

Putting all Victorians at the centre of everything we do



Grace Molloy is leading a life she didn't plan or envisage, and one that, in recent years, has included considerable challenges. Yet she says she wouldn't change it for anything.

She was just 17 and a passenger when, in 2017, her partner fell asleep while driving.

With the support of a new employer, Surf Coast Shire, and the encouragement of her family, friends, the TAC and medical professionals, Grace says she has both accepted and conquered the Acquired Brain Injury she sustained in the accident.

Grace credits returning to meaningful work as key to her recovery.

"It was a big step getting back to work. Not working is the main reason that I struggled mentally when I had a few rough patches. It was a huge factor and I'm just lucky enough to get up in the morning and go to work easily because of the people I'm surrounded by."

“

**I've come a long way but I've still got a bit to go... I don't look back at it as a bad experience, obviously you don't want it to happen to anyone, but I find that who I have become is a better person.**

”

— Grace Molloy  
Client

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# Letter from the Chair to the Ministers

19 September 2019

The Honourable Jaala Pulford MP  
Minister for Road Safety and the TAC

Level 20, 1 Spring Street  
MELBOURNE VIC 3000

Robin Scott MP  
Assistant Treasurer

Level 5, 1 Macarthur Street  
EAST MELBOURNE VIC 3002

Dear Ministers,

I am pleased to submit the 33rd 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

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**Minister for Road Safety and the TAC**  
**Jaala Pulford MP**

**Assistant Treasurer**  
**Robin Scott MP**

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## Chair

**Greg Wilson**  
Appointed March 2019

## Board of Management

**Jane Brockington**  
Appointed October 2017

**David Heath**  
Appointed February 2017

**Louisa Hudson**  
Appointed August 2016

**Julia Mason**  
Appointed August 2016

**John Merritt**  
Appointed October 2018

**Dr Samantha Smith**  
Appointed February 2017

## Recent Departures

**Penny Armytage**  
Appointed July 2017  
Resigned February 2019

**Dr Tien Kieu**  
Appointed September 2015  
Resigned September 2018

**Colin Radford**  
Appointed September 2015  
Resigned March 2019

## Executive Leadership Team

**Joe Calafiore**  
Chief Executive Officer

**Jane Barker**  
People and Culture

**Amanda Bavin**  
Community Relations

**Liz Cairns**  
Independence

**Bruce Crossett**  
Chief Strategy Officer

**Tony Dudley**  
Chief Financial Officer  
Business Enablement

**Andrew Holt**  
Chief Risk Officer

**Natalie McColl**  
Rapid Recovery

**Damian Poel**  
Supported Recovery

**Ashley West**  
Information Technology Shared Solutions

The TAC supported more than

# 58,000

Victorians with their accident claims in 2018/19  
**This is a record number.**

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Most of these people experience accidents from which they are likely to fully recover.  
However there are others who will carry physical and mental injuries that will alter their lives forever.

As part of our TAC 2020 Strategy and to ensure each and every one of our clients get the support best suited to their needs, we defined three groups of clients:

## 1%

### Independence

Through contemporary approaches to care, world-leading research and continued innovation we are determined to deliver the best possible outcomes for this small group of clients who are likely to be with the TAC for the remainder of their life journeys.

## 19%

### Supported Recovery

Our approach to assisting this more complex group of clients through their post-accident journey will continue to evolve to ensure we listen more and give them more autonomy to make choices best-suited to getting their lives back on track.

## 80%

### Rapid Recovery

Under changes made to date as part of our TAC 2020 Strategy, Rapid Recovery clients are getting their lives back on track faster than ever before, and with less intervention.

---

# Highlights

**213**

the lowest number of lives lost on Victorian roads since records have been kept

**8.33/10**

a record-high client experience score

**4,249**

clients returned to work, including 133 of our most seriously injured (Independence) clients

A record

**\$299m**

spent on life-saving infrastructure including a further 682 km of flexible barriers installed on Victoria's most dangerous roads

**\$1.6b**

paid to help injured Victorians get their lives back on track

**30**

units and apartments purpose-built by the TAC for seriously injured clients

**79%** staff

engagement score – above Australian standards

**73.4%**

call quality rating

**1,317** common law resolutions resolved in record time

# Chair and CEO's report

In 2019, the TAC marked its tenth year in Geelong. Ours was the first significant Victorian public organisation to be decentralised and it has been interesting in recent times to revisit and reflect on that move and the significant changes that have occurred since.

In the decade since the TAC set up base on the edge of Corio Bay, we have achieved record results across our operations, including last year, the lowest-ever number of lives lost on Victorian roads.

Year on year we have also received outstanding feedback from our clients, culminating in this past financial year with a record-high Client Experience Score of 8.33 – one of the strongest possible endorsements of our efforts to get lives back on track.

We are providing support to more clients than ever before, resolving complaints in record time and assisting more injured Victorians to return to work.

The 2018/19 financial year has, however, been challenging on several fronts.

After a record low number of lives lost on roads in 2018, the first half of 2019 has seen a dramatic increase. There were 157 fatalities in the six months to June 30 – more than 50 per cent up on the same period last year.

In response, we have stepped up our efforts to identify causes and, together with our road safety partners, find solutions. This includes short-term actions, such as funding for additional speed cameras announced in May, and longer-term initiatives, including the development of a new Victorian Government road safety strategy.

From a financial perspective, 2018/19 was also challenging, with the TAC recording an operating loss of \$3.8 billion. This outcome was largely driven by external economic factors including record low Commonwealth bond rates and long-term discount rate assumptions. The decrease in bond rates, which have fallen in line with the record low interest rates from an overall average of 3.33 per cent, have significantly impacted the financial results of similar long-tail insurers.

An increase in paramedical expenditure, off the back of changes implemented to reduce the administrative burden on our clients, also contributed to the final result. We are working closely with stakeholders to address the rise in costs, strengthen controls and ensure that only services that can demonstrate better client outcomes are supported.

At the end of 2018/19 the TAC recorded an economic funding ratio of 137.7 per cent. This means for every \$100 of economic liabilities, the organisation has \$137.7 in assets. This is sufficient to meet current and projected economic liabilities. With the ability to generate positive cash flows now and into the future, the TAC will continue to make significant investments in accident prevention and post-accident supports.

## Road Safety

As we enter the last phase of our four-year Towards Zero Strategy, we have much to be proud of, but a lot yet to do.

We have overseen the most significant roll-out of life saving infrastructure in the state's history. In 2018/19, a further 682 kilometres of flexible barriers were installed as part of a broader \$299 million investment in road safety treatments.

These barriers, which now safeguard more than 3,300 kilometres of high-risk roads, were key to 2018's record-low number of fatalities. They were struck some 3,200 times – each incident representing a potential life saved or serious injury prevented.

In August 2018, our \$55-million Road to Zero education centre opened at the Melbourne Museum. More than 45,000 people – mostly school students – have since visited. With its modern, digital approach to road safety learning, this world-first initiative is providing an exciting new way of helping to shape the knowledge and behaviour of future drivers.

We are also reaching out to new audiences through our revamped road safety partnerships program. The conclusion of our long-term TAC Cup U/18 football competition partnership opened the door to a new relationship with community football and netball clubs across the state. This fresh grassroots



**Greg Wilson**  
Chair



**Joe Calafiore**  
Chief Executive Officer

affiliation brings us into contact with thousands of players, club members and supporters.

Similarly, we have in this past year engaged with every one of Victoria's 79 local governments, building stronger relationships with the organisations responsible for directly managing so much of our state's road networks.

### Our Clients

In the 2018/19 financial year, we removed key impediments to getting lives back on track, strengthened the voice of our clients in their own recovery and continued to invest strongly in our residential accommodation program, RIPL – providing independent living to 30 of our most injured clients.

We also welcomed changes by the Victorian Parliament to our governing Transport Accident Act,

which introduced 'Rory's Law' and will result in more Victorians being able to access our supports.

And, through the continued strong uptake of our myTAC app for clients and the digital point-of-sale tool for our providers, LanternPay, we have significantly sped up lodgement, treatment and payment processes.

Strong Client Experience and Outcomes scores provide heartening validation of these and other changes implemented as part of our mission to be a world-leading social insurer.

They would not have been possible without the enduring passion and commitment of our TAC employees. The last year has required great ingenuity and agility and our people again demonstrated its willingness to take on new challenges.

After 17 months in the role of Board Chair, Penny Armytage was appointed to the critical role of

Chair of the Royal Commission into Victoria's Mental Health System. We also farewelled Dr Tien Kieu and Colin Radford from our Board. We thank them for their insights and contribution to the development and delivery of the TAC 2020 strategy.

With the new financial year, our focus turns to the future and development of a new strategy beyond TAC 2020. As with everything we do, it will have the best interests of all Victorians at its centre.

**Greg Wilson**  
Chair

**Joe Calafiore**  
Chief Executive Officer

	14/15 \$M	15/16 \$M	16/17 \$M	17/18 \$M	18/19 \$M
<b>Impact on profit</b>					
Performance from insurance operations	413	542	142	(424)	<b>(1,538)</b>
Impact on profit from external factors:					
Difference between actual investment returns and long-term expected returns	395	(524)	516	363	<b>18</b>
Change in inflation assumptions and discount rates	(586)	(1,268)	1,289	(619)	<b>(3,576)</b>
Repayment of capital	0	(78)	(30)	0	<b>(255)</b>
Tax	(47)	395	(573)	233	<b>1,549</b>
<b>Net profit/(loss) after tax</b>	<b>175</b>	<b>(933)</b>	<b>1,344</b>	<b>(447)</b>	<b>(3,802)</b>
Economic Funding Ratio	156.4%	153.9%	164.0%	164.8%	137.7% <sup>1</sup>

<sup>(1)</sup> Economic funding ratio for 18/19 includes a risk margin and uses the new long term investment return of 7.25%

# About the TAC

## Our Vision

**Zero deaths and serious injuries on our roads.**

## Our Mission

**To be the world's leading social insurer.**

### What We Do

The TAC is a wholly publicly-owned organisation established under the *Transport Accident Act 1986* (the Act) with the twin aims of providing financial and rehabilitation support for Victorians injured in motor vehicle accidents and to play a leading role in preventing serious deaths and injuries on roads.

The TAC scheme operates on a "no fault" basis, which means every Victorian – including those driving a Victorian-registered vehicle interstate – is eligible for compensation to assist with out of pocket and life back on track expenses incurred as a result of an accident, irrespective of how it occurred.

The scheme is funded through annual vehicle registration payments, made through VicRoads and is carefully administered to ensure long-term viability under guidelines contained within the Act and associated government policies.

Supports approved by the TAC are also determined under the Act and by working closely with health and disability industry stakeholders and may include ambulance, surgical, medical and nursing services.

These supports may be provided for a short-term, or in the case of more seriously injured clients, for a lifetime. They may extend to income assistance, rehabilitation, return to work programs, attendant care, carer allowances, travel and funeral costs, equipment such as wheelchairs and modified vehicles and, in some instances, housing.

Where a person suffers a serious injury in a transport accident through no fault of their own, they may receive a lump sum payment and make a common law claim.

In 2018/19, the TAC funded a total of \$1.6 billion in support services and benefits to help Victorians get their lives back on track.

As our scheme matures and the Victorian population grows, the number of severely injured clients receiving support from the TAC will also continue to grow. To this end the organisation will continually look at new ways to safeguard roads and maximise the return to health, work and independence of those injured.

### Our People – Our Values

The TAC's employees have always been and remain our most important asset.

The some 1,000 people who perform myriad roles are the organisation's engine room, its innovators and thinkers. They possess the very right mix of qualities – intelligence and empathy – to support those unlucky enough to have been injured in vehicle accidents and to safeguard others.

They come from all walks of life, and every day, in many ways, they strive to deliver on the four guiding corporate values that they themselves created:

**We value life**

**We make every conversation count**

**We will find a better way, today**

**We make the complicated simple**

A black and white portrait of Gabriella Pappalardo, a woman with shoulder-length blonde hair, smiling at the camera. She is wearing a dark-colored sweater. Her hands are clasped together in front of her, and a watch is visible on her left wrist.

“

**Understanding our clients' needs in a more holistic manner than we have before is something I'm proud to see has had a positive impact on client outcomes.**

”

— **Gabriella Pappalardo**  
Rapid Recovery Early  
Response Specialist

# Zero is the only acceptable target

A devastating spike in road deaths in the first six months of 2019 – the worst start to a year since 2008 – demonstrates that despite the many gains we have made in improving education and behaviours over our 33 years, we still have a long way to go.

This increase in fatalities is heightened by the fact that it comes on the back of the record low 213 lives lost in 2018.

Our belief that zero deaths is possible remains firm, but to achieve it we must continuously look for new and innovative ways of ensuring the Victorian public is both heard and engaged in our Towards Zero journey.

With this in mind, the TAC in May 2019 hosted Victoria's first Road Safety Summit.

Initiated by the State Government, the forum brought together local and international experts from across the road safety spectrum – engineers, first responders, health providers, researchers and policy makers.

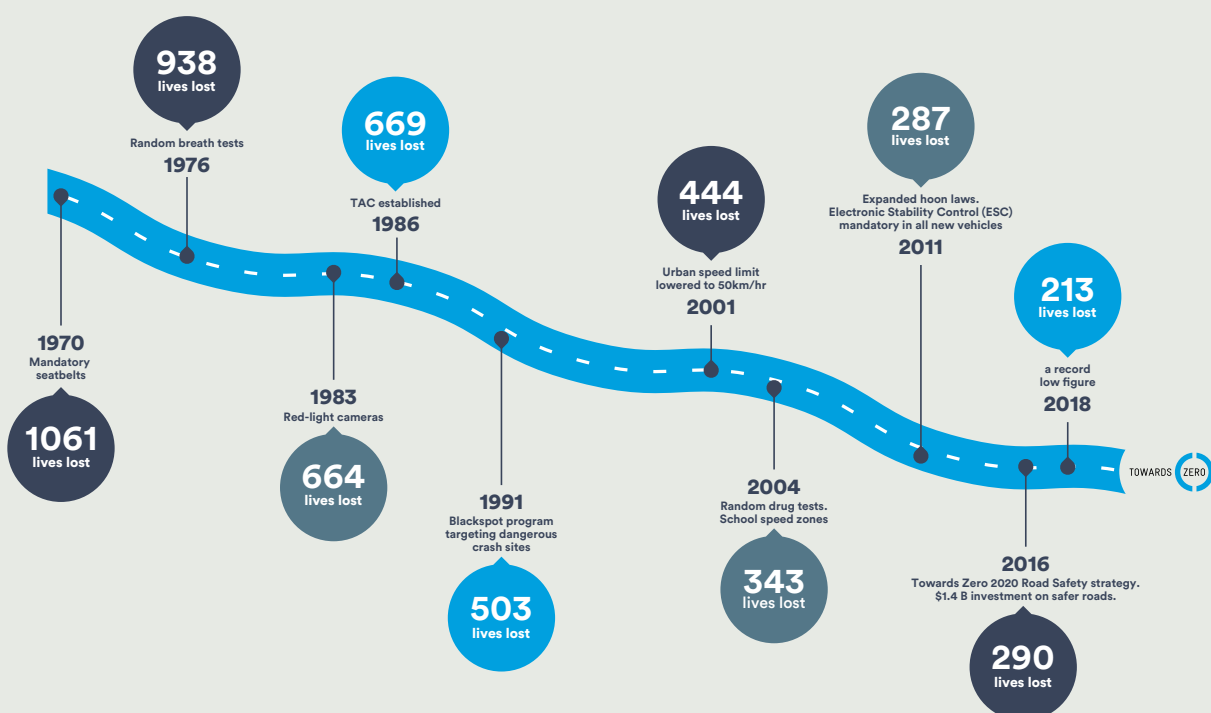
A series of eight road safety forums were also held in key regional areas.

