

Tuesday 4 December 2018 - Legislative Council - Government Businesses Scrutiny Committee A - Motor Accidents Insurance Board

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE A

Tuesday 4 December 2018

MEMBERS

Mr Finch
Ms Forrest (Chair)
Mr Gaffney
Ms Lovell (Deputy Chair)
Mr Valentine
Mr Willie

IN ATTENDANCE

Hon. Jeremy Rockliff MP, Minister for Infrastructure

Ministerial Office

Mr Vince Taskunas, Acting Chief of Staff
Mr Adam Foster, Infrastructure Adviser

Motor Accidents Insurance Board

Mr Don Challen, Chairman
Mr Paul Kingston, Chief Executive Office
Ms Sonia Tuff, Chief Operating Officer
Mr Derek Thurm, Chief Financial Officer

The Committee met at 8.58 a.m.

CHAIR (Ms Forrest) - Welcome, minister and your team, to our government business scrutiny for this year. You know members of the committee. The committee proceedings are being recorded on *Hansard*, which will form part of our report and will be delivered to the

President in the next couple of weeks. We invite you, minister, to make an opening statement if you wish and then we will go to questions.

Mr ROCKLIFF - Thank you, Chair. In 2017-18, the Motor Accidents Insurance Board continued to display strong business performance. Despite challenging financial market conditions at times throughout the year, strong investment returns combined with continuing reductions in claim costs have provided another very good financial result for the MAIB.

The MAIB is well positioned in its long-term financial position with a funding ratio of 136 per cent as well as providing consistently strong returns to government. The general trend of reducing claim frequency and average claim costs reflects ongoing road safety improvements, including infrastructure works, education campaigns and enforcement activities. Tasmanian motorists have received direct benefits from these positive outcomes through a 7.5 per cent general premium reduction applied from 1 December 2016, with no further increases from 1 December 2017 and also from 1 December 2018. For a standard car, this translates to annual premium costs being less than they were 14 years ago.

Tasmanian premiums are the lowest in Australia. This is despite the MAIB scheme arguably providing the best overall no-fault benefits to those injured through motor vehicle accidents as well as achieving consistently high client satisfaction results. The highest premiums across the country are \$588 compared to Tasmania's \$294 for a standard motor vehicle. Given that Tasmania has the disproportionate share of residents in lower socioeconomic groups, it is important to maintain downward pressure on the premiums while ensuring those injured as a result of motor vehicle accidents are appropriately assisted.

The MAIB continues to work with the Road Safety Advisory Council and Tasmania Police to implement highly effective advertising and public education messages combined with appropriately targeted enforcement activities. The Road Safety Advisory Council is a joint initiative of the Department of State Growth, the Department of Police, Fire and Emergency Management and the MAIB. The role of the Road Safety Advisory Council is to decrease the number of fatalities and the severity of injuries on Tasmanian roads. Some of the council's current campaigns helping to improve road safety include the Distance makes the Difference campaign to promote the one-and-a-half metre passing distance for cyclists and the Real mates don't let mates drink drive campaign to reduce drink-driving.

The MAIB provides annual funding of some \$3.7 million to the Road Safety Advisory Council and the total funding provided to the council and its predecessors has amounted to almost \$50 million. This substantial investment in road safety has assisted numerous road safety initiatives and has had a major impact in the reduction of incidents and the severity of accidents on Tasmanian roads. The MAIB continues to provide significant contributions to a wide range of community organisations across Tasmania, with in excess of \$5 million provided to further road safety injury management and broader community support.

A major component of the MAIB's funding is managed through the Injury Prevention and Management Foundation. The foundation funds research, education and service programs directed at the prevention of motor accidents, reduction in severity and improvement of the management of injuries resulting from motor accidents. In 2017-18, funding provided through the foundation was \$726 656 to a range of different causes including quad bike safety and driver mentoring. This funding helps support important safety programs and research to reduce the number of serious and fatal road accidents in Tasmania.

I acknowledge the hard work of the MAIB Board and its Chair and the MAIB executive team and their employees in delivering another strong financial result, and ensuring Tasmanians injured as a result of motor vehicle accidents have appropriate and compassionate care. Thank you, Chair.

CHAIR - Thanks, minister. We have generally discussed how scheme works and how it is attached to the registration of a vehicle as opposed to the driver. In recent months, an unfortunate number of motorcyclists have had serious crashes and there have been some deaths. How does the scheme apply? Why not register the driver or the rider, as opposed to the vehicle?

Mr ROCKLIFF - I can talk about motorcycle incidents if you would like me to begin with that. As you have highlighted, they are vulnerable road users and are more likely to be injured than any other road users. Motorcyclists represent around 3.5 per cent of registrations but account for almost 30 per cent of fatalities and serious injuries. In 2017-18, 63 per cent of incidents involving motorcycles were single vehicle incidents. It was 66 per cent in the previous year. Motorcyclists pay a moderately higher MAIB premium. For medium-large motorcycles it is \$455, with standard motor vehicles at \$294, due to the disproportionately high crash rate resulting in costs for the scheme. In setting the MAIB's premiums in 2017, the Tasmanian Economic Regulator stated that there remains a significant cross-subsidy inherent in the current motorcycle premiums and the regulator recommended increases to premium relativities for all motorcycle classes 4, 5, 17 and 20.

CHAIR - Did that occur, minister? Was the motorcycle premium increased on that advice or is it cross-subsidised?

Mr ROCKLIFF - It is still cross-subsidised, yes.

Mr CHALLEN - The fundamental issue is that the claims we are talking about are associated with incidents that occur when motor vehicles are on the road. The insurable event is associated with a motor vehicle. The system we use in attaching the premium to the motor vehicle rather than the driver is a tried and true system. It is used all over the country and all over the world. It is a system in which compliance is very straightforward.

We put registration plates on motor vehicles and with modern technology it is a simple matter for a police officer or an officer of State Growth to determine whether a particular vehicle is registered and has paid a premium. The number of registered vehicles on the road is very stable and very predictable, which makes premium setting a straightforward matter for us. That is an important thing for the insurance company when we are working to continue to the process of keeping our premiums down. The predictability of the premium base is a very important feature.

A very important consequence of the way we do it at the moment, attaching the premium to a vehicle rather than to the driver, is that there are no gaps in coverage. We can be very certain that wherever a vehicle is registered, whichever state it is in, wherever the vehicle is being driven, the people involved in a motor vehicle accident will be covered because we absolutely know for certain vehicles on the road are covered. One of the features of our scheme is that we cover people who are injured by the drivers of unregistered vehicles. All those features would be very difficult to implement with a system in which we insured the driver rather than the vehicle. The best argument for it is the tried and true system. It works extremely well and I am a bit inclined to say that if it is not broken, why fix it?

CHAIR - We removed registration stickers from cars, which has been the case for a number of years now. People using a vehicle would not necessarily know whether the vehicle is registered. That is the question you might have been posing, Mr Finch. The occupants of the vehicle are not covered if the vehicle is not registered. Is that the case?

Mr CHALLEN - No, incorrect.

CHAIR - Could you clarify that?

Mr CHALLEN - The owner is not covered if the vehicle is unregistered, and the driver is not covered if he reasonably knew the vehicle was not registered. An innocent passenger in an unregistered vehicle is most definitely covered. Third parties - a pedestrian, a passenger or the driver of another vehicle involved in an accident with an unregistered vehicle - are all covered. The only exclusions are the owner of the vehicle, because the owner of the vehicle must know that it is not registered, and the driver if it can be established the driver reasonably should have known the vehicle was not registered.

CHAIR - It is helpful to have that on the record because it does not seem well understood.

Mr CHALLEN - This issue does come up fairly regularly.

