MACC

Annual Report

2022–23

Northern Territory Motor Accidents
(Compensation) Commission

MACC

Letter of Transmittal

6 October 2023
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 2022–23 Annual Report.

This report incorporates the audited financial statements for the Motor Accidents (Compensation) Commission for the year ended 30 June 2023, as required by section 22 of the Motor Accidents (Compensation) Commission Act 2014.

Yours sincerely

Will Oliver
MAC Commissioner

Contents

This Annual Report outlines Motor Accidents (Compensation) Commission (MACC) operations and financial statements for the 2022–23 financial year. This Report is tabled in the Northern Territory Legislative Assembly to allow for public scrutiny of MACC and its management of the MAC Scheme. The Annual Report also includes information for those who have an interest in road safety in the Northern Territory.

About the 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.

Drivers of unregistered vehicles risk losing MAC Scheme benefits if seriously injured or killed in a motor vehicle accident

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.

Charmaine Kulitja, Mutitjulu Northern Territory

Painting titled "Pitjanyi n"

Her painting tells of family waiting for the safe return of the driver and passengers urging the community to return safely.

MAC Commissioner

Will Oliver
MAC Commissioner

Will was appointed as the MAC Commissioner by the Treasurer for a four-year term from 1 January 2022. Prior to this appointment, Will was serving as the Acting Commissioner since July 2021. With experience in personal injury compensation, Will has held executive positions in operational business units, including General Manager of Personal Injury Management and Banking. Will was a partner in a national law firm before he transitioned to an in-house role as General Counsel at TIO, where he gained valuable expertise in corporate governance, risk management, and prudential compliance frameworks. Will's journey with the Commission began in April 2018 when he joined as the Executive Director before his appointment as an Associate Commissioner in April 2019.

Commissioners Report

I am pleased to present the annual report detailing the activities and results of the Motor Accidents (Compensation) Commission (MACC) for the year ending June 30, 2023.

The MAC Scheme plays a vital role in assisting victims of road trauma in the Northern Territory. Operating as a 'No-Fault' scheme, MAC provides a range of benefits including medical treatment, rehabilitation services, loss of earning capacity payments, and other supports. It is a periodic benefit based scheme which funds ongoing treatment and support for injured people to return to health and work or for those with life changing injuries, to return to independence.

New claims

In 2022–23, there were 533 new claims lodged with the Scheme. This represents an increase of 6% on the previous year and was likely a reflection of increased traffic volumes as the economy strengthened post COVID 19. This is supported by a net increase of 3,754 motor vehicle registrations over the past 2 years. Of the new claims reported this year, 450 or 86% relate to accidents that occurred within the financial year.

Service experience

A customer satisfaction survey is conducted annually to seek feedback from claimants about their experience and assess their satisfaction with MACC's appointed claims manager, TIO at an overall level.

We aim to survey a broad cross-section of claimants to ensure we receive feedback from claimants living in urban, regional and remote communities. The involvement of Aboriginal claimants in the survey has increased to 24% of all survey respondents which is the strongest level of participation since the annual customer satisfaction survey commenced in 2012.

The independent survey was undertaken during the year receiving an overall rating of 6.7, down from 7.3 last year. We are working with TIO to focus on actions to improve customer experience and overall satisfaction. TIO's Voice of Customer program has recently been implemented and is providing specific and timely feedback on claimant interactions and the drivers of satisfaction.

Two additional initiatives that will make an impact on customer satisfaction are a continued focus on reducing the time to first payment of benefits and an upgrade to the MACC website.

In 2023 the median time to first payment in respect of all benefit types, represented a 26% improvement on the five year average, highlighting progress towards our goal to simplify processes to ensure claimants receive timely treatment and benefits.

"The MAC Scheme plays a crucial role in supporting victims of road trauma and advocating for road safety in the Northern Territory."

Will Oliver
MAC Commissioner

The website upgrade is due for completion in late 2023 and will increase claimant accessibility to key information about the Scheme.

Financial results

The MAC Scheme reported an operating profit for the year ended 30 June 2023 of $106.8 million, up from $22.7 million last year. The main driver of the result was the significant turnaround in investment returns this year, despite ongoing market volatility.

Investments

The investment portfolio recorded positive returns of $93.8 million, in contrast to the negative returns of $51.8 million reported in the previous year. While the Fund remains focused on generating a positive real return over wage inflation, short-term volatility can lead to fluctuations in annual investment returns.

Claims expenses

Claims expense was lower as a result of the positive movements to the outstanding claims liability of $17.5 million. This was due to the negative movements in economic assumptions of $8.6 million, offset by favourable claims experience trends of $26.1 million.

Volatility in results

The operating result has experienced significant volatility over the past two years, primarily due to external factors beyond our control. These factors included changes to long-term discount and inflation rates that directly impacted the outstanding claims liability and short-term movements in global investment markets.

Underlying performance

To better understand the Scheme's underlying performance, we use the 'alternative measurement basis', where claims liabilities are discounted to present value using a flat discount rate of 2% above assumed inflation. This shows the Scheme's profitability without the influence of interest rate movements.

On this basis, the net profit this year is $100.8 million, an improvement from last year's net loss of $21.8 million. The improvement in underlying profit is attributed to the volatility in investment returns over the 2 year period.

Capital position

The MAC Scheme continues to meet its objectives for financial stability and to meet its statutory obligations with a solvency ratio at year end of 157%, compared to 148% last year.

Research

MACC undertakes various research projects to better understand key issues relevant to the Territory's unique environment, vast geography and diverse population and to inform preventative road safety strategies.

MACC commissioned Monash University to review how new and emerging technologies are being used to increase road safety and evaluate prevention strategies.

In response to the over representation of Aboriginal people in pedestrian fatalities and serious injuries, MACC will engage Menzies School of Health Research to conduct an epidemiological study to better understand the issue, provide deeper understanding of the risks and issues and support the development of evidenced-based prevention strategies.

Road safety funding

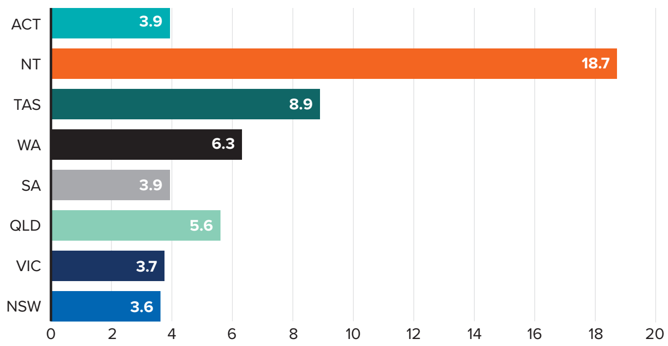
The number of road fatalities and serious injuries resulting from road trauma in the 2022 calendar year were alarmingly at a 10 year high with 52 deaths recorded and 460 serious injuries. 82% of fatal crashes occurred on rural and remote roads.

As of September 2023, there have been 13 fatalities reported this calendar year, in contrast to the 42 recorded during the same period last year. This significant decrease in fatalities highlights the volatility of road trauma in the Northern Territory.

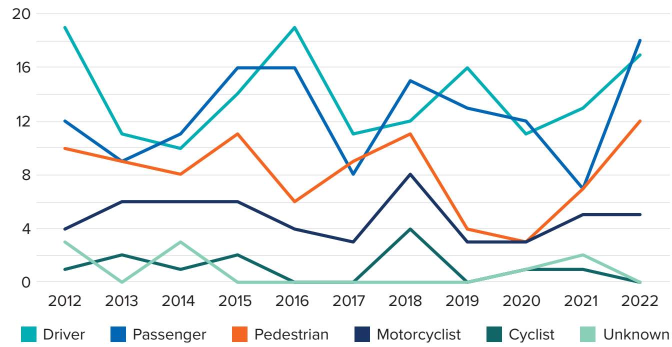
Addressing road safety in the Northern Territory requires all key stakeholders working together on a multifaceted strategy for sustainable change.

In 2022–23 MACC provided in excess of $4 million in road safety funding to the Northern Territory Government, MACC's own campaigns, programs and partnerships and market research. The funding contributes to road safety education and influencing road user attitudes and behaviours.

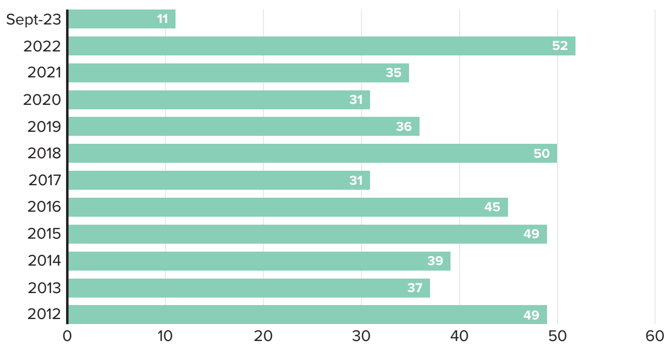
Fatalities rate per 100,000 population 2022



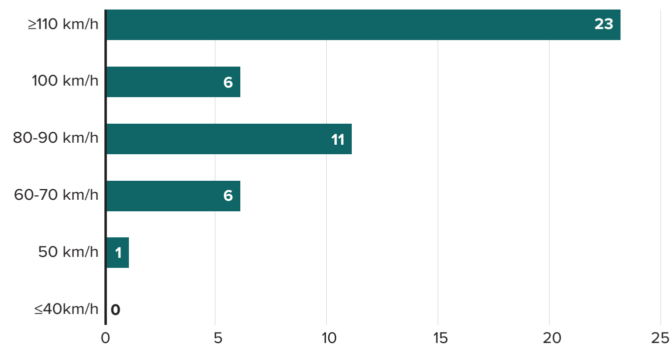
2022 NT fatalities by road user



2012-2023 NT road fatalities



2022 NT fatalities by road speed limit



A driver distraction campaign was launched in May this year with a focus on the risks of using handheld mobile phones while driving.

