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**YEARS OF
PROGRESS**

**ANNUAL
REPORT**



**TRANSPORT
ACCIDENT
COMMISSION**



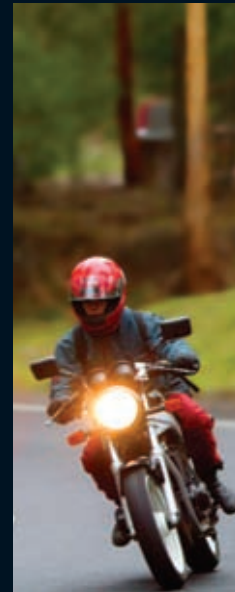
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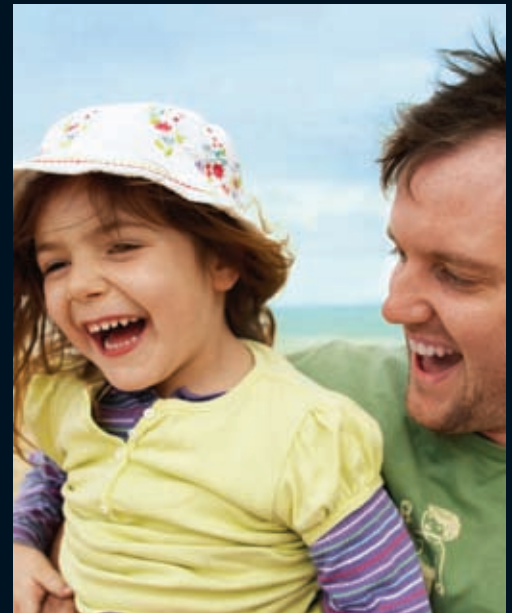
1987–2007

**TIMES HAVE
CHANGED**

**THE TAC'S COMMITMENT
TO ALL VICTORIAN
ROAD USERS HASN'T**



A 15 minute powernap could save your life.

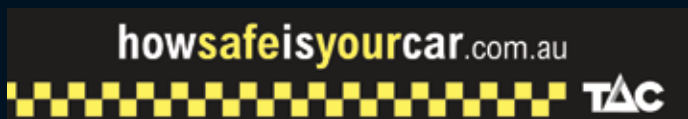
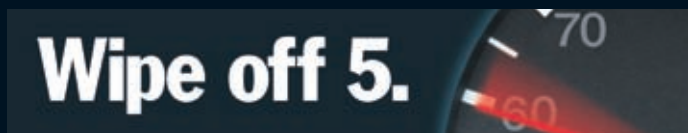
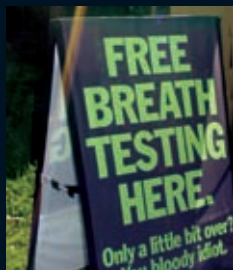


**1987 TIMES
-2007 HAVE
CHANGED**

THE TAC'S COMMITMENT TO ALL VICTORIAN ROAD USERS HASN'T



**Drink, drive,
bloody idiot.**
TAC



**Belt up,
or suffer the pain.**

TAC



Don't fool yourself, speed kills.



**OVER THE LAST 20 YEARS, OUR PUBLIC EDUCATION CAMPAIGNS
HAVE HELPED TO SHAPE COMMUNITY ATTITUDES AND BEHAVIOURS.
THIS CHANGE HAS LED TO A REDUCTION IN DEATHS AND INJURIES
ON OUR ROADS. DURING THIS TIME, THE TAC HAS PROVIDED NEARLY
\$10 BILLION IN COMPENSATION TO MORE THAN 400,000 PEOPLE.**

HIGHLIGHTS

06/07

**\$709 MILLION IN SUPPORT SERVICES AND BENEFITS
FOR MORE THAN 39,000 PEOPLE**

RECORD HIGH CLIENT SATISFACTION SCORE OF 7.4 MAINTAINED

**\$16.3 MILLION IN FUNDING FOR 24 APPROVED PROJECTS
UNDER THE VICTORIAN NEUROTRAUMA INITIATIVE**

RECORD LOW CLAIM LODGEMENTS

ROAD TOLL LOW AT 336

**\$60 MILLION FUNDING PER ANNUM
TO IMPROVE ROAD SAFETY INFRASTRUCTURE**

**NEW PUBLIC EDUCATION CAMPAIGNS ON DRUG DRIVING,
VEHICLE SAFETY AND DRIVER DISTRACTION**

NEW HEALTH AND WELLBEING PROGRAM FOR EMPLOYEES

HIGHER EDUCATION DEGREE SUPPORT FOR 32 EMPLOYEES

**CAREER ASSISTANCE AND KNOWLEDGE TRANSFER PROGRAMS
TO SUPPORT EMPLOYEES THROUGH THE TAC'S RELOCATION**

**GEELONG PRESENCE ESTABLISHED WITH OPENING OF THE TAC
INFORMATION CENTRE, ANNOUNCEMENT OF TRANSITION OFFICE
AND CONSTRUCTION COMMENCING ON GEELONG HEADQUARTERS**

**I.T. SYSTEMS RENEWAL PROJECT COMMENCED IN COLLABORATION
WITH WORKSAFE VICTORIA, I.T. SHARED SOLUTIONS ESTABLISHED**

COLLABORATION WITH WORKSAFE VICTORIA ON HEALTH SERVICES

ACTUARIAL RELEASE OF \$118 MILLION

FUNDING RATIO OF 115.3%

INVESTMENT RETURN OF 13.8%

**AFTER-TAX PROFIT OF \$691 MILLION,
IN PART DUE TO BUOYANT EQUITY MARKETS**

OUR RESPONSIBILITIES

**THE TAC IS GOVERNED BY THE
TRANSPORT ACCIDENT ACT 1986.
THE OBJECTS OF THE ACT ARE TO:**

- **PROVIDE, IN THE MOST SOCIALLY
AND ECONOMICALLY APPROPRIATE
MANNER, SUITABLE AND JUST
COMPENSATION IN RESPECT OF
PERSONS INJURED OR WHO DIE AS
A RESULT OF TRANSPORT ACCIDENTS**
- **REDUCE THE COST TO THE VICTORIAN
COMMUNITY OF COMPENSATION FOR
TRANSPORT ACCIDENTS**
- **DETERMINE CLAIMS FOR
COMPENSATION SPEEDILY AND
EFFICIENTLY**
- **REDUCE THE INCIDENCE
OF TRANSPORT ACCIDENTS**
- **PROVIDE SUITABLE SYSTEMS FOR
THE EFFECTIVE REHABILITATION
OF PERSONS INJURED AS A RESULT
OF TRANSPORT ACCIDENTS**

October 2007

The Honourable Tim Holding MP
Minister for Finance, WorkCover and the TAC
121 Exhibition Street
Melbourne, 3000

Dear Minister,

I am pleased to submit the twenty-first Annual Report of the Transport Accident Commission (TAC) for presentation to Parliament pursuant to Part 7 of the *Financial Management Act 1994*.