Country areas in particular remain over-represented in trauma statistics, with regional Victorians dying at five times the rate of those living in Melbourne. Tragically, more than two-thirds of those killed were within just 30 kilometres of their homes.

The conversations and search for solutions will continue in coming months as part of the State Government's \$1.7 billion Towards Zero Road Safety Strategy.

## The Road Towards Zero 1970 – 2019

**TAC** Transport Accident Commission



# Prevention

Our Towards Zero Strategy is built on the belief that we all make mistakes, but no one should die or be seriously injured because of them. Our aim is to prevent accidents from happening in the first place by building safer roads, and encouraging safer drivers, vehicles and speeds.

## The Road to Zero Education Centre

Since opening its doors in August 2018, more than 45,000 people have visited the Road to Zero education complex. They include 3,000 secondary school students and more than 17,000 younger children.

The \$55-million centre, a partnership between the TAC and Melbourne Museum, is chiefly targeted at young people and is providing world-leading experiences that will ultimately help build a safer generation of drivers.

This world-first initiative is part of the State Government's \$146-million Young Driver Safety Package.

And regional students are not missing out on the action.

In June 2019, the TAC and Museums Victoria launched a mobile version of Road to Zero's unique learning program.

It will visit isolated parts of the state, delivering a highly interactive and immersive technology experience to engage students on road safety, human vulnerability and ways of reducing their own personal risk before getting their driver's licence.



## DriveSmart

Inexperienced drivers are at high risk of injury and death on our roads. The TAC's DriveSmart program aims to help teach vital skills before new drivers take to the road.

To ensure the initiative remains relevant, the DriveSmart website, and the learning activities contained within it, has undergone an important makeover.

The redevelopment is designed to support the on-road driving experience for learner drivers with relevant tools and real-life interactive scenarios.

It is the perfect partner to getting hands-on experience in a car.

## L2P

The TAC is helping more disadvantaged young Victorians get the support they need while learning to drive, by investing in a further four years of the free Learner Driver Mentor Program – L2P.

Over the past 10 years this program has given more than 5,000 learner drivers, who did not have access to a supervising driver or vehicle, the experience they need to apply for a probationary licence.

Our new \$33.4-million commitment will extend the program's reach to many more.

Through L2P, young people aged 16-21 are matched with fully licensed volunteer mentors using a sponsored vehicle.



### Flexible Safety Barriers

Flexible road safety barriers were struck by drivers 3,200 times in 2018 – each instance representing a potential death or serious injury spared.

Most of the 109 people who died on rural roads during the year were in vehicles that left their lane and crashed into roadside trees, poles or another vehicle.

Flexible barriers work by absorbing the impact of a vehicle and slowing it down – reducing run-off road crashes by as much as 85 per cent.

In 2018/19 the TAC, working with our Safe System Road Infrastructure (SSRIP) partners, installed a further 682 kilometres of the life-saving infrastructure on regional roads where crash risk is high.

The work also included:

- 3,000 kilometres of audio-tactile marking
- 127 kilometres of wide-centre line treatment
- 27 intersection safety upgrades, and;
- 6 new roundabouts

More than 2,000 kilometres of barriers will ultimately be rolled out in total under the Victorian Government's \$1.7 billion Towards Zero Action Plan.

“

**My wife and I were returning from Mildura. We were heading back towards Melbourne when the front tyre exploded and within a split second the tow vehicle ended up in the safety barriers.**

**The initial impact was like being pulled up by a rubber band. It wasn't harsh, it just brought us to a stop very quickly.**

**To anybody that is sceptical, it's only after our experience that, now, I believe safety barriers are a good thing.**

”

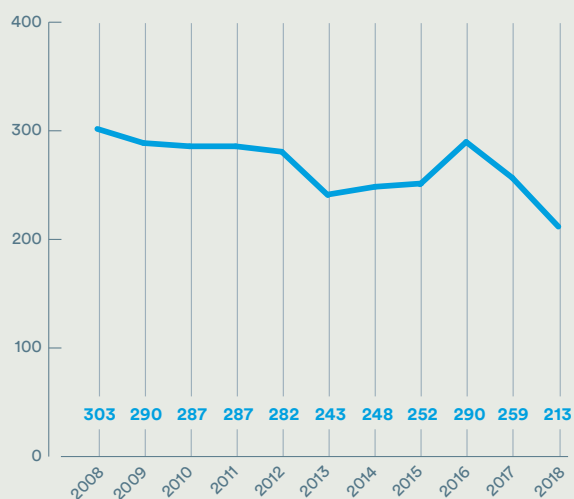
— Peter's story

# Road trauma statistics

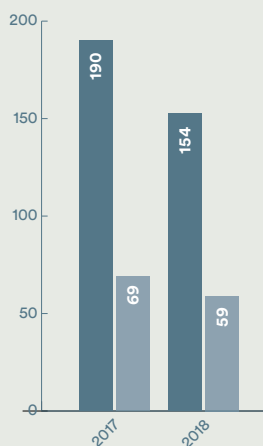
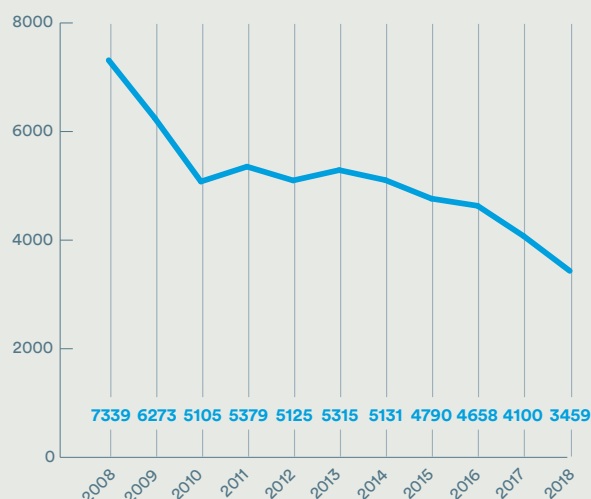
Year ending December 2018

## 213 TOTAL LIVES LOST IN VICTORIA – DOWN FROM 259 IN 2017

Lives lost 2008 – 2018



Serious Injuries 2008 – 2018



**154**

MALE DEATHS,  
DOWN FROM  
190 IN 2017

**59**

FEMALE DEATHS,  
DOWN FROM  
69 IN 2017

**37**

PEDESTRIAN LIVES  
LOST, COMPARED  
WITH 31 IN 2017

**07**

CYCLIST DEATHS,  
COMPARED WITH  
12 IN 2017

**38**

MOTORCYCLIST LIVES  
LOST, UNCHANGED  
FROM 2017

### Melbourne fatalities

**104**

UP  
FROM 103  
IN 2017

### Rural fatalities

**109**

DOWN  
FROM 156  
IN 2017

# Public education campaigns

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.

## Driving Blind

With research showing mobile phones are a key factor in fatal and serious injury crashes, our new distractions campaign sought to alert Victorians to the dangers.

In particular it highlights that just a two-second glance at a mobile phone means a driver is travelling blind.

Central to the campaign is a new television advertisement featuring a young driver distracted by a message notification on his phone.

At the very same time he glances down at the phone, his eyes are covered by a second version of himself, sitting in the back seat.

A TAC survey of 1,742 Victorians showed that among licence holders

aged 18 to 60 years, one-third said they had used mobile phones illegally while driving.

The *Driving Blind* campaign emphasises the lack of awareness drivers have every time they look at their phone and aims to make them feel uneasy about this behaviour.



## A Christmas Pledge

More than 50,000 Victorians sported brightly-coloured ribbons around their wrists, pinned to their chests or tied to their bags during the 2018/19 festive season as part of a unique new campaign which urged them to make their own road safety pledges.

Each of the ribbons carried a message written by real people. They were distributed from installations in central Melbourne, Geelong, Bendigo and Shepparton as part of the *Do Your Part* initiative.

Christmas is traditionally one of the busiest and highest risk times on Victorian roads. It is also a time of heightened grieving for lost loved ones.

The aim of the activities was to encourage all Victorians to think about their own safety and that of their loved ones by making a simple pledge, such as planning ahead, not being in a hurry and not mixing alcohol and driving.

A post-campaign analysis showed more than 195,000 people visited the Melbourne activation, with a further 30,000 visiting those in regional Victoria.

It also reached close to 1.3 million people via social media.

## A Perfect Ride

Motorcyclists make up less than four per cent of registered vehicles in Victoria, yet they account for 18 per cent of deaths and serious injuries on our roads.

To help address this over-representation the TAC re-launched its *Perfect Ride* motorcycle safety campaign, urging riders to take care.

The campaign addresses five key safety issues that recreational riders encounter and can contribute to a crash – speed, cornering, road position, road surfaces, and foreign objects and other road users.

## Think of Us

With around 90 per cent of crashes involve human error, focussing on getting to a destination safely and within the rules is key to reducing trauma.

To address lapses in judgment, the TAC and Victoria Police worked together to create the *Think of Us* campaign.

Coinciding with holiday periods and focusing on enhanced enforcement of speed, drink and drug driving, distractions and fatigue, the campaign's clear message to drivers was to think about police before taking any risks on the road.

## Targeting a New Audience

Social media has changed the way people view and digest news and marketing content. As a result, the TAC has also taken a broader approach to how we can best utilise the various media platforms – traditional and new – to ensure we reach the right audience with the right message.

Through our social media platforms we aim to not just share content, but open conversations with the community. In this past 12 months our audience has grown to 750,000 across Facebook, Instagram, Twitter, LinkedIn and YouTube.

Across all channels we received over 19,000 comments, responded over 2,000 times and achieved 53 million impressions, 7,500 content shares and 90,000 content engagements.

## Humans of the Road

*Humans of the Road* shines a light on some of the many Victorians we share the roads with every day – the parent, cyclist, truck driver, crossing supervisor.

Through this campaign we heard their stories and their unique perspective of road users and safety.

It highlighted that when it comes to road safety we're all in it together and we are all part of the solution.

Since launching in 2018, the campaign has reached upwards of 2.5 million people across Facebook, Instagram and Twitter.

## Roadside Traders Make the Perfect Stop for Weary Drivers

The TAC's *Unofficial Rest Stops* campaign delivered the double benefit of encouraging drivers to pull over for a rest, while highlighting some of the unique characters and locations that can be found along our roadsides.

Fatigue accounts for as much as 20 per cent of road deaths.

The campaign was devised specifically for our social media platforms and featured a range of vendors – from a barista working out of a transformed horse float to a pop-up honey stall.

Its ultimate aim was to ensure all road users arrive at their destination safely, with each story linking to an interactive map of Victoria, identifying potential driver stops.

It reached nearly 2.5 million people across Facebook, Instagram and Twitter.





# Community and stakeholder engagement

## Working Together to Get to Zero

The recent formation of a new Community and Stakeholder Engagement team within the TAC is helping us forge important partnerships at a grassroots level.

The group's aim is to support the implementation of community-led action that will ultimately help to achieve the Towards Zero vision.

In its first 12 months, the team has sought to understand how the TAC can work with local governments, stakeholders and the community to stop people from being killed and seriously injured on Victorian roads.

We are confident these new and existing partnerships will be particularly impactful in regional areas, which account for the majority of lives lost on roads.

## The TAC Local Government Project

With their unique connections and understanding of the needs of their respective communities, Victoria's 79 councils are an important stakeholder for the TAC.

They manage 85 per cent of Victoria's road network and, more than any other tier of government, provide a direct conduit to residents, clubs and a broad range of other community organisations.

Through the TAC's Local Government Project, our Community and Stakeholder Engagement team has met with all 79 councils - learning how we can further support local governments and making grant opportunities more accessible for projects that deliver greater road safety outcomes for residents.

Support programs offered include:

- The TAC Local Government Grants program
- The TAC Towards Zero Community Safety Grants program
- The Safe System Road Infrastructure Program (SSRIP)
- The introduction of a bi-monthly Towards Zero newsletter targeted to Local Governments

Whilst this exciting new partnership is still in its infancy, we view it as pivotal to our ultimate Towards Zero aims.

## Road Trauma Memorial Project

It is a sad reality that almost everyone has been touched in some way by road trauma. In the worst circumstances, lives have been lost or changed forever.

Through the TAC's Road Trauma Memorial project we will provide a dedicated place for those impacted to visit and reflect.

We have partnered with the City of Greater Geelong for this initiative. To be opened in early 2020, the memorial – overlooking Corio Bay – will honour not just lives lost, but also provide solace for those who have been seriously injured, for family and friends and even those first responders and community members who have experienced trauma as a result of an accident.

In March 2019, expressions of interest were sought from artists to create a public artwork for the memorial site. The winning design from some 20 submissions will be selected by an advisory group made up of representatives from the TAC, City of Greater Geelong, Road Trauma Support Services, the Synod of Victoria and Tasmania, Uniting Church in Australia and the Geelong Gallery.

# Partnerships

The TAC believes that by working together with organisations and groups that share our values and goals, we can also share our strengths and audiences and ultimately make a bigger difference.

The TAC's partnerships are carefully chosen to best meet our overarching mission of reducing deaths and serious injury on Victoria's roads.

In particular, our social investment decisions are focussed on four key themes:

## Towards Zero

### Lives Back on Track

### Geelong Liveability and Our People

### Industry Leadership

Our partnerships cover a wide selection of community groups and activities, such as sport, the arts and those aimed at improving the lives of people living with disabilities. The demographics behind each partnership are also deliberately broad, to ensure all key road user groups are represented – metropolitan, regional, young and older drivers.

Underpinning each collaboration is the shared belief that by working together and combining our respective strengths and audience channels, we can reach more people and ultimately deliver better road safety and life back on track outcomes.

Before entering into a partnership, the TAC asks itself "How can this Victorian-based organisation help us to achieve our strategic aims?"

## Towards Zero Partnerships

Every Towards Zero partnership helps to achieve the goal of reducing road deaths to fewer than 200 and reducing serious injuries by 15 per cent by 2020.

Within Towards Zero, there are four important areas of focus. These include:

**Shared Responsibility** – Towards Zero calls for every organisation, every business and every person to take responsibility for road safety.

