

THE NATIONAL INJURY INSURANCE AGENCY QUEENSLAND

ANNUAL REPORT 2016-17



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Visit niis.qld.gov.au to view this annual report.

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LETTER OF COMPLIANCE / CERTIFICATION OF FINANCIAL STATEMENTS

6 September 2017

The Honourable Curtis Pitt MP
Treasurer, Minister for Trade and Investment
GPO Box 611
BRISBANE Qld 4001

Dear Treasurer

I am pleased to submit for presentation to the Parliament the Annual Report 2016-17 and financial statements for the National Injury Insurance Agency, Queensland.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and the *National Injury Insurance Scheme (Queensland) Act 2016*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed at www.niis.qld.gov.au.

Yours sincerely



Neil Singleton

Chief Executive Officer

ABOUT THE NATIONAL INJURY INSURANCE SCHEME QUEENSLAND

About the Scheme

The National Injury Insurance Scheme Queensland (NIISQ) is a significant social reform that provides necessary and reasonable treatment, care and support for people who have sustained eligible serious personal injuries in a motor vehicle accident in Queensland.

The NIISQ commenced on 1 July 2016 under the *National Injury Insurance Scheme (Queensland) Act 2016* (the Act).

Eligible serious personal injuries include spinal cord injuries, traumatic brain injuries, multiple or high level limb amputations, permanent injury to the brachial plexus, severe burns or permanent legal blindness.



Spinal cord injuries



Traumatic brain injuries



Amputations



Brachial plexus



Permanent legal blindness



Severe burns

Participants who are accepted in to the NIISQ receive support over their lifetime, irrespective of age. The NIISQ provides protection to seriously injured people regardless of fault but importantly preserves the injured person's right to choose how they receive their benefits if another party was at fault for their injuries.

The NIISQ is funded through the NIISQ levy which is collected with motor vehicle registration in Queensland.

ABOUT THE NATIONAL INJURY INSURANCE AGENCY QUEENSLAND

About the Agency

Established under the Act, the National Injury Insurance Agency, Queensland (the Agency) is a statutory body that administers, monitors and reviews the overall operation of the NIISQ and manages the NIISQ Fund that pays for the costs of providing necessary and reasonable treatment, care and support.

The Agency has been located in Brisbane since its commencement on 1 July 2016, with a move to 1 William Street in late 2016.

As at 30 June 2017, the Agency was subject to the control and direction of the first Board and Chief Executive Officer, Mr Neil Singleton, the Insurance Commissioner. Since its establishment, the Agency has been situated within the Insurance Commission.

Purpose and Responsibilities

The Agency is responsible for administering the Act and managing the Fund. The Agency's role is to build capability to provide financially sustainable lifetime care and support for participants through individual choice and independence.

The Agency operates on the guiding principles of:

- participant centred services
- financial sustainability
- value for money services within community expectations
- empowering participants through decision making and choice, and
- a focus on health and social outcomes.

Agency Functions

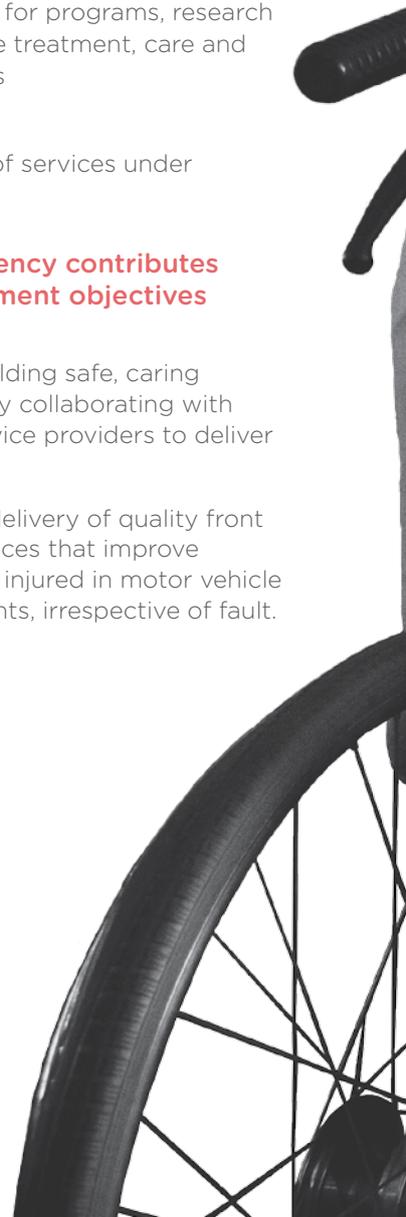
The Agency's key functions are to:

- administer, monitor and review the operation of the NIISQ, including the treatment, care and support received by NIISQ participants
- provide information to the community about the NIISQ
- conduct research and collect statistics about the NIISQ
- provide advice and information to the Treasurer and the Insurance Commission about the administration, efficiency and effectiveness of the NIISQ
- provide support and funding for programs, research and education relevant to the treatment, care and support of NIISQ participants
- manage the Fund, and
- keep a register of providers of services under the NIISQ.

How the NIISQ and the Agency contributes to the Queensland Government objectives for the community

The Agency contributes to building safe, caring and connected communities by collaborating with government agencies and service providers to deliver integrated services.

The Agency also ensures the delivery of quality front line services by providing services that improve outcomes for people seriously injured in motor vehicle crashes and workplace accidents, irrespective of fault.





Our vision:

“ Making
lives
better ”

CEO'S REPORT

As the first Board and Chief Executive Officer, I am proud to report the successful establishment of the NIISQ. This has been achieved thanks to the positive support and collaboration of so many people and groups. This first annual report aims to share with you our story in addition to providing you with progress on our performance.

The NIISQ was established to meet an important need - supporting people who were seriously injured in motor vehicles accidents in Queensland. Thanks to the introduction of the NIISQ, the scheme is already providing lifetime care and support to seriously injured people, regardless of fault, helping them transition from hospitals, back in to their communities and homes and helping them set goals for the future. We have participants from ages 1 to 85 and from across Queensland. The NIISQ team are helping injured people access diverse resources from home and vehicle modifications to health and attendant care services right across Queensland.

From the get go, the team that has come together to establish and operate the scheme have been wonderful. A number of people within the Insurance

Commission and broader Treasury have taken on NIISQ responsibilities in addition to their existing duties. New staff have joined and are clearly passionate and proud to help build a successful and trusted scheme. WorkCover Queensland kindly seconded staff to us in our early days - wherever we have looked, collaboration and help has been readily available.

Many stakeholders attended our collaboration forums during the year. I am grateful to all for their interest in the NIISQ and their willingness and availability to help us set a successful course. The NIISQ team continue to visit various groups to discuss the Scheme and help improve awareness and understanding of its role and purpose.

We have developed our strategic plan, workforce plan and operational plans as well as an interim IT solution. Monitoring reports are in place and will evolve over time as the Scheme grows. Importantly the Scheme is fully funded.



From left to right:
Samantha Lee, Tracey Butler, Carmen Gonzalez, Kate Lewin,
Sean Boyle, Lisa Nicholson, Neil Singleton, Lina Lee, Brita Hirvi,
Sarah Sawyer, Kylie Horton, Bronwyn Jenner, Vicki Vanderent

THANKS TO THE INTRODUCTION OF THE NIISQ, THE SCHEME IS ALREADY PROVIDING LIFETIME CARE AND SUPPORT TO SERIOUSLY INJURED PEOPLE, REGARDLESS OF FAULT, HELPING THEM TRANSITION FROM HOSPITALS, BACK IN TO THEIR COMMUNITIES AND HOMES AND HELPING THEM SET GOALS FOR THE FUTURE.

In July 2016, on behalf of the NIISQ I was privileged to receive the artwork *Walking Together* from acclaimed Indigenous artist Paul Constable Calcott. Paul lives with a disability and works in the disability sector. Listening to Paul, he explained how the painting symbolises the purpose and place for the NIISQ with a focus on healing and helping injured Indigenous people become strong again. The painting is proudly on display in our Head Office as an uplifting reminder of the Scheme's connection to people and community.

Many people contributed to the successful establishment of the NIISQ. The tireless Carmel Harkin, Peter Roche, Glenda Viner, Karen Opitz all made important contributions in different ways and have moved on to other roles.