Paul Barker
Chairman



CHAIRMAN AND CEO'S REPORT

THIS YEAR MARKED THE TAC'S 20TH ANNIVERSARY. THE MILESTONE PROVIDED AN OPPORTUNITY TO REFLECT ON OUR GOALS, OUR PROGRESS AND OUR ACHIEVEMENTS. IMPORTANTLY, IT SIGNALLED THE BEGINNING OF THE NEXT PHASE OF OUR HISTORY.

The establishment of the TAC in 1987 was a bold piece of social reform. For the first time a single authority would manage Victoria's transport accident compensation scheme, with responsibility for both no-fault and common law coverage. Twenty years on, we remain focused on delivering this and continue to work hard to meet the community's expectations.

Since its inception, the TAC has provided nearly \$10 billion in compensation to more than 400,000 people. Through our public education campaigns and road safety programs, we have helped to influence the attitudes and behaviours of Victorian road users, and reduce the number of deaths and serious injuries on our roads.

Our progress as an organisation reflects our desire to continually improve our services and operations. In the next 20 years, through the dedication of our people, and partnership with stakeholders, the TAC will continue to strive for the best outcomes in everything it does.

Service delivery

Service delivery is at the heart of the TAC's operations. During 2006/07, the TAC provided \$709 million in support and benefits to more than 39,000 people.

Our service delivery model has been enhanced, enabling earlier and more frequent client contact. As a result, services are better geared to clients' individual needs. Through this commitment, despite significant internal change in preparation for our relocation, our client satisfaction score remained stable at 7.4 out of 10.

Programs to improve return to work outcomes for our clients were an area of focus. These included a range of vocational rehabilitation initiatives, and greater involvement with employers and hospitals. We partnered with key stakeholders including general practitioners and the Australian Physiotherapy Association to enhance clinical involvement and approaches towards return to work.

Our support for the Victorian Neurotrauma Initiative (VNI) saw 24 research projects funded to the value of \$16.3 million in 2006/07. This research aims to improve the care and management of clients with a brain or spinal injury.

Scheme viability

Scheme viability is about making sure the TAC has the necessary resources to provide support for Victorians now and well into the future.

The TAC continues to ensure that our services are delivered in the most socially and economically appropriate manner.

CHAIRMAN AND CEO'S REPORT

Road safety

The reduction of road trauma has enormous social benefits for the Victorian community and contributes to the long-term strength of the TAC scheme.

The TAC contributes to Victoria's 'arrive alive!' road safety strategy in collaboration with Victoria Police, VicRoads and the Department of Justice. A 'safe system' approach to road safety has now been adopted, addressing three key areas: safer cars, safer roads and safer road user behaviour.

This year, our public education campaigns tackled new themes including driver distraction and the dangers of drug driving. Car buyers were targeted with a campaign urging them to prioritise safety and demand curtain airbags and electronic stability control.

We continued our investment in safety-based infrastructure improvements to Victoria's road network. In 2005/06, the TAC committed \$60 million per year, indexed over the next 10 years, towards a range of safety projects on Victoria's roads under the Safer Roads Infrastructure Program. During 2006/07, planning commenced for new initiatives including roundabout upgrades, tactile centre lines and flexible barrier systems on roadsides.

Financial results

These initiatives were again underpinned by robust financial performance. The TAC achieved an actuarial release – or write-down in projected liabilities – of \$118 million. Strong investment markets delivered a return of 13.8%, contributing to the TAC's after-tax profit of \$691 million.

The table below (Figure 1) provides details of the impact of internal factors on the TAC's result before short-term fluctuations in investment markets and economic assumptions. In 2006/07, the impact on profit from internal factors was \$380 million, the consequence of strong claims management. The TAC's funding ratio remains sound at 115.3%.

Collaboration with WorkSafe Victoria

Working with WorkSafe Victoria we identified three key areas of mutual interest: health strategy, return to work and IT systems renewal.

A coordinated TAC and WorkSafe health strategy will enhance clinical practice, client outcomes and claims decision making, ensuring a common approach to the health market and stronger provider relationships.

Increased collaboration on return to work programs will improve client outcomes through a range of joint activities and strategies.

Establishing an IT shared services entity means a common approach towards information technology and ensures the prudent management of both organisations' resources and enhanced operational efficiencies.

Using the collective experience of both organisations and leveraging each other's strengths will see enhanced service delivery and client outcomes.

Impacts on profit (\$ million)

	02/03	03/04	04/05	05/06	06/07
Impact on profit from internal factors	507	298	364	437	380
Impact on profit from external factors					
Difference between actual investment returns and long-term expected returns	(201)	300	373	428	438
Change in inflation assumptions and discount rates	(255)	171	(108)	(34)	152
Tax	0	(179)	(164)	(227)	(279)
Net profit after tax	51	590	465	604	691

Figure 1



Relocation to Geelong

Our move to Geelong in January 2009 is a significant development in the evolution of the organisation and an opportunity to reinvigorate our operations. In implementing this relocation, we will strive for a smooth transition for TAC clients and employees, maintaining a strong commitment to the community we serve.

During 2006/07, we established firm links with the Geelong community and opened an Information Centre in Geelong. By the end of 2007, a Transition Office will open in Kilgour Street enabling employees who want to move to Geelong to work in the region earlier. This will also assist with workforce transition and the recruitment and training of new employees from the Barwon region. Construction of our new Geelong headquarters is underway. We continue to support our employees through this period of change.

Our people

Progress is only possible with the continuing hard work and commitment of our employees. We take this opportunity to thank every employee for their contribution towards our results this year and over the past 20 years. It is only through this custodianship that the organisation continues to achieve its goals. The work we are doing now will help build a stronger TAC for the future.

