

Annual Report 2019-20



Contents

“

It's been nearly three years since my accident and I feel like my life is largely back to normal now. I am forever grateful to the TAC for their support in making that happen and in a way, feel really fortunate. I've been impressed by how the TAC has quickly been able to adapt during this COVID lockdown and continue supporting clients to get the services they need.

”

TAC client **WILL**



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The TAC acknowledges the Traditional Owners of Victoria's land and pays its respect to Elders past, present and emerging.

Letter from the Chair to the Ministers

Thursday October 29, 2020

The Honourable Ben Carroll MP
Minister for Roads and Road Safety

Level 20, 1 Spring Street
MELBOURNE VIC 3000

The Honourable Danny Pearson MP
Assistant Treasurer

Level 5, Macarthur Street
EAST MELBOURNE VIC 3002

Dear Ministers

I am pleased to submit the 34th Annual Report of the Transport Accident Commission for presentation to Parliament pursuant to Part 7 of the Financial Management Act 1994.



Greg Wilson
CHAIR

Board and Executive Management

MINISTER FOR ROADS AND ROAD SAFETY

Ben Carroll MP

ASSISTANT TREASURER

Danny Pearson MP

CHAIR

Greg Wilson
Appointed March 2019

EXECUTIVE LEADERSHIP TEAM

Joe Calafiore
Chief Executive Officer

BOARD OF MANAGEMENT

Jane Brockington
Appointed October 2017

Jane Barker
People and Culture

James Flintoft
Appointed July 2019

Liz Cairns
Independence

David Heath
Appointed February 2017
Re-appointed February 2020

Samantha Cockfield
Road Safety

Louisa Hudson
Appointed August 2016
Re-appointed August 2019

Bruce Crossett
Chief Strategy Officer

Julia Mason
Appointed August 2016
Re-appointed August 2019

Tony Dudley
Chief Financial Officer
Business Enablement

Sharon McCrohan
Appointed December 2019

Andrew Holt
Chief Risk Officer

John Merritt
Appointed October 2018

Brad Kemp
Information Technology
Shared Solution (Acting)

Dr Samantha Smith
Appointed February 2017
Re-appointed February 2020

Jason Lardelli
Scheme Performance

Natalie McColl
Rapid Recovery

Damian Poel
Supported Recovery

Highlights

\$1.51b



**paid to
help injured
Victorians**
get their lives
back on track



3,673

**clients returned
to work** including a
record **123** of our most
seriously injured clients

A Client Outcome
Score of

7.23/10

**a strong measure
of our efforts to get
lives back on track**

Client Satisfaction Score

8.05/10

well above comparable industry standards

93%

of clients tell us the TAC treats them with respect & sensitivity

Percentage of **clients now using our app myTAC** to lodge claims and receipts

45.5%

59,298

Victorians supported with their transport accident claims

Completed a further four

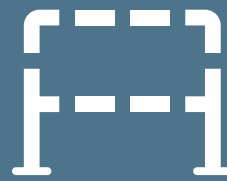


purpose-built units for our most seriously injured clients - taking the total number to 34

1,306

common law resolutions

resolved in record time



\$236m

spent on life saving infrastructure

including more than 830km of flexible barriers installed on Victoria's most dangerous roads

Chair and CEO's report

When the 2019/20 financial year came to a close, the TAC, like many other organisations, was still experiencing the impacts of the coronavirus (COVID-19) pandemic.

The health crisis has presented enormous challenges for all members of the community, including those recovering from transport accidents, the providers who support them and the TAC itself. Since early in March 2020, almost all of our employees have been working remotely, with a clear commitment to ensuring that service levels and supports to clients be maintained.

In recent years, the TAC has undertaken a major modernisation of our technology infrastructure and platforms. This upgrade was not an easy undertaking, but given the circumstances of recent months, proved to be both timely and critical to the continuity of supports and services.

We could not be prouder of how our people seamlessly transitioned and the ingenuity they have shown in finding new ways of getting the job done.

Despite the many challenges faced over the past 12 months, the TAC's performance improved across many key areas. We have helped a record number of clients return to meaningful work, which is key to helping them get their lives back on track.

Close to half of all TAC clients are now using the myTAC digital app, ensuring immediate post-accident support for those who need it, and we have taken important strides in becoming a more contemporary disability provider by giving clients greater independence and a much bigger say in their own life care plans.



Greg Wilson
Chair




Joe Calafiore
Chief Executive Officer



More recently we increased the fees we pay to attendant carers, and continue to work with federal and state authorities to improve the quality and safeguards for the care of our clients. Our Client Experience score sits at eight out of 10 – well above industry standards, and our annual Employee Opinion Survey results tells us our staff are engaged and proud to work for the TAC.

The last financial year also saw a marked improvement in the TAC's insurance operations. Working closely with allied health providers, we continued to deliver a high level of supports with demonstrable links to better client outcomes. Through effective claims management and a focus on operational efficiencies, the TAC recorded our best ever Performance from Insurance Operations (PFIO) result of \$744 million.

Notwithstanding our strong performance from insurance operations result, weak investment returns, combined with record low Commonwealth bond rates, contributed to a profit of \$179 million.

These financial results, coupled with an insurance funding ratio of 137.1%, provide our clients and the Victorian community with confidence that the TAC is in a strong, sustainable position to keep supporting injured Victorians for decades to come.

Sadly, 266 people died on Victorian roads in 2019. This figure, 53 higher than the previous year, is unacceptable and, while we take some heart that the number of fatalities in the second half of last year and in the first six months of 2020 have trended lower, we know we need to do more. This means trying new and different ideas, including, in the case of one iconic TAC campaign, stepping back in time to reach a new generation.

The TV advert, dubbed 'Bend your knees Katie', was first aired in 1992 and re-launched again in June this year – the 50th year of seatbelts being made mandatory in Victoria – amid a worrying increase in fatalities involving drivers and passengers not buckling up.

In the past 12 months, as part of the largest rollout of road safety infrastructure in the state's history, more than 830 kilometres of new flexible barriers were installed on Victoria's most dangerous roads.

And through recently created partnerships with local governments, sporting clubs and events, we have reached deeper into grassroots communities than ever before with our road safety messaging.

The TAC will continue to work with the Department of Transport, Victoria Police, the Department of Justice and other road safety partners on the development of a new road safety strategy that will shape how we educate and safeguard road users for years to come. Similarly, our new corporate strategy presents many opportunities and a pathway for positive change.

Continuing challenges presented by the coronavirus (COVID-19) pandemic will unfortunately mean ongoing uncertainty for the remainder of 2020 and potentially beyond. The TAC would like to thank all health and emergency service workers, our providers, stakeholders and community partners for their assistance in ensuring that our clients continue to receive the supports they deserve. We would also like to thank all of our TAC staff for their hard work, intellect and passion in continuing to perform in changing circumstances.

Finally, in June 2020 we witnessed a changing of government ministerial portfolios. We welcome Ben Carroll MP as the new Minister for Roads and Road Safety and Assistant Treasurer Danny Pearson MP. On behalf of our organisation, we also wish to thank Jaala Pulford MLC and Robin Scott MP for their support of the TAC in their time in these respective roles over recent years.

Impact on Profit	15/16 \$M	16/17 \$M	17/18 \$M	18/19 \$M	19/20 \$M
Performance for insurance operations	542	142	(424)	(1,538)	744
Impact on profit from external factors:					
Difference between actual investment returns and long-term expected returns	(524)	516	363	18	(973)
Change in inflation assumptions and discount rates	(1,268)	1,289	(619)	(3,576)	459
Repayment of capital	(78)	(30)	-	(255)	-
Tax	395	(573)	233	1,549	(51)
Net profit/(loss) after tax	(933)	1,344	(447)	(3,802)	179
Insurance Funding Ratio ¹	156.4%	164.0%	164.8%	137.7%	137.1%

⁽¹⁾ Insurance funding ratio from 2018/19 includes a risk margin and uses a long term investment return of 7.25%.

About the TAC

The Transport Accident Commission (TAC) is a Victorian Government-owned organisation whose role is to promote road safety, support those who have been injured on our roads and help them get their lives back on track.

The TAC was established under the Transport Accident Act 1986 and sits within Victoria's integrated transport portfolio, led by the Department of Transport (DoT).

The TAC is funded through payments made by Victorian drivers when they register their vehicles each year through VicRoads. Through these annual payments, the TAC covers the costs of injuries which are the direct result of accidents involving standard road transportation vehicles – cars, trucks, motorcycles, buses, trains or trams.

Under our 'no-fault' scheme, the TAC will pay medical benefits and support services to any injured person regardless of who caused a crash. This extends to passengers, pedestrians and cyclists injured as a result of a road transport accident.

The TAC is unique among personal injury compensation schemes in that one of our key roles is to promote road safety. Working closely with the DoT, Victoria Police and others, we aim to increase awareness of road safety issues, change behaviour and ultimately reduce the incidence of road trauma.

In the 2019/20 financial year, the TAC paid out \$1.51b in benefits and compensation to more than 59,000 people, which represents a direct cost to the Victorian community funded by premiums paid by vehicle owners.

More details about the TAC and the supports we offer can be found on our website.

Department of Transport

The vision of the Department of Transport is to deliver an integrated and sustainable transport system that promotes:

- Social and economic inclusion
- Economic prosperity
- Environmental sustainability
- Integration of transport and land use
- Efficiency, coordination and reliability
- Safety and health and wellbeing

The TAC works with the DoT to drive our shared purpose of delivering simple, connected journeys. We will achieve this by focussing on where people and goods need to go, rather than what mode they use. This enables us to be better equipped to respond to the changing demands on our transport network so we can stay connected to jobs and each other, whichever way we travel.

The TAC's vision

Zero deaths and serious injuries on our roads.

The loss of life or health should never be the price we pay for using our roads.

The TAC's unwavering aim is to eliminate deaths and serious trauma on Victorian roads. We will do this through significant investment in building a safer roads system, research and education.

The TAC's mission

To be the world's leading social insurer.

Social insurers are responsible for prevention, compensation and rehabilitation, and we are striving to be the best in the world. We want to prevent people being hurt on our roads and help those who are to get their lives back on track. Our clients deserve the best, we aim to provide nothing less.

The TAC's values

Our values guide our behaviour, our thinking and ultimately the treatment we provide injured Victorians.

We value life.

We deliver world-class road safety initiatives to save lives. We value quality of life for our clients and treat them with care and respect to get their lives back on track. We value the wellbeing of our people.

We will find a better way, today.

We are bold and brave in seeking better ways to care for our clients and prevent road trauma. Our people are empowered to achieve success for our clients through innovation and creativity.

We make every conversation count.

We understand that trust is built and reinforced, one conversation at a time. We ensure every conversation with colleagues, clients, partners and our community is authentic, is heard, and is acted on.

We make the complicated simple.

We remove the barriers that get in the way of achieving the very best outcome for clients and in doing so, simplify processes and interactions – not just for clients but for our partners and the broader community too.

Responding to crises

This past year has been punctuated by significant tragedy in Victoria, with unprecedented bushfires giving way to the global coronavirus (COVID-19) pandemic. We are immensely proud of the TAC's response to these and other large scale emergencies. We are well practiced at mobilising to ensure those impacted are afforded the immediate care and support they require.



In 2019/20 the TAC and our Major Response Team have responded to the following crises:

COVID-19

Careful planning in the days leading up to the Australian Government's official declaration of a coronavirus (COVID-19) pandemic ensured systems were already in place to manage its impacts when the TAC's 1,100 employees were directed in March this year to work remotely. Our aim was to ensure the transition was seamless and no client services were adversely impacted.

Immediate and carefully tailored communications, along with the swift introduction of new enabling technologies such as telehealth services, virtual conferencing and softphones, meant clients remained connected at all times to the TAC and their health care providers.

During this period our customer service teams handled more than 42,000 softphone and voicemail calls. The positive feedback of clients affirmed the success of our remote working efforts.

The pandemic forced us to work differently, but provided valuable lessons in flexibility that will remain within our service models going forward.

Bushfires

Throughout December 2019 and much of January 2020, bushfires ravaged large areas of Victoria's East Gippsland, Upper Murray and High Country regions, prompting a State of Emergency declaration. Damage was extensive and at the height of the crisis, many people were isolated within their communities. The TAC quickly responded to locate and ensure clients in these areas were safe, accommodated and had access to the medical supports they required. A dedicated webpage was also established to guide clients through the supports available.

Wallan train derailment

On the evening of 20 February 2020, our TAC Major Accident Response team mobilised quickly to assist passengers and families impacted as a result of the Sydney-to-Melbourne train derailment at Wallan.

Two people died and several were injured as a result of the accident, which occurred shortly before 8pm.

The TAC provided immediate and ongoing support to those who were injured, lost loved ones or who required support having witnessed the incident.

As part of this process, team members also proactively liaised with several hospitals to ensure claims were fast-tracked.

Eastern Freeway fatalities

The deaths of four police officers in an accident on Melbourne's Eastern Freeway on 23 April 2020 was extremely distressing for all, especially given the officers involved – Constables Josh Prestney and Glen Humphris, Leading Senior Constable Lynette Taylor and Senior Constable Kevin King – died trying to keep Victoria's roads safe.

Our TAC claims staff responded quickly to the enormity of the situation, to provide supports for families of the deceased, those injured, first responders and witnesses. The TAC also liaised with WorkSafe and Victoria Police to ensure there were no impediments to the care they required.

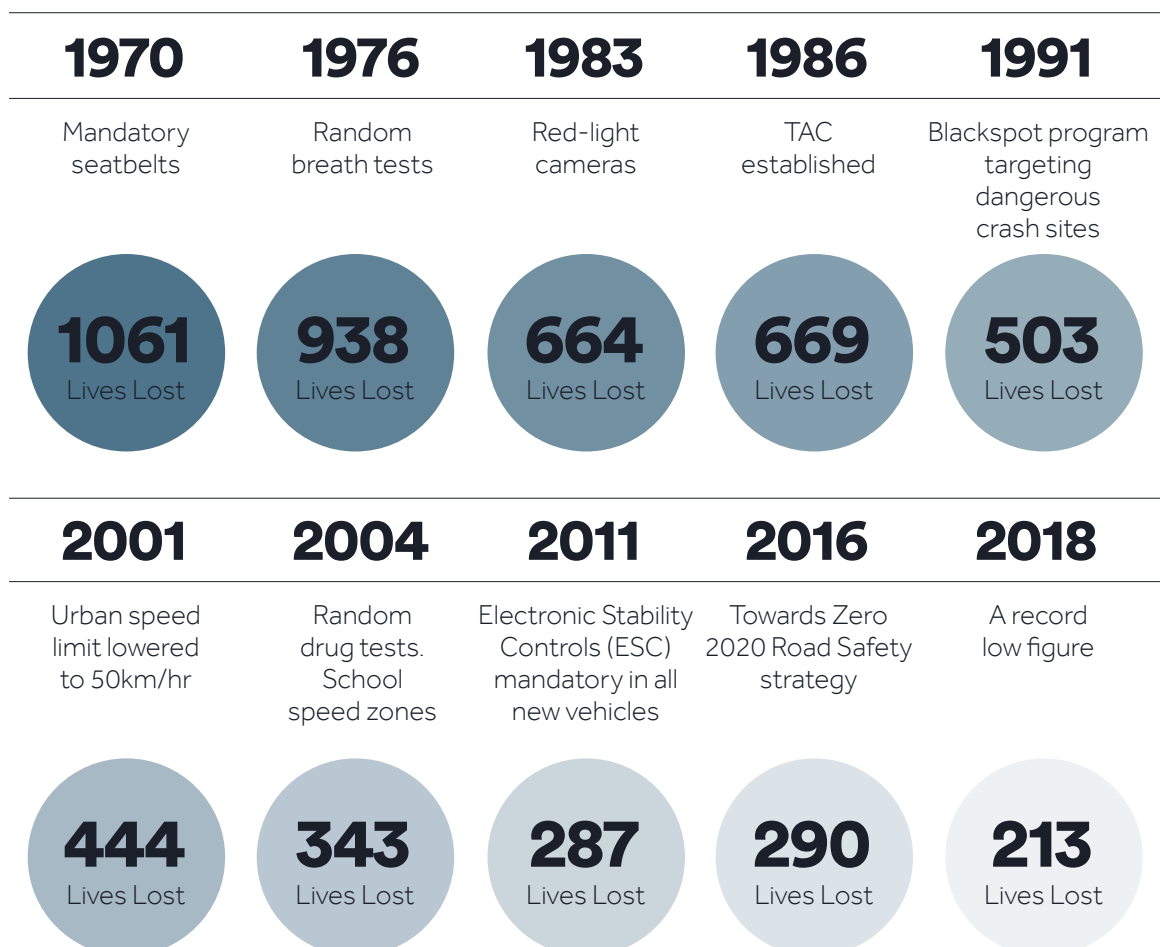
Road Safety



Fifty years on from declaring 'War on 1034', road trauma in Victoria has decreased, but more needs to be done to make our roads safer.

Two hundred and sixty-six people lost their lives on Victorian roads in 2019 – up from a record low 213 in 2018. Hundreds more sustained potentially life changing serious injuries.

This unacceptable level of trauma, and its ripple impact on loved ones and the broader Victorian community, drives the TAC to do more to make our roads safer.



Road safety
statistics

266

lives were lost in
Victoria in 2019,
up from 213 in 2018

There were

3,999 serious injuries reported
down from 4,013

* numbers based on
July 2018 - June 2019



198
males
killed

an increase
of 44



68
females
killed

an increase
of 9

There
was a

57% increase

in the number of cyclists
killed in 2019

11 in 2019
7 in 2018



49

pedestrians lost
their lives in 2019
12 more than in 2018

44

**motorcyclists
died in 2019
up by 6**

162

**vehicle
occupants
killed
in 2019**

**31 more
than in 2018**



146 lives were lost in rural Victoria

in 2019 - an increase of 37

**120 people died
in metropolitan
Melbourne**

compared with 104 in 2018



Fatalities by most at-risk age groups

18-20

24

21-25

26

30-39

33

50-59

30

60-69

36

70+

56

Prevention

As the TAC, together with its partners, works towards a new Victorian Road Safety Strategy, one fundamental principle remains - we all make mistakes, but no one deserves to die or be seriously injured as a result.

Safeguarding our most dangerous roads

A total of 640 road safety projects have now been completed as part of the Victorian Government's \$1.7 billion Towards Zero strategy. These initiatives include the rollout to date of 3,000 kilometres of flexible barriers and over 8,000 kilometres of audio tactile line marking.

The projects, estimated to have reduced fatalities and serious injuries by as much as 5,000, have been funded by the TAC under the Victorian Government's Safer Roads Program.

We know flexible barriers have and will continue to save lives.

The thousands of barrier hits in the past two years and the many testimonials from those who have credited them for saving their life, shows how critically important this program has been in terms of saving lives.

Our own in-depth analysis on four of the completed barrier projects - Princes Freeway West, Princes Freeway (Traralgon to Sale), Goulburn Valley Highway and Bass Highway - shows a demonstrable reduction in serious injuries on these roads.

Before the barriers were installed, an average of eight people a year sustained serious, life-changing injuries due to head-on and run-off road crashes on these stretches of road. The number post installation has fallen to just one a year.

Safety projects completed in 2019/20 include:

- 837 km of flexible barriers - taking the total amount to 3,000 km
- 2749 km of audio tactile line marking - taking the total amount to more than 8,000 kilometres
- Eight major new roundabouts
- Safety improvements at 124 intersections, and
- Completion of a number of strategic cycling projects

Targeting fatigue

New technology to detect fatigued drivers has been trialled in an Australian-first project, funded by the TAC.

The trial involved drivers being kept awake for up to 32 hours before undertaking a two-hour drive on a controlled track, supervised by a qualified instructor in a dual control vehicle.





Drivers were tested before and after their drive to measure involuntary movement of their pupils, which is proven to be strongly linked with increasing levels of fatigue.

Current figures show fatigued drivers are involved in up to 20 per cent of crashes on Victorian roads. The project is part of an \$850,000 investment to see if roadside testing for extreme fatigue can be conducted in a similar way to current roadside alcohol and drug testing.

It is being undertaken in partnership with Monash University, VicRoads, Victoria Police and the Alertness CRC and is funded by the TAC through the Victorian Government's \$1.7 billion Towards Zero Action Plan.

World leading research

A first of its kind platform, providing unique analysis of road injuries and their costs in Victoria, was unveiled in February to a global audience in Stockholm, to coincide with the Global Ministerial Conference on Road Safety.

The TAC Road Injury Dashboard is the culmination of upwards of two years of work by our road safety team, working in collaboration with International Road Assessment Programme (iRAP). It contains detailed analysis of injury, crash, road and road user types, as well as a breakdown of claim costs to the TAC and broader health sector.

The easy to use tool gives jurisdictions a better understanding of the type of injuries incurred through road accidents and the financial benefits of investing in mitigating infrastructure. It can help lower income countries make the case for developing safer roads.

Torquay is now home to one of the state's first roundabouts specifically built with cyclists in mind.

The Surfcoast Highway installation includes protected bike lanes, keeping cyclists out of harm's way on the busy tourist route. With 11 cyclists losing their lives on the state's roads in 2019, it is vitally important riders and drivers learn to share the roads. It was officially opened to coincide with the 2020 TAC-partnered Cadel Evan Great Ocean Road Race - the first to be held on the Surf Coast.

Public education

The TAC has a long and strong history of leadership on road safety. Our public education campaigns have been integral in driving improved behaviours and shining a light on the high personal costs of trauma.

Seatbelt campaign returns to tackle worrying trend

Twenty-eight years after it first shocked us into action, one of the TAC's most iconic road safety adverts made a re-appearance in June 2020.

The 1992 TV ad, dubbed 'Bend your knees Katie', implored Victorians to buckle-up. It featured a horrific accident and the emotional aftermath of a young woman learning to walk again.

With 31 people dying in 2019 and a further 11 lives lost in the first half of 2020 as a result of people not wearing seatbelts, revisiting the campaign was a reminder to drivers and passengers of the importance of buckling up in order to save lives.

2020 marked the 50th anniversary of Victoria becoming the first jurisdiction in the world to make wearing of seatbelts mandatory.

The campaign, headlined with the message "Seatbelts. What's stopping you?" sends a powerful message about the devastating consequences of failing to do something as simple as taking a few seconds to belt up before you hit the road.

Knocking on Doors

The heartbreaking moment that a family member is told a loved one has been killed was at the centre of the TAC's pre-Christmas Knocking on Doors safety campaign.

Three powerful ads featured the reactions of a grandmother, father and mother when they receive the dreaded knock on their door from police, informing them of the tragic news.

The adverts, which appeared in social media and on TV, were supported by the TAC's Do Your Part initiative - an interactive display in Melbourne and key regional areas that encouraged Victorians to wear a coloured ribbon and make a Christmas road safety pledge.

The TAC also funded additional police enforcement over the 2019 festive season.

With Christmas and the summer holidays presenting a busy, high-risk time on Victorian roads, it is critical that the community is encouraged to make safe choices.





More drug tests, more places, more often

This TAC and Victoria Police campaign reminds all road users that drug driving is a serious road safety issue, with potentially deadly outcomes, and the chances of being tested - in more places and more often - have significantly increased.

In the last five years, approximately five per cent of those tested after dying in road crashes had drugs in their system, with cannabis and stimulants the most common substances detected. Our own TAC research tells us one in four Victorians who use drugs admit to driving under the influence of recreational drugs.

The number of drug tests conducted by Victoria Police has increased from 40,000 tests in 2014 to 150,000 tests in 2019. Tests are not only conducted via booze/drug buses but from marked and unmarked patrol cars, police motorcycles and mobile intercepts.

