		
		Gross of insurance \$'000	Net of insurance \$'000	Equity \$'000
MACC				
Weighted term to settlement	+10%	(2,317)	(2,248)	(2,248)
	-10%	2,308	2,238	2,238
Average claim frequency – latest accident year	+10%	(7,043)	(7,043)	(7,043)
	-10%	7,043	7,043	7,043
Average claim size	+10%	(58,401)	(52,965)	(52,965)
	-10%	58,401	52,965	52,965
Expense rate	+1%	(5,340)	(5,340)	(5,340)
	-1%	5,340	5,340	5,340
Discount rate	+1%	74,032	70,938	70,938
	-1%	(95,010)	(91,613)	(91,613)
Inflation	+1%	(94,124)	(90,778)	(90,778)
	-1%	74,724	71,615	71,615

4. Risk management policies and procedures

a) Objectives in managing risks arising from CTP contribution scheme and policies for mitigating those risks

MACC has an objective to control CTP contributions risk thus reducing the volatility of operating profits. In addition to the inherent uncertainty of risks attached to CTP contributions, which can lead to significant variability in the loss experience, profits from the scheme are affected by market factors. Short-term variability is, to some extent, a feature of CTP contribution schemes.

The MAC Commissioner, through the management agreement with Allianz, has developed, implemented and maintained a sound and prudent Risk Management Strategy (RMS) and Reinsurance Management Strategy (ReMS). ReMS relates to insurance transactions with MACC.

The RMS and ReMS identify MACC's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by MACC.

The RMS and ReMS have been approved by the MAC Commissioner. Key aspects of these processes established in both the RMS and ReMS to mitigate risks include:

- The maintenance and use of management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.
- Multiple claim events are more challenging to manage. MACC monitors exposure to such risks through special modelling techniques involving the collation of data on historical claim events which support decisions on limiting exposure.
- Insurance is used to limit MACC's exposure to large single and multiple claim events. When selecting an insurer MACC only considers those companies that provide high security. In order to assess this, MACC use rating information from the public domain or gathered through internal investigations.
- In order to limit concentrations of credit risk, in purchasing insurance MACC has regard to existing insurance assets and seeks to limit excess exposure to any single reinsurer or group of related insurers.
- The mix of assets in which MACC invests is driven by the nature and term of the Schemes liabilities.

b) Terms and conditions of the MAC Act

The terms and conditions of the MAC Act attaching to each CTP contribution affect the level of risk accepted by MACC. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements. All CTP contributions registered in the Northern Territory are subject to substantially the same terms and conditions.

4. Risk management policies and procedures continued...

c) Interest rate and credit risk

Refer note 20.

d) Insurance counterparty risk

MACC insures a portion of risks to control exposure to losses, reduce volatility and protect capital. MACC's strategy in respect of the selection, approval and monitoring of insurance arrangements is addressed by the following protocols, which are overseen by the MAC Commissioner:

- Treaty or facultative insurance is placed in accordance with the requirements of MACC's insurance management strategy.
- Insurance arrangements are regularly reassessed to determine their effectiveness based on current exposures, historical losses and potential future losses based on Realistic Disaster Scenarios and MACC's Maximum Event Retention.
- Exposure to insurance counterparties and the credit quality of those counterparties is actively monitored.
- Insurance contracts are expected to be commuted 10 years following the inception of the contract. Commutation recoveries are assessed based on the commutation agreement for each insurance arrangement. Commutation agreements provide for the valuation, payment, and complete discharge of all obligations between the parties under a particular insurance contract. Commutation settlements are due and payable to MACC immediately upon agreement of the commutation, unless otherwise stated.

Strict controls are maintained over insurance counterparty exposures. Insurance is placed with counterparties that have a strong credit rating and concentration of risk is managed by adherence to counterparty limits. Counterparty limits are reviewed by management on a regular basis. Credit risk exposures are calculated regularly and compared with authorised credit limits.

5. Revenue

a) Revenue

		2021	2020
		\$'000	\$'000
CTP contributions revenue			
CTP contributions received (note 6)		87,309	86,339
Total CTP contributions revenue		87,309	86,339
Insurance and other recoveries		(18,195)	(7,750)
Finance revenue			
Interest revenue		2,022	2,905
		2,022	2,905
<i>Financial assets at fair value through profit and loss:</i>			
Trust distributions	5 (b)	49,018	31,366
Change in the fair value of investments		44,587	(38,492)
Net gain on the disposal of investments		43,002	(310)
Total finance revenue		138,629	(4,531)
Revenue from properties			
Rental revenue		1	9
Total property revenue		1	9
Other revenue			
Other miscellaneous revenue	5 (b)	1,040	903
Total other revenue		1,040	903
Total revenue		208,784	74,970

b) Non-cash revenue from investing activities

During the year, distribution and rebates received from unlisted trust funds were satisfied by the issue of units under the reinvestment plan

