



MACC

Annual Report 2021-22

Northern Territory Motor Accidents
(Compensation) Commission



Letter of Transmittal

20 October 2022
Hon Eva Lawler 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 2021-2022 Annual Report.

This report incorporates the audited financial statements for the Motor Accidents (Compensation) Commission for the year ended 30 June 2022, 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
MAC Commissioner

Contents

About the MAC Scheme	4
About the Motor Accidents Compensation Commission	5
MACC Commissioner	5
Commissioners Report.....	6
Operational Highlights.....	10
Claims under management.....	10
Liability decisions	11
Loss of earning capacity entitlements	11
Common law claims	11
Best practice strategies	12
Remote and lifetime claims management.....	12
Appeals	14
Designated Person review.....	14
MAC Tribunal	14
MAC Scheme operational results	15
Fund Performance.....	17
MACC fund performance.....	17
Sensitivity of operating result.....	17
MAC asset allocation	17
Road safety in the NT.....	18
The past year	19
MACC's contribution to road safety.....	19-20
MACC funded Northern Territory Government Road Safety.....	21-23
Financial statements	24

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.

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

There is a legislative requirement for an actuarial review every 3 years to ensure 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.



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.

Records management

MACC complies with Part 9 of the *Information Act 2002* relating to Records and Archives Management.

MAC Commissioner

Will Oliver

MAC Commissioner

The Treasurer appointed Will as the MAC Commissioner for 4 years from 1 January 2022 after fulfilling the role of Acting Commissioner since July 2021. 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. Will joined the Commission as Executive Director in April 2018 until his appointment as Associate Commissioner in April 2019.



Commissioners Report

It gives me great pleasure to report on the results and activities of the Motor Accidents (Compensation) Commission (MACC) for the year ended 30 June 2022.

MACC plays a vital role in supporting victims of road trauma on Territory roads to recover from the serious and sometimes permanent injuries they have sustained. As a 'no-fault' scheme, MACC provides medical, loss of earning capacity, rehabilitation and other benefits to help the injured return to health, work and independence, regardless of who causes an accident.

Our vision is to deliver a best practice claims management service to the community in which we live and are part of. The timeliness and our approach to claims impacts the outcomes for our claimants and we strive to deliver the highest level of support.

Over the past 12 months, MACC has worked closely with TIO to improve claims management and operational performance and continued to invest in road safety awareness and education programs. TIO have delivered core services and implemented a range of initiatives that have delivered improvements to claims management processes, while navigating the ongoing resourcing challenges presented by COVID-19.

We are focussed on simplifying our processes to make it easier for victims of road trauma to get the help they need. One way we measure our progress is by tracking the time it takes to determine liability decisions once we have received a new claim. Pleasingly, 76% of all liability decisions were made within 30 days of lodgement in 2022. However, MACC has requested TIO to focus on further improving our responsiveness in the coming year.

MACC aims to return victims of road trauma to health and work as swiftly as possible, so they can move forward with their lives. One of the ways we track our performance is having regard to the number of open claims under active management. In 2022 a range of initiatives saw the number of open claims in the no-fault portfolio reduced to 1,152, which is the lowest since 2016.

The continual improvement of our service remained a focus this year and the MAC team participated in a range of training programs, including Aboriginal cultural awareness training. With greater cultural competency, the team is equipped to deliver an appropriate and empathetic service in cross-cultural situations and communicate more effectively.



“Our vision is to deliver a best practice claims management service to the community.”

Will Oliver,
MAC Commissioner

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 participation in the survey was the highest ever with almost a quarter of all claimants completing surveys.

Like most organisations, TIO has faced resourcing challenges as a result of COVID-19 which has impacted on service delivery during the year. Customer experience has not been immune to these impacts and we have seen a decrease from an historic high of 7.8 in 2021 to 7.3 out of 10.

TIO agrees that the survey identifies a real need for improvement in providing transparent, proactive and empathetic claims services. MACC has requested TIO to develop an action plan to uplift the customer experience as a priority in the coming year.

Actions to target and uplift customer satisfaction have already progressed this year including the delivery of training in areas such as conflict resolution, emotional intelligence and evidence based decision making. In addition a project to refresh MACC website has begun which will improve access to information about the Scheme and claims processes. MACC will monitor progress on these initiatives as part of its Quality Assurance Framework.

Financial Results

The MAC Scheme reported an operating profit for the financial year ended 30 June 2022 of \$22.7 million, down from \$169.4 million reported in the previous year. The result was driven by the reduction in outstanding claims liabilities of \$80.4 million, mainly due to favourable economic assumption movements and claim experience trends.

The Investment portfolio significantly impacted profit this year, recording negative returns of \$51.8 million, compared with positive returns of \$139 million reported in the previous year. This was caused by continued weakness in both the bond and equity markets. The Fund's long-term objective to generate a positive real return over wage inflation is subject to short term volatility, creating variations in annual investment returns.

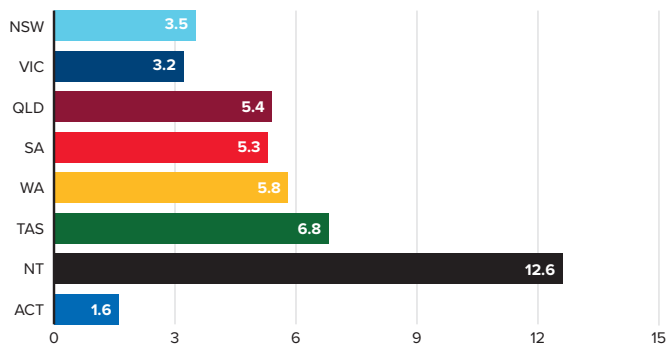
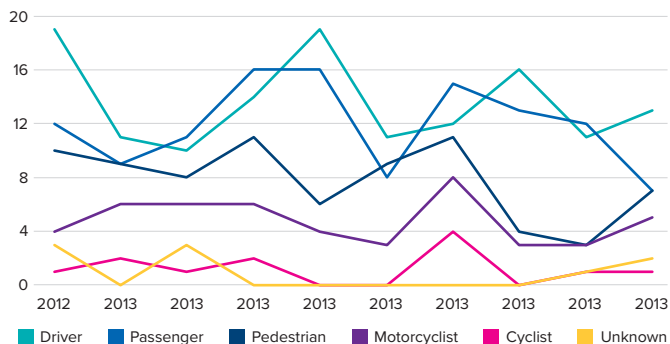
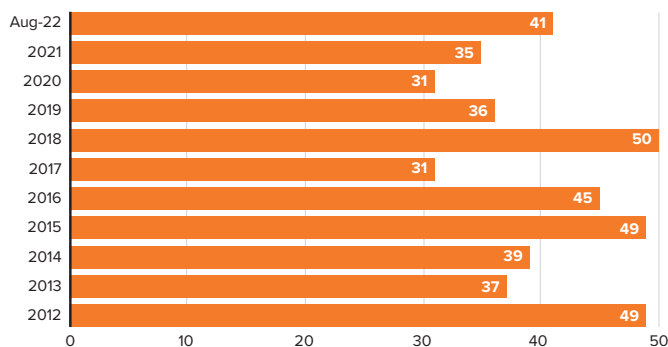
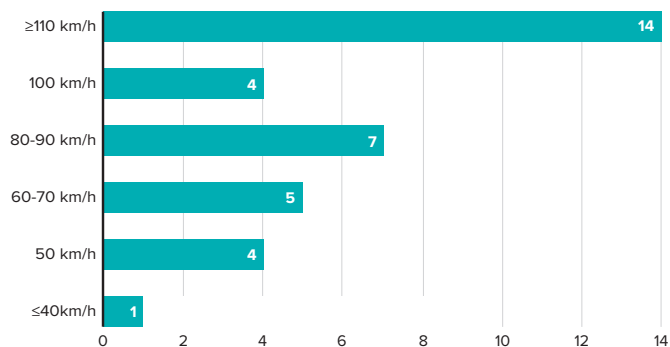
The operating result has been volatile over the 2-year period, due to external factors beyond MACC's control. These factors included changes to long-term discount and inflation rates that impacted the outstanding claims liability and short-term movements in global investment markets.

