

Together, we achieve

Transport Accident Commission
Annual Report 2006



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Through partnerships,
the TAC makes a
significant difference
to the lives of our clients
and to the Victorian
community.

Objects of the Act

The Transport Accident Commission is governed by the *Transport Accident Act 1986*.

The objects of the legislation are as follows:

- a* to reduce the cost to the Victorian community of compensation for transport accidents
- b* 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
- c* to determine claims for compensation speedily and efficiently
- d* to reduce the incidence of transport accidents
- e* to provide suitable systems for the effective rehabilitation of persons injured as a result of transport accidents.

Highlights 2005/2006

Service Delivery

- ~ \$675 million in support services for 41,225 clients
- ~ Highest-ever client satisfaction score of 7.4 out of 10
- ~ More than \$12.6 million in funding approved for 17 projects under the Victorian Neurotrauma Initiative

Road Safety

- ~ Record low claim lodgements
- ~ Record low road toll of 323
- ~ Continuation of a \$130 million program to improve roads to reduce run-off-road crashes
- ~ Implementation of a \$110 million program to improve dangerous intersections
- ~ New commitment of \$60 million per annum (indexed over 10 years) to further improve road safety infrastructure

Our People

- ~ Expanded OHS program
- ~ Staff retention rate stable at 89%
- ~ Higher education degree support for 18 staff
- ~ Development of a Geelong Employee Transition Team to help staff make decisions about the TAC's relocation to Geelong

Financial Management

- ~ Actuarial release of \$128 million
- ~ Funding ratio of 109.6%
- ~ Investment return of 14.1%
- ~ After-tax profit of \$604 million, driven largely by buoyant equity markets

October 2006

John Lenders MP
Minister for WorkCover

Level 5, 1 Macarthur Street
East Melbourne
Victoria 3002

Dear Minister,

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



James MacKenzie
Chairman



About the TAC

The community generally knows about the TAC through its high-profile public education campaigns and road safety programs, but the TAC's core responsibility is to fund the medical treatment and support services needed by people injured in transport accidents.

Improving the state's trauma system and high-risk sections of roads has become a key area of focus and investment for the TAC during recent years.

The TAC covers transport accidents 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 services, irrespective of who caused the crash.

Common law damages are payable for economic loss up to a maximum of \$924,900, and for pain and suffering up to a maximum of \$411,050. Economic loss can be paid to the dependants of a person killed in a transport accident up to a maximum of \$673,280.

The TAC funds the costs of reasonable treatment, related to a person's accident injuries, that will contribute to their recovery and rehabilitation. 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 medicines prescribed by a doctor to treat accident-related injuries
- ~ therapy services, such as physiotherapy, chiropractic, podiatry, optometry, osteopathy and psychology
- ~ dental services if the accident caused teeth damage
- ~ nursing services, such as home visits after discharge from hospital.

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 or 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 the accident
- ~ equipment or aids, such as wheelchairs or crutches, that are recommended by health care professionals
- ~ lump sum and weekly payments for permanent impairment.

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 funeral expenses.

The TAC sets maximum fees for most treatment and services. These are indexed annually in accordance with the Consumer Price Index (CPI) or Average Weekly Earnings (AWE).

The needs of each person are different, and the TAC examines each case individually when determining what it can fund – assessing whether the treatment or service is reasonable and whether the services will contribute to the injured person's recovery.

When making decisions, the TAC is governed by the *Transport Accident Act 1986* which sets out what it can fund and any conditions that apply. To support this, the TAC has its own policies and guidelines that regulate decision-making.

The TAC also relies on information and recommendations obtained from the injured person's health care professionals as well as independent experts.

The TAC funds medical treatment expenses for as long as they are necessary. For people with severe injuries, funding and support may continue for the rest of their lives.

To ensure it remains a long-term compensation scheme, the TAC uses its funds fairly and responsibly.

It also maintains a prudent investment and financial risk management strategy to ensure the TAC is able to meet the needs of seriously injured people who require lifetime care.

Chairman's and CEO's Report

Over the past year, the Transport Accident Commission has focused on working with its strategic partners to meet its dual objectives of client satisfaction and scheme viability.

Undoubtedly, our most important partnership has been that between our staff and our clients – with all parts of the organisation contributing to a program of service excellence – culminating in a record-high client satisfaction score.

Through the initiative and innovation of our staff we have not only improved the ways in which we deliver services to our clients, but we have done so while also delivering outstanding financial results.

Most importantly, we recognise that we could not have achieved these results on our own – as is reflected in the theme of this year's annual report – 'Together we achieve'.

Service delivery

The TAC's core responsibility is to provide the highest standards of service and support to those Victorians whose lives have been affected by road trauma. In 2005/06, the TAC funded \$675 million in support services for more than 41,000 members of our community.

During the past 10 years, the TAC has made enormous progress in better understanding the needs of its clients, particularly those with significant or life-long injuries.

A major development in recent years has been a focus on building partnerships with our clients, health and rehabilitation providers, peak bodies, support networks and local communities to improve outcomes for all involved.

We have also adopted a more person-centred approach to claims management, with an emphasis on client outcomes.

The success of this approach is evidenced by the increasing client satisfaction scores consistently achieved by the TAC, with 2005/06 seeing a record-high of 7.4 out of 10. This result exceeded the organisation's target of 7.35 and was an increase from our previous best satisfaction score of 7.3.

Notably, 83% of our clients said they would describe the TAC positively if asked.

Notwithstanding these results, in October last year, the TAC established a new complaints handling system to ensure we can identify and monitor emerging issues and continuously improve business processes and service delivery outcomes.

During 2005/06, the TAC-funded Victorian Neurotrauma Initiative (VNI) approved \$12.6 million in funding for projects designed to drive research-led improvements in the care, management and quality of life for seriously injured patients. The VNI is administered through a partnership with the Department of Innovation, Industry and Regional Development and Neurosciences Victoria.

Scheme viability

In addition to providing the highest levels of client service and support, the TAC is also charged with the responsibility of ensuring that it is delivered in the most socially and economically appropriate manner.

