



PARLIAMENT OF TASMANIA

TRANSCRIPT

HOUSE OF ASSEMBLY

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

Motor Accidents Insurance Board

Wednesday 4 December 2024

MEMBERS

Mr Street (Chair);
Mr Behrakis MP (Deputy Chair);
Mr O'Byrne MP;
Mr Willie MP;
Mr Winter MP; and
Dr Woodruff MP

OTHER PARTICIPATING MEMBERS

Mr Shelton MP;
Ms Brown MP; and
Ms Burnet MP

WITNESSES IN ATTENDANCE

Hon. Eric Abetz MP, Minister for Business, Industry and Resources, Minister for Transport

Lance Balcombe, Chair

Mr Paul Kingston, Chief Executive Officer

PUBLIC

The committee resumed at 4.32 p.m.

CHAIR - The time being a little after 4.30 p.m., scrutiny of the Motor Accidents Insurance Board (MAIB) will now begin. I'll welcome the minister and staff of MAIB, along with others at the table. The time for scrutiny is one hour. As with every other hearing, members will be familiar with the process for taking questions on notice. It has to be agreed by either the minister or the chair of the organisation, then the member needs to provide it to the secretary.

I'll invite the minister to introduce any other persons at the table and make an opening statement, bearing in mind we've only got the one hour, minister.

Mr ABETZ - Thank you, Chair. To my immediate right is Lance Balcombe, the chair of MAIB. Next to him is Paul Kingston, the CEO.

By way of an opening statement, three very quick points. MAIB has the lowest premiums of any insurer in this area in Australia. Big tick. It has a very comprehensive and, in comparative terms, generous scheme to victims of road trauma. Another big tick. From its investments, it provides a good dividend to the government, which is another big tick. I compliment the MAIB board, management and staff for the work they do. Open for questions.

Ms BROWN - Minister, the Premier announced on 3 November a new policy to reconsider the ownership model of its government businesses, including the possibility of privatisation. When did you become aware of the GBE review announced on 3 November? What date were you advised?

Mr ABETZ - I think I can give you the same answer that I gave you at the Metro GBE hearings. The exact date I'll have to take on notice, as I did before.

Ms BROWN - Have you engaged with the government regarding the potential privatisation of MAIB?

Mr ABETZ - No, I haven't.

Ms BROWN - So, you're not aware if there has been a price of sale for MAIB or if there is a latest price estimate?

Mr ABETZ - I'm not aware of any such valuation or price being attached to the MAIB. This is very, very early stage, general terms of the GBE review, but it's all hypothetical at this stage.

Ms BURNET - Minister, I'm interested in understanding the profile of MAIB claimants and what proportion of claimants received daily care payments, housekeeping payments, loss of income allowances, attendant care and other services. Do you have that information?

Mr ABETZ - I don't have that in my back pocket. Hopefully, the CEO might have it in a folder somewhere, either here or elsewhere.

Mr KINGSTON - At a broad level, lifetime care clients, which are the ones that are catastrophically injured and require support for the rest of their lives, which can be decades ahead: after 33 years of operation of that scheme, so it started in the early 1990s, we've got

PUBLIC

107 clients in that Future Care scheme. They have access to everything they need, medical care and all the other benefits we pay for the rest of their life.

In terms of our profile of other claimants, nearly 80 per cent, 70-80 per cent of our claims are usually resolved and people are back to their pre-injury health state within a year or two. They cost less than \$20,000 on average. They're actually quite low-cost claims. We then have about a bit over 19 per cent which goes somewhere in between those. They can have a whole range from needing a few years to being with us for many years.

Our claims don't close unless they're resolved by common law or, in the case of our Future Care clients, they pass away, so people are with us forever. They have availability to all our benefits that we offer at the time that they need it. We don't break down for each client how much housekeeping they've got or how much attendant care. We just provide them the care that they need from there.

We do have a breakdown of claims costs which I can give you across the portfolio. I'm just trying to bring it up. In terms - I probably won't need to go through all of them, but you mentioned attended care, so attended care costs - I'm trying to find that one, excuse me - if the ones you mentioned in terms of disability allowance, which is their offset for their income, in 2023-24 we paid \$8.5 million, which was 10 per cent of our portfolio of payments. All the rest, other than hospital fees, which is 12.1 per cent, go down to probably just a few percent of the portfolio from there. They are quite small, but it depends on what the person needs at the time, we provide.

Ms BURNET - Is it possible to have that report tabled?

Mr KINGSTON - We can definitely bring something back that tries to break it down more for you.

Ms BURNET - Do I need to take that on notice, Chair?

CHAIR - If you just provide that as a question that the minister will take on notice, and they'll take it on notice.

Ms BURNET - Are you seeing much of a variety of how that's changing, like are there greater cost pressures in particular areas?