MACC continues as a funding partner to support road safety education programs through the Michael Long Learning and Leadership Centre, Street Smart High and for the first time, a sponsorship of the Barunga Festival to promote the use of seatbelts.

As a champion of road safety, it's important to MACC that safe road user awareness extends Territory wide. The Barunga Festival 'Always Wear Your Seatbelt' Colour run helped us engage with a new audience this year.

Acknowledgements

I wish to acknowledge the TIO MAC team for the care and assistance provided to MAC claimants over the past year.

I also express my thanks to our road safety partners, the Department of Infrastructure Planning and Logistics and Northern Territory Police, Fire and Emergency Services, for their commitment and support to reduce road trauma on Territory roads.

Will Oliver
MAC Commissioner

Barunga festival embraces MACC’s road safety message

The Barunga Festival is an iconic annual event held in the remote community of Barunga, 320km southeast of Darwin, Northern Territory. It’s a celebration of Aboriginal traditions, culture, music, sport and art attracting around 5,000 people over a 3 day weekend in June each year.

MACC strives to ensure that road safety education and awareness extends Territory wide and that different communication strategies are used to engage the diverse audiences throughout the Northern Territory.

As a first time sponsor of the Barunga Festival, MACC engaged with the broad festival community including, Aboriginal children, youth, adults, and families in Barunga, around safe road user attitudes and behaviours over the 3 days of the festival.

Road Safety activities featured during the festival included:

- Aboriginal youth creating a series of road safety messages painted on drums and old car bonnets that will serve as reminders for drivers to slow down when driving round the community and to always buckle up.
- The ‘Barunga Beats’ youth disco on the Friday night, with a flashmob performing a seatbelt dance, inspiring the 300 strong audience to follow their lead.
- The ‘Always Wear Your Seatbelt’ Colour run, on Saturday and Sunday with hundreds of kids and adults weaving their way through the explosions of colour wearing white MACC seatbelt t-shirts and sunglasses.

To support the sponsorship, the TIO MAC team volunteered to travel to Barunga to help bring the festival’s road safety activities to life.

While the festival is over, we expect to see the Colour Run ‘Always Wear Your Seatbelt’ t-shirts, in and around communities for some time to come.

The TIO MAC team were quick to support the event as many hands were needed to manage the colour run and distribute hundreds of free seatbelt t-shirts and sunglasses to the very excited participants.

Claims Management

"In 2022–23 there were 533 new No Fault claims received. This represents an increase of 6% on the previous year, however, claim numbers remain relatively stable overall."

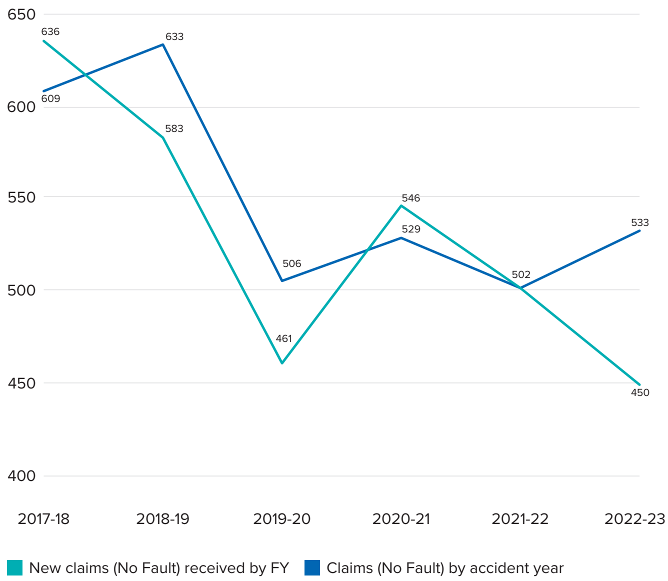
Claims under management

In 2022–23 there were 533 new No Fault claims received. This represents an increase of 6% on the previous year. The growth of the No Fault claims by 6% on the previous year can be attributed to an increase in traffic volumes caused by a strong post COVID 19 economy. This is supported by a net increase of 3,754 motor vehicle registrations over the past 2 years. Of the new claims lodged in 2022–23, 450 or 86% relate to accidents that occurred this year.

There were 1,176 open claims in the No Fault portfolio at year end, an increase of 24 claims on the previous year. Aboriginal claimants accounted for 28% of all open claims. Men represented 59% of the portfolio and claimants aged less than 18 years accounted for 11%. There were 12 new claims for Neuron scooter injuries received this year and 24 Neuron claims open at year end.

The Scheme has 51 claims which are eligible for Lifetime Care and Support benefits and a further 30 claims which have been accepted for interim benefits.

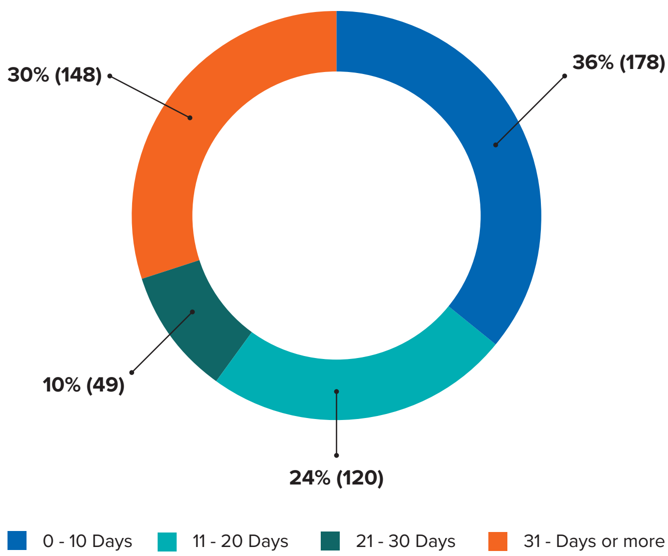
New claims (No Fault) received



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, and can take some time for liability to be assessed. MACC and TIO have established processes to fast-track decision making and 70% of liability decisions are made within 30 days of lodgement. This ensures that claimants have timely access to benefits which is reflected in time to first payment statistics. This has assisted us to drive early intervention strategies across claims to ensure claimants receive timely treatment and benefits.

Timeframe to liability decision



Permanent impairment compensation payments

To be eligible for a lump sum payment for permanent impairment, individuals must meet the legislative requirements and have their motor accident injury assessed by an independent medical specialist as both permanent and stable. However, in some situations, accessing the necessary specialists can lead to delays in the process.

To address this issue, over the past year we have implemented the following initiatives to streamline the process and increase accessibility for those living in remote areas:

- Strengthening relationships with providers, health centres and advocacy groups in remote areas.
- Reviewing claims biannually with the potential for permanent impairment to expedite assessments.
- Leveraged relationships with medico-legal providers, to access telehealth assessments in remote communities.

Loss of earning capacity entitlements (LOEC)

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 injury. The average number of claimants receiving LOEC entitlements was 178 in 2022–23, which is comparable to the previous year.

Common law claims

The MAC Scheme provides coverage to Territory motorists for interstate common law claims involving a Northern Territory registered vehicle. In 2022–23 there were 18 new common law claims received with 24 claims finalised. There are 29 outstanding common law claims, a decrease of 17% from the same reporting period last year.

Claims management strategic priorities

MACC works closely with TIO to ensure best practice claims management strategies are implemented to assist victims of road trauma to recover, and for those who have sustained permanent injuries, to regain their independence.

We are simplifying our processes to make it easier for injured people to get the help they need. We strive for continuous improvement so that scheme participants experience an efficient claims journey delivered with care and empathy.