	50,058	32,269
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6. Net CTP contributions revenue

CTP contributions received
Movement in unearned CTP contributions
CTP contributions revenue
Insurance expense
Net CTP contributions revenue

2021	2020
\$'000	\$'000
89,170	84,466
(1,861)	1,873
87,309	86,339
(1,814)	(1,805)
85,495	84,534

7. Management fees

Scheme management fees
Investment management fees
Management fees

2021	2020
\$'000	\$'000
13,391	12,408
862	1,333
14,253	13,741

8. Cash and cash equivalents

Cash at bank and on hand
Total cash at bank and on hand

2021	2020
\$'000	\$'000
73,394	79,208
73,394	79,208

9. Trade and other receivables

CTP contributions receivable
Less: allowance for impairment loss
Interest receivable
Others
Total trade and other receivables

2021	2020
\$'000	\$'000
1,602	1,872
-	-
1,602	1,872
307	465
3	-
1,912	2,337

10. Other financial assets

Other Financial Assets	2021	2020
	\$'000	\$'000
<i>At amortised cost:</i>		
Short term securities	-	15,000
<i>At fair value through profit and loss:</i>		
Securities	913,902	734,438
Total other financial assets	913,902	749,438
Current financial assets		
Short term deposits	-	15,000
Bonds	72,875	74,420
Units in unlisted trust funds	841,027	660,018
Total current financial assets	913,902	749,438

The financial assets included above represent investments in unlisted trust funds, bonds and floating rate notes, which offer MACC the opportunity for return through interest income, trust distributions and fair value gains.

11. Insurance and other recoveries receivable

	2021	2020
	\$'000	\$'000
Undiscounted on claims paid	363	2,954
Expected future recoveries undiscounted on outstanding claims provisions	77,273	112,496
Discount to present value	(6,515)	(16,303)
Discounted expected future recoveries on outstanding claims provisions (Note 13 (c))	70,758	96,193
Allowance for impairment loss – insurance recoveries	-	-
Total allowance for impairment loss	-	-
Insurance and other recoveries receivable	71,121	99,147
Current	5,471	9,767
Non-current	65,650	89,380
Insurance and other recoveries receivable	71,121	99,147

Average inflation rates (normal) and discount rates that were used in the measurement of insurance and other recoveries receivable were the same as for outstanding claims provision as per note 3.

12. Leases

Leases as a lessee

MACC leases an office premises and a carpark at 24 Mitchell St Darwin, NT 0800. The lease was entered in at 28 June 2019 and was classified as an operating lease under AASB 117. The lease term was for a period of two years, expiring on the 30 June 2021 and not renewed. Lease payments were adjusted every year for increases in CPI.

The car park lease is a low value item and MACC has elected to apply the 'low value assets' recognition exemption. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Information about leases for which MACC is a lessee is presented below:

a) *Right-of-use assets*

30 June 2021

Balance at 1 July 2019

Depreciation charge for the year

Addition to right-of-use assets

De recognition of right-of-use assets

Balance at 30 June 2020

Depreciation charge for the year

Addition to right-of-use assets

De recognition of right-of-use assets

Balance at 30 June 2021

Office premises	Total
\$'000	\$'000
105	105
(53)	(53)
-	-
-	-
52	52
(52)	(52)
-	-
-	-
-	-

b) *Amounts recognised in profit or loss*

Income from sub-leasing right of use assets presented in 'other revenue'

Depreciation expense on right-of-use assets

Interest expense on lease liabilities

Expenses relating to short term leases

Expenses relating to leases of low-value assets

Expenses relating to variable lease payments not included in the measurement of the lease liability

2021	2020
\$'000	\$'000
-	-
53	53
1	1
-	-
3	3
1	1

At 30 June 2021, MACC is committed to \$3k for low value leases (2020: \$3k).

Variable lease payments not recognised in the related lease liability are expensed as incurred and include usage payments such as after hour air-conditioning services on the office premises.

12. Leases continued...

c) Amounts recognised in statement of cash flows

	2021	2020
	\$'000	\$'000
Total cash outflow for leases	(60)	(60)

At 30 June 2021, the total cash outflow for leases amount to \$60k (2020: \$60k).

d) Maturity analysis

A maturity analysis of lease liabilities based on gross cash flows is reported in the table below:

	2021	2020
	\$'000	\$'000
Less than one year	-	49
Total lease liabilities	-	49

MACC does not face a significant liquidity risk with regard to its lease liabilities.