Mr FINCH - I am curious about the efficacy of the MAIB. I have been involved in many committees over the years, and have always been very impressed with the workings of the MAIB, of the people who are making claims and how efficient the organisation is in reaching the point that people do feel confident the MAIB has dealt with them well. Is any frustration being relayed to you by people waiting for their claims to be paid out? Could you outline what the implications might be in delayed cases and what might hold up claims?

Mr ROCKLIFF - Claim payments made during the last financial year totalled some \$79 million. Scheduled benefit payments comprised some \$44.1 million, representing 55.8 per cent of total payments. Of these, around \$13.7 million are for future claims. Common law payments comprise almost \$35 million, being just over 44 per cent of total payments.

Under the governing legislation, the MAIB can only pay benefits where personal injuries result directly from a motor accident and where the benefits are reasonable and necessary. Any claimant dissatisfied with a decision of the MAIB can refer the dispute to the independent Motor Accidents Compensation Tribunal for a resolution.

On occasions, the board will obtain independent medical advice to determine whether an injury is directly related to an accident and/or the service is reasonable and necessary, and make a decision whether to pay accordingly.

At times, the board's decision receives some public criticism. The MAIB is only able to respond in general terms about its procedures and cannot release claim information to people other than the injured party or their nominated representative without the injured party's permission.

To your question on service and efficiency, the board is also mindful of the service it provides to claimants. It has in place a number of internal procedures, including a customer

service charter, to facilitate a high-quality service. The board has achieved a consistently high customer satisfaction rating; this year's result has been a 88.5 per cent satisfaction rating.

In terms of the processes internally, to ensure that satisfaction continues - Paul, have you anything to add to that?

Mr KINGSTON - Yes. We take a strong focus on making sure that our role is to get claimants better and back to their pre-injury state as quickly as possible. A lot of actions and strategies we have in place are to make it easier to deal with this over time. Our client satisfaction ratings have been in the mid-80 per cent range for 10 years; 88.5 per cent this year was the second highest we have had on record. That reflects some of the recent focus of trying to make it easier to get information to us and make payments quicker. Our creditor days sit at under seven days. We pay quickly when we do get through. Well over three-quarters of claims that come in are assessed, underway and being paid within five working days.

We try to make sure we assess people quickly. When we can get them into our scheme, we want to get them in and we want to make sure we have a focus on getting them back to their pre-injury state as quickly as possible. While that works financially, people getting back to health quicker is better, and it is a better optimal outcome for them in terms of health focus.

Everything we have done over the last two or three years, including going electronic in our records base, updating our website and reviewing our claim forms, has all been focused on trying to improve that last 20 per cent of customer services. We have always had a very high customer service rating, but we are trying to find different ways of making sure we continue to do that.

There are always some people who might be disappointed with our decisions. Those disappointments tend to focus in areas where we either reject somebody from a claim, which could be because they were unregistered or uninsured or unlicensed, or where they might have some medical opinion on a particular procedure that we, based on our expert medical opinion - and this happens rarely, but it does come up - do not believe is directly related to the motor vehicle accident. We may choose not to fund a particular procedure, but we still provide a range of other benefits to them to help get them better. As to how we deal with that, when we have those disputes, there is the independent Motor Accidents Compensation Tribunal. It is a very low cost, simple procedure where anyone can take any one of our decisions on a claim - acceptance or rejection or a benefit we may or may not have paid to the liking of the claimant - and that independent tribunal makes a decision about what we need to do.

There are a few procedures to try to help people if their perspective is that we have not helped them as well as we could have.

Mr FINCH - Would that referral to the tribunal come under the heading of complaints?

Mr KINGSTON - It would be somebody who is dissatisfied with our decision. We would go to the tribunal and whatever the tribunal decides, we live with. We do get direct complaints and since I have been there, it would not be one a month that we average in formal complaints, which is quite low given we get nearly 3000 new claims every year. We have a very thorough complaints process where we go through and have it reviewed by independent people who were not involved in the claim. Our focus remains on making sure we do everything we can for our claimants, as long as it is within the bounds of our legislative scheme. We are legislated and can only pay what our scheme actually says, but that is our focus.

Mr FINCH - Mr Kingston, you are suggesting you might handle about 50-odd complaints a year?

Mr KINGSTON - No, one a month. It would be 10 or 12.

Mr ROCKLIFF - There are about 2800 annual claims a year, so 88.5 per cent satisfaction is pretty good, but Mr Kingston is making the point about continuous improvement. One a month.

Mr CHALLEN - Don't make it too hard as 88.5 per cent is an amazing client satisfaction number.

Mr ROCKLIFF - Yes it is, Chair.

Mr CHALLEN - I would be hard-pressed to say we can do better than that.

Mr FINCH - It is hard to find fault, but we will keep searching.

Mr ROCKLIFF - One a month is a small number when you compare the number of claims made per year.

CHAIR - The Tasmanian scheme is recognised for the good scheme it is. There was the comment about the independent tribunal. Can you tell us who sits on that tribunal?

Mr KINGSTON - It is run by the Department of Justice, so obviously outside our control, and they use magistrates or other judicial people to sit on it. It tends to be the same sort of people who sit on the Workers Rehabilitation and Compensation Tribunal. They cycle through. As each hearing comes up, a member of the court is allocated.

CHAIR - They can take evidence from medical practitioners and that sort of thing to determine the validity of the claim or otherwise?

Mr KINGSTON - They do. It is fairly low cost. It is meant to be people can put forward their case with or without medical information, but often there is medical information. If this is on a workers compensation site, the magistrate is pretty well attuned to understanding the medical side and they make a determination. It is meant to be a short, sharp process that gives people a chance if they are not happy with our decision.

Mr VALENTINE - Looking at your total payout, what percentage of the payout do you capture from insurance companies' with at-fault drivers? Do you actually get any payments back from insurance companies?

Mr CHALLEN - We insure the at-fault drivers. The only situations in which we can recover is if a negligent party is involved who has a private insurer behind them, or where there is an interstate motor vehicle involved in an incident that also involves a Tasmanian-registered driver - we might be able to recover from, say, TAC in Victoria or a similar body or a private insurer in New South Wales or Queensland. We had one case in recent history where a young man was very badly injured in an incident when some cattle strayed onto the Bass Highway.

Mr VALENTINE - This is Tasmanian you are talking about?

Mr CHALLEN - Tasmanian, yes. In that case we attempted to make recoveries from the farmer who owned the cattle and from a fencing contractor who was responsible for building a fence that failed. We attempted to negotiate a settlement with the other two insurance companies. We failed. We went to court, we won in the Supreme Court, the other parties appealed and we lost on appeal. In the end, we recovered nothing, but it is an example of the kind of case where there is a possibility of recovery from another party, but they are few and far between. The vast majority of cases -

Mr VALENTINE - It is a no-fault scheme obviously.

Mr CHALLEN - That is right, and even when there is a driver at fault, the common law component of our scheme is we are the insurer of the at-fault driver so basically, we are the insurer of everybody in a motor vehicle incident, even the at-fault party.

Mr VALENTINE - Can you give the percentage of motorcycle claims?

Mr ROCKLIFF - The figures I mentioned before are that motorcyclists represent some 3.5 per cent of registrations, but 30 per cent of fatalities and serious injuries.

Mr KINGSTON - It is about 10 per cent of total claims. Our schedule benefits our smaller claims, what we call schedule benefits. Motorcycles are 10 per cent of total claims even though they are just over 3 per cent of the registered numbers but 30 per cent of the fatalities and serious injuries.

Mr VALENTINE - Certainly over-represented for the number of them, compared to the total.

CHAIR - Generally would there also be larger claims because of the nature of the injuries?