Strategic pillar	Key focus	Outcome
People and Capability	Segmentation of claims for more specialised services.	Pathways for case managers to specialise in categories of new claims, return to health claims and lifetime care and support claims.
	We aim to have claims managers physically located in major Territory regions outside of Darwin.	We have MAC claims managers located in Nhulunbuy and Katherine.
	Leveraging specialist skills in other jurisdictions to build internal capability.	Summits and case conferencing established with interstate specialist to assist with timely resolution of claims.
	Training and capability uplift.	Continued focus on capability building through training encompassing soft skills, cultural sensitivities, privacy and information security and technical training specific to the MAC Scheme.
Performance and Reporting	Enhancing liability processes for Lifetime Care and Support (LTCS) claims.	Issuing early referral for advice pertaining to liability determination for complex LTCS claims to expediate liability decisions and provide entitlements in a timely manner.
	Quarterly Major Claims Summits to increase transparency and accountability.	A quarterly review of complex claims with MACC and TIO to discuss strategies to improve claimant outcomes and quality of life.
	Early intervention strategies for claimants with psychological injuries resulting from road trauma.	Providing for assessment and targeted intervention pathways to support claimants psychologically affected by road trauma designed to match claimants with individual treatment and support.
	Continued focus on ensuring early access to benefits for claimants.	A review of policies and procedures have streamlined and simplified decision making, resulting in reduced wait times for claimants to access to benefits.
Client and Community	Transparency and accountability for client interactions.	A call coaching framework has been implemented to allow for skill and competency gaps in case management communication and ensure timely intervention.
	MACC website upgrade to improve the user experience and increase access to information.	The website upgrade will be completed in late 2023 providing more information for scheme participants and service providers with intuitive architecture and easy to navigate menus.
	Cultural awareness training.	Cultural awareness training for claims team to ensure engagement and communication with Aboriginal people is respectful and sensitive.
Risk and Compliance	Enhancing supplier governance framework.	Reviewed third party privacy protocols to ensure all suppliers with access to sensitive information, meet the required standards for privacy and information security.
	Risk culture and awareness uplift.	Program of work to enhance capability and culture relating to risk awareness. This has included the introduction of a quarterly risk award to acknowledge and celebrate individuals who demonstrate strong risk awareness.

Remote area claims

Claimants living in remote locations across the Northern Territory can face challenges accessing the care and equipment they need following road trauma. We have been proactive in collaborating with suppliers of equipment and assistive technologies that help people, especially those in remote areas, who have difficulty performing daily living activities. This included the development of an annual servicing schedule, aimed at increasing the lifespan of equipment and reducing the costs associated with frequent replacements in remote areas.

We have enhanced our existing processes for Telehealth appointments with community clinics so that claimants have easier and more convenient access to periodic medical reviews which are required to assess their entitlements to scheme benefits. This has reduced the need for in-person visits and unnecessary travel.

Our aim is to remove as many barriers as possible that may delay or hinder a person's recovery and return to health.

Lifetime care and support claims

In 2022–23 we focused on the prompt identification and determination of potential lifetime care and support claims. This enables timely medical treatments and early intervention strategies to improve recovery outcomes and ensure people who sustain life altering and traumatic injuries get the support they need when they need it.

We are now regularly approving treatments and services on a 'without prejudice basis' so that claimants living in regional and remote communities receive the same levels of access as people in urban areas.

Some initiatives in 2022–23 included:

- In conjunction with their treating medical practitioner, reviewing the use of medications and where appropriate, supporting the transitioning to a pain management program which will not only address their pain but also enhance their functional and cognitive capacity, promoting greater independence.
- A renewed focus on ensuring MAC Scheme participants can access culturally appropriate services and provide them with choice and control over their care.
- Collaborating with NDIS providers and partners to streamline the delivery of benefits to dual funded recipients.
- Frequently engaging with key stakeholders including, the coroner, Legal aid services, hospitals and the NDIS to promote understanding of the MAC Scheme and benefits available.

Participants satisfaction with claims management

MACC requires its claims manager, TIO, to deliver best practice claims management strategies to return people to health and work regardless of where they live. Our goal is to ensure that the MAC Scheme provides a client-centric claims experience that is empathetic and understanding, through skilled case managers who are proactive in their approach and consistently provide transparent and timely decision-making for MAC Scheme participants.

Each year an independent survey is conducted by telephone, to seek feedback from MAC Scheme participants about their service experience and to help our claims manager better understand where efforts should be focused for improvements.

A total of 263 clients participated in this year's survey. The number of Aboriginal people completing the survey increased again this year from 18% in 2022 to 24%, marking the third consecutive year of increased participation. Among these individuals, 40% reported English as a second language, with a significant portion living in regional and remote areas.

This year the overall satisfaction with the claims experience was rated at 6.7, down from 7.3 last year. We are working with our claims manager, TIO to focus on the necessary actions to improve this. TIO's Voice of Customer program has been implemented for the MAC Scheme and is providing more specific and timely feedback on claimant interactions and the drivers of satisfaction.

One area that presents an opportunity for improvement is providing information about the available benefits, as only 61% of participants were satisfied with this aspect. There are a number of actions recently completed or in progress that will continue to increase customer satisfaction. These include a significant focus on reducing the time to first payment of loss of earnings capacity benefits and an upgrade to the MACC website to improve the user experience and improve access to information.

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.

Designated person review

We work with victims of road trauma and/or their families to ensure that benefits requested or claimed are delivered in a timely manner.

On some occasions, people will be ineligible to receive certain benefits under the Scheme. This can result in a dispute and claimant's have the right to appeal any decision that TIO make on behalf of MACC.

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. Out of 29 new reviews by the Designated Person in 2022–23 reporting period, 26 claims were finalised. There was a slight increase in the amount of reviews required during the previous reporting period, but a decrease in the average across the last 5 years.

The improvements to our decision–making process have resulted in ongoing stability in the number of Designated Person reviews in 2022–23. Seven claims were referred to the MAC Tribunal and of those 4 are resolved.

When handling claims, 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.

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Designated person review received	**23**	**34**	**30**	**52**	**18**	**25**	**29**
Decision upheld	18	13	19	25	20	13	28
Decision varied	9	8	14	7	8	4	6
Agreement reached	0	0	0	0	10	0	0
Ineligible for review or withdrawn	1	2	2	0	2	1	5
Open	2	13	8	28	6	13	3
MAC tribunal matters	**6**	**4**	**7**	**1**	**2**	**3**	**7**
Open	4	3	2	0	0	1	4

MAC Scheme operational results

No Fault claim portfolio results	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Number of vehicles insured	200,707	200,948	198,580	198,036	200,603	202,601	204,357
Premium private vehicle	$546.85	$546.85	$552.30	$561.10	$565.55	$575.75	$591.30
New claims received	593	609	633	506	529	501	533
Claims received per 1,000 vehicles	2.97	3.01	3.19	2.56	2.64	2.47	2.61
Number of finalised claims	565	583	678	604	534	601	549
Number of active claims at end of period	1,185	1,253	1,265	1,203	1,224	1,152	1,176
Gross No Fault claim payments (millions)	$35.4	$47.5	$50.0	$43.4	$47.4	$44.5	$37.9
Net No Fault claim payments (millions)	$32.4	$45.3	$47.8	$39.2	$45.5	$42.1	$35.2
Number of pedestrian claims received	63	72	74	43	55	47	49

No Fault payments by major heads of benefits ($millions)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Attendant care benefits	2.3	2.7	3.2	3.6	5.7	4.7	2.5
Hospital costs	7.9	9.5	11.7	6.1	6.6	9.0	7.5
Weekly benefits	7.8	8.9	8.8	10.7	8.5	8.7	8.4
Vocational rehabilitation benefits	1.6	1.9	1.7	1.2	1.3	1.7	1.8
Rehabilitation benefits	1.4	1.6	1.4	1.4	1.4	1.5	1.4
Medical benefits	3.6	3.9	3.8	3.9	5.7	4.2	3.5
Death and dependency benefits	3.1	4.4	3.4	4.3	3.8	1.7	2.4
Total No Fault major heads of benefits	27.7	32.9	34.0	31.2	33.0	31.5	27.5

Steven's Story

Steven, a young man living in the Yirrkala in Northeast Arnhem Land, had his life changed forever in 1987 when he was struck by a car as a pedestrian, resulting in spinal injuries that left him with paraplegia.

Steven was visiting friends on the other side of the community, about half a kilometre away from his home. It was drizzling rain and the light was fading when Steven started to return home after visiting friends on the other side of the community. A car approched him from behind without headlights on, and the driver failed to see him.

He was immediately treated at the Nhulunbuy Hospital and later transferred to Darwin and then Adelaide for specialised care. Although, the details of the accidents remain a blur to Steven.

Steven now lives in supported accommodation in Darwin. The purpose built residential building caters to individuals with spinal injuries and serious disability. The facility provides constant care for clients with high medical and nursing requirements.

Similar to his father, a highly esteemed painter whose works are displayed in four State and National Galleries, as well as the National Museum of Australia, Steven is deeply connected to his cultural heritage and yearns to return to Arnhem Land to be with his family.

Steven was an accomplished dancer who proudly represented his traditional culture both interstate and overseas. He danced in Melbourne and Paris, France and was recognised as the best dancer in his community.

Steven Maymuru was a cultural dancer, performing internationally before his life changing injury in 1987.

Steven said the Elders would often remark that he danced just like his father. While Steven can still sing his cultural songs, it is the inability to dance that he misses the most.

He is determined to make the most of his life and was recently involved in broadcast radio. The is focused on storytelling and making a positive difference to his community.

This year, with the support of MACC, he decided to share his story and create a campaign to educate young people, particularly those living in Arnhem Land about responsible behavior on the roads. His campaign will emphasise the importance of pedestrian safety, always wearing a seatbelt, refraining from drinking and driving and safety on and near roads.

The MAC Scheme's lifetime care

The MAC Scheme pays the necessary medical, rehabilitation and loss of earning benefits for people injured in a motor vehicle accident for as long as necessary through their recovery and return to health.

For people catastrophically injured, The MAC Scheme pays for lifetime attendant care services to help restore independence and quality of life.