**Regional Victoria** – Death rates on country roads are five times higher than on metropolitan roads and nearly half of all road fatalities happen on 100 and 110km/h rural roads.

**Unprotected Road Users** – Pedestrians, cyclists and motorcyclists are the most vulnerable road users. They suffer the most severe consequences in collisions because they cannot protect themselves against the speed and mass of vehicles.

**Young People** – A quarter of fatalities on Victoria's roads involve young drivers. Inexperience, lifestyle factors, risk-taking and the use of older cars with fewer safety features make under 25s far more vulnerable to crashes and injury.

Examples of our Towards Zero partnerships include:

	TOTAL
AFL Victoria	\$555,000
Melbourne Victory	\$370,000
Country Racing Victoria	\$273,000
Australian Grand Prix Corporation – Moto GP	\$210,000
Cricket Victoria	\$175,000
Golf Victoria	\$150,000
Melbourne Comedy Festival	\$150,000
Collingwood Magpies Netball	\$125,000
Melbourne United	\$110,000
Melbourne Renegades	\$100,000
Western Bulldogs Country Game	\$88,000
Falls Festival	\$83,000
Cadel Evans Great Ocean Road Race	\$70,000
Cycling Australia	\$70,000
Towards Zero Race Melbourne	\$70,000
Lost Lands	\$60,000

Partnering with the Cadel Evans Great Ocean Road Race provides the TAC with an important opportunity to work with the bike riding community, promote safe cycling habits and talk about how we all play a role in road safety.

The collaboration has helped to grow the event in a very short time into a world-class fixture, featuring the best male and female riders and showcasing Victoria's beautiful Surf Coast.

In doing so, we have also significantly extended the audience reach of our Towards Zero messaging.



## Lives Back on Track

To ensure TAC clients can get their lives back on track as quickly as possible, and feel supported and empowered at every step, the TAC selects partnerships that maximise independence and improve the lives of people with road trauma injuries.

Examples of the TAC's Lives Back on Track partnerships include:

	TOTAL
Road Trauma Support Services Victoria	\$500,000
Independence Australia – Spin Chat	\$50,000

## Industry Leadership

To enhance the TAC's position and capability as the world's leading social insurer, the TAC undertakes partnerships with key industry associations.

Examples of the TAC's Industry Leadership partnerships include:

	TOTAL
Institute of Public Administration Australia (Vic)	\$45,000

## Geelong Liveability and Our People

The TAC this year celebrated its 10th year in Geelong. It was an important move and one that has created important partnerships.

Close to 70 per cent of our workforce now lives in the Greater Geelong region.

Through TAC Liveability and Our People partnerships to date we believe our organisation has played an important part in enhancing the region as a better place to live and work.

These projects and events support local hospitals and welfare providers, not-for-profit charities and events including:

	TOTAL
Give Where You Live	\$60,000
Barwon Sports Academy	\$35,000
Barwon Health Foundation	\$35,000
Run for Geelong Kids	\$20,000
Back to Back Theatre	\$15,000
Karingal	\$15,000



The TAC has struck a new partnership with AFL Victoria, with a stronger focus on engaging the almost 400,000 people involved in grassroots regional and metropolitan football and netball.

The partnership will engage grassroots football and netball clubs through road safety education and training programs, and spectators via a TAC presence and activities at games across the state.

This extension of the AFL Victoria partnership means the TAC will take road safety education and awareness to the more than 170,000 participants and 78,000 volunteers involved in 1100 clubs across Victoria.

# Supporting injured Victorians

As a contemporary disability support provider, the TAC goes to considerable lengths to help our clients through their life-back-on-track journey. Whether it be simple post-accident medical treatment and rehabilitation, income and return to work help or accommodation assistance, our supports are designed to be quick, empathetic and effective in meeting each patient's individual needs.

The feedback the TAC receives directly and indirectly from our clients is one of the best measures we have of our success in helping to get lives back on track.

Each year, as part of a formal survey, we ask some 3,000 clients to give their honest appraisal of our efforts in providing post-accident support and in helping them to return to work.

The 2018/19 results exceeded our expectations and provided a strong indication that the many changes implemented under our TAC 2020 Strategy are indeed making a positive difference.

Our Client Experience Score was a record high 8.33 out of a possible 10 points. In their feedback our clients noted the TAC is making faster decisions, reducing paperwork and making it easier to source the rehabilitation help they need.

Our Client Outcomes Score was 7.17 - reflecting the effort we have put into developing strong relationships with external partners.

“

**From the first phone call from Jane, I was very comfortable and knew this was going to work out for Paul. First impressions really do count regardless if it's in person or not.**

**A few weeks later Jane had arranged for Paul to go and have a tour of a disability employment facility to get a feel for the place and actually see other disabled people at work there.**

**From that day Paul had made up his mind that he wanted to be a part of that team.**

**Victoria is the luckiest state to have the TAC for people injured in road accidents. No other state has the TAC. Victoria is blessed!**

**Paul has now been a TAC client for 20 years and I think it's time we say thank you in writing for helping Paul and all people like Paul on everything, whether it be getting back to work in supportive employment, or supporting in other ways.**

”

— Martina  
Wife of TAC client Paul

## **RIPL – Rebuilding Client Independence**

TAC is continuing to invest in independent living opportunities for our most seriously injured clients where there is a need for specialist accommodation.

To date our Residential Independence Pty Ltd (RIPL) initiative has completed six projects providing 30 independent living apartments and units. There are further developments planned or underway in Geelong, Bendigo and Ringwood which will provide specialist accommodation for a further 14 clients.

RIPL was named as the winner of the 'Excellence in Promoting Health, Housing and Wellbeing' Award at the 2018 Victorian Disability Awards in recognition of the program's role in facilitating independent living options.

TAC also partnered with the Summer Foundation to provide small grants funding for the Foundation to develop a Rapid Interim Housing prototype, designed to be deployed to ensure people with disabilities could be discharged back in to their communities from hospital.

In addition, we are working with key stakeholders in the emerging specialist disability housing sector to ensure that all eligible TAC clients are supported to be able to access the increasing range of housing and accommodation options as these start to become available.

## **Independence Accommodation Panel**

In the last year, 13 TAC clients were moved from Shared Supported Accommodation – such as nursing homes and group housing – into more appropriate accommodation – RIPL units, private rental or with family.

In most instances this required modifications to ensure accessibility and maximise independence.

The TAC's Independence Accommodation Panel continues to explore all housing options for severely injured clients to ensure the most appropriate solutions.

## **Abuse and Neglect Report Line Provides Important Voice**

In the 18 months since its launch, the TAC's dedicated Abuse and Neglect Report line has provided an important added layer for protection for our clients, families and carers, with 154 contacts in 2018/19.

The telephone and email service provides advice and referral to those concerned about treatment by TAC funded services.

Calls were received from clients, family members, service providers and TAC staff seeking guidance.

Callers were provided with support to take relevant matters to Victoria Police or other regulatory bodies and were linked with support agencies if needed.

## **Supported Recovery Model**

The TAC appreciates that our clients are individuals, with their own unique set of circumstances and goals. But it is not always clear to them what supports they need to get their lives back on track or how to access those supports. In 2018/19, after considerable research and planning, we initiated the first phase of our Supported Recovery Model – a new way of working with those clients with complex needs, such as pre-existing health conditions, persistent pain and mental health challenges.

This fresh approach incorporates a more holistic view of each client's situation to create individual care plans.

It also provides more support for clients in understanding and navigating the TAC and other health systems, tracking progress and planning activities – including a return to work.

## **MyPlan**

In 2018/19 we launched a new pilot program aimed at ensuring the one per cent of TAC clients with lifelong injuries get the right services and supports to better reach their goals.

The trial, involving approximately 100 new and existing clients who sit within our Independence division, encourages participants to play a more active role in identifying their individual strengths and having a greater say in developing a life back on track plan – or MyPlan – better targeted to their specific needs.

This includes choosing who the client would like involved in developing their plan and when and how treatment will be provided.

This new way of working aligns with the TAC's broader aim of giving clients a louder voice and with contemporary disability sector changes.

Learnings from the pilot will help determine how case managers and health service providers work with TAC Independence clients in the future.

## Client Voice Framework

Launched in November 2018, the TAC's Client Voice Framework harnesses the lived experience of our clients, and gives them a much greater say in how the TAC works for them.

There are many ways clients can be involved in our work, ranging from taking surveys, being part of evaluation panels or project groups, sharing their stories with staff or the wider community or reviewing and giving feedback about TAC information.

The framework provides an easily accessible guide to help our staff understand when and how to include the client voice in their work. Importantly, it also includes a consistent and fair payment approach when clients, their families, carers or support people are working with the TAC.

## Vehicle Modifications

It previously took up to 18 months for the TAC to modify and deliver a car for our seriously injured clients.

Now, thanks to the determination of TAC staff to find a better way, it takes just a few weeks.

The improvement is the direct result of a change of our organisation's mindset to one of proactive, rather than reactive, support.

Reducing the timeframe in which a vehicle is delivered reduces enormous pressures on family and carers and greatly increases a client's independence and wellbeing.

“

**I've been using taxis a lot... I feel every bump and lump. This car doesn't feel anything. It's beautiful. I've been counting the days to get out and about to places I would normally not go.**

”

— **James Greer**  
Client





### Rory's Law

For far too long, former Geelong school teacher Rory Wilson was not afforded care and rehabilitation under the TAC scheme because of a technicality.

The keen cyclist was riding with a group of friends on the Bellarine Peninsula in 2014, when he accidentally rode into the back of a parked truck.

He was left with significant spinal injuries, which robbed him of his ability to ever walk again and left him and his family with limited financial support.

Had Rory been riding to work or had the truck's engine been running, the circumstances would have been different.

Last year the Victorian Parliament moved to close this unfair loophole.

The resultant retrospective changes to the *Transport Accident Act 1986* – otherwise known as Rory's Law – have meant that he and any cyclist who has experienced a similar accident since 9 July 2014, are covered.

The broader package of amendments, which received bi-partisan support in September 2018, also includes improved travel and accommodation allowances for family members needing to be with a loved one following an accident and extends income support to parents of an injured child.

Other changes include extending family-related benefits to grandparents, extending benefits

for dependent children to those completing an apprenticeship and increasing the cap on travel and accommodation from \$10,000 to \$20,000 for immediate family to attend hospital for distances greater than 100 kilometres.

This extension of our scheme forms part of ongoing improvements to benefit Victorians injured in transport accidents.

“

**We went to court three times and in each case it was knocked back because the legislation needed changing.**

**I'm hopeful that now that the TAC has come on board it should make a substantial difference to our existence.**

**There have been so many people involved and they have all been so helpful and supportive.**

”

— **Rory Wilson**  
Client

# Resolving disputes and complaints

## Complaints

The TAC takes complaints and feedback seriously; formal complaints are directed to the TAC's Complaints Office for management and resolution. Matters may include enquiries from the Chief Executive Officer and the Victorian Ombudsman. In 2018/19 the TAC received 223 formal complaints. The TAC has seen an increase in numbers from the prior 2017/18 year which recorded 198 formal complaints. The 2016/17 year resulted in 249 formal complaints.

## Model Litigant

The Model Litigant Guidelines provide principles that 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 2018/2019 year, the TAC received three Model Litigant complaints. These were investigated and no breaches were identified.

## Informal Reviews

There were 263 requests for an Informal Review and 14 Notices of Intent (NOI) to dispute a decision lodged by clients in the 2018/19 financial year. This compares with 230 and 17 respectively the previous year. The median time to resolve informal reviews was 26 days compared to 23 days last year and 56 days in the 2016/17 financial year.

Approximately 92 per cent of informal reviews were finalised within four months (this is consistent with the previous year), with 57 per cent of these maintaining the TAC's original decision, compared with 48 per cent last year.

## No Fault Dispute Resolution Protocols

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

The TAC continues to work with the legal community to negotiate improvements in the dispute process to achieve better outcomes for clients.


In 2018/19, the total number of dispute applications lodged pursuant to The Protocols was 565, compared to 632 in 2017/18 and 761 in 2016/17. The ongoing reduction in dispute applications can be largely attributed to the effectiveness of The Protocols in promoting improved understanding and dialogue with stakeholders.

The TAC 2020 Strategy has allowed us to shift to more outcome focused decisions. This has contributed to an ongoing reduction in disputes.

## 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 179 merit review applications were lodged at VCAT in 2018/19, compared to 207 in the previous year.



As a long-time aid worker for Doctors Without Borders and the United Nations, Deanna Beaumont had experienced first hand the very real dangers of the world's conflict zones.

She can see the irony, and counts herself incredibly lucky, that her closest brush with death came in the form of a car accident in her home city of Shepparton.

"I've worked in South Sudan, I've worked in Pakistan and I've worked in places where there are not proper roads, so for me, with all of that background knowledge, it was just like, okay, I'm not lucky to have had the accident, but I'm so lucky that it's in Victoria."

Deanna admits being nervous about her common law hearing – at the thought of having to re-live her crash all over again. The outcome, and the TAC's empathetic handling of her case, has instead given her a more positive view of what the next chapter of her life will bring.

"I felt really respected and really heard and validated," Deanna says.

“

**It was the acknowledgement of what I was, the amazing life I'd lived before, but also the recognition that I still had the capacity to go on and do other good things in time – when I get over this or when it's less present.**

”

— Deanna Beaumont  
Client

# Managing the scheme

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

## Economic Funding Ratio

The TAC recorded an economic funding ratio of 137.7 per cent as at 30 June 2019 which remains strong and within the preferred operating range.

## Operating Results

In 2018/19, the TAC recorded a net operating loss of \$3.8 billion. This outcome was largely driven by external economic factors, with record low Commonwealth bond rates impacting long-term discount rate assumptions. The decrease in bond rates, which has fallen in line with the record low interest rates, has significantly impacted the financial results of all similar long-tail insurers.

This year's results were also impacted by upward pressure in claims costs, mainly paramedical services, long term care costs and a change in the prudential risk margin. TAC is working closely with stakeholders to address the rise in costs, strengthen controls and ensure that only services that can demonstrate better client outcomes are supported.

Additionally, during the year, the TAC invested a record \$299.4 million (2018: \$283.3 million) in road infrastructure treatments as part of TAC's \$1.7 billion commitment to the State Government's Towards Zero road safety strategy.

Whilst TAC has reported a negative net asset position at 30 June 2019, 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 achieved an overall investment return of 7.7 per cent in 2018/19, following on from a strong year of returns in 2017/18 (10.1 per cent). Over the ten-year period to June 2019, the TAC fund returned on average 10.1 per cent per annum. This average annual return was higher than benchmark and the rolling ten-year investment objective return of CPI plus five per cent.

## Capital Repayment

In accordance with section 29A of the *Transport Accident Act 1986*, the TAC paid a \$255 million repayment of capital (2018: nil) to the Victorian State Government on 13 July 2018, as determined by the Treasurer after consultation with 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 (2.2%) on 1 July 2018. 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.

# Reducing fraud

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

The TAC's ability and capacity to rapidly and proactively identify, prevent and investigate fraud and other inappropriate payments have become more critical in light of significant business change.