Humans on the Road

The Humans on the Road series highlights some of the 6.4 million people who use Victoria's roads on any given day.

From mums to posties, and volunteer driving instructors to truckies, each of the 'humans' highlighted in this campaign shares their personal experiences, observations and road safety messages. The campaign's ultimate aim is to recognise that while every road user has a different story to tell, they all have a part to play in making our roads safer.

Run through the TAC social media channels, Humans on the Road reached over 750,000 people and attracted 950,000 direct engagements.

Towards Zero Round

Captains of football clubs from across Victoria sent a powerful message when they took to the field with a large zero on the back of their jumpers over the weekend of August 3 and 4, 2019, as part of the state's inaugural Towards Zero Round.

More than 1,000 football and netball clubs participated in the initiative, a partnership between the TAC and AFL Victoria.

The campaign was widely embraced, with many clubs keen to tell their own stories of being impacted by road trauma. It reached far beyond the boundary fence - into clubrooms, through the membership base of each club and ultimately into broader communities.

An important component of the partnership is the Community Grants Program, which provided clubs who proactively promoted road safety in their communities the chance to receive up to \$10,000 in funding, and provided an important messaging platform for players, coaches, umpires and volunteers.

Humans on the
Roads campaign

There are 6 humans on roads. These of their stor

“ My favourite part would have to be the euphoria, the look on their faces when they get their Ps. ”



Eric, 72, is a volunteer mentor for the Moreland L2P (Learner to Probationary driver) program and for more than nine years he's been equipping new drivers with the knowledge and skills they need to be safe on our roads.

“ I want the kids to learn the safety rules, to listen and stand behind the yellow line and to walk safely and not run. ”



In her role of road crossing supervisor, Miriam has been helping the students of Carnegie Primary School safely cross the road for more than nine years. She says she's witnessed many of them go from prep to grade 6.

“ The hard thing about today's society is people walking around with mobile phones not watching what they're doing, or in their cars on mobile phones. ”



Wayne has been a postie for about 31 years and in that time has witnessed all kinds of driver behaviours.

.4 million Victoria's e are some ies

“ I'd implore everyone that's on the roads to think before they change lanes that there could be a cyclist coming up. If we can respect each other's right to be a party to that community, it would be great. ”

“ Some of the drivers out there in cars and trucks just don't know. When it comes to trucks and semis, don't stay up alongside them... there are a lot of blind spots. ”

“ Driving on the road with a horse float can be quite daunting. We've got a lot extra length and a lot of extra weight behind it, so it's important to leave a lot of braking distance and remember we've got live animals on board. ”



Melbourne maths teacher Gary loves to get out on his bike, but believes everybody has a part to play in keeping cyclists safe.



Veteran truck driver Rob is on the road between 12 and 14 hours a day and is strongly encouraging other road users to be mindful of the challenges he regularly faces.



Nikki runs a stable outside of Geelong, where she retrains retired racehorses for new careers.

Community and Stakeholder Engagement

Road Safety Forums

Eight road safety forums were held across regional Victoria between July and September 2019, providing an invaluable opportunity for residents in and around these communities to have their voices heard on road safety.

Facilitated by the TAC on behalf of the State Government and the Department of Transport, the events also aimed to inform the development of Victoria's next road safety action plan - due to be released in 2021 - and future road safety strategies.

The forums, held in Ballarat, Marysville, Shepparton, Bendigo, Geelong, Sale, Portland and Mildura, followed on from Victoria's first road safety summit, staged in May 2019.

The TAC also coordinated a separate statewide online survey.

Of the 266 people killed on Victorian roads in 2019, more than half (146) occurred in rural areas.

These engagement activities provided an opportunity for road safety experts, key stakeholders and the Victorian community to share their concerns and ideas on how to make all roads safer.

Local Government

Victoria's 79 municipal councils manage upwards of 85 per cent of the state's roads. The TAC in recent years has sought to strengthen its partnership with local governments, to deliver better road safety outcomes at a community level.

This includes supporting them with access to research, road safety tools, and resources including a professional development program to build their knowledge and capabilities.

The regard for the TAC's Local Government Engagement Program was evident through the participation of local governments, during coronavirus (COVID-19) restrictions, in two TAC-initiated webinars. Covering subjects such as speed management in municipalities and placemaking, the virtual workshops respectively attracted 86 and 115 attendees.



A generation of new drivers

Since first opening its doors in August 2018, the TAC's world leading Road to Zero Education Complex, located in the Melbourne Museum, has provided a unique destination for Victoria's next generation of young drivers.

Up until March 10, when entry to the Melbourne Museum was restricted due to coronavirus (COVID-19), 95,774 people had passed through the doors. That number included more than 7,500 school students participating in carefully researched and designed curriculum-based programs incorporating the latest visual and digital technology.

An accompanying Regional In-School Program travelled to schools in remote areas of Victoria, reaching 856 students.

A successful school holiday program is also run at Road to Zero for children aged 4 to 10 years, with 4,725 children and parents participating so far.

During the coronavirus (COVID-19) pandemic the Road to Zero Experience Space was closed and was unable to visit schools. Online resources were offered to schools to assist them in their curriculum based work. Children's activities were also added to the Road to Zero website. This allowed parents to access activities on vehicle safety features and helmet safety.

In June 2020, the Road to Zero Education Complex was awarded Gold at the prestigious Melbourne Design Awards in the category of Pop-Ups, Display, Exhibit and Set Design - recognising its creativity and innovation.



Cars of the future

The TAC, along with many of our business partners, believe Connected and Automated Vehicles (CAV) – including driverless vehicles – have the potential to transform transportation and bring opportunities for safer travel, more transport choices and less road congestion.

These trials seek to identify insights to bring about a smarter, safer future of road travel:

Bosch trial moves to next stage

In 2019/20, our TAC-funded autonomous car entered a new, important testing phase, when it was trialled on high-speed rural roads.

The vehicle's developer, Bosch, was awarded \$2.3 million and granted the state's first permit for on-road testing, under the Connected and Automated Vehicle (CAV) Trial Grants Program.

The technology has been trialled at high-traffic intersections and on rural roads and has demonstrated the potential to improve the safety of all road users.

Omni-Aware intersection technology

The TAC-partnered Omni-Aware trial is taking leading technology that is used in automated vehicles today and adapting it for use on the roadside.

The intersection of Williamstown and Somerville roads in Yarraville was fitted with four lidars and four cameras to detect and map the movement of all road users through the intersection.

The system, trialled for a period of six months from November 2019, aimed to detect all crashes and near misses in real time, and in the future could potentially send warning messages to connected vehicles.

Connected technology trial

The Telstra/Lexus trial developed and delivered technology that allows cars to connect directly to each other and through cloud servers to traffic management centres and other services using "Cellular Vehicle-to-Everything (V2X)" technology. Cellular V2X is a new version of 4G, customised for connected vehicles

“

I've been making walking sticks for over half my life... I just like working with wood. I've got a pocket knife that I got for my twelfth birthday. Each walking stick is from a different part of my life and they all mean something to me. ”





In March 2020, the TAC teamed up with the RACV for an innovative campaign to raise awareness of keeping kids safe in the back seat.

The Booster Tag is a small icon, shaped like a booster seat, which also acts as a height indicator. As part of the campaign, the tags were attached to popular children's brand t-shirts, making it easy for parents to quickly decide whether their child should be using a booster seat or not.

A child that fits one of the tagged tees is likely to still need a booster seat.

Previous child restraint laws focussed on age as a guide for parents. Through the Booster Tag campaign, two of Victoria's most trusted road safety voices joined forces to shift the focus to height – in line with paediatric research showing all children under 145cm tall, no matter their age, should be using a booster seat.



Alan is a bus driver from the country Victorian town of St Arnaud.

As a "hometown hero" he is also one of the faces of a novel road safety campaign initiated by the TAC as part of our partnership with Country Victoria Racing.

The short video was timed to coincide with the Spring Racing Carnival and was aired across social media, on racing.com website and on the big screen at every Country race meeting.

The campaign's aim was to promote and celebrate the people in rural Victoria who help their community avoid trauma by offering safe travel options – such as a ride home after a big day at the races.

The aim of the partnership, which incorporates trackside activations, is to discourage drink driving and to encourage regional Victorians to plan ahead.



The Towards Zero Unity Cup is a joint TAC and AFL Victoria initiative providing a pathway for multicultural participants aged between 12-17 into Australian Rules Football.

The six-week program includes learning how to play football and education around road safety, employment, nutrition and more. The inaugural Unity Cup gala day was held in 2008 and featured only four teams. Since then, it has grown to include up to 80 teams featuring participants from a range of nationalities.

TAC partnerships

AFL Victoria \$705,000 <p>Football clubs are the heart of local communities and are an ideal partner to help communicate key road safety messages to the community.</p> <p>Via the partnership with AFL Victoria and through its commissions, leagues and local clubs, the TAC has the ability to engage with up to 170,000 participants and 78,000 volunteers in about 1100 clubs across Victoria.</p>	Australian Grand Prix Corporation - Moto GP \$215,000 <p>Motorcyclists continue to be over-represented in road trauma and severe injuries and present a disproportional cost in claims to the TAC. The Australian Grand Prix Corporation is responsible for staging the annual Australian Motorcycle Grand Prix at Phillip Island in October, which is attended and watched by a large motorcycling audience.</p> <p>This partnership allows the TAC to target the motorcycling community with messages including promoting the benefits of motorcycle ABS, the use of protective clothing and footwear and how motorcyclists can contribute to reducing trauma.</p>	Melbourne International Comedy Festival \$150,000 <p>The objective of this partnership is to educate the community about the risks associated with being distracted whilst using the road network. More broadly, the partnership also educates regional Victorians about road safety issues that affect them via the regional tour. It also aims to increase awareness about the risks associated with distractions on the road.</p>
Golf Australia \$400,000 <p>The TAC uses this partnership to engage and educate the Victorian golfing community and attendees of the Vic Open with vehicle safety. Improving how well a vehicle protects us in a crash, or how well it can avoid a crash in the first place, can help reduce trauma. We promote the message that if everybody upgraded their vehicle to the safest in its class, road trauma would drop by a third.</p>	AFL Victoria Unity Cup \$205,000 <p>Victoria's Unity Cup - an annual program that brings young people from diverse multicultural backgrounds together through football. The TAC utilises the program to promote learner driver messages, including the L2P program, which helps disadvantaged youth gain 120 hours of driving practice.</p>	Collingwood AFLW & Netball United \$155,000 <p>Driver distraction is one of the leading causes of road trauma on Victoria's roads, with mobile phones one of the most common forms of distraction. The partnership with Collingwood AFLW and Netball United allows the TAC to communicate directly with Collingwood Magpie audiences at events and through other club channels.</p>
Melbourne Victory \$400,000 <p>The TAC's partnership with Melbourne Victory allows us to connect with diverse cultural communities and promote important road safety messages. It enhances the community's understanding that by working together, we can achieve the goal of zero deaths and road injuries. The partnership also helps us to strengthen community understanding of vehicle safety, which is integral to reducing road trauma.</p>	Melbourne United \$200,000 <p>A key challenge for TAC is informing and engaging the community in accepting that road safety is a shared responsibility. The TAC worked with Melbourne United to promote and increase community sentiment that 'zero is possible' to the basketball community through activations at Melbourne United matches, educational programs and engaging with key business leaders via United in Business.</p>	Signature Sports – Cadel Evans Great Ocean Road Race & Towards Zero Race Torquay \$150,000 <p>The CEGORR is held annually and brings the world's best teams and riders to Victoria and attracts a large audience. The partnership allows the TAC to engage with the community targeting messages to both motorists and riders. Messages reinforce that road safety is a shared responsibility and we all have our part to play in being safe on our roads.</p>
Country Racing Victoria \$300,000 <p>Country racing is an important social event to many regional communities. Local race days are popular events in many people's calendars providing opportunities to socialise with family and friends. Being situated in country Victoria, race-goers have limited transport options although the TAC is able to assist some clubs with travel grants to fund shuttle buses. The aim of the partnership is to reduce the incidence of drink driving from Country Racing Events.</p>	City of Melbourne \$200,000 <p>There is a high risk of pedestrian trauma in busy, built up environments. The partnership with City of Melbourne provides the TAC a unique opportunity to engage audiences and build community awareness around pedestrian related road safety issues. The objective of the partnership is to reinforce and build on community awareness that being distracted using our road network is a road safety issue for pedestrians, particularly in a busy metropolitan environment.</p>	Falls Festival \$110,000 <p>Alcohol and drug impaired driving by youth from major festivals is a significant road trauma risk. The Falls Festival attracts more than 16,000 young people including a significant number of hard to reach youth from regional Victoria. This partnership provided the opportunity to promote key road safety messages in a relevant and supportive manner, within an atmosphere that is positioned toward responsible drinking, safety and looking after your mates. The festival provided an ideal vehicle for highlighting important road safety messages.</p>

Melbourne International Film Festival

\$95,000

The focal point of this partnership was owning the 'Turn Off Your Phone' message which is played before every film screening throughout the festival.

The TAC utilised the partnership as a vehicle to award Green Man Grant funding to a Victorian aged 18-25 and give them the opportunity to make the roads safer through creative expression.

In light of this, the TAC developed the Split Second Film Competition, a short film competition giving young creatives the opportunity to showcase their talent on the big screen. Entrants were tasked with developing an idea to help change the way we think about using phones in cars.

Cycling Australia

\$70,000

Cycling is increasing in Victoria and so is cycling-related trauma. Cycling Australia has a vision to deliver the largest cycling festival in Australia via the National Road Race Championships which has over 20,000 participants and spectators. Partnering with Cycling Australia provides an opportunity for the TAC to engage directly with the cycling community.

Western Bulldogs

\$60,000

TAC partnered with the Western Bulldogs Football Club to help educate regional Victoria on rural road safety issues and further reinforce the message about distracted driving on rural roads.

Give Where You Live

\$60,000

Give Where You Live is one the largest annual community grant makers in Victoria. They are a catalyst for social change through innovative philanthropic solutions to challenging social problems. The aim of this partnership is to enhance the Geelong region as a better place to live and work for TAC staff and to strengthen the characteristics of Geelong as a place where people want to live and create long-term sustainable change for those suffering the effects of disadvantage.

Lost Lands Lives Back On Track

\$60,000

Research indicates that parents are the primary teachers of road safety to children. The partnership with Lost Lands focuses on positive role modelling by parents of young children and the potential this has to influence their child's future driving behaviour. The TAC communicates directly with Lost Lands audiences at the event and through other event channels.

The Wine Makers of Rutherglen

\$57,000

The TAC undertakes a range of activation programs promoting drink drive road safety messaging, providing year-round exposure and activity in the Rutherglen Wine Region. The partnership aims to discourage Victorians from drinking and then driving home from regional events and encouraging attendees to make a plan to get home pre-event.

Cycling Victoria

\$50,000

Cyclists are 34 times more likely than a car occupant to be seriously injured on the road and 4.5 times more likely to die in a crash. The TAC partnership with Cycling Victoria (CV), provides the opportunity to highlight cycling safely.

Motorcycling Australia

\$50,000

Motorcyclists are over-represented in road trauma and present a disproportional cost in claims to the TAC. Our partnership with Motorcycling Victoria (MV) allowed the TAC to access its database and work together to promote safety messages to members. The TAC attends various motorcycle events throughout Victoria, promoting to audiences messages including the benefits of motorcycle ABS, the use of protective clothing and footwear and how motorcyclists can contribute to zero deaths and serious injuries on our roads.

Independence Australia Geelong Liveability and Our People

\$50,000

Independence Australia is a social enterprise that provides choices for people living with a disability or personal need, supporting them to regain and retain their independence. The TAC supports the Spin Chat program, which is a key Independence Australia project that raises awareness, promotes prevention and educates secondary school students about spinal cord injury. The program sees young people with a spinal cord injury and in wheelchairs talk to students about life before their injury, the cause of their injury and life since.

Hawthorn Football Club

\$50,000

The TAC supported the Hawthorn Football Club in 2019 in the Emergency Services Round, where we took the opportunity to acknowledge the contribution that our emergency services provide to each and every one of us. The TAC celebrated the dedication of emergency services to keeping our community safe, which is central in our efforts in reducing deaths and serious injuries on Victoria's roads.

Supporting Injured Victorians

“

I'm always thinking about what I might do post my grad year because nursing has such a plethora of opportunity. I get to be that person that blesses the other person so much, just to help and support them through whatever they are going through.

”

**In 2019/20, the TAC
supported a record**

59,000

Victorians with their accident claims. Our clients come from all parts of the state, they come from all walks of life and, while some recover from their accident quickly, others require higher levels of care – potentially for the rest of their lives.

1%

Independence

Having sustained significant life-altering injuries, our Independence clients will forever rely on the TAC for multiple supports and ongoing compensation. We are determined to ensure they are empowered to self-manage their journey with choice and dignity. This requires world-leading thinking, research and a willingness to listen and provide supports tailored to each individual.

80%

Rapid Recovery

The majority of those injured in a vehicle accident recover within six months. By significantly streamlining our claim processes and strengthening and broadening our health partnerships, the TAC aims to get the lives of our Rapid Recovery clients back on track as quickly as possible and with minimal intervention.

19%

Supported Recovery

Clients with more complex needs, such as persistent pain or mental health conditions often require a different approach to care. For this cohort, traditional rehabilitation models do not necessarily work. The TAC's Supported Recovery team draws on the best contemporary disability research and practices to provide a holistic mix of early interventions and intensive supports – helping clients to recover faster and navigate the sometimes complex processes of compensation and court proceedings. The TAC's focus is on client choice, participation, restoration and wellbeing.

Supporting Injured Victorians

From the onset of the coronavirus (COVID-19), the TAC rapidly took steps to ensure our staff, clients and health care providers could adapt quickly to the challenges the pandemic presented, including restricted travel and working remotely.



This required flexibility and ingenuity. Key measures implemented included the introduction of a viability loading, bringing forward the 2021 indexation for attendant carers and greater flexibility in community access hours. Introducing new and adapting existing technologies also proved pivotal in ensuring service delivery was not compromised and our clients remained connected to the supports they needed.

Telehealth

The fast-tracking of TAC-approved telehealth services in March this year was pivotal to ensuring our clients and their health care providers remained connected throughout the height of Victoria's coronavirus (COVID-19) restrictions.

In the period since its introduction, until the end of June, more than 6,000 clients accessed the service for medical, specialists, case management, psychology, physiotherapy, social work, osteopathy and other allied health services. The biggest uptake was for mental health supports.

The service has been integral to delivering business-as-usual support during the pandemic.

Its introduction will also benefit clients living in remote communities by allowing them to access high quality providers in Melbourne and elsewhere, without having to leave home.

We envisage it will remain an important part of our ongoing service landscape.

New technology

With almost all of our 1,000-strong workforce shifting to remote working in March, the TAC introduced soft phone technology - a software program allowing our staff to make calls over the internet, using their personal computer or mobile device.

It gave our client-facing staff the flexibility to work effectively in their home environment during coronavirus (COVID-19) restrictions, while retaining the quality of supports the TAC offers.

During the period of coronavirus (COVID-19) restrictions, from March to the end of July, TAC Customer Service staff fielded more than 42,000 calls.

These were a combination of voicemail and soft phone calls.

myTAC

The myTAC app and online portal has been an important conduit for clients to easily connect with the TAC - to lodge receipts and be quickly reimbursed during the coronavirus (COVID-19) pandemic.

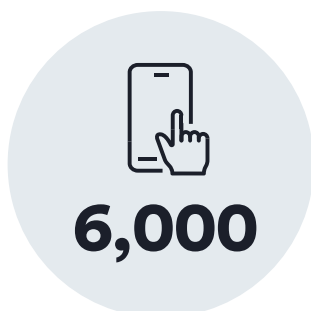
myTAC received 9,723 registrations in 2019/20, with 45 per cent of all clients now registered.

TAC website

In 2019/20 our TAC website was updated to provide easier access to key resources for clients, providers and the general public.

The site has also been used as an invaluable source of information regarding service changes and offerings during coronavirus (COVID-19), the Victorian bushfires and other key events.

tac.vic.gov.au received a record 2.2 million page views in 2019/20.



clients accessed
TAC-approved
telehealth services



remotely
connected to the
TAC each day



calls and lodgements
received, including 4,322
phone calls with softphone
technology

Supporting Injured Victorians

The TAC recognises the importance of independence in helping our clients rebuild their lives following a road accident. This involves giving them more freedom to make choices about how they go about their daily lives. It also means ensuring that they receive the right care and supports for the choices they make.

“

I felt that my life was getting back on track more when I started doing public speaking. Prior to that, I had no employment, I felt like I had no contribution to make which upset me and once I started doing public speaking for the SpinChat program, it filled a lot of that gap in my life, just feeling I had something to contribute. The TAC have certainly backed up everything, my OTs at my request or my nursing care at my request or the attendant care, the TAC have been with me all the way. ”

TAC Client, **JOEL**

Client housing

The TAC continues to focus on ensuring the most appropriate range of housing options to support our clients in their accident related housing support needs. This includes TAC funding of four new units developed by Residential Independence Proprietary Limited (RIPL). Over the course of the last year the TAC saw a 9 per cent reduction in the number of TAC clients moving into, and remaining in, traditional disability accommodation. RIPL also continues to adapt to meet TAC client needs in offering shorter term tenancies to support individuals' transitional living needs.

The TAC is also looking further at other housing options and support afforded through the emerging Specialised Disability housing market and community and social housing sectors.

Keeping young people out of residential aged care

The TAC supports the Australian Government commitment to minimising the need for younger people to live in residential aged care facilities.

This is a least preferred option for us and all efforts are made to find accommodation that enables and supports younger people with significant injuries to stay living in their own communities.

In September 2019, as a result of our success in this area, TAC Head of Independence Liz Cairns was invited to give evidence to the Royal Commission into Aged Care about our policies and practices. These include early identification and intervention and careful discharge planning.

Choice and control

Throughout 2019/20, the TAC continued to pilot a new approach to optimising life back on track

This approach allows clients to exercise greater choice and control, take up valued life roles and build capacity to live an ordinary life.

The some 150 clients involved in the pilot to date have been pivotal in terms of providing feedback through surveys and focus groups and identifying potential improvements that will benefit all severely injured clients. This new way of working has demonstrated a positive impact on client outcomes; particularly in returning to work and obtaining greater choice and control.



Supporting Injured Victorians

Historically, those who have experienced serious injuries as a result of a vehicle accident have faced significant challenges in trying to return to work.

Employers Australia wide are now seeing the business benefits of recruiting a diverse workforce. This has led to specific programs, tailored to support people into workplaces. With NDIS aligned to supporting their participants to return to work, community sentiment about people of all abilities and backgrounds being a part of a workplace is gathering momentum.

The coronavirus (COVID-19) pandemic has impacted the employment of many across Australia, including our TAC clients. However opportunities still exist and clients will be supported to follow their goal of being an employee.

We are particularly proud of the part we have played in finding additional work opportunities for our most injured clients. A record 123 of the 3,673 clients who returned to work in 2019/20 were from our Independence, or most seriously injured, division.

Forty-one of these clients returned to work within two years of their accident.

As a result of our efforts and the partnerships we have built, the TAC now boasts the resources and pathways to assist others find meaningful work.

"The most important thing to me about returning to work is feeling like I belong, it's a sense of belonging. I was a bit down waiting for work and now I feel very motivated and I get up very early to get to work at 8am and I actually can't wait to get there and start. Although I feel tired by the end of my shift I also feel a bit sad that my work for the day is over. Going back to work has made me feel important again and part of a team."

TAC Client Paul

TAC Clinical Panel

The TAC Clinical Panel consists of highly experienced allied health, disability, mental health and medical professionals who can give health care providers support and advice to treat our clients. This can include effective treatment options and pathways, as well as support for managing complex clients and patient concerns.