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% above assumed inflation. On this basis the Commission made an underlying net loss of \$21.8 million, compared to a net profit of \$116 million last year, driven by the volatility in investment returns over the 2-year period.

The other core metric the Commission uses to measure its financial performance is cash generated from operating activities. In the 2021-22 financial year, the Commission generated operating cash flows of \$17 million, a decrease from last year's cash flow of \$21.1 million.

In summary, the MAC Scheme continues to meet its financial objectives of being financially stable and able to meet its statutory obligations to claimants and commitments to road safety funding. Reflecting the stability of the MAC Scheme's financial performance, the Scheme's solvency at 30 June 2022 was 148%, up from 141% in the previous year. This remains comfortably within the target range set by the Northern Territory Treasurer of 110-150%.

Looking ahead to 2022-23, the Commission will continue implementing strategies to ensure it remains affordable, sustainable and accessible for all Territorians.

Fatalities rate per 100,000 population 2020**2021 NT fatalities by road user****2012-2022 NT road fatalities****2021 NT fatalities by road speed limit****Road trauma statistics**

In the 2021 calendar year, the number of people seriously injured on NT roads decreased by 59 to 362. However, in the same period the number of fatalities sadly increased from 31 to 35. Disturbingly this trend has continued in the 2022 calendar year and at the time of reporting we have recorded more fatalities than in 2021.

During the year there were 19 claims arising from crashes involving e-scooters in the City of Darwin - Neuron e-scooter trial, bringing the total claims arising from the trial to 48. MACC is closely watching the impact of these claims on the MAC Scheme.

These statistics demonstrate the importance of our commitment to road safety funding and highlight that there is still much to do to educate road users.

MACC contributes to road safety programs, events, campaigns and research aimed at influencing the attitudes and behaviours of road users. This past year communication campaigns in urban, regional and remote areas delivered the road safety message, while our partnerships with Michael Long Learning and Leadership Centre and sponsorship of

the AANT Street Smart High road safety event gave young people insight into positive road safety behaviour and road trauma.

Drivers of unregistered vehicles are at risk of losing some MAC scheme benefits if they are injured in a motor vehicle accident. To increase awareness of the need for motorists to maintain vehicle registration, MACC is funding an additional 20 mobile Automatic Number Plate Recognition units for NT Police to deploy across the Territory. The implementation of these units over the coming year will be supported by awareness campaign to educate the community about the need to maintain NT vehicle registration and encourage people to check the status of their rego.

My thanks go to our Towards Zero partners, the Department of Infrastructure Planning and Logistics and NT Police for their hard work and services in helping deliver safer Territory roads.

Will Oliver
MAC Commissioner

Training for truckies as first responders



A Northern Territory road safety grant was provided to the NT Road Transport Association (NTRTA) in 2021 to support first responder training for truck drivers.

The NTRTA, in collaboration with the Western Roads Federation (WA), conducted a research project to determine the percentage of truck drivers who have been first responders at road accidents and whether they were equipped for that responsibility.

Louise Bilato, Executive Officer of NTRTA said the survey helped quantify some alarming evidence around the number of truckies involved and the resulting impact on the drivers.

“Of the 161 truckies who responded to the survey, 67% had been first on the scene of an accident at least once, while 29% reported having been a first responder more than 3 times in their career,” Ms Bilato said.

“The survey also revealed that a majority of those drivers were at the scene for greater than 30 minutes without formally trained emergency personnel in attendance.”

“In response the NTRTA piloted a series of short training courses in the NT and WA, designed to upskill truck drivers to make a difference at road accidents in life and death situations.

“We included haemorrhage control in very hands-on training, as uncontrolled bleeding can lead to death in under 5 minutes.”

The **NT road safety grant** was used to purchase 30 Tactical Individual First Aid Kits, which were given to each of the participants who completed the pilot training courses.

Tactical Individual First Aid Kits include all the equipment needed to stop a major extremity or junctional haemorrhage and to seal an open chest wound. They also contain essential pieces of equipment to slow the progression of hypothermia, acidosis and coagulopathy, which have been recognized as significant causes of death in road trauma victims with serious injuries. The Tactical Individual First Aid Kit is small, compact and can be stored in the truck cabin under the driver’s seat or in the glove compartment for easy access.

The National Road Safety Strategy 2021-2030 target is to reduce serious injuries by 30%. Upskilling and equipping truck drivers who may inadvertently become first responders will help to achieve this target.

Operational Highlights

“In 2021–22 there were 501 new No Fault claims received. This represents a decrease of 5% on the previous year primarily due to COVID-19 restrictions which were in place in 2022.”

Claims under management

In 2021–22 there were 501 new No Fault claims received. This represents a decrease of 5% on the previous year, as shown in Figure 1. It is likely that No Fault claim numbers decreased in 2021-22 as a result of reduced traffic volumes. Spikes in COVID-19 cases across the Territory resulted in fewer motorists on Territory roads and this has been reflected in lower claim numbers over the past 3 years. Claims frequency has continued to trend downwards since 2018-19. Of the new Claims lodged in 2021-22, 449 or 90% relate to accidents that occurred this year.

There were 1,152 open claims in the No Fault portfolio at year-end, a decrease of 72 claims on the previous year. Aboriginal claimants accounted for 28% of all open claims. Men represented 61% of the portfolio and claimants aged less than 18 years accounted for 13%.

The Scheme has 40 claims which are eligible for Lifetime Care and Support benefits and a further 34 claims which have been accepted for interim benefits.

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

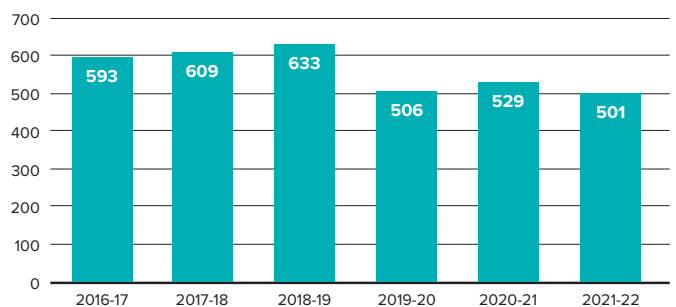
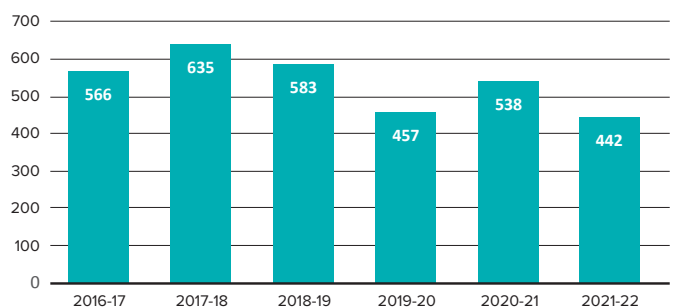