Mr KINGSTON - The biggest area is our attendant care, because for our lifetime care clients that makes up 70-80 per cent of the cost of those claims, and that has been experiencing significant price pressure driven largely by NDIS money coming into the scheme and people using NDIS money to purchase those services. That had a step increase about 18 months ago, or nearly two years ago now, of 10.5 per cent, just to keep pace over and above our normal indexation. We index our payments by way to your CPI each year, so that's had a very significant increase.

Most of our other costs are largely going up by a way to your CPI, so we're not seeing way too much pressure. On hospital costs, we've got a specific agreement with the health service where we pay a specific bed day rate. We don't pay for individual services, we just pay a bed day rate for any of our clients who are in hospital for that day, and they get all the services that they need.

We've already got that set, and that isn't increasing as much because we've already got that agreed directly with them.

Ms BURNET - To the state health department?

Mr KINGSTON - To the state health system.

Mr SHELTON - Minister, you mentioned in your opening statement around the MAIB premiums and how they compare. I'm interested to have you fill in the committee about exactly what that is and, of course, the theme of today - there's been a lot of cost-of-living questions, and of course anything of a positive nature that comes down to lower costs to Tasmania is always a benefit. Could you please inform the committee of the premiums and where we sit nationally?

Mr ABETZ - The closest premium is the Victorian scheme, as I understand it, and they charge \$521 for a basic car compared to \$298 for Tasmania, which is a significant difference. We have the cheapest rates in the country. The economic regulator indicates the premium, as I understand, and they do it every four years. They do it on that great acronym AWOTEI, or whatever - the average weekly ordinary time earnings index - which is the indexation on it, so there have been increases.

There's been a general premium decrease of almost 10 per cent over the last 15 years and you may be interested to know that as of 1 December 2002, the premium was \$307, and today it is \$298, and that is in dollar terms, not adjusted for inflation. That is a significant real term reduction that really assists people with cost of living, and they're the sort of benefits you can get from a very well-run scheme.

Whilst on this occasion, the minister might seek to bask in the glory of that, the reality is that it's the men and women charged with running the show for us that deserve the accolades, and I put that on the table.

Ms BROWN - Minister, 76 per cent of your 44 FTE employees are women. Do you have an understanding of the gender pay gap?

Mr ABETZ - No, I don't. I'm not sure if the -

Mr BALCOMBE - Defer to the CEO.

Mr KINGSTON - We don't pay different for the same work, regardless of whether the person's male or female. Most of our staff - a vast majority - are claims or administration staff who are doing face-to-face work with our clients and providers, and right throughout the organisation, it's female dominated. If someone's a claims officer, they get paid the same whether they're male or female.

Our senior leadership team is over 50 per cent female. Our executive, throughout most of the year, has been 50 per cent female and their board is 50 per cent female throughout the year, and all of those positions are paid the same.

PUBLIC

Ms BROWN - So, just to clarify, you're suggesting that there is a 0 per cent pay gap at MAIB?

Mr ABETZ - Gender pay gap.

Mr KINGSTON - Gender pay gap. Well, for doing the same work, yes. If they're based on the same job, yes, zero.

Ms BROWN - Have you conducted any staff wellbeing surveys lately?

Mr KINGSTON - We do an annual survey which covers staff's work-life balance and how they're going in terms of their wellbeing and how they're feeling. That's part of the survey we do. The survey, over the last three years, has been at 74 to 75 per cent overall satisfaction with the culture and the workplace. It's a culture survey, not just on procedures, and we spend quite a bit of time and money trying to help staff deal with the difficult job they've got.

Our claims officers are dealing with people quite often at the lowest point of their life, after they've had road trauma themselves or for a family member, so they have a lot of energy and loss to deal with. We spend quite a bit of time training staff and giving them support to get through that, including their mental wellbeing. We've had specific training from Road Trauma Support Tasmania, who we fund, to come and talk about how to deal with people if they're indicating self-harm or need some counselling advice, and we've provided specific training to staff on their mental wellbeing when they have difficult phone calls - what do they do and how do they react?

We've spent quite a bit of time and money going through that, and the response from the survey over the last few years has been very positive - that staff are feeling that they are well supported. They still have difficult jobs, so it's always difficult for them to be always at 100 per cent, but that's the feedback we're getting from staff.

Ms BROWN - Are you willing to table the results of the latest survey, or is there a way for me to find that information?

Mr KINGSTON - We've only got 40-odd staff and I think we had 30-odd respondents, so I'm a bit cautious about trying to open up any comments that people might have had as well, but I can -

Ms BROWN - Just the headline figures.

Mr KINGSTON - Yes, I can do the headline figures. Absolutely.

Ms BROWN - Do you want to take that on notice?

Mr KINGSTON - I can find it.

Ms BURNET - Are there significant demographic clusters of those who require higher levels of support or suffer more severe injury due to road incidents, and are these demographic clusters typically fairly consistent from year to year?

PUBLIC

Mr ABETZ - In demographics, I'm not sure on that. Motorcycle riders, if that's a demographic - I don't know if that's what you're referring to.