2006/07 was also a year of change at Board level with then Chairman, James MacKenzie, on extended leave through the second half of the year; the end of Michael Wright's term; and four new appointments: Bob Officer, Geoff Hilton, Victor Perton and Sonia Petering. Paul Barker has since been appointed to replace James MacKenzie as Chairman. We thank James for his significant contribution which has helped to shape and lead the TAC for almost half of its twenty year history.

While reflecting on and celebrating the past, we also look forward to the next twenty years, and the challenges and opportunities it will bring, with confidence and optimism.

Paul Barker
Chairman

Paul O'Connor
CEO

BOARD OF MANAGEMENT



Paul Barker
Appointed Chairman 2007,
Director since 2002



Julie Caldecott
Appointed 2004



Geoff Hilton
Appointed 2007



James MacKenzie
Appointed 2001



Prof. Bob Officer
Appointed 2006



Sonia Petering
Appointed 2007



Victor Perton
Appointed 2007



Elana Rubin
Appointed 2003



Maria Wilton
Appointed 2004

SENIOR MANAGEMENT



Paul O'Connor
Chief Executive Officer



Doug Kearsley
Deputy Chief
Executive Officer



Jane Bloomfield
General Counsel and
Acting Chief Claims Officer



Andrew Boag
Chief Operating Officer,
Geelong



Peter Harcourt
Head, Health Services



Paul Lange
Chief Officer,
Workforce Transition



Philip Reed
Chief Officer, Community



Andrew Saunders
Chief Executive,
IT Shared Solutions



Mikki Swindon
Chief People Officer



**WHAT
WE DO**





WHAT WE DO **THE TAC WORKS WITH THE VICTORIAN COMMUNITY TO REDUCE ROAD TRAUMA AND SUPPORT THOSE IT AFFECTS**

JANINE WAS INJURED IN A CAR CRASH 16 YEARS AGO. SINCE THEN, SHE HAS GIVEN BIRTH TO HER DAUGHTER, LILY. LIVING WITH QUADRIPLÉGIA HASN'T STOPPED JANINE LEADING A FULL AND ACTIVE LIFE.

WITH THE TAC'S HELP, JANINE'S HOUSE WAS MODIFIED, ENABLING HER TO REGAIN HER INDEPENDENCE.

"I never planned on having a baby, mainly because I didn't think it was possible, so Lily was a happy surprise," says Janine.

"She keeps me busy and we have fun together. I do my art – it's my relaxation at the end of the day, and I still get out on the dance floor with my friends."



WORKING WITH OUR CLIENTS AND SERVICE PROVIDERS TO MAXIMISE THE RECOVERY, RETURN TO WORK POTENTIAL AND INDEPENDENCE OF PEOPLE INJURED IN TRANSPORT ACCIDENTS.

WHAT WE DO

Working to reduce road trauma and investing in safer road infrastructure, and improvements to the State's trauma system are important focus areas for the TAC. This work supports our responsibility to fund medical treatment and support services needed by people injured in transport accidents.

The TAC supports people injured in transport accidents that are directly caused by the driving of a car, motorcycle, bus, train or tram.

The TAC is a 'no-fault' scheme, which means that anyone injured in a transport accident within Victoria (or interstate if in a Victorian registered vehicle) is eligible to receive support, irrespective of who caused the crash. Where a person suffers a serious injury in a transport accident, and the accident was someone else's fault, they may receive a lump sum payment and make a common law claim.

The needs of each person are different and we examine each case individually. When making decisions, the TAC is governed by the *Transport Accident Act 1986* which sets out what it can fund and the conditions that apply. To support this, we have policies and guidelines that assist with our decision-making. We also rely on information and recommendations obtained from health care professionals.

The TAC funds medical treatment for transport accident-related injuries for as long as it is necessary. For people with severe injuries, funding and support may continue for the rest of their lives.

To ensure the TAC remains a long-term compensation scheme, funds are used fairly and responsibly. We maintain a prudent investment and financial risk management strategy to ensure we can meet the needs of seriously injured people who require lifetime care.

If a person dies as a result of a transport accident, the TAC provides support to the dependants of the deceased in the form of a lump sum payment and, depending on the family situation, can also pay income support, childcare, home help or education support. The TAC also funds counselling for the immediate family of the deceased and reasonable burial and cremation expenses.

The TAC funds the costs of reasonable treatment related to a person's accident injuries. This may include:

- ambulance services from the accident scene to hospital and, where required, from one hospital to another
- hospital services
- medical services, including surgery and visits to doctors or specialists
- chemist items for prescribed medicines to treat accident-related injuries
- therapy services, such as physiotherapy, chiropractic, podiatry, optometry, osteopathy and psychology
- dental services if the injury was accident-related
- nursing services such as home visits after discharge from hospital.



“I NEVER PLANNED ON HAVING A BABY AFTER MY ACCIDENT, MAINLY BECAUSE I DIDN'T THINK IT WAS POSSIBLE.”

Other support services the TAC may fund include:

- income support for people whose injuries prevent them from performing normal job duties
- rehabilitation and disability services
- return to work programs
- attendant care
- travel costs for transport to and from medical appointments and treatment sessions
- allowances for parents to visit dependent children in hospital
- home services if clients cannot perform the household tasks they did before the accident because of their injuries
- childcare if the client needs support to look after their children because of their injuries
- equipment or aids, such as wheelchairs or crutches, that are recommended by a healthcare professional
- lump sum and weekly payments for permanent impairment.

Service delivery

Service excellence remained a key focus for the TAC in 2006/07 with the roll-out of a new service delivery model to help ensure the right support is provided at the right time during a person's recovery. Our partnerships with the health and disability sectors are central in supporting this.

Health strategy and partnerships

The TAC works with the health and disability sectors in order to improve client outcomes. A Clinical Panel of around 50 leading healthcare clinicians works alongside our claims managers to assist with decision making and to improve the quality of care being provided to clients. Through the panel, we identified a number of options to enhance the role of treaters in return to work programs. A partnership with WorkSafe Victoria aims to build a stronger relationship with key provider groups. During the year, joint TAC and WorkSafe focus groups were run with general practitioners. These groups explored the GP's role in assisting clients' return to work.