Figure 2: Claims (No Fault) by accident year at 30 June 2022

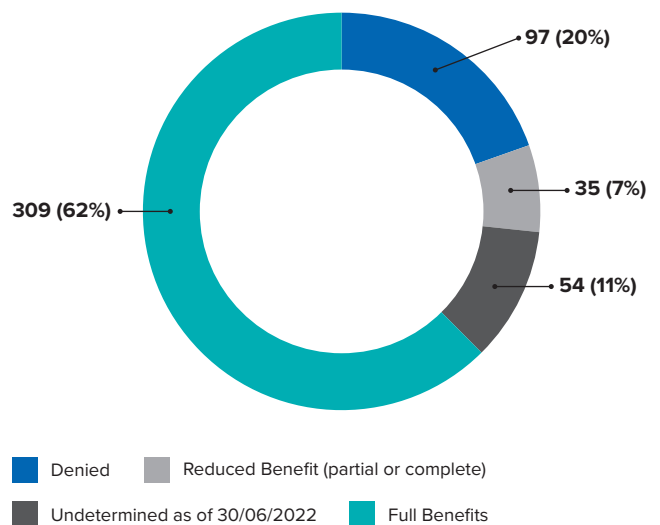


For the more recent accident years the claims experience is still developing and these will not be the final number of claims received for these accident years.

Liability decisions

Upon registration of a new claim, 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. Many claims have factual circumstances that require investigation prior to making a liability decision, which can take some time for liability to be assessed. However, MACC and TIO have established processes to fast track decision making and have adopted a target of 70% of all claims to 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.

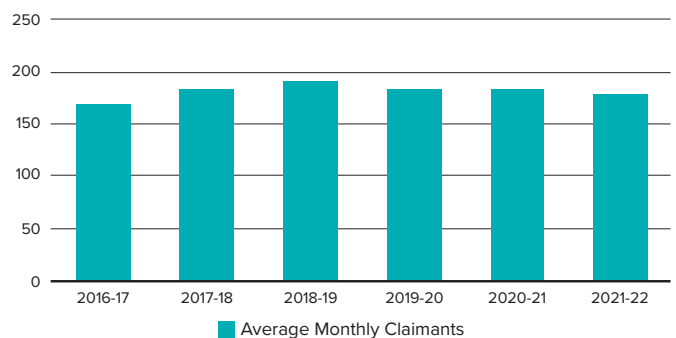
Figure 3: Effect of Liability on the Number of Claims with Benefits



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. MACC and TIO continue to focus on determination time frames to ensure that claimants are paid their entitlements within a reasonable time frame following an accident. The average number of claimants receiving LOEC entitlements was 174 in 2021-22, which represents a slight reduction on prior years.

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 2021-22 there were 15 new common law claims received with 13 files closed. The number of outstanding Common Law Claims at 35, is comparable to last year.

Best practice strategies

Claims management

In 2021-22 our key focus was on delivering a disciplined, consistent approach to the management of claims, to provide improved customer services and outcomes.

Key focus	Approach
Promote early treatment and support	Improve the timeliness of initial claimant contact and early liability determinations, and drive early intervention and timely payment of benefits
Promote early intervention strategies	Ensure proactive communication and timely provision of supports to increase health and/or return to work outcomes for claimants
Identify and provide support to claimants who have sustained psychological trauma following a motor vehicle accident	An Early Intervention tool has been launched to identify claimants who have sustained psychological trauma as a result of an accident so treatment is commenced as quickly as possible
Increase collaboration with existing and new providers and stakeholders	Deliver consistent claims management practices, which are focussed on providing quality of services to claimants
Improve clarity and content of communications	Review our suite of letters for claimants to ensure that we are clear, informative and customer focused
Drive efficiencies in claims management activities	Implement a number of IT changes to the claims management system
Ensure actions are taken to address any non-compliances and mitigate any future incidents or complaints	Enhance our Risk and Compliance Framework, which includes the monitoring and oversight of any incidents and complaints
Improve communication about the decisions being issued	To improve clarity and transparency in the benefit decisions that are being made

Remote and lifetime care claims strategy

In 2021-22 we continued to focus on improving access to information following an accident and assisting claimants to access appropriate medical and rehabilitation care in remote communities. We also implemented strategies to improve the outcomes of those who have been most seriously injured in motor accidents.

During 2021-22 we:

- collaborated with NDIS providers to promote innovative and appropriate needs-based outcomes for claimants returning to community
- were in regular contact with claimants including through community visits and liaison with health clinics in remote communities, to promote understanding of the MAC Scheme and entitlements to benefits
- identified opportunities to work closely with councils and employers in remote communities to assist with return to capacity and work strengthening pathways for remote claimants
- worked closely with treatment providers and hospital medical teams to promote increased access to treatment and equipment, to enable the transition to a safe return to community
- embedded our Quality and Safeguarding framework that allows us to proactively identify claimants requiring extra support to ensure that quality care is provided in a safe and appropriate way for seriously injured claimants
- support seriously injured claimants with home and vehicle modifications and the use of assistive technologies to promote independence.



Jan, Darwin

Jan was seriously injured by a motor vehicle accident in 1998 when the vehicle rolled and her right arm was amputated. Since that time, Jan has used a number of prosthetic arms however recently she decided to try something with more functionality that included a hand. Jan's new prosthesis is custom made for her and specifically designed for tropical conditions. The hand functionality is connected with electrodes using the bicep and tricep muscles to move the fingers and thumb and rotate. It has multiple functional settings, allowing the use of the index finger or thumb to point, type, grab door handles, hold bags, shake hands, open jars and perform actions useful for everyday life. Formerly a lecturer at Charles Darwin University, Jan is now retired and is writing the biography of Aboriginal rights activist Don McLeod. Jan called into the TIO office to show claims consultant Tarryn and the claims team her new prosthesis which she is extremely pleased with.



James, Darwin

James was seriously injured by a motor vehicle in 2020 resulting in paraplegia. He has been extremely motivated to return to his pre-accident work life in the NT cattle yards and is well on his way to achieving this goal. Jenny, Senior MAC Claims consultant, has been working with James to support his return to work. This includes modifications to his motor vehicle for easier wheelchair access and mobility equipment to assist with rural terrain. James was provided with a Batec electric handbike which is an add-on for manual wheelchairs, providing increased mobility and independence to navigate rural terrain. His wheelchair tyres were also upgraded so they are more resistant to punctures.

James prefers an outdoor role and has recently been appointed to a supervisory role at a mango farm close to this home.

Appeals

Under the Motor Accidents (Compensation) Act 1979, claimants have the right to request a review of decisions made about their claims, whether it be to change elements of a decision or have an adverse decision revoked.

Enhancements to decision management has seen sound decision-making continue throughout the 2021-22 period, with a continued reduction in appeals when compared to that of the 2019-20 period.

Designated Person review

The first avenue of appeal is a non-legislated internal review process, while the second avenue is a Designated Person review as defined under the Act. There were 25 new reviews by the Designated Person in 2021-22, consistent with the numbers reported in 2015-16 and 2016-17. Decisions were made on 18 claims. As outlined above, the improvements to our decision-making process has resulted in a more stable number of Designated Person reviews in 2021-22.