To meet this legislative charter, the TAC must ensure that the financial management of the state's transport accident compensation scheme is sufficiently robust to ensure its long-term viability.

Road safety

The most significant, and socially desirable contributor to scheme viability is the prevention of road trauma in the first instance.

The TAC's continued partnership with the state's peak road safety organisations – Victoria Police, VicRoads and the Department of Justice – has helped educate Victorians about the potentially tragic consequences of high-risk behaviours and contributed to a decrease in death and injury on our roads.

In 2005/06, the TAC again focused on the main causes of road trauma – speeding, drink driving, fatigue, and youth inexperience and risk taking. There was also considerable emphasis on vehicle safety.

A powerful new campaign showcased the unacceptably high, but little known, level of serious injuries on the State's roads. The *Hidden Toll* campaign explained that every single day, 46 people are badly injured on our roads.

In addition to the \$240 million of TAC funding to help reduce run-off-road crashes and improve dangerous intersections, the past year saw the TAC commit a further \$60 million per annum (indexed over 10 years) to road infrastructure improvements.

Victoria's road toll for the 2005/06 financial year was a record-low 323. The hospitalised claim rate – a key measure of serious injuries – remained relatively stable at 9.1 per 10,000 vehicles.

Financial results

The TAC also recorded another very strong financial performance in 2005/06, highlighted by an actuarial release – or write-down in projected liabilities – of \$128 million.

Buoyant investment markets delivered a return of 14.1% and boosted the TAC's after-tax profit of \$604 million for the year.

The table below (Figure 1) provides details of the impact of internal factors on the TAC's result, before short-term fluctuations and economic assumptions.

In 2005/06, the impact on profit from internal factors was \$437 million due mainly to strong claims management and a reduction in trauma.

The TAC's funding ratio remains strong at 109.6% (after providing for a dividend for 2005/06 at the benchmark rate of 50% of profit).

Relocation to Geelong

The most significant event in the past 12 months was the announcement in December, that the TAC would relocate its business operations from Melbourne to Geelong in January 2009.

The decision was based on an independent feasibility study by PricewaterhouseCoopers, which predicted that the move would generate an initial economic benefit of \$141 million and around 850 new jobs in the construction of the TAC's new Geelong headquarters and associated relocation activities. It also identified an ongoing economic benefit to the Geelong region of \$59 million per annum.

While the relocation is still two-and-a-half years away, considerable progress has already been made including the development of a Staff Assistance and Support Package, a tender for the design and construction of the new corporate headquarters and a comprehensive employee and community engagement program.

Our approach to the relocation has been guided by three overriding principles.

First, our objective is to keep our staff together. We therefore want as many staff as possible to move with us to Geelong.

Second, we are committed to supporting and assisting staff and their families through the change process.

And finally, we are committed to maintaining the highest levels of service to our clients and the Victorian community.

The TAC expects to confirm the location and design of the new building towards the end of 2006, with construction set to commence in early 2007.

Our people

We recognise that our committed workforce has been crucial to the TAC's continued improvement and success and we wish to thank and congratulate all management and staff for their contribution in achieving such excellent results and progress in the past 12 months.

We would like to take this opportunity to pay special thanks to our outgoing Chief Executive Officer, Stephen Grant, who made an invaluable contribution to the TAC and its culture during his five-and-a-half year tenure.

With our new executive team in place and the continuing commitment and dedication of our staff, we look forward to the years ahead and ensuring that the TAC scheme remains one of the fairest and most equitable in the world.



James MacKenzie
Chairman



Paul O'Connor
Chief Executive Officer



Impacts on profit (\$ million)

	01/02	02/03	03/04	04/05	05/06
Impact on profit from internal factors	347	507	298	364	437
Impact on profit from external factors					
Difference between actual investment returns and long-term expected returns	(550)	(201)	300	373	428
Change in inflation assumptions and discount rates	29	(255)	171	(108)	(34)
Impact of legislative changes	16	N/A	N/A	N/A	N/A
Tax and other	(2)	0	(179)	(164)	(227)
Net profit/(loss) after tax	(160)	51	590	465	604

Figure 1

Board of Management

Top row, left to right:

James MacKenzie

BBus, FCA, FAICD

Chairman

Appointed 2001

Director, Victorian WorkCover Authority

Chairman, Mirvac Group

Director, Bravura Solutions Limited

Director, Circadian Technologies Limited

Director, Strategic Pooled Development Limited

Director, Victorian Major Events Corporation Limited

Director, Zenyth Therapeutics Limited

Consultant, Deloitte

Chairman, Remuneration Committee
Member, Financial and Investment Strategies Committee

Elana Rubin

BA (Hons), MA, F Fin, GAICD

Appointed 2003

Chair, Victorian Rail Track Corporation

Chair, Victorian WorkCover Authority

Deputy Chair, AustralianSuper

Director, Hotel, Leisure and Tourism

Trust of Australia

Director, Industry Superannuation Property Trust

Chair, Financial and Investment Strategies Committee

Member, Remuneration Committee

Maria Wilton

BEC, ASIA, CFA, GAICD

Appointed 2004

Managing Director, Franklin Templeton

Institutional

Trustee, Emergency Services Super

Member, Marketing and Road Safety Committee

Member, Remuneration Committee

Bottom row, left to right:

Paul Barker

BBus, FCA, ACIS

Appointed 2002

Chair, VicForests

Deputy Chair, Victorian WorkCover Authority

Chair, Audit and Risk Management Committee

Chair, Marketing and Road Safety Committee

Julie Caldecott

BM, BS (Hons), MBA

Appointed 2004

Partner, Boston Consulting Group

Director, Royal Children's Hospital Melbourne

Member, Audit and Risk Management Committee

Member, Marketing and Road Safety Committee

Member, Health Issues Committee

Member, Victorian Neurotrauma Council

Michael Wright

BEcon (Hons), MSc Econ (IR) (Dist.)