Clinical Panel members routinely conduct reviews of a patient's recovery, including return to work capacity, clarification of medical issues, injury or prognosis and independent medical examination findings or recommendations.



“

We welcome getting enquiries from providers. We love talking to them about how they can manage things better.

We've got people like psychologists, we've got people who specialise in pain, we've got people who specialise in hip injuries, in back injuries, and together, we can get information about how to manage a particular client's problems.

”

Common Law and Impairment

The TAC may pay compensation to eligible clients who are injured in a transport accident. This is separate to other treatment and support services we pay for.

There are two types of payments available for people that have sustained lasting serious injuries. Common law is for clients who were not at fault for the accident, whilst impairment benefits are for those who have permanent physical or psychological injuries regardless of who was at fault for the accident.

Through our Transport Accident Act Protocols (The Protocols), the TAC and legal stakeholders are creating faster and easier access to common law and impairment entitlements – removing the angst of lengthy and costly court cases and ensuring clients can get their lives back on track sooner.

The Protocols

The TAC Protocols continue to be a shining example within Australia and internationally of how plaintiff lawyers and an insurer can work together in the interests of our shared clients.

They were first established in 2005, by agreement between the TAC, Australian Lawyers Alliance (ALA) and Law Institute of Victoria (LIV), to improve the efficiency and effective delivery of joint medical examinations, impairment, common law and no fault resolution.

The Protocols were reviewed and improved in 2016 and in January 2020, further changes were made with the introduction of the Supplementary Common Law Protocols.

This extension to the original protocols allow the TAC to think about and work differently to ensure clients' needs are met and ensure they can get their lives back on track as quickly as possible and feel supported at every step.

The Protocols are also a commitment to and reflection of the successful relationships we continue to develop with the plaintiff solicitor community, for the benefit of our clients.

Since the Supplementary Protocols were introduced, 40 clients have had their entitlement to common law compensation fast-tracked, on average within a day or two of applying. In 2019/20, the TAC proactively approached and initiated the common law process for more than 80 clients.

Common Law

In 2019/20, the TAC paid common law compensation to over 1,300 clients and granted access to 1,450 clients – recognising, that through no fault of their own, these people have suffered serious, lasting injuries.

The average timeline for delivering common law benefits was further reduced to 47 months from the date of the accident. This is faster than ever before.

In addition, the TAC proactively conducted 520 serious injury conferences with legal representatives and clients, granting access to 215 clients and, in doing so, avoiding formal court processes.

In the period of coronavirus (COVID-19) restrictions, from mid-March, the TAC participated in over 600 conferences, settled 500 common law claims, paid over \$140 million in compensation to 400 clients and granted more than 150 serious injury certificates.

Impairment

In 2019/20, the TAC made over 2,500 impairment determinations and paid compensation to more than 2,000 clients.

On average, impairment compensation is being delivered in 36 months from the date of the accident.

The TAC proactively delivered impairment compensation to over 300 TAC clients. The average amount paid in 2019/20 was \$31,000, totaling \$61 million.

In the period of coronavirus COVID-19 restrictions, from mid-March, more than 1,200 impairment medical examinations were conducted via telehealth, ensuring the continued delivery of entitlements to clients, and impairment compensation was paid to more than 600 clients.

“

When you look back at the traditional way of doing it, which was very rooted in legal jargon and processes, to the client-centric approach we have now, it's groundbreaking. We can't find any other organisation that is doing this.

And when we have been able to approach a client and tell them about their entitlement, the reactions have been incredible. We've had tears and we've had disbelief and that's because we are having such a significant and positive impact on their lives. ”

NICK CICER TAC Proactive Compensation Team Manager

Research and Innovation

The TAC has a long and proud history of investment in research and evaluation aimed at both saving and improving lives.



The TAC carefully selects and invests in research that can be practically applied to meet our strategic objectives across areas of health, disability, road safety, client insights and compensation.

We do this because we believe quality research innovation is critical to good decision-making and ensure our claims management models are effective, provide value and support clients.

Research Roadmap

In 2019 the TAC launched a new blueprint to guide its investment in health, disability and compensation research and evaluation, with the aim of delivering outcomes to help our clients live their best lives.

The three year Strategic Research Investment Road Map 2019-22 articulates four strategic research objectives, aligned to our research vision and principles. These include the development of a reputation for research excellence, building capacity to use evidence, measuring return on investment, and leveraging system partnerships.

These objectives provide operational research direction and highlight key activities to be achieved over a three year time horizon.

A copy of the Strategic Research Investment Road Map 2019-22 is available on the research page of the TAC website.

Despite the coronavirus (COVID-19) pandemic disrupting some projects, 2019/20 was a busy year for research within the TAC. A number of key projects commenced and were completed during the year, including:

Small Grants Program 2019/20

The Small Grants Program aims to improve the lives of people with an acquired brain injury (ABI) or spinal cord injury (SCI), by offering grants of up to \$50,000 to innovative user-led projects in the community.

In the 2019/20 grant round, the TAC received applications for funding from 18 different organisations or individuals. A total of \$342,590 saw seven successful projects receive up to \$50,000 each.

Successful projects ranged from improving dentistry for people with disabilities to improving disability access to public beaches. A full description of each project successful in the 2019/20 Small Grants Program is available on the research page of the TAC website.

Better supports for young people following major trauma

The TAC's child and youth clients are a special group who, compared to adult clients, often face different challenges and require unique supports after an accident.

Young people with major traumatic injuries such as traumatic brain injury (TBI), spinal cord injury (SCI), or multiple and complex injuries require ongoing support in relation to a variety of factors including family and peer relationships, education, vocational training, empowering community access, and facilitating self-help skills.

This study aimed to provide a comprehensive evidence base of current approaches to health and disability assessment, planning, and management for people aged 18 years and under who have sustained major traumatic injuries.

The research was conducted as two separate activities. The first investigated the predictors of outcome in young people following major trauma. The second activity, an environmental scan, explored key issues related to medical rehabilitation and disability services, specifically the delivery of family-centred care, support provided to youth and their families, and mental health services.

Findings indicated that functional independence was a key factor related to improved independent living, employment and life satisfaction. In addition, currently no Australian service offers a lifespan clinic for children with traumatic injuries. This finding denotes the vast differences between the models of care for children and adults. Several recommendations were made to guide the development of the TAC's new Service Model Framework.

Challenging behaviours following acquired brain injury

This project aimed to develop, implement and evaluate the efficacy of a Positive Behaviour Support (PBS) model of intervention for individuals exhibiting challenging behaviours following acquired brain injury (ABI).

The 12-month multi-disciplinary intervention involved a positive and collaborative approach, designed to help people with ABI identify and achieve their individualised goals in order to maximise their quality of life. Working collaboratively with the person with ABI, family, support workers and others, factors which present as obstacles to these goals, particularly concerning challenging behaviours, are assessed and addressed. Challenging behaviours are minimised by establishing meaningful and understood daily routines, promoting choice and control, skill building in cognitive, executive and adaptive social practices, and increasing independence and self-management through tailored strategies and education.

This project has recently been completed and findings will be provided to the TAC in September 2020.

Qualitative evaluation of the TAC's joint medical examination protocols

Joint Medical Examinations (JME) were introduced by the TAC in 2014 and are unique to Victoria. The intent of the JME process was to reduce the number of examinations that clients undergo, to speed facilitation of entitlements and improve client outcomes.

The TAC engaged the Australian Centre for Justice Innovation (Faculty of Law, Monash University) to review the process to understand how stakeholders view the process and identify opportunities for improvement.

JMEs generate a range of benefits including a reduction in the number of assessments clients undergo, improvements in client experiences, and the potential to facilitate quicker access to benefits. This review identified a number of opportunities to improve the JME process, particularly with respect to client experience, the quality of medical evidence produced, and stakeholder engagement.

Response to the Bourke Street tragedy

Many people were impacted, directly and indirectly, when a vehicle was deliberately driven into pedestrians along Bourke Street, in central Melbourne, on January 20, 2017.

This event was unprecedented for the TAC in both nature and scope, and constituted our first experience of involvement in the broader emergency service management system and follow-up care after an intentional large-scale transport incident. The aim of this study into our response to the Bourke Street tragedy was to examine the TAC's approach to claims management. Specifically, to develop an understanding of international best practice after large scale transport incidents, to identify the strengths and gaps in the TAC's response, to compare the TAC approach to international best practice, to investigate the claim experiences and recovery outcomes of claimants, and to compare the TAC's response to the Bourke Street Incident with the standard approach.

This research has provided recommendations across nine areas for building upon existing strengths and addressing some of the gaps in implementation of claims management after a large-scale transport incident. The TAC has already implemented a number of adaptations to policy and procedures since the Bourke Street incident, and are currently in the process of considering further adaptations. Overall, this research indicated that the TAC's response to the Bourke Street incident demonstrated good practice (as determined by international expert consensus), and has established a solid basis for further improvements to ensure best practice for responding to future large-scale transport incidents.

Research to support the TAC's client housing strategy

This six-month project was designed to inform the TAC's Accommodation Strategy for people living with neurotrauma. The project had four key objectives: to understand developments and emerging national and international issues and trends; to understand the direction and influence of the NDIS in Australia, and other relevant players; to understand different housing models that are available or feasible; and to identify future innovative models of collaboration and partnership. Within this collaborative project, multi-modal methods were used to gather national and international evidence and expertise. The project delivered a comprehensive evidence base of current and emerging national and international housing and support practice, issues and trends, funding models, and service impacts.

Needs Identification Screening

The TAC Needs Identification Screen is conducted throughout the year to give a better understanding of our clients' needs and the level of support they require to achieve their recovery and Life Back on Track goals.

This extensive assessment is measured against six complexities, identified as having the strongest impact on client outcomes. They include;

- Mental health
- Persistent pain
- Physical health
- Service environment
- Accident response, and
- Recovery expectations

As of July 2019, Action Market Research (AMR) has conducted the screenings on behalf of the TAC. During 2019/20, AMR completed 11,244 Needs Identification screens or assessments on clients aged 16 and over. They also completed 348 screens on our child and youth clients during that time.

New Experience and Outcomes surveys

Every year the TAC surveys our clients to get a clear understanding of what our organisation is doing well in terms of how we communicate and provide supports, and to identify areas for improvement.

Some 3,000 clients are surveyed and their feedback is pivotal to organisational decision-making and investment.

The April 2020 survey was postponed as a result of the coronavirus (COVID-19) pandemic. The most recent survey outcomes, undertaken in October 2019, show a continuing strong performance in how we communicate with and deliver supports to our more than 59,000 clients.

Our Client Outcomes Score – a key measure of clients getting their lives back on track – is 7.23 out of a possible 10. Our Client Satisfaction Score – which tells us what our clients think of the TAC – sits at an impressive 8.05 out of 10.

Other key outcomes of the survey show:

- 93% of clients agree the TAC treats them with respect and sensitivity
- 89% of clients believe the TAC can be trusted to treat them fairly
- 86% of clients say the TAC ensures they understand any decisions made about their claim
- 82% of clients agree the TAC resolves any problems that arise.



“We were traveling across to Western Victoria, coming down the Nhill-Harrow Road. We hit gravel, the driver lost control of the car and we hit a tree. I got flung out of the car, ended up tangled in a barbed wire fence and got found by a farmer, thank goodness, and flown to the Royal Melbourne hospital. The providers and everything that the TAC hooked me up with, they've all been brilliant. They've been easy to get help from, easy to talk to and they actually helped me so much so that I don't see any of them anymore.”

TAC Client, **MICHAELA**

Resolving Disputes and Complaints

In 2019/20 the TAC managed 57,000 active claims.

Our organisation has undertaken a broad review aimed at ensuring more sustainable decisions when assessing and managing claims.

As a result of the review, enhancements have been made across the scheme that are delivering greater transparency and consistency in claim decision-making, while also reducing potential risks of inappropriate and unsustainable entitlements.

Complaints

The TAC takes complaints and feedback seriously; formal complaints are directed to the TAC's Complaints Office for management and resolution. In 2019/20 the TAC received 562 formal complaints.

Informal Reviews

There were 822 requests for an Informal Review and 18 Notices of Intent (NOI) to dispute a decision, lodged by clients in the 2019/20 financial year. The median time to resolve informal reviews was 48 days. Approximately 79 percent of informal reviews were finalised within four months.

No Fault Dispute Resolution Protocols

No Fault Dispute resolution Protocols (The Protocols), was implemented in 2005 in collaboration with legal stakeholders. This was to provide an alternative dispute resolution process to the formal disputation process at VCAT. This was done with the view to reducing the time and cost to resolve disputes about TAC's decisions.

In 2019/20, the total number of dispute applications lodged pursuant to The Protocols was 1,197.

Merit Reviews

In September 2014, section 77(1A) of the Transport Accident Act 1986 was inserted. The legislation now allows an applicant three months from the conclusion of the No Fault Dispute Resolution Protocols (The Protocols) to lodge an application for merit review with VCAT. For applicants who have not participated in the dispute resolution protocols under The Protocols, a merit review application must be lodged within 12 months of the date of the decision. A total of 243 merit review applications were lodged at VCAT in 2019/20.

Model Litigant

The Model Litigant Guidelines provide principles by which Victorian Government agencies must display before, during and after litigation. The Guidelines require an agency to act fairly and consistently to avoid litigation, pay legitimate claims promptly and to minimise legal costs. The TAC is committed to the Victorian Government Model Litigant Guidelines. Within the 2019/20 year, the TAC received one Model Litigant complaint. It was determined that no breach had occurred.

The TAC utilises a comprehensive toolkit of analytical methods, intelligence gathering and reporting techniques to identify potential fraud and claim anomalies.

The TAC has expanded its proactive detection capability through additions to our continuous monitoring framework that identifies potential fraud, provider misbehaviour and payment anomalies across key control points in the scheme.

In our endeavours to reduce fraud and change errant client and provider behaviour, the following enforcement action was taken during 2019/20:

- There were 25 prosecutions finalised through the Magistrates Court. A finding of guilty was recorded on all cases with a total of \$947,762 in restitution awarded to the TAC.
- Thirty-eight matters are currently before the courts at various stages where the TAC is alleging fraud against the Scheme totalling \$1,553,722.

Where cases have not met the prosecution threshold, the TAC has initiated voluntary compliance measures. Forty warning letters were sent for breaches of the Transport Accident Act 1986 (Vic) relating to fraud and providing false information to the TAC by clients, medical service providers, incorporating demands for reimbursement in most instances.

The TAC's Forensics Group continues to play a leading role in the Australian and New Zealand Interagency Fraud Association (ANZIFA).

As a founding member, the forum continues to mature and is represented by federal and state insurance and fraud sector agencies striving for best practice achieved by sharing experiences and opportunities across the industry. The Commonwealth Fraud Prevention Centre now lists ANZIFA on their website.

Billing Review Program

During the 2019/20 financial year, the TAC continued its Billing Review Program, focusing on the continuous proactive monitoring of service provider billing behaviour which is supplemented by internal business referrals and information received from the public.

The program is focused on ensuring the invoicing supplied to the TAC by service providers and the subsequent payments made are an accurate reflection of the services that have been provided to TAC clients.

For this reporting period, continuous monitoring activities and reviews were undertaken on over 30,000 payments made to more than 500 providers across a broad range of disciplines.

During the financial year, the TAC's Billing Review Program recovered over \$2.36 million in reimbursements from providers for payments received that they were not entitled to.

Our People

“

The organisation's culture and its people are what I like most about working at the TAC. Working with supportive colleagues who share the same passion for process improvement and living our values motivates me every day. Even in the current remote working circumstances, I feel like I am a part of a team.

”

KELBY LAURITZ, People & Culture

In 2019/20, the TAC continued to improve and expand its health, safety and wellbeing offerings to employees, with a view to ensuring they continue to work in a safe and inclusive environment, and to improving our organisation's collective physical and mental health.

We do this because our people are our number one priority and having a safe and healthy workforce means happier, more engaged employees.

Initiatives in this space are evidence based and align to the TAC's new Health, Safety and Wellbeing (HSW) Strategy. The last financial year has seen a continued strong focus on the prevention and early intervention of mental health issues, in addition to the new focus of how to support a remote workforce whilst still delivering to our clients and the community.

Highlights in 2019/20 have included:

Health, Safety & Wellbeing Strategy

The TAC implemented its first HSW Strategy this financial year. The strategy states our mission to 'Foster a culture where we value the life and health of one another, in order to create an environment for our people to thrive'.

The strategy encompasses our three principles of 'We are proactive', 'We are accountable' and 'We are transparent'. These principles oversee our four key priority areas of mental and physical health of our people, risk management, leadership capability and people focussed systems and tools.

Healthy Mind Body Living Portal

The portal boasts 743 active accounts – almost two-thirds of the TAC workforce – and is the TAC's central point for a wealth of information and resources for employees to maintain personal and professional health and wellbeing.

Employee Assistance Program

This program provides confidential 24/7 support to prevent and deal with challenging times in employees' personal and professional lives.

Developing our people

Supporting the development of our people is a key focus of our organisation. Our aim is to make it easier for TAC employees to access learning through programs, tools and resources that can help them solve day to day challenges and prepare them for their career in the long term. Initiatives in 2019/20 included:

Drive Your Learning page

The Drive Your Learning page is a one stop shop for people to access our learning systems and monthly learning playlists to highlight curated learning resources and events.

New Capability Development Framework

To describe the key behaviours, technical skills, knowledge, abilities and attributes that help us articulate the organisational capabilities we need to maintain and mature to meet our strategic objectives. Capabilities identified included analysing and interpreting data and leveraging digital technology.

Leadership Development

The TAC's contemporary leadership strategy aims to support team leaders in developing critical capabilities to lead the strategic agenda. In October 2019 our efforts in this regard were nationally recognised at the Australian Institute of Training and Development (AITD) Excellence Awards, winning the Best Leadership Development Program category. Our Team Leader Development Pathway (TLDP) develops essential leadership capabilities via a series of blended learning modules that also builds habits for self-directed, continuous learning.

In 2019/20, more than 200 participants have completed the program, reporting overwhelmingly positive feedback, including an average satisfaction rating of 4.37 out of 5.

Employee Opinion Survey and Pulse Check

Each year TAC employees are invited to participate in the Employee Opinion Survey (EOS), consisting of a series of questions about working within our organisation. One of the key categories of measurement is Sustainable Engagement – encompassing the engagement, enablement and energy of our workforce. Our most recent (2018-19) sustainable engagement score was 79 per cent. This remains above the Australian norm for similar workplaces and demonstrates the continuing drive of TAC employees to deliver on our TAC 2020 Strategy.

A separate 'Pulse' survey was undertaken in April 2020, to measure the sentiment of staff working remotely during coronavirus (COVID-19) restrictions. More than 80 per cent of employees participated, with the results providing a good indicator of people's experience and wellbeing. Key findings included:

Business Focus - 91%

Ability to quickly adapt to the new environment to ensure service delivery, client support and wellbeing is maintained.

Energy of Workforce - 73%

Levels of wellbeing and engagement at work.

Leadership and Support - 93%

Levels of support by leaders in the organisation.

Connectivity from home - 79%

Ability to connect with colleagues and continue to work productively.



“

I love that I am able to help people every day and assist clients with the start of their journey towards recovery after their transport accident.

Working in an incredible team filled with positive energy and support always makes the job even more enjoyable!

”

ABBY FOWLER Claims Advisor

Our People

Health, Safety and Wellbeing during COVID-19

The TAC's Health, Safety and Wellbeing and Corporate Services teams have implemented a number of specific measures to ensure our employees feel safe and well-supported during the coronavirus (COVID-19) pandemic. These include flexible work arrangements to assist staff with the management of unforeseen occupational challenges, such as home-schooling, additional mental and physical health supports and online resources, to encourage remote working spaces that are secure and ergonomically sound.

Considerable efforts have also been made to alleviate any potential risks for staff required to physically attend TAC offices during ongoing State of Emergency restrictions and directives. These include stricter security and stepped up cleaning and hygiene procedures.

Application of Merit and Workplace Equity Principles

The TAC strongly believes that all people have the right to work in an environment free of discrimination and harassment. It is the objective of the TAC's Fair Treatment Policy to ensure that there shall be no discrimination or harassment relating to age, breastfeeding, gender identity, physical, sensory and intellectual disability, industrial activity, marital status, parental status or status as a carer, physical features, political belief or activity, pregnancy, race (including colour, nationality, ethnicity and ethnic origin), religious belief or activity, sex, sexual orientation, or personal association with any of the above.

The TAC regularly undertakes Equal Employment Opportunity training as part of its obligation and commitment to a workplace free of harassment and discrimination. The TAC's objective is to have a workplace free of these issues. To do this, managers must continually show leadership in order to develop and maintain a culture where these sorts of behaviours are unacceptable.

Workplace Data	2019	2020
Total number of employees - head count (hc)	1,135	1,108
Total number of employees (FTE)	1,037	1,016
Males (hc)	327	323
Females (hc)	808	785
Full time (hc)	797	785
Part time (hc)	338	323
Average age	41	42

Dear TAC

This is a note to confirm my appreciation of all that the TAC has done for my wife and myself since our transport accident.

The level of care and attention that I in particular received from the authorised medical practitioners has been absolutely outstanding.

- from the ambulance services, the hospitals and their staff,
- the accommodation provided for my wife,
- the rehabilitation hospital and their staff,
- the neuromuscular electrodiagnosis consultant,
- the neuro surgeon, who explained the limitations of surgery and the consequences of my decision,
- the dental surgeon, who removed my destroyed upper teeth,
- the registered dental prosthesis, who provided my upper denture,
- our local G.P., who has seen us through all of this from this end, and finally,
- our physiotherapist, who has overseen the recovery of my back, neck, left arm and hand with the constant setting, checking, monitoring and resetting of exercises which has contributed so much to my ongoing recovery.

I understand that the ongoing management of my injury is my responsibility, and I will continue to be personally consulting with my doctor for the monitoring of the improvement to my left arm and hand.

I am so grateful to the TAC and its staff for the friendly and co-operative manner in which they have seen through what has been a quite trying time for me.

Our People

Equality and Diversity

We promote a workplace that actively seeks to include, welcome and value the unique contributions of all people and committed to diversity and social inclusion in our employment practices.



Photo courtesy GENU

We strongly encourage people with disability and diverse backgrounds to apply for our roles and foster an engaged and inclusive culture; our 2019 survey results show 95 per cent of our employees feel proud to work for the TAC.

These practices are supported in policies and procedures including, but not limited to, Recruitment and Selection Policy, Fair Treatment Policy and Resolving Issues in the Workplace.

The TAC has practices in place to ensure that applicants receive fair treatment and are considered on the basis of their relevant skills and experiences.

Inclusion

We are committed to providing a supportive, equitable and inclusive environment that leverages the diversity of its workforce, supports the goal to be an employer of choice for people from diverse backgrounds and enables employees to thrive.

To support this commitment, we have engaged an external consultant to deliver an inclusion review.

The objective of the review was to identify:

- whether and/or how unconscious bias manifests in the formal and informal norms and practices of the business.
- what impact it has on individuals, women and people from different cultural or socio-economic backgrounds or with different interests and needs.
- whether and/or how exclusionary practices affect employees' safety and confidence to contribute and participate.
- the possible interventions and strategies required to ameliorate the impact of bias and exclusionary practices and improve inclusion across the business.

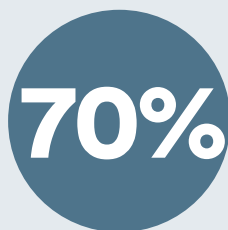
Reconciliation Action Plan

The TAC has commenced engagement with local Aboriginal and Torres Strait Islander communities and the Traditional Owners of the land of our Geelong Headquarters. We recognise and value the continuing cultures and contributions of these communities, and their ongoing connection to the land over thousands of years.