Designated Person Review	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Total received	23	34	30	52	18	25
Decision upheld	18	13	19	25	20	13
Decision varied	9	8	14	7	8	4
Agreement reached	0	0	0	0	10	0
Ineligible for review or withdrawn	1	2	2	0	2	1
Open	2	13	8	28	6	13

MAC Tribunal

Three claims were referred to the MAC Tribunal in 2021-22 and of those 2 have resolved and one remains outstanding.

When handling claims and interacting and performing any type of litigation services, TIO and any law firms acting on behalf of MACC, are required to follow model litigant principles. This includes litigation before any courts, tribunals, inquiries, arbitration and other alternative dispute resolution processes. This protocol is reflective of MACC's commitment to deal with legal matters fairly and promptly, to not cause unnecessary delays and avoid court proceedings where possible by making appropriate and timely decisions and payments when liability is clear. Further information can be found on MACC's website. This approach has contributed to limiting the number of tribunal matters.

MAC Tribunal	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Total received	6	4	4	1	2	3
Decision upheld	0	0	0	0	0	0
Decision varied	1	0	1	1	0	0
Agreement reached	2	5	2	1	1	2
Ineligible for review or withdrawn	0	0	2	1	1	0
Open	4	3	2	0	0	1

MAC Scheme operational results

No fault claim portfolio results	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Number of vehicles insured	200,707	200,948	198,580	198,036	200,603	202,601
Premium normal private vehicle	\$ 546.85	\$ 546.85	\$ 552.30	\$ 561.10	\$ 565.55	\$ 575.75
New claims received	593	609	633	506	529	501
Claims received per 1,000 vehicles	2.97	3.01	3.19	2.56	2.64	2.47
Number of finalised claims	565	583	678	604	534	601
Number of active claims at end of period	1,185	1,253	1,265	1,203	1,224	1,152
Gross No Fault claim payments (millions)	\$35.4	\$47.5	\$50.0	\$43.4	\$47.4	\$44.5
Net No Fault claim payments (millions)	\$32.4	\$45.3	\$47.8	\$39.2	\$45.5	\$42.1
Number of pedestrian claims received	63	72	74	43	55	47

No Fault payments by major heads of benefits (\$millions)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Attendant care benefits	2.3	2.7	3.2	3.6	5.7	4.7
Hospital costs	7.9	9.5	11.7	6.1	6.6	9.0
Weekly benefits	7.8	8.9	8.8	10.7	8.5	8.7
Vocational rehabilitation benefits	1.6	1.9	1.7	1.2	1.3	1.7
Rehabilitation benefits	1.4	1.6	1.4	1.4	1.4	1.5
Medical benefits	3.6	3.9	3.8	3.9	5.7	4.2
Death and dependency benefits	3.1	4.4	3.4	4.3	3.8	1.7
Total no fault major heads of benefits	27.7	32.9	34.0	31.2	33.0	31.5

TIO MAC Team



Front Left to right: Kristine, Lisa, Jill, Alex, Wendy,
Back left to right: Sophie, Jenny, Aretha, Elizabeth, Briony, Jessica, Shannon, Georgia, Sara

TIO works collaboratively with MACC to identify and manage trends, ensure the ongoing viability of the scheme and to maintain its public policy purpose.

There are 38 staff members in the TIO MAC team including 18 claims consultants and 2 claims support officers. They are divided into 2 separate streams, with one responsible for the majority of claims and the other specialising in the management of complex claims within the Lifetime Care and Support portfolio, in addition to claims for Territorians living in rural and remote regions where the delivery of care can be more challenging.

An additional team of technical specialists and injury management advisors support claims consultants to ensure the delivery of sound and timely claims management services.

The continuous development of the team is a priority for TIO and all staff undertake a suite of training throughout the year. Training supports our staff to develop strong customer service and take every opportunity to assist injured road users to achieve positive return to health and work outcomes.

Over the past 12 months, the TIO MAC team have continued to increase their cultural capacity with professional

training. All members of the team participate in aboriginal cultural awareness training to support them to deliver a more empathetic service to claimants, and to communicate more effectively with those whose first language is not English.

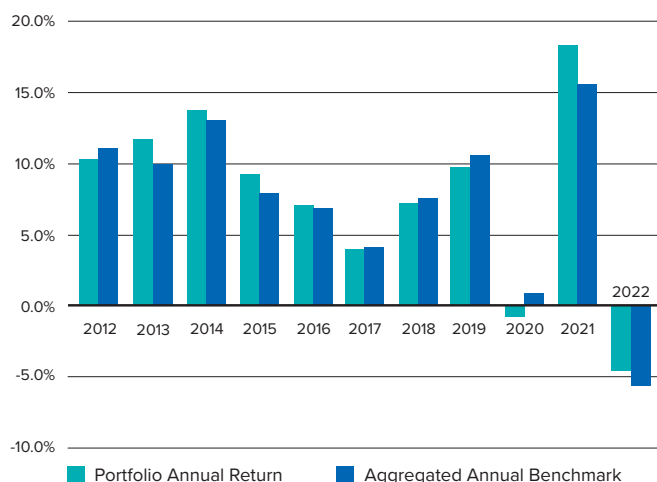
The TIO MAC team are supported by various stakeholders across Allianz on a national platform. They support the delivery of claims management services to MACC and Territorians, as well as services relating to MACC's marketing and road safety program, reinsurance program, investment portfolio, prudential and financial matters, and risk and compliance.

Fund Performance

MACC fund performance

Over 2021-22 the total Investment assets decreased by \$59 million (2021: \$942 million, 2022: \$883 million). The Funds' performance was greatly weakened by a simultaneous sell-off in both equity and bond markets in the first half of 2022 as a result of higher inflation expectations and weaker risk sentiment.

The total Fund return of -4.66% outperformed the aggregate benchmark by 1.06%. Despite the negative performance, the portfolio was able to maintain aggregate benchmark outperformance primarily due to the Property and Infrastructure assets. Additionally, the portfolio's underweight to fixed income (as we transitioned the portfolio to the new SAA) has benefitted the portfolio and contributed to the outperformance over this period.



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

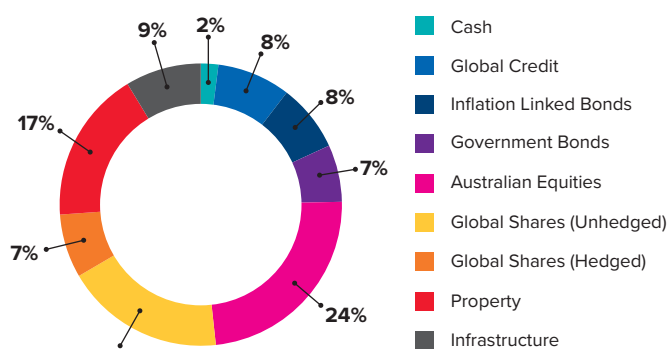
2021-2022

1% decrease in interest rates	\$(67.9) million
1% decrease in wage inflation (AWE) assumptions	\$27.6 million
20% decrease in equity markets	\$(79.1) 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 new Strategic Asset Allocation that was developed as part of the triennial requirement was implemented. The new Strategic Asset Allocation slightly reduced high and low risk assets and aims to invest in more mid-risk assets such as unlisted property and unlisted infrastructure. The change in investment mix has also provided a more diversified, balanced portfolio and reduced volatility. This will continue to support the Fund's objective to generate a positive real return over wage inflation over the longer term.