Appointed 2004

Board Member, Australian Community Support Organisation

Director, Miller Consulting Group

Chair, Risk and Audit Committee, Forensicare

Chair, Victorian Neurotrauma Council

Chair, Health Issues Committee

Member, Audit and Risk Management Committee

Member, Financial and Investment Strategies Committee





Senior Management

Paul O'Connor

Chief Executive Officer, Paul O'Connor, with Kay Rundle and Peter McMullin, CEO and Mayor of the City of Greater Geelong, outside the Geelong Council Chambers.



Jane Bloomfield

General Counsel, Jane Bloomfield, with Michael Brett Young, CEO of the Law Institute of Victoria, at the County Court of Victoria.



Colin Radford

Chief Communications and External Relations Officer, Colin Radford, with Noel Ashby, Assistant Commissioner, Victoria Police, at the Victoria Police's Dawson Street premises.



Peter Harcourt

Chief Health Officer, Dr Peter Harcourt, with Jennifer Lake, General Manager (Victoria and Quality Practice) Australian Physiotherapy Association (APA), at the APA's offices in Abbotsford.



Doug Kearsley

Deputy Chief Executive Officer, Doug Kearsley, with Syd Bone, CEO of the Victorian Funds Management Corporation, at the Corporation's offices in Collins Street.

**Chris Aylen**

Chief Claims Officer, Chris Aylen, with TAC client Shane Harris at Epworth Rehabilitation Hospital's hydrotherapy pool.

**Andrew Saunders**

Chief Information Officer, Andrew Saunders, with Denis O'Halloran, General Manager of Information Services for the Victorian WorkCover Authority, setting up mobile technology at a Victorian hospital.

**Vanessa Webster**

Chief People Officer, Vanessa Webster, with TAC staff member Joyce Papaioanou at the TAC's office in Exhibition Street.



Service delivery is at the heart of the TAC's operations, striving for excellence and innovation.





“Gardening gets me outside every week but the best part is that it’s social.”

Cherie Cuffe
TAC client

Developing links with the community

The TAC works with various organisations to maximise clients’ opportunities to participate in, and contribute to, their local communities.

Some of the group-based activities and classes undertaken by our clients include cooking, art, gardening, tenpin bowling and social outings.

Choosing and participating in a program or hobby they enjoy, helps clients to increase their social interaction and confidence.

In 2005 a new horticultural and gardening program for adults with an acquired brain injury began at Kilsyth in the Yarra Ranges, run by Japara Neighbourhood House and EACH Abound.

A number of TAC clients have joined the program which includes a theoretical component as well as practical projects, such as the establishment of a sensory garden, sowing crops and the renewal of reserves and public parks in the area.

Our clients say they have found the program and excursions (including trips to the International Garden Show and Healesville Sanctuary) very rewarding, from both a skills development, and a social perspective.

Service Delivery

Service excellence was an organisational theme and priority for 2005/06.

A significant amount of work has been undertaken to continue improving the TAC's communications and interactions with clients, their families and treaters. There was also a concerted effort to simplify processes and speed up payment timelines.

Client satisfaction

Each year, the TAC commissions independent surveys of 2,500 clients to measure their satisfaction with the organisation on three key criteria – resolving issues, keeping them up-to-date, and treating them as individuals.

The TAC's client satisfaction score for 2005/06 was a record high 7.4 out of 10 (see Figure 2). This score exceeded the annual target of 7.35 and the previous highest score of 7.3 (June 2005).

This excellent result can be largely attributed to the committed efforts of staff and improvements to the way in which the TAC interacts with clients. Notably, 83% of our clients said they would describe the TAC positively if asked.

Interactions with clients

Our staff are frequently in direct contact – over the phone, via email or face-to-face – with clients and the public. The impression the outside world has of the organisation is often based on these important interactions.

During the past year, the TAC has maintained a strong focus on improving the level and standard of client service. Activities have included regular 'team challenges' prompting staff to develop innovative ways to address service delivery issues.

Staff members have enthusiastically embraced the 'challenge' activities leading to a positive impact on the way they think about client service, and in turn, client satisfaction.

Staff training initiatives conducted in the past year have also involved our employees taking part in exercises to put themselves in their 'clients' shoes' to gain more insight into the experiences of injured or bereaved Victorians.

Support services funded by the TAC

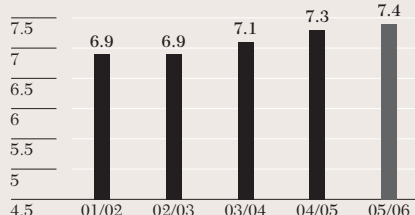
In 2005/06, the TAC funded a total of \$675 million in support services and benefits compared with \$643 million in 2004/05.

During the past year, a record low 19,165 new claims were lodged with the TAC (see Figure 3). In the same period, 41,225 people received funded support from the TAC compared with 41,035 in 2004/05 (see Figure 6).

In 2005/06, the TAC paid \$46.3 million for paramedical services compared with \$42.7 million in 2004/05 (see Figure 4).



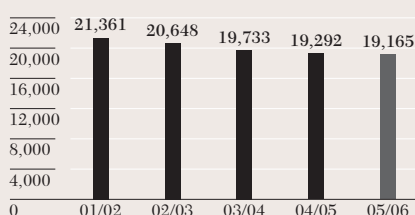
Client satisfaction
(out of 10)



A record high client satisfaction result was achieved in 2005/06.

Figure 2

All claim lodgements



Claim lodgements remained at an all-time low.

Figure 3

Assisting clients to return to work

Typically, almost one third of TAC clients are employed at the time of their crash. The TAC works with clients and service providers to determine realistic return-to-work goals, programs and timelines. During the past year, there has been an increased focus on working collaboratively with clients' medical and rehabilitation treaters so that vocational goals are incorporated early into the recovery process. The TAC has also developed a new 'job checklist' to assist clients' previous or potential employers to determine appropriate duties and, if required, workplace modifications.

Lifetime support and self-purchasing of services

Five years ago, the TAC introduced a new approach to supporting our more severely injured clients, most of whom will require some type of assistance for the rest of their lives.