Mr KINGSTON - Yes, those fatalities and serious injuries in particular, in terms of outcomes obviously for the claimant, but also financially, are our worst claims. The cost of motorcycle claims is why their premiums are high. Our premiums are set only on what it costs for that class of vehicle, so if there is a million dollars from a class of vehicles, it is divvied up by how many are registered in that area, so it is only based on the cost. The reason motorcycle premiums are higher than for standard vehicles is that when the Tasmanian Economic Regulator reviewed our premiums in 2017, it found that they still cross-subsidised even though they are higher, so it should actually be higher.

Mr VALENTINE - I was going to say, is there still some cross-subsidy?

Mr KINGSTON - Yes. They allowed us to increase it by around 7 per cent in a relativity basis for the next four years up to 7 per cent, and it will still be cross-subsidised at the end of the that.

Mr VALENTINE - Do you have any understanding of the level of the accidents where injuries occur and how many of those would be involved with what they call a 'cheese cutter wire'? You do not have any understanding of that area? There have been various observations made that these median wires are absolutely deadly for motorcyclists if they come off, and whether you can shoot any of the injury claims back to that.

Mr KINGSTON - We do not have those particular statistics, but when the wire rope barrier first came out 10 or so years ago, the MAIB actually funded the first pilot of that new intervention through what was then the Road Safety Task Force. The wire rope barrier has been developed in Scandinavia, in particular, very heavily over the years. I think the very early installations of wire rope barriers here were of such a dimension that, where they sat, they had potentially a very bad impact for somebody if they came off on a motorcycle towards them. The ones now being installed are slightly lower and less spaced. I think they have been improved, from what I can see from road safety literature, which is not our policy area, but the new ones are much safer for motorcyclists. Anecdotally, I cannot think of any cases we have had where that has come up since I have been there in the last three or four years.

Mr VALENTINE - I just wanted to see whether you had any figures at all on that.

I note that you provide \$5 million in funding, grants and sponsorships, for various things. I appreciate that it is for training courses and things like that which hopefully will bring down claims, so it is very relevant to what you are covering. How do you arrive at that \$5 million figure to reinvest back into the community? Is there a method you use?

Mr KINGSTON - Some of the big components of that are things we have traditionally done for many years, the funding of the Road Safety Advisory Council, for instance, which provides funding to police and State Growth. We provide funding to the SES for recovering people from crashed motor vehicles. We provide funding to Metro Tasmania for the Nightrider service on New Year's Eve, and we provide funding through the foundation for education, research, training and the like. That component of funding is specified in the act; it is a maximum of 1 per cent of our gross premium revenue. What we actually spend in a particular year through the foundation varies a bit; I have the number right in front of me. Last year we spent about \$750 000. This year it will be a bit less than that because the volume of applications to the foundation is a bit lower. The big numbers, the amount that goes to the police and State Growth through RSAC and funding for the SES, are just traditional amounts that have been committed going back 20 plus years. It has just been a matter in recent years of continuing the level of funding for the activities involved and indexing them to reflect the cost increases in providing those activities.

Mr VALENTINE - Does the training for the four-wheel all-terrain vehicles - quad bikes - come into it? I know you fund some of that but are rural registered vehicles covered under MAIB?

Mr CHALLEN - No. If they are registered, they are covered, yes. Many quad bikes and ATVs are not registered, which is an issue. The funding we provide for quad bike training is through the foundation and essentially all done through country schools.

Around the state there is a group of committed, enthusiastic country school teachers who see the value in giving their kids after-school training in things that will help them on the farm and in their later lives. With the help of some funding from us, they are able to provide brilliant programs for young kids

CHAIR - Who are already riding these bikes.

Mr CHALLEN - Yes, they are. They are all out there. I am a great enthusiast about these programs and would like to see more country schools doing them.

Mr ROCKLIFF - We will look at increasing investment in school farms. The Jordan River Learning Federation School participates in quad bike training.

CHAIR - Yolla, one of ours, minister.

Mr ROCKLIFF - To your question Mr Valentine, applications are publicly called for on an annual basis, with the key priority areas of promoting and advancing road safety; reducing the frequency and severity of injuries from road accidents; improving access to medical rehabilitation and long-term care services, new developments and techniques in areas such as injury management; and minimising the cost of the MAIB scheme through the Tasmanian community.

The Chair indicated the funding provided through the foundation is \$726 000; some of the projects included quad bike safety training, trauma nursing skills development, the Bridgewater PCYC driver mentor initiative and research into the distribution and determinants of motorcycle crashes in Tasmania, pertaining to your first line of questioning.

Mr WILLIE - Last year Mr Challen said there is an agreement between MAIB and the shareholder ministers for the MAIB to pay a dividend of 50 per cent of the average of after-tax profit for the current and proceeding four years.

In the annual report for this year on page 4, it details the dividend to Government. It says -

The MAIB has recommended a dividend of \$51.4 million to Government in respect of this year's operations. This is based on the agreed formula of 50% of average after tax profits and losses over this year and the previous four years

My question is, is that agreement still in place?

Mr ROCKLIFF - Yes. The state Government has retained the policy of a 50 per cent dividend from the five-year average after-tax profit of the Motor Accidents Insurance Board. Although we flagged a possible higher dividend from MAIB during the election period, the stronger budget position has meant this was not required.

Returns from government businesses are determined as part of their corporate planning process and in line with expectations of Government and our government businesses are in very good shape and will continue to do well.

The Government will continue its MAIB policy dividend of 50 per cent of the average profit after-tax of the current year and the previous four years.

Mr WILLIE - Minister, last year in the hearing, we had the agreement in place. In this hearing we have the agreement in place. In the election campaign, the Government announced in its financial statement that it was going to impose effectively a 90 per cent dividend return to government. What advice was received for the new position?

Mr ROCKLIFF - We flagged a possible higher dividend from MAIB during the election, but the stronger budget position meant it was not required.

Mr WILLIE - My question is: what advice was received by the board or by Treasury to adopt the new position to impose a 90 per cent dividend?

Mr ROCKLIFF - The policy stands as it is and has not altered. I have explained to you that the higher dividend was flagged in the election, but was not needed as a result of the Government's strong budget position. Pertaining to your exact question, this is probably a question for the Treasurer, but the policy remains.

Mr WILLIE - As the shareholder minister now, you would be across that detail.

Mr ROCKLIFF - I am across the policy. As I have said, we will continue our policy. An average dividend of 50 per cent of the profit after tax of the current year and the previous four years is the policy, and that remains.

Mr WILLIE - Through you, minister, can I ask the chair what advice was given to the Government on the 90 per cent dividend policy?

CHAIR - Are you asking about the period prior to the election?

Mr WILLIE - No, during the election campaign.

Mr ROCKLIFF - We were in caretaker mode at that time.

Mr CHALLEN - Advice on those sorts of matters would not be sought from the MAIB. It would be sought from the Treasury. The minister is correct in saying it is a matter for the Treasurer. The MAIB and Treasury are in constant contact. We are talking to each other all the time and Treasury would be well appraised of our capacity to pay any particular dividend at any time. I cannot add anything useful to what the minister said.

Mr WILLIE - Minister, we had this dividend policy in place during the hearing last year. It is now back in place this year. Did the Government lose control of spending in the campaign and, in panic, search for ways to fund your election commitments?

Mr ROCKLIFF - No.

Mr WILLIE - Why the flip-flopping in policy?

Mr ROCKLIFF - Mr Willie, there has been no flip-flopping. The policy remains intact.

Mr WILLIE - Within a year, we have had two different positions and you have abandoned one.

Mr ROCKLIFF - The position is consistent year to year.