We continued to work closely with the Australian Physiotherapy Association to assist clients' return to work and manage chronic pain. This year, an occupational physiotherapy workshop, involving around 50 physiotherapists, was held to develop and diversify their clinical skills. The workshop included training programs around the identification and management of pain, measuring clinical success, when and who to refer to, and identifying any mental health issues that may arise during the course of treatment. We also began multidisciplinary assessments for clients with vocational potential, with persistent pain and those with serious injuries.

Enhanced service delivery model

The TAC aims to improve its services to deliver the best outcomes for clients. During the year, we conducted an extensive review of our claims management model, examining similar schemes in Australia and around the world. While the existing claims operating model was found to be strategically sound, we identified opportunities for further improvement to work practices.

The new service delivery model provides a life-of-claim approach to claims management. It tailors client support to their goals as they progress through the various phases of recovery. Collaboration between claims managers and health providers ensures clients receive the assistance they need at the optimal time during their rehabilitation. The new model means we are engaging with our clients earlier and more often, to better understand their changing needs and, ultimately, reduce the impact of the transport accident on their lives. Our unchanging commitment is to put the client 'front and centre' in all that we do.

Support services funded by the TAC

In 2006/07, the TAC funded a total of \$709 million in support services and benefits, compared with \$675 million in the previous year.

The number of new claims received continues to fall with 18,654 new claims lodged with the TAC during 2006/07 – a record low. At the same time, 39,813 people received funded support from the TAC compared with 41,225 in 2005/06.



WHAT WE DO

Lifetime support

The TAC has a client-focused approach towards managing the claims of severely injured people. This year, arrangements were made to utilise the TAC's expertise in this area by managing 140 WorkSafe Victoria clients. Extensive consultation with clients has helped to initiate a smooth transition of services.

Return to work

Return to work and vocational rehabilitation are vital focus areas for the TAC. Our new service delivery model helps to identify clients who need vocational support early, and provides better information about return to work assistance.

Our vocational strategy is centred on the following themes:

Vocational rehabilitation

In 2006/07, the TAC funded over \$2 million of vocational rehabilitation services for more than 1,300 clients. These services were provided by occupational rehabilitation specialists across Victoria.

Employer engagement

Early engagement with employers is central to improved return to work outcomes. The TAC is working closely with WorkSafe Victoria, a recognised expert in this area. We will continue to work with employers to achieve better client outcomes. We will also be linking with WorkSafe employer networks and return to work coordinator training programs. An information kit is available for employers outlining support programs such as wage subsidies and the services of return to work specialists.

Disability employment

Participation in work for seriously injured clients can help them to achieve a better quality of life. Clients with severe injuries, including acquired brain injury (ABI), spinal cord injury and amputations, face challenges in exploring vocational options and returning to work. Specific initiatives underway to improve employment outcomes for these clients include:

- appointing specialist disability employment providers
- enhancing hospital-based vocational services for spinal clients using the in-house expertise of the TAC's occupational physicians
- engaging a disability re-training provider for spinal clients unable to return to their pre-accident employment
- improving vocational planning and pathways for young people and school-leavers
- increasing staff training and education.



Hospital network

The TAC has also established closer working relationships with major rehabilitation hospitals, such as Epworth HealthCare, to develop a shared focus on return to work.

Small grants program

During the year, funding was provided through the TAC's small grants program for a range of activities delivered by community organisations for projects benefiting people living with disabilities. These included initiatives of Headway Victoria, Action for Community Living, Arts Access, the Australian Quadriplegic Association, Wheelchair Sports Victoria, Able Management Group, Assistance Dogs Australia, Weave Theatre and Auspicious Arts.

Our support helped these groups to develop new information products for people with ABI and their families, to conduct a camp for children with ABI and their families, and hold a 500km handcycle tour throughout regional Victoria, as well as many other projects.

These community-based projects provide opportunities to build the confidence of people living with disabilities and encourage participation in the community.

Spinal cord injury

Approximately half of all spinal injuries in Victoria result from road crashes. During the year, the Department of Human Services and the TAC co-sponsored a project to examine ways to improve outcomes for clients with spinal injuries. Recommendations will be implemented in the new financial year.

In November 2006, the TAC again joined ParaQuad Victoria to support spinal cord injury awareness week. Activities held throughout the week included an Accessibility Weekend where Melbourne attractions such as the National Gallery of Victoria, the Australian Centre for the Moving Image and the Melbourne Aquarium opened their doors to people with physical disabilities, and their carers, to enjoy free of charge.

Health research

The Victorian Neurotrauma Initiative (VNI) is a \$63 million health research fund. It was established in 2005 with five years funding provided by the TAC in partnership with the Department of Innovation, Industry and Regional Development. A close working relationship with Neurosciences Victoria provides collaboration with the neurosciences sector. The VNI supports research into traumatic brain injury, spinal cord injury and peripheral nerve injury, conducted by Victorian scientists in collaboration with their national and international colleagues.

This investment is expected to lead to breakthroughs which will positively impact on the lives of TAC clients with a brain or spinal injury. Funding of major projects previously undertaken by the Victorian Trauma Foundation will continue through the TAC's health research team.

During 2006/07, 24 projects were approved to receive VNI funding, to an aggregate value of \$16.3 million. Funding announced in November 2006 saw a rise in interest and competitiveness with 92 expressions of interest submitted and 39 applications received.



A scenic landscape featuring a calm body of water in the foreground, a grassy bank with some reeds in the middle ground, and a dense line of trees in the background under a clear blue sky. A wooden bench is partially visible in the lower right foreground.

**HOW
WE
DO IT**



HOW **WORKING TOGETHER** WE **TO HELP PEOPLE** DO IT **ACHIEVE**

SHAUN WAS 21 YEARS OLD WHEN HE SUSTAINED A BRAIN INJURY IN A CAR CRASH ON HIS WAY HOME FROM FOOTBALL.

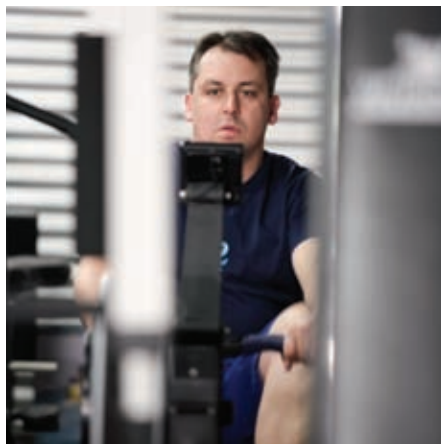
THROUGH HARD WORK AND DEDICATION, AND REGULAR TRAINING SESSIONS SUPPORTED BY THE TAC, HE IS PURSUING HIS PASSION AND SETTING RECORDS.