Steven has been supported by The MAC Scheme with high quality medical and personal care for the past 36 years and will continue to receive this support for the remainder of his life.

The MAC Scheme also supports Steven to maximise his independence and quality of life with supports such as his motorized wheelchair which allowed him to get out to appointments and into the community.

Fund Performance

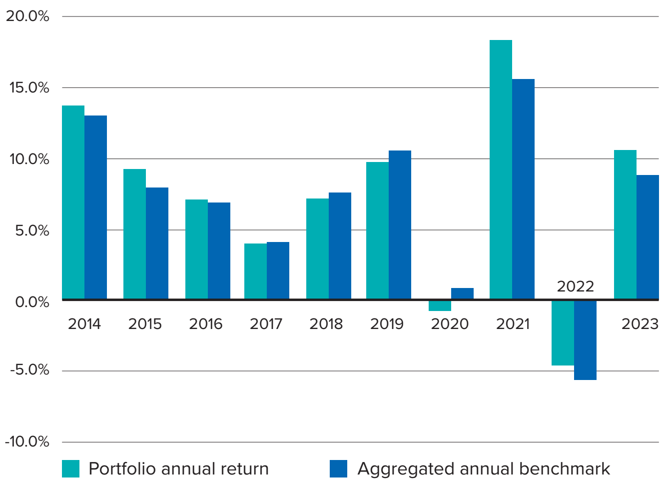
MACC fund performance

The total Investment assets increased by $0.14 billion (2023: $1.03 billion; 2022: $0.88 billion) in 2022-23. The investment portfolio returned 10.62% over the financial year outperforming the AWE +2.0% target by +5.23% and outperforming the aggregate benchmark by +1.76%.

The primary driver of strong performance during the period was the rally in Australian and International equity markets. Employment and general economic conditions have shown resilience in a rapidly rising interest rate environment, albeit conditions began to soften later in the reporting period. Consequently, market risk sentiment was positive which drove growth asset valuations higher.

The portfolio's allocation to infrastructure was also a strong contributor to performance as GDP-linked assets including airports and toll-roads continue to experience an uptick in volumes as global mobility levels recover.

Performance of defensive assets such as bonds was generally weaker over the period as yields continued to rise in response to high inflation. Real estate, particularly office and retail sectors continue to face valuation headwinds as occupancy rates remain below pre-pandemic levels. MACC's sector overweight to industrial property has been a positive contributor as demand for the sector remains strong.



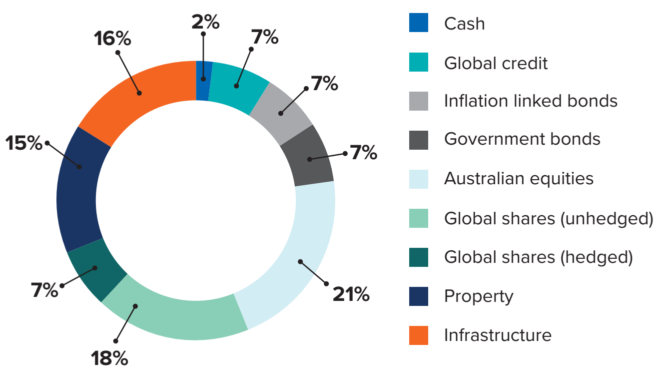
Sensitivity of operating result

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

Sensitivity to external factors	2022-23
1% decrease in interest rates	$(67.8) million
1% decrease in wage inflation (AWE) assumptions	$28.3 million
20% decrease in equity markets	$(88.2) million

MAC asset allocation

During the year, the new Strategic Asset Allocation (SAA) that was developed as part of the triennial requirement was fully implemented. The SAA slightly reduced high and low risk assets in the aim to invest in more mid-risk assets such as unlisted property and unlisted infrastructure. The underweight to fixed income through the SAA transition positively contributed to the portfolio's performance over the year. 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 in the longer term.



Road safety in the NT

Safety on Territory roads is a priority for MACC. The unique challenges faced by Northern Territory road users and road managers, such as the vast geography, extreme climate, and dispersed population, require a focused approach to road safety.

Territorians travel long distances on rough terrain because approximately three-quarters of Northern Territory roads are unsealed.

Residents of regional and remote areas encounter additional obstacles as they rely on unsealed roads to access essential services, public transport, vehicle registration, and driver licensing facilities.

These Territorians are more likely to drive older vehicles, cover extensive distances on unsealed roads, and have limited access to mechanical services compared to their urban counterparts. The Aboriginal population is around 30% of the Territory's total population, with nearly 80% living outside the greater Darwin area.

Addressing road safety in the Northern Territory requires a comprehensive and multifaceted strategy for sustainable change.

Cultivating a culture of road safety requires good stakeholder collaboration to create lasting improvements in road safety outcomes.

By recognising the unique challenges faced by Northern Territory road users, implementing targeted interventions, and fostering collaboration among stakeholders, we can work towards creating safer roads and reducing the incidence of road accidents in the Northern Territory.

The past year – road trauma statistics

Fatalities

There were 52 reported fatalities in the 2022 calendar year, an increase from a reported 35 fatalities in the previous calender year. Out of the 45 fatal crashes, 82% occurred on rural and remote roads, increasing from 72% in the previous year.

Key factors contributing to these fatalities were alcohol, not wearing a seatbelt and speeding.

Pedestrian fatalities are a concern with 12 people losing their lives, accounting for 23% of all fatalities.

Males accounted for 71% of the fatalities a decrease from 80% during the last reporting period, but remaining consistent with the 10-year average.

Additionally, Aboriginal Territorians continued to be overrepresented, comprising 56% of the fatalities.

Serious injuries

In the calendar year 2022, 460 people incurred serious injuries, an increase from the previous year's count of 362. The top 3 contributing factors to these serious injuries remained consistent: speed, alcohol, and not wearing a seatbelt.

Among those seriously injured, 33 were pedestrians and 27 were not wearing a seatbelt. These statistics highlight the ongoing challenges faced in achieving safer road user behaviours.

It is crucial to address the factors contributing to fatalities and serious injuries, such as alcohol consumption, seatbelt usage, and speeding. By implementing targeted interventions and raising awareness, we can work towards reducing these incidents and creating safer roads for all road users.

MACC's contribution to road safety

In the 2022–23, MACC contributed $4 million to road safety. This funding was allocated to various programs, events, campaigns, and research initiatives to inform evidence-based strategies aimed at influencing road user attitudes and behaviours. MACC provides valuable funding to the Northern Territory Government to implement Towards Zero initiatives.

MACC's research program

MACC undertakes strategic research to provide thought-leadership and to inform the more complex areas contributing to road trauma in the Northern Territory.

Research reports are provided to road safety stakeholders and to inform the Road Safety Executive Group who are the peak body responsible for strategic leadership in road safety prevention across Northern Territory Government agencies.

Exploring new and emerging technologies to improve road safety outcomes

Monash University completed a study commissioned by MACC to review how new and emerging technologies are being used in to increase road safety and prevent road trauma.

Addressing pedestrian road trauma in the Northern Territory

While research conducted in other parts of Australia and internationally has shed light on the key factors contributing to pedestrian road trauma, it is necessary to recognise that the prominence of each risk factor can vary depending on specific environments and populations.

To gain a deeper understanding of the risks and issues associated with pedestrian death and serious injuries in the Territory, MACC is planning an epidemiological study through the Menzies School of Health Research. The study will provide deeper understanding of the risks and issues and support the development of evidenced-based prevention strategies.

Campaigns in Aboriginal languages

It is important to MACC that safe road user education extends Territory wide and that different communications strategies are used to reach the diverse range of people in the Northern Territory.

In 2022/23 MACC's culturally appropriate road safety campaigns were delivered in English and also in up to 6 Aboriginal language translations targeted to specific regions.

The campaigns for Drink Driving, Seatbelts and Driving to Conditions are presented by Aboriginal people delivering messages through story telling, art and music.