13. Outstanding claims provision

a) Outstanding claims provision

	2021	2020
	\$'000	\$'000
Central estimate undiscounted	795,793	776,561
Claims handling costs undiscounted	72,708	71,554
Gross claims incurred undiscounted	868,501	848,115
Discount to present value	(268,090)	(206,578)
Gross outstanding claims provision	600,411	641,537
Central estimate discounted	550,417	587,157
Current	47,457	47,291
Non-current	552,954	594,246
Gross outstanding claims provision	600,411	641,537

13. Outstanding claims provision continued....

b) Risk Margin

The liability represents the best estimate and is based on standard actuarial assessment methodologies. Uncertainty exists due to the long-term nature of liabilities and volatility around the number of Scheme participants and their severity.

Based on the minimum level required by Treasurers Determination 1/2017, a risk margin of 75% probability of adequacy if applied would result in the net outstanding claims liability increasing by \$85m to \$615m (2020: \$88m to \$633m).

c) Reconciliation of movement in discounted outstanding claims provision including claim handling expense

	2021			2020		
	Gross \$'000	Insurance \$'000	Net \$'000	Gross \$'000	Insurance \$'000	Net \$'000
Brought forward	641,537	(96,194)	545,343	742,904	(138,424)	604,480
Effect of changes in assumptions	(50,145)	11,078	(39,067)	(141,083)	13,814	(127,269)
Increase in claims incurred/recoveries anticipated over the year	65,214	7,117	72,331	93,903	(6,064)	87,839
Incurred claims recognised in the Statement of Profit or Loss and Other Comprehensive Income	15,069	18,195	33,264	(47,180)	7,750	(39,430)
Net claim payments	(56,196)	7,241	(48,955)	(54,187)	34,480	(19,707)
At 30 June	600,411	(70,759)	529,652	641,537	(96,194)	545,343

13. Outstanding claims provision continued....

- d) The maturity profile of MACC's discounted net outstanding claims provision is analysed below.

	1 year or less \$'000	> 1 year and < 5 years \$'000	> 5 years \$'000	Total \$'000
30 June 2021				
MACC	42,349	92,496	394,807	529,652
Total discounted net outstanding claims provision	42,349	92,496	394,807	529,652
	1 year or less \$'000	> 1 year and < 5 years \$'000	> 5 years \$'000	Total \$'000
30 June 2020				
MACC	40,620	115,901	388,822	545,343
Total discounted net outstanding claims provision	40,620	115,901	382,822	545,343

- e) Summary of the inflated and discounted net central estimate of outstanding claims liabilities excluding claim handling expense combining each of the segments is shown below.

	2021			2020		
	General claims \$'000	Lifetime care claims \$'000	Total \$'000	General claims \$'000	Lifetime care claims \$'000	Total \$'000
Gross central estimate	200,020	350,397	550,417	204,407	382,750	587,157
Non- insurance recoveries	(6,887)	(9,510)	(16,397)	(4,453)	(26,301)	(30,754)
Insurance recoveries	(213)	(54,148)	(54,361)	-	(65,439)	(65,439)
Net central estimate	192,920	286,739	479,659	199,954	291,010	490,964

Lifetime care claims

Lifetime care claims are eligible for lifetime attendant care services. The lifetime care claims are drawn from two groups:

- Claims with an injury prior to 1/7/2014 require a whole person impairment score of 60% or greater to qualify for lifetime attendant care.
- Claims with an injury on and after 1/7/2014 must meet the National Injury Insurance Scheme (NIIS) definition of serious injury as specified in the regulation with *lifetime acceptance* status.

Lifetime care claims are individually valued only when the claims are at least three development years old, because until that time the consequences of the injury are unclear. At 30 June 2021 the net central estimate includes 106 individually priced claims (2020: 99) and the estimated costs for 28.5 lifetime care claims, which is 9.5 claims for 3 development years (2020: 28.5).

13. Outstanding claims provision continued....

General claims

The remaining claims are referred to as “general claims” even though some have long term entitlements for medical or LOEC and are valued using aggregate methods. The general claims valuation includes payments made during the first three development years for claims that will ultimately be classified as lifetime.

14. Unearned CTP contributions

	2021	2020
	\$'000	\$'000
Unearned CTP contributions as at 1 July	29,434	31,307
Deferral of contributions received in the period	31,295	29,434
Earning of contributions received in previous periods	(29,434)	(31,307)
Unearned CTP contributions as at 30 June	31,295	29,434

15. Trade and other payables

	2021	2020
	\$'000	\$'000
Trade payables	6,384	6,290
GST payables	400	412
Total trade and other payables	6,784	6,702

16. Equity and reserves

Dividends

No dividends were declared this financial year.

17. Remuneration of auditors

The auditor of MACC is the Auditor-General for the Northern Territory.