Road safety in the NT

It is critically important to improve safety on Territory roads. NT road users and road managers face significant challenges including a vast geography, extreme climate and relatively small population that is widely dispersed throughout urban centres and very remote locations. Territorians also travel longer distances on rough roads, with approximately three quarters of the NT's roads unsealed.

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

An estimated 30% of the Territory's population is Aboriginal, with nearly 80% 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% of our Aboriginal population aged under 30.

Road Safety in the NT is a complex issue that deserves and requires a complex strategy for sustainable change.

Changing the culture of road safety in the Northern Territory requires a collaborative effort across private, not for profit and public sector agencies at the local, Territory and federal level.

The past year

Fatalities

In the 2021 calendar year there were 35 fatalities, an increase from 31 in the previous year.

Seventy-three per cent of fatal crashes occurred on rural and remote roads (a decrease from 83% the previous year). In 2021, key factors contributing to fatalities were alcohol, not wearing seatbelts and speed.

Males made up 80% of fatalities, an increase from 69% in the previous year and above the 70% 10 year average.

Aboriginal Territorians remained proportionately over-represented, making up 65% of fatalities compared to 58% the previous year.

Serious injuries

In the 2021 calendar year, 362 people were seriously injured (a decrease of 59 from the previous year). At 48%, there was a slight increase in the percentage of serious injuries occurring on regional and remote roads this year. The top 3 contributing factors continue to be speed, alcohol and fatigue. Of those seriously injured, 22 were not wearing a seatbelt and 18 were pedestrians.

MACC's contribution to road safety

In 2021-22 MACC contributed \$4 million to road safety funding through its own programs, events, campaigns and research to influence road user attitudes and behaviours, and to support the Northern Territory Government's road safety division and the implementation of Towards Zero initiatives.

2020-21 Road Safety communication campaigns

MACC's program of communication campaigns targeting specific audiences with key messages around drink driving, speed, seatbelts and driving to the conditions continued in market for 2021-22.

These campaigns aim to raise public awareness about the importance of avoiding risky road user behaviours and attitudes. Although MACC advertising campaigns are evaluated and demonstrate a positive impact, effectiveness is substantially increased when accompanied by other preventive measures such as education programs, infringement penalties and enforcement strategies.

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, driving on unsealed roads. 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 4 languages through Aboriginal media channels and social media.

Speeding – There's No Future In It campaign for urban areas

The speed campaign has been running for 3 years 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. The effectiveness of the campaign was evaluated by independent market research with the result that self-reported behaviour and attitude change towards speeding was marginally improved.

Enough's Enough urban drink driving campaign

The Enough's Enough campaign targeting the urban audience has been in market for 5 years. The campaign tells the true story of the Hassall family, who lost their daughter and sister when a drunk driver hit the car she was travelling in. They join emergency workers, doctors and police calling for an end to drink driving.

Sorry Business regional and remote drink driving campaign

This indigenous campaign features artists from 6 communities telling their very personal experiences with drink driving road trauma through culture, art and storytelling. The campaign is broadcast in Aboriginal languages throughout the NT reaching all regional and remote areas.



Seatbelt campaigns for urban, regional and remote areas

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 6 Aboriginal languages, through Aboriginal media and social media.

The campaign is supported by 10m billboards installed in 3 locations 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 original format was a week-long residential program with 2 separate sessions featuring activities that support positive road safety behaviours. Due to periodic COVID-19 interruptions over the past 2 years, variations of program delivery have been implemented including a hybrid program delivered by the MLLLC in remote communities. The MLLLC is working towards reinstating the full residential program in Darwin at the MLLLC by the end of 2022. AFLNT regional development managers act as road safety ambassadors in remote areas, bringing to life the learnings from the MLLLC back in the community.



Street Smart High 2022

MACC continued its seed funding in 2022 to support the development of Street Smart High. This road safety education event was held at the Darwin Convention Centre on 17 May 2022. It was attended by 1,300 senior high school students, as well as teachers and exhibitors from the Top End. During the 4 hour event, participants watched a simulated crash scene and heard influential speakers explain how road trauma affected their lives.

Darwin Cup Carnival car park security

MACC sponsorship of the Darwin Cup Carnival has been operating for 10 years and provides overnight car park security at the Darwin Turf Club during the Darwin Cup Carnival. The sponsorship followed research that showed an increased risk of drink driving after the races, due to concerns about vehicles being vandalised if left overnight. The car park security is an initiative to support don't drink and drive messaging.

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 Road Safety Executive Group members - Northern Territory Department of Treasury and Finance, Northern Territory Police and MACC.

Towards Zero adopts the Safe System approach where the following 4 factors work together to prevent crashes that involve death or serious injury:

1. safe roads
2. safe speeds
3. safe vehicles
4. 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 supporting Territorians to gain positive driving skills to be safer drivers on our roads. Delivered in remote communities by the DriveSafe Team and delivered in urban areas through third party service providers, the program provides in person sessions around the Northern Territory.

Participants are educated on road rules and the elements of the 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 Registry 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.

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 5 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 by third party service providers across the Territory.

Road Safety School Education NT

In 2021-22 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.

The annual Who's Your Sober Bob campaign was promoted throughout the year and National Road Safety Week was promoted in May 2022.

Road safety was also promoted at targeted community events including Street Smart High, the Newland Park Road Safety Centre Family Fun Day, the Youth Conference, and various school holiday programs. Towards Zero sponsored round 8 of the NTFL competition in November 2021 and Towards Zero safe driving messages were promoted throughout the AFL season and at football grounds.

The team also delivered the highly emotive *What if... The Brandon Wilson Story* documentary, which premiered in the Territory in November 2021 and nationally in December 2021. The Wilson family requested the documentary be developed to increase community awareness about the importance of the choices that drivers make, the consequences and the affects that road tragedies have on families and the wider community.

The team manage the Towards Zero road safety website 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.

Road Safety Grants Program

The NT Road Safety Grants Program provides funding for road safety initiatives, events and programs that improve or promote road safety in our local communities and organisations.

The grants program offers grants up to \$5,000 and encourages eligible organisations from all regions across the Territory to apply.

In 2021-22, \$71,165 was provided in grants to schools, not-for-profit and Local Government organisations in Darwin, Palmerston, Litchfield, Alice Springs, West Arnhem and Tiwi Islands.

Road Safety grants were provided for:

- Pre School bicycle safety
- Radar speed display tools for use around school zones
- Alcohol and Drug driving education
- Promotion of road safety through sporting clubs
- Purchase of road rules signs and tools for early childhood road safety education
- Reflective clothing to increase after dark visibility to vulnerable pedestrians
- Purchase of bicycles and helmets
- Car park signage creating awareness of pedestrian risks
- Promotion of bicycle rider skills and pedestrian safety
- Sporting club road safety education and materials
- Remote area road safety education and engagement materials
- Driving skills workshops for novice drivers



NT Government road safety team achievements 2021-22

Learning to drive

DriveSafe Remote Licencing



DriveSafe staff visited 47 regional and remote communities



Assisted 773 local people to attain a Learners Licence and 224 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 860 Learner Licences and 359 to attain a Provisional Licence

1,190

This year 1,190 people joined the program

9,065

A total of 9,065 have been through the program

Community road safety education and engagement

School students



177 road safety education sessions were delivered to 7,886 students from 72 schools



67 students from remote areas also participated in 5 road safety education sessions delivered at MLLLC

DriveSafe Urban Licencing



29 Hector the Road Safety Cat shows presented to around 670 children at childcare and early learning centres



18 safe bike rider sessions delivered to over 400 students at the Parap and Newland Park Road safety centres

Workplace and community groups



50 road safety presentations and workshops delivered to community groups and workplaces.