Campaigns can be viewed on the MACC YouTube channel here [MACC – YouTube]

How we reach regional and remote areas

Free to Air Television:

- Indigenous Community Television (ICTV)
- Imparja
- 7 Central
- First Nations Broadcasting ATV41

Radio:

- Aboriginal Resource Development Services (ARDS)
- Yolngu Radio
- Top End Aboriginal Bush Broadcasting Association (TEBBA)
- Aboriginal Broadcasting Association (ABA)
- Central Australia Aboriginal media Association (CAAMA)

Digital and Social Advertising:

- YouTube and Facebook targeted to language areas

Kriol

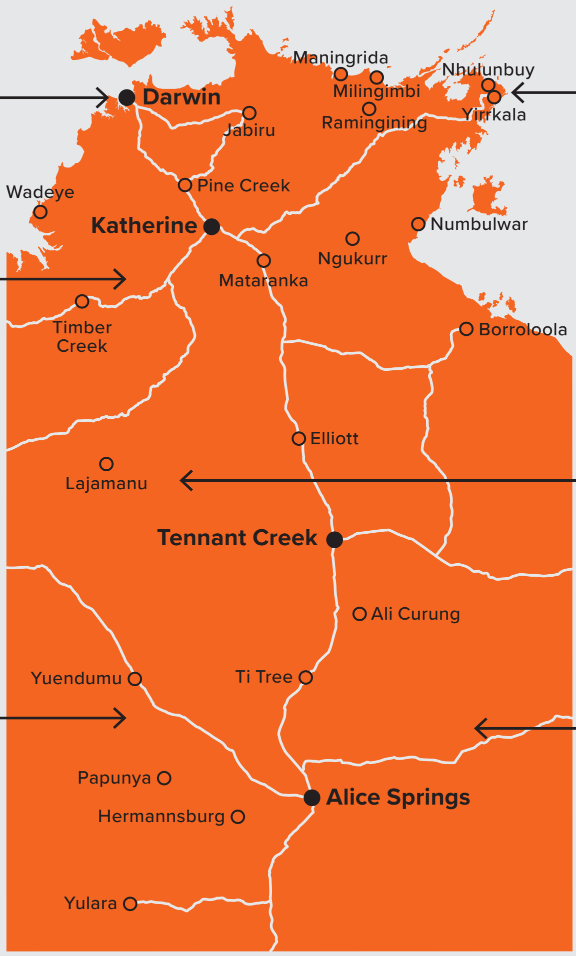
- Sorry Business Drink Driving
- Always wear your seatbelt

Murrinh-Patha

- Sorry Business Drink Driving
- Always wear your seatbelt
- Drive to the conditions

Pitjantjatjara

- Sorry Business Drink Driving
- Always wear your seatbelt



Yolngu Matha

- Sorry Business Drink Driving
- Always wear your seatbelt
- Drive to the conditions

Walpiri

- Sorry Business Drink Driving
- Always wear your seatbelt

Arrente

- Sorry Business Drink Driving
- Always wear your seatbelt
- Drive to the conditions

MACC campaigns and programs

MACC continued run a targeted campaigns delivering important key messages about drink driving, speed, seatbelts and driving to the conditions. A new evidenced base driver distraction campaign was also implemented this year.

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 education programs, infringement penalties and enforcement strategies.

Seatbelt campaigns for urban, regional and remote areas

Two seatbelt campaigns were ongoing throughout the year, with separate materials and messages tailored for urban and remote audiences. The 'Always Wear Your Seatbelt' campaign for regional and remote audiences addresses the dangers of overcrowded vehicles, riding in the back of utes and trailers, and unrestrained children. The campaign is broadcasted in English and 6 Aboriginal languages through social media and Aboriginal media platforms, ensuring effective communication and engagement with the target audience.

Additionally, 10 meter billboards have been installed in 3 locations along major highways in the Northern Territory to serve as reminders for travelers to always buckle up.

View the campaign

Driving Blind – A new driver distraction campaign

The use of hand held mobile phones while driving has increased over the past decade and contributes to road trauma in the Northern Territory. The 'Driving Blind' campaign was launched to warn people of the risks associated with using mobile phones while driving.

The campaign aims to raise awareness about the dangers of using a mobile phone while driving, as it distracts drivers from the road and reduces their reaction time, increasing the risk of collisions with pedestrians, cyclists, vehicles and stationary objects. The campaign aims to increase safer driving habits and reduce road accidents by encouraging drivers to leave their phones alone.

View the campaign

Drive To The Conditions campaign for regional and remote areas

The majority of road crashes resulting in fatalities and serious injuries occur on regional and remote roads. To address this issue, the 'Drive To The Conditions' campaign is aimed at changing the behaviours of Aboriginal people that drive on unsealed roads in remote communities.

The campaign features the Djuki Mala dancers delivering important messages in a light-hearted manner, emphasising the importance of driving at the appropriate speed for unsealed roads and other conditions. It was predominantly delivered in 4 languages through Aboriginal media channels and social media, ensuring effective communication with the target audience.

View the campaign

Street Smart High 2023

MACC continued its funding in 2023 to support the delivery of the Street Smart High event. This road safety education event took place at the Darwin Convention Centre in early May 2023, and was attended by 1,300 senior high school students, teachers, and exhibitors from the Top End.

During the 4-hour event, participants witnessed a simulated crash scene and listened to influential speakers who shared their personal experiences of how road trauma impacted their lives. The event aimed to educate and raise awareness among young drivers about the importance of road safety.

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

The 'Speeding – There's No Future In It' campaign, has been running for 3 years and presents young males with a choice between the dangerous consequences of speeding and the potential joy of their future lives. The campaign has appeared cyclically throughout the past year and has been evaluated through independent market research. The results indicate a marginal improvement in self-reported behaviour and attitude change towards speeding, highlighting the campaign's effectiveness in raising awareness and influencing behaviour.

View the campaign

Michael Long Learning and Leadership Centre (MLLLC) partnership

The partnership between MACC and the MLLLC focuses on delivering road safety education and messaging to Aboriginal youth attending the centre from remote communities. Designed as a week-long residential program with 2 separate road safety sessions, the program has undergone variations in delivery over the past 2 years. These variations include a hybrid program delivered by the MLLLC in remote communities. The MLLLC has reinstated its full residential program and continues to deliver some program elements on country for youth who are not able to attend the MLLLC residential program. AFL Northern Territory regional development managers act as road safety ambassadors in remote areas, bringing the learnings from the MLLLC back to the community and promoting positive road safety behaviours.

Darwin Cup Carnival car park security

For the past 11 years, MACC has sponsored the overnight car park security at the Darwin Turf Club during the annual Darwin Cup Carnival. This sponsorship was initiated based on research that showed an increased risk of drink driving after the races due to concerns about vehicle vandalism if left overnight. The car park security initiative aims to support the 'don't drink and drive' messaging and ensure the safety of attendees and their vehicles.

Beswick community members are awarded a certificate of attendance after completing the Drive Safe theory lessons.

Enough's Enough urban drink driving campaign

The 'Enough's Enough' campaign has been running for 7 years and targets urban drivers. It shares the true story of the Hassall family, who tragically lost their daughter and sister in a car accident caused by a drunk driver. The campaign features the Hassall family, along with emergency workers, doctors, and police and calls for an end to drink driving. By sharing personal experiences and emphasising the devastating consequences of drink driving, the campaign aims to create a strong emotional impact and discourage this dangerous behaviour.

View the campaign

Sorry Business regional and remote drink driving campaign

The 'Sorry Business' campaign showcases community artists from 6 communities, each sharing their personal experience of drink driving road trauma. They use Aboriginal culture, art and storytelling to raise awareness about the dangers of drink driving in the aim to change attitudes about drink driving. The campaign was broadcast in Aboriginal languages throughout the Northern Territory, to reach all regional and remote areas.

View the campaign

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 comprising of the Department of Treasury and Finance, Police, Fire and Emergency Services 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 goal of Towards Zero is to:

- reduce death and serious injury on our roads
- cultivate a responsible road culture
- to work together and 'own' our need to improve road safety.

The Action Plan comprised of 49 priority actions. Of these, 31 have been completed, 7 are ongoing, and 8 will continue to complete in 2023. The remaining actions require complex policy and technical development.

For more information visit **towardszero.nt.gov.au**

DriveSafe NT program

DriveSafe NT is a driver education and training program that provides Territorians with the skills to be safer drivers. 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. Unexperienced 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 NT program also provides Motor Vehicle Registry services to those in regional and remote areas, and helps 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. It 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 that do not have 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 Northern Territory.

Since its development in 2012, a total of 10,187 people have joined the DriveSafe Urban program, and 13,941 learner and provisional licenses were gained through the DriveSafe Remote program.

DriveSafe was also promoted at various community events including Street Smart High, Barunga Festival, Central Desert Regional Council Staff Forum, APM’s Career Day event, Darwin Youth Conference and numerous high school and sporting events.

Road Safety School Education NT

In 2022–23 the Department of Infrastructure, Planning and Logistics Road Safety team was responsible for the delivery of school and community road safety education and awareness programs across the Northern Territory.

The annual ‘Who’s Your Sober Bob’ campaign was promoted throughout the year and National Road Safety Week was promoted in May 2023.

Road Safety was also promoted at targeted community events including Street Smart High, Newland Park Road Safety Centre Family Fun Day, Youth Conference and various school holiday programs. Towards Zero sponsored round 17 of the Northern Territory Football League competition in February 2023 and safe driving messages were promoted throughout the AFL season and at football grounds.

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. The team also manage the NT Road Safety Grants Programthat is currently under review. A new Grants Program is expected to be delivered in 2023.