Amounts paid, or due and payable to the NT Government for services provided by the Northern Territory Auditor-General for:

- ° Audit of MACC financial statements

2021	2020
\$	\$
337,334	311,534
337,334	311,534

18. Related party disclosure

a) Related Parties

The Northern Territory Government is the ultimate parent entity of MACC. Companies and/or agencies that have the Northern Territory Government as a common parent are considered related parties to MACC.

The related parties of MACC include:

- the MAC Commissioner, the Associate Commissioner as MACC's key management personnel (KMP) for having authority and responsibility for planning, directing and controlling the activities of MACC directly; and
- spouses, children and dependants who are close family members of the MAC Commissioner and the Associate Commissioner; and
- all public sector entities that are controlled and consolidated into the whole of government financial statements; and
- any entities controlled or jointly controlled and consolidated into the whole of government financial statements; and
- any entities controlled or jointly controlled by the MAC Commissioner, Associate Commissioner or controlled or jointly controlled by their close family members.

b) Remuneration of Key Management Personnel

Compensation of key management personnel

Short term benefits
Other long term benefits

2021	2020
\$	\$
525,142	548,347
37,429	30,746
562,571	579,093

18. Related party disclosure continued....

c) Other related party disclosures:

The following is a list of transactions that MACC enters into with related parties at market price and on normal commercial terms.

Cash collected

Related Party	Details
Motor Vehicle Registry	CTP Contributions collected on behalf of MACC from motor vehicle registrations to fund the MACC Scheme

Expenses

Related Party	Details
Jacana Energy	Electricity transactions
Receiver of Territory Monies	Road safety funding

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

For the year ended 30 June 2021, MACC has not made any allowance for doubtful debts relating to amounts owed by related parties as the payment history does not warrant an allowance (2020: \$nil).

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities.

	2021				2020			
	Revenue from related parties	Payments to related parties	Amounts owed from related parties	Amounts owed to related parties	Revenue from related parties	Payments to related parties	Amounts owed from related parties	Amounts owed to related parties
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
All NTG Government departments	-	3,541	-	826	-	2,763	-	782

19. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	2021	2020
	\$'000	\$'000
Net Profit/(Loss)	169,373	99,412
Depreciation and amortisation expense	53	53
Changes in net market value of investments	(44,587)	38,492
Profit on sale of investment securities	(43,002)	310
Distributions reinvested for units in managed funds	(49,018)	(31,366)
Rebates reinvested for units in managed funds	(1,039)	(903)
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	426	(105)
(Increase)/Decrease in insurance and other recoveries receivable	28,025	40,029
Increase/(Decrease) in outstanding claims provisions	(41,127)	(101,367)
Increase/(Decrease) in unearned CTP contributions	1,861	(1,873)
Increase/(Decrease) in payables	91	(1,404)
Increase/(Decrease) in employee benefits and other liabilities	8	13
Increase/(Decrease) in GST payable	(13)	107
Net cash inflow from operating activities	21,051	41,398

20. Risk management and financial instruments information

Classes of Financial Instruments

	2021	2020
	\$'000	\$'000
Financial Assets		
Cash at bank and on hand	73,394	79,208
Interest receivables and others	310	465
CTP contributions receivable	1,602	1,872
Insurance recoveries on claims paid	363	2,924
Short term securities	-	15,000
Bonds	72,875	74,420
Units in unlisted trust funds	841,027	660,018
Financial Liabilities		
Trade creditors and accruals	6,384	6,290
Insurance creditors and accruals	400	412

Financial Risk Management objectives

MACC has exposure to the following key financial risks through the use of financial instruments:

- Market risk (interest rate risk and price risk)
- Credit risk
- Liquidity risk

Exposure to these financial risks is managed in accordance with the Risk Management Strategy (RMS) and Treasury Policy (TP). The principal objective of MACC's TP is to establish a robust structure for the investment of and measuring, monitoring and reporting of financial investments and financial risks.

MACC seeks to manage financial risks to:

- Ensure there is sufficient cash flow available to meet contractual obligations.
- Outperform an asset allocation strategy benchmark set by the Board based on the expected growth in the liability portfolio.

The MAC Commissioner has overall responsibility for the establishment and oversight of the risk management strategy. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and MACC's activities.

20. Risk management and financial instruments information continued...

Financial Risk Management structure

The MAC Commissioner has ultimate responsibility for risk management and governance, including ensuring an appropriate risk framework is in place and is operating effectively.

a) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market factors. Market risk at MACC comprises interest rate risk due to fluctuations in market interest rates, and price risk due to fluctuations in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

(i) Interest rate risk

MACC's exposure to interest rate risk arises predominantly when a change in the value of the liabilities due to a change in interest rates, does not lead to an exactly offsetting change in the value of the assets.