Financial Statements

2021-22

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 2022 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.

Will Oliver
MAC Commissioner

20 October 2022

Statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	Notes	2022	2021
		\$'000	\$'000
Profit and Loss			
CTP contributions revenue	6	90,191	87,309
Insurance and other recoveries		(2,190)	(18,195)
Finance revenue	5	(53,911)	138,629
Rental revenue		-	1
Other miscellaneous revenue		2,484	1,040
Insurance expense	6	(1,889)	(1,814)
Claims incurred/(expense)	13 (c)	15,597	(15,069)
Grants provided to fund road safety programs		(4,002)	(4,073)
Finance costs	12	-	(1)
Depreciation and amortisation expense	12	(22)	(53)
Management fees	7	(21,083)	(14,253)
Other expenses		(2,491)	(4,148)
Profit/(Loss) before tax		22,684	169,373
Income tax expense	2.3 (c)	-	-
Profit/(Loss) for the period		22,684	169,373
Items that may be reclassified subsequently to profit or loss:			
Total items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income/(loss) for the period		-	-
Total comprehensive income for the period		22,684	169,373

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 2022

	Notes	2022	2021
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	8	84,870	73,394
Trade and other receivables	9	1,849	1,912
Other financial assets	10	865,238	913,902
Insurance and other recoveries receivable	11	7,543	5,471
Right of use assets	12	23	-
Total Current Assets		959,523	994,679
NON-CURRENT ASSETS			
Insurance and other recoveries receivable	11	58,640	65,650
Total Non-Current Assets		58,640	65,650
Total Assets		1,018,163	1,060,329
CURRENT LIABILITIES			
Outstanding claims provision	13	39,910	47,457
Unearned CTP contributions	14	33,287	31,295
Trade and other payables	15	7,439	6,784
Provisions	21	-	13
Lease liabilities	12	23	-
Total Current Liabilities		80,659	85,549
NON-CURRENT LIABILITIES			
Outstanding claims provision	13	493,024	552,954
Provisions	21	-	30
Total Non-Current Liabilities		493,024	552,984
Total Liabilities		573,683	638,533
Net Assets		444,480	421,796
EQUITY			
Retained earnings		444,480	421,796
Total Equity		444,480	421,796

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 2022

	Retained Earnings	Total
	\$'000	\$'000
Balance as at 30 June 2020	252,423	252,423
Profit for the period, restated	169,373	169,373
Other comprehensive income	-	-
Total comprehensive income for the period, restated	169,373	169,373
Transactions with owners in their capacity as owners		
Dividend paid	-	-
	-	-
Balance as at 30 June 2021	421,796	421,796
Profit for the period		
Other comprehensive income	22,684	22,684
Total comprehensive income for the period		
Transactions with owners in their capacity as owners		
Dividend paid	-	-
	-	-
Balance as at 30 June 2022	444,480	444,480

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 2022

	Notes	2022	2021
		\$'000	\$'000
Cash flows from operating activities			
CTP contributions received		100,882	97,664
Insurance paid		(1,885)	(1,780)
Claims paid		(47,549)	(50,968)
Insurance recoveries received		2,749	9,830
Trust distributions received		507	-
Interest received		1,993	2,180
Rentals received		-	1
Other income received		198	-
Acquisition costs paid		(1,007)	(984)
General and administrative expenses paid		(31,160)	(27,236)
Funding for road safety programs paid		(4,002)	(4,073)
Goods and services tax paid		(3,730)	(3,582)
Interest paid	12	-	(1)
Net cash flow from operating activities	19 (a)	16,996	21,051
Cash flows from investing activities			
Proceeds from sale of investments		46,002	303,199
Purchase of investments		(51,500)	(330,016)
Net cash flow used in investing activities		(5,498)	(26,817)
Cash flows from financing activities			
Repayment of lease liabilities	12	(22)	(48)
Net cash flow used in financing activities		(22)	(48)
Net increase/(decrease) in cash and cash equivalents		11,476	(5,814)
Cash and cash equivalents at the beginning of the period		73,394	79,208
Cash and cash equivalents at the end of the period	8	84,870	73,394

Non-cash investing activities **19 (b)**

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 MACC Commissioner on 30 June 2022 to be confirmed.

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 2020-1 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 MAC 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 MAC 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 Equivalent 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 financial assets at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately 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.

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 is under the provision of the management agreement between NT Government and Allianz Australia Insurance Limited, effective 1 January 2015. In consideration, 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 MACC 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 MACC 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...

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.

I) **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 1979 ("MAC Act").

Claims expense and the outstanding claims provision are recognised in respect of MAC 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

2.3 Significant accounting policies continued...

of Financial Position date using a risk free rate. The details of rates applied are included in note 3.

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 liability established at 30 June 2022.

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 included 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.

	2022	2021
Average weighted term to settlement (years)	15.05	15.26
Average claim frequency (latest accident year)	0.23%	0.24%
Average claim size (\$)	145,536	142,302
Expense rate *	9.03%	9.36%
Discount rate	2.38% - 4.50%	0.03% - 5.00%
Inflation	3.12% - 3.31%	1.46% - 3.00%

*16% (2021: 16%) is used for the period applicable to the MACC management agreement. A rate of 7.7% (2021: 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% (2021: 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 key assumption will affect the outstanding claims provision and shows 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%	3,188	3,104	3,104
	-10%	(3,208)	(3,124)	(3,124)
Average claim frequency – latest accident year	+10%	(6,632)	(6,632)	(6,632)
	-10%	6,632	6,632	6,632
Average claim size	+10%	(51,318)	(46,698)	(46,698)
	-10%	51,318	46,698	46,698
Expense rate	+1%	(4,707)	(4,707)	(4,707)
	-1%	4,707	4,707	4,707
Discount rate	+1%	63,401	61,054	61,054
	-1%	(81,039)	(78,451)	(78,451)
Inflation	+1%	(80,782)	(78,212)	(78,212)
	-1%	64,311	61,935	61,935

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.