Yasmin Kennedy, Nicole Quayle and Jozef Latten from Queensland Treasury provided wonderful expert support. I am grateful to them all.

My very special thanks goes to Marayke Jonkers our inspirational NIISQ ambassador. Marayke helped make the NIISQ real and gave it a voice to connect to the community when the Scheme launched. Her personal advice and guidance has been invaluable and I am hoping we will see Marayke remain involved with the NIISQ in various ways for many years to come.

Year one is full of achievement but the NIISQ is a lifetime scheme and the success of the NIISQ won't truly be known for decades to come. This will require patience, trust and confidence in the NIISQ staff and the expert advisers and custodians to guide the Scheme smoothly and soundly for the long-term. As Paul Kelly so aptly wrote 'from little things big things grow'. The NIISQ will grow - not just in financial size and scale but in building confidence for seriously injured people and their families and carers and also for the community who can trust that the NIISQ team are focused on delivering the vision of making lives better.

I look forward to supporting the incoming NIISQ Board in 2017-18.



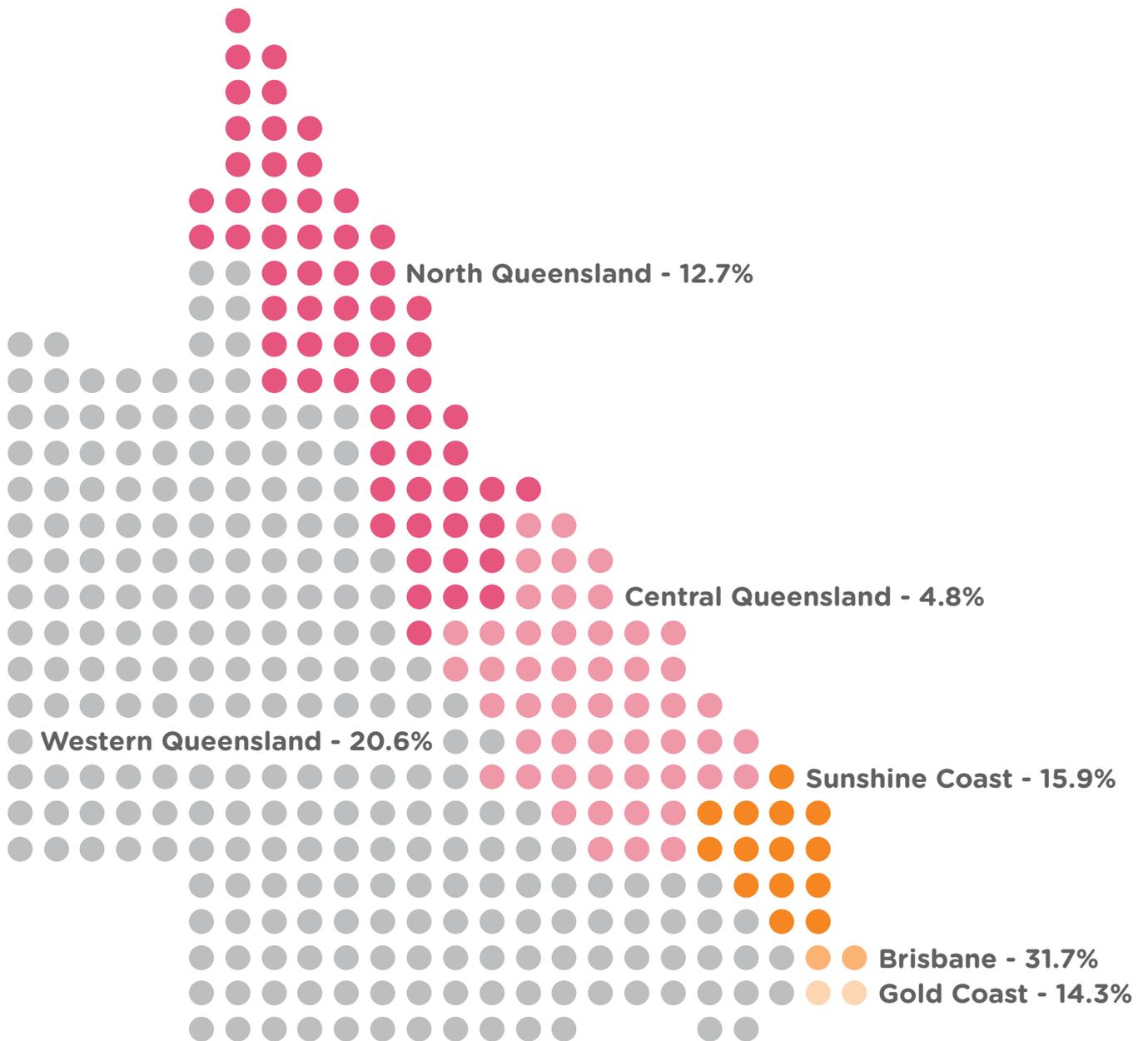
Neil Singleton

Chief Executive Officer

2016-17 YEAR IN REVIEW

Motor vehicle accidents by region

Accidents from 1 July 2016 to 30 June 2017



Note:
Sunshine Coast includes Wide Bay-Burnett region

Note:
All data represents interim accepted cases only

Participant serious personal injuries

Interim accepted cases from 1 July 2016 to 30 June 2017



73%

Traumatic brain injuries



24%

Spinal cord injuries



1.5%

Brachial plexus



1.5%

Amputee

Note:

Rounded percentages

Participants by gender and age

Interim accepted cases from 1 July 2016 to 30 June 2017

Female

Male

22%

78%

Age Range - Female



Age Range - Male



Note:

Rounded percentages

Services funded in 2016-17

Payments made between 1 July 2016 to 30 June 2017



Key

- Accommodation and Travel (2.2%)
- Assessment and Review (2.3%)
- Attendant Care (7.1%)
- Eligibility (0.3%)
- Equipment (26.1%)
- Hospital Services (18.8%)
- Medical Services (3.1%)
- Modifications (35.4%)
- Rehabilitation and Support Program (0.1%)
- Support Services (0.2%)
- Treatment and Rehabilitation (4.4%)

REPORT CARD

Key Performance Indicators ¹	Progress Highlights
Objective 1: Effective partnerships & engagement	
Stakeholder forums	Stakeholder engagement achieved and feedback obtained from Stakeholder Reference Group.
Evidence of integrated services across government departments and private sector	Presentations delivered to tertiary hospitals and service providers within the healthcare industry. Engagement with specialised units responsible for treating catastrophically injured individuals.
Objective 2: Deliver high quality services	
Performance Framework for all service providers	Performance Framework established capturing the underlying principles, the objectives of the framework, and the participant pathway.
Monitoring compliments, complaints and disputes	Support plans and goals developed in consultation with participant and/or carer.
Participant involvement in decision making	Information and options for services shared to allow informed decision making with participant.
Objective 3: Capable, agile and innovative organisation	
Employee engagement measures	Workforce plan report finalised.
Staff with access to technology	A digital business application developed to manage NIISQ cases, including participant applications, financial management and service providers.
Sharing of knowledge and ideas	On-boarding and induction of new staff.
Objective 4: Financially sustainable scheme	
Levy as a percentage of average weekly earnings	Commenced collection of the NIISQ levy through motor vehicle registration.
Quarterly review and reporting on financial performance	Delivered a solvent scheme with expense within approved budget.

¹ For a full list of performance indicators, view the NIISQ 2016 Strategic Plan in Appendix 4



HISTORY OF THE NATIONAL INJURY INSURANCE SCHEME QUEENSLAND



26 May 2016

National Injury Insurance Scheme (Queensland) Bill 2016 passed (Assent granted June 2016).

29 August 2016

First interim participant accepted into the Scheme.

August 2016

Support planning team established to provide services to participants.

1 July 2016

Legislation commenced: *National Injury Insurance Scheme (Queensland) Act 2016* and *National Injury Insurance Scheme (Queensland) Regulation 2016*.

NIIISQ comes in to effect in Queensland.

1 October 2016

NIIISQ levy commences, collected as part of CTP through motor vehicle registration.