CHAIR - You will keep receiving the same answer. We will move on. When I first considered who would be the minister for MAIB, I was sure it would be the Treasurer because there is that close connection with Treasury. It is a financial business rather than an infrastructure business. It has historically been the case. Why the change?

Mr ROCKLIFF - There are two shareholder ministers for all government business enterprises. The Treasurer and I are shareholder ministers for a number of other businesses. I have five scrutiny hearings this week, which I am looking forward to. Are you saying the Treasurer should be the one shareholder?

CHAIR - No, in TASCORP, for example, the Treasurer is the key shareholder. That is another financial government business. MAIB is essentially a financial business. Wouldn't you agree?

Mr ROCKLIFF - Not in isolation. We have covered a range of areas in questioning today to demonstrate it is in a very strong financial position and the returns to the Tasmanian Government are very good. In financial terms, it is very strong and it is delivering as an insurer, but it is also fulfilling other community service obligations such as road safety, driver mentoring, some of the initiatives -

CHAIR - Isn't it a more financial business rather than a service delivery business?

Mr ROCKLIFF - The chair can add some value to this.

Mr CHALLEN - Fundamentally - and this is important - the MAIB does not see itself as a financial business. We are there to help people who have been injured in motor vehicle accidents and bring them back to their pre-injury state as best we can. That is the culture of the organisation and that is the way we see it. Yes, we are an insurer. That is how we deliver our business, but it is not what our culture is. Fundamentally, we are about helping people injured in motor vehicle incidents.

CHAIR - You are an insurer.

Mr CHALLEN - We most certainly are an insurer. That is how we deliver it. Philosophically, the Government Business Enterprises Act has two distinct minister roles, the portfolio minister and the Treasurer, and they are different. The only case for which the Treasurer carries both roles is TASCORP. If you look at what the minister is doing, the two acts, it is desirable to have a separation between what the Treasurer does and what the portfolio minister does, if you can.

Historically, the minister with responsibility for things like roads and infrastructure has been our minister. It has always been so. It works well for the organisation. I have regular conversations with both ministers but those conversations are about different things. I talk to Mr Rockliff about motor vehicle incidents and injuries, what we can do to help make people safer on the roads, our contributions to RSAC and our relationships with the police. I tend to talk to the Treasurer about the financial performance of the business and the prospects for tax equivalence and dividends, the things treasurers want to talk about.

CHAIR - That is a good thing. Minister, maybe this is more a question for Mr Challen. In his annual review of the financial position of the government business, the Auditor-General said -

In 2017-18, MAIB paid to the Tasmanian Government dividends of \$56.26m and tax equivalents of \$44.21m. MAIB recommended a \$51.43m dividend to be paid in 2018-19. Dividends were based on average net profit over the current

and four preceding years under a dividend averaging policy agreed between MAIB and the Tasmanian Government.

The table on page 9 of this current year's budget papers suggests a different pattern. The estimated outcome for dividends of \$56 million corresponds but the estimated outcome for the income tax equivalent is \$9 million, whereas the amount paid was \$44 million. It hard to understand the difference. The tax expense in the accounts was \$46 million in 2016-17, which was a similar figure to the amount paid in 2017-18; the figure was \$44 million in that year. This year, income tax equivalents were \$9.3 million. Can you explain why that is the case?

Mr CHALLEN - It comes down the difficulty we have in forecasting our taxable profit into the future. It is hugely affected by the performance of our investments. Investment markets are volatile and things go up and down. We tend to forecast zero tax equivalents beyond next year. On the basis of this year's financial performance, we have some capacity to forecast what tax equivalent payments we will make next year. Beyond that, it is extremely difficult so we forecast zero.

CHAIR - The Government does not forecast zero.

Mr CHALLEN - Treasury has to make its own estimates of what numbers are best put in the budget papers. They will form a view about how investment markets will go in the year ahead, which we are reluctant to do. They are accountable for the numbers they put in the budget papers, we are not. In most years, their number will probably be closer to the outcome than our number. If it is a year like the current one, our number might look a bit better. It is an endless difficulty to forecast returns based on volatile investment performance into the future. It is very difficult.

Mr KINGSTON - For the last financial year, the budget figures would have had three-quarters of the year of Estimates, three-quarters of the year of actual outcomes. The last quarter was not in those figures when they did the budget figures. We are reporting on our final year outcome, which we don't know until mid-August. In that last quarter, we tend to have a lot of movements, economic assumptions and other changes on investments. This year was no different. We ended up making a much larger profit than we thought we would, with good investment outcomes and some movement in economic assumptions that affect our overall financial outcome. The budget figures would only have been an estimate, with at least a quarter of the year to go, if not more, of actual returns. That is why it might have listed \$9 million and it ended up being \$44 million or whatever the case was at the end of the year.

Mr GAFFNEY - Rob mentioned funding earlier. It says the \$3.7 million per annum in the funding commitment extends to 30 June 2021. Do you reassess the 1 per cent of the funding or is that where you re-evaluate the programs to be funded?

Mr CHALLEN - The 1 per cent that goes to the foundation is specified in the act and that will sit there forever, subject to the act being amended. The \$3.7 million that goes through RSAC and to the SES are on funding agreements between us and police, State Growth and the SES. Each of them is a three-year agreement.

Mr KINGSTON - Three-year agreement; four-year for RSAC.

Mr CHALLEN - Is it three or four?

Mr KINGSTON - Three.

Mr CHALLEN - Yes, a three-year agreement, and typically what we do in the final year of the agreement is we have an external evaluation of the effectiveness of the funding and whether it is achieving its aims. In recent years, this has been undertaken by an expert, Professor Jeremy Woolley of the University of Adelaide, who researches motor vehicle incidents and road safety and those sorts of things. A very distinguished professor. He has undertaken an independent evaluation for us at the efficacy of those programs. In the eight years I have been on the board, I have seen his reports two or three times. On each occasion, he recommended we continue the funding and provided some useful recommendations on how we might obtain better value from the funding, and in each case those recommendations have been implemented. We would then go into negotiation with police, State Growth and the SES about a new funding agreement. These negotiations are usually fairly straightforward. It is mostly about what level of indexation is appropriate to make sure we are reflecting the growth in their underlying costs, which are in the main labour costs.

We have had very good relationships with all three of those bodies in my time on the board and negotiations have not been controversial.

Mr GAFFNEY - Thank you, I wanted to understand the process. Who does the research for the road marketing campaigns undertaken? It is very hard to know if they were effective. How do you receive feedback from the organisation about the effectiveness of some of those marketing campaigns? I am not saying it is a bad thing, but do you give them money to do more campaigns, or do you ask for feedback through some sort of process?

Mr ROCKLIFF - Paul is on the Road Safety Advisory Council so he can answer the question.

Mr KINGSTON - Thank you, minister. The Road Safety Advisory Council has a subcommittee on education enforcements. It brings together police and the marketing branch of road safety and the Department of State Growth. I chair the committee which has police, RACT and other stakeholders on it. With every campaign, there is a scope delivered by us about what message we want to achieve. By tender, State Growth has appointed a media firm to manage this. A professional media firm develops the campaign. Throughout the development of the campaign we use focus groups. For example, Real Mates has been a very successful campaign for about seven or eight years. The target audience is young men and they would meet with a group of them to see if the message is going to resonate with them. The campaign is run and at the end we have an engagement with an external firm like EMRS to do a study about whether the message was received, how much it was recalled and whether people thought it had changed their behaviour on the roads. That varies on campaigns depending on what message we are trying to put across, but what we tend to do is use the feedback from the market research to inform the next campaign. If we think we missed the mark or we want to target a different group of people, that will then reinform the next campaign.

There is considerable work in the development of each campaign, which is always followed by market research to make sure we actually delivered the message we wanted to deliver to the people we were targeting.