In attempting to disrupt fraud and change client/provider behaviour across the scheme, the following enforcement action was taken during 2018/19.

There were 19 prosecutions finalised through the Magistrates Court. In all cases the TAC client registered a guilty plea. A total of \$689,257 in restitution was awarded to the TAC. Twenty-six matters are currently before the courts where TAC is alleging fraud against the scheme totalling \$1,733,742.

Where cases have not met the prosecution threshold, the TAC has initiated voluntary compliance measures. Fifty-eight warning letters were sent for breaches of the Act relating to fraud and providing false information to the TAC by client and medical service providers, incorporating demands for reimbursement.

The Forensics Group continues to be ambitious in leading industry best practice to combat fraud and corruption, heading up the Australian and New Zealand Interagency Fraud Association (ANZIFA). This forum maintains strong support nationally across federal and state insurance and fraud sectors and is now a pivotal network for discussing fraud, waste and abuse trends and patterns, as well as opportunities and challenges that confront the industry.

Another key achievement is the partnership formed between Victoria University (Sir Zelman Cowan Centre) and our Investigations and Prosecution teams, in developing future training opportunities for TAC employees.

During the 2018/19 financial year, the Forensics Group continued its Billing Review Program, focusing on the continuous monitoring of service provider billing and the subsequent payments made to service providers. The scope covers all service providers who support clients including medical, allied health, gardening, home cleaning, equipment provision etc.

The program has an emphasis on ensuring that the invoicing supplied to the TAC by service providers is an accurate reflection of the services that have been provided to clients. An additional focus is placed on ensuring that the services and payments are made in line with the *Transport Accident Act 1986* and the relevant fee schedules, policies and guidelines.

Analytical models and techniques were continually refined, updated and created to assist in the identification of areas of concern. In addition, issues were identified by TAC staff, along with tip offs from the public.

For the entire financial year, reviews were completed on over 56,000 payments made to 771 providers across a broad range of disciplines.

The TAC's Forensics Group's Billing Review Program recovered over \$2.27 million in reimbursements from providers for payments received that they were not entitled to.

# Research and innovation

Each year, more than 20,000 people are injured or killed on Victoria's roads. The TAC spends considerable sums annually supporting these people and their families and in initiatives aimed at preventing accidents from occurring in the first place. All of these careful investment decisions are based on exemplary research and innovative thinking.

## Areas of Research Include:

- **Road Safety:** Draws on the best Australian and international resources to provide our organisation, our road safety partners and the Victorian Government with the best insights available.
- **Health:** Enhances knowledge of the health system and identifies better ways to prevent, diagnose and treat accident-related health conditions.
- **Disability:** Keeps the TAC at the forefront of contemporary disability practice and advances knowledge of care models, programs and services that improve the quality of life and social and community integration outcomes of clients.
- **Client Insights:** Conducts surveys and research with clients and providers about their experience with the TAC, ensuring the voice of the client is heard throughout our business.
- **Compensation:** Investigates and monitors the social insurance industry, opportunities with other schemes, government priorities, legislation and policies that influence and can enhance the operation of the TAC.

## Our Research Investment Model

The TAC's health, disability and compensation research investment model features a 12-member research panel which delivers most of our research needs, including complex evidence reviews and syntheses, scanning, data analyses and complex, multi-year action research projects. This research is aligned with our TAC2020 Strategy to change and improve services we provide to our clients.

## Road Safety Monitoring

The TAC's Road Safety and Marketing team manages a comprehensive research program that assesses the merits of current campaigns and programs and identifies effective messages for future campaigns.

This includes our Road Safety and Motorcycle Monitor programs – two independent surveys involving a random sample of drivers and riders, used to measure and track changes in the attitudes and self-reported behaviours of road users.

In addition, our Public Education Evaluation Program measures the effectiveness of TAC public education programs including television advertising, print, online, radio and billboards.

## Nerve Transfer Surgery

With the help of TAC funding, a team of Melbourne surgeons has achieved outstanding outcomes in nerve transfer surgery – successfully restoring movement in the hands of patients paralysed in sporting and vehicle accidents.

Traumatic Tetraplegia – the loss of hand function caused by a spinal cord injury – can have a profound effect on a patient's ability to carry out fundamental tasks, and ultimately reduces quality of life.

During the study, surgery was undertaken to transfer nerves from the shoulder into paralysed arm muscles – reconnecting to the spinal cord.

As a result 13 participants can now carry out previously impossible functions such as feeding themselves, putting on make-up, turning a key and typing at a computer.

## Rapid Interim Housing

The Summer Foundation, with funding provided under the TAC's Small Grants Program, has created Rapid Interim Housing – a short-term solution for those waiting for a more permanent offering.

Rapid Interim Housing looks like any other small unit but is enhanced with assistive technology to aid independence and security.

It can be relocated and reused when it's no longer needed and will ultimately have a long-lasting impact on the way people with disability are discharged from hospital and into the community.

### Trauma Specialists Share Their Expertise

Senior doctors and nurses from regional Victorian hospitals are receiving advanced team training under a new program delivered by the State's leading trauma specialists and funded by the TAC.

The project, led by the Alfred Hospital, aims to improve outcomes for road trauma patients in the critical first hours following an accident.

Because of their remoteness to Melbourne, medical professionals working in regional areas are often under enormous pressure to respond to road accidents and make potentially life-saving choices about a patient's care.

The training program focusses on both technical skills but also the teamwork required to provide effective trauma care.

### Patients Take on Obstacles at New Wheelchair Course

A new course at the Royal Talbot Rehabilitation Centre is helping spinal cord injury patients develop their wheelchair skills in a safe and controlled environment.

The wheelchair skills course is part of a \$100,000 redevelopment at the Royal Talbot, an Austin Health facility in Kew. The TAC contributed \$20,000 to the project.

Every year the Royal Talbot treats almost 100 severe spinal cord injury patients, many of them TAC clients. The course helps patients negotiate the kinds of obstacles and surfaces they're likely to encounter after they leave hospital.

### Connected Vehicles Road Test Begins

New technology, which connects vehicles together via a special mobile network, could soon be providing a further layer of road safety for drivers.

On-road testing of the Cellular Vehicle-to-Everything (CV2X) technology commenced on Victorian roads in 2019, as part of an Australian-first trial.

The TAC is providing \$3.5 million to the project, led by Telstra and Lexus Australia, under the Government's Connected and Automated Vehicle Trial Grants Program.

Using a customised version of 4G, CV2X allows cars to talk to each other, sending messages that warn of road conditions and approaching danger.

### World First Ratings System for Motorcycle Clothing

Victorian motorcycle and scooter riders have online access to a world-first rating system for motorcycle clothing, with the Motorcycle Clothing Assessment Program – MotoCAP.

The TAC, VicRoads and RACV have partnered with agencies across Australia and New Zealand to develop the program, which will give riders more information when choosing what they wear when riding.

### Bench to Bedside

Our 'bench to bedside' research involves clinical medical and biomedical trials of patients with severe traumatic brain injury (TBI) or spinal cord injuries.

Specifically it is looking at the process of neurological and cognitive recovery in the 12 months after mild TBI, and the potential benefits of immediate cooling and emergency decompression in patients immediately after an accident.

# Common law

“

When I first started working with the TAC it was much more adversarial, and I think it has gradually shifted to be much more collaborative. Sometimes we still have to litigate against the TAC, but what I've noticed over ten years is those fights are more refined. It's only fighting when we really have to. There used to be much more of that.

”

— Jeremy King  
Plaintiff Lawyer

In recognising the potentially stressful impact the compensation process can have on our clients, the TAC, as part of our 2020 Strategy, is determined to resolve cases quickly.

Our deliberate change of approach, from reactive to proactive, is delivering better outcomes, with less conflict.

In the last financial year

**60**

clients were proactively granted a serious injury certificate, paving the way for a common law claim and potential settlement.

**1,533**

A total of common law claims were granted, at a cost of \$473 million.

A record number of these –

**68%**

– were resolved within 12 months of lodgement.

To simplify the process further, the TAC in April this year transformed our website to provide clearer information about eligibility, the common law process and where to find more information.

And, as a further important step towards recognising and repairing harm caused as a result of an accident, we also initiated a Restorative Justice program – a voluntary, safe and structured process that brings clients together to discuss the personal impacts of trauma. Some 35 clients have to date been referred to participate in the process.

# Financial Report

For the year ended  
30 June 2019

# Statement by 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 2019 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 29 August 2019.



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

<b>Opinion</b>	<p>I have audited the financial report of the Transport Accident Commission (the Authority) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2019</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• Statement by the Chair, Chief Executive Officer and Chief Financial Officer.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for opinion</b>	<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>
<b>Board's responsibilities for the financial report</b>	<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**

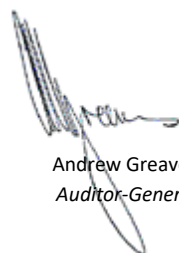
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and 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 the 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.

MELBOURNE  
3 September 2019



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 2019, 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 2019

	Note	2019 \$000	2018 \$000
Premium revenue		1,887,633	1,818,375
Premium collection fees		(26,336)	(44,563)
<b>Net premium revenue</b>	3.1	<b>1,861,297</b>	<b>1,773,812</b>
Unexpired risk liability	3.4(b)	(243,833)	(72,527)
Gross claims incurred		(7,222,256)	(3,177,876)
Claims recoveries revenue		10,191	8,116
<b>Net claims incurred</b>	2.2.2	<b>(7,212,065)</b>	<b>(3,169,760)</b>
Administration costs	5.1	(186,674)	(178,008)
Marketing and road safety	2.1.1	(89,150)	(91,861)
Safer system road infrastructure	2.1.2	(299,371)	(283,253)
Health, compensation and disability research	2.2.1	(4,005)	(7,415)
<b>Underwriting expenses</b>		<b>(579,200)</b>	<b>(560,537)</b>
<b>Underwriting profit / (loss)</b>		<b>(6,173,801)</b>	<b>(2,029,012)</b>
Investment income		1,120,005	1,393,548
Investment expense		(43,042)	(44,796)
<b>Net Investment Income</b>	4.1	<b>1,076,963</b>	<b>1,348,752</b>
Repayment of capital	7.3	(255,000)	-
<b>Profit / (loss) before income tax</b>		<b>(5,351,838)</b>	<b>(680,260)</b>
Income tax benefit / (expense)	7.1	1,549,423	232,948
<b>Net result for the year</b>		<b>(3,802,415)</b>	<b>(447,312)</b>
Other comprehensive income		-	-
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive result for the year</b>		<b>(3,802,415)</b>	<b>(447,312)</b>

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

# Financial statements

## Balance Sheet as at 30 June 2019

	Note	2019 \$000	2018 \$000
<b>Current assets</b>			
Cash and cash equivalents	4.3	32,967	44,988
Claims receivable	2.2.3	88,626	78,604
Premiums receivable		11,616	12,973
Other receivables		4,295	6,144
Investments	4.2	2,095,327	2,076,134
Other assets		12,802	20,068
<b>Total current assets</b>		<b>2,245,633</b>	<b>2,238,911</b>
<b>Non-current assets</b>			
Claims receivable	2.2.3	895,692	628,528
Other receivables		12	18
Investments	4.2	12,917,295	12,467,338
Controlled entity	9.5	33,400	29,400
Plant and equipment		15,974	16,918
Intangibles	6.1	50,615	45,791
Deferred tax assets	7.2	2,146,261	596,838
<b>Total non-current assets</b>		<b>16,059,249</b>	<b>13,784,831</b>
<b>Total assets</b>		<b>18,304,882</b>	<b>16,023,742</b>
<b>Current liabilities</b>			
Outstanding claims	2.2.3	1,588,624	1,395,430
Unearned premiums	3.3	766,886	813,031
Unexpired risk	3.4	277,567	52,600
Advance premiums		35,523	30,843
Derivative liabilities	4.2	51,126	141,000
Payables		128,155	142,629
Provisions		26,909	24,140
Lease liabilities		996	967
<b>Total current liabilities</b>		<b>2,875,786</b>	<b>2,600,640</b>
<b>Non-current liabilities</b>			
Outstanding claims	2.2.3	19,659,320	13,852,004
Derivative liabilities	4.2	-	1
Provisions		3,936	2,790
Lease liabilities		1,364	1,416
<b>Total non-current liabilities</b>		<b>19,664,620</b>	<b>13,856,211</b>
<b>Total liabilities</b>		<b>22,540,406</b>	<b>16,456,851</b>
<b>Net assets / (liabilities)</b>		<b>(4,235,524)</b>	<b>(433,109)</b>
<b>Equity</b>			
Reserves		17,402	17,863
Accumulated surplus / (deficit)		(4,252,926)	(450,972)
<b>Total equity</b>		<b>(4,235,524)</b>	<b>(433,109)</b>

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 2019

	Motorcycle road safety reserve \$000	Accumulated surplus / (deficit) \$000	Total \$000
<b>At 1 July 2017</b>	<b>21,484</b>	<b>(7,281)</b>	<b>14,203</b>
<b>Total comprehensive result</b>			
Net result for the year	-	(447,312)	(447,312)
Other comprehensive income	-	-	-
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>(447,312)</b>	<b>(447,312)</b>
<b>Transactions with owners, recorded directly in equity</b>			
Transfer from accumulated surplus to motorcycle road safety reserve	6,810	(6,810)	-
Transfer from motorcycle road safety reserve to accumulated surplus	(10,431)	10,431	-
Dividend paid during the year	-	-	-
<b>Total transactions with owners</b>	<b>(3,621)</b>	<b>3,621</b>	<b>-</b>
<b>At 30 June 2018</b>	<b>17,863</b>	<b>(450,972)</b>	<b>(433,109)</b>
<b>Total comprehensive result</b>			
Net result for the year		(3,802,415)	(3,802,415)
Other comprehensive income		-	-
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>(3,802,415)</b>	<b>(3,802,415)</b>
<b>Transactions with owners, recorded directly in equity</b>			
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	-
Dividend paid during the year		-	-
<b>Total transactions with owners</b>	<b>(461)</b>	<b>461</b>	<b>-</b>
<b>At 30 June 2019</b>	<b>17,402</b>	<b>(4,252,926)</b>	<b>(4,235,524)</b>

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

# Financial statements

## Cash Flow Statement for the financial year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Premiums received		2,031,721	1,933,775
Dividends received		986,812	523,649
Interest received		36,670	29,156
Claims paid		(1,595,436)	(1,495,750)
Claims recoveries received		7,969	8,372
Payments to suppliers and employees		(255,309)	(283,805)
Payments for marketing and road safety projects		(96,418)	(99,735)
Payments for trauma projects and safer road infrastructure expenditure		(353,255)	(263,526)
Goods and services tax paid		(34,983)	(37,348)
<b>Net cash inflow from operating activities</b>	<b>4.3(b)</b>	<b>727,771</b>	<b>314,788</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		(5,097,002)	(4,068,328)
Sale of investments		4,597,400	3,702,608
Funds provided to controlled entity		(4,000)	(4,200)
Purchase of plant and equipment		(3,454)	(7,388)
Proceeds from sale of plant and equipment		794	678
Expenditure on intangibles		(15,630)	(14,717)
<b>Net cash outflow from investing activities</b>		<b>(521,892)</b>	<b>(391,347)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	7.4	-	-
Repayment of capital	7.3	(255,000)	-
<b>Net cash outflow from financing activities</b>		<b>(255,000)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>(49,121)</b>	<b>(76,559)</b>
Cash and cash equivalents at the beginning of the year		1,448,295	1,520,994
Effects of exchange rate changes on cash held in foreign currencies		(58)	3,860
<b>Cash and cash equivalents at end of the year</b>	<b>4.3(a)</b>	<b>1,399,116</b>	<b>1,448,295</b>

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

# 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 an operating loss after tax for the year of \$3,802 million (2018: \$447 million loss), it delivered positive cash flows from operating activities of \$728 million (2018: \$315 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.