“I loved football, I really did. But after my crash, I couldn’t play anymore. I still help out with Devon Meadows Football Club, and now I do rowing too,” says Shaun.

“I train every Monday afternoon. It’s really good. I have three records on the ergo machine and two out on the water – and I’m going for more.

“You’ve got to get up and do the things you love to do.”





THE TAC DELIVERS ON COMMUNITY EXPECTATIONS BY LISTENING TO CLIENT NEEDS, RESOLVING ISSUES, AND PROVIDING SUPPORT SERVICES IN A FAIR, EFFICIENT AND FINANCIALLY RESPONSIBLE WAY.

**HOW
WE
DO IT**

Client satisfaction

Every year, the TAC commissions an independent survey of 2,500 clients to measure their satisfaction with our service. The survey measures against three key criteria: resolving issues, keeping clients up-to-date, and treating clients as individuals.

Results over the last five years have demonstrated sustained progress. Our client satisfaction result for 2006/07 remained at our highest ever score: 7.4 out of 10. These results are only possible through the efforts of our people who aim to improve outcomes for our clients.

Understanding our clients' needs

To better understand and meet our clients' needs, this year we established the Client Zone. The Client Zone is an initiative that brings the clients' perspective of service delivery to life and helps us to better understand their needs and the role we play in their lives. Client Zone staff tours were held in December 2006 and April 2007. Clients involved in the process were very positive about the experience.

The Disability Advisory Group continued to provide independent advice to ensure TAC programs and communications with clients are as effective as possible. The group's feedback and input ensures our materials and services are relevant and accessible to people living with disabilities.

Improving our systems

In order to deliver services as effectively and efficiently as possible, we are upgrading our technology systems in partnership with WorkSafe Victoria. Establishing an IT shared services entity and new IT systems will enable faster response times and ensure the organisation remains focused on client needs.

The TAC and WorkSafe Victoria have similar claims management requirements as well as a commitment to the prudent management of resources. This joint investment in systems renewal will enable a common IT solution across both organisations.



Financial management

The TAC's objective is to maintain scheme viability through prudent investment and financial risk management.

The TAC's charges are determined assuming a 5% real investment return can be achieved over the average duration of claims liabilities (about 10 years). Accordingly, the objective provided to our investment manager, the Victorian Funds Management Corporation (VFMC), is to achieve this return with a high probability of certainty. During 2006/07, the VFMC maintained an allocation of 60% to growth assets which is expected to achieve this targeted return with acceptable volatility.

The organisation's annual result is dominated by the Australian Accounting Standards requirement to mark the TAC's assets and liabilities in accordance with market movements on an annual basis. Both investment markets and bond yields (which affect the valuation of the TAC's claims liabilities) can be volatile. Moderate changes in the valuation of the balance sheet caused by market shifts can have a substantial impact on annual profit.

The TAC has developed a reporting framework where contributions to annual profit from internal and external factors (such as volatility in investment markets, claims discount rates and inflation) are identified and reported separately.

In 2006/07, the impact on profit from internal factors was \$380 million (compared with \$437 million in 2005/06). The impact from external factors was \$590 million (compared with \$394 million in 2005/06).

Following a review by the Victorian Government in 2005/06 of the preferred capital, pricing and reserving framework, the TAC has adopted a target funding ratio of 110%, being the midpoint of a funding ratio range of 100-120%.

To protect the scheme against the impact of a catastrophic accident, the TAC has an appropriate level of reinsurance cover.

2006/07 results

The TAC recorded an after-tax operating profit for 2006/07 of \$691 million, up from \$604 million in 2005/06.

During 2006/07, continued buoyant investment markets contributed to the TAC's investment return of 13.8%, compared with 14.1% in the previous year. The TAC's rolling 10-year real investment return of 6.3% per annum was above the targeted real return of 5% per annum.

The TAC achieved an actuarial release – or write-down in projected liabilities – of \$118 million.

Assets and liabilities

The TAC's total assets as at 30 June 2007 were \$8.1 billion (\$7.4 billion at 30 June 2006) while total liabilities were at \$6.7 billion (\$6.4 billion at 30 June 2006).

The TAC's funding ratio at 30 June 2007 was 115.3% (109.6% at 30 June 2006) after allowing for a dividend for 2006/07 at the benchmark rate of 50% of profit.

HOW WE DO IT

Dividends paid

Under the *Transport Accident Act 1986* (the Act), the TAC may pay an annual dividend to the Victorian Government. The dividend is determined each year by the Treasurer in consultation with the TAC Board, Chairman and the Minister, having regard to funding levels and other factors.

During 2006/07, the TAC paid a dividend of \$302 million relating to 2005/06.

Transport accident charge

Consistent with the Act, transport accident charge levels for motorists increased in line with the CPI (2.68%) on 1 July 2006.

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 motor vehicles and railways/tramways are set following a review of claims experience by independent actuaries.

Environmental initiatives

The TAC purchases carbon offsets for its fleet vehicle emissions and has committed to credits from CarbonSmart (Landcare). This activity is consistent with the Victorian Government's carbon neutral fleet program policy.



Resolving disputes and complaints

The TAC makes thousands of decisions each week which affect our clients. On occasion, these decisions are not understood or accepted. In these cases, a number of avenues exist for clients to have decisions reviewed. The protocols that the TAC introduced in 2005 for resolving common law, impairment and no-fault claims disputes continue to operate well. The protocols were developed in collaboration with the Law Institute of Victoria and the Australian Lawyers Alliance.

The protocols aim to:

- improve the quality and consistency of decisions
- reduce the time taken to resolve disputes and common law claims
- reduce the cost of legal disputes.

The Transport Accident and WorkCover unit within Ombudsman Victoria provides an independent avenue for TAC clients to raise issues, and ensures accountability for both organisations.

As an alternative, the TAC has an internal process for lodging and addressing complaints made by clients or members of the public. During the year, we received 132 formal complaints. The feedback we receive from complaints enables us to identify areas where we can improve.



**“YOU’VE GOT TO
GET UP AND DO
THE THINGS YOU
LOVE TO DO.”**

Reviews of TAC decisions

In 2006/07 disputes over TAC decisions remained low.