NT Government road safety team achievements 2022–23

Learning to drive

DriveSafe Remote Licencing

94

Visited 94 regional and remote communities

Assisted 1,544 people to attain a Learners Licence and 416 attain a provisional license

DriveSafe Urban Licencing

Assisted 910 people in urban area to earn a learner's license and 326 to attain a provisional licence

1,190

This year 1,123 people joined the DriveSafe Urban program

Community road safety education and engagement

School students

439 road safety education presentations and workshops sessions delivered at 142 schools and early learning centres. 106 of these sessions were in remote areas

Hector The Cat appeared 45 times at early learning centres

Community

Provided 26 bike safety sessions to 480 students at the Parap and Newland Park Road safety centres

Workplace and community groups

Delivered 28 road safety presentations and workshops to community groups and workplaces

MACC

Financial Statements

2022–23

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 2023 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

6 October 2023

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Notes	2023	2022
		$'000	$'000
Profit and Loss			
CTP contributions revenue	6	93,734	90,191
Insurance and other recoveries		(1,764)	(2,190)
Finance revenue	5	91,842	(53,911)
Other miscellaneous revenue		2,335	2,484
Insurance expense	6	(1,736)	(1,889)
Claims incurred/(expense)	13 (c)	(48,194)	15,597
Grants provided to fund road safety programs		(5,158)	(4,002)
Depreciation and amortisation expense	12(b)	(23)	(22)
Management fees	7	(21,348)	(21,083)
Other expenses		(2,861)	(2,491)
Profit/(Loss) before tax		**106,827**	**22,684**
Income tax expense	2.4 (c)	-	-
Profit/(Loss) for the period		**106,827**	**22,684**
Other comprehensive income/(loss) for the period		**-**	**-**
Total comprehensive income for the period		**106,827**	**22,684**

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 2023

	Notes	2023	2022
		$'000	$'000
CURRENT ASSETS			
Cash and cash equivalents	8	54,294	84,870
Trade and other receivables	9	6,380	1,849
Other financial assets	10	1,007,370	865,238
Insurance and other recoveries receivable	11	10,113	7,543
Right of use assets	12	-	23
Total Current Assets		**1,078,157**	**959,523**
NON-CURRENT ASSETS			
Insurance and other recoveries receivable	11	49,799	58,640
Total Non-Current Assets		**49,799**	**58,640**
Total Assets		**1,127,956**	**1,018,163**
CURRENT LIABILITIES			
Outstanding claims provision	13 (a)	45,257	39,910
Unearned CTP contributions	14	34,784	33,287
Trade and other payables	15	6,196	7,439
Lease liabilities	12	-	23
Total Current Liabilities		**86,237**	**80,659**
NON-CURRENT LIABILITIES			
Outstanding claims provision	13 (a)	490,412	493,024
Total Non-Current Liabilities		**490,412**	**493,024**
Total Liabilities		**576,649**	**573,683**
Net Assets		**551,307**	**444,480**
EQUITY			
Retained earnings		551,307	444,480
Total Equity		**551,307**	**444,480**

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 2023

	Retained Earnings	Total
	$'000	$'000
Balance as at 30 June 2021	**421,796**	**421,796**
Profit for the period, restated	22,684	22,684
Other comprehensive income	-	-
Total comprehensive income for the period	**444,480**	**444,480**
Transactions with owners in their capacity as owners		
Dividend paid	-	-
Balance as at 30 June 2022	**444,480**	**444,480**
Profit for the period	106,827	106,827
Other comprehensive income	-	-
Total comprehensive income for the period	**106,827**	**106,827**
Transactions with owners in their capacity as owners		
Dividend paid	-	-
Balance as at 30 June 2023	**551,307**	**551,307**

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 2023

	Notes	2023	2022
		$'000	$'000
Cash flows from operating activities			
CTP contributions received		103,325	100,882
Insurance paid		(1,729)	(1,885)
Claims paid		(41,461)	(47,549)
Insurance recoveries received		4,506	2,749
Trust distributions received		5,725	507
Interest received		3,214	1,993
Other income received		236	198
Acquisition costs paid		(1,227)	(1,007)
General and administrative expenses paid		(33,318)	(31,160)
Funding for road safety programs paid		(5,158)	(4,002)
Goods and services tax paid		(3,546)	(3,730)
Net cash flow from operating activities	**19 (a)**	**30,567**	**16,996**
Cash flows from investing activities			
Proceeds from sale of investments		35,000	46,002
Purchase of investments		(96,120)	(51,500)
Net cash flow used in investing activities		**(61,120)**	**(5,498)**
Cash flows from financing activities			
Repayment of lease liabilities	**12 (c)**	(23)	(22)
Net cash flow used in financing activities		**(23)**	**(22)**
Net increase/(decrease) in cash and cash equivalents		**(30,576)**	**11,476**
Cash and cash equivalents at the beginning of the period		84,870	73,394
Cash and cash equivalents at the end of the period	**8**	**54,294**	**84,870**

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 MAC Commissioner on 6 October 2023.

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 2.4. 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 Going concern

The MAC Commissioner has, at the time of approving the Financial Statements, a reasonable expectation that MACC has adequate resources to continue in operational existence for the foreseeable future. Thus, MACC continues to adopt the going concern basis of accounting in preparing the financial statements.

2.3 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.

Title	**Amendment**	**Effective for accounting periods on or after**	**Financial year expected to be applied**	**Likely impact on initial application**
AASB 2020-1 and AASB 2020-6 Amendments to Classification of Liabilities as Current or Non-current	The amendments to AASB 101 *Presentation of Financial Statements* 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 2024	30 June 2025	When these amendments are first adopted there will be no material impact on the financial statements.
AASB 2021-2 Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates	AASB 2021-2 amends the following Australian Accounting Standards: • AASB 7 Financial Instruments: Disclosures (August 2015); • AASB 101 Presentation of Financial Statements (July 2015); • AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (August 2015); and • Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and • Definition of Accounting Estimates (Amendments to IAS 8).	1 January 2023	30 June 2024	When these amendments are first adopted there will be no material impact on the financial statements.

AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	Amends AASB 17 Insurance Contracts to include modifications that apply to public sector entities; Amends AASB 1050 Administered Items to provide an accounting policy choice for government departments to apply either AASB 17 or AASB 137 Provisions, Contingent Liabilities and Contingent Assets in determining the information to be disclosed about administered captive insurer activities; and Repeals AASB 4 Insurance Contracts and AASB 1023 General Insurance Contracts and reverses the temporary consequential amendments set out in AASB 2022-8 that amended various Standards to permit public sector entities to continue applying AASB 4 and AASB 1023 to annual periods beginning on or after 1 January 2023 but before 1 July 2026 given AASB 17	1 July 2026	30 June 2027	MACC will undertake an assessment of any significant impacts to recognition, measurement, presentation, and disclosure of its insurance contracts against this new standard as appropriate.

2.4 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.

2.4 Significant accounting policies continued…

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.

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

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

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

For trade receivables MACC applies a simplified approach in calculating ECL's. MACC recognises a loss allowance based on lifetime ECL's at each reporting date. MACC has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable. The resulting

2.4 Significant accounting policies continued…

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.

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 2.4 (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

2.4 Significant accounting policies continued…

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.

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.

2.4 Significant accounting policies continued…

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.

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:

2.4 Significant accounting policies continued…

- 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.

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.

2.4 Significant accounting policies continued…

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.

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.

2.4 Significant accounting policies continued…

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.

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.

2.4 Significant accounting policies continued…

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

l) Claims provision

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

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

Claims include statutory benefits and compensation claimed by eligible persons as defined under the Motor Accidents (Compensation) Act 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 of Financial Position date using a risk free rate. The details of rates applied are included in note 3.

m) 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.

2.4 Significant accounting policies continued…

n) Foreign currencies

The Financial Statements are presented in Australian dollars (AUD), which is MACC's functional currency.

In preparing the financial statements of MACC, transactions in currencies other than MACC's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign exchange differences arising on translation are recognised in the statement of profit and loss in the period in which they arise.

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.

2.5 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 2023.

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.

2.5 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.

	2023	2022
Average weighted term to settlement (years)	14.91	15.05
Average claim frequency (latest accident year)	0.23%	0.23%
Average claim size ($)	145,568	145,536
Expense rate *	8.58%	9.03%
Discount rate	3.70% - 4.66%	2.38% - 4.50%
Inflation	3.00% - 3.66%	3.12% - 3.31%

*16% (2022: 16%) is used for the period applicable to the MACC management agreement. A rate of 7.7% (2022: 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% (2022: 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%	5,858	5,751	5,751
	-10%	(5,925)	(5,821)	(5,821)
Average claim frequency – latest accident year	+10%	(6,799)	(6,799)	(6,799)
	-10%	6,799	6,799	6,799
Average claim size	+10%	(51,843)	(47,665)	(47,665)
	-10%	51,843	47,665	47,665
Expense rate	+1%	(4,775)	(4,775)	(4,775)
	-1%	4,775	4,775	4,775
Discount rate	+1%	63,585	61,827	61,827
	-1%	(81,108)	(79,189)	(79,189)
Inflation	+1%	(80,962)	(79,053)	(79,053)
	-1%	64,570	62,789	62,789

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.

e) Foreign currency risk

Refer note 20.