Mr BALCOMBE - I might have a little intro and then throw to the CEO, but there's two elements. Certainly, motorcycle riders have many more road accidents than people in standard cars.

Mr ABETZ - That's on a proportionate basis.

Mr BALCOMBE - On a proportionate basis, so about three times more on average.

Mr KINGSTON - Yes, they're 3 per cent of the registered vehicle fleet and 19 per cent of fatalities and serious injuries.

Mr BALCOMBE - Yes, so they have a higher incidence. From a demographic perspective, probably the only other thing I'd say before opening up to Paul is that we see a higher incidence of serious road trauma on rural roads because of the condition of the roads. They're windy, they're bendy - less patrolled, probably, so people take higher risks on those and unfortunately, those risks manifest. We don't have the actual direct deep detail on this. You could argue that perhaps, more rural and regional areas have a greater incidence of injury based on that.

Ms BURNET - The follow up question is do you target your education to those particular more vulnerable road users?

Mr KINGSTON - I can answer from the Road Safety Advisory Council, which we fund and I sit on, is where the education and enforcement component comes from. In that we definitely target those that are more proportionately overrepresented in serious injury.

Young men, 18 to 24, has always been a big disproportionate representative. We have the Real Mates Campaign, which has run for over a decade which has been highly successful. It actually reduced the number of fatalities and serious injuries for Tasmanian young men by nearly 50 per cent after the 10 years of running that. Obviously, there's other societal developments where it's less acceptable to drink drive.

Then, with each program that we do through there, we go through the road safety stats. If there's anything popping up that's new or becoming more of an issue. Drug driving is becoming more prevalent and being detected more by police. We're just at the moment looking through the RSAC (Road Safety Advisory Council) to look at some sort driving under the influence of drugs as a new campaign. That's actually across all generations, not just young that's showing up. Generally, the trend isn't changing overly dramatically. The areas that are problems are still problems. Each year the Road Safety Advisory Council has a campaign, a work plan that tries to address the key areas either in that year over two or three-year period.

CHAIR - Before I go to Mr Behrakis for a question, I'll come back to Ms Brown's question if you've got those figures?

Mr KINGSTON - For 2024, which has just been completed.

PUBLIC

The first rating was what would you give the culture of the MAIB? The culture at the MAIB was 6.8, up from 6.5 the year before.

How proud do you feel working at the MAIB? Which I'm very happy to say is 8.1, it was 8.2 the year before. We have a workforce that is very much committed to the work we do and the good we do for Tasmanians.

What would you give the MAIB? We're actually asking how would we rate our client service overall? We do a client survey as well. That was 7.8 compared to 7.6 a year before.

How do you feel about the opportunity to raise ideas and get feedback? It was 7.4 and 6.6 the year before, a big improvement. We spent a lot of time focused on that.

What rating would you give work life balance? Which gets more into that mental health and well-being. That was 7.8 and it's been around 8 for the last few years, so still very high for someone to say their work life balance is good.

They're the results from the most recent survey.

Mr ABETZ - One would assume that's all out of 10.

Mr KINGSTON - All out of 10. Yes, minister.

CHAIR - Thanks for the confirmation, minister.

Mr BEHRAKIS - Minister, can you please update the committee on the funding provided by the MAIB to support the Road Safety Advisory Council?

Mr ABETZ - Yes. As the CEO has indicated, the MAIB plays a very significant role in road safety generally and especially through the Road Safety Advisory Council. The MAIB works with the police and state growth in relation to that.

Real Mates has already been mentioned as one campaign, the Over is Over campaign is another. Doing very good work. I'm advised that MAIB's total funding provided to the council and its predecessors has amounted to over \$60 million. That is a huge contribution and they also would contribute of \$2.8 million per annum to Tasmania Police and the Department of State growth of \$1.4 million.

In this total area of road safety, the MAIB is investing heavily and overall, producing good results. Whilst a lot of the road safety statistics are dealing with raw numbers and as we sort of towards zero, et cetera, want to drive down injuries, fatalities and road trauma generally the numbers should potentially be seen in the context of increased number of cars, population and drivers. When you have a look at the figures that are relatively stable, that should be seen in the context of ongoing increase. Road safety initiatives by MAIB are part of their work and to be commended for it and do it effectively.

Ms BROWN - I appreciate you providing me with those numbers. Out of the answer that you just gave, you said you also do a client survey. Do you have the numbers for that one as well you'd be willing to share?