Mr GAFFNEY - One of those safety campaigns was the inattention with mobile phone use, the 'Don't be a goose, leave your phone alone'. Many of us would agree the message is not getting

through, because often you see somebody with their mobile either texting, which is amazing - I cannot even text when I am sitting still, let alone driving a car. How many accidents are attributed to inattention? Are there many when somebody has been caught texting or whatever? Is there any push to ensure that Bluetooth or whatever is used in every car or in some other way? What is the next strategy for the mobile phone problem? The message does not seem to be getting through.

Mr ROCKLIFF - There can be a lot of potential distractions in a motor vehicle; the mobile phone is one of those - texting, talking, changing music - and the radio is a distraction as well. There has been quite a national discussion about this between the transport ministers around the country. The Queensland state government has a body of work on distractions and, a month or two ago, it presented it to the last ministerial council. This was a discussion also in the Road Safety Advisory Council last week. There is a body of work, and Paul might be able to add to this in some way, focusing on this particular issue, including the number of passengers in vehicles with learner drivers and P1 drivers as an example. A vehicle crowded with young people can be a distraction as well. We are looking at that evidence to see if there might be a policy setting there, particularly for P1 drivers. There is a focus, which will continue, including an advertising campaign, as I understand it. Is that right?

Mr KINGSTON - Yes.

Mr ROCKLIFF - The Road Safety Advisory Council is a completely apolitical body. I know that my shadow, David O'Byrne, has met with the Road Safety Advisory Council recently. It is tripartisan in its approach and they most definitely have the brief to brief opposition members as well as government MPs, in my case being minister, on the latest campaigns.

Mr KINGSTON - The major cause of crashes is inappropriate speed for the conditions - not just speeding, but drug and alcohol, inattention and improperly secured seat belts are the fatal causes of accidents. Inattention is always a big part of it, but it is actually very difficult to measure. The statistics are collected from crash scenes by police when they fill out their reports. That is then used by State Growth, which is responsible for road safety policy and analysing crashes. That informs all the decisions from the Road Safety Advisory Council - not only marketing but also any potential changes to road safety laws or infrastructure that is required.

On inattention, our actual market research from the 'Leave your phone along, don't be a goose' campaign was that it got a very high recall - people actually saw it and remembered it - but it did not change their behaviour. Road safety is everybody's responsibility. Changing behaviour is very difficult and a very long process. A series of strategies is being implemented, so we are looking at a new campaign for inattention, not just for mobile phone use but also mobile phone use by pedestrians crossing lights and other distractions in the car. The minister mentioned learner drivers and peers in the car. We are looking at whether they can be restricted at certain times while they are learning.

CHAIR - I think it was meant for provisional drivers rather than learner drivers. Were you talking about limiting learner drivers as well?

Mr KINGSTON - Yes, learner drivers as well, potentially. The RSAC is looking at that as to what could be done there to make fewer distractions in the car for people learning how to drive. Also, some enforcement activity is being ramped up. At the moment, police are looking at trialling unmarked motorcycles, which will be around now checking out, being able to ride up

next to people to see if they are using their mobile phones. The police will tell you that it is very difficult to detect mobile phone use if someone has it down below their ear line. Some people are very obvious in their use of it, but a lot of people -

CHAIR - You can talk to Siri as well.

Mr KINGSTON - Yes, that is right, any sort of distraction.

CHAIR - You can use Siri without having to touch it, but it can still be distracting.

Mr KINGSTON - Correct, yes. Police are looking at trialling that now; it is out there, and an unmarked motorcycle will be able to come up next to cars at lights and check what people are doing. The intention, again, is to educate people and try to tell them what the consequences can be, but also make sure they know there is a risk they can be caught. If people think they are going to be caught, that obviously helps change behaviour. In fact, most of the market research we get back tells us that people's behaviour is most affected by if they think they will get caught doing the wrong thing. We work closely with police and the education people in State Growth to provide the carrot - the education - and the stick as well to make sure that if you have been told what to do and you do not do it, police will run some campaigns to make sure people are aware that they can be caught.

Mr GAFFNEY - My last question on this, Chair. It is interesting, sometimes you see the blatant ones driving and holding the mobile up, talking and driving. Have the police discussed clamping their cars? We did it with hooning and there was a big hurrah to start with about hoons, clamping their tyres for a month or a period of time. If we think about it, what they are doing on the mobile, and it is obvious to see, is even worse than hooning sometimes. I think some sort of message needs to be out there about considering that sort of action. As you said about the awareness, everyone recognises the goose, but it does not really change the behaviour. At one stage I think the community would say, 'Fair enough, clamp the car for a month'.

Mr ROCKLIFF - Thank you for that suggestion, Mr Gaffney. The RSAC is more than happy to come and brief Legislative Council members, either individually or collectively, if you would like to discuss that and some of the evidence and data behind the campaigns. The thing that worries me a bit also is the lack of role modelling from parents breaking the law and what their passengers and children are seeing while driving - that behaviour is then normalised. We then have young people learning to drive having witnessed their mums and dads yakking on the phone or whatever it might be, which is of real concern. Maybe we have to have a more intensely focused education campaign; the schools probably would have to play a role as well in that sense. I know they do, but we probably need to intensify that.

Mr GAFFNEY - I am pleased you mentioned that as Education minister because some schools on the mainland have said no mobiles at all in classrooms. Many schools here allow mobiles and teachers are forever telling kids to put their hands above the desk and stop texting. I think if there were a blanket message from the Education minister saying mobile phones are not to be used at all, we would have an uproar.

CHAIR - We are off on a different tangent here, I think.

Mr GAFFNEY - No, but I thought I would run that in.

CHAIR - Yes, I thought you would.

Mr ROCKLIFF - I am sure I will get the message.

Mr CHALLEN - In answer to Mr Gaffney's earlier question, I overlooked the Tasmania Fire Service. Could I give you the numbers again, just for the record? The \$3.74 million of funding we talked about earlier is split into \$2.47 million for police and \$1.27 million for State Growth. In the road rescue funding there is \$330 000 for the SES and \$270 000 for the Tasmania Fire Service. In 2017-18 we talked about the number earlier for the Injury Prevention and Management Foundation. In addition to that, there is another \$36 000 and a few dollars that goes in various other sponsorships and minor funding arrangements covering charities, road safety, injury prevention, the MAIB Metro Nightrider service, the Clifford Craig Medical Research Trust and Pollie Pedal. That is the complete collection of numbers. I apologise for leaving the Fire Service out earlier.

Mr FINCH - My worst example was a truck driver with a plaster cast on one arm, smoking and on the mobile phone at the same time as he was driving the truck.

However, I want to talk about road safety. You may have seen that report about the failure to reduce the state's road toll. The report showed that there was a 20 per cent rise in road deaths this year up to September. It was an RACT criticism of the circumstances. That makes us, per capita, the second worst in the country behind the Northern Territory and above the national average. Was their concern shared about that report and the increase this year?

Mr ROCKLIFF - There is concern, Mr Finch. It was a subject I raised in my opening statement the other day when I met with the Road Safety Advisory Council. Those increase in figures you have highlighted in Tasmania are also reflected nationally and around the world. Around 2014, there was quite a dip in injuries in the road and crash statistics. We thought the message was getting through, but it has increased since then and that is concerning. That increase is consistent with national and international trends. That does not diminish my concerns at all. This is why there is also a national discussion on the issue of road safety.

Mr FINCH - In an RACT report, 1213 people died on the road, nationally, in the 12 months to September and that was a slight decrease from the previous 12-month period. I am wondering whether there needs to be a review and perhaps an increase to the \$3.7 million you give to the Road Safety Advisory Council. Perhaps we need to run a harder, more expansive program to address this issue and make sure everything is being done to reduce the road toll.