Strong 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

Finance revenue

Interest revenue

Financial assets at fair value through profit and loss:

Trust distributions

Change in the fair value of investments

Net gain/(loss) on the disposal of investments

Total finance revenue

2022	2021
\$'000	\$'000
1,993	2,022
1,993	2,022
56,927	49,018
(111,220)	44,587
(1,611)	43,002
(53,911)	138,629

6. Net CTP contributions revenue

CTP contributions received

Movement in unearned CTP contributions

CTP contributions revenue

Insurance expense

Net CTP contributions revenue

2022	2021
\$'000	\$'000
92,183	89,170
(1,992)	(1,861)
90,191	87,309
(1,889)	(1,814)
88,302	85,495

7. Management fees

Scheme management fees

Investment management fees

Management fees

2022	2021
\$'000	\$'000
20,709	13,391
374	862
21,083	14,253

8. Cash and cash equivalents

Cash at bank and on hand

Total cash at bank and on hand

2022	2021
\$'000	\$'000
84,870	73,394
84,870	73,394

9. Trade and other receivables

	2022	2021
	\$'000	\$'000
CTP contributions receivable	1,370	1,602
Less: allowance for impairment loss	(1)	-
	1,369	1,602
Interest receivable	307	307
Others	173	3
Total trade and other receivables	1,849	1,912

10. Other financial assets

Other Financial Assets	2022	2021
	\$'000	\$'000
<i>At fair value through profit and loss:</i>		
Securities	865,238	913,902
Total other financial assets	865,238	913,902
Current financial assets		
Bonds	57,466	72,875
Units in unlisted trust funds	807,772	841,027
Total current financial assets	865,238	913,902

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

11. Insurance and other recoveries receivable

	2022	2021
	\$'000	\$'000
Undiscounted on claims paid	227	363
Expected future recoveries undiscounted on outstanding claims provisions	83,188	77,273
Discount to present value	(17,232)	(6,515)
Discounted expected future recoveries on outstanding claims provisions (Note 13 (c))	65,956	70,758
Allowance for impairment loss – insurance recoveries	-	-
Total allowance for impairment loss	-	-
Insurance and other recoveries receivable	66,183	71,121
Current	7,543	5,471
Non-current	58,640	65,650
Insurance and other recoveries receivable	66,183	71,121

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

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

a) *Right-of-use assets*

30 June 2022

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

Depreciation charge for the year

Addition to right-of-use assets

De recognition of right-of-use assets

Balance at 30 June 2022

Office premises	Total
\$'000	\$'000
52	52
(52)	(52)
-	-
-	-
-	-
(22)	(22)
45	45
-	-
23	23

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

2022	2021
\$'000	\$'000
-	-
22	53
-	1
-	-
-	3
-	1

At 30 June 2022, MACC is committed to \$0 for low value leases (2021: \$3k).

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

12. Leases continued...

c) Amounts recognised in statement of cash flows

	2022	2021
	\$'000	\$'000
Total cash outflow for leases	(22)	(48)

At 30 June 2022, the total cash outflow for leases amount to \$22k (2021: \$48k).

d) Maturity analysis

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

	2022	2021
	\$'000	\$'000
Less than one year	23	-
Total lease liabilities	23	-

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

13. Outstanding claims provision

a) Outstanding claims provision

	2022	2021
	\$'000	\$'000
Central estimate undiscounted	958,135	795,793
Claims handling costs undiscounted	84,038	72,708
Gross claims incurred undiscounted	1,042,173	868,501
Discount to present value	(509,239)	(268,090)
Gross outstanding claims provision	532,934	600,411
Central estimate discounted	490,447	550,417
Current	39,910	47,457
Non-current	493,024	552,954
Gross outstanding claims provision	532,934	600,411

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 \$75m to \$542m (2021: \$85m to \$615m).

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

	2022			2021		
	Gross \$'000	Insurance \$'000	Net \$'000	Gross \$'000	Insurance \$'000	Net \$'000
Brought forward	600,411	(70,759)	529,652	641,537	(96,194)	545,343
Effect of changes in assumptions	(90,257)	8,162	(82,095)	(50,145)	11,078	(39,067)
Increase in claims incurred/recoveries anticipated over the year	74,660	(5,972)	68,688	65,214	7,117	72,331
Incurred claims recognised in the Statement of Profit or Loss and Other Comprehensive Income	(15,597)	2,190	(13,407)	15,069	18,195	33,264
Net claim payments	(51,880)	2,614	(49,266)	(56,196)	7,241	(48,955)
At 30 June	532,934	(65,955)	466,979	600,411	(70,759)	529,652

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 2022				
MACC	35,921	90,404	340,654	466,979
Total discounted net outstanding claims provision	35,921	90,404	340,654	466,979
	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

- 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.

	2022			2021		
	General claims \$'000	Lifetime care claims \$'000	Total \$'000	General claims \$'000	Lifetime care claims \$'000	Total \$'000
Gross central estimate	178,761	311,686	490,447	200,020	350,397	550,417
Non- insurance recoveries	(6,124)	(13,632)	(19,756)	(6,887)	(9,510)	(16,397)
Insurance recoveries	(193)	(46,007)	(46,199)	(213)	(54,148)	(54,361)
Net central estimate	172,444	252,047	424,492	192,920	286,739	479,659

Lifetime care claims

Lifetime care claims are claims 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 2022 the net central estimate includes 101 individually priced claims (2021: 106) and the estimated costs for 28.5 lifetime care claims, which are made up of 9.5 claims for 3 development years (2021: 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 loss of earnings capacity (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

Unearned CTP contributions as at 1 July

Deferral of contributions received in the period

Earning of contributions received in previous periods

Unearned CTP contributions as at 30 June

2022	2021
\$'000	\$'000
31,295	29,434
33,287	31,295
(31,295)	(29,434)
33,287	31,295

15. Trade and other payables

Trade payables

GST payables

Total trade and other payables

2022	2021
\$'000	\$'000
7,388	6,384
51	400
7,439	6,784

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

2022	2021
\$	\$
356,633	337,334
356,633	337,334

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 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 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

2022	2021
\$	\$
378,275	525,142
-	37,429
378,275	562,571

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 MAC 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 2022, 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 (2021: \$nil).

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

	2022				2021			
	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	-	3,387	-	27	-	3,541	-	826

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

	2022	2021
	\$'000	\$'000
Net Profit/(Loss)	22,684	169,373
Depreciation and amortisation expense	22	53
Changes in net market value of investments	111,220	(44,587)
Profit on sale of investment securities	1,611	(43,002)
Distributions reinvested for units in managed funds	(56,420)	(49,018)
Rebates reinvested for units in managed funds	(2,286)	(1,039)
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	99	426
(Increase)/Decrease in insurance and other recoveries receivable	4,939	28,025
Increase/(Decrease) in outstanding claims provisions	(67,476)	(41,127)
Increase/(Decrease) in unearned CTP contributions	1,992	1,861
Increase/(Decrease) in payables	1,011	91
Increase/(Decrease) in employee benefits and other liabilities	(50)	8
Increase/(Decrease) in GST payable	(350)	(13)
Net cash inflow from operating activities	16,996	21,051

b) Non-cash financing and investing activities

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

58,706	50,057

20. Risk management and financial instruments information

Classes of Financial Instruments

	2022	2021
	\$'000	\$'000
Financial Assets		
Cash at bank and on hand	84,870	73,394
Interest receivables and others	481	310
CTP contributions receivable	1,370	1,602
Insurance recoveries on claims paid	227	363
Bonds	57,466	72,875
Units in unlisted trust funds	807,772	841,027
Financial Liabilities		
Trade creditors and accruals	7,388	6,384
Insurance creditors and accruals	51	400

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 Investment Committee 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
30 June 2022		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Financial assets									
Cash at bank and on hand	Floating	84,870	-	-	-	-	-	84,870	0.85%
Bonds	Fixed	-	-	-	-	-	57,466	57,466	3.12%
Total		84,870	-	-	-	-	57,466	142,336	

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 2021		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
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	

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.