This approach involves developing tailored plans for each client to connect them with various support, home, employment, recreation and social opportunities within their own communities.

In 2005/06, 138 TAC clients participated in community group programs. The groups ranged from social (such as dinner gatherings) and leisure (including tenpin bowling and indoor cricket), to skills development (such as creative cooking, woodworking and computers).

Where appropriate, the TAC offers a self-purchasing program for long-term clients allowing them to have more choice and control over the services they need.

Under this model, long-term clients receive a monthly payment from the TAC to fund the support services they need, such as attendant care, physiotherapy or housekeeping.

Benefits of this approach include providing clients with greater autonomy, independence and flexibility.

Effective health care

It is vital for the TAC to build strong partnerships in the health and disability sectors. This enables greater cohesion and better outcomes for clients.

TAC clients require a range of medical treatment, rehabilitation services and therapy from a number of different practitioners. This may include physiotherapists, osteopaths, chiropractors, occupational therapists, speech therapists and neuro-psychologists. These service providers play a crucial role in ensuring appropriate treatment plans are in place and costs are reasonable.

The TAC has an in-house team of leading clinicians from a number of relevant medical, paramedical and health-related fields who work with service providers to improve the quality of care being provided to clients. The team has a strong focus on promoting clinical best practice as well as ensuring appropriate treatment plans are in place.

Effective and responsible medical treatment

During the past three years, the TAC has successfully introduced a Clinical Justification Model for physiotherapy, psychology and prosthetic services provided to our clients.

Using a range of outcome measures and criteria, the model focuses on setting goals and assessing and monitoring the effectiveness of a client's treatment program.

This approach has been favourably received by key paramedical and mental health associations and stakeholder groups, including the Australian Physiotherapy Association (APA).

In 2005/06, the TAC established a project team involving selected staff together with external experts in the fields of psychology, psychiatry and drug and alcohol addiction, to develop policies and work practices relating to a particular group of medications known as 'benzodiazepines'.

These medications can be prescribed by general practitioners and psychiatrists to treat accident-related insomnia and anxiety. They are very addictive, with a high potential for misuse and harm, and the TAC is committed to ensuring that appropriate safeguards are in place.

Tony Sutic TAC client

"I like sitting around a table planting seedlings and entertaining everyone with my singing."

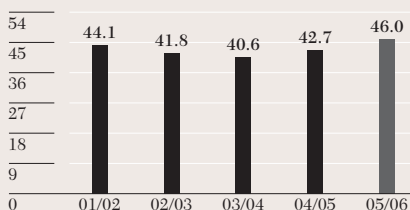
Peter Harris Outreach worker (EACH)

"Seeing how much everyone gets out of it is what makes my job worthwhile."





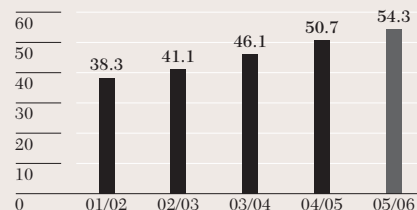
Paramedical payments
(\$ million)



Paramedical payments increased in the last year.

Figure 4

Lifetime support payments
(\$ million)



Lifetime support payments continued to rise.

Figure 5

Spinal injury

In collaboration with the Department of Human Services, Austin Health – Victorian Spinal Cord Service and others from the disability sector, the TAC is currently preparing and trialling innovative new approaches to improve the outcomes, services and well-being for people with a spinal cord injury (SCI).

The aims of the Spinal Project are to:

- ~ better coordinate services
- ~ develop a new model to assist clients in making a smooth transition from hospital to home
- ~ improve access to existing leisure and recreational opportunities
- ~ facilitate earlier access to return-to-work programs
- ~ develop partnerships between the agencies that represent people with a SCI
- ~ produce information and communications products that are specific to SCI clients' needs and interests
- ~ provide more emphasis on research, data capture and reporting to better understand and address the needs of people with a SCI.

The systemic approach of the Spinal Project will benefit all Victorians living with a SCI, not just TAC clients – who represent 30% of people affected throughout the state.

By involving the various government departments, statutory bodies, advocacy groups and key providers who deal with SCI, the approach is far more likely to make a significant and sustained improvement to injured people's lives now and in the future.

Returning to home and work sooner

The TAC is presently piloting a program that will enable clients with a SCI to begin planning and preparing for their return to work sooner.

This is important because people with a SCI tend to have physical rather than cognitive impairments which stabilise earlier. This makes it possible for SCI clients to start considering their employment opportunities earlier in rehabilitation than someone who may have a significant brain injury.

The TAC is also planning a new hospital-to-home transitional model that will enable SCI clients to return home or to other accommodation options earlier.

Benefits paid
(\$ million)

Benefit type	Payments	01/02	02/03	03/04	04/05	05/06
Treatment		157.6	155.4	167.2	179.4	190.3
Loss of income		58.1	57.1	60.8	68.0	69.4
Impairment		27.0	20.2	18.3	20.9	21.6
Death benefits		46.1	46.2	46.5	49.7	48.2
Long-term care		38.3	41.1	46.1	50.7	54.3
Other no-fault		20.9	21.3	23.9	20.0	17.2
Common law – serious injury		116.7	127.9	171.0	163.4	182.4
Common law – interstate and other		50.3	47.2	52.1	61.1	60.0
Run-off/VWA Section 137		19.1	19.8	31.5	29.8	31.8
Total		534.2	536.2	617.4	643.0	675.2

41,225 people received benefits from the TAC in 2005/06, compared to 41,035 in 2004/05.

Figure 6



They will do this with treatment and support from a multi-disciplinary community team, including an occupational therapist, social worker and physiotherapist, who will be particularly involved during the first six to eight weeks.

This model will help clients adapt to their injuries and learn how to function confidently and independently in their own home and local community.

Funding of a major trauma initiative

Currently, more than 700 Victorians suffer severe traumatic spinal and brain injuries each year, with the majority caused by road crashes.

In June 2005, the TAC announced it would provide \$60 million (over five years) with the Victorian Government contributing a further \$3 million to fund research into improving the treatment and understanding of traumatic injury.