Our Reconciliation Action Plan (RAP) will detail the journey the TAC will take to build long lasting relationships with Aboriginal and Torres Strait Islander communities. We will reflect on our existing relationships and work practices, and we will challenge ourselves to make fundamental changes as we identify meaningful opportunities as a social insurer, employer of choice and community partner. This is a significant step for the TAC as it will see us incorporating cultural values into everything we do.



nationalities

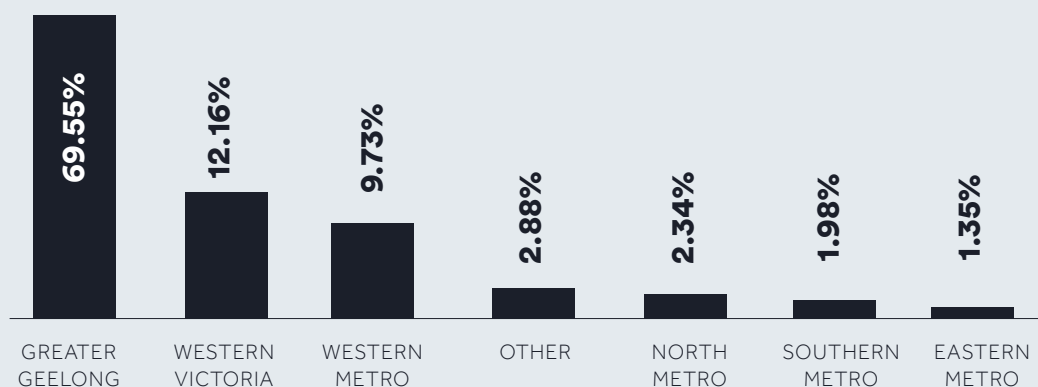


female



languages

Workforce Origin



Managing the Scheme

The TAC's objective

is to ensure the agency's activities contribute to the TAC remaining financially sustainable.

Insurance Funding ratio

The TAC recorded an insurance funding ratio of 137.1 per cent as at 30 June 2020 which was considerably stronger than budget expectations and comparable to last year's result of 137.7 per cent.

Operating results

In 2019/20, the TAC recorded a net operating profit of \$179.4 million. This outcome was largely driven by a reduction in claims incurred costs as well as a positive change in inflation assumptions as identified by the TAC's independent actuaries, PricewaterhouseCoopers.

The reduction in claims costs is a result of the significant impact of the TAC's scheme performance initiatives which has seen the agency working closely with stakeholders to address the rising claims costs, strengthen controls and ensure that only services that can demonstrate better client outcomes are supported.

Also during the year, the TAC continued to invest in road infrastructure treatments as part of the TAC's \$1.7 billion commitment to the State Government's Towards Zero road safety strategy. The TAC funded a total of \$235.9 million (2019: \$299.4 million) in road safety treatments, carried out by the Department of Transport.

While the TAC has reported a negative net asset position at 30 June 2020, it has been determined that the going concern assumption remains appropriate as the TAC has generated positive cash flows for the year and will continue to do so over the foreseeable future.

Investment returns

The TAC experienced an overall investment return of 0.7 per cent in 2019/20. This was driven by the unprecedented market environment set by the coronavirus (COVID-19) pandemic and represents a significant downturn from the 7.71 per cent achieved in 2018/19. Despite the low returns for the year, over the ten year period to June 2020, the TAC fund returned on average 8.94 per cent. This average annual return was higher than benchmark and the TAC's rolling ten year investment objective return of CPI plus five per cent.

Capital Repayment

No Capital Repayments were made during the financial year ended 30 June 2020 (2019: \$255 million) as determined by the Treasurer after consultation with the TAC and the responsible Minister.

Transport accident charge

Consistent with the Transport Accident Act 1986, transport accident charge levels for motorists increased in line with CPI (2.05 per cent) on 1 July 2019. The TAC also covers people injured in train and tram accidents with charges paid by the railway and tramway managers to fund these claims. Transport accident charge levels for both railways and tramways are set following a review of claims experience by independent actuaries.



“
Going to a support
group one or two days a
week gives you some
structure to your week.
It's something to look
forward to. It's better
than sitting at home on
your own, you can relate
to what other people are
going through and get
out and about.”

Financial Report

**For the year ended
30 June 2020**

Statement by the Chair, Chief Executive Officer and Chief Financial Officer.

We certify that the financial report of the Transport Accident Commission has been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, present fairly the financial transactions for the year ended 30 June 2020 and the financial position of the Transport Accident Commission as at that date.

We are not aware of any circumstances which would render any particulars included in the financial report misleading or inaccurate.

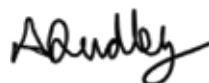
We authorise the financial report for issue on 28 August 2020.



Greg Wilson
Chair



Joe Calafiore
Chief Executive
Officer



Tony Dudley
Chief Financial
Officer

Independent Auditor's Report

To the Board of the Transport Accident Commission

Opinion	<p>I have audited the financial report of the Transport Accident Commission (the Authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Statement by the Chair, Chief Executive Officer and Chief Financial Officer. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Key audit matters	<p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>

Key audit matter	How I addressed the matter
Valuation of investment assets and derivative liabilities	
Refer to Note 4.2 of the financial report for the accounting policy associated with the valuation of investment assets and derivative liabilities and Note 8.3 of the financial report for the methods and assumptions applied by management in valuing investment assets and derivative liabilities.	
Investment assets: \$15.1 billion	My key procedures included:
Derivative liabilities: \$88.1 million	
I considered this to be a key audit matter because:	
<ul style="list-style-type: none"> investment assets and derivative liabilities are financially significant there are several types of investment assets and derivative liabilities with varying observable and unobservable inputs impacting how and when they are valued sufficient and appropriate audit evidence may not be present for the valuation of some investment assets and derivative liabilities. This includes those with stale investment prices at reporting date and/or those which are subject to significant estimation uncertainty the performance of financial markets fluctuated over the period impacting the value of investment assets and derivative liabilities the management of investment assets and derivative liabilities is outsourced to a fund manager and a master custodian extensive disclosures are required by Australian accounting standards which are critical to the users understanding of the valuation of investment assets and liabilities. 	<ul style="list-style-type: none"> gaining an understanding of key controls over the outsourced arrangement, and assessing and testing their operating effectiveness obtaining reports provided by the independent assurance auditor and: <ul style="list-style-type: none"> assessing the adequacy of the scope of work agreed between management and the independent assurance auditor assessing the professional competence and independence of the independent assurance auditor in the context of the engagement evaluating findings provided in the independent assurance reports relying on the assurance reports to confirm the description, design and operating effectiveness of controls at the fund manager and master custodian annually relying on the assurance reports to confirm the existence, valuation and rights and obligations of investment assets and derivative liabilities at 30 June. assessing the impact of any limitations, disclaimers or exceptions noted in the assurance reports to the audit. reviewing and assessing the impact of other representations given by the fund manager and master custodian analysing investment assets and derivative liabilities, in conjunction with management, to identify those where issues may exist in obtaining sufficient and appropriate evidence over their valuation, then obtaining further audit evidence that the value of identified assets and liabilities were materially correct.
Management engaged an independent assurance auditor to report on the:	
<ul style="list-style-type: none"> description, design and operating effectiveness of controls at the fund manager and master custodian existence, valuation and rights and obligations of investment assets and derivative liabilities at 30 June. 	<ul style="list-style-type: none"> assessing the completeness and adequacy of financial report disclosures against the requirements of Australian accounting standards.

Key audit matter	How I addressed the matter
<p>Valuation of outstanding claims liability</p> <p>Refer to Note 2.2.3 of the financial report for the value of the outstanding claims liability and Note 2.2.4 of the financial report for the actuarial assumptions and methods applied by management in valuing the liability.</p> <hr/> <p>Outstanding claims liability - \$21.4 billion</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> the outstanding claims liability is financially significant the underlying model used to value the liability is complex the valuation of the liability is subject to significant management assumptions and estimation uncertainty a small adjustment to a key assumption may have a significant effect on the total value of the liability extensive disclosures are required by Australian accounting standards which are critical to the users understanding of the valuation of this liability <p>Management engage actuaries to value the liability as at 30 June.</p>	<p>My key procedures included:</p> <ul style="list-style-type: none"> assessing and testing the operating effectiveness of key controls supporting the underlying claims data used in the model assessing the completeness and accuracy of the claims data used in the model by reconciling this data to underlying claims data in the insurers systems obtaining management's actuarial reports, and engaging an appropriately qualified independent actuary to: <ul style="list-style-type: none"> assess the appropriateness of management's selection and application of the methods, significant assumptions and data used in valuing the liability assessing the appropriateness of the model used to value the liability challenging the reasonableness of key assumptions by comparing against claims history and accepted industry benchmarks assessing the reasonableness of the reported liability value. assessing the adequacy of financial report disclosures against the requirements of applicable Australian accounting standards.
<p>Board's responsibilities for the financial report</p>	<p>The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's
responsibilities
for the audit
of the financial
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Auditor's responsibilities for the audit of the financial report (continued)	<p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p> <p>From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.</p>
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MELBOURNE
8 September 2020



Andrew Greaves
Auditor-General

How this report is structured

The Transport Accident Commission (TAC) has pleasure in presenting its audited general purpose financial statements for the financial year ended 30 June 2020, providing users with the information about the TAC's stewardship of resources entrusted to it. It is presented in the following structure:

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Financial Statements

Comprehensive Operating Statement

For the Financial Year Ended 30 June 2020

	Note	2020 \$000	2019 \$000
Premium revenue		1,950,775	1,887,633
Premium collection fees		(28,933)	(26,336)
Net premium revenue	3.1	1,921,842	1,861,297
Unexpired risk liability	3.4(b)	269,340	(243,833)
Gross claims incurred		(1,558,055)	(7,222,256)
Claims recoveries revenue		13,026	10,191
Net claims incurred	2.2.2	(1,545,029)	(7,212,065)
Administration costs	5.1	(191,472)	(186,674)
Marketing and road safety	2.1.1	(91,739)	(89,150)
Safer system road infrastructure	2.1.2	(235,898)	(299,371)
Health, compensation and disability research	2.2.1	(5,058)	(4,005)
Underwriting expenses		(524,167)	(579,200)
Underwriting profit / (loss)		121,986	(6,173,801)
Investment income		148,718	1,120,005
Investment expense		(39,818)	(43,042)
Net investment income	4.1	108,900	1,076,963
Repayment of capital	7.3	-	(255,000)
Profit / (loss) before income tax		230,886	(5,351,838)
Income tax benefit / (expense)	7.1	(51,491)	1,549,423
Net result for the year		179,395	(3,802,415)
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive result for the year		179,395	(3,802,415)

The above comprehensive operating statement should be read in conjunction with the accompanying notes to the financial statements.

Balance Sheet

As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	4.3	62,238	32,967
Claims receivable	2.2.3	91,751	88,626
Premiums receivable		13,726	11,616
Other receivables		3,773	4,295
Investments	4.2	3,420,545	2,095,327
Deferred acquisition costs	3.2	11,089	-
Other assets		10,040	12,802
Total current assets		3,613,162	2,245,633
Non-current assets			
Claims receivable	2.2.3	896,355	895,692
Other receivables		10	12
Investments	4.2	11,696,754	12,917,295
Controlled entity	9.5	36,600	33,400
Property, plant and equipment	6.1	128,581	15,974
Intangibles	6.2	51,811	50,615
Deferred tax assets	7.2	2,094,770	2,146,261
Total non-current assets		14,904,881	16,059,249
Total assets		18,518,043	18,304,882
Current liabilities			
Outstanding claims	2.2.3	1,670,869	1,588,624
Unearned premiums	3.3	782,936	766,886
Unexpired risk	3.4	-	277,567
Advance premiums		42,833	35,523
Derivative liabilities	4.2	88,077	51,126
Payables		130,069	128,155
Provisions		31,436	26,909
Lease liabilities	6.3	6,616	996
Total current liabilities		2,752,836	2,875,786
Non-current liabilities			
Outstanding claims	2.2.3	19,703,285	19,659,320
Provisions		4,225	3,936
Lease liabilities	6.3	113,826	1,364
Total non-current liabilities		19,821,336	19,664,620
Total liabilities		22,574,172	22,540,406
Net assets / (liabilities)		(4,056,129)	(4,235,524)
Equity			
Reserves		20,983	17,402
Accumulated surplus / (deficit)		(4,077,112)	(4,252,926)
Total equity		(4,056,129)	(4,235,524)

The above balance sheet should be read in conjunction with the accompanying notes to the financial statements.

Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

	Motorcycle road safety reserve \$000	Accumulated surplus/(deficit) \$000	Total \$000
At 1 July 2018	17,863	(450,972)	(433,109)
Total comprehensive result			
Net result for the year	-	(3,802,415)	(3,802,415)
Other comprehensive income	-	-	-
Total comprehensive result for the year	-	(3,802,415)	(3,802,415)
Transactions with owners, recorded directly in equity			
Transfer from accumulated surplus to motorcycle road safety reserve	6,595	(6,595)	-
Transfer from motorcycle road safety reserve to accumulated surplus	(7,056)	7,056	-
Total transactions with owners	(461)	461	-
At 30 June 2019	17,402	(4,252,926)	(4,235,524)
Total comprehensive result			
Net result for the year	-	179,395	179,395
Other comprehensive income	-	-	-
Total comprehensive result for the year	-	179,395	179,395
Transactions with owners, recorded directly in equity			
Transfer from accumulated surplus to motorcycle road safety reserve	7,742	(7,742)	-
Transfer from motorcycle road safety reserve to accumulated surplus	(4,161)	4,161	-
Total transactions with owners	3,581	(3,581)	-
At 30 June 2020	20,983	(4,077,112)	(4,056,129)

The above statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

Cash Flow Statement

For the Financial Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Premiums received		2,165,289	2,031,721
Dividends received		942,169	986,812
Interest received		27,532	36,670
Claims paid		(1,524,382)	(1,595,436)
Claims recoveries received		10,848	7,969
Payments to suppliers and employees		(259,286)	(255,309)
Payments for marketing and road safety projects		(93,902)	(96,418)
Payments for trauma projects and safer road infrastructure expenditure		(263,616)	(353,255)
Goods and services tax paid		(62,096)	(34,983)
Net cash inflow from operating activities	4.3(b)	942,556	727,771
Cash flows from investing activities			
Purchase of investments		(5,532,468)	(5,097,002)
Sale of investments		5,373,676	4,597,400
Funds provided to controlled entity		(3,200)	(4,000)
Payments for operating assets		(1,167)	(3,454)
Proceeds from sale of plant and equipment		872	794
Expenditure on intangibles		(12,074)	(15,630)
Net cash outflow from investing activities		(174,361)	(521,892)
Cash flows from financing activities			
Repayment of lease principal		(9,007)	-
Repayment of capital	7.3	-	(255,000)
Net cash outflow from financing activities		(9,007)	(255,000)
Net increase in cash and cash equivalents		759,188	(49,121)
Cash and cash equivalents at the beginning of the year		1,399,116	1,448,295
Effects of exchange rate changes on cash held in foreign currencies		(1,839)	(58)
Cash and cash equivalents at end of the year	4.3(a)	2,156,465	1,399,116

The above cash flow statement should be read in conjunction with the accompanying notes to the financial statements.

1. About this Report

The TAC is a Government-owned enterprise, established under the *Transport Accident Act 1986* to reduce the social and financial cost of transport accident injuries to the Victorian community.

Its principal address is:

Transport Accident Commission
60 Brougham St
Geelong VIC 3220

For the purposes of this financial report prepared under Australian Accounting Standards, policy refers to the cover provided under the *Transport Accident Act 1986*.

The financial report has been prepared on a going concern basis. While the TAC recorded negative net assets as at 30 June 2020 of \$4,056 million (2019: negative \$4,236 million), it delivered positive cash flows from operating activities of \$943 million (2019: \$728 million). Based on the cash flow projections being positive twelve months to the signing of the financial statements, the Directors have concluded that the going concern assumption of the TAC remains appropriate.

Basis of preparation

This financial report has been prepared on an accruals basis, and is based on historical costs, except for outstanding claims liabilities, recovery receivables, employee leave liabilities (which are reported at present value) and investments and plant and equipment (which are reported at fair value). Cost is based on the fair values of the consideration given in exchange for assets.

The functional and presentation currency of the TAC is the Australian dollar. Amounts have been rounded to the nearest thousand dollars unless otherwise stated.

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Critical estimates and assumptions for the year ended 30 June 2020 include consideration of the COVID-19 pandemic.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial report and estimates with a significant risk of material adjustments in the next year are disclosed in notes 2.2.3, 2.2.4, 7.2 and 8.3 in the financial report.

Compliance information

The financial report is a general purpose financial report which has been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The Assistant Treasurer has determined that the TAC is a "for-profit" entity for the purpose of preparing the financial statements. The financial report was authorised for issue by the Directors on 28 August 2020.

2. Towards Zero and Clients' Lives Back on Track

Introduction to this section

The TAC has two strategic outcomes: Towards Zero and Clients' Lives Back on Track.

The TAC is dedicated to eliminating road deaths and serious injuries. The fundamental principle of Towards Zero is that people's lives are paramount.

The TAC is dedicated to assisting Victorians to recover and rehabilitate from road accidents, paying for treatment and support services for people injured in transport accidents.

This section provides details of the expenditure incurred by TAC in these important initiatives.

Structure

- 2.1 Towards Zero
 - 2.1.1 Marketing and road safety
 - 2.1.2 Safe system road infrastructure
- 2.2 Clients' Lives Back on Track
 - 2.2.1 Health, compensation and disability research
 - 2.2.2 Net claims incurred
 - 2.2.3 Claims
 - 2.2.4 Actuarial assumptions and methods
 - 2.2.5 Insurance contracts – risk management policies and procedures

2.1 Towards Zero

This strategy aims to achieve the most ambitious reduction in road trauma in Victoria's history to reduce road deaths by 20% and serious injuries by 15% by 2020. It is the TAC's vision to have zero deaths and serious injuries on Victorian roads. The expenditure incurred on this important strategy is outlined below.

2.1.1 Marketing and road safety

	2020 \$000	2019 \$000
Marketing and road safety	91,739	89,150

To achieve its goals and vision the TAC incurs costs throughout the financial year on various public education campaigns, community engagement and road safety initiatives to educate road users on key elements of the Towards Zero and the safe system approach. The safe system approach encompasses safe roads and roadsides, safe speeds, safe vehicles, and safe road use by all people using the road. Road safety is a shared responsibility and everyone has a role in keeping themselves and others safe.

Included in the figures above is a depreciation charge of \$1.791 million (2019: \$1.232 million) in regards to the furniture and equipment (\$0.698 million), right of use assets (\$0.250 million) and the digital design (\$0.843 million) of the Road to Zero Exhibition held at Melbourne Museum.

2.1.2 Safe system road infrastructure

	2020 \$000	2019 \$000
Safe system road infrastructure	235,898	299,371

The TAC continues to invest in road safety infrastructure, incurring expenditure towards safety infrastructure improvements on the road network across metropolitan, rural and regional roads, improving cycling and pedestrian infrastructure and supporting safer intersections and traffic calming treatments.

2.2 Clients' Lives Back on Track

The TAC is dedicated to assist Victorians to recover and rehabilitate from road accidents and get their lives back on track as quickly as possible. The TAC covers transport accidents directly caused by the driving of a car, motorcycle, bus, train or tram, funding medical treatment for transport accident-related injuries for as long as it is necessary. The claims expenditure incurred in connection with helping Victorians to get their 'lives back on track', as well as expenditure incurred on trauma projects is set out below.

2.2.1 Health, compensation and disability research

	2020 \$000	2019 \$000
Health, compensation and disability research	5,058	4,005

The TAC incurs costs throughout the financial year on various projects which focus on facilitating research and best practices in the areas of injury prevention, rehabilitation and compensation practice and improving outcomes in those areas.

2.2.2 Net claims incurred

	Current Year \$000	2020 Prior Years \$000	Total \$000	Current Year \$000	2019 Prior Years \$000	Total \$000
Gross claims incurred						
Undiscounted	3,478,851	(3,844,752)	(365,901)	4,217,510	2,514,622	6,732,132
Discount movement	(1,155,703)	3,079,659	1,923,956	(1,583,806)	2,073,930	490,124
	2,323,148	(765,093)	1,558,055	2,633,704	4,588,552	7,222,256
Claims recoveries						
Undiscounted	(13,821)	2,165	(11,656)	(14,072)	7,271	(6,801)
Discount movement	1,984	(3,354)	(1,370)	2,277	(5,667)	(3,390)
	(11,837)	(1,189)	(13,026)	(11,795)	1,604	(10,191)
Net claims incurred	2,311,311	(766,282)	1,545,029	2,621,909	4,590,156	7,212,065

Current year claims relate to risks borne in the current financial year. Prior year claims relate to a reassessment of the claims assumptions (e.g. changes in economic assumptions and claims experience) made in all previous financial years and include the effects of discounting caused by the natural reduction in discount, as the claims move one year closer to settlement. Recoveries on claims paid and outstanding claims are recognised as revenue. The net claims incurred of \$1,545 million (2019: \$7,212 million) is impacted by both internal and external (financial impact on changes in inflation assumptions and discount rates) factors as noted below:

	2020 \$M	2019 \$M
Claims incurred - internal	2,004	3,636
Claims incurred - external	(459)	3,576
Net claims incurred	1,545	7,212

Refer to section 2.2.4 for discussion around the actuarial assumptions and methods.

2.2.3 Claims

Claims Receivable

	2020 \$000	2019 \$000
Current		
Claims GST receivable	80,839	77,726
Claims recoveries	10,912	10,900
Total current	91,751	88,626
Non-current		
Claims GST receivable	845,592	847,095
Claims recoveries	50,763	48,597
Total non-current	896,355	895,692
Total claims receivable	988,106	984,318

Claims GST receivable amounts represent the GST credits which the TAC is entitled to claim on future claims payments. Claims recoveries receivable are assessed in a manner similar to the measurement of outstanding claims liability. A provision for impairment is recognised when there is objective evidence that the claims receivable is not recoverable.

Outstanding claims liability

	2020 \$000	2019 \$000
Expected future claims payments (undiscounted)	31,153,166	32,950,832
Discount to present value	(13,163,037)	(14,942,643)
	17,990,129	18,008,189
Claims handling expenses	1,363,786	1,231,648
	19,353,915	19,239,837
Risk margin	2,020,239	2,008,107
Outstanding claims liability	21,374,154	21,247,944
Current	1,670,869	1,588,624
Non-current	19,703,285	19,659,320
Outstanding claims liability	21,374,154	21,247,944

Outstanding claims liability as at 30 June 2020 has been determined by the Directors after appropriate consideration of the actuarial advice provided by an independent actuarial firm, PricewaterhouseCoopers Consulting (Australia) Pty Ltd.