6 July 2016

Walking Together artwork by renowned Indigenous artist Paul Constable Calcott unveiled at Nandjimidji Art Exhibition.



VALUING PARTNERSHIPS

The Agency is committed to working towards strong partnerships and engagement as a key way of delivering an effective injury insurance scheme. The Agency has established working relationships with organisations within the healthcare system, particularly tertiary hospitals and rehabilitative service providers.

The Agency has hosted stakeholder forums, made various presentations and attended industry events to facilitate awareness of the NIISQ and understand the challenges faced by healthcare providers in providing treatment, care and support services to seriously injured individuals.

Engagement with our stakeholders has led to reciprocal communication with the Agency's Support Planning team and facilitated quality care and service for NIISQ participants.

The feedback and assistance provided by our stakeholders has been invaluable and the Agency wishes to thank everyone involved for lending their expertise and sharing best practice.

We look forward to developing these relationships to ensure our vision of making lives better.





STAKEHOLDER REFERENCE GROUP

Thank you to our key partners who attended the stakeholder forums and provided valuable feedback at commencement of the NIISQ:

Metro South Health



Princess Alexandra Hospital



Children's Health Queensland
Hospital and Health Service



Queensland Government

Lady Cilento Children's Hospital



Royal Brisbane and Women's Hospital
Metro North Hospital and Health Service



Queensland Government

Royal Brisbane and Women's Hospital





OUR PEOPLE

As at 30 June 2017, the Agency operated within the Insurance Commission, borrowing the leadership and capability of staff from the Motor Accident Insurance Commission while building operational participant services through new hires as part of a workforce arrangement with Queensland Treasury (Treasury).

The Agency has adopted Treasury's capability development, workforce planning, employee performance management, leadership, and industrial and employee relations. Treasury provides the Agency with strategic advice and human resource support services relating to recruitment, attraction, retention, induction, performance management, talent management, knowledge transfer and recognition.

Treasury's Human Resources branch assists the Agency with meeting its obligations under the *Public Sector Ethics Act 1994*. Staff access Treasury's suite of online training modules specific to public sector ethics and the Queensland Government Code of Conduct. The online training package is delivered to all new staff when they commence with the Agency.

Staff are supported by Treasury's workplace health and wellbeing policy and services including annual, flu vaccinations, the Employee Assistance Program, access to first aid officers and corporate health insurance rates.

As part of the Agency's commitment to providing staff with a contemporary, dynamic and agile work environment, staff moved in to 1 William Street (1WS) in late 2016. Staff are able to take advantage of the collaborative work spaces of 1WS while also having access to the Insurance Commission's suburban satellite offices.

Treasury's workforce strategies and frameworks, along with workforce statistics inclusive of the Agency, can be located in Treasury's annual report.





From left to right:
Kylie Horton (front), Vicki Vanderent (back), Lina Lee,
Sarah Sawyer (front), Neil Singleton (back)



LEADING THE NATIONAL INJURY INSURANCE AGENCY QUEENSLAND

The Insurance Commissioner was appointed as the first Chief Executive Officer (CEO) and Board under the *National Injury Insurance Scheme (Queensland) Act 2016*. The CEO's appointment was current as at 30 June 2017.

During the 2016-17 period, the CEO set the direction for the Agency and determined operational policy and strategies to ensure an effective and viable National Injury Insurance Scheme. The CEO was supported by the existing leadership team of the Motor Accident Insurance Commission (MAIC) including the Director CTP Scheme Claims, Director Finance and Procurement, Director Business Solutions, Director Strategic Planning and Business Performance.

Neil Singleton

CEO

B. Business (Insurance), MBA

Neil was appointed as Insurance Commissioner in December 2010. Neil has over 30 years insurance experience across a broad range of management and executive positions. Neil's responsibilities include providing strong strategic leadership to ensure a viable, affordable and equitable National Injury Insurance Scheme in Queensland.

Sarah Sawyer

Director Business Solutions

Sarah was appointed to the Insurance Commission in June 2014. Overall, Sarah has acquired 17 years of experience working within Queensland Treasury, responsible for a range of services including information technology, data management, urban development research and office management. Sarah's current responsibilities for the NIISQ include providing strategic and operational direction for business systems and development.

Vicki Vanderent

Director Strategic Planning and Business Performance

MBA, B.Bus

Vicki was appointed to the Insurance Commission in 2006. Responsibilities include strategic and business planning, organisational reporting, policy, communication, capability development and business support. Prior to working with the NIISQ Agency, Vicki worked in various performance management, marketing and communication roles across government, university and the private sector.

Kylie Horton

Director CTP Scheme Claims

Kylie has held leadership positions in personal injury insurance across the public and private sectors for over 15 years. Appointed as Director CTP Scheme Claims in 2012, Kylie is responsible for the leadership and supervision of NIISQ claims management compliance and performance, and managing claims related legislated functions. Kylie has a strong focus on ensuring necessary and reasonable decision making and participant choice.

Lina Lee

Director Finance and Procurement

B.Com, CA

Lina's responsibilities include setting up the financial management and employment framework for the Agency. Lina has an accounting and auditing background covering the chartered profession, commerce, industry, and the Queensland public sector.

GOVERNANCE

The Agency's corporate governance framework ensures that:

- statutory responsibilities under the Act and other legislation are met
- risk management is integrated into organisational activity, and
- corporate governance processes, including systems of internal control are assessed and enhanced.

The Agency is committed to effective risk management and has adopted Treasury's framework for proactively identifying, assessing and managing risks. The Agency has continued to work within Treasury's policy and framework which is aimed at enhancing risk management capabilities.

The Board and Chief Executive Officer are accountable for risks. As part of the Agency's ongoing planning and reporting processes, the leadership team identifies and monitors risks that may affect our ability to achieve our strategic objectives. Risk controls and treatment

strategies are implemented and maintained with risks being recorded in the Insurance Commission's risk register and reviewed on a bi-annual basis. The updated risk register is forwarded to Treasury's Executive Leadership Team where it is reviewed from a consolidated Treasury perspective. The risk register is also reviewed annually by external auditors.

As an integral component of risk assessment, the Agency is committed to business continuity management. This ensures continuity of key business services which are essential for or contribute to the achievement of the Agency's objectives.

The Agency participates in the Treasury wide risk and accountability management through representation on the Audit and Risk Management Committee.



Audit and Risk Management Committee

The Insurance Commissioner is a representative on Treasury's Audit and Risk Management Committee (ARMC), where he accesses advice and assurance on the performance or discharge of functions and duties prescribed in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009*, and other relevant legislation and prescribed requirements.

The ARMC key responsibilities include:

- considering audit and audit-related findings
- assessing and enhancing our corporate governance processes including our systems of internal control and the internal audit function
- evaluating and facilitating the practical discharge of the internal audit function, particularly in planning, monitoring and reporting
- overseeing and appraising our financial and operational reporting processes through the internal audit function
- reviewing risk management, control and compliance framework and strategies, and
- considering our external accountability responsibilities and integrity framework.

Internal and external accountability

The Agency's governance framework includes both internal and external accountability measures. The Agency has not established its own internal audit function as it was considered appropriate to borrow from Treasury's established internal audit functions during the Agency's first year of operation.

More information on Treasury's Audit and Risk Management framework including information about the Committee is referenced in the Queensland Treasury's annual report.

Information systems and recordkeeping

Since the commencement of NIISQ, the Agency has advocated the benefits of electronic record keeping and maintained a 'paperless office'. This has been achieved through the development of an electronic claims management system. Initial iterations of this system were implemented in this financial year with plans to develop further improvements underway.

The Agency's recordkeeping framework aligns with Queensland Treasury's Information Management Framework. The framework aims to ensure our record management practices are consistent with other offices within the Treasury portfolio and are compliant with current legislation and best practice record keeping standards. These include the *Public Records Act 2002*, *Information Privacy Act 2009* and the *Right to Information Act 2009* (RTA) and *Information Standard 18 : Information Security*, *Information Standard 31 : Retention and Disposal of Government Information*, *Information Standard 34 : Metadata*, *Information Standard 38 : Use of ICT Facilities and Devices* and *Information Standard 40: Recordkeeping*.

The Agency supports the Queensland Government Open Data Initiative. Open Data sets are available at the following website: data.qld.gov.au.