The Victorian Neurotrauma Initiative (VNI) involves investing in research-led improvements in care, management and quality of life for seriously injured patients. The TAC continues to work closely with the Department of Innovation, Industry and Regional Development and Neurosciences Victoria to lead and coordinate the VNI.

During 2005/06, 17 projects were approved to receive VNI funding valued at \$12.6 million. Some of the research topics to be explored through the initial

VNI-funded projects include:

- ~ technological advances in spinal cord repair: how the damaged spinal cord can be repaired using a tissue scaffold
- ~ investigation and treatment of chronic neuropathic pain – what drugs are effective in alleviating the symptoms of chronic pain in spinal cord injury
- ~ investigation of sleep health in tetraplegia – what proportion of the population with tetraplegia (loss of function in both arms and legs) suffer from sleep disturbances and how this may guide future therapies
- ~ investigation of traumatic brain injury
- ~ how age affects traumatic brain injury in older adults and what tool is appropriate for the assessment of mobility skills, such as walking and running, in childhood traumatic brain injury.

A partnership with
ParaQuad Victoria has
helped raise the profile
of people living with
a **spinal cord injury**.





“We don’t see it as a game for quads, it’s a game for athletes.”

Nazim Erdem

Australian Quadriplegic Association, Victoria



Highlighting the impact of spinal cord injury

The TAC has continued to build partnerships with support and advocacy groups for people with disabilities, in order to better understand our clients’ experiences and needs.

Last November, the TAC joined ParaQuad Victoria as a major partner to run and promote Spinal Cord Injury Awareness Week. The aim of the week was to educate the public about the true impact of spinal cord injury on individuals, families and the community.

As well as encouraging people to talk about what it means to have a spinal cord injury and celebrating the successes of people who have achieved despite their injuries, the week also focused heavily on prevention.

Activities included a wheelchair rugby demonstration, a book launch, a graduation ceremony for ParaQuad’s Attendant Carers, as well as a ‘Rock and Roll’ challenge by the Melbourne Fire Brigade and the Hand Cyclists Association.

The TAC and ParaQuad also joined forces to coordinate and promote the ‘Robert Rose Cup’ held between the Collingwood and Western Bulldogs Football Clubs. TAC staff volunteered their time to sell wristbands with the message ‘Wipe out road trauma’ outside the ground with all proceeds going to the Robert Rose Foundation.



Developing partnerships in the disability sector

The TAC is always looking for ways to provide the best possible rehabilitation and care for its severely injured clients and provide support for their families.

To extend its understanding of brain and spinal cord injury issues and to learn from the latest international research, the TAC helped fund and facilitate the 2006 National Spinal Awareness Conference and 2006 National Accommodation and Community Supports Conference.

The development of partnerships with other government agencies and support groups has been an important focus in the last year. This has included work with the Department of Human Services, Headway, the Disability Advisory Council of Victoria and the Road Trauma Support Team Victoria.

The TAC's Small Grants Program provided funding to a number of innovative community projects to promote opportunities for people living with disabilities. The types of organisations and projects funded include:

- ~ Headway – The Brain Injury Australia Conference
- ~ Royal Talbot Rehabilitation Centre – patient developed CD
- ~ Community Interlink – training product to assist in communicating with people with disabilities
- ~ Rosamund Special School – circus for children with disabilities.

Resolving disputes and complaints

In March 2005, the TAC introduced protocols for resolving common law, impairment claims and no-fault disputes.

The TAC developed the protocols in collaboration with the Law Institute of Victoria and Australian Lawyers Alliance.

The protocols aim to: avoid disputation; improve the quality and consistency of decisions; reduce the time taken to resolve disputes and common law claims; and cut the cost of legal disputes.

The establishment of a transport accident and WorkCover unit within Ombudsman Victoria in October 2005 has provided an important avenue for TAC clients to raise issues or complaints.

Concurrently, the TAC implemented a new formal process for lodging and addressing complaints made by clients or members of the public relating to the organisation's level of service, conduct and processes.

Setting up a specially designated area for complaints handling was not only a logical extension of the TAC's service delivery focus, but the tracking and monitoring of complaints will also provide a valuable opportunity for the organisation to improve business processes and performance.

Reviews of TAC decisions

The level of disputation of TAC decisions remains low and continues to decrease.

The TAC offers an alternative informal review process to the Victorian Civil and Administrative Tribunal (VCAT).

In the past year, 519 requests for an informal review were lodged with the TAC, a 31% decrease over the previous 12 months from 753.

At the end of June 2006, a total of 51 informal reviews remained unresolved (compared with 64 at June 2005).

Following the informal review process, 93 clients sought a further review at VCAT during 2005/06, compared with 104 in 2004/05, (a decrease of 11%).

The no-fault dispute resolution protocols also provide an alternative to the formal disputation process.

The 2005/06 period was the first full year of protocol disputes. In that period, 339 disputes were lodged with the TAC and 125 were resolved.

In the past year, 529 merit reviews were lodged with VCAT, compared with 723 in 2004/05 (see Figure 7).

Impairment-related merit reviews have fallen to 238, a 17% decrease from 288 in 2004/05.

Common law

The TAC's results in 2005/06 have again proven that common law and no-fault benefits can co-exist in one scheme.

Strong improvement has continued in relation to the time taken to respond to serious injury requests. The number of claims awaiting a serious injury decision is now at a record low of 292, compared with 474 in June 2005 (see Figure 8).

Suzanne Ryan-Evers
ParaQuad Victoria

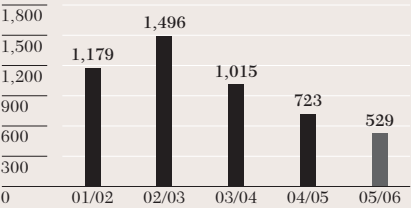
“Watching these guys play gives me inspiration for my own life.”

Andrew Harrison
Wheelchair rugby player

“This is where we show our true strength as a team, working together, winning together, and laughing together.”