PUBLIC

Mr BALCOMBE - We do. Our client satisfaction survey for the 2023-24 year, which was conducted around this time of year, we get the result around this time of year, was 84 per cent. We've just landed the result. It hasn't been to the board yet, Paul, but we just landed the result for the current year and that's gone up by 1 percentage point. I'm talking in round terms here, 1 per cent to 85. I suppose there's a couple of aspects of that survey too. As well as the result, we get a lot of good data out of that. In particular, over the last couple of years we've got some good data out of that about opportunities to strengthen the services we provide. For instance, access to rehabilitation services. We had some feedback on that, that could have been better. The challenge for us is that we provide a lot of those services through service providers in rural and regional areas. The flip side of that is we've had to make it easier to enlist further providers with our business. We're using the analogy let's be easy to do business with, make sure we've got the right checks and balances. Rather than put providers through very complicated tender processes and things like that, we make it easy to do business. We increased the size of the panel, we get greater coverage out of that.

CHAIR - I haven't asked a question from the chair, but I'm going to ask one that's just cropped up off the back of Ms Brown's question. How do you decide who your client is in any particular case? For the people who are catastrophically injured, a family member or carer is going to be the client rather than the victim themselves.

Mr BALCOMBE - There are two layers to that. The focus is on the client and the person who's injured. Obviously with road trauma, it's not only the person who's injured as a result of a road trauma, it's the broader family. You're correct, Mr Street. We have a very deep triage process around that. I suppose Paul's better qualified to speak to it than I.

Mr KINGSTON - For those future care, those lifetime care clients, the claims officers are dealing with the individual, the carer, the provider that actually provides the care or the family members regularly. They become almost like a family around that injured individual depending on the severity of injury. If they're nonverbal, we need the family or the care providers to help be the voice of the client. We do support clients' families as well. As they transition out of hospital, from hospital back to home, we help the families. They can have counselling in some cases. We definitely make sure the families have a voice of what they want for their loved one when they're coming back home, particularly if they're seriously injured. There's lots of engagement from the claims officers to family members as well as the individual injured client.

Mr ABETZ - There would also be a legal entity or somebody with a power of attorney who act as the legal guardian for the person as well.

Mr BALCOMBE - Yes, sometimes that occurs. Correct.

Ms BROWN - What is the percentage of clients engaging in that survey?

Mr KINGSTON - Is this the client survey?

Ms BROWN - Yes.

Mr BALCOMBE - I'll start and let Paul finish, which is normal for a chair. We survey every client who has their case completed. Over a 12-month period, we survey the clients. That was about 1000 clients annually. We get about a 30 per cent response rate to that and the survey

is run independently. You could suggest that's low, but it's 300 responses. It's statistically significant. We use EMRS to validate that. That survey is run independently. It's quite a big commitment, probably 15 to 20 minutes on the phone, so we do run it independently. We give every client who's had their case closed to respond to that. And we also do some work with the Future Care clients, don't we?

Mr KINGSTON - Yes, with the Future Care clients, every couple of years. We do it less frequently. There's 107 of those in our scheme after 30 odd years of operation, so there's quite a small cohort. We give them the opportunity and that comes back to the earlier question. It's usually in that case the service providers or the families who probably voice some of the issues that the client would want to raise.

But that's been consistent. We've run that same survey since 2001. We used to do it every two years. We now do it every year, and the numbers, 1000 closed, about somewhere around 300 respondents has been very consistent. The one thing we're getting is a good survey over time that asks the same questions, so we get an idea of what the true trend is. Generally, EMRS will tell you this too: they tell us is that people that really want to tell you something. Those that are happy, more often than not, won't spend 15 minutes on the phone if they've already recovered. They tend to - not always the case, but we definitely feel we get a good strong voice and representation of our clients through it.

Ms BURNET - I want to follow up on the targeted campaign. You talked about driving under the influence of drugs. Would that also look at prescription medications, which I imagine would have impact on road safety and capacity?

Mr ABETZ - Yes, I understand that doesn't necessarily fall within the bailiwick of the MAIB. It falls more within policing. As I understand it, even if you're on prescription drugs, if it impacts your driving ability or capacity, then you would be in breach of the law.

Ms BURNET - It was really about the advertising campaign and the campaign targeting it.

Mr ABETZ - Sorry, apologies.

Mr KINGSTON - Again, it's probably more RSAC rather than MAIB, but obviously I chair the education and enforcement subcommittee.

There's always an issue with what message you give in education campaigns around road safety. It's a very difficult space. People don't listen; they switch off pretty easily. I think the surveys we do on driving perception, something like 70-80 per cent of people think they're better than the average driver, which statistically doesn't add up. Trying to sell a message is very difficult to get across.

What we tend to try to do is to give people a call to action at the end of our campaign so we want them to do something different. We haven't got to the absolute detail of what will be in there. Generally, with those sorts of ads, if you watch the 'Real Mates' ads and others, it's about 'don't do something silly when you've been under the influence of something', so it's probably going to be more a generic message about not taking drugs that could interfere with your driving. Whether they be legal or illicit, who cares? It's the same impact.

So, yes, I think it will be more general. We haven't got to the point of doing it yet, but to try to do an ad that hits everything, you'll probably lose the people before you get to the second concept. So, we tend to go to the behaviour change we want which is, don't drive impaired, regardless of what drug it is.