Funding the NIISQ

The Agency ensures the NIISQ remains financially sustainable and able to support participants throughout their lifetimes.

The NIISQ is funded through a levy which commenced on 1 October 2016 and is collected with motor vehicle registration in Queensland.

The NIISQ levy varies for each vehicle class to ensure affordability for everyone and universal coverage.

The levy is based on the expert advice of an independent actuary and levy contributions are adjusted over time in order to ensure sufficient funding for the total cost of providing lifetime treatment, care and support to NIISQ participants and operational expenses.

Established under the Act, the NIISQ Fund includes amounts received through the collection of the levy, amounts recovered in connection with the Scheme and income derived from investments.



STATISTICAL INFORMATION 2016-17

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Note:

All data represents interim accepted cases only

NIISQ STATISTICS

Cases by status

Accidents from 1 July 2016 to 30 June 2017

Status	Cases
Active	63
Closed	2
Notification	12
Pending	1
Rejected	8
Total	86

Note:

Active indicates interim accepted cases

Participant injuries

Accidents from 1 July 2016 to 30 June 2017

Injury	Cases
Brain	46
Spinal	15
Amputation	1
Burns	0
Blindness	0
Brachial Plexus	1
Total	63

Note:

Participants may sustain multiple types of injuries
Only the dominant injury is represented

Participants by region

Accidents from 1 July 2016 to 30 June 2017

Injury	Cases	%
Brisbane	24	38.1%
Gold Coast	9	14.3%
North Queensland	5	7.9%
Western Queensland	11	17.5%
Central Queensland	4	6.3%
Sunshine Coast	7	11.1%
Interstate	3	4.8%
Total	63	100%

Note:

Sunshine Coast includes Wide Bay-Burnett region
Location of participant's primary residence

Accidents by region

Accidents from 1 July 2016 to 30 June 2017

Injury	Cases	%
Brisbane	20	31.7%
Gold Coast	9	14.3%
North Queensland	8	12.7%
Western Queensland	13	20.6%
Central Queensland	3	4.8%
Sunshine Coast	10	15.9%
Total	63	100%

Note:

Sunshine Coast includes Wide Bay-Burnett region
Location of motor vehicle accident

Services funded¹

Payments made between 1 July 2016 to 30 June 2017

Service	Total	%
Accommodation and Travel	\$14,852.08	2.2%
Assessment and Review	\$15,687.76	2.3%
Attendant Care	\$47,827.87	7.1%
Eligibility	\$1,745.69	0.3%
Equipment	\$176,737.21	26.1%
Hospital Services	\$127,548.80	18.8%
Medical Services	\$20,847.39	3.1%
Modifications	\$239,815.67	35.4%
Rehabilitation and Support Program	\$586.73	0.1%
Support Services	\$1,621.00	0.2%
Treatment and Rehabilitation	\$29,762.11	4.4%
Total	\$677,032.31	100.0%

Note:

Payments exclude GST

¹For a full list of services funded, view Appendix 3

Participants by gender

Accidents from 1 July 2016 to 30 June 2017

Gender	Cases	%	Age range
Male	49	77.8%	12-85
Female	14	22.2%	1-47
Total	63	100.0%	1-85

Participants by age bracket

Accidents from 1 July 2016 to 30 June 2017

Age range	Male cases	%	Female cases	%
1-17	4	6.3%	3	4.8%
18-35	22	34.9%	7	11.1%
36-55	9	14.3%	4	6.3%
56+	14	22.2%	0	0.0%

Note:

% of total interim accepted cases

THE NATIONAL INJURY INSURANCE AGENCY, QUEENSLAND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2017

	Notes	2017 \$'000
Income from Continuing Operations		
Levy	3	299,243
Interest	4	207
Total Revenue		<u>299,450</u>
Net fair value gains on other financial assets		30,244
Total Income from Continuing Operations		<u>329,694</u>
Expenses from Continuing Operations		
Supplies and services	5	3,745
Participants' lifetime treatment, care and support expenses	6	457,774
Other expenses	7	56
Total Expenses from Continuing Operations		<u>461,575</u>
Operating Result from Continuing Operations / Total Comprehensive Income (Loss)		<u>(131,881)</u>

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Notes	2017 \$'000
Current Assets		
Cash		4,725
Receivables	8	72,984
Other financial assets	13 & 14	524,727
Total Current Assets		602,436
Non Current Assets		
Other financial assets	13 & 14	323,276
Total Non Current Assets		323,276
Total Assets		925,712
Current Liabilities		
Payables	9	498
Provisions	10	17,084
Total Current Liabilities		17,582
Non-Current Liabilities		
Provisions	10	440,011
Total Non-Current Liabilities		440,011
Total Liabilities		457,593
Net Assets		468,119
Equity		
Accumulated losses		(131,881)
Contributed equity		600,000
Total Equity		468,119

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2017

	Note	Accumulated Surplus \$'000	Contributed Equity \$'000	TOTAL \$'000
Operating Result from Continuing Operations		(131,881)	-	(131,881)
Transfer in from Other Queensland Government Entity	11	-	600,000	600,000
Balance as at 30 June 2017		(131,881)	600,000	468,119

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Notes	2017 \$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Levy		226,321
Interest		194
GST input tax credits from ATO		279
<i>Outflows:</i>		
Supplies and services		(2,055)
Participant treatment		(679)
GST paid to suppliers		(328)
Other		(56)
Net cash provided by operating activities	CF-1	223,676
Cash flows from investing activities		
<i>Outflow:</i>		
QIC Investments		(218,951)
Net cash used in investing activities		(218,951)
Net increase in cash		4,725
Cash - closing balance		4,725

Cash represents cash at bank and cheques receipted but not banked at 30 June.

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS for the year ended 30 June 2017

NOTE TO THE STATEMENT OF CASH FLOW

CF-1. Reconciliation of Operating Result to Net Cash provided by Operating Activities

	2017 \$'000
Operating Surplus	(131,881)
<i>Non-Cash items included in operating result</i>	
Net fair gains on other financial assets	(30,244)
QIC Management Fee	1,192
<i>Changes in assets and liabilities:</i>	
(Increase)/decrease in receivables	(72,935)
(Increase)/decrease in GST input tax credits receivable	(49)
Increase/(Decrease in provisions	457,095
Increase/(decrease) in accounts payable	498
Net cash provided by operating activities	223,676

Cash flows are included in the Statement of Cash Flows on a net basis with the GST components of the cash flows shown as separate line items. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

1. Basis of Financial Statement Preparation

(a) General Information

The National Injury Insurance Agency, Queensland (NIIAQ) is a statutory body established under the National Injury Insurance Scheme (Queensland) Act 2016 (the Act). The Act commenced on 1 July 2016 and also established the National Injury Insurance Scheme Queensland (NIISQ), the national injury insurance scheme fund, Queensland (the fund). The NIIAQ administers the NIISQ and pays for necessary and reasonable treatment, care and support for participants in the NIISQ. The NIISQ provides ongoing lifetime care for people who sustain eligible, serious personal injuries in a motor vehicle accident on or after 1 July 2016, regardless of fault. As serious personal injuries affect everyone differently, the participants' needs may change over time. Treatment, care and support will be tailored to the individual and will maximise their independence and assist them to manage their injury.

The head office and principal place of business for the NIIAQ is:

Level 26, 1 William Street, Brisbane Qld 4000.

A description of the nature of the NIIAQ's operation and its principal activities are included in the notes to the financial statements.

(b) Compliance with Prescribed Requirements

NIIAQ is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis, except for the statement of cash flows, in accordance with:

- section 43 of the *Financial and Performance Management Standard 2009*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016.

The financial statements have been prepared on a historical cost basis, except for other financial assets which are shown at fair value (Note 13), and where otherwise stated.

(c) Presentation

Currency and rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

No comparative information has been provided as this is the NIIAQ's first year of operation.

(d) Current - Non/Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are expected to be settled within 12 months after the reporting date. All other assets and liabilities are classified as 'non-current'.