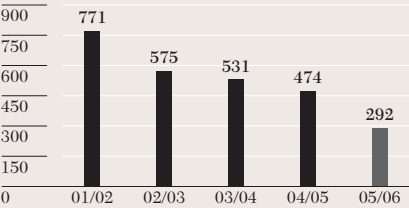
Merit reviews lodged at VCAT



Merit reviews decreased by 27% in 2005/06.

Figure 7

Claims awaiting a serious injury decision



Claims awaiting a serious injury decision are at an all-time low.

Figure 8



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





“We don’t want our punters to take stupid risks when they leave the track.”

Paul Carroll
CEO, Geelong Racing Club

Reaching regional punters with the anti drink-drive message

The TAC and Country Racing Victoria Limited (CRV) recently joined forces to encourage race-goers to enjoy themselves responsibly, and warn them not to get behind the wheel if they’ve had too much to drink.

In regional areas, local race meetings, particularly the ‘Cup’ carnivals, are major social events attracting thousands of spectators – many enjoying a few drinks while watching the action at the track.

To complement CRV’s recently introduced responsible liquor management program, the TAC provides free breathalysers at major regional race days, a coffee cart and free bottled water, as well as extensive advertising and signage to reinforce the anti drink-driving message.

The TAC also works closely with local police, race clubs, and the media to remind race-goers about planning their transport ahead of time and leaving their cars behind wherever possible.

Scheme Viability

Thousands of Victorians rely on the TAC scheme for their medical and rehabilitation needs. Maintaining the TAC scheme for current long-term clients and future generations is central to TAC operations. Scheme viability comprises five main components: road safety; effective claims management; health infrastructure and support; legal infrastructure and support; and financial management.

Road safety

Preventing road trauma provides enormous and obvious social benefits, while also contributing to the long-term viability of the state's accident compensation scheme. Reducing the death and injury toll is also the best form of claims management.

The TAC works in collaboration with Victoria Police, VicRoads and the Department of Justice to implement Victoria's road safety strategy '*arrive alive!*'. The strategy aims to provide the safest road system possible, promote responsible driver attitudes and behaviours, and significantly improve the safety of all road-users.

It recognises that partnerships are the key to achieving sustainable safety gains over time on Victoria's roads.

In line with '*arrive alive!*', the TAC and its partners in 2005/06 maintained a strong focus on:

- ~ speeding
- ~ drink-driving
- ~ young driver inexperience and risk-taking
- ~ vehicle safety
- ~ safer roads.

Road toll

The main objective of Victoria's road safety strategy is to support a 20% reduction in serious road trauma from 2001 to 2007.

In 2005/06, Victoria's road toll was 323 (a record low), down from 335 in the previous financial year (see Figure 9). The hospitalised claim rate was 9.1 compared with 8.4 in the previous year (see Figure 10). The TAC's accepted no-fault claim rate was 45.7 per 10,000 vehicles (see Figure 11).

A reduction in deaths among vehicle occupants and crashes within the Melbourne metropolitan area largely accounts for the reduced road toll in 2005/06.

Major campaigns

A powerful new campaign launched in October 2005 highlighted the unacceptably high number of people injured on Victorian roads every day. The *Hidden Toll* campaign explained that on average, one person dies on the state's roads every day while a further 46 are injured. In addition to the personal and emotional impact of the hidden toll, the high level of serious injuries also represents a huge cost to the community (approximately \$4.5 million per day).

The message served as a chilling reminder to all motorists to pause and think about what they can do to reduce road trauma, such as driving at the speed limit, not driving after drinking or taking drugs, wearing a seatbelt and not getting behind the wheel when tired. The campaign also bore witness to the experience of many TAC clients as they struggle to overcome life-changing injuries.

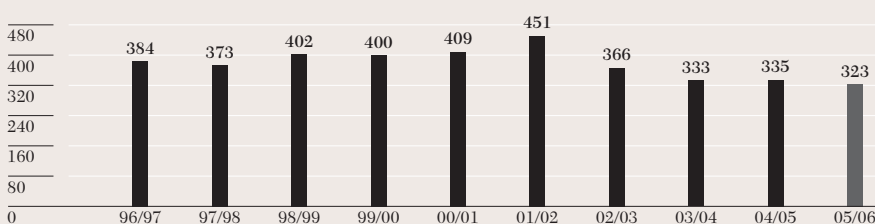
As part of a continuing program of initiatives addressing 'speeding', the TAC launched a new phase of the *Wipe off 5* campaign, reinforcing the potentially devastating consequences of low-level speeding. Reconstructing a crash served to highlight the relationship between small changes in travel speed and significant differences in crash severity.

In the lead-up to the festive period, a new campaign informed people of the life-long consequences of drink-driving. Drivers were reminded of the dangers of trying to gauge their own Blood Alcohol Content (BAC) reading by the way they felt.

The TAC's fourth annual '*Make a film, make a difference*' short film competition received more than 200 entries from aspiring young film-makers around the state. Using the theme 'your mate's life is in your hands', the films encourage discussion about taking risks on the road. The two winners each turned their concepts into short films with a \$20,000 budget and the support of a film industry mentor. The films were shown in cinemas around Victoria and at major youth festivals.

The TAC also unveiled its new mobile cinema – a refurbished, decommissioned booze bus – which travelled to numerous youth and music festivals as well as major events in regional Victoria. The aim of the mobile cinema is to open up dialogue with young people about road safety issues. As well as screening the short films from the winners of the TAC's '*Make a film, make a difference*' competition, the mobile cinema also offers young people a place to relax, have non-alcoholic refreshments, and use the free breath-testing facilities before making the journey home.

Victorian road toll



Victoria achieved a record low road toll in 2005/06.