Ms BURNET - If you'll indulge me, minister, because I imagine it's more of a road safety taskforce question as well, I've certainly asked questions in parliament or spoken with you in relation to having campaigns around schools and making schools safer. We've had a number of incidents and at least one death around a school in the last 12 months. I'm wondering if there's there is that capacity to look at driver behaviour and educate around schools, or even have an exclusion zone for vehicles?

Mr KINGSTON - RSAC again, it's not MAIB, has run the 'Love 40' campaign which has got very good recall. At the end of each of the campaigns we do market research to see. It gets very good recall and is liked. The problem you've just alluded to is it doesn't always lead to behaviour change. The difficult thing is people's attitude to how they drive is reinforced by every time they drive and aren't in an accident, and because that's most people, most days, they tend to get more casual.

I understand the 'Love 40' one is due to be redone. I don't know if you saw the most recent campaign that was launched earlier this year. We've actually been using schoolchildren in there to actually present and that seemed to have more of an impact because what your child might think of your behaviour in the car might wake you to doing the right thing if you're a parent.

They're looking at different ways of getting different characters to try to sell the message. The message doesn't change, but trying to get people to take notice of that. I think during the release of that campaign, they had Richie Porte, whose son is back in primary school up in the north, actually come out and support that campaign. I think it's about finding ways to engage people and make them listen. The 'Love 40' has been one of our more recognised, I think, campaigns. Leading to behaviour change, I think that's a long-term - you've just got to be persistent and keep putting the message out there, I think is the answer.

Ms BROWN - Just on the back of the campaigns you have been running, can you provide the costs for those campaigns?

Mr KINGSTON - That would be a matter for RSAC. State Growth would actually be the -

Mr BALCOMBE - We fund RSAC, and State Growth, and then they allocate the money as part of that.

Ms BROWN - The MAIB 2023-24 profit of \$95.5 million before tax heavily relied on the \$141.6 million investment return, which dwarfs the underwriting result of the \$28.9 million loss. Does this indicate a reliance on the investment performance, rather than the core operations of profitability?

Mr BALCOMBE - In simple terms, yes. What we have here is we have an investment fund that is set up to fund - we run a long-tail liability business. As Paul said, we've got 107 claimants who are on lifetime care for the rest of their life, so we run a very long-tail liability profile. In essence, the investment portfolio is there to manage and look after the sustainability

of the business to ensure we can fund that long-tail liability. Unfortunately, the tail doesn't get any shorter because more people continue to get put on the tail.

In essence, what we collect in premiums funds the business annually. It funds the claims we pay, the operational expenses, the rehab service we provide and things like that. So, we collect premiums that fund the business and, in essence, we rely on the investment portfolio to fund the business in the longer term.

Now, that investment portfolio, because it has risk exposures in it, some years it's going to return more, some years it's going to return less. Some years it will make a loss mainly on the basis of what's happening out there in the broader financial markets and things like that, so it is volatile.

Ms BROWN - Do you accept that the underwriting result was not adequate in the 2023-24 year? What actions are being taken to improve -

Mr BALCOMBE - Not at all. Don't accept that at all.

Ms BROWN - Are there any actions being taken to improve the underwriting?

Mr BALCOMBE - We continue to ensure that we run an efficient business. We continue to look for efficiencies. We continue to invest in the systems and processes, and people in the business.

Ms BURNET - Mr Bayley asked a question last year about divestment from fossil fuels companies and other investments which have had that longer-term risk profile. Are you any closer to moving towards divesting?

Mr BALCOMBE - I wasn't sure it was about divestment. I think the question was more about what are we doing for an ESG perspective. He mentioned that part to me, I can't recall the question in that time.

Ms BURNET - I think there might have been just one mention of divestment, but that's okay.

Mr BALCOMBE - I suppose there're a couple of aspects there. Certainly, from a point of view of ESG, it's something that the business is focused on. We're continuing to learn about it. I suppose from a couple of aspects of that is that each year we review our specific investments and our specific investment managers. We look at the investment and what that's doing from an ESG perspective. We also look at that investment manager and how they are performing from an ESG perspective - things like modern slavery, where they operate, all those sorts of elements. Now, in the fund manager space, that is an area that is under development. We have a couple of fund managers that do very, very well and there're probably some other fund managers that are still in learning on that.

As regards our portfolio, one of the things about our portfolio is that we have to take a broad cross-section, so it's about diversification. Take, for instance, we invested about 10 per cent of our portfolio, off the top of my head, in the Australian equities market. Australian equities have a big exposure to the resources sector, so from an ESG perspective it probably doesn't tick the box. The issue is that that index we invest in in the Australian stock market

index has made about 25 per cent in the last 12 months, so if we excise yourself from that, we've got to understand where else we're going to make that sort of money from. It's about that diversification.