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 29 August 2019.

# Notes to the financial statements

## 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 building a system where Victorians are protected from death or serious injury if a mistake is made on the road.

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.

### This section is structured as follows:

- 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

	2019 \$000	2018 \$000
Marketing and road safety	89,150	91,861

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 \$1.232 million (2018: \$nil) in regards to the furniture and equipment (\$0.571 million) and the digital design (\$0.661 million) of the Road to Zero Exhibition held at Melbourne Museum.

#### 2.1.2 Safe system road infrastructure

	2019 \$000	2018 \$000
Safe system road infrastructure	299,371	283,253

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

	2019 \$000	2018 \$000
Health, compensation and disability research	4,005	7,415

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

	2019			2018		
	Current year \$000	Prior years \$000	Total \$000	Current year \$000	Prior years \$000	Total \$000
Gross claims incurred						
Undiscounted	4,217,510	2,514,622	6,732,132	3,391,704	161,225	3,552,929
Discount movement	(1,583,806)	2,073,930	490,124	(1,384,702)	1,009,649	(375,053)
	2,633,704	4,588,552	7,222,256	2,007,002	1,170,874	3,177,876
Claims recoveries						
Undiscounted	(14,072)	7,271	(6,801)	(13,894)	6,165	(7,729)
Discount movement	2,277	(5,667)	(3,390)	2,827	(3,214)	(387)
	(11,795)	1,604	(10,191)	(11,067)	2,951	(8,116)
<b>Net claims incurred</b>	<b>2,621,909</b>	<b>4,590,156</b>	<b>7,212,065</b>	<b>1,995,935</b>	<b>1,173,825</b>	<b>3,169,760</b>

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 \$7,212 million (2018: \$3,170 million) is impacted by both internal and external (financial impact on changes in inflation assumptions and discount rates) factors as noted below:

	2019 \$M	2018 \$M
Claims incurred – internal	3,636	2,551
Claims incurred – external	3,576	619
<b>Net claims incurred</b>	<b>7,212</b>	<b>3,170</b>

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

# Notes to the financial statements

## 2.2.3 Claims

### Claims Receivable

	2019 \$000	2018 \$000
<b>Current</b>		
Claims GST receivable	77,726	67,812
Claims recoveries	10,900	10,792
<b>Total current</b>	<b>88,626</b>	<b>78,604</b>
<b>Non-current</b>		
Claims GST receivable	847,095	582,046
Claims recoveries	48,597	46,482
<b>Total non-current</b>	<b>895,692</b>	<b>628,528</b>
<b>Total claims receivable</b>	<b>984,318</b>	<b>707,132</b>

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

	2019 \$000	2018 \$000
Expected future claims payments (undiscounted)	32,950,832	28,134,052
Discount to present value	(14,942,643)	(15,252,040)
	18,008,189	12,882,012
Claims handling expenses	1,231,648	1,043,576
	19,239,837	13,925,588
Risk margin	2,008,107	1,321,846
<b>Outstanding claims liability</b>	<b>21,247,944</b>	<b>15,247,434</b>
<b>Current</b>	<b>1,588,624</b>	<b>1,395,430</b>
<b>Non-current</b>	<b>19,659,320</b>	<b>13,852,004</b>
<b>Outstanding claims liability</b>	<b>21,247,944</b>	<b>15,247,434</b>

Outstanding claims liability as at 30 June 2019 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

	2019			2018		
	Gross \$000	Recoveries \$000	Net \$000	Gross \$000	Recoveries \$000	Net \$000
<b>Outstanding claims brought forward</b>	<b>15,247,434</b>	<b>(707,132)</b>	<b>14,540,302</b>	<b>13,385,355</b>	<b>(616,323)</b>	<b>12,769,032</b>
Effect of changes in economic assumptions	3,290,278	(2,842)	3,287,436	595,583	(143)	595,440
Effect of past inflation rate different to assumptions	(12,669)	425	(12,244)	505	(109)	396
Effect of changes in other assumptions	1,095,790	5,359	1,101,149	367,052	4,573	371,625
Increase in claims incurred/ recoveries in current accident year	2,633,705	(11,794)	2,621,911	2,007,003	(11,067)	1,995,936
Release of risk margin and claims handling expenses	(242,434)	-	(242,434)	(220,452)	-	(220,452)
Cost of prior year claims moving one year closer to payment	457,586	(1,339)	456,247	428,185	(1,370)	426,815
<b>Incurred claims recognised in the comprehensive operating statement</b>	<b>7,222,256</b>	<b>(10,191)</b>	<b>7,212,065</b>	<b>3,177,876</b>	<b>(8,116)</b>	<b>3,169,760</b>
Claims payments and recoveries during the year	(1,496,710)	7,969	(1,488,741)	(1,406,862)	8,372	(1,398,490)
Increase in provision for GST credits	274,964	(274,964)	-	91,065	(91,065)	-
<b>Outstanding claims carried forward</b>	<b>21,247,944</b>	<b>(984,318)</b>	<b>20,263,626</b>	<b>15,247,434</b>	<b>(707,132)</b>	<b>14,540,302</b>

# Notes to the financial statements

## Claims development table

The table shows the development of undiscounted outstanding claims relative to the ultimate expected claims for the ten most recent accident years.

Accident year	2010 \$000	2011 \$000	2012 \$000	2013 \$000
<b>Estimate of ultimate claims costs:</b>				
At end of accident year	1,868,977	2,095,677	2,190,740	2,375,635
One year later	1,822,545	2,122,859	2,089,306	2,643,268
Two years later	2,048,727	2,179,206	1,973,791	2,410,547
Three years later	1,972,760	2,280,844	2,046,791	2,314,780
Four years later	2,196,216	2,281,185	1,996,622	2,075,528
Five years later	2,402,436	2,234,721	1,842,027	2,041,609
Six years later	2,229,752	2,072,408	1,871,541	2,030,268
Seven years later	1,976,489	2,089,175	1,952,993	
Eight years later	1,948,743	2,169,882		
Nine years later	2,002,682			
Current estimate of cumulative claims costs	2,002,682	2,169,882	1,952,993	2,030,268
Cumulative payments	(778,572)	(844,329)	(870,666)	(825,990)
<b>Outstanding claims - undiscounted</b>	<b>1,224,110</b>	<b>1,325,553</b>	<b>1,082,327</b>	<b>1,204,278</b>
Discount				
2009 and prior claims				
Claims handling expenses				
Recoveries and GST credits				
<b>Outstanding claims per balance sheet</b>				

	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	Total \$000
	2,770,542	2,582,261	2,725,521	2,889,012	3,103,172	3,881,985	
	2,368,520	2,577,731	2,522,724	2,955,282	3,603,036		
	2,245,457	2,385,833	2,711,350	3,400,665			
	2,069,435	2,443,654	2,978,133				
	2,098,022	2,787,325					
	2,095,436						
	2,095,436	2,787,325	2,978,133	3,400,665	3,603,036	3,881,985	26,902,405
	(762,581)	(733,253)	(725,385)	(617,753)	(477,800)	(267,790)	(6,904,119)
	<b>1,332,855</b>	<b>2,054,072</b>	<b>2,252,748</b>	<b>2,782,912</b>	<b>3,125,236</b>	<b>3,614,195</b>	<b>19,998,286</b>
							(9,403,145)
							8,436,837
							1,231,648
							984,318
							<b>21,247,944</b>

# Notes to the financial statements

## 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% (2018: 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 2019	30 June 2018
Average claim frequency (claims per 1000 registered vehicles)	4.08	3.88
Average claim size	\$92,546	\$86,485
- Average attendant care	\$14,914	\$13,938
- Average common law size	\$27,697	\$27,968
- Average all other payment size	\$49,935	\$44,578
Expense rate	6.9%	8.1%
Weighted average discount rate (0 to 20 years)	1.74%	2.56%
Weighted average discount rate (21+ years)	3.27%	3.43%
Weighted average discount rate	2.32%	3.33%
Weighted average AWE inflation rate (0 to 20 years)	3.27%	3.06%
Weighted average AWE inflation rate (21+ years)	3.06%	3.31%
Weighted average CPI inflation rate (0 to 20 years)	2.11%	2.12%
Weighted average CPI inflation rate (21+ years)	2.08%	2.08%
Average weighted term to settlement from balance date	19.1 years	16.3 years
Risk Margin	11.0%	10.0%

### Process used to determine assumptions

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

<b>Average claim frequency</b>	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.
<b>Average claims size</b>	<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>
<b>Expense rate</b>	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 6.9% (2018: 8.1%).
<b>Discount rate</b>	Discount rates adopted are "risk-free" rates, set by reference to traded Commonwealth Government securities. For years 29 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.
<b>Inflation</b>	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.
<b>Average weighted term to settlement</b>	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.
<b>Risk margin</b>	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% (2018: 10.0%).

# Notes to the financial statements

## 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
<b>Average attendant care size</b>	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.
<b>Average common law size</b>	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.
<b>Expense rate</b>	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.
<b>Discount rate</b>	An increase or decrease in the assumed discount rate will have an opposing impact on total claims expense.
<b>Inflation and superimposed inflation rates</b>	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	2019 Net Result \$000	2018 Net Result \$000	2019 Equity \$000	2018 Equity \$000
Recognised amounts per the financial statements		(3,802,415)	(447,312)	(4,235,524)	(433,109)
Average attendant care size	+10%	(4,440,309)	(888,920)	(4,873,418)	(874,717)
	-10%	(3,164,521)	(5,704)	(3,597,630)	8,499
Average common law size	+10%	(3,998,830)	(618,640)	(4,431,939)	(604,437)
	-10%	(3,606,000)	(275,984)	(4,039,109)	(261,781)
Expense rate	+1%	(3,941,876)	(546,062)	(4,374,985)	(531,859)
	-1%	(3,662,954)	(348,562)	(4,096,063)	(334,359)
Weighted average discount rate (0-20 years)	+0.5%	(2,967,589)	89,562	(3,400,698)	103,765
	-0.5%	(4,715,225)	(1,032,066)	(5,148,334)	(1,017,863)
Weighted average discount rate (21+ years)	+0.5%	(3,380,144)	(215,847)	(3,813,253)	(201,644)
	-0.5%	(4,283,311)	(708,915)	(4,716,420)	(694,712)
Weighted average inflation rate - AWE and CPI (0-20 years)	+0.5%	(4,705,391)	(1,033,249)	(5,138,500)	(1,019,046)
	-0.5%	(2,967,384)	96,174	(3,400,493)	110,377
Weighted average inflation rate - AWE and CPI (21+ years)	+0.5%	(4,289,936)	(715,368)	(4,723,045)	(701,165)
	-0.5%	(3,370,640)	(208,282)	(3,803,749)	(194,079)

# Notes to the financial statements

## 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

	2019 \$000	2018 \$000
Premium revenue	1,887,633	1,818,375
Premium collection fees	(26,336)	(44,563)
<b>Net premium revenue</b>	<b>1,861,297</b>	<b>1,773,812</b>

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

	2019 \$000	2018 \$000
Balance at 1 July	-	21,511
Acquisition costs incurred in the year	45,202	42,979
Amount expensed to comprehensive operating statement	(26,336)	(44,563)
Write down due to premium deficiency	(18,866)	(19,927)
<b>Deferred acquisition costs</b>	<b>-</b>	<b>-</b>

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 written down against the unexpired risk liability as a result of the recording of a premium deficiency at 30 June 2019 (refer note 3.4).

# Notes to the financial statements

## 3.3 Unearned premiums

	2019 \$000	2018 \$000
Balance at 1 July	813,031	874,638
Deferral of premium written in the year	766,886	813,031
Earning of premium written in previous year	(813,031)	(874,638)
<b>Unearned premiums</b>	<b>766,886</b>	<b>813,031</b>

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

	2019 \$000	2018 \$000
Unexpired risk liability at beginning of year	52,600	-
Increase/(decrease) in unexpired risk liability	224,967	52,600
<b>Unexpired risk liability at end of year</b>	<b>277,567</b>	<b>52,600</b>
<b>a) Calculation of premium deficiency</b>		
Net unearned premium liability <sup>(1)</sup>	783,543	823,191
Net present value of future claims costs	(972,951)	(814,289)
Risk margin	(107,025)	(81,429)
<b>Gross premium deficiency</b>	<b>(296,433)</b>	<b>(72,527)</b>
Deferred acquisition costs written down	18,866	19,927
<b>Net premium deficiency</b>	<b>(277,567)</b>	<b>(52,600)</b>
<sup>(1)</sup> Net unearned premium liability includes Unearned Premiums and Advance Premiums, less Gross deferred acquisition costs recognised		
<b>b) Movements in carrying amounts</b>		
Amount expensed to comprehensive operating statement	243,833	72,527
Deferred acquisition costs written down	(18,866)	(19,927)
	<b>224,967</b>	<b>52,600</b>

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 deficiency of \$296.4 million was recorded at 30 June 2019 (2018: \$72.5 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

	2019 \$000	2018 \$000
Dividends	985,855	525,732
Interest	35,298	29,227
Changes in fair values of investments through the comprehensive operating statement	98,852	838,589
Investment income	1,120,005	1,393,548
Investment expense	(43,042)	(44,796)
<b>Net investment income</b>	<b>1,076,963</b>	<b>1,348,752</b>

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 2018 or the cost of acquisition (for investments purchased during the year), and sales proceeds or their fair value at 30 June 2019.

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 7.71% (2018: 10.14%).

# Notes to the financial statements

## 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.

	2019 \$000	2018 \$000
<b>Asset category</b>		
Cash investments	317,789	333,761
Australian equities	1,947,460	1,927,091
International equities	5,285,896	5,277,615
Private equity	55,841	60,984
Inflation linked bonds	1,778,526	1,607,294
Infrastructure	1,085,568	977,135
Property	1,107,860	1,065,024
Diversified fixed income	1,512,372	1,581,352
Non traditional strategies	1,870,184	1,572,215
<b>Total</b>	<b>14,961,496</b>	<b>14,402,471</b>
Cash and cash equivalents	1,366,149	1,403,307
Other investments	13,595,347	12,999,164
<b>Total</b>	<b>14,961,496</b>	<b>14,402,471</b>

TAC has uncalled capital commitments within its investments totalling \$1,703 million as at 30 June 2019 (2018: \$1,125 million), which have not been recognised on the balance sheet.