Figure 9



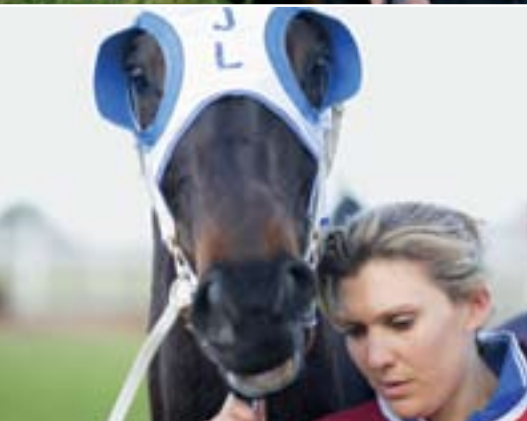


Kirralee Fitzpatrick TAC promotional staff

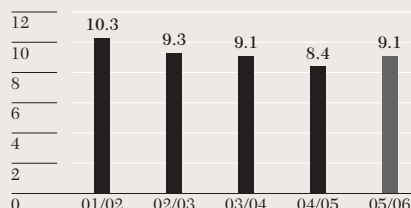
“People are often surprised when they’re over the limit.”

Wendy Maher Geelong Racing Club

“It’s hard to judge if you’re right to drive so it’s good to be able to sit down, have a water, and see if you’re OK or not.”



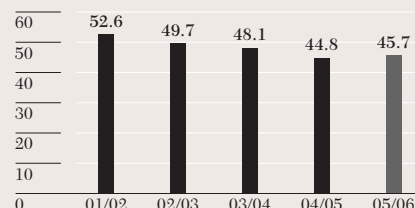
Hospitalised claim rate
(> 1 day/10,000 vehicles)



The hospitalisation claim rate per 10,000 vehicles remained low in 2005/06.

Figure 10

Accepted TAC no-fault claims
(per 10,000 vehicles)



The no-fault claim rate remains low.

Figure 11

In conjunction with Victoria Police and the State Emergency Service, the TAC encouraged drivers to break their journeys at ‘Driver Reviver’ stops during the Easter period and long weekends. As well as asking drivers to plan their trip and schedule regular breaks, the TAC urged motorists to pull over and take a 15 minute powernap at the first signs of fatigue.

Funding for safer roads

The TAC continues to fund major safety-based infrastructure improvements to Victoria’s road network. Two programs have been implemented in the past two years: the Safer Roads Infrastructure Program (SRIP) to which the TAC contributed \$130 million to improve the state’s highest risk locations for run-off-road crashes in regional areas; and SRIP 2 to which the TAC contributed \$110 million to improve high-risk intersections across Victoria. In 2005/06, the TAC committed a further \$60 million per annum (indexed over 10 years) to further improve road safety infrastructure.

The improvements to the traffic network introduced through these programs will make an increasingly important contribution to reducing serious trauma on our road system in the years ahead.

Vehicle safety

In 2005/06, the TAC used the results of its ‘SafeCar’ project to promote the benefits of in-vehicle safety technologies. During 2004/05, the TAC conducted an on-road trial of 15 vehicles equipped with five Intelligent Transport Systems (ITS) which were subleased to nine public and private organisations in the metropolitan area.

The evaluation of this trial by the Monash University Accident Research Centre demonstrated clear safety benefits in fitting seatbelt reminder, following distance warning and intelligent speed adaptation systems to vehicles.

A key priority of the SafeCar initiative is to now explore reasonably priced ITS that can be built and retro-fitted to motorists’ current vehicles.

In the past year, the TAC issued an Expression of Interest for retro-fitting ITS to existing fleet vehicles and is currently assessing the submissions received. The organisation has also been working with VicRoads and the RACV to make the public aware of the safety benefits of active vehicle safety features, such as Electronic Stability Control (ESC). Significant media coverage has been generated on this issue in the past 12 months with the assistance of Bosch Australia which provided its ESC simulator for demonstration purposes. This gained strong exposure at the Formula 1 Australian Grand Prix.

During 2005/06, the TAC further promoted vehicle safety through www.howsafeisyourcar.com.au – a dedicated website for car buyers. The website provides up-to-date information on crash ratings for new and used cars. Traffic to the website has increased by nearly 300% over the past three years – demonstrating a growing consumer interest in vehicle safety.

Partnerships

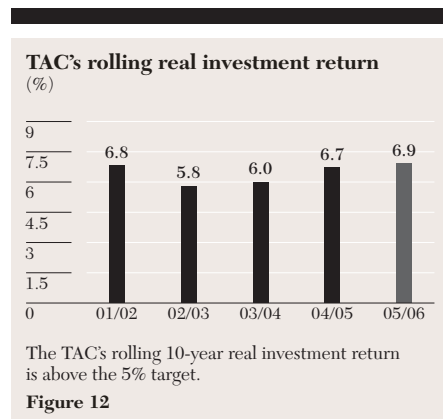
Sponsorships and community partnerships form a vital part of the TAC’s road safety marketing and communications program, reaching both broad and niche groups.

The TAC’s partnership portfolio includes: Collingwood Football Club; Under 18 TAC Cup Football Competition; Falls Festival; Melbourne Victory; Australian Formula 1 Grand Prix; Moto Grand Prix; and Wangaratta Festival of Jazz and Blues (with 2005 marking the tenth anniversary of the partnership).

The TAC also works closely with the Reach Foundation, the Australian Drug Foundation, VicHealth and Ford Australia.

In the last financial year the TAC commenced a partnership with Country Racing Victoria Limited with the aim of having more input to grassroots programs in the community.

The TAC has also continued to use the Under 18 TAC Cup as an opportunity to promote the importance of learner drivers gaining 120 hours of driving experience before they sit for their Ps.



To help achieve this, the TAC coordinated parent/player road safety briefings, player surveys to monitor driving practice hours undertaken, incentive programs to encourage players to clock up on-road experience during their holidays, and developed promotional materials carrying the TAC's important learner driver safety messages.

Financial management

Sound financial management, prudent investment and risk management ensures that the TAC scheme remains viable.

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 organisation's asset allocation is set to achieve an average 5% real return through this period based on expected long-term returns provided by the TAC's assets advisor. During 2005/06, the TAC 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 need under Australian Accounting Standards to mark the TAC's assets and liabilities in accordance to market movements on an annual basis. Both equity markets and bond yields (which impact 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 2005/06, the impact on profit from internal factors was \$437 million (compared with \$364 million in 2004/05).