Other financial assets comprising of investments managed by QIC Limited (QIC) are classified as 'current' or 'non-current' based on the relative liquidity of the investments. Investments are classified as 'current' where they are readily convertible to cash on hand at NIIAQ's election. Investments that are long-term and not readily convertible to cash within a short period are classified as 'non-current'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

1. Basis of Financial Statement Preparation (contd)

(e) Basis of Measurement

The historical cost convention is used unless otherwise stated.

(f) Implementation of the Shared Service Initiative

The Corporate Administration Agency (CAA) provides the NIIAQ with corporate services under the "Shared Services Provider" model. The fees and terms of the services are agreed through a Service Level Agreement, negotiated annually and include:

- Financial Services
- Information Systems and Support

(g) Judgement and Assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis.

NIIAQ places a high reliance on actuarial estimates provided by independent actuaries in calculating the future outstanding claims liability as at 30 June. Refer to Note 10.

Another area involving a high degree of judgement is in the fair value measurement of other financial assets. Refer to Note 13.

(h) Authorisation of Financial Statements for Issue

During the 2016-17 financial year, the NIIAQ was under the strategic and operational management of the Insurance Commissioner Neil Singleton as NIIAQ CEO and Interim Board with financial management functions coordinated by Insurance Commission's Director Finance & Procurement Lina Lee. Under *S43 of the Financial and Performance Management Standard (FPMS) 2009*, it is a requirement that the Chairperson of the statutory body and the person responsible for the financial administration of the statutory body certify the financial statements. The incoming Chairperson Julie-Anne Schafer was appointed from 1 July 2017 and is the NIIAQ Chairperson as at the date the 2016-17 financial statements are being signed off.

The financial statements are authorised for issue by the Chair of the Board, Chief Executive Officer of NIIAQ and the Director Finance and Procurement NIIAQ at the date of signing the Management Certificate.

2. Objectives and principal activities of the NIIAQ

The NIIAQ administers the NIISQ by facilitating the assessment and access to necessary and reasonable treatment, care and support for participants for their lifetime.

Established under the Act, NIIAQ commenced operations on 1 July 2016 as a statutory body reporting to a Board. The NIIAQ is responsible for the administration of the NIISQ which includes developing and implementing processes, policies and guidelines. It assesses the eligibility of participants to enter the NIISQ, determines their interim and lifetime status in the NIISQ, coordinates and approves the payment of reasonable and necessary care and support services, and establishes and participates in dispute resolution processes within the provisions of the Act.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

3. Levy

Levies are recognised at the time they are legally payable by the Department of Transport and Main Roads (DTMR) to NIIAQ under Section 27 of the *Motor Accident Insurance Act 1994*. This occurs at the time the levies are paid by motorists to DTMR.

The NIIAQ levy is set annually in accordance with sections 97, 98 and 99 of the Act. The amount is calculated based on actuarial advice to fully fund present and likely future liabilities, to meet other payments required to be made from the fund and to cover any other matters NIIAQ considers appropriate. NIIAQ gives a copy of its calculations to the Insurance Commissioner who makes a recommendation to the Treasurer. The amount is fixed by regulation.

Given the long term nature of scheme liabilities, estimates of costs are very sensitive to underlying financial assumptions. To support year to year levy stability, actuarial advice underpinning the levy adopts long-term assumptions for inflation and the discount rate (4.1% p.a. and 6% p.a. respectively for 2016–17). In contrast, the estimate of liabilities as at 30 June 2017 adopts market consistent assumptions (3.5% p.a. and 3.8% p.a., see note 10).

The effect of a lower “gap” between the inflation rate and discount rate is, all other things equal, a higher liability value. To illustrate, were the gap at 30 June 2017 to have been equivalent to that adopted in determining the 2016–17 levy, the estimated liability at 30 June 2017 would have been \$333M, \$124M less than the actual estimate of \$457M.

4. Interest

Interest Revenue that arises in the course of ordinary activities of the NIIAQ is recognised in accordance with AASB 118 (para 29 & 30), and using the effective interest method as set out in AASB 139.

NIIAQ recognises other financial assets invested with QIC at fair value. Refer to Note 13.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

	2017
	\$'000
5. Supplies and Services	
QIC Management fee	1,192
Motor Accident Insurance Commission (MAIC)	733
Queensland Treasury	817
Contractors and consultants	474
Professional services	271
Other supplies and services	183
Corporate Administration Agency	64
Building services	11
Total	3,745
6. Participants' Lifetime Treatment, Care and Support Services Expenses	
Modifications	240
Equipment	177
Hospital services	128
Attendant care	48
Treatment and rehabilitation	30
Medical services	21
Assessment and review	16
Accommodation and travel	15
Eligibility	2
Support services	2
	679
Movement in provision for Participants' Lifetime Treatment, Care and Support Services Expenses (refer to note 10)	457,095
Total	457,774
<p>Participants' Lifetime Treatment, Care and Support Services Expenses relate to the necessary and reasonable benefits provided to participants in line with the Act, from date of acceptance into the NIISQ. Expenses are recognised in the reporting period they are incurred, via a movement in the provision for Participants' Lifetime Treatment, Care and Support Expenses or when the treatment, care and support service has been provided.</p>	
7. Other Expenses	
Queensland Audit Office - external audit fees	50
Sponsorships	6
Total	56

Total audit fees quoted by the Queensland Audit Office relating to the 2016-17 financial statements are \$50,000. There are no non-audit services included in this amount.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

	2017
	\$'000
8. Receivables	
Insurer payments*	64,360
Accrued levy income	8,562
GST receivable	49
Accrued interest income	13
	<hr/>
Total	72,984
	<hr/>

*Compulsory Third Party (CTP) insurance premiums charged from 1 July 2015 to 30 September 2016 included an allowance for expected claim payments that will no longer be paid by CTP insurers due to the commencement of the NIISQ. Section 96 of the NIIAQ Act allows the Treasurer to require payment of these amounts by the CTP insurers to the NIIAQ, based on actuarial advice. The amount accrued is based on recent estimates provided by the scheme's independent actuaries. Final actuarial advice on the required payments from each CTP insurer is expected to be available during 2017-18.

Receivables are measured at amortised cost which approximates their fair value at 30 June.

9. Payables	
Payables to Queensland Treasury	231
Payable to QIC	129
Other payables	77
Payables to MAIC	61
	<hr/>
Total	498
	<hr/>

Creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts.

10. Provisions

Provision For Participants' Lifetime Treatment, Care and Support Services Expenses

Under the Act, NIIAQ meets Participants' Lifetime Care and Support Services Expenses for people severely injured in motor accidents. Entitlement to these services commenced on 1 July 2016.

Provisions are recorded when the NIIAQ has a present obligation, either legal or constructive as a result of a past event. The NIIAQ's liabilities for Participants' Lifetime Treatment, Care and Support Service Expenses are valued by NIIAQ's independent actuaries as at 30 June 2017 in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. They are measured as the present value of the expected future payments for claims of the NIIAQ incurred up to the valuation date, including claims incurred but not yet reported (IBNR).

The amount of provision during the year is provided by independent actuaries and is \$457.1M at 30 June 2017.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17**10. Provisions (contd)***Provision For Participants' Lifetime Treatment, Care and Support Services Expenses (contd)*

The liabilities for Participants' Lifetime Treatment Care and Support Services Expenses are measured at the present value of the expected future payments. The present value after discounting are as follows:

	2017 \$'000
Current	
Provision for Participants' Lifetime Treatment, Care and Support Services Expenses	17,084
Total Current	<u>17,084</u>
Non-Current	
Provision for Participants' Lifetime Treatment, Care and Support Services Expenses 2-5 years	71,396
Provision for Participants' Lifetime Treatment, Care and Support Services Expenses greater than 5 years	368,615
Total Non-Current	<u>440,011</u>
Total	<u>457,095</u>

Movement in provisions

The NIIAQ commenced on 1 July 2016, as such the provision held at 30 June 2017 covers the first year of liabilities for the Scheme.