Interest rate risk tables

The following table sets out MACC's exposure to interest rate risk showing the carrying value of financial instruments and the weighted average effective interest rates, when applicable. The banding is based upon the earlier of the contractual repricing or maturity dates.

The interest rate risk table does not disclose financial assets and financial liabilities that are non-interest bearing.

		Fixed or floating	1 year or less	> 1 year and <2 years	>2 years and <3 years	>3 years and <4 years	>4 years and <5 years	More than 5 years	Total	Weighted average effective interest rate
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
30 June 2021										
Financial assets										
Cash at bank and on hand	Floating		73,394	-	-	-	-	-	73,394	0.10%
Bonds	Fixed		-	-	-	-	-	72,874	72,874	3.13%
Total			73,394	-	-	-	-	72,874	146,268	

20. Risk management and financial instruments information continued...

	Fixed or floating	1 year or less	> 1 year and <2 years	>2 years and <3 years	>3 years and <4 years	>4 years and <5 years	More than 5 years	Total	Weighted average effective interest rate
30 June 2020		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Financial assets									
Cash at bank and on hand	Floating	79,208	-	-	-	-	-	79,208	0.10%
Short term securities	Fixed	15,000	-	-	-	-	-	15,000	1.05%
Bonds	Fixed	-	-	-	-	-	74,419	74,419	3.46%
Total		94,208	-	-	-	-	74,419	168,627	

Interest Rate Risk Sensitivity Analysis

The following table demonstrates MACC's sensitivity to movement in interest rates in relation to the value of interest bearing financial assets and liabilities.

		2021		2020	
	Change in interest rate	Impact on profit after tax \$'000	Impact on Equity \$'000	Impact on profit after tax \$'000	Impact on Equity \$'000
Interest bearing financial assets and liabilities	+100 basis points	59,395	59,395	64,941	64,941
Interest bearing financial assets and liabilities	-100 basis points	(77,775)	(77,775)	(88,150)	(88,150)

The effect of interest rate movements on MACC's provision for outstanding claims is included in note 3.

(i) Currency Risk

MACC does not have any exposure to currency risk, as there are no sales, purchases, liabilities or assets denominated in a currency other than the Australian dollar.

(ii) Price Risk

MACC is exposed to price risk through the holding of units in unlisted trust funds. Price risk arises due to the changes in the market value of the units as advised by the respective fund managers.

20. Risk management and financial instruments information continued...

Price risk is managed through the use of strictly monitored allocation limits for units held in each class of managed fund. MACC invests in a diverse range of managed funds thereby limiting the impact of any one underlying variable affecting unit prices.

Returns achieved by appointed fund managers are continuously assessed by the MAC Commissioner in relation to its stated objectives and are compared to returns earned by a suitable peer group of other professional fund managers.

Price Risk Sensitivity Analysis

The analysis below demonstrates the impact of a movement in the prices of units held in unlisted trust funds. It is assumed that any relevant price change occurs as at the reporting date.

MACC	Change in unit price	2021		2020	
		Impact on profit after tax \$'000	Impact on Equity \$'000	Impact on profit after tax \$'000	Impact on Equity \$'000
Upside					
Australian equities	+20%	45,468	45,468	36,115	36,115
International equities	+20%	31,052	31,052	26,698	26,698
Australian listed properties	+20%	5,434	5,434	4,001	4,001
Infrastructure	+20%	2,501	2,501	-	-
Australian inflation linked	+2%	1,948	1,948	2,321	2,321
Global credit	+2%	1,735	1,735	1,657	1,657
Total		88,139	88,139	70,791	70,791
Downside					
Australian equities	-20%	(45,468)	(45,468)	(36,115)	(36,115)
International equities	-20%	(31,052)	(31,052)	(26,698)	(26,698)
Australian listed properties	-20%	(5,434)	(5,434)	(4,001)	(4,001)
Infrastructure	-20%	(2,501)	(2,501)	-	-
Australian inflation linked	-2%	(1,948)	(1,948)	(2,321)	(2,321)
Global credit	-2%	(1,735)	(1,735)	(1,657)	(1,657)
Total		(88,139)	(88,139)	(70,791)	(70,791)

b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

20. Risk management and financial instruments information continued...

Trade and other receivables

MACC applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. MACC has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 180 days past due.

There was no loss allowance for trade debtors as at 30 June 2021 was \$0 (2020: \$0).

Insurance recoveries on claims paid and other financial assets, held at amortised cost

Expected credit loss on other financial assets is calculated by adopting the simplified approach, which uses a lifetime expected loss allowance.

To measure the expected credit losses, other financial assets have been grouped based on shared credit risk characteristics.

The expected loss rates are based on the following:

- probability of default (PD), which is the likelihood of a default over a particular time horizon
- loss given default (LGD) which is the share of an asset lost if a default occurs
- Maturity factor which is the holding period of the asset

The loss allowance for insurance recoveries on claims paid and other financial assets as at 30 June 2021 was determined to be \$78 (2020: \$279).