Mr ROCKLIFF - If the Road Safety Advisory Council needed more resources, I am sure they would not be backward in coming forward to talk to me about that. Work is being done, but only on advertising and the like, to try to put the road safety message through, such as distractions. There is also a focus on young drivers and the age group from 16 to 24, when people start driving cars. Proportionally, incidents recorded are way too high and the message needs to be targeted at that group. There are also some discussions around the graduated licensing system and how that could be improved to ensure that when young people are on the roads, they are as competent, alert and attentive drivers as possible.

Mr FINCH - Does the Rotary Youth Driver Awareness Program need to be expanded to reach younger people? I assume that might be where that program is run. Does there need to be

more of a focus on schools to reach those bulletproof young people who will enter the driving arena at 17 or 18?

Mr ROCKLIFF - That is a good policy question. As I said to Mr Gaffney, I am sure schools play their part in road safety and will continue to do so. We will have a discussion with the Road Safety Advisory Council and see what is possible to ensure we provide the resource to schools to get the message through to students. My message to the Road Safety Advisory Council the other day was that, as minister, I would like to see bold ideas that can cut through with the message and to ensure all road users are in a safer environment. I am prepared to look at bold policy options, provided they are well consulted and well communicated to the general public.

CHAIR - Minister, we have half-an-hour. We have a number of questions to ask about the MAIB. This is quite broad and has taken a lot of time. It would be good to focus on other aspects of the MAIB.

Mr ROCKLIFF - The Road Safety Advisory Council is more than willing to brief individual members.

CHAIR - Next year would be good opportunity for the Legislative Council to have a briefing.

Mr FINCH - I am sure we would appreciate a bold budget, too.

Mr WILLIE - We've established there is a dividend policy of 50 per cent after-tax profits averaged over five years. Will the Government keep that in place for the foreseeable future?

Mr ROCKLIFF - Yes, that is our intention.

Mr WILLIE - Can you give an indication of the time line?

Mr ROCKLIFF - Our intention is to continue that policy.

Mr WILLIE - Up until the next election?

Mr ROCKLIFF - I will not be putting times and dates forward, but we will continue the policy as it currently stands until it is reviewed. Our intention is to continue it.

Mr WILLIE - If there is any change to the dividend policy, would that impact premiums?

Mr ROCKLIFF - My advice is it would not, but we have no intention of changing the policy at this stage. If we do at some point, it will be well communicated.

Mr WILLIE - The MAIB has 39 employees. Do they fall under the state Government's wages-cut policy?

Mr ROCKLIFF - Yes.

Mr WILLIE - Do you think it is reasonable that the wages of employees of a profitable government business, when productivity is high, are capped?

Mr ROCKLIFF - We can go into this political discussion, Mr Willie, which is probably not useful for Tasmanian taxpayers, given the importance of the scrutiny of the MAIB to the Tasmania community. The cap policy was a policy of your government. We have continued it and the policy remains.

Mr WILLIE - The economic times are very different, minister, and I am sure -

Mr ROCKLIFF - The chair informs me the MAIB voluntarily went into an enterprise agreement with their staff, which reflects the 2 per cent policy.

Mr WILLIE - Do you think it is reasonable that employees of a government business, which is profitable and is returning significant dividends to government, have their wages capped?

Mr ROCKLIFF - As I said in my opening statement, I congratulate the Chair, the CEO, the executive and all the employees of the MAIB for what is a tremendous result, financially and in delivering to the Tasmanian community as an insurer. That is reflected in what are exceptional satisfaction ratings of some 88.5 per cent, which is an extraordinary result. I commend the business on the work they do and thank all the employees very much, but the policy remains.

Mr WILLIE - With high satisfaction rates, you would think they deserve a pay rise.

Mr ROCKLIFF - It is important we maintain budget discipline, so we can provide returns to our Tasmanian community across a range of areas. It is a continuation of the previous government's policy. Strong financial budget management is important. We can return dividends and, in this case, direct dividends, as an example, to the Tasmanian community. The chair said the wages policy doesn't affect the dividend return. The dividends to the Tasmanian community, more broadly, include more investment into health, education and essential services as a result of strong financial budget discipline. This is going slightly off track, Mr Willie. The Chair is giving me the look.

CHAIR - What the period for the enterprise bargaining agreement - EBA? According to the chair, there has been an agreement.

Mr KINGSTON - It is a two-year enterprise agreement.

CHAIR - When was that signed?

Mr KINGSTON - It took effect from 1 July 2017.

CHAIR - It runs out next year.

Mr KINGSTON - This enterprise agreement will finish on 30 June 2019.

Mr CHALLEN - Chair, I don't think there is a link between the dividend we pay the Government and what we pay our employees. The Government has \$575 million-worth of capital in the MAIB and the dividend is the shareholder - the Government, the people of Tasmania - return on that \$575 million investment. We pay our staff what is appropriate in the market we recruit them in. When we approach an enterprise agreement, we are not thinking about how big a dividend we are paying the Government; we are thinking about what is appropriate to make sure our people are well remunerated for the excellent work they do. The fact we are able to negotiate

a voluntary enterprise agreement with them suggests they are comfortable with what they are being paid at the moment. Not that everybody would not like to be paid more, of course they would.

CHAIR - When will negotiations start, bearing in mind this current EBA will expire in the middle of next year?

Mr KINGSTON - On 30 June.

CHAIR - When will the renegotiations start?

Mr KINGSTON - Soon.

CHAIR - I always like to focus on the financials. The underwriting result is doing well and we accept that, and there is not a question on this. There has been a not insignificant reduction from \$39.9 million to \$22.5 million in the underwriting result, a fall of \$17.4 million. The Auditor-General made a few comments in his report where he stated -

The changes in economic assumptions relating to outstanding claims, liability, unfavourable experience in common law claims, offset partly by a reduction in costs due to favourable claims experienced in future care.

Can you, the chair or the minister provide more about what this means and what it means for the future?

Mr CHALLEN - The underwriting result is a reflection of a collection of things about what claims we are covering. Over time, as the incidence of claims has decreased, our underwriting result has improved. It is very volatile and fluctuates a lot from year to year. You can see this from these numbers because having one new future-care claim, often with a current day value of many millions of dollars, can have a big impact on it. If one of our existing future-care clients injured many years ago, passes away, and this happens ahead of the time the actuaries previously had assumed they would pass away, then this tends to improve.

We had little changes going on in the background that affected the underwriting result, basically reflecting the costs associated with managing clients. The big thing that affects this number is the bond rate. When we assess one of the big factors, our claims expense, we are taking estimates of our liability cashflows going out 70 and 80 years and discounting them back to a present value using the bond rate. Where there is a very long tail of liabilities, small changes in the bond rate have a big impact on this number. The actuaries discount this stream of future cashflows back to a single number and that change in the number from year to year, is the claims expense. It does not take much of a change in the bond rate to have a significant impact in the underwriting result and is what is going on here.

CHAIR - Does it pose a particular challenge for the future or do you think it is always the case and is going to continue?

Mr CHALLEN - No, it is just life, in long-tail insurance. It is a very unusual insurance and there would not be more than 50 firms in the world that do this business. We are endlessly explaining to our reinsurers the nature of the business and why these numbers fluctuate a lot. The reality is that this is a well-established, well-funded scheme. The accounting numbers are going

to fluctuate a lot because of the way the calculations are done. This is a good scheme and is financially very secure.

CHAIR - We will go onto your investments. There has been a big jump in investments and on page 30 it shows a significant increase on your annual report. The MAIB borrowed \$426 million via a repurchase agreement or a repo. I am not the expert in this field but, they cover short-term borrowings normally or need to meet a short-term expense. Why did the MAIB do this, what was the term of the repo and has it been repaid?