Key Actuarial Assumptions**(a) Key actuarial assumptions - claims (inflated discounted)**

Injury Type	Number of Participants			Average Cost (excl CHE)		
	Accepted to date	Not yet lodged or accepted	Total	Accepted to date	Not yet lodged or accepted	Weighted average total
Brain	46	57	103	\$2.58M	\$2.98M	\$2.80M
Spinal	15	6	21	\$5.05M	\$6.22M	\$5.41M
Other	2	2	4	\$2.87M	\$3.38M	\$3.10M
Total	63	65	128	\$3.18M	\$3.31M	\$3.24M

(b) Key actuarial assumptions - other

	2017
Weighted average inflation	3.52%
Weighted average discount	3.82%
Discounted mean term	21.9 years
Claims handling expense applied to claim payments excluding lump sums	12%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

10. Provisions (contd)

Provision For Participants' Lifetime Treatment, Care and Support Services Expenses (contd)

Sensitivity Analysis for the Valuation as at 30 June 2017

The liability represents the best estimate and is based on standard actuarial assessment. The table below shows sensitivities to some of the key actuarial assumptions used in the valuation. Significant uncertainty exists due to the long-term nature of liabilities and volatility around the number of Scheme participants and their injury severity. The sensitivities below do not represent an upper or lower bound of the provision rather provide an indication of the uncertainty inherent in the provision.

Sensitivities Analysis as at 30 June 2017 including Claims Handling Expense (CHE)

Scenario	Inflated discounted liability (incl CHE)	Effect on Liability \$	Effect on Liability (%)
Base	\$457M		
1% p.a. decrease in discount rates	\$577M	\$120M	26%
1% p.a. growth in care hours above assumptions	\$560M	\$103M	23%
Increase in the discounted mean term of 1 year	\$440M	(\$17M)	(4%)
10% reduction in IBNR participant numbers	\$430M	(\$27M)	(6%)
10% increase in the average cost per Acquired Brain Injury participant	\$489M	\$32M	7%
10% increase in average cost per Spinal Cord Injury	\$470M	\$13M	3%
10% increase in the average cost per Other participant	\$458M	\$1M	0%
No allowance for improvement in brain injuries	\$520M	\$63M	14%
5% increase in care rates	\$473M	\$16M	3%

11. Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities. Appropriations for equity adjustments are similarly designated.

Effective 22 August 2016, the Fund received \$600 million from the Nominal Defendant as approved by the Treasurer under section 95 of the Act.

The increase in net assets as a result of the transfer has been accounted for as a transaction with owners as owners and as a result increases the contributed equity as disclosed in the Statement of Changes in Equity.

12. Contingencies

There were no known contingent assets or liabilities at 30 June.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

13. Fair Value Measurement

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price).

Financial assets carried at fair value are categorised within the following fair value hierarchy:

Level 1	fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
Level 2	fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
Level 3	fair value measurements that are substantially derived from unobservable inputs.

The NIIAQ recognises other financial assets invested with QIC at fair value through profit or loss. The fair value is measured at market value based on closing unit prices of QIC unlisted unit trusts. Fair value gains and losses are recognised in the Statement of Comprehensive Income.

While the units in the trust have redemption prices and are able to be traded, the market would not be considered active for level 1, therefore, they are considered to be level 2. A market comparison valuation approach is used, with the units carried at redemption value as reasonably determined by the fund manager. Classification of instruments into fair value hierarchy levels is reviewed annually.

The fair value of receivables and payables is assumed to approximate the value of the original transaction.

14. Financial Risk Disclosures

(a) Financial Instrument Categories

The NIIAQ has the following categories of financial assets and financial liabilities:

Category	Note	2017 \$'000
Financial Assets		
Cash (fair value through profit and loss)		4,725
Receivables (amortised cost)	8	72,984
Other financial assets (fair value through profit or loss)		848,003
Total		925,712
Financial Liabilities		
Payables (amortised cost)	9	498
Total		498

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

14. Financial Risk Disclosures (contd)

(b) Financial Risk Management

Risk Measurement and Management Strategies

Risk Exposure

NIIAQ's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Exposure
Credit risk	Refers to the situation where NIIAQ may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The NIIAQ's maximum exposure to credit risk is the carrying amount of its Financial Assets.
Liquidity risk	The situation where the NIIAQ may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The NIIAQ is exposed to liquidity risk in respect of its payables and future Participant Lifetime Treatment, Care and Support Expenses. NIIAQ's current payables are expected to be settled within 12 months of the reporting date. The current and non-current outstanding Participant Lifetime Treatment, Care and Support Expenses provisions are disclosed in Note 10.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.	The significant market risks to the NIIAQ are unit price and interest rate risks associated with its investments managed by QIC. The investment portfolio includes investments in cash, fixed interest funds, property, infrastructure, private equity, international and Australian equities, and alternative funds. Movements in interest rates and market prices of the financial instruments impact the fair values of NIIAQ's financial assets. Interest rate risk also exists in relation to NIIAQ's cash held in interest bearing bank accounts.

NIIAQ measures and manages risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method	Risk Management Strategies
Credit risk	Earnings at risk	Reduce the exposure to credit default by ensuring the NIIAQ: -invest in secure assets through QIC and regularly reviewing the investment strategy -monitor all funds owed on a timely basis; and -assess credit risk exposure on an ongoing basis. Receivables balance are not overdue.
Liquidity risk	Maturity analysis	Reduce the exposure to liquidity risk by ensuring that the NIIAQ has sufficient funds available to meet its liabilities. This is achieved by monitoring the QIC investment funds and maintaining minimum cash balances within its bank account to meet both short-term and long-term cash flow requirements.
Market risk	Sensitivity analysis	Market risk is managed through regular reviews of the investment strategies with QIC and assessment of 3 year return forecasts.

Interest rate and unit price sensitivity analysis

A sensitivity analysis has been performed assessing the impact to profit and loss if market prices were to change by +/-1% from the year-end rates applicable to the NIIAQ's financial assets. With all other variables held constant, NIIAQ would have a surplus and equity increase/(decrease) of \$5.295m due to interest rate risk in relation to the value of cash held in interest bearing bank accounts and investments in the QIC Cash Fund, and \$3.233m due to unit price risk in relation to the value of other financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

15. Future Impact of Accounting Standards Not Yet Effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will first apply to the NIIAQ from its financial statements for 2018-19. The main impacts of these standards on the NIIAQ are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the NIIAQ's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The NIIAQ has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. As the classification of financial assets at the date of initial application of the new standard will depend on the facts and circumstances existing at that date, the NIIAQ's conclusions will not be confirmed until closer to that time. Based on current assessments, the NIIAQ's financial assets will be required to be measured at fair value. The most material class of financial asset for the NIIAQ are its other financial assets invested with QIC which are presently measured at fair value (Note 14). In the case of the NIIAQ's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of these assets will be reflected in the NIIAQ's operating result.

AASB 16 Leases

This standard will first apply to the NIIAQ from its financial statements for 2019-20. When applied, the standard supersedes *AASB 117 Leases*, *AASB Interpretation 4 Determining whether an Arrangement contains a Lease*, *AASB Interpretation 115 Operating Leases – Incentives* and *AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

As NIIAQ currently does not have any leases there will be no impact on its financial statements.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will become effective for the financial reporting period 2019-2020. NIIAQ does not currently have any revenue contracts with a material impact for the period after 1 July 2018, and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the NIIAQ's activities, or have no material impact on the NIIAQ.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

16. Related Party Transaction

Transactions with people/entities related to KMP

During the financial year there were no transactions with people or other entities related to KMPs of NIIAQ.

Transactions with Other Queensland Government controlled entities

The NIIAQ received an equity injection from the Nominal Defendant as disclosed in Note 11.

Queensland Treasury, MAIC and CAA provided NIIAQ with administration and corporate support services during the financial year as disclosed in Note 5.

NIIAQ incurs management fees from QIC for the management of the QIC unlisted unit trusts as disclosed in Note 5.

17. Key Management Personnel (KMP) Disclosures

Details of KMP

The following details for KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of the NIIAQ during 2016-17. These personnel are Queensland Treasury (QT) employees. Further information including remuneration for these positions can be found in the body of the Motor Accident Insurance Commission and Nominal Defendant Annual Reports under the section relating to Key Management Personnel and Remuneration, except for the General Manager where details are provided below.

Position	Position Responsibility
Insurance Commissioner	Leads the efficient, effective and economic administration of the NIIAQ.
General Manager, NIIAQ	Responsible for the general operation of NIIAQ.
Director, Finance and Procurement	Responsible for the efficient, effective and economic financial administration and procurement of the NIIAQ.
Director, CTP Scheme Claims	Responsible for the leadership and supervision of NIIAQ case management compliance and performance, and managing case related legislated functions.