5. Revenue

	2023	2022
	$'000	**$'000**
Finance revenue		
Interest revenue	1,918	1,993
	1,918	**1,993**
Financial assets at fair value through profit and loss:		
Trust distributions	34,313	56,927
Change in the fair value of investments	46,697	(111,220)
Net gain/(loss)on the disposal of investments	7,958	(1,611)
Foreign Currency Gain	956	-
Total finance revenue	**91,842**	**(53,911)**

6. Net CTP contributions revenue

	2023	2022
	$'000	**$'000**
CTP contributions received	95,233	92,183
Movement in unearned CTP contributions	(1,499)	(1,992)
CTP contributions revenue	**93,734**	**90,191**
Insurance expense	(1,736)	(1,889)
Net CTP contributions revenue	**91,998**	**88,302**

7. Management fees

	2023	2022
	$'000	**$'000**
Scheme management fees	20,938	20,709
Investment management fees	410	374
Management fees	**21,348**	**21,083**

8. Cash and cash equivalents

	2023	2022
	$'000	**$'000**
Cash at bank and on hand	53,843	84,870
Cash held with custodian	451	-
Total cash and cash equivalents	**54,294**	**84,870**

9. Trade and other receivables

	2023	2022
	$'000	**$'000**
CTP contributions receivable	2,042	1,370
Less: allowance for impairment loss	-	(1)
	2,042	**1,369**
Interest receivable	380	307
Distribution receivable	3,909	-
Others	49	173
Total trade and other receivables	**6,380**	**1,849**

10. Other financial assets

Other Financial Assets	2023	2022
	$'000	**$'000**
At fair value through profit and loss:		
Securities	1,007,370	865,238
Total other financial assets	**1,007,370**	**865,238**
Current financial assets		
Bonds	71,383	57,466
Units in unlisted trust funds	935,987	807,772
Total current financial assets	**1,007,370**	**865,238**

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

	2023	2022
	$'000	**$'000**
Undiscounted on claims paid	**889**	**228**
Expected future recoveries undiscounted on outstanding claims provisions	74,702	83,188
Discount to present value	(15,679)	(17,233)
Discounted expected future recoveries on outstanding claims provisions (Note 13 (c))	**59,023**	**65,955**
Insurance and other recoveries receivable	**59,912**	**66,183**
Current	10,113	7,543
Non-current	49,799	58,640
Insurance and other recoveries receivable	**59,912**	**66,183**

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

	Office premises	Total
30 June 2023	**$'000**	**$'000**
Balance at 30 June 2021	-	-
Depreciation charge for the year	(22)	(22)
Addition to right-of-use assets	45	45
Balance at 30 June 2022	**23**	**23**
Depreciation charge for the year	(23)	(23)
Balance at 30 June 2023	-	-

b) Amounts recognised in profit or loss

	2023	2022
	$'000	**$'000**
Depreciation expense on right-of-use assets	23	22

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.

c) Amounts recognised in statement of cash flows

	2023	2022
	$'000	**$'000**
Total cash outflow for leases	**(23)**	**(22)**

At 30 June 2023, the total cash outflow for leases amount to $23k (2022: $22k).

12. Leases continued....

d) Maturity analysis

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

	2023	2022
	$'000	**$'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

	2023	2022
	$'000	**$'000**
Central estimate undiscounted	1,046,555	958,135
Claims handling costs undiscounted	87,654	84,038
Gross claims incurred undiscounted	**1,134,209**	**1,042,173**
Discount to present value	(598,540)	(509,239)
Gross outstanding claims provision	**535,669**	**532,934**
Central estimate discounted	494,717	490,447
Current	45,257	39,910
Non-current	490,412	493,024
Gross outstanding claims provision	**535,669**	**532,934**

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 $77m to $554m (2022: $75m to $542m).

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

	2023			2022		
	Gross $'000	Insurance $'000	Net $'000	Gross $'000	Insurance $'000	Net $'000
Brought forward	**532,934**	**(65,955)**	**466,979**	**600,411**	**(70,759)**	**529,652**
Effect of changes in assumptions	(20,739)	4,416	(16,323)	(90,257)	8,162	(82,095)
Increase in claims incurred/recoveries anticipated over the year	68,933	(2,652)	66,281	74,660	(5,972)	68,688
Incurred claims recognised in the Statement of Profit or Loss and Other Comprehensive Income	**48,194**	**1,764**	**49,958**	**(15,597)**	**2,190**	**(13,407)**
Net claim payments	(45,459)	5,168	(40,291)	(51,880)	2,614	(49,266)
At 30 June	**535,669**	**(59,023)**	**476,646**	**532,934**	**(65,955)**	**466,979**

13. Outstanding claims provision continued....

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

30 June 2023	1 year or less $'000	> 1 year and < 5 years $'000	> 5 years $'000	Total $'000
MACC	36,034	80,924	359,688	476,646
Total discounted net outstanding claims provision	**36,034**	**80,924**	**359,688**	**476,646**

30 June 2022	1 year or less $'000	> 1 year and < 5 years $'000	> 5 years $'000	Total $'000
MACC	35,921	90,404	340,654	466,979
Total discounted net outstanding claims provision	**35,921**	**90,404**	**340,654**	**466,979**

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.

	2023			2022		
	General claims $'000	Lifetime care claims $'000	Total $'000	General claims $'000	Lifetime care claims $'000	Total $'000
Gross central estimate	**184,726**	**309,992**	**494,718**	**181,964**	**308,483**	**490,447**
Non- insurance recoveries	(6,315)	(10,925)	(17,240)	(6,124)	(13,632)	(19,756)
Insurance recoveries	(174)	(41,610)	(41,784)	(196)	(46,003)	(46,199)
Net central estimate	**178,237**	**257,457**	**435,694**	**175,644**	**248,848**	**424,492**

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 2023, the net central estimate includes 99 individually priced claims (2022: 95) and the estimated costs for

13. Outstanding claims provision continued….

28.5 lifetime care claims, which are made up of 9.5 claims for 3 development years (2022: 28.5).

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

	2023	2022
	$'000	$'000
Unearned CTP contributions as at 1 July	**33,287**	**31,295**
Deferral of contributions received in the period	34,784	33,287
Earning of contributions received in previous periods	(33,287)	(31,295)
Unearned CTP contributions as at 30 June	**34,784**	**33,287**

15. Trade and other payables

	2023	2022
	$'000	$'000
Trade payables	6,024	7,388
GST payables	172	51
Total trade and other payables	**6,196**	**7,439**

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.

	2023	2022
	$	$
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	418,705	392,297
	418,705	**392,297**

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	2023	2022
	$	$
Short term benefits	272,937	378,275
	272,937	**378,275**

18. Related party disclosure continued….

c) Other related party disclosures:

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

Cash collected

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

Expenses

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

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

For the year ended 30 June 2023, 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 (2022: $nil).

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

	2023				2022			
	Revenue from related parties $'000	Payments to related parties $'000	Amounts owed from related parties $'000	Amounts owed to related parties $'000	Revenue from related parties $'000	Payments to related parties $'000	Amounts owed from related parties $'000	Amounts owed to related parties $'000
All NTG Government departments	-	4,285	-	73	-	3,387	-	27

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

	2023	2022
	$'000	$'000
Net Profit/(Loss)	106,827	22,684
Depreciation and amortisation expense	1,399	22
Provision for impairment losses	1	-
Changes in net market value of investments	(46,697)	111,220
Profit on sale of investment securities	(7,958)	1,611
Foreign exchange gain	(956)	-
Distributions reinvested for units in managed funds	(24,681)	(56,420)
Rebates reinvested for units in managed funds	(2,099)	(2,286)
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(4,528)	99
(Increase)/Decrease in insurance and other recoveries receivable	6,270	4,939
Increase/(Decrease) in outstanding claims provisions	2,735	(67,476)
Increase/(Decrease) in unearned CTP contributions	1,498	1,992
Increase/(Decrease) in payables	(1,364)	1,011
Increase/(Decrease) in employee benefits and other liabilities	-	(50)
Increase/(Decrease) in GST payable	120	(350)
Net cash inflow from operating activities	**30,567**	**16,996**

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	**26,780**	**58,706**

20. Risk management and financial instruments information

Classes of Financial Instruments

	2023	2022
	$'000	$'000
Financial Assets		
Cash and cash equivalents	54,294	84,870
Interest receivables and others	429	481
Distributions receivable	3,909	-
CTP contributions receivable	2,042	1,370
Insurance recoveries on claims paid	889	227
Bonds	71,383	57,466
Units in unlisted trust funds	935,987	807,772
Financial Liabilities		
Trade creditors and accruals	6,024	7,388

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 2023		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**%**
Financial assets									
Cash and cash equivalents	Floating	54,294	-	-	-	-	-	**54,294**	4.10
Bonds	Fixed	-	-	-	-	-	71,383	**71,383**	2.93
Total		**54,294**	**-**	**-**	**-**	**-**	**71,383**	**125,677**	

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 2022		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**%**
Financial assets									
Cash and cash equivalents	Floating	84,870	-	-	-	-	-	**84,870**	0.85%
Bonds	Fixed	-	-	-	-	-	57,466	**57,466**	3.12%
Total		**84,870**	**-**	**-**	**-**	**-**	**57,466**	**142,336**	

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.

		2023		2022	
	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	52,078	52,078	52,116	52,116
Interest bearing financial assets and liabilities	-100 basis points	(67,758)	(67,758)	(67,911)	(67,911)

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.