	2019 \$000	2018 \$000
<b>Current</b>		
Investments	2,095,327	2,076,134
Derivative liabilities	(51,126)	(141,000)
<b>Non-current</b>		
Investments	12,917,295	12,467,338
Derivative liabilities	-	(1)
<b>Total</b>	<b>14,961,496</b>	<b>14,402,471</b>

#### 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 the comprehensive operating statement 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.

# Notes to the financial statements

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:

	2019 \$000	2018 \$000
Cash and cash equivalents (bank)	32,967	44,988
Cash equivalents (investments)	1,366,149	1,403,307
<b>Total</b>	<b>1,399,116</b>	<b>1,448,295</b>

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

	2019 \$000	2018 \$000
Net result for the year	(3,802,415)	(447,312)
Depreciation and amortisation	14,380	15,074
Finance costs	882	(17)
Changes in fair values of investments through the comprehensive operating statement	(98,852)	(838,589)
Loss / (profit) on sale of plant and equipment	30	(53)
Repayment of capital	255,000	-
<b>Changes in assets and liabilities</b>		
Increase / (decrease) in outstanding claims	6,000,510	1,862,079
Increase / (decrease) in unearned premiums	(46,145)	(61,607)
Decrease / (increase) in receivables and other assets	(264,379)	(83,320)
Increase / (decrease) in creditors and provisions	218,183	101,481
Decrease / (increase) in net deferred tax balances	(1,549,423)	(232,948)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>727,771</b>	<b>314,788</b>

# Notes to the financial statements

## 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

	2019 \$000	2018 \$000
Staff and related	130,273	117,529
Information technology	13,718	16,858
Occupancy and utilities	10,595	10,126
Other operating	18,940	18,421
Depreciation and amortisation	13,148	15,074
<b>Total</b>	<b>186,674</b>	<b>178,008</b>
Total administration costs include the following:		
Operating lease rentals	8,823	8,450
Auditor-General's fees	230	226
Interest on finance lease	45	26
Unwind of discount and effect of changes in the discount rate on employee provision	882	(17)

### 5.2 Superannuation

Superannuation is provided for employees via the following superannuation funds:

	2019 \$000	2018 \$000
Emergency Services Superannuation Scheme - Revised and New Scheme	282	279
Victorian Superannuation Fund - VicSuper Scheme	5,581	5,156
Private sector complying funds	4,377	3,735
<b>Total</b>	<b>10,240</b>	<b>9,170</b>

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 2019, contributions outstanding totalled fifty nine thousand dollars (2018: one thousand dollars).

## 6. Other Assets and Liabilities

### Introduction to this section

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

### This section contains the following disclosures:

- 6.1 Intangibles
- 6.2 Commitments and contingencies

### 6.1 Intangibles

	2019 \$000	2018 \$000
<b>Computer software</b>		
At cost	169,152	172,486
Less: Accumulated amortisation	(118,537)	(126,695)
<b>Balance at 30 June</b>	<b>50,615</b>	<b>45,791</b>
<b>Movements in carrying amounts</b>		
Balance at 1 July	45,791	43,887
Additions	15,630	14,717
Current year amortisation	(10,806)	(12,813)
<b>Balance at fair value at 30 June</b>	<b>50,615</b>	<b>45,791</b>

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 (2018: 3 to 10 years).

# Notes to the financial statements

## 6.2 Commitments and contingencies

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

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 2019 (2018: nil).

### Administrative Expenditure

	2019 \$000	2018 \$000
Administrative expenditure contracted at balance date, but not provided for:		
- not later than one year	422,867	336,145
- later than one year but not later than five years	624,275	614,130
- later than five years	8,451	12,358
	<b>1,055,593</b>	<b>962,633</b>

Included in the administrative expenditure is a total amount of \$929 million (nominal) of commitments by the TAC to provide funding for major road safety infrastructure programs (SSRIP) in Victoria (2018: \$876 million (nominal)).

### Operating Leases

	2019 \$000	2018 \$000
Minimum lease payments:		
- not later than one year	9,576	9,044
- later than one year but not later than five years	41,632	39,533
- later than five years	53,024	62,047
	<b>104,232</b>	<b>110,624</b>

Operating leases relate to TAC premises. The TAC does not have an option to purchase the leased asset at the expiry of the lease period.

Operating lease payments are charged as an expense in the comprehensive income 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.

	2019 \$000	2018 \$000
<b>Income tax recognised in comprehensive operating statement</b>		
<b>Income tax expense / (benefit) comprises:</b>		
Current tax expense / (benefit)	(1,486,913)	(252,836)
Deferred tax adjustment	(62,636)	32,769
Adjustment in respect of prior years	126	(12,881)
<b>Total tax expense / (benefit)</b>	<b>(1,549,423)</b>	<b>(232,948)</b>
<b>Deferred tax adjustment comprises:</b>		
(Increase) / Decrease in deferred tax assets	(134,057)	(33,615)
Increase in deferred tax liabilities	71,421	66,384
	<b>(62,636)</b>	<b>32,769</b>
<b>Reconciliation between net result before tax and income tax expense / (benefit)</b>		
Net profit / (loss) before tax	(5,351,838)	(680,260)
Tax at the statutory rate of 30% (2018 - 30%)	(1,605,551)	(204,078)
Imputation gross-up on dividends received	13,110	9,805
Franking credits and withholding tax on dividends received	(33,776)	(32,683)
Sundry items	76,794	(5,992)
<b>Income tax expense / (benefit)</b>	<b>(1,549,423)</b>	<b>(232,948)</b>

# Notes to the financial statements

## 7.2 Deferred Tax

Deferred tax balances	2019 \$000	2018 \$000
<b>Deferred tax assets comprise:</b>		
Carry forward tax losses	1,983,244	517,809
Claims handling expense included in outstanding claims	410,139	344,380
Sundry items	99,489	9,839
	<b>2,492,872</b>	<b>872,028</b>
<b>Deferred tax liabilities comprise:</b>		
Unrealised gain on investments	346,611	274,799
Sundry items	-	391
	<b>346,611</b>	<b>275,190</b>
<b>Net deferred tax assets</b>	<b>2,146,261</b>	<b>596,838</b>

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

In accordance with section 29A of the *Transport Accident Act 1986*, the TAC paid a \$255 million repayment of capital (2018: nil) to the Victorian State Government on 13 July 2018 as determined by the Treasurer after consultation with TAC and the responsible Minister.

The transaction has been recorded as an expense in accordance with FRD 119A *Transfers through Contributed Capital*.

## 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 2018/19 (2018: 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 2019 \$000	Fixed rate 2019 \$000	Total 2019 \$000	Variable rate 2018 \$000	Fixed rate 2018 \$000	Total 2018 \$000
<b>Financial assets</b>						
Cash and cash equivalents	32,967	-	32,967	44,988	-	44,988
Investments:						
- derivative assets	-	1,318	1,318	-	242	242
- other investments	1,323,368	95,566	1,418,934	1,378,912	217,550	1,596,462
	<b>1,356,335</b>	<b>96,884</b>	<b>1,453,219</b>	<b>1,423,900</b>	<b>217,792</b>	<b>1,641,692</b>
<b>Financial liabilities</b>						
Derivative liabilities	-	-	-	-	601	601
Other liabilities	-	2,360	2,360	-	2,383	2,383
	<b>-</b>	<b>2,360</b>	<b>2,360</b>	<b>-</b>	<b>2,984</b>	<b>2,984</b>
<b>Total</b>	<b>1,356,335</b>	<b>94,524</b>	<b>1,450,859</b>	<b>1,423,900</b>	<b>214,808</b>	<b>1,638,708</b>

# Notes to the financial statements

## **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 the unit trust has significant investments in other trusts which also 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.

	2019 \$000	2018 \$000
Impact on profit and equity of a 10% increase in foreign exchange rates:		
- Before impact of foreign exchange derivatives	(112,295)	(100,128)
- Impact of foreign exchange derivatives	167,086	223,486
<b>- After impact of foreign exchange derivatives</b>	<b>54,791</b>	<b>123,358</b>
Impact on profit or equity of a 10% decrease in foreign exchange rates:		
- Before impact of foreign exchange derivatives	137,249	122,378
- Impact of foreign exchange derivatives	(204,216)	(273,149)
<b>- After impact of foreign exchange derivatives</b>	<b>(66,967)</b>	<b>(150,771)</b>

### Equity price risk

The TAC is exposed to equity price risk arising from equity 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 \$893.8 million (2018: \$848.9 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.

	Investment grade \$000	Non-Investment grade \$000	Total \$000
<b>2019</b>			
<b>Financial assets at fair value through comprehensive operating statement</b>			
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
<b>Total</b>	<b>1,579,093</b>	<b>203,187</b>	<b>1,782,280</b>

# Notes to the financial statements

2018	Investment grade \$000	Non-Investment grade \$000	Total \$000
<b>Financial assets at fair value through comprehensive operating statement</b>			
Cash and cash equivalents	44,988	-	44,988
Cash equivalents (investments)	1,403,307	-	1,403,307
Debt securities	301,831	-	301,831
Derivative assets	-	175,278	175,278
Other receivables	-	5,159	5,159
<b>Total</b>	<b>1,750,126</b>	<b>180,437</b>	<b>1,930,563</b>

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.

2019	Less than 3 months \$000	4-12 months \$000	1-5 years \$000	5+ years \$000	Total \$000
<b>Financial liabilities</b>					
Payables	128,155	-	-	-	128,155
Finance lease liabilities	249	747	1,364	-	2,360
Derivative liabilities	49,360	1,766	-	-	51,126
<b>Total</b>	<b>177,764</b>	<b>2,513</b>	<b>1,364</b>	<b>-</b>	<b>181,641</b>

2018	Less than 3 months \$000	4-12 months \$000	1-5 years \$000	5+ years \$000	Total \$000
<b>Financial liabilities</b>					
Payables	142,629	-	-	-	142,629
Finance lease liabilities	290	677	1,416	-	2,383
Derivative liabilities	128,293	12,707	1	-	141,001
<b>Total</b>	<b>271,212</b>	<b>13,384</b>	<b>1,417</b>	<b>-</b>	<b>286,013</b>

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:

2019	Gross and net amount included in Balance Sheet \$000	Related amount not set off in Balance Sheet		Net Amount \$000
		Related amount subject to master netting agreements \$000	Collateralised obligation \$000	
Derivative assets	198,880	(43,872)	(128,480)	26,528
Derivative liabilities	(51,126)	43,872	-	(7,254)
<b>Total</b>	<b>147,754</b>	<b>-</b>	<b>(128,480)</b>	<b>19,274</b>

2018				
Derivative assets	175,278	(50,419)	(122,115)	2,744
Derivative liabilities	(141,001)	50,419	17,476	(73,106)
<b>Total</b>	<b>34,277</b>	<b>-</b>	<b>(104,639)</b>	<b>(70,362)</b>

## 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.

# Notes to the financial statements

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	139,137	178,652	-	317,789
Australian equities	88,543	1,858,917	-	1,947,460
International equities	850,300	4,435,596	-	5,285,896
Private equity	34	15	55,792	55,841
Inflation linked bonds	99,881	1,678,645	-	1,778,526
Infrastructure	-	(1,870)	1,087,438	1,085,568
Property	6,346	2	1,101,512	1,107,860
Diversified fixed income	(20,304)	1,503,056	29,620	1,512,372
Non traditional strategies	843,251	156,235	870,698	1,870,184
Other receivables	4,307	-	-	4,307
Payables	(128,155)	-	-	(128,155)
Other liabilities	(2,360)	-	-	(2,360)
<b>Net financial assets</b>	<b>1,913,947</b>	<b>9,809,248</b>	<b>3,145,060</b>	<b>14,868,255</b>

30 June 2018	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	44,988	-	-	44,988
Investments				
Cash investments	169,043	164,718	-	333,761
Australian equities	69,278	1,857,813	-	1,927,091
International equities	977,237	4,300,378	-	5,277,615
Private equity	9,007	(1,132)	53,109	60,984
Inflation linked bonds	(13,526)	1,620,820	-	1,607,294
Infrastructure	-	(18,145)	995,280	977,135
Property	7,377	40	1,057,607	1,065,024
Diversified fixed income	(70,596)	1,529,750	122,198	1,581,352
Non traditional strategies	735,591	113,321	723,303	1,572,215
Other receivables	6,162	-	-	6,162
Payables	(142,629)	-	-	(142,629)
Other liabilities	(2,383)	-	-	(2,383)
<b>Net financial assets</b>	<b>1,789,549</b>	<b>9,567,563</b>	<b>2,951,497</b>	<b>14,308,609</b>

### Transfers between categories

No transfers between levels were made during the year ended 30 June 2019 (2018: no transfers).