Reconciliation of movement in discounted outstanding claims liability

	Gross \$000	2020 Recoveries \$000	Net \$000	Gross \$000	2019 Recoveries \$000	Net \$000
Outstanding claims brought forward	21,247,944	(984,318)	20,263,626	15,247,434	(707,132)	14,540,302
Effect of changes in economic assumptions	(434,397)	210	(434,187)	3,290,278	(2,842)	3,287,436
Effect of past inflation rate different to assumptions	18,867	(254)	18,613	(12,669)	425	(12,244)
Effect of changes in other assumptions	(545,062)	(396)	(545,458)	1,095,790	5,359	1,101,149
Increase in claims incurred/recoveries in current accident year	2,323,147	(11,834)	2,311,313	2,633,705	(11,794)	2,621,911
Release of risk margin and claims handling expenses	(270,923)	-	(270,923)	(242,434)	-	(242,434)
Cost of prior year claims moving one year closer to payment	466,423	(752)	465,671	457,586	(1,339)	456,247
Incurred claims recognised in the comprehensive operating statement	1,558,055	(13,026)	1,545,029	7,222,256	(10,191)	7,212,065
Claims payments and recoveries during the year	(1,433,455)	10,848	(1,422,607)	(1,496,710)	7,969	(1,488,741)
Increase in provision for GST credits	1,610	(1,610)	-	274,964	(274,964)	-
Outstanding claims carried forward	21,374,154	(988,106)	20,386,048	21,247,944	(984,318)	20,263,626

2.2.4 Actuarial assumptions and methods

The TAC operates the Victorian Transport Accident Compensation Scheme which is long tail in nature, meaning that claims are typically settled more than one year after being reported.

Significant estimates and judgements are made by the TAC valuation actuary in respect of certain key asset and liability amounts disclosed in the financial statements. The key areas of significant estimates and judgements and the methodologies used to determine key assumptions related to claims are set out below.

Outstanding claims liability

The outstanding claims liability is measured on the basis of actuarially estimated costs of future claims payments, which include goods and services tax (GST), the anticipated effects of inflation and other factors. The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported and the anticipated direct and indirect costs of settling those claims. The expected future payments are discounted to present value at balance date using a risk free rate.

A risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the claims liability is adequately provided for to a 75% (2019: 75%) probability of sufficiency.

The estimation of outstanding claims liabilities is based largely on the assumption that past developments are an appropriate predictor of the future and involves a variety of actuarial techniques that analyse experience, trends and other relevant factors. The process commences with the actuarial projection of the future claims payments and claims handling costs incurred to reporting date. Each benefit type is usually examined separately.

Actuarial techniques used to analyse and project the various benefit types include:

- Payments per claim incurred (PPCI)
- Payments per active claim (PPAC)
- Payments per claim settled (PPCS)
- Annuity based individual claim models (ICM)

Projected future claims payments and associated claims handling costs are discounted to a present value as required using appropriate risk free discount rates (i.e. rates set with reference to Commonwealth Government Securities).

A projection of future claims payments are undertaken separately of both gross claims payments and recoveries.

This projection is made without bias toward over or under estimation. As such, the resulting estimate is considered to be a net central estimate of outstanding claims liabilities that has an approximately equal chance of proving adequate or inadequate. Where possible and appropriate, multiple actuarial methods will be applied to project future claims payments. This assists in providing a greater understanding of the trends inherent in the past data. The projections obtained from various methods also assist in setting the range of possible outcomes. The most appropriate method, or even a combination of methods, is selected taking into account the characteristics of each benefit type and the extent of the development of each past accident period.

The final provision is then obtained by examining the results from the above methods and using judgement to combine them in varying proportions according to injury period.

The following assumptions have been made in determining the outstanding claims liabilities.

	30 June 2020	30 June 2019
Average claim frequency (claims per 1000 registered vehicles)	3.09	4.08
Average claim size	\$113,653	\$92,546
- Average attendant care	\$17,911	\$14,914
- Average common law size	\$34,532	\$27,697
- Average all other payment size	\$61,211	\$49,935
Expense rate	7.6%	6.9%
Weighted average discount rate (0 to 20 years)	1.48%	1.74%
Weighted average discount rate (21+ years)	3.30%	3.27%
Weighted average discount rate	2.16%	2.32%
Weighted average AWE inflation rate (0 to 20 years)	2.67%	3.27%
Weighted average AWE inflation rate (21+ years)	3.08%	3.06%
Weighted average CPI inflation rate (0 to 20 years)	1.85%	2.11%
Weighted average CPI inflation rate (21+ years)	2.09%	2.08%
Average weighted term to settlement from balance date	18.4 years	19.1 years
Risk Margin	11.0%	11.0%

Process used to determine assumptions

A description of the processes used to determine these assumptions is provided below:

Average claim frequency	Claim frequency for the current accident year is estimated by projecting the number of claims incurred based on claims already reported and past patterns of claims reporting, and dividing this by the number of vehicle registrations. The claim frequency is not used explicitly in the valuation models but provides a high level indicator of claim experience.
Average claims size	<p>The average claim size is in respect of the current underwriting year and takes into account the expected payments for each payment type (e.g. attendant care, weekly, medical, impairment benefits, common law, other), as well as the proportion of total injured motorists which receive each benefit. The figures shown in the above table are in nominal values excluding the impact of inflation.</p> <p>The average claim size is further broken down into two key components; the costs of attendant care and common law compensation (including legal costs) per no fault claim. This takes into account the number of injured motorists expected to access the particular compensation as well as the amount of compensation expected to be paid. For completeness, the average size of all other compensation is also shown.</p>
Expense rate	Claims handling expenses have been estimated by reference to past and projected claims handling costs across a number of different claims types. The overall allowance represents 7.6% (2019: 6.9%).
Discount rate	Discount rates adopted are "risk-free" rates, set by reference to traded Commonwealth Government securities. For years 28 onwards there are no risk free securities on issue with term to maturity beyond this point. Therefore, the long term discount rates are set with reference to historic observed discount rates, as well as the real rate of return above inflation.
Inflation	Economic inflation assumptions in the short term are set by reference to current economic forecasts. Inflation assumptions for the medium and longer term are set by blending from the short term assumptions to an assumed long term assumption, with blending based on the shape of the discount rates.
Average weighted term to settlement	The average weighted term to settlement is calculated separately by benefit type based on historic settlement patterns. It is an outworking of the models rather than an explicit assumption and represents the average inflated and discounted term of payments in the outstanding liability from the balance date to payment.
Risk margin	A risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the claims liability is adequately provided up to a 75% probability of sufficiency. The risk margin applied at balance date was 11.0% (2019: 11.0%).

Sensitivity analysis – insurance contracts

The TAC's valuation actuary conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact the performance and equity of the TAC. The tables below describe how a change in each assumption will affect the scheme liabilities and show how changes in these assumptions impact on profit and equity.

Variable	Inflation of movement in variable
Average attendant care size	The average attendant care size per no fault claim will vary with the number of injured motorists receiving attendant care and the amount of that compensation. The amount depends not only on the amount of care paid per year but also on the age at which motorists are injured, as many will require care for the rest of their lives. Increases or decreases in any of these components will result in a corresponding impact on claims expense. The +/- x% movement shown in the impact table below represents a x% increase or decrease in all future estimated attendant care payments included in the outstanding claims liability.
Average common law size	The average common law size per no fault claim will vary with the number of injured motorists receiving common law compensation and the amount of that compensation (including legal costs). Increases or decreases in any of these components will result in a corresponding impact on claims expense. The +/- x% movement shown in the impact table below represents a x% increase or decrease in all future estimated common law payments included in the outstanding claims liability.
Expense rate	An estimate of the internal costs of handling claims is included in the outstanding claims liability. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.
Discount rate	An increase or decrease in the assumed discount rate will have an opposing impact on total claims expense.
Inflation and superimposed inflation rates	Economic inflation assumptions in the short term are set by reference to current economic forecasts. Inflation assumptions for the medium and longer term are set by blending from the short term assumptions to an assumed long term assumption, with blending based on the shape of the discount rates.

Impact of changes in key variables

Variable	Movement	2020 Net Result \$000	2019 Net Result \$000	2020 Equity \$000	2019 Equity \$000
Recognised amounts per the financial statements		179,395	(3,802,415)	(4,056,129)	(4,235,524)
Average attendant care size	+10%	(473,762)	(4,440,309)	(4,709,286)	(4,873,418)
	-10%	832,552	(3,164,521)	(3,402,972)	(3,597,630)
Average common law size	+10%	(16,281)	(3,998,830)	(4,251,805)	(4,431,939)
	-10%	375,071	(3,606,000)	(3,860,453)	(4,039,109)
Expense rate	+1%	40,091	(3,941,876)	(4,195,433)	(4,374,985)
	-1%	318,699	(3,662,954)	(3,916,825)	(4,096,063)
Weighted average discount rate (0-20 years)	+0.5%	1,005,889	(2,967,589)	(3,229,635)	(3,400,698)
	-0.5%	(723,844)	(4,715,225)	(4,959,368)	(5,148,334)
Weighted average discount rate (21+ years)	+0.5%	575,435	(3,380,144)	(3,660,089)	(3,813,253)
	-0.5%	(270,754)	(4,283,311)	(4,506,278)	(4,716,420)
Weighted average inflation rate - AWE and CPI (0-20 years)	+0.5%	(701,820)	(4,705,391)	(4,937,344)	(5,138,500)
	-0.5%	994,843	(2,967,384)	(3,240,682)	(3,400,493)
Weighted average inflation rate - AWE and CPI (21+ years)	+0.5%	(261,237)	(4,289,936)	(4,496,761)	(4,723,045)
	-0.5%	570,779	(3,370,640)	(3,664,745)	(3,803,749)

2.2.5 Insurance contracts - risk management policies and procedures

The financial condition and operation of the TAC is affected by a number of key risks including insurance risk, financial risk and operational risk.

The TAC's policies and procedures in respect of managing insurance risks are set out below.

Risks arising from insurance operation and policies for mitigating those risks

The TAC's performance from insurance operations is affected by the inherent nature of insurance risks and market factors external to the TAC.

The TAC's risk management strategy covers all aspects of the TAC's operations including any reinsurance risk retention limits. It also includes processes and controls in respect of the management of both financial and non-financial risks likely to be faced by the organisation.

Key aspects of the processes established to mitigate risks include:

- the maintenance and use of sophisticated management information systems, which provide reliable and up to date data on the risks to which the business is exposed at any point in time;
- actuarial models incorporating past experience, statistical methods and information derived from the management information systems to monitor claims patterns;
- catastrophic accidents are modelled and the TAC's exposures are, if elected by the TAC's Board, protected by arranging reinsurance to limit the losses arising from an individual event. The retention and limits are approved by the TAC's Board;
- where specific reinsurance coverage is elected, only reinsurers with credit ratings equal to, or in excess of, a minimum level determined by management are accepted; and
- the investment allocation strategy, established by the Victorian Funds Management Corporation (VFMC) in consultation with the TAC, is derived by the matching of assets to the underlying claims liabilities to optimise the returns within the risk management parameters.

The TAC Board has elected to retain the risk from catastrophic accidents and therefore have not entered into any reinsurance contracts.

Terms and conditions

The terms and conditions of the Transport Accident Compensation Scheme administered by the TAC are established under the *Transport Accident Act 1986*. The TAC offers three, six and twelve month insurance terms. The period of indemnity is generally 12 months.

Where coverage is elected, reinsurance contracts are negotiated and entered into annually to protect the TAC against large losses.

Concentration of insurance risk

The TAC operates the Victorian Transport Accident Compensation Scheme. The TAC's exposure to concentration of insurance risks is motor vehicles, trains and trams.

Interest rate risk

Assets or liabilities arising from insurance or, where applicable, reinsurance contracts entered into by the TAC are directly exposed to interest rate risk.

Credit risk

The TAC has no significant concentrations of credit risk.

3. Collection of Premium Revenue

Introduction to this section

The funds the TAC needs to perform its key strategy are attained from payments made by Victorian motorists when they register their vehicles with VicRoads. The expenditure incurred by the TAC in the implementation of these strategies is disclosed and the funds that enable the delivery of the initiatives are outlined below.

This section is structured as follows:

- 3.1 Net premium revenue
- 3.2 Deferred acquisition costs
- 3.3 Unearned premiums
- 3.4 Unexpired risk liability

3.1 Net premium revenue

	2020 \$000	2019 \$000
Premium revenue	1,950,775	1,887,633
Premium collection fees	(28,933)	(26,336)
Net premium revenue	1,921,842	1,861,297

Premium revenue refers to the transport accident charge for motor vehicles and premium charge for trains and trams, and is recognised from the attachment date over the period of the policy. The pattern of recognition over the policy period is based on time, which is considered to approximate closely with the pattern of risks underwritten. Premium revenue is net of refunds and excludes stamp duty and GST.

3.2 Deferred acquisition costs

	2020 \$000	2019 \$000
Balance at 1 July	-	-
Acquisition costs incurred in the year	48,249	45,202
Amount expensed to comprehensive operating statement	(28,933)	(26,336)
Write down due to premium deficiency	(8,227)	(18,866)
Deferred acquisition costs	11,089	-

Acquisition costs represent fees incurred for the collection of transport accident charges for motor vehicles. Acquisition costs are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to a future benefit. Deferred acquisition costs are measured at the lower of cost and recoverable amount and are expensed to correspond to the earning pattern of the premium revenue.

The deferred acquisition cost has been partially written down as a result of the recording of a premium deficiency at 30 June 2020 (refer note 3.4).

3.3 Unearned premiums

	2020 \$000	2019 \$000
Balance at 1 July	766,886	813,031
Deferral of premium written in the year	782,936	766,886
Earning of premium written in previous year	(766,886)	(813,031)
Unearned premiums	782,936	766,886

Unearned premiums represent the proportion of premiums received or receivable not earned and relate to periods of insurance subsequent to balance date. They are computed on the basis that the risk attaches to all policies from the middle of the month in which they are written.

3.4 Unexpired risk liability

	2020 \$000	2019 \$000
Unexpired risk liability at beginning of year	277,567	52,600
Increase/(decrease) in unexpired risk liability	(277,567)	224,967
Unexpired risk liability at end of year	-	277,567
a) Calculation of premium deficiency		
Net unearned premium liability ⁽¹⁾	806,453	783,543
Net present value of future claims costs	(699,296)	(972,951)
Risk margin	(115,384)	(107,025)
Gross premium deficiency	(8,227)	(296,433)
Deferred acquisition costs written down	8,227	18,866
Net premium deficiency	-	(277,567)

⁽¹⁾ Net unearned premium liability includes Unearned Premiums and Advance Premiums, less Gross deferred acquisition costs recognised

b) Movements in carrying amounts

Amount expensed to comprehensive operating statement	(269,340)	243,833
Deferred acquisition costs written down	(8,227)	(18,866)
	(277,567)	224,967

At each reporting date the TAC performs a liability adequacy test to assess whether the unearned premium liability is sufficient to cover all expected future cash flows relating to future claims against current insurance contracts.

The unearned premium liability is deemed to be deficient when the expected future cash claims plus the additional risk margin (refer to 2.2.4) exceeds the unearned premium liability less related intangible assets and deferred acquisition costs.

The entire deficiency is recognised immediately in the comprehensive operating statement. The deficiency is recognised first by writing down any related intangible assets and then related deferred acquisition costs, with any excess being recorded in the balance sheet as an unexpired risk liability. A gross deficiency of \$8.2 million was recorded at 30 June 2020 (2019: \$296.4 million).

4. Investment Portfolio

Introduction to this section

This section includes the investments that are held by the TAC that are used to supplement the premiums earned to fund its functions.

This section contains the disclosures:

- 4.1 Net investment income
- 4.2 Investments (including derivative liabilities)
- 4.3 Cash and cash equivalents

4.1 Net investment income

	2020 \$000	2019 \$000
Dividends	938,854	985,855
Interest	24,201	35,298
Changes in fair values of investments through the comprehensive operating statement	(814,337)	98,852
Investment income	148,718	1,120,005
Investment expense	(39,818)	(43,042)
Net investment income	108,900	1,076,963

Dividend income is recognised when the TAC's right to receive payment has been established. Dividend income through trust distributions is recognised when the market prices are quoted ex-distribution for listed trusts, while unlisted trust distributions are recognised when the trustee declares a distribution. Interest income is recognised on an accrual basis.

Changes in fair values of investments is the difference between the fair value of the investments at 30 June 2019 or the cost of acquisition (for investments purchased during the year), and sales proceeds or their fair value at 30 June 2020.

Investment expenses are fees paid to the VFMC under the Client Funds Management Service Agreement and other professional fees incurred by the TAC in relation to the management of the investment portfolio.

The net return on the investment portfolio for the year was 0.70% (2019: 7.71%).

4.2 Investments (including derivative liabilities)

The TAC's investment activity is undertaken pursuant to the *Transport Accident Act 1986*, the *Borrowing and Investment Powers Act 1987* and the Treasurer's Prudential Statement. It is the Victorian Government's policy that all the investment assets of the TAC be managed by the VFMC.

Under the Centralised Model implemented by the Victorian Government in July 2006, the TAC is responsible for setting its investment objectives whilst the VFMC has responsibility to develop appropriate investment strategies that target the TAC's investment objectives. The investment strategy that is determined by the VFMC for the TAC is documented in a detailed Investment Risk Management Plan (IRMP) which is approved by the Treasurer. The IRMP is prepared by the VFMC and addresses issues concerning strategy, portfolio construction, benchmarks and risk management.

The prudential supervision responsibility of the investments rests with the Department of Treasury and Finance (DTF). The VFMC Board is required to certify to the DTF on an annual basis and on a semi-annual basis to the TAC, that the TAC's investment portfolio has been managed in accordance with the accepted IRMP and with the TAC's investment objectives. The TAC is responsible for the review of the contractual and service level agreements and for periodically reviewing and discussing with the VFMC its investment performance against its investment objectives.

The investment portfolio consists of a range of assets to match TAC's liability characteristics and equities to provide for long term growth and other assets that provide diversification benefits across the general portfolio.

	2020 \$000	2019 \$000
Asset category		
Cash investments	1,460,099	356,790
Australian bonds	736,370	1,404,636
Australian equities	1,648,487	1,947,235
Emerging market debt	178,484	-
Hedge funds	1,188,002	944,996
Inflation linked bonds	1,273,457	1,778,526
Infrastructure	1,280,495	1,085,568
Insurance	376,554	350,883
International bonds	436,726	-
International equities	4,247,276	5,285,896
Private credit	977,128	642,929
Private equity	27,060	55,841
Property	1,203,928	1,107,860
Strategy overlay positions	(4,844)	336
Total	15,029,222	14,961,496
Cash and cash equivalents	2,094,227	1,366,149
Other investments	12,934,995	13,595,347
Total	15,029,222	14,961,496

The above prior year comparatives have been restated to reflect the asset and liability classes represented in the new Investment Risk Management Plan (IRMP), initiated in October 2019.

TAC has uncalled capital commitments within its investments totalling \$1,348 million as at 30 June 2020 (2019: \$1,703 million), which have not been recognised on the balance sheet.

	2020 \$000	2019 \$000
Current		
Investments	3,420,545	2,095,327
Derivative liabilities	(88,077)	(51,126)
Non-current		
Investments	11,696,754	12,917,295
Total	15,029,222	14,961,496

Assets backing insurance liabilities

The TAC's investment portfolio is managed by the VFMC through internal management and external fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from internal management and fund managers.

The TAC has determined that all assets, except for plant and equipment and intangibles, are held to back insurance liabilities. Investments are designated at fair value through profit and loss on the basis that the investments are managed as a portfolio based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies. Initial recognition is at cost in the balance sheet and subsequent measurement is at fair value with any resultant changes in fair value recognised in the comprehensive operating statement.

Details of fair value for the different types of investment assets are listed below:

- cash assets, deposits held at call with banks and investments in money market instruments are carried at face value which approximate to their fair value;
- investments in discounted money market instruments are valued at their quoted mid-price at the balance sheet date, as with fine trading spreads in this market, there is an ability to transact at mid-price;
- shares, fixed interest securities, options and units in trusts listed on stock exchanges or traded in an open market are initially recognised at cost (which is equal to fair value) and the subsequent fair value is taken as the quoted bid price of the instruments at the balance sheet date;
- futures contracts listed on recognised exchanges are valued using the quoted settlement price; and
- units in unlisted trusts are recorded at fair value as determined by the fund manager or valuation by other skilled independent third parties. In determining fair value, the manager or third parties use observable market transactions of the units and underlying assets where available and applicable; some of the underlying assets of the trusts are valued using valuation models that include inputs which are not based on observable market data.

Refer to note 8.3 for discussion on valuation judgements in relation to the fair value of investments.

All purchases and sales of investments that require delivery of the asset within the time frame established by regulation or market convention ('regular way' transactions) are recognised at trade date, being the date on which the commitments are made to buy or sell the asset. In cases where the period between trade and settlement exceeds this time frame, the transaction is recognised at settlement date.

Investments held at balance sheet date that are denominated in foreign currencies are retranslated to Australian dollars at rates of exchange ruling at the balance sheet date.

Exchange differences are recognised in the comprehensive operating statement in the period in which they arise.

Investments are derecognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and the TAC has transferred substantially all the risks and rewards of ownership.

Investments that are due to mature, expire or be realised within twelve months of balance date are classified as current investments in the balance sheet. While this classification policy may result in a reported working capital deficit, the TAC holds high quality liquid assets in its investment portfolio which are readily convertible to cash assets. In addition, the TAC is normally cash flow positive with premium and investment income exceeding claims and administrative cost payments.

Derivative financial instruments

VFMC and fund managers use derivative financial instruments such as foreign exchange contracts, futures, swaps and options to more effectively manage the risks associated with investing in large institutional portfolios. Derivatives are originally recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date with any gain or loss recognised in the comprehensive operating statement.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

4.3 Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and at banks and cash equivalent assets. Cash equivalent assets are highly liquid investments with short periods to maturity, which are readily convertible to cash at the option of the TAC. Cash at the end of the financial year, as shown in the cash flow statement, is reconciled to the related items in the balance sheet as follows:

	2020 \$000	2019 \$000
Cash and cash equivalents (bank)	62,238	32,967
Cash equivalents (investments)	2,094,227	1,366,149
Total	2,156,465	1,399,116

(b) Reconciliation of net cash flows from operating activities to net results

	2020 \$000	2019 \$000
Net result for the year	179,395	(3,802,415)
Depreciation and amortisation	22,060	14,380
Impairment of property, plant and equipment	59	-
Finance costs	356	882
Changes in fair values of investments through the comprehensive operating statement	814,337	(98,852)
Loss / (profit) on sale of plant and equipment	(17)	30
Repayment of capital	-	255,000
Changes in assets and liabilities		
Increase / (decrease) in outstanding claims	126,210	6,000,510
Increase / (decrease) in unearned premiums	16,050	(46,145)
Decrease / (increase) in receivables and other assets	(7,055)	(264,379)
Increase / (decrease) in creditors and provisions	(260,330)	218,183
Decrease / (increase) in net deferred tax balances	51,491	(1,549,423)
Net cash inflow from operating activities	942,556	727,771

5. Cost of operations

Introduction to this section

This section provides details of costs incurred by TAC to support its day-to-day operating activities.

This section contains the following disclosures:

- 5.1 Administration costs
- 5.2 Superannuation

5.1 Administration costs

	2020 \$000	2019 \$000
Staff and related	133,238	130,273
Information technology	13,066	13,718
Occupancy and utilities	7,135	10,595
Other operating	17,764	18,940
Depreciation and amortisation ¹	20,269	13,148
Total	191,472	186,674
Total administration costs include the following:		
Impairment of property, plant and equipment	59	-
Operating lease rentals ¹	1,639	8,823
Auditor-General's fees	230	230
Interest on leases ¹	3,553	45
Unwind of discount and effect of changes in the discount rate on employee provision	356	882

¹ From 1 July 2019, right-of-use assets are recognised for all leases with a term of more than 12 months, unless the underlying asset is of a low value. Assets arising from a lease are initially measured on a present value basis. Lease payments are allocated between the principal component of the lease liability and the interest expense. Leased assets are amortised on a straight line basis over the term of the lease.