There is a second element where we do have some funds that we have invested in. One is called the SUSI Global Energy Transition Fund. Basically it's about investing in investments that will decarbonise energy production and increase energy efficiency. Another fund is called the SDCL Green Energy Solutions Fund and that's looking at aggregating small and medium-sized green energy solutions in the digital, healthcare, commercial, industrial, property and transport sections across Europe and the UK. It's burgeoning opportunity and something that we continue to have a focus on.

Ms BURNET - In relation to the data breach of HL Ebsworth in February 2023, was MAIB exposed to that breach?

Mr BALCOMBE - Yes, we were. HWL Ebsworth are on our panel. What happened is that they had a data breach and some of our client detail was discovered during that data breach. We undertook a very comprehensive process of that. We were obviously most upset with the firm involved. I suppose there were a couple of layers to that. They were very defensive about their position so we had to really get on the front foot to find out exactly what was happening and we engaged some specialist providers to help us with that. We were able to find all the clients who were impacted and we wrote to or called them and got in contact with them. I suppose one of the challenges around cyber in general is it's not only our own systems, it's all the systems within our providers. We continue to seek assurances about that. To some extent, unfortunately with cyber incidents, it's as much about not if, but when, but we took all opportunity to mitigate all the risks of that. Certainly, we made the clients who were impacted the centre of that and very much got on the front foot. Paul, I don't know whether you've got anything to add.

Mr KINGSTON - We actually employed Cyber CX, a leading advisor in cybersecurity in Australia. We got them to do their own review of the data that had been released because we were struggling to get open communication from HWE at that stage. HWE gave us their review which identified all our clients who had been affected. We had 39 clients affected. We wrote to each one and gave them the contact details of the team HWE had set up or contacts for them to see where it went further. Most CTP schemes across Australia were affected. They're a big law firm that has representation across Australia. We only had a couple of clients come back to us. We offered if we could do anything to help. A couple came back worried about the impact on them personally and we sent them back to HWE but also gave them everything that we had, which was fairly limited. We put HWE on hold in terms of new clients until they could prove to us that they'd taken appropriate steps to protect our clients going forward. That was the broad outcome of the incident for us.

Mr BEHRAKIS - Minister, can you please inform the committee about the MAIB's Injury Prevention and Management Foundation, the programs funded by the foundation in 2023-24 and the important work they're doing?

Mr ABETZ - Yes, I'm pleased to do that. It was when I was being briefed by the MAIB in anticipation of these hearings that I learnt of the existence of the foundation. I was not aware of its existence previously. I'm pleased to inform the committee that \$610,000 or thereabouts was allocated for road safety-type initiatives, such as quad bike training for some of our rural

PUBLIC

schools, from memory Campbelltown, Yolla and Scottsdale, so some good initiatives there trying to get in with the young people. The foundation supports ParaQuad and the Brain Injury Association of Tasmania as well, so some exceptionally good work, and I think the CEO at the Legislative Council hearing referred to the helpline or -

Mr KINGSTON - Road Trauma Support Tasmania is fully funded by MAIB.

Mr ABETZ - Thank you. Yes, so the foundation does some exceptionally good work and my knowledge base was increased courtesy of the briefing and I now know there is such a thing as this foundation and the wonderful work it does.

Ms BROWN - MAIB provides \$4.2 million for the RSAC Road Safety Enforcement and Public Education program. How much of that went to Tasmania Police for road safety enforcement?

Mr KINGSTON - For police in 2023-24, they got \$2.8 million and State Growth got \$1.4 million. State Growth funds the education area of the road safety policy branch. It pays for the staff who run all the campaigns and create them all and supports the executive of the Road Safety Advisory Council and pays for most of the campaigns. Some other campaigns are funded through other sources such as the Road Safety Levy but all of the campaigns come through the education enforcement subcommittee, which I chair, to make sure that we address those issues and things we talked about earlier.

Ms BROWN - What oversight do you have of that funding?

Mr KINGSTON - We have an agreement with police and a separate agreement with State Growth that sets out the funding to be provided to them. It's not a formal contract. We're all entities of the Crown so the legal advice has been that we can't have a separate contract. The Crown can't be divisible so we just have an agreement with them and an exchange of letters that says, 'We'll give you this money'. We try to give them certainty for several years to have it. It's based off a review by independent expert Dr Jeremy Woolley, who's one of the leaders in road safety in Australia, that the funding is having the right impact, because that's one of the questions we have. We make it conditional on there being a Road Safety Advisory Council largely in the form it is in now and part of it is I get to chair that education enforcement subcommittee as MAIB's representative so we can ensure that we're getting what we want on the road from police in terms of enforcement and the education campaigns and that they're being effective, so we have fairly good insight to where the money goes and how it's used. The agreements say to police and State Growth that it's their money. I mean, we're not going to tell police how to police; that's their role, so it is up to them and their managers. We don't try to be too prescriptive. We're talking about outcomes in road safety, which is what our interest is.

Ms BROWN - Are there KPIs around it?