### Reconciliation of Level 3 fair value measurements of financial assets:

	Total Level 3 \$000
Balance at beginning of the year	2,951,497
Gain/(loss) recognised in the comprehensive operating statement	(7,676)
Sales	(280,073)
Purchases	481,312
Transfer in to Level 3	-
Transfer out of Level 3	-
<b>Closing Balance</b>	<b>3,145,060</b>
Total gains for the period included in profit or loss for assets held at the end of the period	30,186

# Notes to the financial statements

## 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"> <li>• risk free discount rates</li> <li>• risk premium</li> <li>• asset utilisation rates</li> <li>• capital expenditure and operating cost forecasts</li> <li>• other estimated future cash flows dependent on the longer term general economic forecasts</li> <li>• forecast performance of applicable underlying assets</li> </ul>
Private Equity Investments	Multiples of earnings, discounted cash flow, market equivalents and other market accepted methodologies	<ul style="list-style-type: none"> <li>• identification of appropriate comparables</li> <li>• estimated future profits</li> <li>• risk free rate, risk premium</li> </ul>
Property Investments	Discounted cash flow, capitalisation and direct comparison methodologies	<ul style="list-style-type: none"> <li>• estimated future cash flows</li> <li>• future economic and regulatory conditions</li> </ul>
Diversified Fixed Income Investments and Non-Traditional Strategies Investments	<p>Diversified fixed income investments - third party pricing servicers, which source prices from brokers and market makers</p> <p>Non-traditional strategies investments - prices 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"> <li>• appropriate credit spread and other risk premium</li> <li>• future risk free rate</li> <li>• estimated future cash flows</li> <li>• identification of appropriate comparable assets</li> <li>• life expectancy estimates and mortality probabilities</li> <li>• future economic and regulatory conditions</li> </ul>

## 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 persons
- 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 (formerly Minister for Finance)

Honourable Luke Donnellan MP, Minister for Roads and Road Safety (ended December 2018)

Honourable Jaala Pulford MP, Minister for Road Safety and the TAC (appointed December 2018)

#### **Directors:**

Ms Penny Armytage (resigned 25 February 2019, Chair)

Mr Greg Wilson (appointed 5 March 2019, Chair)

Ms Jane Brockington

Mr David Heath

Ms Louisa Hudson

Dr Tien Kieu (resigned 24 September 2018)

Ms Julia Mason

Mr John Merritt (appointed 16 October 2018)

Mr Colin Radford (resigned 12 March 2019)

Dr Samantha Smith

#### **Chief Executive Officer:**

Mr Joe Calafiore

# Notes to the financial statements

## Remuneration

	2019 \$000	2018 \$000
Total remuneration received or receivable by responsible persons <sup>1</sup>	944	1,050

<sup>1</sup> 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:

Income Band	2019	2018
\$0 - \$9,999	2	1
\$10,000 - \$19,999	1	2
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	5
\$60,000 - \$69,999	5	-
\$90,000 - \$99,999	1	-
\$130,000 - \$139,999	-	1
\$490,000 - \$499,999	1	-
\$530,000 - \$539,999	-	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:

	2019 \$000	2018 \$000
Short-term employee benefits	2,360	2,407
Post-employment benefits	179	152
Other long-term employee benefits	56	50
Termination benefits	-	-
<b>Total remuneration</b>	<b>2,595</b>	<b>2,609</b>
<b>Total number of executives</b>	<b>10.0</b>	<b>8.0</b>
<b>Total annualised employee equivalent <sup>1</sup></b>	<b>8.5</b>	<b>7.5</b>

<sup>1</sup> 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:

	2019 \$000	2018 \$000
Short-term employee benefits	3,260	3,365
Post-employment benefits	239	217
Other long-term employee benefits	68	61
Termination benefits	-	-
<b>Total remuneration</b>	<b>3,567</b>	<b>3,643</b>

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

Dr Samantha Smith and Ms Jane Brockington were Directors of the Victorian WorkCover Authority (WorkSafe) during the financial year. Additionally, Mr Ashley West was a member of the Executive Leadership Team of both the TAC and WorkSafe. 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:

	2019 \$000	2018 \$000
Claim compensation paid	(94,200)	(87,100)
Cost reimbursement received and receivable	3,420	3,649
Cost reimbursement paid and payable	(5,685)	(6,109)
Management of catastrophic claims	2,041	1,947

# Notes to the financial statements

Ms Jane Brockington was also the Chair of the VicRoads and Victoria Police Audit and Risk Committees during the financial year. The TAC, in consultation with Victoria Police and VicRoads, 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. The total amount paid to VicRoads and Victoria Police (excluding GST) amounted to \$373.5 million (2018: \$199.9 million) and \$9.7 million (2018: \$10.2 million) respectively.

Mr Colin Radford is the Chief Executive Officer of the Victorian Managed Insurance Authority (VMIA). He did not receive remuneration from the TAC. VMIA provides insurance (including Directors and Officers Liability) and risk services to the TAC on normal commercial terms and conditions. During Mr Colin Radford's term in 2018/19, the total amount paid to the VMIA (excluding GST) amounted to \$150 thousand (2018: \$121 thousand).

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 2019 by the TAC which are 33,400,000 ordinary units issued at \$1 each, fully paid.

At 30 June 2019, the total assets of the RIT for which RIPL acts in the capacity of the trustee are \$31.751 million (2018: \$28.538 million) and total liabilities are \$0.098 million (2018: \$0.077 million)

The total result of the RIT for which RIPL acts in the capacity of the trustee for the financial year ended 30 June 2019, is a total comprehensive loss for the year of \$0.807 million (2018: loss of \$0.655 million) which comprises of income of \$0.709 million (2018: \$0.525 million) and total expenses of \$1.516 million (2018: \$1.180 million).

## 9.6 Events after reporting date

Subsequent to the reporting date, the financial markets have reacted to recent economic conditions leading to a decrease in the weighted average discount rate.

Based on the latest estimates provided by the independent actuaries, the movement in the weighted average discount rate between the reporting date and the date of signing the financial statements have increased the TAC's outstanding claims liability by approximately \$1.3 billion.

The effects of the above post reporting date event has not been recognised in the financial statements for the year ended 30 June 2019.


## 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 2019 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 impact of AASB 16 '*Leases*' is detailed below. 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 16	Leases	1 January 2019
AASB 17	Insurance Contracts	1 January 2021

The changes introduced by AASB 16 '*Leases*' require most operating leases to be recognised on Balance Sheet. The present value of operating lease commitments reported at Note 6.2, will from 1 July 2019 be shown as a liability on the Balance Sheet, together with a corresponding asset, representing the Right of Use. It is estimated that an asset and liability of circa \$125.1 million, will be recognised at such time. In the Comprehensive Operating Statement, the classification of what is currently presented as lease expenditure (within the Occupancy and Utilities expenditure at Note 5.1), will be replaced by amortisation and interest charges. It is estimated that the implementation of these standards will result in an increase in expenditure of circa \$3.8 million for the 2019/20 financial year.



It took around a week after his car accident for the pain to start taking hold of Guido's back. But its grip tightened so hard that five months on the Melbourne pastry chef still struggles to do the things he once took for granted – sit or stand for long periods, hold his newborn granddaughter and garden.

With the TAC's help, Guido has returned to his hospitality teaching role and together we're working towards him achieving his goal of resuming full activity within 12 months and finally, after many years on the sidelines, re-joining his old soccer team.

"Thank God that the TAC was there because the TAC has been a great support.

"Every time I've rung and spoken to my case manager, the TAC's been fantastic... I felt like I had people fighting for me.

“

**I can jump on the phone and get a response pretty quickly – just to give me some guidance and peace of mind. If I didn't have that peace of mind I feel like I'm fighting a battle, which shouldn't be a battle on my own.**

”

— Guido  
Client

# Corporate Governance

# 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

### **Penny Armytage**

Appointed July 2017

Resigned 25 February 2019

## Board of Management

### **Jane Brockington**

Appointed October 2017

### **David Heath**

Appointed February 2017

### **Louisa Hudson**

Appointed August 2016

### **Dr Tien Kieu**

Appointed September 2015

Resigned 24 September 2018

### **Julia Mason**

Appointed August 2016

### **John Merritt**

Appointed October 2018

### **Colin Radford**

Appointed September 2015

Resigned 12 March 2019

### **Dr Samantha Smith**

Appointed February 2017

The Chair and the Board are nominated by the Assistant Treasurer and Minister for Road Safety and the TAC and appointed by the Governor in Council. There are presently seven 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 2019: Louisa Hudson (Chair), Penny Armytage (up to February 2019), Jane Brockington, Colin Radford (up to March 2019), Dr Samantha Smith and Greg Wilson (from April 2019) 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 2019: David Heath (Chair), Jane Brockington, Dr Tien Kieu (up to September 2018), Julia Mason, John Merritt (from October 2018) and Greg Wilson (from April 2019) 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 2019: Greg Wilson (Chair from April 2019), Penny Armytage (Chair up to February 2019), Jane Brockington, David Heath, Louisa Hudson, Dr Tien Kieu (up to September 2018), Julia Mason, John Merritt (from October 2018), Colin Radford (up to March 2019) 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 2019: Greg Wilson (from March 2019), Penny Armytage (up to February 2019), Jane Brockington, David Heath, Louisa Hudson, Dr Tien Kieu (up to September 2018), Julia Mason, John Merritt (from October 2018), Colin Radford (up to March 2019) 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 2019.

## 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 priorities on which the framework is focused.

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  
Chair

Transport Accident Commission  
29 August 2019

# 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 *Administration of Acts General Order* 1 January 2019, the Assistant Treasurer was responsible for the *Transport Accident Act 1986*. The Minister for Road Safety and the TAC had joint and several responsibility for the Road Safety related objectives, functions, powers, and accountability of the Commission as well as joint accountability for the Governance and Budget sections responsible for the Board, Directors, the CEO and the Budget.

Supplementary changes to the *Administration of Acts General Order* dated 1 January 2019 took effect on 1 June 2019. The changes outlined that the Minister for Road Safety and the TAC is responsible for administering the *Transport Accident Act 1986*.

The supplementary changes outlined that the Minister for Road Safety and the TAC and the Assistant Treasurer are jointly responsible for administering the Act as follows:

- Sections 11-14 (in so far as they relate to the TAC's budget, financial reporting and management of the Transport Accident Fund)
- Sections 29, 29A and 29B.

## Ministerial Directions

There were no Ministerial Directions given by the Minister for Finance in the period from 1 July 2018 to 30 June 2019.

## 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 2018 to 30 June 2019:

On 25 September 2018, the *Treasury and Finance Legislation Amendment Act 2018* (No. 49 of 2018) (the Amendment Act) received Royal Assent.

The Amendment Act made the following changes to the *Transport Accident Act 1986* (the Act):

- Insertion of new definitions of **'administration order'** and **'administrator'** in section 3(1). The effect of these amendments is to ensure they have the same meaning as in the *Guardianship and Administration Act 1986*. It should be noted that this is now the *Guardianship and Administration Act 2019*.
- Amendment to paragraph (b) of the definition of **'dependent child'** in section 3(1) to include apprentices. The effect of this amendment is that the dependency provisions of the Act applies to a person between the ages of 16 and 25 who is either a full-time student or apprentice for all transport accidents.
- Amendment was made to paragraph (b)(ii) of the definition of **'dependent child'** in section 58(6) to include apprentices. The effect of this amendment is that the surviving partner periodic payment applies to a person between the ages of 16 and 25 who is either a full-time student or apprentice for all transport accidents.
- Amendment to the definition of **'member of the immediate family'** in section 3(1) was made to include grandparents. This is to allow grandparents access to travel, accommodation and family counselling benefits.
- Substitution of section 3(1A)(b) to expand the definition of a **'transport accident'** to include an accident involving a collision between a pedal cycle and a stationary motor vehicle. Prior to this amendment being made, a pedal cyclist was only entitled to compensation when colliding with a stationary vehicle if they were travelling to or from their place of employment, or if they were injured in a car dooring incident. This amendment has retrospective application and applies to any incident involving a collision between a pedal cyclist and a stationary motor vehicle on or after 9 July 2014 and 25 September 2018.
- Amendment to section 39(1)(a) to include 'or pedal cycle' after 'motor vehicle'. A further amendment was made to section 39(1)(a)(i) to include a reference to section 61A of the *Road Safety Act 1986*. The effect of these amendments is to provide that the Commission is not liable to pay compensation for an accident for pedal cycles under section 39 including where a report is not made to a police officer where the accident occurs in Victoria.
- Amendment made to section 41 to expand the exclusion of sports events to both motor vehicles and pedal cycles unless there is a transport accident with an 'unauthorised vehicle'. The effect of the amendment is that the TAC is not liable to pay compensation in circumstances where a pedal cyclist is injured as a result of a transport accident involving a motor vehicle or a pedal cycle that is participating in an organised race or speed trial. The TAC will remain liable to pay compensation to a pedal cyclist in circumstances where they are injured as a result of a transport accident involving an unauthorised vehicle that is not participating in the organised race or speed trial.
- Amendment was made to section 41A to insert subsection (3) in relation to unregistered motor vehicles on private land. The effect of the amendment is that the TAC is not liable to pay compensation to a person who is injured or who dies as a result of a transport accident involving a pedal cycle and an unregistered motor vehicle on private land.
- Amendment was made to section 41B with the insertion of subsection (3) in relation to uninsured motor vehicles on private land. The effect of the amendment is that the TAC is not liable to pay compensation to a person who is injured or who dies as a result of a transport accident involving a pedal cycle and an uninsured motor vehicle on private land and they were the owner of the vehicle.
- Amendment of section 55(2)(b) with 'must' being substituted by 'may' so that a review of the entitlement of a person who is receiving weekly payments under section 49, 50 or 51 of the Act **may** be undertaken by the TAC at least once in each period of 5 years.
- Insertion of a new section 60(2AAA) to provide for an additional four weeks of overseas attendant care services to TAC clients who are required to travel overseas during the course of their employment.

- Insertion of sections 60(2CA) to (2CD) which provides that the TAC is liable to make a payments not exceeding \$10,000 per claim to the parent or parents of a dependent child if their child is admitted to hospital and as a result of visiting their child in hospital, they incur a loss of wages for more than 5 days. This is not payable for the first five working days. However the Commission does have the discretion to pay for this period if it is satisfied that the parent would suffer acute financial hardship if a payment was not made.
- Amendment to section 60(2E) to increase the family travel and accommodation expenses cap to \$20,000, which the members of the immediate family of a person may access if their normal residence is more than 100 kilometres from the hospital.
- Amendment to section 61(2) so that the amount referred to in section 60(2E) is indexed with the Consumer Price Index.
- Insertion of a new Division 4 of Part 3 and section 62A to establish a liability for the TAC to pay the administration costs of a court or tribunal appointed professional administrator if the administrator incurs professional administration costs in respect of a person's Part 3 compensation.
- Amendment to the heading to Division 2A of Part 4 so that the TAC may pay professional administration costs to administrators.
- Insertion of new section 76B so that an eligible administrator may apply to the TAC to be paid in respect of their court or tribunal approved professional administration costs referred to in section 62A in respect of a person's compensation paid under Part 3. A person's administrator may be eligible to apply to the TAC under this section unless the person has recovered damages and the amount of damages included an amount in respect of professional administration costs.
- Insertion of a new section 93(10)(ba) so that damages awarded to a person under section 93 shall not include damages in respect of any loss suffered or that may be suffered as a result of incurring professional administration costs as referred to in section 62A.
- Amendment to section 96(1) and 96(2) to extend the application of these provisions to circumstances where a pedal cyclist is involved in a collision with a stationary indemnified or unidentified vehicle.

## Subordinate Legislation

### Regulations

No regulations were made in the period from 1 July 2018 to 30 June 2019.

### Orders in Council

One Order in Council was made during 2018/19.

The *Transport Accident Charges Order (No. 1) 2019* was published in the Government Gazette on 30 May 2019 (No. G22 of 30 May 2019). The purpose of this Order was to fix the transport accident charges to apply during the 2019/20 financial year. The Order increased the transport accident charge for vehicles in all classes in line with Consumer Price Index (CPI) increases, and will apply from 1 July 2019.

The Order made two minor amendments to Class 5 motor vehicles. The first was to address a discrepancy in the amount of TAC charge paid by tow trucks attending accidents and tow trucks used for 'trade towing'. The second amendment was to 'hire and drive yourself' vehicles to capture vehicles which are being hired, loaned or rented by non-car rental businesses. The latter amendment relates to those vehicles that carry the same level of risk as those registered to car rental businesses.

### Ministerial Orders

There were no Ministerial Orders in the period from 1 July 2018 to 30 June 2019.

### The Protected Disclosure Act 2012

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 *Protected 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 of Victoria's transport accident compensation legislation in September 2000. The review identified three main restrictions on competition: the compulsory nature of 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)

During 2018/2019, the TAC commenced one statewide contract with an estimated value of \$25 million, for which a Victorian Industry Participation Plan (VIPP) was required.