5.2 Superannuation

Superannuation is provided for employees via the following superannuation funds:

	2020 \$000	2019 \$000
Emergency Services Superannuation Scheme - Revised and New Scheme	291	282
Victorian Superannuation Fund - VicSuper Scheme	5,754	5,581
Private sector complying funds	5,129	4,377
Total	11,174	10,240

The Emergency Services Superannuation Scheme is a defined benefit superannuation plan. Superannuation amounts include employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The TAC does not recognise any defined benefit liabilities in respect of the Revised and New Scheme under the Emergency Services Superannuation Scheme, because it has no legal or constructive obligation to pay future benefits relating to its employees. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial report.

Employees have the option of contributing exclusively to private sector complying funds or contributing to the Victorian Superannuation Fund or both. The basis of superannuation contributions is based on the relevant rules of each plan. At 30 June 2020, contributions outstanding totalled one thousand dollars (2019: fifty nine thousand dollars).

6. Other assets and liabilities

Introduction to this section

This section includes other assets and liabilities that are employed by the TAC to support its day-to-day operating activities.

This section contains the following disclosures:

- 6.1 Property, plant and equipment
- 6.2 Intangibles
- 6.3 Lease liabilities
- 6.4 Commitments and contingencies

6.1 Property, plant and equipment

	2020 \$000	2019 \$000
Leasehold improvements	11,713	11,776
Accumulated depreciation	(6,465)	(5,880)
	5,248	5,896
Plant and equipment	16,085	16,056
Accumulated depreciation	(9,553)	(8,407)
	6,532	7,649
Right-of-use assets	123,536	-
Accumulated depreciation	(8,772)	-
	114,764	-
Motor vehicles under lease	2,665	3,040
Accumulated depreciation	(628)	(611)
	2,037	2,429
Balance at fair value at 30 June	128,581	15,974

Plant and equipment is stated at fair value, defined as cost less accumulated depreciation and any impairment in value. Right-of-use assets and Motor vehicles under finance leases are capitalised at the present value of the minimum lease payments.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjusted if appropriate.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight line basis over the estimated useful life of the assets or, in the case of right-of-use assets, leasehold improvements and leased assets, over the lease term.

Any gain or loss on disposal is recognised in the comprehensive operating statement.

Depreciation policy (consistent with prior year unless otherwise stated) is included in the table below:

Asset	Useful Life (%)
Leasehold improvements, plant and equipment	5% - 15%
Computer equipment	20% - 33%
Right-of-use assets	Lease term
Motor vehicles under lease	33%

Impairment of assets

Assets are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off by a charge to the comprehensive operating statement.

The recoverable amount for assets is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell, where applicable.

(a) Reconciliation of carrying amount

	Leasehold improvements \$000	Plant & equipment \$000	Right-of- use assets \$000	Motor Vehicles \$000	Total \$000
Balance at 1 July 2018	6,350	8,167	-	2,401	16,918
Additions	132	2,037	-	1,285	3,454
Disposals	-	-	-	(824)	(824)
Impairment loss	-	-	-	-	-
Depreciation expense	(586)	(2,555)	-	(433)	(3,574)
Balance at 30 June 2019	5,896	7,649	-	2,429	15,974
Additions	-	211	123,536	956	124,703
Disposals	-	(13)	-	(842)	(855)
Impairment loss	(59)	-	-	-	(59)
Depreciation expense	(589)	(1,315)	(8,772)	(506)	(11,182)
Balance at 30 June 2020	5,248	6,532	114,764	2,037	128,581

(b) Measurement of fair value**(i) Fair Value hierarchy**

Leasehold improvements and Plant and equipment are held at fair value using the depreciated replacement cost method. The assets are categorised within the fair value hierarchy (refer note 8.3).

On average the useful life is 20 years for leasehold improvements and 3 - 7 years for plant and equipment with the majority of the assets located in Geelong. The assets are in optimum working condition.

There were no changes in valuation techniques during the year.

30 June 2020	Fair value measurement at end of the reporting period using			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Leasehold improvements	-	-	5,248	5,248
Plant and equipment	-	-	6,532	6,532
Right of use assets	-	114,764	-	114,764
Total at fair value	-	114,764	11,780	126,544

30 June 2019	Fair value measurement at end of the reporting period using			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Leasehold improvements	-	-	5,896	5,896
Plant and equipment	-	-	7,649	7,649
Total at fair value	-	-	13,545	13,545

The significant unobservable input to Level 3 valuations is the useful life of the leasehold improvements and plant and equipment. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

(ii) Level 3 fair values

The following table shows the reconciliation from the opening balances to the closing balances for Level 3 fair values.

Reconciliation of Level 3 fair value measurements:

	Total Level 3 \$000
Balance at beginning of the year	13,545
Profit recognised in the comprehensive operating statement	
Depreciation	(1,904)
Impairment Loss	(59)
Sales	(13)
Purchases	211
Closing Balance	11,780
Unrealised gains/(losses) for assets held at the end of the period	-

6.2 Intangibles

	2020 \$000	2019 \$000
Computer software		
At cost	181,226	169,152
Less: Accumulated amortisation	(129,415)	(118,537)
Balance at 30 June	51,811	50,615
Movements in carrying amounts		
Balance at 1 July	50,615	45,791
Additions	12,074	15,630
Current year amortisation	(10,878)	(10,806)
Balance at fair value at 30 June	51,811	50,615

Intangible assets represent identifiable non-monetary assets without physical substance which include both purchased intangible assets and internally generated intangible assets.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Costs associated with the acquisition or development of intangible assets are capitalised and amortised on a straight line basis over the expected useful life of the intangible asset. The amortisation period and the amortisation method for intangible assets are reviewed annually. An assessment is also made annually to determine whether there are indicators that the intangible assets concerned are impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Depreciation and amortisation begins when the asset is available for use. The useful lives range from 3 to 10 years (2019: 3 to 10 years).

6.3 Lease liabilities

	2020			2019		
	Right-of-use \$000	Other \$000	Total \$000	Right-of-use \$000	Other \$000	Total \$000
- not later than one year	8,955	1,121	10,076	-	1,054	1,054
- later than one year but not later than five years	38,978	947	39,925	-	1,398	1,398
- later than five years	97,455	-	97,455	-	-	-
Total minimum lease payments	145,388	2,068	147,456	-	2,452	2,452
- future finance charges	(26,944)	(70)	(27,014)	-	(92)	(92)
Lease liability	118,444	1,998	120,442	-	2,360	2,360
- current liability	5,542	1,074	6,616	-	996	996
- non-current liability	112,902	924	113,826	-	1,364	1,364
	118,444	1,998	120,442	-	2,360	2,360

From 1 July 2019, leases liabilities are recognised for all leases with a term of more than 12 months, unless the underlying asset is of a low value. Liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments and payments to be made in optional periods, if it is reasonably certain that the option to extend the lease will be exercised. When measuring lease liabilities, the TAC discounted lease payments using Department of Treasury and Finance's incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2.98 per cent.

Reconciliation of Lease Liabilities:

	\$000
Operating lease commitments as at 30 June 2019	104,232
Assumption of renewal of lease option	60,134
Discount impact of using the incremental borrowing rate as of the date of initial application	(30,534)
Adjustments to lease terms	(795)
Goods and services tax (GST) gross up of commitments	(9,501)
Lease liability recognised as at 1 July 2019	123,536

6.4 Commitments and contingencies

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed if quantifiable and are measured at nominal value inclusive of GST. There are no material contingencies in the year ended 30 June 2020 (2019: nil).

Commitments include operating expenditure commitments arising from non-cancellable contractual sources and are disclosed at their nominal value inclusive of GST.

Administrative Expenditure

	2020 \$000	2019 \$000
Administrative expenditure contracted at balance date, but not provided for:		
- not later than one year	284,825	422,867
- later than one year but not later than five years	451,002	624,275
- later than five years	6,461	8,451
	742,288	1,055,593

Included in the administrative expenditure is a total amount of \$666 million (nominal) of commitments by the TAC to provide funding for major road safety infrastructure programs (SSRIP) in Victoria (2019: \$929 million (nominal)).

Operating Leases

	2020 \$000	2019 \$000
Minimum lease payments:		
- not later than one year	-	9,576
- later than one year but not later than five years	-	41,632
- later than five years	-	53,024
	-	104,232

From 1 July 2019, operating leases are reported on balance sheet, unless the underlying asset is of a low value (refer to note 6.2). Low value operating lease payments are charged as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

7. Taxation and Shareholder Transactions

Introduction to this section

The TAC is required to pay income tax equivalent under the National Tax Equivalent Regime.

This section contains the following disclosures:

- 7.1 Income tax
- 7.2 Deferred tax
- 7.3 Repayment of capital
- 7.4 Dividends paid through equity

7.1 Income tax

In accordance with section 88 (3D) of the *State Owned Enterprises Act 1992*, the TAC is required to pay income tax equivalent under the National Tax Equivalent Regime (NTER). The income tax expense or benefit comprises current and deferred tax.

	2020 \$000	2019 \$000
Income tax expense / (benefit) comprises:		
Current tax expense / (benefit)	156,235	(1,486,913)
Deferred tax adjustment	(103,707)	(62,636)
Adjustment in respect of prior years	(1,037)	126
Total tax expense / (benefit)	51,491	(1,549,423)
Deferred tax adjustment comprises:		
(Increase) / Decrease in deferred tax assets	56,645	(134,057)
Increase in deferred tax liabilities	(160,352)	71,421
	(103,707)	(62,636)
Reconciliation between net result before tax and income tax expense / (benefit)		
Net profit / (loss) before tax	230,886	(5,351,838)
Tax at the statutory rate of 30% (2019 - 30%)	69,266	(1,605,551)
Imputation gross-up on dividends received	7,155	13,110
Franking credits and withholding tax on dividends received	(23,851)	(33,776)
Sundry items	(1,079)	76,794
Income tax expense / (benefit)	51,491	(1,549,423)

7.2 Deferred tax

	2020 \$000	2019 \$000
Deferred tax assets comprise:		
Carry forward tax losses	1,811,899	1,983,244
Claims handling expense included in outstanding claims	454,141	410,139
Sundry items	14,989	99,489
	2,281,029	2,492,872
Deferred tax liabilities comprise:		
Unrealised gain on investments	186,259	346,611
	186,259	346,611
Net deferred tax assets	2,094,770	2,146,261

Deferred tax is recognised for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates that are expected to apply when the assets and liabilities are realised or settled, based on tax rates that have been enacted or substantially enacted by reporting date.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset as the TAC settles its current tax assets and liabilities on a net basis.

7.3 Repayment of capital

The TAC made no capital repayments to the Victorian State Government during 2019/20 (2019: \$255 million).

7.4 Dividends paid through equity

In accordance with section 29B of the *Transport Accident Act 1986*, the TAC is required to pay to the Victorian State Government, a dividend as determined by the Treasurer. An obligation to pay a dividend only arises after a formal determination is made by the Treasurer following consultation between the TAC, the responsible Minister and the Treasurer.

The TAC did not pay a dividend to the Victorian State Government during 2019/20 (2019: nil).

8. Financial instruments

Introduction to this section

This section provides information on the sources of finance utilised by the TAC during its operations, including disclosures of balances that are financial instruments and discussion on valuation judgements.

This section contains the following disclosures:

- 8.1 Financial risk management
- 8.2 Offsetting financial assets and financial liabilities
- 8.3 Fair value – Financial assets and liabilities

8.1 Financial risk management

The TAC's financial assets and liabilities are exposed to a variety of financial risks including market risk (consisting of interest rate, foreign currency and equity price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The VFMC manages market risk by seeking input from the TAC's actuaries to ensure the investment mix is appropriate to service future liabilities and that projected outcomes are in line with the TAC's overall investment objectives and remain within the risk parameters approved by the Treasurer.

Interest rate risk

Interest rate risk is the risk that the TAC is impacted by significant changes in interest rates. The VFMC manages interest rate risk through an asset allocation strategy for the TAC's investment portfolio, which acts as an economic hedge against the insurance liabilities of the TAC. To the extent that these assets and liabilities can be matched, no gain or loss is recognised. The VFMC uses derivatives to manage the interest rate risk on interest rate sensitive assets. Interest rate swap contracts and forward rate agreements are used to mitigate interest rate risks.

A summary of the TAC's interest-bearing financial instruments is as follows:

	Variable rate 2020 \$000	Fixed rate 2020 \$000	Total 2020 \$000	Variable rate 2019 \$000	Fixed rate 2019 \$000	Total 2019 \$000
Financial assets						
Cash and cash equivalents	62,238	-	62,238	32,967	-	32,967
Investments:						
- derivative assets	-	-	-	-	1,318	1,318
- other investments	2,000,707	-	2,000,707	1,323,368	95,566	1,418,934
	2,062,945	-	2,062,945	1,356,335	96,884	1,453,219
Financial liabilities						
Derivative liabilities	-	139	139	-	-	-
Other liabilities	-	120,442	120,442	-	2,360	2,360
	-	120,581	120,581	-	2,360	2,360
Total	2,062,945	(120,581)	1,942,364	1,356,335	94,524	1,450,859

Interest rate sensitivity

A 0.5% movement in interest rates (or discount rates) is used by the TAC's actuaries to present the sensitivities of the actuarial claims liabilities to management to allow them to monitor interest rate risk on liabilities. A sensitivity table is not disclosed, as the impact of a 0.5% movement in interest rates with all other variables held constant on the TAC's net profit and equity is not material.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The TAC is exposed to foreign exchange risk through its investments which are denominated in foreign currency, and anticipated future transactions.

The VFMC limits foreign exchange risk through the use of forward currency contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The proportion of foreign exchange risk which is hedged is reviewed regularly to ensure that the net exposure is maintained at a level which is consistent with the overall investment objectives.

The foreign exchange risk disclosures have been prepared on the basis of the TAC's direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently the disclosure of currency risk in the note may not represent the true currency risk profile of the TAC where a unit trust has significant investments which have exposure to the currency markets.

The TAC's exposure is mainly via the major currencies such as United States dollar, Japanese yen, the Euro and British pound.

Foreign currency sensitivity

The following table details the TAC's sensitivity to a 10% increase or decrease in the Australian Dollar against the relevant foreign currencies with all other variables held constant.

	2020 \$000	2019 \$000
Impact on profit and equity of a 10% increase in foreign exchange rates:		
- Before impact of foreign exchange derivatives	(151,128)	(112,295)
- Impact of foreign exchange derivatives	191,034	167,086
- After impact of foreign exchange derivatives	39,906	54,791
Impact on profit or equity of a 10% decrease in foreign exchange rates:		
- Before impact of foreign exchange derivatives	184,712	137,249
- Impact of foreign exchange derivatives	(233,485)	(204,216)
- After impact of foreign exchange derivatives	(48,773)	(66,967)

Equity price risk

The TAC is exposed to equity price risk arising from investments both within Australian markets and overseas (refer to note 4.2). Equity investments are held for strategic rather than trading purposes. The VFMC limits price risk through diversification of the equity investment portfolio.

Equity price sensitivity

At reporting date, if listed/unlisted equity prices had been 10% higher or lower and all other variables were held constant, the TAC's net profit and equity would increase or decrease by \$803.2 million (2019: \$893.8 million).

Credit risk

Credit risk refers to the risk that an issuer or counterparty will default on its contractual obligations resulting in financial loss to the TAC. The VFMC manages counterparty credit risk by conducting due diligence on counterparties and will only deal with counterparties of high quality with substantial balance sheets. Agreements also contain provisions for the agreement to be reviewed or rescinded upon the occurrence of specified events relating to counterparty credit and liquidity.

Assessment processes also ensure that well-defined documentation underpins each transaction, that clear rules exist for completing single transactions with a particular counterparty, and that appropriate credit limits exist to accommodate the transaction. Exposure is measured on a multi-tiered basis according to factors such as the individual transaction, counterparty total and credit rating total, and is monitored by personnel separated from the dealing function. When conducting over-the-counter derivative transactions, bilateral legal contracts must be signed with the counterparty prior to execution of the transaction.

The establishment of appropriate policies and multi-tiered limits ensures that TAC maintains a diversified portfolio without any significant concentration of credit risk on an industry, regional or country basis. The TAC's maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets as indicated in the balance sheet.

Concentrations of credit risk

The VFMC manages credit risk by diversifying the exposure amount with particular issuers and counterparties. The TAC does not have any significant concentration of credit risk on an industry, regional or country basis. The investment strategy for the TAC is to ensure a diversified portfolio. The table below provides information regarding credit risk exposure of the TAC by classifying assets according to the VFMC's credit ratings of counterparties.

2020	Investment grade \$000	Non-investment grade \$000	Total \$000
Financial assets at fair value through comprehensive operating statement			
Cash and cash equivalents	62,238	-	62,238
Cash equivalents (investments)	2,094,227	-	2,094,227
Debt securities	84,030	-	84,030
Derivative assets	-	558,503	558,503
Other receivables	-	3,783	3,783
Total	2,240,495	562,286	2,802,781

2019	Investment grade \$000	Non-investment grade \$000	Total \$000
Financial assets at fair value through comprehensive operating statement			
Cash and cash equivalents	32,967	-	32,967
Cash equivalents (investments)	1,366,149	-	1,366,149
Debt securities	179,977	-	179,977
Derivative assets	-	198,880	198,880
Other receivables	-	4,307	4,307
Total	1,579,093	203,187	1,782,280

The VFMC classifies all assets with Standard and Poor's credit ratings of AAA to BBB as investment grade.

Non-investment grade assets include assets that fall outside the range of AAA to BBB - Standard and Poor's credit ratings as well as non-rated assets that are within the risk parameters outlined in the Investment Risk Management Plan.

Liquidity risk

Liquidity risk arises from the TAC being unable to meet financial obligations as they fall due. The VFMC manages liquidity risks through holding high quality liquid assets in its total investment portfolio, which are readily convertible to cash assets. The TAC is normally cash flow positive with premium and investment income exceeding claims and administrative cost payments.

The following table summarises the maturity profile of the TAC's financial liabilities. The table is based on the undiscounted cash flows of financial liabilities and on the earliest date on which the TAC can be required to pay.

2020	Less than 3 months \$000	3-12 months \$000	1-5 years \$000	5+ years \$000	Total \$000
Financial liabilities					
Payables	130,069	-	-	-	130,069
Finance lease liabilities	1,654	4,962	113,826	-	120,442
Derivative liabilities	79,637	8,440	-	-	88,077
Total	211,360	13,402	113,826	-	338,588

2019	Less than 3 months \$000	3-12 months \$000	1-5 years \$000	5+ years \$000	Total \$000
Financial liabilities					
Payables	128,155	-	-	-	128,155
Finance lease liabilities	249	747	1,364	-	2,360
Derivative liabilities	49,360	1,766	-	-	51,126
Total	177,764	2,513	1,364	-	181,641

Creditors and accruals are normally settled within 30 days and are carried at nominal value which approximates fair value.

The table above includes only the liquidity analysis in relation to contractual (as opposed to statutory) financial liabilities. While the liability for outstanding claims is the most significant liability for which payments will need to be made in the future, these do not meet the definition of a financial liability.

8.2 Offsetting financial assets and financial liabilities

The following table identifies financial assets and liabilities which have been offset in the balance sheet in accordance with AASB 132 *Financial Instruments: Presentation* and those which have not been offset in the balance sheet but are subject to enforceable master netting agreements (or similar arrangements) with trading counterparties.

Financial assets and financial liabilities subject to offsetting arrangements:

2020	Gross and net amount included in Balance sheet \$000	Related amount not set off in Balance Sheet		
		Related amount subject master netting agreements \$000	Collateralised obligation \$000	Net Amount \$000
Derivative assets	558,503	(85,362)	(179,910)	293,231
Derivative liabilities	(88,077)	85,362	1,888	(827)
Total	470,426	-	(178,022)	292,404

2019				
Derivative assets	198,880	(43,872)	(128,480)	26,527
Derivative liabilities	(51,126)	43,872	-	(7,253)
Total	147,754	-	(128,480)	19,274

8.3 Fair value - financial assets and liabilities

The TAC determines the policies and procedures for fair value measurements in accordance with the requirements of AASB 13 *Fair Value Measurement* and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the TAC has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. In addition, the TAC determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

The following tables illustrate the level in the fair value hierarchy in which fair value measurements are categorised for financial assets.

30 June 2020	Fair value measurement at end of the reporting period using:			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Cash and cash equivalents	62,238	-	-	62,238
Investments				
Cash investments	1,460,099	-	-	1,460,099
Australian bonds	39,655	696,715	-	736,370
Australian equities	(55,798)	1,704,285	-	1,648,487
Emerging market debt	-	178,484	-	178,484
Hedge funds	458,212	369,078	360,712	1,188,002
Inflation linked bonds	(64,437)	1,337,894	-	1,273,457
Infrastructure	-	100,376	1,180,119	1,280,495
Insurance	107,478	19,232	249,844	376,554
International bonds	107	436,619	-	436,726
International equities	545,236	3,702,040	-	4,247,276
Private credit	430,623	75,042	471,463	977,128
Private equity	1	954	26,105	27,060
Property	3,083	25,881	1,174,964	1,203,928
Strategy overlay positions	1,454	(6,298)	-	(4,844)
Other receivables	3,783	-	-	3,783
Payables	(130,069)	-	-	(130,069)
Other liabilities	(120,442)	-	-	(120,442)
Net financial assets	2,741,223	8,640,302	3,463,207	14,844,732

30 June 2019	Fair value measurement at end of the reporting period using:			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Cash and cash equivalents	32,967	-	-	32,967
Investments				
Cash investments	175,470	181,320	-	356,790
Australian bonds	57,010	1,347,626	-	1,404,636
Australian equities	88,318	1,858,917	-	1,947,235
Hedge funds	358,102	310,378	276,516	944,996
Inflation linked bonds	99,881	1,678,645	-	1,778,526
Infrastructure	-	(1,870)	1,087,438	1,085,568
Insurance	59,395	68	291,420	350,883
International equities	850,300	4,435,596	-	5,285,896
Private credit	309,406	1,141	332,382	642,929
Private equity	34	15	55,792	55,841
Property	6,346	2	1,101,512	1,107,860
Strategy overlay positions	2,926	(2,590)	-	336
Other receivables	4,307	-	-	4,307
Payables	(128,155)	-	-	(128,155)
Other liabilities	(2,360)	-	-	(2,360)
Net financial assets	1,913,947	9,809,248	3,145,060	14,868,255

The above prior year comparatives have been restated to reflect the asset and liability classes represented in the new Investment Risk Management Plan (IRMP), initiated in October 2019.

Transfers between categories

No transfers between levels were made during the year ended 30 June 2020 (2019: no transfers).

	Total Level 3 \$000
Balance at beginning of the year	3,145,060
Gain/(loss) recognised in the comprehensive operating statement	(298,257)
Sales	(549,714)
Purchases	1,166,118
Closing Balance	3,463,207
Total gains for the period included in profit or loss for assets held at the end of the period	29,357

Fair value determination

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Key Assumptions and inputs to estimation uncertainty

The disclosures below provide details of the inputs and assumptions used in the current valuation models.

A majority of the investments with estimation uncertainty are held via third party pooled investment vehicles, and as such the TAC is not privy to the detailed assumptions or valuation techniques used to value the underlying investment assets. The TAC is reliant on third parties for these valuations and the quantitative information regarding significant unobservable inputs used in the fair value measurement cannot be assessed.

An example of the key inputs and assumptions typically considered is shown below.