20. Risk management and financial instruments information continued...

Interest bearing Investments

The credit risk associated with interest bearing investments is managed by MACC as follows:

- The setting and review of credit limits as they relate to recognised external credit assessment institution's ratings.
- The setting and review of credit limits as they relate to exposures to individual entities.
- The monitoring of limit usage for both the credit ratings and the individual entities.

MACC has a maximum exposure equal to the carrying amount of each financial asset, including derivatives, on the Statement of Financial Position.

Units held in unlisted trust funds

Fund managers are selected pursuant to a strategic asset allocation approved by the MAC Commissioner. Fund managers manage applicable credit risk in accordance with their product disclosure statements. Their approach to credit risk is one of the factors in the selection process and their compliance with their product disclosure statements is confirmed annually.

The following table provides information regarding the aggregate credit risk exposure of MACC as at 30 June 2021 in respect of the major classes of financial assets, excluding unlisted trust funds and loans and receivables. The analysis classifies the assets according to recognised counterparty credit ratings.

		Credit Ratings			
	AAA or A1+	AA or A1	A or A2	Unrated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021					
Cash at bank and on hand	-	73,394	-	-	73,394
Insurance recoveries on claims paid	-	127	220	16	363
Bonds	39,991	32,884	-	-	72,875
Total	39,991	106,405	220	16	146,632
30 June 2020					
Cash at bank and on hand	-	79,208	-	-	79,208
Insurance recoveries on claims paid	-	1,704	1,224	26	2,954
Short term securities	-	15,000	-	-	15,000
Bonds	55,646	18,774	-	-	74,420
Total	55,646	114,686	1,224	26	171,582

20. Risk management and financial instruments information continued...

The following table provides further information regarding the carrying balance of MACC's financial assets that have been impaired and the ageing of those that are past due but not impaired, and neither past due nor impaired at the reporting date.

	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		0 to 3 months	3 to 6 months	Greater than 6 months		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021						
CTP contributions receivable	-	1,602	-	-	-	1,602
Other receivables	3	-	-	-	-	3
Insurance recoveries on claims paid	101	262	-	-	-	363
Investment receivables	307	-	-	-	-	307
Total	411	1,864	-	-	-	2,275
30 June 2020						
CTP contributions receivable	-	1,872	-	-	-	1,872
Other receivables	-	-	-	-	-	-
Insurance recoveries on claims paid	2,765	189	-	-	-	2,954
Investment receivables	465	-	-	-	-	465
Total	3,230	2,061	-	-	-	5,291

c) Liquidity risk

Liquidity is the ability to access funds at short notice via internal or external sources to the organisation. Liquidity risk is the risk that MACC will be unable to meet its obligations in an orderly manner as and when they fall due. This includes the risk that MACC may not be able to borrow funds when required, or at an acceptable cost.

Liquidity risk arises due to unanticipated obligations arising. This may occur when anticipated receipts do not eventuate, or when short term sources of funds are withdrawn, or where MACC is exposed to one particular market sector.

The three main elements of managing liquidity risk are:

Day-to-day cash management: Involves the use of working cash and investment balances. The key tool used to manage cash balances involves the use of cash flow forecasts.

20. Risk management and financial instruments information continued...

Short Term Liquidity management: Involves the use of both internal and external tools and facilities. MACC utilises tools including cash flow forecasts and investment maturity profiles to ensure liquidity does not fall below prudential limits. The external facilities include committed and uncommitted stand-by lines for planned and emergency funding requirements.

Long Term Liquidity management: Involves the use of budgets and business plans to protect against a liquidity problem in the future.

The following table summarises the maturity profile of MACC's liabilities. This is based on contractual undiscounted repayment obligations, which includes estimated interest repayments. The maturity profiles of outstanding claims provisions are determined on the basis of discounted estimated timing of net cash outflows and are disclosed in note 13 (d). Repayments that are subject to notice are treated as if notice were to be given immediately.

Maturity profiles of undiscounted financial liabilities.

	1 year or less	> 1 year and < 5 years	> 5 years	No term	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021					
Trade and other payables	6,384	-	-	-	6,384
Total undiscounted financial liabilities	6,384	-	-	-	6,384
30 June 2020					
Trade and other payables	6,290	-	-	-	6,290
Total undiscounted financial liabilities	6,290	-	-	-	6,290

20. Risk management and financial instruments information continued...

d) Capital Management

MACC manages its capital requirements by assessing capital levels on a regular basis. The capital policy has been designed to:

- Ensure compliance with the Motor Accidents (Compensation) Commission Act, and prudential standards of the regulator (Northern Territory Government).
- Provide policies that will be consistent with an APRA regulated organisation.