During the year, 448 requests for an informal review were lodged with the TAC, a reduction of 14% since 2005/06 when 519 review requests were lodged.

Following the informal review process, 72 clients sought a further review at VCAT, compared with 93 in the previous year, a reduction of 23%.

A total of 729 applications were lodged with the TAC pursuant to the No Fault Dispute Resolution Protocols during the year. In 2005/06, the first full year of protocol disputes, 339 applications were lodged.

In 2006/07, 563 merit reviews were lodged at VCAT compared with 529 in the previous year.

Common law

Common law damages are payable for economic loss, and for pain and suffering. Economic loss can also be paid to the dependants of a person killed in a transport accident. The TAC resolved 716 Victorian common law claims during 2006/07, 3% more than the 694 resolutions in 2005/06.

Model litigant

In order to maintain proper standards of conduct in claims management and litigation, the TAC is required to behave as a model litigant. The TAC encourages scrutiny of its conduct against the State of Victoria’s model litigant guidelines.

During 2006/07, five formal complaints were received and registered on the Model Litigant – Formal Complaints Register. All complaints were investigated and no breaches of the TAC’s model litigant guidelines were found.

Pro bono legal services

Pro bono legal service programs are supported by the TAC through the Public Interest Law Clearing House (PILCH), an independent not-for-profit legal referral service.

As a result of this support, during 2006/07, the TAC helped PILCH to establish a not-for-profit (NFP) legal service to ensure that NFPs have ongoing access to timely, relevant, targeted legal advice, training and resources. We also assisted PILCH to commence a rural, regional and remote (RRR) pro bono pilot project in the Geelong region. The project will increase access to legal services for people in regional areas and enhance pro bono activity in Victoria.

Equal opportunity briefing policy

The TAC has an equal opportunity briefing policy. It selects all counsel based on skills and competency, independently of gender. During 2006/07, the TAC briefed and paid fees to female barristers in proportions consistent with the representation of female barristers at the Victorian Bar.

Eradicating fraud

The TAC aims to ensure that benefits are delivered in a fair and consistent way. During the year, 20 letters of caution for breaches of the Act relating to fraud and false information were sent to clients and providers. Three prosecutions were also finalised in the Victorian courts. In each instance, the client was convicted, although one conviction was not recorded. The courts ordered restitution in relation to the three prosecutions. One defendant received a six-month custodial sentence.



A person wearing a white lab coat is seen from the side, looking at a large, dark screen. The screen displays a blurred image with vibrant, out-of-focus light spots in shades of blue, green, and orange. The person's arm and part of their torso are visible on the left side of the frame. The background is dark and indistinct.

**WHO
WE
ARE**



WHO WE ARE **A TALENTED AND COMMITTED TEAM CARING FOR VICTORIANS**

WITH THE SUPPORT OF HIS EMPLOYER, CROWN EQUIPMENT, AND THE TAC, DEAN WAS BACK AT WORK AS A FORKLIFT MECHANIC EIGHT MONTHS AFTER BEING INJURED WHEN A CAR CRASHED INTO THE BACK OF HIS UTE.

RECOVERING FROM KNEE AND SHOULDER INJURIES, DEAN HAS BEEN BUILDING UP HIS WORKLOAD GRADUALLY AND GETTING ON WITH LIFE.

“Crown has been really good with helping me return to work. I started off on light duties and have been increasing my hours as I go,” says Dean.

“I still have physio appointments that I have to go to for my accident injuries, but work has been supportive and understanding of that.

“It’s been great being back at work and moving on with my life.”





**“IT’S BEEN GREAT
BEING BACK
AT WORK AND
MOVING ON
WITH MY LIFE.”**

WHO WE ARE

Helping people who have been affected by road trauma, or working in promoting road safety, gives our employees a deep sense of purpose. Our employees engage with Victorians through a diverse range of roles. These include claims management, health research, finance, road safety, human resources, communications and information technology.

To be an ‘employer of choice’, the TAC offers employees significant learning and development opportunities, encourages a balance between work and life and ensures employees are supported to achieve great results and develop their career aspirations. This has been reflected in consistently high satisfaction scores in employee opinion surveys and low attrition rates.

Organisational development – investing in our people

The TAC continued its leadership development offering external leadership programs for our managers. During 2006/07, two in-house customised leadership workshops on change management were conducted to help team leaders and managers in understanding and leading employees through change.

Personal injury education foundation

Recognising a need for specialised claims management education, the TAC partnered with WorkSafe Victoria to create the Personal Injury Education Foundation. The Foundation has developed post-graduate qualifications in personal injury and claims management in conjunction with Deakin University. The public course includes post-graduate qualifications in personal injury at Graduate Certificate and Graduate Diploma level, leading ultimately to a Masters degree.

The course will enhance the depth and breadth of skills of potential industry leaders in accident compensation and general insurance. In 2007, the first post-graduate program in claims management was launched and seven TAC employees commenced the course.

Preparing for our relocation to Geelong in 2009

The TAC’s relocation to Geelong was announced in December 2005 as part of the Victorian Government’s pledge to build regional economies. Since then, we have been preparing for this change with a dedicated team to ensure a smooth transition.

A number of employees have already relocated to Geelong and purchased houses through the comprehensive assistance and support package successfully negotiated with the Community and Public Sector Union (CPSU).

Recognising that not all of our people will move with the TAC to Geelong, we have also implemented a comprehensive knowledge management program. Key knowledge areas and roles have been identified to ensure the organisation actively manages and captures current corporate knowledge.

The transition is being supported by using Geelong-based expertise. The Gordon Institute is assisting us to update training materials and recruitment is being conducted through Geelong-based firms.

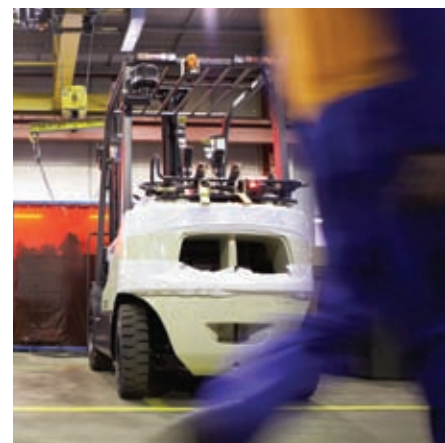
Geelong presence

During 2006/07, we strengthened our ties with the Geelong community as we moved forward with our relocation plans. Construction commenced in February 2007 on the TAC’s new Geelong office at the former Bowtruss site, next to the National Wool Museum. Our new headquarters will be a brand new state-of-the-art building, with a 5-star energy rating, using the latest in ecologically sustainable design principles.