Investment asset	Valuation technique	Key inputs and assumptions
Infrastructure Investments	Discounted cash flows	<ul style="list-style-type: none"> risk free discount rates risk premium asset utilisation rates capital expenditure and operating cost forecasts other estimated future cash flows dependent on the longer term general economic forecasts forecast performance of applicable underlying assets
Private Equity Investments	Multiples of earnings, discounted cash flow, market equivalents and other market accepted methodologies	<ul style="list-style-type: none"> identification of appropriate comparables estimated future profits risk free rate, risk premium estimated future cash flows future economic and regulatory conditions
Property Investments	Discounted cash flow, capitalisation and direct comparison methodologies	
Fixed Income Investments and Hedge Fund, Private Credit and Insurance Investments	<p>Fixed income investments - third party pricing servicers, which source prices from brokers and market makers</p> <p>Liquid securities quoted on an exchange or traded in a dealer market</p> <p>Less liquid securities - discounted cash flow, amortised cost, direct comparison and others</p>	<ul style="list-style-type: none"> appropriate credit spread and other risk premium future risk free rate estimated future cash flows identification of appropriate comparable assets life expectancy estimates and mortality probabilities future economic and regulatory conditions

9. Other disclosures

Introduction to this section

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

This section contains the following disclosures:

- 9.1 Responsible person
- 9.2 Remuneration of executive officers
- 9.3 Related parties
- 9.4 Motorcycle road safety reserve
- 9.5 Controlled entity
- 9.6 Events after reporting date
- 9.7 Application of standards not yet effective

9.1 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The responsible persons who held office during the financial year are as follows:

Responsible Ministers:

Honourable Robin Scott MP, Assistant Treasurer (ended June 2020)

Honourable Jaala Pulford MP, Minister for Road Safety and the TAC (ended June 2020)

Honourable Danny Pearson MP, Assistant Treasurer (appointed June 2020)

Honourable Ben Carroll MP, Minister for Roads and Road Safety (appointed June 2020)

Directors:

Mr Greg Wilson (Chair)

Ms Jane Brockington

Mr James Flintoft (appointed 1 July 2019)

Mr David Heath

Ms Louisa Hudson

Ms Julia Mason

Ms Sharon McCrohan (appointed 3 December 2019)

Mr John Merritt

Dr Samantha Smith

Chief Executive Officer:

Mr Joe Calafiore

Remuneration

	2020 \$000	2019 \$000
Total remuneration received or receivable by responsible persons ¹	1,022	944

¹ The compensation detailed above excludes the salaries and benefits of the Portfolio Ministers. The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and are reported within the Department of Parliamentary Services' Financial Report.

The number of responsible persons of TAC whose remuneration falls within the following bands was:

	2020	2019
\$0 - \$9,999	-	2
\$10,000 - \$19,999	-	1
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	-	1
\$60,000 - \$69,999	8	5
\$90,000 - \$99,999	-	1
\$490,000 - \$499,999	1	1

9.2 Remuneration of executive officers

Remuneration of executives

The number of executive officers, excluding the Chief Executive Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

The number of executive officers may vary from year to year due to the timing of appointments, resignations, and the composition of the executive officers.

The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (note 9.3).

The remuneration of executives is as follows:

	2020 \$000	2019 \$000
Short-term employee benefits	2,592	2,360
Post-employment benefits	199	179
Other long-term employee benefits	63	56
Termination benefits	142	-
Total remuneration	2,996	2,595
Total number of executives	12.0	10.0
Total annualised employee equivalent ¹	8.8	8.5

¹ Annualised employee equivalent is based on the time fraction worked over the reporting period.

9.3 Related parties

The TAC is a wholly owned and controlled entity of the State of Victoria.

Key management personnel of TAC are those listed as responsible persons and members of the executive leadership team.

Related parties of the TAC include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

The remuneration of key management personnel is as follows:

	2020 \$000	2019 \$000
Short-term employee benefits	3,565	3,260
Post-employment benefits	266	239
Other long-term employee benefits	75	68
Termination benefits	142	-
Total remuneration	4,048	3,567

Several factors affected total remuneration payable to key management personnel over the year, including the commencement, renegotiation and completion of a number of employment contracts.

Significant transactions with government related entities

Mr John Merritt, Dr Samantha Smith and Ms Jane Brockington were Directors of the Victorian WorkCover Authority (WorkSafe) during the financial year. Additionally, Mr Ashley West and Mr Brad Kemp were members of the Executive Leadership Team of both the TAC and WorkSafe during part of the year. WorkSafe is entitled to recover from the TAC under the *Accident Compensation Act 1985*, all compensation payable under the WorkCover scheme for injury in a transport accident during the course of work. The TAC also makes payments for the annual Workplace Injury Insurance premium to WorkSafe.

The TAC and WorkSafe reimbursed each other for the cost of external services acquired jointly, and internal services provided to each other, in relation to collaborative initiatives between the TAC and WorkSafe. In addition, the TAC received payments from WorkSafe for the management of WorkSafe claims of injured workers with catastrophic injuries.

The aggregate amounts in respect of the above transactions with the responsible person-related entity WorkSafe were:

	2020 \$000	2019 \$000
Claim compensation paid	(107,200)	(94,200)
Cost reimbursement received and receivable	3,298	3,420
Cost reimbursement paid and payable	(5,656)	(5,685)
Management of catastrophic claims	2,149	2,041

Ms Jane Brockington was also the Chair of VicRoads and Victoria Police Audit and Risk Committees during the financial year. The TAC, in consultation with VicRoads and Victoria Police, develops strategies to target the main causes of crashes that result in trauma, and encourage positive road-user attitudes and behaviour. The Safe System Road Infrastructure Program (SSRIP) is a partnership between the TAC and VicRoads to deliver safe road infrastructure throughout Victoria. Additionally, the TAC pays VicRoads a fee for the collection of premium revenue through motor vehicle registrations. During Ms Jane Brockington's term in 2019/20, the total amount paid to VicRoads (to September 2019) and Victoria Police (excluding GST) amounted to \$71.8 million (2019: \$373.5 million) and \$13.6 million (2019: \$9.7 million) respectively.

Mr. Greg Wilson was appointed the Chair of the Victoria State Emergency Service on 18 February 2020. The TAC makes quarterly payments every year to the Victoria State Emergency Service for Road Accident Rescue services provided to the Victorian Community, in line with requirements under the *Transport Accident Act 1986*. The total amount paid to the Victoria State Emergency Service (excluding GST) from 18 February amounted to \$0.9 million. Conflicts of interest are overcome where warranted, by Directors declaring their interests and abstaining from voting at the TAC's Board meetings.

Significant transactions with key management personnel and other related parties

Transactions between key management personnel and other related parties have been considered, and there are no matters to report.

Other transactions

Other related transactions requiring disclosure under the Directions of the Assistant Treasurer have been considered and there are no matters to report.

9.4 Motorcycle road safety reserve

The TAC premiums for certain motorcycle classes include an additional levy collected annually to fund special projects to improve motorcycle road safety in Victoria. These monies are set aside in the Motorcycle Road Safety Reserve specifically set up for this program. The program expenditure is developed by the Victorian Motorcycle Advisory Council (made up of representatives from the State's main road safety agencies, the RACV and motorcyclist interest groups) and administered by VicRoads which seeks reimbursement for expenditure from the TAC.

9.5 Controlled entity

Residential Independence Pty Ltd (RIPL) as trustee for the Residential Independence Trust (RIT) is a controlled entity of the TAC which is wholly owned by the TAC. The RIT was established on 1 February 2011. The RIPL was incorporated in Victoria, Australia on 21 December 2010 and its principal activity is to establish a portfolio of residential property configured so that the accommodation is suitable for TAC's seriously injured clients.

The result of RIT is not consolidated in the financial statements as the impact of consolidation is not considered as material. The valuation included in the financial statements is the cost of the units held as at 30 June 2020 by the TAC which are 36,600,000 ordinary units issued at \$1 each, fully paid.

At 30 June 2020, the total assets of the RIT for which RIPL acts in the capacity of the trustee are \$35,224 million (2019: \$31.751 million) and total liabilities are \$0.055 million (2019: \$0.098 million).

The total result of the RIT for which RIPL acts in the capacity of the trustee for the financial year ended 30 June 2020, is a total comprehensive profit for the year of \$0.315 million (2019: loss of \$0.807 million) which comprises of income of \$0.793 million (2019: \$0.709 million), other comprehensive income of \$1.066 million (2019: \$nil) and total expenses of \$1.544 million (2019: \$1.516 million).

9.6 Events after reporting date

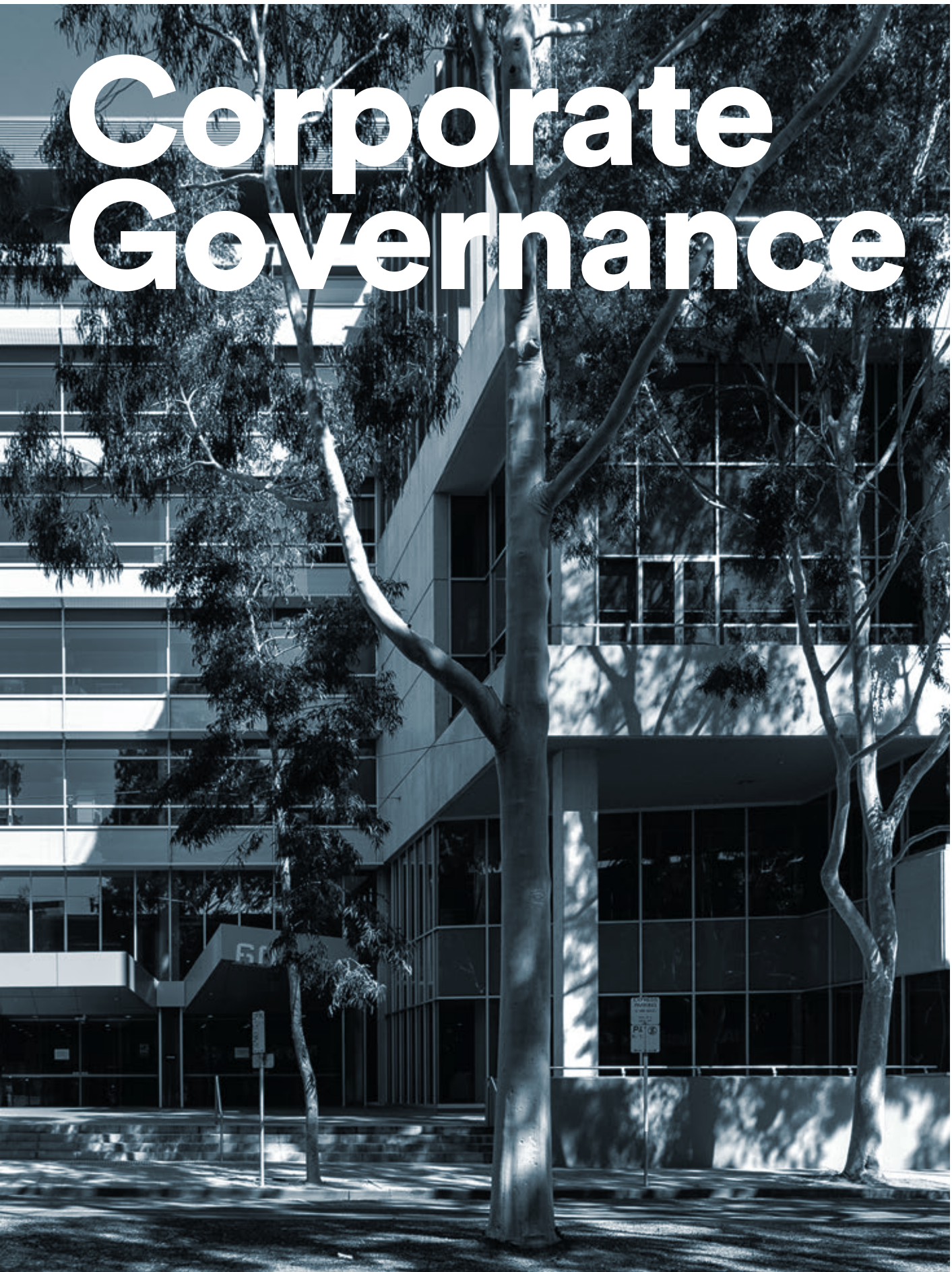
There has not been any matter or circumstance occurring subsequent to balance sheet date that has significantly affected, or may significantly affect, the operations of the TAC, the results of those operations or the state of affairs of the TAC.

9.7 Application of standards not yet effective

The AASB has issued the following new, or amendments to, Australian Accounting Standards which are applicable to the TAC. These amendments are not effective for the annual reporting period ended 30 June 2020 and have not been applied in preparing the TAC's financial report.

The nature of the application of these standards could impact the classification and measurement of balances in the financial report. The extent of any impact of AASB 17 *Insurance Contracts* has not yet been determined. The TAC will apply these standards for the annual reporting periods beginning on or after the operative dates set out below.

	Title	Operative Date
AASB 17	Insurance Contracts	1st January 2023



Corporate Governance

This statement covers the main corporate governance practices that ensure the TAC is managed to achieve its mission, meet commitments to stakeholders and operate commercially.

Chair

Greg Wilson

Appointed March 2019

The Chair and the Board are nominated by the Assistant Treasurer and the Minister for Roads and Road Safety and appointed by the Governor in Council.

Board of Management

Jane Brockington

Appointed October 2017

James Flintoft

Appointed July 2019

David Heath

Appointed February 2017

Reappointed February 2020

Louisa Hudson

Appointed August 2016

Reappointed August 2019

Julia Mason

Appointed August 2016

Reappointed August 2019

Sharon McCrohan

Appointed December 2019

John Merritt

Appointed October 2018

Dr Samantha Smith

Appointed February 2017

Reappointed February 2020

There are presently nine non-executive directors, including the Chair.

The Board has established clearly defined accountabilities and delegations for the Chief Executive Officer.

Policies and procedures cover all aspects of the TAC's activities and are reviewed regularly to ensure that the TAC achieves its objectives regarding:

- Compliance with applicable laws and regulations
- Reliability of financial reporting
- Safeguarding of assets
- Effectiveness and efficiency of operations.

Directors' Access to Independent Professional Advice

Directors are entitled to seek independent professional advice in connection with their duties at the TAC's expense, unless determined otherwise by the Board.

Conflict of Interest

If a director has a direct or indirect interest in a matter being considered by the Board and the interest could conflict with the proper performance of the director's duties in relation to the consideration of the matter, the director, as soon as practicable after the relevant facts come to the director's knowledge, must disclose the nature of the interest at a meeting of the Board.

If the Board considers the conflict to be material, the director will leave the meeting for the duration of the relevant agenda item and consequently will not participate in the discussion or resolution of the matter.

The director's absence from the meeting for the relevant agenda item is recorded in the minutes of the meeting.

Board Committees

Risk Committee

Members at 30 June 2020: Louisa Hudson (Chair), Jane Brockington, James Flintoft (from August 2019), Sharon McCrohan (from February 2020), Dr Samantha Smith and Greg Wilson all of whom are independent persons for the purpose of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic).

The purpose of the Risk Committee is to assist the Board to fulfil its oversight responsibilities relating to:

- the implementation, operation and adequacy of the risk management and internal control framework that the TAC uses to identify and manage key business, financial, fraud and regulatory risks
- the TAC's compliance with relevant laws, regulations, standards and codes including the Victorian Government Risk Management Framework.

Audit Committee

Members at 30 June 2020: David Heath (Chair), Jane Brockington, Julia Mason, John Merritt and Greg Wilson all of whom are independent persons for the purpose of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic).

The purpose of the Audit Committee is to assist the Board to fulfil its oversight responsibilities relating to:

- the integrity, effectiveness and quality of the TAC's financial reporting and disclosures
- the effectiveness of the TAC's risk management framework
- the independence, work plan and effectiveness of the TAC's External Auditor

- the External Auditor's annual audit of the TAC's financial statements
- the qualifications, engagement, fees, scope of work and effectiveness of the TAC's Internal Audit function
- the TAC's compliance with relevant laws, regulations, standards and codes including the '*Prudential Insurance Standard for Victorian Government Insurance Agencies*', the '*Prudential Standard: VFMC and the Centralised Investment Model*', the *Financial Management Act 1994* (Vic) and the *Standing Directions of the Minister for Finance under the Financial Management Act 1994* (Vic).

Remuneration Committee

Members at 30 June 2020: Greg Wilson (Chair),

Jane Brockington, James Flintoft (from August 2019), David Heath, Louisa Hudson, Julia Mason, Sharon McCrohan (from February 2020), John Merritt and Dr Samantha Smith all of whom are independent persons for the purpose of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic).

The Remuneration Committee's primary roles and responsibilities are:

- to establish and maintain a Remuneration Policy which meets the strategic goals of the TAC and make recommendations to the TAC Board on the Remuneration Policy
- to oversee the application of the Remuneration Policy for senior executives, ensuring that it is consistent with the Office of the Public Sector Executive Remuneration Policy guidelines and policies

- to approve the remuneration increase budget and the incentive remuneration budget for the TAC
- to make annual recommendations to the TAC Board on the remuneration of the Chief Executive Officer, direct reports of the Chief Executive Officer and other employees whose activities may, in the Remuneration Committee's opinion, affect the financial soundness of the TAC
- to make annual recommendations to the TAC Board on the remuneration of the categories of employees covered by the Remuneration Policy, other than those employees for whom recommendations are provided pursuant to the previous requirement above
- to ensure that the Remuneration Committee complies with the requirements of '*Prudential Standard CPS 510 Governance*' and any other relevant laws, regulations, standards and codes
- to ensure that appropriate and required disclosure is made of director and executive remuneration in accordance with regulatory requirements and good governance practices.

Board Workshop Advisory Committee

Members at 30 June 2020: Greg Wilson, Jane Brockington, James Flintoft (from August 2019), David Heath, Louisa Hudson, Julia Mason, Sharon McCrohan (from February 2020), John Merritt and Dr Samantha Smith all of whom are independent persons for the purpose of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic).

This forum provides Board members with the opportunity to interact and engage with relevant stakeholders and provide background information to assist directors in the discharge of their responsibilities.

Prudential Standards

The Board is required to submit annual confirmations or attestations of compliance with the 'Prudential Insurance Standards for Victorian Government Insurance Agencies' and the 'Prudential Standard: Victorian Funds Management Corporation and the Centralised Investment Model'.

These standards impose obligations regarding governance, strategic planning, liability reserving, capital management, pricing, reinsurance, actuarial review, breach reporting, risk management, outsourcing, fit and proper requirements and the setting of appropriate investment objectives for TAC funds.

Certifications or attestations have been issued by the Board for the year ending 30 June 2020.

Risk Management

The TAC has in place a risk management framework to ensure effective identification, assessment and management of risks. That framework details the roles of the Board and its committees, management and the internal auditor. The Board is responsible for setting the risk appetite for the organisation to guide management in their decision making.

The Risk Committee oversees the framework and is responsible for ensuring the effectiveness of the design and implementation of control strategies and operational practices.

Compliance with the Victorian Government

Risk Management Framework

Standing Direction 4.5.5 of the *Financial Management Act 1994* (Vic) requires public sector agencies to provide an annual attestation of compliance with the risk management process requirements set out in the Victorian Government Risk Management Framework.

The TAC Risk Committee has considered the Statement by the Chief Executive Officer on compliance with the Victorian Government Risk Management Framework, the Executive Leadership Team internal attestation process and independent assessments from Internal Audit.

On this basis, I certify that the TAC has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The TAC Risk Committee has verified this.



Greg Wilson

Compliance

This section includes the disclosures required by the *Financial Management Act 1994* and the *Transport Accident Act 1986* (the Act).

Incorporation and ministerial responsibility

The TAC is a body corporate established under section 10 of the Act (No. 111 of 1986, Version No. 150 incorporating amendments as at 26 September 2018). The Act sets out the objectives, functions and powers of the TAC.

Under the General Order dated 22 June 2020, the Minister for Roads and Road Safety is responsible for the Transport Accident Act 1986, except:

- Sections 11-14 in so far as they relate to the Transport Accident Commission's budget, financial report and management of the Transport Accident Fund (in so far as they relate to those matters, these are jointly administered with the Assistant Treasurer); and
- Sections 29, 29A and 29B (these sections are jointly administered with the Assistant Treasurer).

Ministerial Directions

There was one ministerial direction given by the Minister for Road Safety and TAC in the period 1 July 2019 to 30 June 2020. This was published in the Victorian Government Gazette, G5 page 288, dated 6 February 2020.

The Minister for Road Safety and TAC, under section 14(1)(b) of the *Transport Accident Act 1986* (the Act) directed the Transport Accident Commission (TAC) to waive its rights of recovery pursuant to Section 96(3) of the Act against owners or drivers of unregistered vehicles used under direction of Department of Environment, Land, Water and Planning in 2020 Victorian Bushfires.

This waiver was in place for the period 2 January 2020 and 31 March 2020.

MINISTERIAL DIRECTION UNDER SECTION 14 OF THE TRANSPORT ACCIDENT ACT 1986

I, Jaala Pulford, Minister for Road Safety and TAC, under section 14(1)(b) of the Transport Accident Act 1986 (the Act) direct the Transport Accident Commission (TAC) to waive its rights of recovery under section 96(3) of the Act from the owner or driver of an unindemnified vehicle which:

- (a) negligently injured or caused the death of a person in a transport accident on a highway or road as defined in the Road Safety Act 1986; and*
- (b) was under the control or direction of the Department of Environment, Land, Water and Planning (DELWP) between 2 January 2020 and 31 March 2020; and*
- (c) being deployed in an emergency situation to protect life or property under regulation 268 of the Road Safety (Vehicles) Regulations 2009 in relation to the 2020 Victorian bushfires; and*
- (d) being deployed to clear roads and fallen trees or to conduct other works as necessary in the aftermath of the 2020 Victorian bushfires; and*
- (e) the vehicle is a Class 41, 43 or 45 vehicle as determined by VicRoads; and*
- (f) the vehicle was driven or operated by an appropriately licensed and trained operator; and*

(g) the vehicle was deployed in the following Local Government Areas and Alpine Resorts as declared in the Declaration of a State of Disaster of 2 January 2020 as varied on 3 January 2020 and 9 January 2020:

- a. Alpine Shire;*
- b. East Gippsland Shire;*
- c. Mansfield Shire;*
- d. Towong Shire;*
- e. Wangaratta Rural Shire;*
- f. Wellington Shire;*
- g. Mt Buller Alpine Resort;*
- h. Mount Hotham Alpine Resort;*
- i. Mount Stirling Alpine Resort; and*
- jj. Falls Creek Alpine Resort.*

HON. JAALA PULFORD MP
Minister for Road Safety and TAC

The TAC's objectives, functions, powers and accountability

Sections 11, 12, 13 and 14 of the Act set out the objectives, functions, powers and accountability of the TAC

Objectives of the Commission (section 11)

- To manage the transport accident compensation scheme as effectively, efficiently and economically as possible
- To ensure that appropriate compensation is delivered in the most socially and economically appropriate manner and as expeditiously as possible
- To ensure that the transport accident scheme emphasises accident prevention and effective rehabilitation
- To develop such internal management structures and procedures that will enable it to perform its functions and exercise its powers effectively, efficiently and economically

- To manage claims under the Accident Compensation Act 1985 or the Workplace Injury Rehabilitation and Compensation Act 2013 as an authorised agent of the Victorian WorkCover Authority as effectively, efficiently and economically as possible
- If appointed as an agent of a self-insurer under section 392 of the Workplace Injury Rehabilitation and Compensation Act 2013, to carry out the functions and powers of a self-insurer as effectively, efficiently and economically as possible.