Treasurers Determination 1/2017 stipulates that the target minimum solvency, unless specified differently by the Treasurer of the Northern Territory Government, is to be 110%. This target minimum is derived from the target range stipulated in the Treasurers Determination which is 110% – 150%.

The adequacy of the MAC Fund's capital is defined in Treasurers Determination 1/2017 as an adjusted ratio of Capital over Liabilities plus 100%.

The following table provides information about MACC's capital resources:

	2021	2020
	\$'000	\$'000
Retained earnings	421,796	252,423
Total capital resources	421,796	252,423

20. Risk management and financial instruments information continued...

e) Fair values

The fair values of financial assets listed at fair value through profit and loss have been determined using market values.

The carrying amount of receivables, cash at bank, insurance recoveries on claims paid and creditors approximate their fair value due to their short term nature. The carrying amount of term deposits is not materially different from their fair values.

The following table provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

20. Risk management and financial instruments information continued...

MACC		Carrying Amount		Fair Value				
30 June 2021		Fair value through P&L \$'000	Held at amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets								
Bonds		72,875	-	72,875	72,875	-	-	72,875
Units in unlisted trust funds		841,027	-	841,027	-	841,027	-	841,027
Total		913,902	-	913,902	72,875	841,027	-	913,902

MACC		Carrying Amount		Fair Value				
30 June 2020		Fair value through P&L \$'000	Held at amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets								
Short term deposits		-	15,000	15,000	-	-	-	-
Bonds		74,420	-	74,420	74,420	-	-	74,420
Units in unlisted trust funds		660,018	-	660,018	-	660,018	-	660,018
Total		734,438	15,000	749,438	74,420	660,018	-	734,438

20. Risk management and financial instruments information continued...

The fair value disclosure in 2021 represents MACC's financial assets and liabilities.

The fair values of financial assets and liabilities are determined as follows:

- The fair values of financial assets and liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market prices (includes, floating rate notes, bonds and units in unlisted trust funds).
- The fair values of other financial assets and liabilities are determined using prices from observable current market data and other relevant models used by market participants (includes short term deposits and other floating rate investments).
- Financial instruments that do not have an active market are based on valuation techniques using market data that is not observable.

21. Provisions

(a) Current

Employee benefits

(b) Non-current

Employee benefits

Total provisions

2021	2020
\$'000	\$'000
13	16
30	21
43	37

22. Commitments

(a) Management Agreement

Future minimum base line fee payments for outsourcing arrangement:

Within one year

Later than one year but not later than five years

Later than five years

(b) Operating leases where MAC is the lessee

Future minimum base rent payments for commercial lease agreement:

Within one year

Later than one year but not later than five years

Later than five years

2021	2020
\$'000	\$'000
14,185	13,665
35,462	47,829
-	-
23	-
23	-
-	-
49,692	61,494

Management Agreement refer Note 2.3 (i).

As at 30 June 2021, MACC has committed to lease an office premises at 6 Knuckey St Darwin City, NT 0800. The lease term commences on the 01 July 2021 and is for a period of two years, expiring on the 30 June 2023. The contract will give rise to an annual commitment of \$22,500 (excluding GST) and will increase 2% annually.

23. Impact of alternative net outstanding claims measurement

In accordance with a directive from the Treasurer of the Northern Territory Government, the net outstanding claims provision was restated using an alternative measurement basis. This basis has not been accounted for in the financial statements, the impact of this request is for illustrative purposes only.

The alternative method for the outstanding claims provision is measured as the present value of expected future payments. These payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal and “superimposed” inflation. The expected future payments are discounted to present value at the Statement of Financial Position date using a flat discount rate of 2% above inflation (2021: 3.46% - 5.00% 2020: 4.25%). Claims handling expense rate of 16% is used for the period applicable for MACC management agreement, a rate of 7.7% has been applied for the period after 1 January 2025. The impact of using the alternative measurement basis is reflected as follows:

	Notes	30 June 2021	Alternative Measure	Change
		\$'000	\$'000	\$'000
Statement of Profit or Loss and Other Comprehensive Income				
Revenue	5	208,784	220,064	11,282
Insurance expense		(1,814)	(1,814)	-
Claims expenses	13	(15,069)	(79,943)	(64,874)
Grants provided to fund road safety programs		(4,073)	(4,073)	-
Depreciation and amortisation expense	12	(53)	(53)	-
Other expenses		(18,402)	(18,401)	-
Profit for the period/(loss)		169,373	115,781	(53,592)