Our people

Supporting Victorians through our shared values of:

- care
- integrity
- unity of purpose
- dignity and respect
- innovation
- accountability and responsibility



Additionally, to facilitate a smooth relocation, the TAC will open a Geelong Transition Office by the end of 2007. The site, announced in May 2007, is in Kilgour Street, Geelong. Having a presence in Geelong ahead of the relocation means that some employees who want to move to Geelong will have the opportunity to work in the region earlier. It will also assist with workforce transition, recruitment and training. Recruitment for Geelong-based positions has commenced with a positive response from the community.

The Geelong Transition Office complements the TAC's Information Centre in Yarra Street, Geelong, which continues to operate and offer general information about the TAC and career opportunities locally.

Career opportunities and planning

TAC employees are encouraged to develop their careers both within the organisation and beyond. During 2006/07, around 600 employees benefited from our career assistance support program. The program provides practical tools, support and advice to employees in planning their careers.

The TAC will continue to provide assistance for employees who remain with the organisation up to and beyond the relocation to Geelong.

Occupational health and safety (OHS)

The TAC actively promotes a safe work environment for all employees and visitors. Through an integrated Workplace Occupational Health and Safety Program and a dedicated OHS Committee, the TAC empowers employees to manage their health and safety.

The TAC's OHS Strategy focuses on the following three priority areas:

- prevention: this includes hazard and incident identification and reporting by employees, OHS reviews of new equipment and work areas, and regular assessments of workstations
- rehabilitation: the Return to Work Coordinator and employee counsellor provide early intervention and support to help employees manage occupational and non-work-related conditions. The TAC's preventative OHS focus means that it does not wait until an injury or illness escalates to a formal workplace injury claim before offering employee assistance
- compensation: this includes a focus on assisting employees at all points during the process and encouraging a return to work.

The TAC OHS Committee comprises elected Health and Safety Representatives (HSRs) and Deputy HSRs, management representatives and the TAC's OHS Adviser. The committee meets formally on a quarterly basis. All members are required to undergo a certified five-day OHS training program. Working closely with all areas of the organisation, the members are actively involved in the promotion of workplace safety and the identification and resolution of OHS issues.

During 2006/07, the TAC undertook the following initiatives:

Testing and treatment for improved health

- free flu vaccination program taken up by 280 employees
- continued use of computer-based exercise program 'Prime Mover'

- eyesight testing and reimbursement
- flat screen monitors.

Awareness and information

- health education seminars for feeling good at work in conjunction with WorkSafe Victoria
- introducing a new Health and Wellbeing program called 'Life Tactics', facilitating men's and women's health seminars, Weight Watchers and QUIT programs
- CPR training available to all employees
- supporting employees to donate blood by hosting on-site visits by the Blood Bank
- participating in the Working Futures Research Project, in conjunction with MS Australia, which looked at the needs and opinions of people who combine paid employment with unpaid caring roles.

2006/07 incident report

In the past financial year, there were eight WorkCover claims. A total of 25.5 days were lost due to injury.

Sick leave bank

A sick leave bank was established for employees in 2006/07. This gives employees with long-term or chronic health conditions, or those caring for an immediate family member with a long-term or chronic health condition, an option to access additional paid leave from the sick leave bank once their personal leave has been used.



**WHERE
WE WANT
TO BE**





WHERE A FUTURE WHERE
WE WANT EVERY JOURNEY
TO BE IS A SAFE ONE

**THOUSANDS OF VICTORIANS
ARRIVE SAFELY AT THEIR
DESTINATIONS EVERY DAY.
YOU ARE MAKING A
COMMITMENT TO SAFETY
BY OBEYING THE ROAD
LAWS AND CHOOSING
TO DRIVE A SAFE CAR.**

You can't predict if you will have a crash, but you can make safety a priority.

Buying a car with curtain airbags and electronic stability control can help reduce your chances of being hurt on the road.



**YOU CAN'T
PREDICT IF
YOU WILL
HAVE A
CRASH
BUT YOU CAN
MAKE SAFETY
A PRIORITY.**



ROAD SAFETY: WORKING WITH OUR ROAD SAFETY PARTNERS TO REDUCE THE INCIDENCE AND SEVERITY OF ROAD TRAUMA.

WHERE WE WANT TO BE

When the TAC was formed in 1987, the annual road toll stood at 705 deaths. Two years later, the TAC launched its first road safety public education campaign. In 2006/07, 336 people died on our roads. Over time, the Victorian road toll has more than halved, despite a 52% increase in vehicles on our roads. The TAC's road safety campaigns and initiatives have helped contribute to this significant reduction in road trauma, in partnership with Victoria's road safety agencies.

The 'safe system' approach, focuses on the road user, vehicle safety, and road infrastructure. Over the years, the TAC has connected with the Victorian community through educational and enforcement-based advertising campaigns, supporting police efforts and legislative change. Campaigns also highlight the consequences of adverse behaviours on our roads, through emotive themes. An evidence-based approach, with an emphasis on solid research and evaluation, ensures that our road safety messages are effectively delivered.

In 2006/07, together with Victoria Police, VicRoads and the Department of Justice, we continued to implement Victoria's 'arrive alive!' road safety strategy. The TAC's specific campaigns focused on:

- speeding
- distracted drivers
- youth safety
- drink and drug affected drivers
- vehicle safety.

Road toll

In 2006/07, Victoria's road toll was 336. Although the road toll has remained at historically low levels in recent years, more must be done to reduce the level of road trauma in our community.

The acute hospitalised claim rate was 7.6 per 10,000 vehicles in 2006/07, compared with 8.2 in the previous year. The TAC's accepted no-fault claim rate was 42.2 per 10,000 vehicles, down from 45.7 in 2005/06.

Driver behaviour

Some of the major road safety initiatives undertaken during the year included new campaigns on driver distraction, drug driving and vehicle safety.