Mr CHALLEN - We have not borrowed anything. This is essentially hedging activity undertaken by one of our fund managers. We have an allocation of funding sitting with an external manager, essentially in fixed interest doing activity in Australian Government bonds. During the year they engaged in some hedging activity using repurchase agreements and unfortunately under the accounting standards the number came back onto our financial statements and balance sheet. The board does not think this is helpful. It makes it extremely difficult to interpret our financial statements, so at the last board meeting we have approved a new arrangement which will change the structure of the relationship between us and that fund manager. They will still go off and do their hedging activities and buy and sell repos and do all that, but because of the change in the legal relationship between us and them, we will not see this again on our balance sheet, I am happy to say.

CHAIR - There is no real explanation that explains that.

Mr CHALLEN - It is extremely difficult to understand and explain. It is a nightmare, so it is not something we want there. It just confuses the readers of a financial statement.

CHAIR - It is okay to be a bit confused as to why it might have been that way.

Mr VALENTINE - Obviously, the Government may be tempted to use an organisation like the MAIB as a cash cow. Are there predetermined metrics reached that signal a reduction in premiums is warranted? The Government might want to take extra over time, but are there any sort of situations where you are forced to consider premium reductions? Is this in the act? What brings it to the attention of the board that this needs to be considered?

Mr CHALLEN - Remember, we have an external regulator. The Tasmanian Economic Regulator is responsible for regulating our premiums. We go before them every four years and essentially have to justify our premiums and they set our maximum premium for the next four years. We have not charged up to the maximum premium for some years.

Mr VALENTINE - Roughly how much below?

Mr KINGSTON - Nearly every year over the last eight years, they have allowed us to increase by Australian average week lendings, which has been around 2, 3, 4 per cent. We have not had an increase in those years and have had a decrease of 7.4. Over the last 14 years we are 50 per cent less than what our maximum could have been.

CHAIR - What the regulator allowed for?

Mr KINGSTON - Allowed for if we had have done everything we could have all the way through.

Mr CHALLEN - To your question, Mr Valentine, the board on the advice of our actuary goes through a process in which we look at our long-term claims rate. We look at our future care costs and long-term expectations of investment returns, and the actuaries then use the information to calculate what they call a break-even premium.

Mr VALENTINE - You say 'long-term', is that 20 years?

Mr CHALLEN - Fifty years - very long-term because of that 80-year long-term tail of liabilities we have. They calculate a break-even premium and then they add a profit margin of 10 per cent and essentially how we determine our premium. This goes back to Mr Willie's earlier question: our performance in terms of returns to government is not related to our premium-setting process. The returns the Government receives are tax equivalents, basically driven by our investment performance and the dividend, which philosophically is a return on that \$575 million-worth of capital the Government has in the business. The two things are quite separate. A few years ago, we paid a large special dividend of \$100 million to the Government and if you look back, historically from time to time the MAIB has paid special dividends to government. None of those special dividends has ever affected premiums. The processes for thinking about premiums and thinking about returns to government are different processes.

Mr VALENTINE - Thank you for that clarification.

Mr WILLIE - Minister, there is a high satisfaction rate. I have been to some MAIB properties in Hobart at the invitation of providers. It is very good care. Does the satisfaction rate also take into account the care that is offered, or do you just pay out the claim and that is your responsibility done? Are there registered providers that you prefer to use past the claim payout? I am interested in that arrangement.

Mr KINGSTON - The survey we do now every year. We used to do it every two years, but since I have been there we have done it every year. We start with all the claimants who were finalised in that year - 1000 or more; it could be up to 2000 at times. We outsource that so it is run independently. We have asked the same questions now for 15 to 16 years, so we get a very good time line of it. That satisfaction rate covers all those claimants that were closed.

There are two issues with the MAIB. For what we call our scheduled benefits, which are our smaller injuries, most of them last two, three or four years, and then they are hopefully better and back to their pre-injury life, which is fantastic. They can have a common law payout as part of their claim, so those claims can be finalised, although all of our claims are technically still open if somebody has a recurring injury, but once they have settled on common law they are closed. There is that segment of claims that are closed and go away.

At the facilities you talk about, you would have gone to Kaleigh in Montrose or Rosetta, and that is for our lifetime care claimants, people who qualify for our lifetime care scheme, which we call Future Care, and we look after them for life.

Linking back to the chair's response before, these are people whom we will have as our claimants for many decades. Their care tends to be at the more serious end where they need to be in one of our supported accommodation facilities. A lot of people also live in their homes and we modify homes and vehicles, and send a tender care out to those homes to look after them. After

27 years of running our lifetime care scheme, we have 103 people on it, so you can see it is a rare event for people to make that scheme, but they are then looked after for life.

We work very closely with Anglicare, which is our outsource service provider for those facilities. We went out to tender for those facilities and for the attendant care back to homes 18 months or two years ago. We created a panel of four or five providers that provide that, Anglicare being one of them. Anglicare also won the tender to look after our supported accommodation facilities. We have contract management and metrics around those service providers, not only to make sure that they are providing the service we ask for at the price we ask for, but we also focus with them on outcomes for our claimants.

Those Future Care claimants are not included in our survey results, simply because we have a life with them. Most of them tend to comprise people with serious acquired brain injuries, but the interaction we have with those claimants is very high. For most of those claimants, we have a separate team of four or five staff that manages them. They know the family members and they are constantly on the phone to those claimants; they visit the supported accommodation facilities with our providers and work very closely to make sure that they have the highest quality of life that they can have, given the injuries they have sustained. There is a difference; the survey results largely relate more to scheduled benefits because they are the claimants that come and go from our scheme, which is the vast majority - 100 over 27 years; over that same time we had 3000, on average, of other schedule benefits claims, which makes up the survey result.

Mr WILLIE - Is there any ongoing monitoring of the service provided in those lifetime care arrangements? Do you have a team within MAIB that provides that oversight?

Mr KINGSTON - Yes, that team of four or five, which is our serious injury team, look after that. We also utilise expertise from case managers and rehabilitation and medical experts, and they are like our external case managers. They will keep an eye on what is happening with the provision of the services. We have those panels and they have to provide us with regular reports and have to maintain their accreditation. We use external accreditation - national accreditation - as one of the ticks to say they are providing the right sort of support.

We are very close to those lifetime care patients. I even go quite often to those facilities and talk to the people there. The families are there with them, so there is a very close connection to know what is going on. There are always issues when you have such severely injured people who need 24/7 care. I have to say that Anglicare provide a great partnership with us. Their focus is very much on the outcomes, not necessarily just the financial side of it.

I think we are very much across what is happening with most of those lives, constantly.

Mr WILLIE - There are some good stories, too, that I am aware of.

Mr KINGSTON - There are.

Mr WILLIE - I am aware of one person at that facility who returned to work in a supported way.

Mr KINGSTON - We have strong return-to-work program even for our catastrophically injured people because we know that if we can integrate them back into the community and back into their working life, their health outcomes are so much better.

CHAIR - To go to the outstanding claims liability, the Auditor-General made a comment on that being the largest liability that you have - and we have talked a bit about that already, particularly with the long-term care required for some claimants. We had very extensive notes about this in the financial statements, which is very helpful. Going back to our previous conversation about managing this and that a change to the discount rate can have a significant impact on the bond rate, can you provide a bit more information here about why perhaps it does not fluctuate as much as you might expect? Unfunded superannuation liability jumps around a lot more than this appears to. Is this more predictable or what is it? You have quite detailed information about how it will work into the future.

If you were looking at the previous explanation, wouldn't you expect this to jump around a bit more?