		2022		2021	
	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	52,116	52,116	59,395	59,395
Interest bearing financial assets and liabilities	-100 basis points	(67,911)	(67,911)	(77,775)	(77,775)

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	2022		2021	
		Impact on profit after tax \$'000	Impact on Equity \$'000	Impact on profit after tax \$'000	Impact on Equity \$'000
Upside					
Australian equities	+20%	41,704	41,704	45,468	45,468
International equities	+20%	25,822	25,822	31,052	31,052
Australian listed properties	+20%	7,703	7,703	5,434	5,434
Infrastructure	+20%	3,835	3,835	2,501	2,501
Australian inflation linked	+2%	1,365	1,365	1,948	1,948
Global credit	+2%	1,486	1,486	1,735	1,735
Total		81,915	81,915	88,139	88,139
Downside					
Australian equities	-20%	(41,704)	(41,704)	(45,468)	(45,468)
International equities	-20%	(25,822)	(25,822)	(31,052)	(31,052)
Australian listed properties	-20%	(7,703)	(7,703)	(5,434)	(5,434)
Infrastructure	-20%	(3,835)	(3,835)	(2,501)	(2,501)
Australian inflation linked	-2%	(1,365)	(1,365)	(1,948)	(1,948)
Global credit	-2%	(1,486)	(1,486)	(1,735)	(1,735)
Total		(81,915)	(81,915)	(88,139)	(88,139)

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

b) Credit risk

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

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.

The loss allowance for trade debtors as at 30 June 2022 was \$156 (2021: \$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 2022 was determined to be \$258 (2021: \$78).

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 2022 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 2022					
Cash at bank and on hand	-	84,870	-	-	84,870
Insurance recoveries on claims paid	-	51	134	42	227
Bonds	31,661	25,806	-	-	57,467
Total	31,661	110,727	134	42	142,564
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

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 2022						
CTP contributions receivable	-	1,370	-	-	-	1,370
Other receivables	2	172	-	-	-	174
Insurance recoveries on claims paid	164	-	-	63	-	227
Investment receivables	307	-	-	-	-	307
Total	473	1,542	-	63	-	2,078
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	1,861	-	-	-	2,275

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 2022					
Trade and other payables	7,388	-	-	-	7,388
Total undiscounted financial liabilities	7,388	-	-	-	7,388
30 June 2021					
Trade and other payables	6,384	-	-	-	6,384
Total undiscounted financial liabilities	6,384	-	-	-	6,384

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:

	2022	2021
	\$'000	\$'000
Retained earnings	444,480	421,796
Total capital resources	444,480	421,796

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

30 June 2022

Financial Assets

Bonds

Units in unlisted trust funds

Total

Carrying Amount		Fair Value			
Fair value through P&L	Held at amortised cost	Total	Level 1	Level 2	Level 3
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
57,466	-	57,466	57,466	-	-
807,772	-	807,772	-	807,772	-
865,238	-	865,238	57,466	807,772	-
					57,466
					807,772
					865,238

MACC

30 June 2021

Financial Assets

Bonds

Units in unlisted trust funds

Total

Carrying Amount		Fair Value			
Fair value through P&L	Held at amortised cost	Total	Level 1	Level 2	Level 3
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
72,875	-	72,875	72,875	-	-
841,027	-	841,027	-	841,027	-
913,902	-	913,902	72,875	841,027	-
					72,875
					841,027
					913,902

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

The fair value disclosure in 2022 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

2022	2021
\$'000	\$'000
-	13
-	30
-	43

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

2022	2021
\$'000	\$'000
15,050	14,185
22,575	35,462
-	-
23	23
-	23
-	-
37,648	49,692

Management Agreement refer Note 2.3 (i).

Confidential

Motor Accidents (Compensation) Commission
Notes to the Financial Statements
30 June 2022

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 (2022: 5.12% - 5.31% 2021: 3.46%-5.00%). 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 2022	Alternative Measure	Change
Statement of Profit or Loss and Other Comprehensive Income		\$'000	\$'000	\$'000
Revenue	5	36,575	41,830	5,255
Insurance expense		(1,889)	(1,889)	-
Claims expenses	13	15,597	(34,173)	(49,770)
Grants provided to fund road safety programs		(4,002)	(4,002)	-
Depreciation and amortisation expense	12	(22)	(22)	-
Other expenses		(23,575)	(23,575)	-
Profit for the period/(loss)		22,684	(21,831)	(44,515)

	Notes	30 June 2022	Alternative Measure	Change
		\$'000	\$'000	\$'000
Statement of Financial Position				
Assets				
Cash and cash equivalents	8	84,870	84,870	-
Trade and other receivables	9	1,849	1,849	-
Other financial assets	10	865,238	865,238	-
Insurance and other recoveries receivable	11	66,183	61,012	(5,171)
Lease Assets	12	23	23	-
Total Assets		1,018,163	1,012,992	(5,171)
Liabilities				
Outstanding claims provision	13	532,934	453,187	79,747
Trade and other payables	15	7,439	7,439	-
Unearned CTP contributions	14	33,287	33,287	-
Provisions	21	23	23	-
Total Liabilities		573,683	493,936	79,747
Net Assets		444,480	519,056	74,576
Equity				
Opening Retained Earnings, restated		421,796	540,887	119,091
(Loss)/Profit for the period		22,684	(21,831)	(44,515)
Total Equity		444,480	519,056	74,576

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 2022, the solvency ratio was 148% (30 June 2021: 141%)



Auditor-General

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

Page 1 of 4

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 2022, 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 2022, 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.

Key Audit Matters	Audit scope response to the Key Audit Matter
<p>Valuation of Outstanding Claims Provision</p> <p>The determination of the value of the Outstanding Claims Provision of \$532.934 million, as disclosed in Note 13 to the financial statements, is a key audit matter as it involves 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 2022 and: <ul style="list-style-type: none"> ○ assessing whether the data used for the determination of assumptions is up-to-date and appropriate by performing inquiries of the Appointed Actuary; and



Auditor-General

Page 2 of 4

Key Audit Matters	Audit scope response to the Key Audit Matter
	<ul style="list-style-type: none"> ○ confirming the final valuation within the report agrees to the balances reported within the financial statements as at 30 June 2022. ▪ evaluating estimation uncertainty of the accounting estimates by: <ul style="list-style-type: none"> ○ assessing whether the significant assumptions used by management are reasonable, consistent with industry practice and the experience of the Motor Accidents (Compensation) Commission; ○ obtaining the sensitivity analysis performed by the valuation actuary and assessing the impact of changes in key actuarial assumptions on the claim reserves; and ○ assessing the appropriateness of any changes to assumptions from the half year review.

Valuation of Insurance and Other Recoveries Receivable

The determination of the value of Insurance and Other Recoveries Receivable of \$66.183 million, as disclosed in Note 11 to the financial statements, is a key audit matter as it involves significant assumptions and judgements by management and complex actuarial calculations.

My procedures included but were not limited to:

- obtaining the independent Third Party Valuation of Claims Liability and Recoveries Report (the valuation report) for the financial year ended 30 June 2022 and:
 - assessing whether the data used for the determination of assumptions is up-to-date and appropriate by performing inquiries of the Appointed Actuary; and
 - confirming the final valuation within the report agrees to the balances reported within the financial statements as at 30 June 2022.
- evaluating estimation uncertainty of the accounting estimates by:
 - assessing whether the significant assumptions used by management are reasonable, consistent with industry practice and the experience of the Motor Accidents (Compensation) Commission;
 - obtaining the sensitivity analysis performed by the valuation actuary and assessing the impact of changes in key actuarial assumptions on the claim reserves; and
 - assessing the appropriateness of any changes to assumptions from the half year review.



Auditor-General

Page 3 of 4

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.

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.

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

- 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.

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

20 October 2022



Annual Report 2021-22