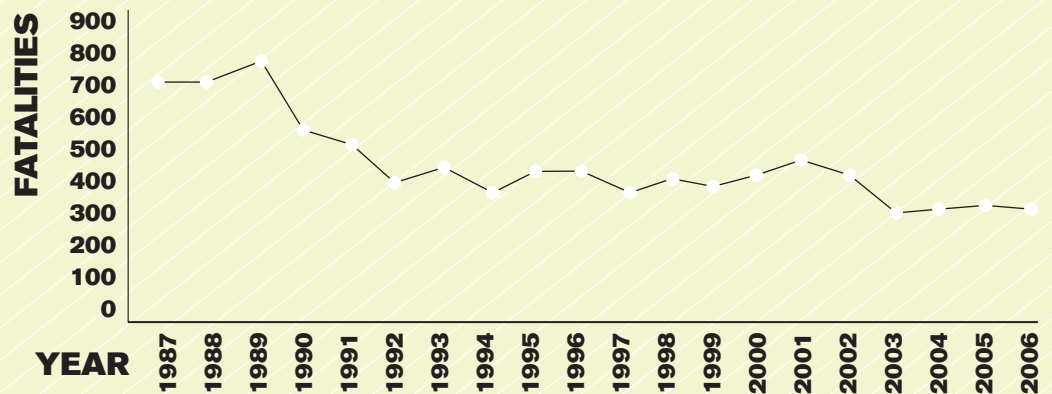
The driver distraction campaign illustrated the consequences associated with a lack of concentration behind the wheel. Recent research indicates that Australian drivers engage in a distracting activity on average once every six minutes. These activities frequently result in driving errors and road crashes. Research also shows that drivers using a handheld mobile phone are four times more likely to be involved in a crash. The campaign brought driver distraction onto the public agenda and highlighted the behaviours that place motorists especially at risk.

In December 2006, Victoria Police began converting booze buses to enable both random drug and alcohol testing. The TAC supported this initiative with a campaign advising motorists of the new testing regime and the risk of driving while drug affected, with the message that 'If you drive on drugs, you're out of your mind'.

Vehicle safety

The TAC continued to raise consumer awareness about vehicle safety by highlighting new in-vehicle safety technologies. In February 2007, we launched a new public education campaign urging car buyers to demand safety technologies when buying a car. Focusing on two life-saving technologies – Electronic Stability Control (ESC) and side curtain airbags – the campaign reminded motorists that innovative safety features can reduce the risk of crashing or the chance of serious injury in the event of a crash.

VICTORIAN ROAD DEATHS SINCE 1987



ESC helps drivers maintain control of their vehicle particularly in emergency situations and on wet, icy or unmade roads. Side curtain airbags protect occupants in a side impact crash. This campaign served to educate consumers and stimulate market demand for these features.

Pleasingly, more manufacturers are now making these safety features available as standard across a range of models. During 2006/07, the number of passenger vehicles sold in Victoria with ESC as standard doubled (from 24,100 in 2005/06 to 48,244 in 2006/07). The number of passenger vehicles sold with front curtain airbags as standard increased by 51% in the same period from 35,501 in 2005/06 to 53,592 in 2006/07, demonstrating a significant rise in consumer demand for these life-saving technologies.

Another vehicle safety technology being trialled by the TAC is intelligent speed adaptation – a system that alerts drivers when they exceed the speed limit, using GPS technology and a road speed database to identify the speed limit.

Youth

The TAC's fifth annual 'Make a film. Make a difference' short film competition received more than 180 entries from aspiring young Victorian film makers. Using the theme 'Your mate's life is in your hands', the films encouraged discussion about the influence of peer group pressure and peer intervention on risk taking. The two winners received a budget of \$20,000 and the support of an industry mentor to turn their concepts into short films. These were screened in cinemas across Victoria and at major youth festivals throughout the year.

Previous winners also received accolades this year, through the Global Road Safety Film Awards at the World Health Organisation's World Youth Assembly for Road Safety held at the United Nations in Geneva. Films were screened during the Assembly and the program was commended for its innovation in youth engagement.

In collaboration with the Department of Education and VicRoads, we also developed new road safety school resources for children and young people. The resources target the early primary school years, the transitional years between primary and secondary school and pre-licence – when young people are vulnerable road users. The resources focused on specific road safety behaviours relevant to age and were well received.

The TAC also supported the development of a new television campaign featuring the road safety character – Thingle Toodle. The campaign reminds children to stop before they cross the road, look and listen for approaching traffic, and to think about whether it is safe to cross. The television campaign supports the VicRoads pre-school program, Starting Out Safely.

Safer roads

The TAC has committed \$240 million towards a range of safety projects on Victoria's roads under the Safer Roads Infrastructure Program (SRIP). These projects, managed by VicRoads, include upgrades of the state's highest risk locations for run-off road crashes in regional areas and improvements to high-risk intersections.

In 2005/06, the TAC committed a further \$60 million indexed per annum over ten years to continue

safety improvements to Victoria's road infrastructure. These projects, managed by VicRoads, include upgrading roundabouts, introducing more fully controlled right turns, providing flexible barrier systems on roadsides and tactile centre line markings to help prevent cross-over into opposing lanes.

Partnerships

Strong community partnerships ensure road safety messages reach a diverse audience, at a grass-roots level. During 2006/07, we partnered with: Collingwood Football Club, Under 18 TAC Cup Football Competition, Falls Festival, Melbourne Victory, Australian Formula 1 Grand Prix, MotoGP, the Wangaratta Festival of Jazz and Blues and Country Racing Victoria Limited. Community engagement activities included free breath-testing, educational competitions, supporting shuttle buses as alternative transport options for patrons, and distributing targeted road safety information.

Through the TAC Cup, we continued to promote the L120 message. Community based activities included holding parent-player information sessions and providing incentives to learner drivers as they clock up their driving practice hours. Through this activity, the clubs, players, families and their friends have participated in programs highlighting the importance of learner drivers gaining 120 hours of driving experience before they sit for their Ps.

Our partnerships with the Australian Drug Foundation, the Road Trauma Support Team of Victoria, Reach Foundation and VicHealth continue to support our public education and community engagement efforts.

**THE TAC ACKNOWLEDGES
ITS GOVERNMENT, BUSINESS
AND COMMUNITY PARTNERS
WHO HAVE PLAYED A CRITICAL
ROLE IN ASSISTING US TO
CONTINUOUSLY IMPROVE AND
ACHIEVE STRONG RESULTS.**

WE THANK YOU.

Transport Accident Commission

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**TRANSPORT
ACCIDENT
COMMISSION**