Remuneration Policies

Remuneration policy for the NIIAQ's KMP is set by the Queensland Public Service Commission as provided for under the Public Service Act 2008. The remuneration and other terms of employment (including motor vehicle entitlements) for the KMP are specified in employment contracts.

Remuneration packages for KMP comprises the following components:

- Short term employee expenses which include:
 - salaries, allowances and leave entitlements paid and provided for the entire year, or for that part of the year during which the employee was a key management person; and
 - non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2016-17

17. Key Management Personnel (KMP) Disclosures (cont)

KMP Remuneration Expense

Remuneration of the General Manager NIISQ is as follows

Reporting Period	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2016 to 30 June 2017	182	-	4	19	-	205

The remuneration above and the remuneration of the other KMP are included in Other Supplies and Services as none of the KMP were employed directly by NIIAQ during 2016-17.

18. First year Application of New Accounting Standards or Change in Accounting Policy

Changes in Accounting Policy

As this is NIIAQ's first year of operation there were no change in accounting policies during 2016-17.

Accounting Standards Applied for the First Time

The only Australian Accounting Standard that became effective for the first time in 2016-17, and materially impacted on this financial report, is *AASB 124 Related Party Disclosures*. This standard requires note disclosures about KMP remuneration expenses and other related party transactions, and does not impact on financial statement line items.

NIIAQ discloses detailed information about remuneration of its KMP, based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies. Based on the revised AASB 124's definition of KMP, NIIAQ has assessed that its responsible Minister is not part of its KMP.

19. Taxation

The NIIAQ is a statutory body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only Commonwealth taxes accounted for by the NIIAQ. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note 8).

Management Certificate

These general purpose financial statements have been prepared to s.62(1) of the *Financial Accountability Act 2009 (the Act)*, s43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion.

- i) the prescribed requirements for establishing and keep the accounts have been complied with in all material respects; and
- ii) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the National Injury Insurance Agency, Queensland for the financial year ended 30 June 2017 and of the financial position of the agency at the end of that year; and
- iii) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Signature

J Schafer

LLB (Hons), FAICD

Chairperson

23 August 2017



Signature

N Singleton

B. Bus (Insurance), MBA

Chief Executive Officer

23 August 2017



Signature

L Lee

B. Com, CA

Director Finance and Procurement

23 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of The National Injury Insurance Agency, Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of The National Injury Insurance Agency, Queensland. The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Chairperson, the Chief Executive Officer and the Director Finance and Procurement.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

Basis for opinion

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

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 and the *Auditor-General of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in The National Injury Insurance Agency, Queensland's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Board for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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 expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board'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 entity's ability 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. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity 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 the Board 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.

Report on other legal and regulatory requirements

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



P Christensen FCPA
as delegate of the Auditor-General



APPENDICES

Appendix 1: Actuarial Certificate



The National Injury Insurance Agency, Queensland

Outstanding Claims Liability as at 30 June 2017

1 Scope

Taylor Fry has been engaged by the National Injury Insurance Agency Queensland (NIIAQ) to assess the outstanding claims liability associated with the National Injury Insurance Scheme Queensland as at 30 June 2017. This valuation will form the basis for the provisions held by NIIAQ in their accounts as at 30 June 2017, with respect to these liabilities.

2 Valuation Results

The estimated outstanding claims liability for NIIAQ as at 30 June 2017 is **\$457.1 million**. This liability estimate:

- » Is a **central estimate** of outstanding claims liability, and therefore contains no deliberate bias towards over or under estimation. Specifically, the liability estimate **does not** include a margin for risk,
- » Allows for the expected **future inflation** of costs and is **discounted** to the valuation date assuming yields commensurate with Australian Commonwealth government bonds, and
- » Includes an allowance associated with the expected future **cost of managing participants' care and support**.

3 Relevant Standards

3.1 Accounting Standards

The estimate of outstanding claims was prepared so as to satisfy the requirements of accounting standard AASB137.

Sydney
Level 22, 45 Clarence Street
Sydney NSW 2000
P 02 9249 2900
F 02 9249 2999

Melbourne
Level 27, 459 Collins Street
Melbourne VIC 3000
P 03 9658 2333
F 03 9658 2344

Wellington
Level 16, 157 Lambton Quay
Wellington 6011
P 04 462 4009

ACN 087 047 809
ABN 29 087 047 809
W www.taylorfry.com.au



3.2 Professional Standards

This investigation is intended to comply with the Institute of Actuaries of Australia's Professional Standard PS 300, "*Valuations of General Insurance Claims*", noting that:

- » Risk margins were not in the scope of our analysis
- » Premium Liabilities and loss ratios were not in the scope of our analysis.

4 Uncertainty

There is a limitation upon the accuracy of our estimate in that there is inherent uncertainty in any estimate of claim liabilities. The uncertainty is particularly high with regard to NIIAQ's liabilities given that this is the first year of the Scheme combined with the long term nature of the liabilities which will in many cases be paid over more than fifty years. These uncertainties include, but are not limited, the number of participants in the Scheme, their rates of mortality, the level of care and support they will require and changes in prices paid to providers.

In our opinion, we have employed techniques and made assumptions that are appropriate, and the conclusions presented herein are reasonable, given the information which is currently available. However, it should be recognised that the actual liabilities for outstanding claims as at 30 June 2017 are likely to differ, possibly materially, from our estimates.

5 Reliance and Limitations

In undertaking this investigation, we have relied upon information supplied by NIIAQ including details of participants' injuries and transactional payments data. We have used the information without independent verification. However, where possible, it was reviewed for reasonableness and consistency. We are satisfied that the data provided for our review is reasonable for the purpose of estimating the outstanding claims liability.



Paul Driessen
Fellow of the Institute of Actuaries of Australia

14 August 2017



Darryl Frank
Fellow of the Institute of Actuaries of Australia

14 August 2017



Appendix 2: Glossary

Term/s	Definition
The Act	<i>National Injury Insurance Scheme (Queensland) Act 2016</i>
The Agency	National Injury Insurance Agency Queensland
CTP	Compulsory Third Party
Levy	National Injury Insurance Scheme Levy
MAIC	Motor Accident Insurance Commission
NIIAQ	National Injury Insurance Agency Queensland
NIIS	National Injury Insurance Scheme
NIISQ	National Injury Insurance Scheme Queensland
NIISQ Fund	National Injury Insurance Scheme Fund, Queensland
NIISQ Levy	National Injury Insurance Scheme Levy
Scheme	National Injury Insurance Scheme Queensland
Treasury	Queensland Treasury

Appendix 3: Services funded

1. Accommodation and Travel

- Air Ambulance Travel
- Nursing Home Accommodation Fees
- Participant Accommodation
- Participant Travel
- Relative Accommodation
- Relative Travel
- Respite Accommodation
- Service Provider Accommodation
- Service Provider Travel
- Supported Accommodation Services
- Transitional Accommodation

2. Assessment and Review

- Care Needs Assessment and Review
- Clinical Psychology Assessment
- Dietitian Assessment
- Driving Assessment
- Educational Capacity Assessment
- Functional Assessment
- Initial Rehabilitation Needs Assessment
- Leisure or Avocational Assessment
- Neuropsychology Assessment
- Occupational Therapy Assessment
- Other assessment
- Physiotherapy Assessment
- Podiatry Assessment
- Psychology Assessment
- Registered Nursing Assessment
- Rehab Medical Specialist Assessment
- Social Work Assessment
- Speech Pathology Assessment
- Vocational Capacity Assessment

3. Attendant Care

- Attendant Care Accommodation
- Attendant Care Nursing Home
- Attendant Care Respite
- Attendant Care Sleep Over
- Attendant Care Travel
- Domestic Assistance
- Garden/Home/Vehicle Maintenance Services
- Housekeeping Services
- Nursing Care – Assistant Nurse
- Nursing Care – Enrolled Nurse
- Nursing Care – Registered Nurse
- Personal Care Attendant
- Program Establishment Fee
- Supported Accommodation Services