An estimated 9 jobs will be retained and the estimated local content is 100 per cent.

The TAC completed one statewide contract with an estimated value of \$36.4 million, for which a Victorian Industry Participation Plan (VIPP) was required. Eight local jobs were retained and one local job was created. The estimated local content delivered is 80 per cent.

## Consultants

Consultancies (>\$10,000)	Description of work	Total approved project fee \$000	2018/19 expenditure \$000	Future expenditure \$000
PwC	Trauma Investigation Strategy	199	199	-
Quantum Health	Client Outcomes Strategy	250	173	77

During 2018/19, there were two 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 2018/19 exclude GST.

## Information and Communication Technology (ICT) Expenditure

### Details of Information and Communication Technology (ICT) expenditure

For the 2017/18 reporting period, TAC had a total ICT expenditure of:

(\$ Million)			
BAU ICT Expenditure Total	Non-BAU ICT Expenditure Total = A+B	Operational Expenditure A	Capital Expenditure B
35.6	11.1	3.5	7.6

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.

## 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.

## Environmental Performance

The TAC is continually looking at ways to improve our carbon footprint. In 2018/19 some of the initiatives implemented include:

### Paperless Trials

Our TAC legal branch has been a driving force behind initiating paperless trials within the Victorian Court system. This initiative replaces the need for extensive court documents – often so large they are carried into court in suitcases – with electronic court books.

### Follow Me Printing

It's been 10 months since the environmentally-friendly printing option Follow Me Printing was introduced across the TAC. The immediate reduction in unnecessary printing and paper wastage has been significant, and is the equivalent of:

- Saved 197,743 sheets of paper = 395.48 reams of paper (note there is 500 sheets of paper per ream). This is the equivalent of 24 trees.
- Reduced carbon emissions = 2,512 KG of CO<sub>2</sub>
- Saved energy from not producing paper = 157,238.56 hours (the equivalent of light bulb hours)

## 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 its road safety partners – Victoria Police, VicRoads and the Department of Justice and regulation, Department of Health and Human Services and Transport for Victoria – to develop public education campaigns to increase awareness of specific road safety issues, to improve behaviour and ultimately to reduce the incidence of road trauma.

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 complied with the applicable Standing Directions made 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 and Privacy Team has been assessing all business wide privacy incidents and breaches since May 2016.

In the 2018/19 financial year, the TAC continued to raise staff awareness about the importance of privacy, resulting in an increase in reported privacy incidents.

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 2018/19 financial year the TAC responded to 11 privacy concerns/complaints. Of these:

- Three related to individuals not wanting to be contacted by TAC in relation to surveys
- Two were complaints that TAC found did not raise issues of interference with the individual's privacy
- Five were privacy complaints/concerns that the TAC successfully resolved with the individuals
- One formal privacy complaint was made to the Office of the Victorian Information Commissioner (OVIC).

## Freedom of Information

The 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 2018/19 financial year, the TAC received 1,533 Freedom of Information (FOI) requests in total. Only five of these requests were not from clients or their representatives for claim related information. This is a slight reduction from 2017/18, in which TAC received a total of 1,591 requests.

Of the 1,563 decisions made in 2018/19 (some carried over from the previous financial year), 1,280 were made within the requirements of section 21 of the FOI Act (30 days). A further 197 decisions were made within 45 days.

There have not been any requests transferred from another agency or requests for amendments to personal records.

Contact details for the TAC's FOI section are as follows:

Freedom of Information Officer  
Transport Accident Commission  
PO Box 742  
GEELONG VIC 3001

Phone: 1300 654 329  
Fax: (03) 9656 9360  
Email: [foi@tac.vic.gov.au](mailto:foi@tac.vic.gov.au)

## 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)

Name of Campaign	Campaign summary
Infrastructure "Safety barriers save lives"	Community interest in seeing a vehicle crash into safety barriers is high, and this campaign responds by showing a vehicle crashing into a safety barrier and explaining how safety barriers work. The campaign ran across TV, cinema, radio, press, out of home, digital and social media, with a focus on reaching regional communities state-wide.
Towards Zero "Man on the Street"	The emotive "Man on the Street" campaign shows a man being asked for his opinion on an acceptable number of lives to lose each year on our roads. This campaign was updated and re-ran in 2018 to provoke the community's thoughts on the acceptability of road trauma today, and to maintain community belief that zero is possible.
Motorcyclist Safety "Driver think rider. Rider think driver"	This campaign speaks to drivers about their role in keeping riders safe on our roads. Motorcycles don't have the protection that cars offer and so riders must take extra precautions on the road - by wearing protective gear, making themselves visible and riding within their limits. The campaign shares specific instructions for drivers and riders respectively.
Enforcement "Think of Us"	This campaign aims to deter deliberately risky behaviour. Police are portrayed as personal guardians who help us make better decisions about our driving in three difference scenarios where drivers consider whether to speed, drink drive and text drive. A new Christmas-themed commercial reminded us that police do not wish to knock on the doors of our loved ones with bad news.
Drowsy Driving "You can't fight sleep"	Beyond a certain point, our bodies are not able to fight the chemicals in our bodies that lead to sleep. Entertaining social media films refreshed this campaign over the long weekends in March, April and June.
Drug Driving "More drug tests, more places, more often"	Police continue to increase the number of tests conducted to detect drivers and riders with amphetamines and cannabis in their system. Billboards, TV, radio, regional newspapers and out of home advertising conveyed the unpredictable nature of enforcement by booze/drug buses, unmarked patrol cars and marked motorcycles.
Motorcyclist Safety "Perfect Ride"	This campaign targets experienced riders with specific roadcraft messages. Radio, press and billboard media companies provided free spots to the TAC (in addition to paid spots) in response to the loss of riders' lives over summer. Social media was extensive.
Vehicle Safety "How safe is your first car?"	This online campaign conveys that vehicle safety is affordable in used cars under \$5,000. Safety features can prevent crashes as well as reducing the forces of impact in a crash. Two segments of the community benefit the most from vehicle safety: younger drivers (due to inexperience) and older drivers (due to our bodies' vulnerability and fragility).
Distracted Driving "If you're on your phone, you're driving blind"	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 towards 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 launched with TV, radio, online, billboards, cinema and social media.
Night Time Practise for Learner Drivers	This new online campaign targets Learners and their parents to promote the TAC's free online resource known as "DriveSmart". DriveSmart is an award-winning tool supporting Learners as they progress through the licensing system. Recent changes now require Learners to double their night time practise, up from a minimum of 10 hours to 20 hours.
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 capability are being added to TAC's portfolio to enable more efficient changeover of messaging.
Regional Media - Press and Radio	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.

	Start date	End date	Advertising (Media) Expenditure 2018-19 (ex. GST)	Creative and campaign development Expenditure 2018-19 (ex. GST)	Research and evaluation Expenditure 2018-19 (ex. GST)
	1/7/18	30/6/19	\$1,707,756	\$633,609	\$104,665
	2/9/18	6/10/18	\$591,172	\$132,840	\$42,165
	7/10/18	1/12/18	\$1,002,528	\$121,920	\$42,165
	18/11/18	30/6/19	\$1,802,222	\$291,603	\$56,889
	1/3/19	10/6/19	\$14,901	\$107,027	\$42,165
	3/3/19	30/6/19	\$1,718,137	\$147,867	\$42,165
	7/2/19	23/3/19	\$383,405	\$45,294	\$42,165
	29/4/19	30/6/19	\$204,027	\$32,575	\$42,165
	31/5/19	30/6/19	\$1,635,576	\$1,144,776	\$184,680
	2/6/19	30/6/19	\$109,892	\$36,640	\$42,165
	1/7/18	30/6/19	\$4,214,210	Costs included in campaign production spend	\$0
	1/7/18	30/6/19			Costs included in campaign spend
			<b>\$13,383,826.00</b>	<b>\$2,694,151.00</b>	<b>\$641,389.00</b>

## 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: [www.tac.vic.gov.au](http://www.tac.vic.gov.au)

They include, but are not restricted to:

Description	Mode of Access
<i>Supporting you after a transport accident</i>	<i>Copy/Internet</i>
<i>Annual Transport Accident charges including GST and duty</i>	<i>Internet</i>
<i>Community Road Safety Grants newsletter</i>	<i>Internet</i>
<i>Drive Smart Online Program(available to learner drivers)</i>	<i>Internet</i>
<i>Ride Smart</i>	<i>Internet</i>
<i>Road Safety Statistical Summary</i>	<i>Internet</i>
<i>Safe travel policy</i>	<i>Internet</i>
<i>TAC Annual Reports</i>	<i>Copy/Internet</i>
<i>TAC client service charter</i>	<i>Internet</i>
<i>TAC Enterprise Agreement 2017-2021</i>	<i>Copy</i>
<i>TAC fee schedules</i>	<i>Internet</i>
<i>TAC research charter</i>	<i>Internet</i>
<i>TAC support when a person dies</i>	<i>Copy/Internet</i>
<i>Freedom of Information</i>	<i>Internet</i>
<i>The TAC's complaints process</i>	<i>Internet</i>
<i>Your Privacy and the TAC</i>	<i>Internet</i>
<i>4th Edition Impairment Examinations Information Manual</i>	<i>Copy</i>

## 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](mailto: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.

## Access to Information on the Internet

The TAC's corporate website ([www.tac.vic.gov.au](http://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. Information about road safety initiatives, statistics, promotions, and advice for drivers is available on the TAC's website ([www.tac.vic.gov.au](http://www.tac.vic.gov.au)).

The TAC offers the community information about Towards Zero on the Towards Zero website which is managed in partnership with Vic Roads, Department of Justice and Victoria Police.

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

### **Towards Zero website**

([www.towardszero.vic.gov.au](http://www.towardszero.vic.gov.au))

### **Spokes website**

([www.spokes.com.au](http://www.spokes.com.au))

### **Meet Graham**

([www.meetgraham.com.au](http://www.meetgraham.com.au))

### **How Safe is Your Car website**

([www.howsafeisyourcar.com.au](http://www.howsafeisyourcar.com.au))

### **How Safe is Your First Car website**

([www.howsafeisyourfirstcar.com.au](http://www.howsafeisyourfirstcar.com.au))

### **Safer P Platers website**

([www.saferpplaters.com.au](http://www.saferpplaters.com.au))

### **TAC on YouTube**

([www.youtube.com.au/tac](http://www.youtube.com.au/tac))

### **TAC on Twitter**

([www.twitter.com/tacvictoria](http://www.twitter.com/tacvictoria))

### **TAC on Facebook**

([www.facebook.com/transportaccidentcommission](http://www.facebook.com/transportaccidentcommission))

### **I Like Vanessa on Facebook**

([www.facebook.com/ilikevanessa](http://www.facebook.com/ilikevanessa))

### **It's People Like Us**

([www.itspeoplelikeus.com.au](http://www.itspeoplelikeus.com.au))

### **Road Safety Education Website**

([www.roadsafetyeducation.vic.gov.au](http://www.roadsafetyeducation.vic.gov.au))

### **Drive Smart website**

([www.drivesmart.vic.gov.au](http://www.drivesmart.vic.gov.au))

### **Ride Smart website**

([www.ridesmartonline.com.au](http://www.ridesmartonline.com.au))

## 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.

## Health, Safety and Wellbeing

In 2018/19, the TAC continued to improve and diversify 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 we know a safe and healthy workforce is happier, more engaged and has a higher level of morale.

Initiatives in this space align with the Victorian Public Sector Mental Health and Wellbeing Charter and our own TAC 2020 Strategy People Pillar. In the last financial year they had a strong focus on prevention and recognition of mental health issues and on empowering staff to continue to build on their workplace capabilities.

Highlights in 2018/19 have included:

- **Health Mind Body Living Portal** – The portal boasts 620 active accounts – more than half of the TAC workforce – and provides a rich source of information and resources for employees to maintain personal and professional wellbeing.
- **Employee Assistance Program** – With much of our workforce working directly with Victorians impacted by road trauma, the EAP counselling program is considered important to the wellbeing of TAC staff. Uptake continues to grow, with 195 initial contacts during 2018/19.
- **Employee Experience and Enablement Program (EEEEP)** – The aim of this program is to find a better way for staff to perform their respective roles – at or away from desks – through mobile technology (phones, laptops, iPads) that best suits specific job and life requirements.
- **Take the Wheel** – This exciting online resource offers a broad range of materials, tips and activities all designed at improving employee learning across a wide range of areas.
- **Team Wellbeing Sessions** – These sessions are targeted to specific team needs and help to foster more trustworthy and productive working environments.
- **Movement Challenge** – Launched in March 2019, the four-week challenge encouraged all employees to consider their levels of activity and engage in physical movement before and after work and during lunch breaks. Forty-three teams, comprising 223 members participated.

## Equality and Diversity

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

As Victoria's commission for transport accident treatment and services, we encourage applications from people with a disability. We are committed to assisting people with disabilities to achieve their career aspirations.

We also encourage people from indigenous, culturally and linguistically diverse backgrounds to apply for roles.

To enable us to provide a fair working environment and interview process for all, the TAC provides reasonable adjustments where necessary, and aims to remove unconscious bias wherever possible.

These practices are supported in policies and procedures including, but not limited to, Recruitment & 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.

## Workforce Data

	June 2018	June 2019
Total number of employees (headcount)	1033	1135
Total full time equivalent (FTE)	947	1037
Males (headcount)	297	327
Females (headcount)	736	808
Full timers (headcount)	743	797
Part timers (headcount)	290	338
Average age	42	41

## Employee Opinion Survey

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.

Its results provide an insight into what we are doing well, as well as areas for improvement.

One of the key categories of measurement is Sustainable Engagement – encompassing the engagement, enablement and energy of our workforce.

Our 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.

“

My personal thing is just to prove a point to myself and others that I can still do it... whether it's riding motorbikes or playing footy or whatever.

”

— Regan  
Client

Regan was an active teenager, completing year 12 and playing football and basketball, before his motorbike accident.

It was 18 months before he could walk again and he never regained use of his right arm.

There was a lot of anger, the now father of two says. And the pain remains a constant.

But Regan's injuries didn't stop him from getting back into life – from finishing his schooling, coaching basketball, even playing football again.

"It just felt like a bad dream at the start and then for probably a week or so afterwards it sort of sunk in and I knew what was going to happen and then I thought, well there's no point sitting around and sooking about it. I might as well get on with things and get out and see what I can do..."

"The TAC was really good, they supplied with me with a laptop because I couldn't write because of my hand, so I went back and finished Year 12."

# Disclosure Index

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

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\* Throughout.

Addie and her mum Jen both sustained Acquired Brain Injuries when their stationary car was struck by another vehicle in a 2012 accident.

While Addie's was mild, the scale of Jen's injury meant she could no longer care full time for her teenage daughter, who now lives with her Auntie, Uncle and their three children.

The two share regular visits and, with a strong network of support provided by family, the TAC and health professionals, are getting their lives back on track.



— **Addison & Jen**  
**Clients**