Functions of the Commission (section 12)

- To administer the Transport Accident Fund
- To receive and assess, and accept or reject, claims for compensation
- To defend proceedings relating to claims for compensation
- To pay compensation to persons entitled to compensation
- To determine transport accident charges
- To collect and recover transport accident charges
- To provide advice in relation to the transport accident scheme
- To provide funds for the program referred to in subsection (3) (designed to secure the early and effective medical and vocational rehabilitation of persons injured as a result of transport accidents) and for other rehabilitation programs for persons injured in transport accidents
- To collect and assess data and statistics in relation to transport accidents

- To provide advice to the Minister in relation to matters specifically referred to the Commission by the Minister and generally in relation to the administration of this Act and the compensation scheme under this Act
- To commercially exploit knowledge and expertise in compensation schemes and scheme administration
- To act as an authorised agent under section 501 of the Workplace Injury Rehabilitation and Compensation Act 2013
- If appointed, to act as an agent of a self-insurer under section 392(2) of the Workplace Injury Rehabilitation and Compensation Act 2013
- To carry out such other functions conferred on the Commission by this or any other Act
- To promote the prevention of transport accidents and safety in the use of transport
- To design and promote, so far as possible, a program designed to secure the early and effective medical and vocational rehabilitation of people injured as a result of transport accidents to whom or on behalf of whom the Commission is or may become liable to make any payment under the Act.

Powers of the Commission (section 13)

- To do all things that are necessary or convenient to be done for, or in connection with, the performance of its functions and to enable it to achieve its objectives
- To enter into agreements or arrangements and settle or compromise differences or disputes with other persons

- To apply for, obtain and hold intellectual property rights (including patents, copyrights, trade-marks and registered designs)
- To enter into agreements or arrangements for the commercial exploitation within or outside Victoria of intellectual property rights and ancillary services on any terms or conditions as to royalties, lump sum payments or otherwise as the Commission may see fit
- To enter into agreements or arrangements within or outside Victoria for the provision by the Commission of administration, management or information systems or services
- To do all things necessary or convenient to be done in connection with acting as an authorised agent of the Victorian WorkCover Authority under section 501 of the Workplace Injury Rehabilitation and Compensation Act 2013 and as an agent of a self-insurer under section 392(2) of that Act.

Accountability of the Commission (section 14)

The Commission must perform its functions and exercise its powers subject to the general direction and control of the Minister and in accordance with any specific written directions given by the Minister in relation to a matter or class of matters specified in the directions.

If the Commission is given a written direction, the Commission may cause the direction to be published in the Government Gazette and must publish the direction in its next annual report.

Legislation

The following legislative changes have occurred in the period from 1 July 2019 to 30 June 2020:

On 3 December 2019, the Transport Legislation Amendment Act 2019 (No. 49/2019) (the Amendment Act) received Royal Assent.

The Amendment Act made the following changes:

- An amendment to section 3(1) of the Act to insert the following definitions -
"Department means the Department of Transport;
Secretary means Secretary to the Department of Transport".
- In section 120(1A), for an "officer of the Roads Corporation of Victoria" substitute "the Secretary or an employee in the Department who is authorised to do so by the Secretary"
- In the heading of section 126C, for "Roads Corporation" substitute "the Secretary to the Department of Transport".
- In section 126C(1) for "Roads Corporation" substitute "the Secretary to the Department of Transport".

All amendments are intended to apply from the date of Royal Assent of the Amendment Act (3 December 2019), and were published in the Victorian Government Gazette on Tuesday 3 December 2019 (Special Gazette, No. S 497).

Subordinate legislation

Regulations

In the period from 1 July 2019 to 30 June 2020 the following regulations were made:

The Transport Accident (Impairment) Regulations 2020 came into effect on 24 May 2020. The regulations prescribe the manner of calculation of periodic payments of impairment benefits under section 47(4) and section 48(1) of the Act. They also determine for the purposes of section 56 of the Act, an amount being in redemption of the sum of periodic payments under section 48 of that Act and the weekly payments under section 49, 50 or 51 of that Act.

Orders in Council

There was one Order in Council in the period from 1 July 2019 to 30 June 2020.

The Transport Accident Charges Order (No. 1) 2020 was published in the Government Gazette on 28 May 2020 (No. G21 on 28 May 2020).

The objective of this order is to prescribe the charges applicable to all classes of motor vehicles that are to apply from 1 July 2020 for the 2020/21 financial year. The effect of the order was to suppress the transport accident charges for the year commencing 1 July 2020.

Ministerial Orders

There were no Ministerial Orders in the period from 1 July 2019 to 30 June 2020.

Public Interest Disclosure Act

The TAC encourages the reporting of known or suspected incidences of improper conduct or detrimental actions. Procedures have been established to facilitate disclosures of improper conduct by the TAC and its employees and to ensure that any matters disclosed are properly investigated and dealt with. The procedures provide for the protection from reprisals of persons making disclosures. Included in the procedures are the disclosure mechanisms, confidentiality provisions and the roles and responsibilities of the designated protected disclosure coordinator, the protected disclosure officers, investigators and welfare managers.

Since the Public Interest Disclosure Act 2012 came into operation, there have been no known disclosures made to the Independent Broad-based Anti-corruption Commission under section 21(2) of that Act.

National Competition Policy

Review of Legislative Restrictions

In accordance with its National Competition Policy commitments, the Government commissioned a review Victoria's transport accident compensation legislation in September 2000. The review identified three main restrictions on competition: the compulsory nature of the scheme, the TAC as a legislated monopoly and centralised premium setting. To address centralised premium setting, the Finance Minister now has discretion to request the Essential Services Commission to provide an independent review of the TAC's proposed premium each year.

Competitive Neutrality

Under Competitive Neutrality policy, the TAC is listed as a significant business enterprise. In accordance with this policy, the TAC pays the full suite of Commonwealth and State taxes or tax equivalents. The TAC is not a net borrower in its own right and therefore is not subject to the Financial Accommodation Levy.

Victorian Industry Participation Policy

Local jobs first Victorian Industry Participation Policy (VIPP)

Local Jobs First supports Victorian businesses and workers by ensuring that small and medium size enterprises (SMEs) are given a full and fair opportunity to compete for both large and small government contracts, helping to create job opportunities, including for apprentices, trainees and cadets.

Local Jobs First Standard Projects

During 2019/2020, the TAC commenced two statewide contracts on with a total combined estimated value of \$7 million for which a Local Industry Development Plan (LIDP) was required. An estimated 7 jobs will be retained, 10 jobs will be created, 12 SMEs will be engaged in the supply chain and the estimated local content is 94.5%.

No contracts with an LIDP or Victorian Industry Participation Plan (VIPP) were completed during 2019/2020.

The TAC had no Strategic Projects during 2019/2020.

Social Procurement

On 1 July 2020, the TAC launched its first Social Procurement Strategy, recognising the importance of generating wider social and environmental benefits through our procurement.

Following the implementation of the Strategy, the TAC will continue to maximise social benefit through its procurement while still achieving value for money.

The Strategy has three priority objectives:

Objective	Outcome
Sustainable Victorian regions	Job readiness and employment for people in regions with entrenched disadvantage.
Environmentally sustainable outputs	Project specific requirements to use sustainable resources and to manage waste and pollution
Sustainable Victorian social enterprise and Aboriginal business sectors	Purchasing from Victorian social enterprises and Aboriginal businesses.

Consultants

Consultancies (>\$10,000)	Description of work	Total approved project fee \$000	2019-20 expenditure \$000	Future expenditure \$000
Quantium Health	Client Outcomes Strategy	250	54	-
Deloitte Touche Tohmatsu	Payment and Controls Review	198	198	-
Deloitte Touche Tohmatsu	Grant Programs Review	94	66	28
Deloitte Touche Tohmatsu	Youth Programs Review	250	250	-
Deloitte Touche Tohmatsu	Community Mobility Program	165	165	-
Thoughtpost Governance	TAC Board Review	42	42	-
Ernst & Young	Information Security Review	139	116	-
Ernst & Young	SSRIP Review	451	447	-
Nous Group	TAC Diversity and Inclusion Review	124	97	27
Nous Group	TAC's Beyond 2020 Corporate Strategy	800	736	64
KPMG	Disability Accommodation Market and RIPL Housing Review	381	346	22
KPMG	Local Government Investment Strategy Framework	62	62	-
WSP	Trial of CAV Shuttle Technology	189	144	45

During 2019/20, there were thirteen consultants engaged where the cost of each individual engagement was in excess of \$10,000. There were no other consultants engaged during the year where the total cost was less than \$10,000 per individual engagement. Total approved project fees and expenditure for 2019/20 exclude GST.

Information and communication technology (ICT) expenditure

For the 2019/20 reporting period, TAC had a total ICT expenditure of:

(\$ Million) BAU ICT Expenditure Total	Non-BAU ICT Expenditure Total = A + B	Operation Expenditure A	Capital Expenditure B
31.8	8.7	1.2	7.5

ICT expenditure refers to the TAC's costs in providing business-enabling ICT services. It comprises of Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the TAC's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure (including depreciation and amortisation) which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Environmental Performance

The TAC remains committed to introducing environmentally sustainable initiatives aimed at reducing waste and improve resource efficiency.

Through our recently created Social Procurement Strategy, the TAC has committed to supporting organisations and practices that use sustainable resources, aim to conserve energy and water, minimise habitat and environmental destruction and demonstrate sound recycling, waste and pollution management.

The efforts of our TAC legal team in 2019/20, to further drive the adoption of paperless trials in Victorian courtrooms, is of particular note. The team led the first-ever fully electronic trial in Melbourne's County Court, over three days in February, with jury members each provided with an iPad to take notes and access tendered documents.

Building Act 1993

The TAC's policy with respect to new building works, and alterations to existing buildings, is to comply with the Building Act 1993 as though the TAC were not exempt from compliance as a public authority (this is provided for in section 217 (3) of the Building Act 1993).

Some premises occupied by the TAC may have been constructed or altered under exemptions for public bodies which applied at the time.

The TAC is unaware of any material non-compliance with the current building standards for buildings of their nature and age.

Disability Action Plan

The TAC's disability action plan (DAP), launched in 2018, not only outlines how we will interact with clients and providers, but also with our employees and the wider Victorian community to become a more inclusive organisation. The TAC DAP is compliant with the *Disability Act 2006*, and focuses on three pillars, "Access", "Employment" and "The Community", with key focus areas under each pillar.

Along with the TAC's broader Inclusion review, "Employment" looks to remove barriers for people with disability through recruitment, retention, learning and development and policies and procedures. "Access" focuses on our facilities, and processes and services, and our systems. Finally, the focus on "Community" aims to change attitudes towards people with disability in the broader Victorian Community.

In 2019/20 significant work has been undertaken in partnership with the Australian Network on Disability, to look at all aspects of the recruitment journey to improve accessibility to employment and remove unconscious bias from procedures and policy.

The Carers Recognition Act 2012

The TAC has taken all practical measures to comply with its obligations under the Carers Recognition Act 2012. These include considering the carer relationships principles set out in the Act when setting policies which affect employees in care relationships. The TAC's employment policies include the provision of carers leave, flexible working hours, purchased leave and the ability to work from home, which comply with the statement of principles in the Act.

Miscellaneous Disclosure

To the extent applicable, the information required under Financial Reporting Direction 22 issued by the Minister for Finance under Section 8 of the Financial Management Act 1994 has been prepared and is available on request.

Advertising and Communications Disclosure

Transparency in advertising and communications guidelines introduced in July 2012 make it mandatory for State Government organisations to disclose expenditure for campaigns with a total media buy of more than \$100,000.

The TAC works closely with the Department of Transport, our road safety partners including Victoria Police, and health and disability stakeholders in developing public education campaigns that engage the broader Victorian community in road safety issues and lead to improved understanding, behaviours and ultimately, fewer deaths and serious injuries.

Significant research and planning underpins the development of these campaigns to ensure they are evidence-based and relevant.

Financial Management Compliance Attestation Statement

I, Joe Calafiore, on behalf of the Responsible Body, certify that the Transport Accident Commission has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Joe Calafiore

Chief Executive Officer, TAC

Privacy

The TAC is an agency subject to the *Privacy and Data Protection Act 2014* and the *Health Records Act 2001*.

These Acts are used cohesively to govern privacy protection around personal and health information.

The TAC's Information & Privacy Team have been assessing all business wide privacy incidents and breaches since May 2016.

In the 2019-20 financial year, the TAC has continued to raise awareness amongst staff regarding the importance of reporting privacy issues, resulting in an increase of reported privacy incidents and enquiries from the business.

The TAC considers a 'privacy incident' to be a release of information in error that has been rectified (e.g. documents were sent to the wrong recipient and securely destroyed or returned), or an upload error (e.g. documents saved to an incorrect claim file) that has been contained. A 'privacy breach' is where a breach has occurred and has not been successfully contained (e.g. documents were sent to the wrong recipient and were not returned to the TAC).

In the 2019-20 financial year the TAC responded to 20 formal privacy complaints. Formal complaints are written complaints received from the individual directly concerned or via the Office of the Victorian Information Commissioner (OVIC). This is an increase from 2018-2019, in which the TAC responded to 11 formal privacy complaints.

Freedom of Information

The Transport Accident Commission (TAC) is subject to the *Freedom of Information Act 1982* and not subject to direct access provisions in the *Privacy & Data Protection Act 2014* or the *Health Records Act 2001*.

The TAC stores most information electronically with a high volume of documents being created, stored and updated on a claims management system. Business and financial information is also mainly stored electronically. A small amount of aged information can still be found in paper format or on microfiche.

In the 2019-20 financial year, the TAC received 1734 Freedom of Information (FOI) requests in total. Only nine of these requests were not from clients or their representatives for claim related information. This is an increase from 2018-19, in which TAC received a total of 1533 requests.

Of the 1549 decisions made in 2019-20 (some carried over from the previous financial year), 1201 were made within the requirements of section 21 of the FOI Act (30 days). The remaining 338 decisions were made outside the 30 day timeframe.

There have not been any requests for amendments to personal records.

Medical Reports for Common Law Purposes

To facilitate clients in receiving legal advice, the TAC will, on request or as part of its agreed protocols, provide copies of medical reports commissioned by the TAC, independently of its normal FOI access arrangements.

Requests for access to medical reports should be directed to the relevant TAC claims officer or, where the reports relate to impairment assessments, to the relevant impairment officer. There is no fee for access to documents under this policy.

Subpoenas

All subpoenas should be addressed to 'The Authorised Person' and must be personally served on an authorised officer at the TAC's offices at 60 Brougham Street, Geelong. The TAC prefers to have a minimum of 14 days notice prior to the return date of the subpoena.

Details of Government Advertising Expenditure (campaign with a media spend of \$100,000 or greater)

Campaign	Campaign Summary
Drug Driving "More drug tests, more places, more often"	Police testing numbers remain high (150,000) with the ability to detect drivers and riders with amphetamines and cannabis in their system. Billboards, TV, radio, regional newspapers and out of home advertising conveyed these numbers and the unpredictable nature of enforcement by booze/ drug buses, unmarked police cars and motorcycles.
Enforcement "Think of us"	This campaign aims to deter deliberately risky behaviour. Police are portrayed as personal guardians who help us make a better decisions about our driving in three different scenarios where drivers consider whether to speed, drink drive and text drive. A Christmas-themed commercial reminded us that police do not wish to knock on the doors of loves ones with bad news.
Distracted Driving "On your phone? You're driving blind"	About a third of Victorians admit to using their phone illegally while driving and the most common behaviour admitted to is reading texts. The first step to behaviour change is to overcome drivers' denial that they are putting themselves and others in danger with a two second glance at a text. This campaign used TV, radio, outdoor and print to convey this message.
Motorcycle Safety "Perfect Ride"	This campaign targets experienced riders with specific motorcyclist safety messages on how to prepare for rides, the importance of wearing protective gear and refreshing riding skills. The campaign shares information specifically for motorcycle riders. This campaign had to flights throughout the year across TV, radio, online, billboards, print and social media.
Infrastructure "Safety barriers save lives"	This campaign targeted regional Victorians in Mildura, Shepparton and Swan Hill specifically. The campaign was in market to support the upcoming installation of safety barriers in these regional towns. The campaign ran across radio, online and regional press to demonstrate how safety barriers work and contribute to reducing the number of serious injuries and lives lost on Victorian roads.
Seatbelt Safety "Bend your knees Katie"	In 2019, 31 Victorians were killed not wearing a seatbelts, and in the 18/19 FY 13,000 Victorians were fined for not wearing a seatbelt. 2020 also marked the 50 year anniversary since the mandatory seatbelt wearing legislation in Victoria. This campaign reprised the 1992 'Bend Your Knees Katie' TVC with a refreshed tagline. The campaign questioned the audience as to what's stopping them from simply wearing seatbelt. The campaign launched across TV, OOH, digital, press and social channels.
Large Format Outdoor Billboards	The TAC's extensive outdoor network provides important 'point of sale' messaging to regional and metropolitan road users at the time it is most relevant to them. Increasingly, new sites with digital capabilities are being added to TAC's portfolio to enable more efficient change over of messaging.
SEM (Search Engine Marketing) Digital Continuity	With over half of the lives lost on our roads occurring on regional and rural roads, it is important that local communities are engaged through local radio and newspapers on the road safety issues that affect them.
Media partnerships	The TAC has a number annual partnerships that fall outside the traditional media landscape. These partnerships offer communication opportunities to highly targeted audiences and allow us to tailor messages for increased relevancy. Partnerships include: Croc Media, Convenience Advertising in pubs and clubs, Tonic Media in doctors surgeries and pharmacies, IGA community supermarkets, AFL stadium signage, NewsCorp partnership, Age partnership.

**No campaign testing was required 2019-2020 as no new campaigns were developed.*

The only campaign research undertaken was post campaign evaluation research PEEP (Public Education Evaluation Program)

Start Date	End Date	Advertising (Media) Expenditure 2019-2020 (exc GST)	Creative & Campaign Expenditure 2019-2020 (exc GST)	Research Expenditure* (Ex GST)
2nd Feb	30th Jun	1,094,944	357,155	PEEP only
3rd Nov	1st Feb	1,107,496	463,194	PEEP only
7th Jul 2019 19th Apr 2020	2nd Aug 2019 31st May 2020	1,149,242	231,340	PEEP only
15th Sep 2019 2nd Mar 2020	7th Nov 2019 28th Mar 2020	985,746	210,053	PEEP only
11th Aug	15th Sept	103,335	68,377	PEEP only
14th Jun	30th Jun	405,683	186,673	PEEP only
1st Jun	30th Jun	5,017,490		
1st Jun	30th Jun	216,662		
		2,222,314		
		12,302,912	1,516,792	

Occupational health and safety

The TAC is committed to ensuring the safety of our staff and has implemented important Occupational Health and Safety initiatives across the business to enhance safety performance and ensuring safe working systems.

Incident Management

Reported incidents across the TAC increased per 100 FTE in 2019/20. These incidents include employee injuries, client/stakeholder behaviours of concern (BOC) and workplace hazards and near miss. This increase was anticipated and is attributable to a deliberate and comprehensive campaign aimed at helping employees to better understand what constitutes an incident and to actively report them – no matter how small.

The following details our performance against key OH&S performance measures.

Total employee numbers: 1,016 FTE

Incident breakdown	2018/19	2019/20
Total incidents	236	608
Incidents per 100 FTE	24.31	61.06
Total hazards & near miss	87	77
Hazards & near miss per 100 FTE	8.96	7.73
Total client/stakeholder behaviours of concern (BOC)	121	470
Client/stakeholder behaviours of concern (BOC) per 100 FTE	12.47	47.2
Total employee injuries	28	61
Employee injuries per 100 FTE	2.88	6.13

WorkCover claims and return to work

The number of WorkCover claims in 2019/20 decreased to eight (8). The average claim cost however, increased to \$118,072 and this is due to the type of injury/illness/condition and duration of the claim, which impacts the future liability of the claim and associated costs to be paid.

	2018/19	2019/20
Total claims (standardised)	12	8
Claims rate per 100 FTE	1.2	0.8
Number of time lost claims	11	7
Time lost claims per 100 FTE	0.21	0.1
Number of 13 week claims	2	3
13 week claims per 100 FTE	0.2	0.3
Number of fatality claims	0	0
Number of claims with return to work plans initiated	5	4

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of items listed below have been retained by the TAC and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- statement that declaration of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee, or held beneficially in a statutory authority or subsidiary
- details of publications produced by the TAC about the TAC and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by the TAC
- details of any external reviews carried out by the TAC
- details of major research and development activities undertaken by the TAC
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the TAC to develop community awareness of the TAC and its services
- list of major committees sponsored by the TAC, the purpose of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors
- details of time lost through workplace accidents and disputes
- details of Machinery of Government (MoG) costs to the TAC

The information is available on request from:

Freedom of Information Manager
Victorian Transport Accident Commission (TAC)
PO Box 742
GEELONG VIC 3001
Email: foi@tac.vic.gov.au

Additional information included in the TAC 2019/20 Annual Report:

Details in respect of the following item has been included in this report, on the page indicated below:

Details of assessments and measures undertaken to improve the occupational health and safety of employees (on page 117).

Publications

The TAC produces and makes available an extensive list of publications, brochures and other resources to assist our clients and the general public to better understand our organisation and what we offer. These are chiefly housed on our website: tac.vic.gov.au

They include, but are not restricted to:

Description	Mode of Access
Supporting you after a transport accident	Copy/Internet
Annual Transport Accident charges including GST and duty	Internet
TAC Returning to work (booklet)	Internet
TAC Privacy charter	Internet
TAC Hospital discharge checklist	Internet
TAC Post hospital support	Internet
TACLink - contact numbers to speak to the TAC in your own language	Internet
Pain education and management	Internet
Road Safety Statistical Summary	Internet
Safe travel policy	Internet
TAC Annual Reports	Copy/Internet
TAC client service charter	Internet
TAC Enterprise Agreement 2017-2021	Copy
TAC fee schedules	Internet
TAC research charter	Internet
TAC support when a person dies	Copy/Internet
Freedom of Information	Internet
The TAC's complaints process	Internet
4th Edition Impairment Examinations Information	Manual Copy

Access to Information on the Internet

The TAC's corporate website (www.tac.vic.gov.au) includes information about the TAC, its claim policies, fees and benefit entitlement information for the public, clients, providers and key stakeholder groups. It also includes road safety initiatives, statistics and stories relating to road safety.

The TAC continually updates its digital resources to meet external events. For instance, in 2019/20 we included materials specific to those impacted by bushfires and seeking supports during the COVID-19 pandemic.

Access to information for specific campaigns and target audiences can be found at:

Towards Zero website

towardszero.vic.gov.au

Vanessa

vanessa.com.au

Road to Zero

roadtozero.vic.gov.au

Spokes website

spokes.com.au

Meet Graham

meetgraham.com.au

How Safe is Your Car website

howsafeisyourcar.com.au

Safer P Platers website

saferpplaters.com.au

TAC on YouTube

youtube.com.au/tac

TAC on Twitter

TAC on Facebook

facebook.com/transportaccidentcommission

LinkedIn

linkedin.com/company/transport-accident-commission

Instagram

instagram.com/tacvictoria

It's People Like Us

itspeoplelikeus.com.au

Road Safety Education Website

roadsafetyeducation.vic.gov.au

DriveSmart website

drivesmart.vic.gov.au

Ride Ready website

ridesmartonline.com.au

In addition, the TAC provides information via its client and health provider digital platforms:

myTAC, the TAC's app and web portal, allows clients to manage their TAC claim online.

LanternPay, the TAC's online payment platform, gives TAC providers the option to send digital invoices for payment.

Research Information

Requests for information for research purposes should be directed in the first instance to the Research Branch inbox: research@tac.vic.gov.au

The request must be in writing, setting out:

- the research purposes for which the information will be used a definition of the data requested.

Disclosure index

The TAC Annual Report is prepared in accordance with all relevant Victorian legislations. This index has been prepared to facilitate identification of the TAC compliance with statutory disclosure requirements.

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<i>Carers Recognition Act 2012</i>		117
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