Mr CHALLEN - It does jump around quite a bit, actually. That is why the underwriting result tends to jump from year to year, but it has not jumped much in the last three or four years because the bond rate has not changed much.

If you think about it, we had a period after the GFC from about, say, 2010-11 for a few years where the bond rate plummeted. It had been sitting at the low sevens and it went down into the three, three-and-a-half range, where we saw big increases in our outstanding claims liability as that was a curve. Since then, mostly at the long end of the curve, the bond rate has drifted back up a little bit but not a lot. and the changes in this number in the last two or three years have been relatively modest. There is some bond rate impact going on here, but more of it really is about the underlying claims cost experience.

CHAIR - Are the common law claims reasonably predictable?

Mr CHALLEN - They tend to hang around for a long time.

CHAIR - Is there a time limit for them or not?

Mr CHALLEN - There is a time limit for initiating the claim. I think it is seven years after the incident but once a claim is initiated, it can take many years for it to be resolved. particularly if there are children involved. The courts will not resolve them until the children get at least into their late teens and often into early adulthood.

There is a claim we have settled quite recently, of young woman who is 20 or 21 years old who was very badly injured in an incident when she was two years old. That claim has been hanging around all that time. We have been paying out to support her for those years, but the claim has only recently been settled. It does take a long time for these common law claims to be settled. They tend to be on the Future Care side; they tend to be the bigger claims. They probably average \$350 000 to \$450 000, but it is not unusual for us to have them in the many millions and I have seen them at \$17 million to \$18 million.

CHAIR - In MAIB's case?

Mr CHALLEN - Yes.

Mr VALENTINE - What sort of span of years would that be?

Mr CHALLEN - The big ones tend to be young people who had very good career prospects who were very badly injured where there was somebody negligent. Unfortunately, common law fluctuates a lot and we work fairly hard to settle common law claims as expeditiously as possible. The average claim probably runs for four or five years to get it settled. It is not unusual for them to run for 10 or 12 years when children are involved.

CHAIR - In a different area, the tourism industry has grown. A lot of tourists are driving hire cars. I was nearly wiped out on the Midland Highway one day. I think the person went to sleep and went straight across the road in front of me. Thankfully, I was able to avoid them. Is that having an impact and is any work being done to assess the risk? I assume if they are driving registered vehicles, they are covered. How does this work with tourists?

Mr CHALLEN - They are covered by us if they are in a Tasmanian-registered vehicle. Under the National Injury Insurance Scheme, if they are catastrophically injured - in other words, if they become a Future Care patient - they are covered in the state in which the incident occurs. We are covering anybody in a Tasmanian-registered hire car, for instance.

CHAIR - Is that still the case if they visit the mainland?

Mr CHALLEN - If they are in a Tasmanian-registered car and not catastrophically injured, yes, we cover them. If they are catastrophically injured, the National Injury Insurance Scheme - NIIS - provisions cut in and they are covered by the state in which the incident occurred.

CHAIR - We hear anecdotally from tourism operators that their guests have hire cars and regularly have incidents, not serious crashes but they are sustaining injuries. Is any work being done on that?

Mr CHALLEN - I think the short answer is no. I may have seen a newspaper article about this about six months ago, which suggested people who drive hire cars tend to have more incidents than the average driver. That is probably combination of unfamiliar car and unfamiliar territory. There was no evidence, as I recall - I am going to be scratching to remember where this was - to suggest tourists had a worse record than hire car drivers in general.

CHAIR - Is it worth looking into? I know money is spent on research.

Mr ROCKLIFF - In terms of an advertising campaign, yes, that has been a subject for the Road Safety Advisory Council. While your question is about hire cars, we launched a campaign around 10 days ago for motorcyclists coming off the *Spirit*. Mal Campbell was part of that and part of a video presentation to get the message through. You mentioned unfamiliar territory. That is one of the big challenges we have with people coming from the mainland to visit our state.

CHAIR - People think they can drive around Tasmania in half a day.

Mr ROCKLIFF - Either that or we have a lot of corners on our roads. The west coast is an example. One of the video presentations focuses on the west coast. It is a very good, powerful promotion of the message it is trying to sell as well for Tasmania. The unfamiliar territory and the that we do not have straight roads that go forever is a challenge.

CHAIR - Thankfully, we have a lot of wildlife.

Mr ROCKLIFF - We have a lot of wildlife, as we saw today.

Mr KINGSTON - The Road Safety Advisory Council, going back about 18 months or so, did some research on that and used the statistics of international tourists and interstate tourists. It found that interstate tourists are the biggest risk factor, not international. Both have their difficulties and issues they have to deal with, but both statistics showed they were about the same average as Tasmanian drivers overall, over the long term. It wasn't that they were disproportionately over-represented.

A lot of work has been done through the Road Safety Advisory Council over many years, who have policy responsibility for this area, including using Bobbie the Lavender Bear from Bridstowe. That has been targeted at the Chinese tourists because it is a big issue there. The motorcycle campaign and videos are looping on the *Spirit* as people come across. There have been a range of campaigns trying to target those groups. Recently, the Road Safety Advisory Council was looking at utilising a new billboard to be erected at Hobart Airport. They have some advertising space on that for targeting tourists.

CHAIR - Some billboards on the west coast encouraging campervan drivers to pull over at the earliest opportunity to let people working down there get past would be helpful, too. That is something for the minister to consider.

Mr ROCKLIFF - I will consider that.

CHAIR - They just don't.

Mr ROCKLIFF - Yes.

Mr WILLIE - The Ruth road rule.

CHAIR - It's not just for Ruth, it is the worker road rule down there.

Mr ROCKLIFF - It is good to consider, as are heavy vehicles. We have allocated some funds for the Tasmanian Transport Association to identify rest areas for truckies. There will be a plan drawn up for that, which will require some considerable capital investment. That study by the TTA in the interest of heavy vehicle safety is a very welcome one.

CHAIR - You don't want people taking risks to pass these vehicles.

Mr ROCKLIFF - It is entirely appropriate because there are more female truck drivers that need appropriate rest stops.

Mr FINCH - I have a question about workplace environment. We have heard this morning, there are between 39 and 43 FTEs, 81 per cent of whom are female. Is that an active strategy of the MAIB or have the skill sets simply fallen that way?

Mr KINGSTON - To clarify the record, it is 39 FTEs, but 43 staff because we have many part-time staff. I would not say it is an active strategy we have over the longer term. We have a large number of long-serving staff at the MAIB. It provides us with great corporate knowledge and understanding of our scheme. Our average duration is well over 11 years per employee, with

female employee numbers consistently highly represented during that time. They are well represented throughout our organisation. Over half the management team is female, 60 per cent of the board is female and the executive team is 50 per cent female. When we look at recruiting staff, we want people who share our philosophy of looking after the client first and will sit in with our values. We like diversity in our staff, whether it be gender, age or other factors, and that has been an outcome of looking for that diversity over time. It has not necessarily been a strategy but we do have a good, diverse workforce.

Mr CHALLEN - In that sense it is deliberate. The organisation, the board and the senior staff all believe in diversity being good in the workplace, and gender balance is one of the important attributes of diversity. At the board level, it is absolutely deliberate and it is absolutely deliberate at the senior executive level. Paul and his longstanding predecessor, Peter Roach, believed in providing a good work place with a lot of diversity, with policies that made it easy for people to work part-time. It has been an attractive place for women with family responsibilities to work and what you see in those statistics is an outcome of that.

CHAIR - Thank you very much for your attendance today, minister, and your team.

Mr ROCKLIFF - Thank you, Chair, and thank you to Don, Paul, Sonia and Derek.

CHAIR - Thank you.

The committee suspended at 10.33 a.m.