		2023		2022	
MACC	**Change in unit price**	**Impact on profit after tax $'000**	**Impact on Equity $'000**	**Impact on profit after tax $'000**	**Impact on Equity $'000**
Upside					
Australian equities	+20%	43,303	43,303	41,704	41,704
International equities	+20%	28,911	28,911	25,822	25,822
Australian listed properties	+20%	7,781	7,781	7,703	7,703
Infrastructure	+20%	8,205	8,205	3,835	3,835
Australian inflation linked	+2%	1,446	1,446	1,365	1,365
Global credit	+2%	1,492	1,492	1,486	1,486
Total		**91,138**	**91,138**	**81,915**	**81,915**
Downside					
Australian equities	-20%	(43,303)	(43,303)	(41,704)	(41,704)
International equities	-20%	(28,911)	(28,911)	(25,822)	(25,822)
Australian listed properties	-20%	(7,632)	(7,632)	(7,804)	(7,804)
Infrastructure	-20%	(8,205)	(8,205)	(3,835)	(3,835)
Australian inflation linked	-2%	(1,446)	(1,446)	(1,365)	(1,365)
Global credit	-2%	(1,492)	(1,492)	(1,486)	(1,486)
Total		**(91,138)**	**(91,138)**	**(82,016)**	**(82,016)**

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 2023 was $0 (2022: $156).

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 2023 was determined to be $1,126 (2022: $258).

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 2023 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 2023					
Cash and cash equivalents	-	53,842	-	452	**54,294**
Insurance recoveries on claims paid	-	327	525	37	**889**
Bonds	35,683	35,700	-	-	**71,383**
Total	**35,683**	**89,869**	**525**	**489**	**126,566**
30 June 2022					
Cash and cash equivalents	-	84,870	-	-	**84,870**
Insurance recoveries on claims paid	-	51	134	43	**228**
Bonds	31,661	25,806	-	-	**57,467**
Total	**31,661**	**110,727**	**134**	**43**	**142,565**

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 or impaired	< 30 days	30-60 days	> 60 days	Impaired	Total
	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2023						
Interest receivables and others	429	-	-	-	-	**429**
Distribution receivables	3,909	-	-	-	-	**3,909**
CTP contributions receivable	-	2,042	-	-	-	**2,042**
Insurance recoveries on claims paid	470	-	74	345	-	**889**
Total	**4,808**	**2,042**	**74**	**345**	**-**	**7,269**
30 June 2022						
Interest receivables and others	309	172	-	-	-	**481**
Distribution receivables	-	-	-	-	-	**-**
CTP contributions receivable	-	1,370	-	-	-	**1,370**
Insurance recoveries on claims paid	164	-	-	63	-	**227**
Total	**473**	**1,542**	**-**	**63**	**-**	**2,078**

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 2023					
Trade and other payables	6,024	-	-	-	**6,024**
Total undiscounted financial liabilities	**6,024**	**-**	**-**	**-**	**6,024**
30 June 2022					
Trade and other payables	7,388	-	-	-	**7,388**
Total undiscounted financial liabilities	**7,388**	**-**	**-**	**-**	**7,388**

Direct Credit facility: MACC maintains $4 million facility that is allocated as the Transaction Negotiation Authority (TNA) limit with Westpac. Overdrawn fees and interest apply if there are insufficient funds in the account.

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:

	2023	2022
	$'000	$'000
Retained earnings	551,307	444,480
Total capital resources	**551,307**	**444,480**

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

e) Fair values

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

The carrying amount of receivables, cash at bank, insurance recoveries on claims paid and creditors approximate their fair value due to their short term nature. The carrying amount of term deposits is not materially different from their fair values.
The following table provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

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

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

MACC	Carrying Amount			Fair Value			
30 June 2023	**Fair value through P&L**	**Held at amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash and cash equivalents	-	54,294	**54,294**	-	-	-	-
Interest receivables and others	-	429	**429**	-	-	-	-
Distributions receivable	-	3,909	**3,909**	-	-	-	-
CTP contributions receivable	-	2,042	**2,042**	-	-	-	-
Insurance recoveries on claims paid	-	889	**889**	-	-	-	-
Bonds	71,383	-	**71,383**	71,383	-	-	**71,383**
Units in unlisted trust funds	935,987	-	**935,987**	-	935,987	-	**935,987**
Total	**1,007,370**	**61,563**	**1,068,933**	**71,383**	**935,987**	**-**	**1,007,370**
Financial Liabilities							
Trade creditors and accruals	-	6,024	6,024	-	-	-	-
Total	**-**	**6,024**	**6,024**	**-**	**-**	**-**	**-**

MACC	Carrying Amount			Fair Value			
30 June 2022	**Fair value through P&L**	**Held at amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash and cash equivalents	-	84,870	**84,870**	-	-	-	-
Interest receivables and others	-	481	**481**	-	-	-	-
Distributions receivable	-	-	**-**	-	-	-	-
CTP contributions receivable	-	1,370	**1,370**	-	-	-	-
Insurance recoveries on claims paid	-	227	**227**	-	-	-	-
Bonds	57,466	-	**57,466**	57,466	-	-	**57,466**
Units in unlisted trust funds	807,772	-	**807,772**	-	807,772	-	**807,772**
Total	**865,238**	**86,948**	**952,186**	**57,466**	**807,772**	**-**	**865,238**
Financial Liabilities							
Trade creditors and accruals	-	7,388	7,388	-	-	-	-
Total	**-**	**7,388**	**7,388**	**-**	**-**	**-**	**-**

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

The fair value disclosure in 2023 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.

f) Foreign currency risk

MACC undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of MACC's foreign currency denominated monetary assets at the reporting date are as follows:

	Assets	
Currency	**2023** **$'000**	**2022** **$'000**
USD	51,542	-
AUD	77,373	-

Foreign currency sensitivity analysis

MACC is mainly exposed to the currency of US dollars (USD) and the currency of Australian dollars (AUD).

The following table details MACC's sensitivity to a 10% increase and decrease in currency units against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

A positive number below indicates an increase in profit and other equity where currency units strengthen 10 per cent against the relevant currency. For a 10% cent weakening of currency units against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

		2023		2022	
	Change in currency exchange rate	Impact on profit after tax $'000	Impact on Equity $'000	Impact on profit after tax $'000	Impact on Equity $'000
J P Morgan Infrastructure Investments Fund	10%	8,060	8,060	-	-
J P Morgan Infrastructure Investments Fund	-10%	(8,060)	(8,060)	-	-

21. Commitments

	2023	2022
	$'000	**$'000**
(a) Management Agreement		
Future minimum base line fee payments for outsourcing arrangement:		
Within one year	17,548	16,555
Later than one year but not later than five years	8,774	24,833
Later than five years		
(b) Operating leases where MAC is the lessee		
Future minimum base rent payments for commercial lease agreement:		
Within one year	-	25
Later than one year but not later than five years	-	-
Later than five years	-	-
(c) Capital Commitments		
Funding provided to NTPFES (ANPR) system to promote road safety:		
Within one year	78	-
Later than one year but not later than five years	234	-
Later than five years	-	-
	26,634	**41,413**

Management Agreement refer Note 2.4 (i).

22. 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 (2023: 5.00% - 5.66% 2022: 5.12%-5.31%). Claims handling expense rate of 16% (2022: 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 2023	Alternative Measure	Change
Statement of Profit or Loss and Other Comprehensive Income		**$'000**	**$'000**	**$'000**
Revenue		186,147	187,940	1,793
Insurance expense		(1,736)	(1,736)	-
Claims expenses	13 (c)	(48,194)	(55,994)	(7,800)
Grants provided to fund road safety programs		(5,158)	(5,158)	-
Depreciation and amortisation expense	12	(23)	(23)	-
Other expenses		(24,209)	(24,209)	-
Profit for the period/(loss)		**106,827**	**100,820**	**(6,007)**

	Notes	30 June 2023	Alternative Measure	Change
Statement of Financial Position		**$'000**	**$'000**	**$'000**
Assets				
Cash and cash equivalents	8	54,294	54,294	-
Trade and other receivables	9	6,380	6,380	-
Other financial assets	10	1,007,370	1,007,370	-
Insurance and other recoveries receivable	11	59,912	56,533	(3,379)
Total Assets		**1,127,956**	**1,124,577**	**(3,379)**
Liabilities				
Outstanding claims provision	13 (a)	535,669	463,722	71,947
Trade and other payables	15	6,195	6,195	-
Unearned CTP contributions	14	34,785	34,785	-
Total Liabilities		**576,649**	**504,702**	**71,947**
Net Assets		**551,307**	**619,875**	**68,568**
Equity				
Opening Retained Earnings, restated		444,480	519,055	74,575
(Loss)/Profit for the period		106,827	100,820	(6,007)
Total Equity		**551,307**	**619,875**	**68,568**

23. Events subsequent to balance date

There are no events subsequent to balance date.

24. 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 2023, the solvency ratio was 157% (30 June 2022: 148%)

Auditor-General

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

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Opinion

I have audited the accompanying financial report of the Motor Accidents (Compensation) Commission, which comprises the statement of financial position as at 30 June 2023, 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 2023, 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 A*uditor'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
Valuation of Outstanding Claims Provision	
The determination of the value of the Outstanding Claims Provision of $535.669 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.	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 2023 and: o 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

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Key Audit Matters	Audit scope response to the Key Audit Matter
	○ confirming the final valuation within the report agrees to the balances reported within the financial statements as at 30 June 2023. ▪ 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.
Valuation of Insurance and Other Recoveries Receivable	
The determination of the value of Insurance and Other Recoveries Receivable of $59.912 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 2023 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 2023. ▪ 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.

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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

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- 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.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

6 October 2023

MACC

Annual Report 2022-23