Mr KINGSTON - There's very high level KPIs that largely talk about reducing the road toll, which is what we really want to do. We've focused it more on final outcome KPIs. We do have KPIs that line up with RSAC KPIs about what they call intermediate measures, which is increasing the amount of random breath testing, making sure there's a minimum number of new campaigns added a year for State Growth, but they're very high level and they're things that are RSAC is focusing on anyway. What we didn't want to do was tie them up with another set of

KPIs. We want them to put the resources to use to get better road safety outcomes. We try to do it fairly openly without being too prescriptive and it is based on RSAC's overall outcomes.

Ms BURNET - I want to continue asking questions around the data breach. I'm curious to know how that was reported to the minister at the time and also how that was recorded on the public record.

Mr BALCOMBE - I most certainly recall that we wrote to the minister and the government at the time.

Mr KINGSTON - We reported it to Premier and Cabinet, now central IT management of government office. I forget their name but we rang them because we knew other government agencies had also been hit. We registered our interest with them and also utilised their resources because they were coordinating a whole-of-government response and we're a very small entity so we were keen to utilise the expertise from that section. Any stats we had without names, because we didn't let personal information go any further, we provided to them. It was aggregated up and I understand that they reported it through to the minister, but we didn't go direct, it was us through the central IT coordination of Premier and Cabinet.

Ms BURNET - And the public? Any sort of public notification? Was it in an annual report at that time?

Mr BALCOMBE - I think it was a compliance obligation that we had to report it through to some federal body, but I can't recall.

Mr KINGSTON - Which was done by HWE on our behalf. They actually did all the requirements to comply with federal announcements. They did that. They gave us the opportunity of doing it ourselves. Quite frankly, at that stage we didn't have enough information to do so. That would have been the way it was registered publicly as to what the report was.

Ms BURNET - Okay, thank you. Just in relation to quad bikes, how many claims in respect of registered and insured vehicles like ATVs and quad bikes covered by MAIB have been made in the past year and over the past five years for accidents relating to those vehicles?

Mr KINGSTON - All we've got is motorcycle stats. We don't actually break down to quad bikes. They're registered in one of our 23 categories, which is run by the motor registry, and quad bike isn't separate - it can go into a few categories. We don't get that data broken down to quad bikes.

Most of the quad bike incidents we've had have been farm related, which means they go to WorkCover first. Under our legislation, the WHS and the WorkCover insurance responds first. They then have recovery rights on us. So, we haven't got specific quad bike data, only motorcycles, and with motorcycle data, all categories are increasing significantly.

Ms BURNET - I see, but ATVs are of major concern, aren't they, for deaths and injury?

Mr KINGSTON - Largely from the WorkCover perspective, more than us. We don't actually have a significant amount of claims that come through on it. WorkCover have been running quite a few campaigns on how to have better certification and requirements around the makes and models. They've run more that campaign because it's largely farm based.

We do, as the minister said, go to Campbell Town, Yolla, Scottsdale and a lot of those regional high schools to provide free training to kids because we know they're already riding on them. Most of those then go through WorkCover because it's on working farm. That doesn't come to us first up. We may end up paying, but we're not managing the claim, so we're sort of a bit in the dark on exactly what those numbers are.

Ms BROWN - The funding ratio is 133.7 per cent, well within the target range of 120 to 145. What measures are in place to prevent over-funding, which could unnecessarily burden Tasmanian motorists?

Mr BALCOMBE - The simple measure is the funding ratio was a measure of our financial solvency at a point in time. Effectively it's total assets over total liabilities. In particular, it includes that large, long-tail liability for our lifetime insured and lifetime covered. In essence, the stronger that funding ratio gets, the higher the dividend rate. As we get higher and higher towards that top target, we pay a higher and higher dividend. I think the dividend rate this year was 53 per cent?

Mr KINGSTON - It's around that, yes.

Mr BALCOMBE - I think 58 per cent is my recollection, and it can go as high - I'm looking at Derek - it can go as high as 90 per cent. Is that right? The stronger the balance sheet, the better the outcome for the government, because that we pay a higher rate of dividend. Effectively it's self managing. We pay a higher rate of dividend based on our financial strength.

Mr KINGSTON - Adding to that, it actually is a sliding scale, which is a policy arrangement agreed with the government. When it hits 147.5 per cent, we pay a 90 per cent dividend. If it ever fell to 100, which it never has, it's never gone outside its range except for some dark days during the global financial crisis, and then only temporarily, it can go to 0, which gives us a chance to build back up our reserve so we don't go out of range.

Too high, we hand money back to the government; too low, we stop paying dividends until we get back in that range.

Ms BROWN - How does your funding ratio compare when benchmarked against comparable insurers?

Mr ABETZ - Are there comparable insurers?

Mr KINGSTON - Well, there's probably only one. The TAC in Victoria is the only other full, no-fault scheme, which charges much higher premiums and doesn't quite have the funding ratio we have. Each scheme, even if we look more broadly at the more at-fault schemes across other states, measure that extraordinarily differently.