4. Eligibility

- Investigations
- Medical Reports
- Other Reports

5. Equipment

- Assistive Technology
- Beds & mattresses
- Communication / Vocal Aids
- Computer Technology
- Disposables and Consumables
- Equipment Purchase
- Equipment Rental
- Lift Devices
- Mobility Aids
- Orthoses
- Pressure Garments
- Prostheses
- Repairs and Maintenance of Equipment
- Ventilator
- Wheelchair

6. Hospital Services

- Other Hospital Outpatient Services
- Private Hospital Inpatient Services
- Private Hospital Rehabilitation Services
- Public Hospital Inpatient Services
- Public Hospital Rehabilitation Services

7. Legal Costs

- Alternate Dispute Resolution Fees
- Cost Application Charges
- Cost Assessment Fees
- Court Fees
- Expert Review Panel Fees
- MAT Fees
- NISSQ Legal costs - Barrister
- NISSQ Legal costs - Mediator
- NISSQ Legal costs - Outlays
- NISSQ Legal costs - Solicitor - Claim Management
- Participant Legal costs - Barrister
- Participant Legal costs - Mediator
- Participant Legal costs - Outlays
- Participant Legal costs - Solicitor
- QCAT Fees
- Sanction Fees

8. Medical Services

- Anaesthetist
- Burns
- Ear Nose Throat
- Endocrinologist
- General Practitioner
- General Surgeon
- Geriatrician
- Neurologist
- Neurosurgery

- Ophthalmology
- Oral Maxillofacial Surgeon
- Orthopaedics
- Other Hospital Outpatient Services
- Other Specialist - not listed
- Paediatrician
- Pathology
- Plastic / Reconstruction Surgeon
- Psychiatrist
- Radiologist
- Rehabilitation Medical Specialist
- Urologist

9. Modifications

- Assessor Travel
- Building Fixtures
- Building Modifications Management Fee
- Design and Architect Fees
- Home Modifications
- Home Modifications Assessor
- Other Modifications
- School Modifications
- School Modification Assessor
- Vehicle Modifications
- Vehicle Modification Assessor
- Workplace Modifications
- Workplace Modifications Assessor

10. Other Care

- Child Minding
- Community Participation
- Companion Support
- Emergency Care
- Nursing Care
- On Call Care

11. Rehabilitation and Support Program

- Behaviour Support Program
- Case Management
- Community Support Program
- Driving Training and Lessons
- Early Childhood Intervention Program
- Education Support Program
- Exercise and Physical Rehabilitation Program
- Family Counselling
- Job Placement
- Other work related expenses
- Rehabilitation Day Program
- Return or Transition to Education Program
- Return to Work Program
- Teacher Aide Services
- Transitional Living Program
- Vocational Counselling
- Vocational Training Program

12. Support Services

- Interpreter and Translation Services

13. Treatment and Rehabilitation

- Chiropractor
- Dental
- Dietitian
- Imaging
- Neuropsychology
- Occupational Therapy
- Optometrist
- Osteopath
- Other Assessment
- Other Treatment and Rehabilitation Services
- Pain Management Program
- Pharmaceuticals
- Physiotherapy
- Podiatry / Chiropody
- Psychology
- Registered Nursing Treatment
- Rehabilitation Day Program
- Respite and Other Support Services
- Social Work
- Speech Pathology

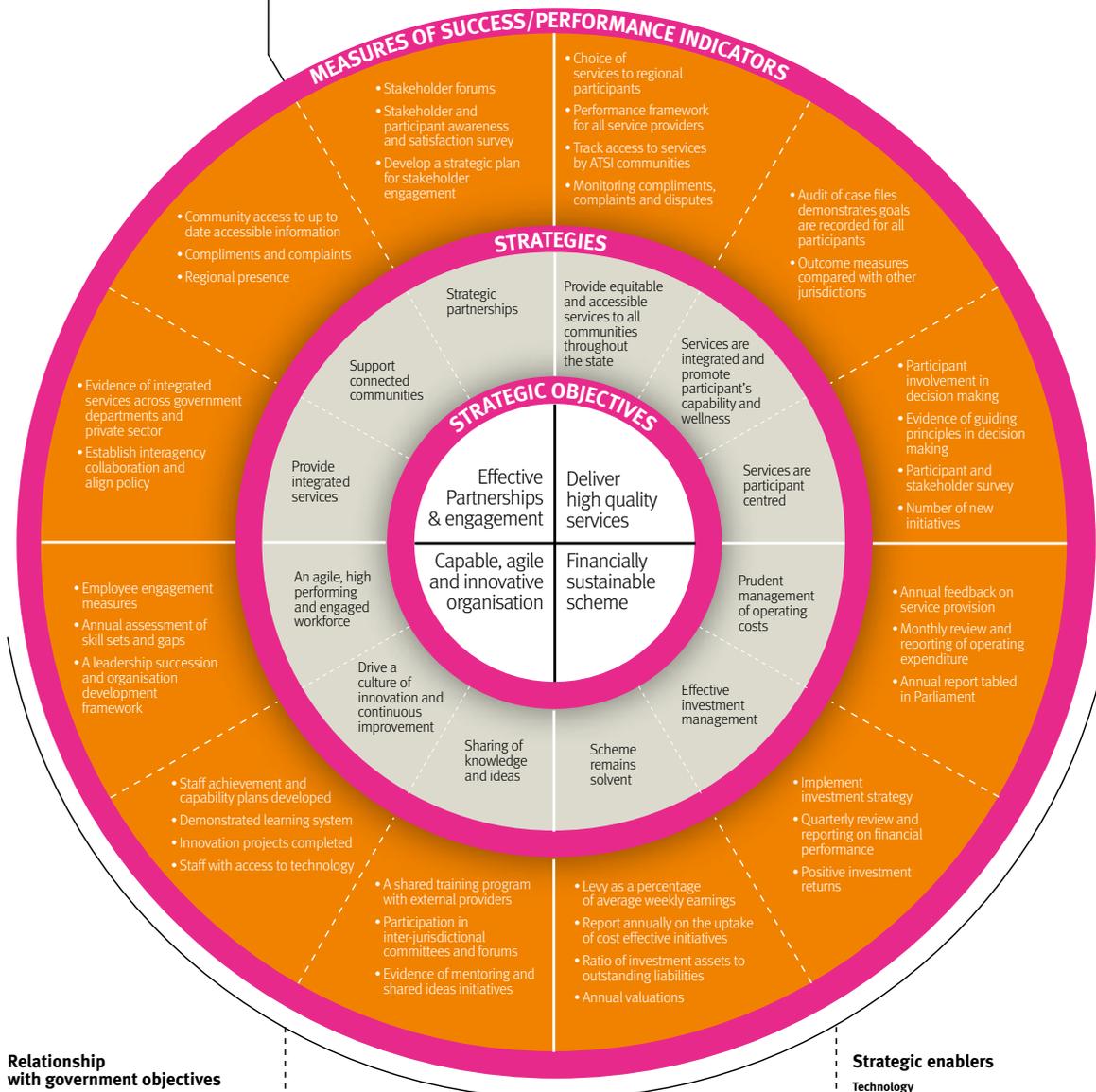
Appendix 4: 2016 Strategic Plan

Our Vision

Making lives better.

Our role/purpose

Build capability to provide financially sustainable lifetime care and support for participants through individual choice and independence.



Relationship with government objectives

This strategic plan contributes directly to achieving two of the Queensland Government objectives for the community by contributing to:

- building safe caring and connected communities; and
- contributing to delivering quality front line services

by providing services that improve outcomes for people catastrophically injured in motor vehicle crashes, irrespective of fault.

Our Strategic Risks

- Inability to source or develop necessary services to meet participants needs
- Demand on NISQ and service providers exceeds capacity
- NISQ funding is not sufficient to cover costs.

Guiding principles

- Participant centred
- Financially sustainable
- Value for money services within community expectations
- Empower participants through decision making and choice
- Focus on health and social outcomes
- Dignity and respect are paramount.

Strategic enablers

- Technology**
- We use technology to improve service quality and ensure cost effectiveness and we seek out innovative solutions to achieve our purpose.
- Effective Governance**
- We will establish and maintain a transparent, accountable scheme which is compliant with laws and our guiding principles.