	Notes	30 June 2021	Alternative Measure	Change
		\$'000	\$'000	\$'000
Statement of Financial Position				
Assets				
Cash and cash equivalents	8	73,394	73,394	-
Trade and other receivables	9	1,912	1,912	-
Other financial assets	10	913,902	913,902	-
Insurance and other recoveries receivable	11	71,121	60,695	(10,426)
Lease Assets	12	-	-	-
Total Assets		1,060,329	1,049,903	(10,426)
Liabilities				
Outstanding claims provision	13	600,411	470,894	129,517
Trade and other payables	15	6,784	6,784	-
Unearned CTP contributions	14	31,295	31,295	-
Provisions	21	43	43	-
Total Liabilities		638,533	509,016	129,517
Net Assets		421,796	540,887	119,091
Equity				
Opening Retained Earnings, restated		252,423	425,106	172,683
(Loss)/Profit for the period		169,373	115,781	(53,592)
Total Equity		421,796	540,887	119,091

24. Events subsequent to balance date

There are no events subsequent to balance date.

25. Contingent liabilities and contingent assets

a) Contingent liabilities

MACC has legal matters in progress which arise in the normal course of business. MACC defends such matters; however the outcome and quantum of any liabilities are contingent upon the Courts' decisions.

b) Contingent assets

MACC has no contingent assets.

Appendix 1 of the Annual Report

Regulatory Capital

Under the Motor Accidents (Compensation) Commission Act, MACC is regulated for prudential purposes by the Northern Territory Government through Treasurer's Determinations that state the MAC Fund must separately comply with all APRA prudential standards unless any standard is specifically exempted.

MACC

MACC is exempt from the APRA prudential standards GPS110 to GPS 116.

The solvency of the MACC is measured as an adjusted ratio of Capital over Liabilities plus 100%, as defined in Treasurer Determination 1/2017.

As at 30 June 2021, the solvency ratio was 141% (30 June 2020: 139%)



Auditor-General

Independent Auditor's Report to the Treasurer Motor Accidents (Compensation) Commission

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Opinion

I have audited the accompanying financial report of the Motor Accidents (Compensation) Commission, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the statement by the Motor Accidents (Compensation) Commissioner.

In my opinion, the financial report gives a true and fair view, in all material respects, of the financial position of Motor Accidents (Compensation) Commission as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Motor Accidents (Compensation) Commission Act 2014*. The financial report also complies with International Financial Reporting Standards as disclosed in Note 2.1.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the Motor Accidents (Compensation) Commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

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



Auditor-General

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Key Audit Matters	Audit scope response to the Key Audit Matter
<p><i>Valuation of Outstanding Claims Provision and Insurance and Other Recoveries Receivable</i></p> <p>The determination of the value of the Outstanding Claims Provision and associated value of Insurance and Other Recoveries Receivable involve significant assumptions and judgements by management and complex actuarial calculations.</p>	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> ▪ obtaining the independent Third Party Valuation of Claims Liability and Recoveries Report (the valuation report) for the financial year ended 30 June 2021 and: <ul style="list-style-type: none"> ○ assessing the valuation report for appropriateness, including evaluating the work of the expert; ○ confirming the final valuation within the valuation report agrees to the balances reported within the financial statements as at 30 June 2021; and ○ agreeing total claims paid as documented within the valuation report to the total claims recorded in the general ledger. ▪ evaluating estimation uncertainty of the accounting estimates by: <ul style="list-style-type: none"> ○ assessing management's consideration of alternative assumptions or outcomes and the basis upon which assumptions have been determined; ○ determining whether the significant assumptions used by management appear reasonable; and ○ when relevant to the reasonableness of the significant assumptions used by management or the appropriate application of the applicable financial reporting framework, assessing management's intent and ability to carry out specific courses of action.

Responsibilities of the Motor Accidents (Compensation) Commissioner for the Financial Report

The Motor Accidents (Compensation) Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Motor Accidents (Compensation) Commission Act 2014*, and for such internal control as the Motor Accidents (Compensation) Commissioner determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2.1, management also states, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.



Auditor-General

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In preparing the financial report, the Motor Accidents (Compensation) Commissioner is responsible for assessing the ability of the Motor Accidents (Compensation) Commission to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commissioner either intends to liquidate the Motor Accidents (Compensation) Commission or to cease operations, or has no realistic alternative but to do so.

The Motor Accidents (Compensation) Commissioner is responsible for the overseeing the financial reporting process of the Motor Accidents (Compensation) Commission.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control within the Motor Accidents (Compensation) Commission.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Motor Accidents (Compensation) Commission to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report however future events or conditions may cause the Motor Accidents (Compensation) Commission to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

**Auditor-General****Page 4 of 4**

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

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

A handwritten signature in blue ink, appearing to read 'Julie Crisp'.

Julie Crisp

Auditor-General for the Northern Territory

Darwin, Northern Territory

28 September 2021



Annual Report 2020-21