We've tried to look at that over time and, really, it's a policy setting of each of those governments in the scheme, so there is nothing really comparable. The TAC data has been heavily affected by some equity withdrawals from them by the government, so it's very difficult to say where they're at compared to us. It's not published what the measurements actually are, so they change quite a bit. We're not APRA certified because we have our own legislation, so

we don't have to work under APRA, which most commercial insurers do. APRA has some levels depending on the type of insurance you do.

Way back when - many decades ago when this started - APRA ranges were referenced as a way of setting ours, so that there was something comparable, and our independent actuary, who works across most of those schemes, also every three years checks whether he thinks it's still plausible for our financial status. He would reference what he knows across that sort of broader insurance industry as well, whether it's broadly representative. But we haven't got a specific benchmark to measure against.

Mr BALCOMBE - I was going to make the point that the healthier that funding ratio is, the better for all Tasmanians, because it takes premium pressure off. It means we're in a position to pay higher dividends to the state, so we're boosting financial returns. The last thing we want is a fund that's not sustainable where we're going to the government to say we actually can't meet those long-tail liabilities. We are very much focused on running a sustainable fund.

Mr BEHRAKIS - Minister, can you please inform the committee about MAIB's actual payments and the four dividend projections over the coming years?

Mr ABETZ - This year - I think at the end of this month - MAIB will be delivering a dividend of \$37.6 million. Over the past, what, 10 years, the dividends range from \$30 million to \$56 million, so it's always been a very healthy and welcome dividend to the government over the past decade. Projections for the forward Estimates are generally lower than the payments made in previous years, due to the adoption of long-term average assumptions for investments and revenue and claims costs, and a composition of the operating results included in the rolling five-year period.

For instance, where a large operating profit falls out of the period, there is a corresponding reduction in the dividend forward Estimates. Forecasting these things is a dark art, one would imagine, that is difficult to nail down, but when you've got a record of a decade of healthy dividend payments, I think we can have some confidence that, without too much change, that should continue.

Ms BURNET - I'll just ask a general question. Ideally, there are no injuries and trauma or deaths from road accidents, so I was just wondering how you're trying to get there. I know you've talked about the education programs, but in a broad way, how do you expect that that might be addressed?

Mr ABETZ - From the MAIB, it is very much through the monies they expend in education. From a holistic government point of view, that includes putting up what are disrespectfully referred to as the 'cheese graters' along the Midland Highway - the wire ropes that are designed to keep traffic apart - road design and ongoing monitoring of speed limits by the transport commissioner as to what is an appropriate speed limit. You and I recently were up at the Leith intersection with the two local mayors.

Ms BURNET - Leith, Tasmania.

Mr ABETZ - Not that there's another place. I shouldn't be laughing; I'll be facing that at 8.30 tomorrow morning. It's a holistic approach, starting with the foundation's investment in schools, also with our partnership with the RACT with learner driver education for grade 9. If

PUBLIC

you like, there are a lot of irons in the fire at the moment. We are straying a bit from the MAIB GBE scrutiny, but that said, there's a fair dividend from MAIB to the RSAC, which helps guide and direct a lot of the road safety initiatives that the government undertakes.

Ms BURNET - What do you envisage the headwinds might be for MAIB?

Mr ABETZ - There's a good question. Ultimately, it's the five, and somebody can remind me of what all the five are, but speed clearly is the number one.

Mr KINGSTON - Speed and inattention. I personally think, and RSAC has done quite a bit of work on this - I know that the chair, Scott Tilyard, is very focused on speeding and inattention, but people's attitudes on the road seem to be the problem. Across Australia, every jurisdiction has seen a steady increase in the crash rate post-COVID. People on the road are obviously demonstrating behaviour that they don't think the rules apply to them.

Ms BURNET - But for the organisation?

Mr KINGSTON - Sorry, for the organisation.

Mr BALCOMBE - I suppose there's a couple of things. One of the things we as a business have to contemplate is a catastrophic incident, so a model bus crash or something like that. We take reinsurance from the global market to insure for that. Basically, on all claims to two thresholds - either to \$7.5 million or \$10 million, we cover the first, and there are two tranches in our reinsurance portfolio. We cover the first \$7.5 million or \$10 million and then we are covered by reinsurance.

The challenge is that that market is getting tighter and tighter, and more expensive. Paul did a very good job. He goes to London and Singapore annually to do a reinsurance trip, and to Sydney. We write some through the Australian market too. That is getting difficult to access, and I suppose the issue around that too is our own claims history. We have a couple of very significant claims that are on foot where the reinsurers are paying for that.

There are potential headwinds there - continued access to provider markets and supported accommodation providers in particular. We've had a long and enduring partnership -

CHAIR - I hate to be rude, but the time being 5.30 p.m., the time for scrutiny has expired. Thank you to the minister and others for your attendance.

The witnesses withdrew.

The Committee adjourned at 5.30 p.m.