Following a review by the Government 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 bring the funding ratio close to the preferred target and in accordance with a determination by the Treasurer, the TAC returned \$600 million of capital to the Government.

In July 2006, the Victorian Funds Management Corporation (VFMC) assumed responsibility for the TAC's strategic investment asset allocations following a decision by the Treasurer of Victoria.

The change is intended to allow government agencies to focus on their core business, while investment decisions are made by one specialist agency. In previous years, VFMC was responsible for implementing the TAC's investment strategy decisions.

The TAC currently has reinsurance cover to protect the scheme against the impact of a catastrophic accident. The Board has elected to retain the first \$100 million of exposure to any catastrophe and reinsure a further \$175 million to safeguard the scheme.

2005/06 results

The TAC recorded an after-tax operating profit for 2005/06 of \$604 million (up from \$465 million profit in 2004/05).

Buoyant investment markets contributed to the TAC's investment return of 14.1% (compared with 13.7% in the previous year). The TAC's rolling 10-year real investment return of 6.9% per annum was above the targeted real return of 5% per annum (see Figure 12).

The TAC achieved an actuarial release or writedown in projected liabilities of \$128 million.

Transport accident charge

Consistent with the *Transport Accident Act 1986*, transport accident charge levels increased in line with the CPI (2.25%) on 1 July 2005.

The TAC also covers people injured in train and tram accidents with transport accident 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.

Assets and liabilities

The TAC's total assets as at 30 June 2006 were \$7.40 billion (\$7.25 billion at 30 June 2005), while total liabilities were at \$6.37 billion (\$5.86 billion at 30 June 2005).

The TAC's funding ratio at 30 June 2006 was 109.6% (119% at 30 June 2005) after providing for a dividend for 2005/06 at the benchmark rate of 50% of profit.

Tax and dividends paid

Under the *Transport Accident Act 1986*, 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, having regard to funding levels and other factors. During 2005/06, the TAC paid a dividend of \$232 million relating to 2004/05.



The commitment and
talent of **our people**
makes a difference to the
lives of injured Victorians.





“I enjoy seeing the kids talking to each other about their own experiences without any sense of judgement.”

Kerryn Lester-Smith
TAC Support Co-ordinator

Some time out for families

The YMCA Heads Together Camp brings together families of children with an acquired brain injury, TAC staff who volunteer their time as camp leaders, other health professionals and the YMCA.

All camp leaders are specially trained to supervise children and the families take part in a wide range of games and activities, including footy clinics, a giant swing, yoga, cooking, face painting and relaxing around a campfire.

Held twice a year at Mt Evelyn, the camps have created a strong community of regular attendees as well as leaving room for ‘first timers’.

The camps provide an important opportunity for families to meet, socialise and share experiences. As well as creating new friendships, families also benefit from expanding their support networks.

Around 80 family members from all over Victoria, including siblings, attend the camps. Although the cause of the brain injury varies, many of the children have acquired their brain injury through road trauma. The camp gives everyone an opportunity to have family time in a safe environment with others who have been on similar journeys.

Our People

The TAC gives staff a unique opportunity to make a meaningful difference in the lives of people affected by road trauma.

The TAC employs staff in a diverse range of roles including claims management, health, research, finance, road safety, human resources, communications and information technology.

The organisation is committed to being an 'employer of choice' by providing staff support, encouraging a work-life balance and offering significant learning and development opportunities.

Learning and development

TAC staff are able to improve their skills, management capabilities and leadership qualities through the organisation's comprehensive learning and development initiatives. These are designed to assist with both current roles and career advancement.

In 2005/06, the TAC supported 18 staff to undertake or complete part-time post-graduate studies relating to their professional fields.

A further 19 staff obtained nationally accredited diplomas or certificates in business studies through the Vocational Education Training and Assessment Services program.

Recognising a need for a specialised claims management course, the TAC partnered with the Victorian WorkCover Authority to create a foundation to provide courses in personal injury claims management.

A Personal Injury Education Foundation (PIEF) has also been set up to:

- ~ increase the number of skilled professional staff available in Australia
- ~ enable the development of sector-wide standards
- ~ advance the personal injury sector as a profession
- ~ ensure that the personal injury compensation sector becomes an industry of choice by developing qualifications.

Career opportunities

TAC staff are encouraged to seek promotion within the organisation.

During the past year, an Employee Resource Pack was created to assist staff members wanting to advance their career at the TAC. The pack includes information on resume writing and preparing for internal interviews.

The TAC also conducted a 'careers education month' with lunch-time sessions and workshops regarding career planning, interview skills workshops, work-life balance and volunteering.

Preparing for relocation in 2009

In November 2005, the Victorian Government announced that a study into the economic and social feasibility of relocating the TAC from Melbourne to Geelong would be undertaken by PricewaterhouseCoopers.

Based on the study's findings, the Government made its formal decision to move the TAC's head office to Geelong in 2009.

Since the relocation announcement in December 2005, the TAC has commenced planning for the major move, including forming specific project teams to support the transition. Particular focus has been given to the likely impact this will have on TAC staff and ensuring high-quality client service is maintained during the process.

An assistance and support package has been developed in conjunction with staff and the Community Public Sector Union. A Geelong Employee Transition Team has been established to help guide people through this significant change process.

Staff members have also been provided with regular updates and information about the relocation plan's progress via email bulletins, newsletters and presentations from senior management. Focus groups have been conducted, and an intranet site established, to enable staff to provide feedback and ask questions about the move.

The TAC will provide assistance for staff who remain with the organisation up to and beyond the relocation. At the same time it is recognised that it may not be possible for all staff to relocate and support will be given to assist those staff in their future careers beyond the TAC.

New Geelong headquarters

In late March 2006, the TAC issued an Expression of Interest for the location and construction of its new headquarters in Geelong.

A Building Reference Group, comprising staff representatives, was established in April 2006 to gather and coordinate the views of their colleagues about the desired location, design, amenities and fit-out of the Geelong office.

In late May, the Expressions of Interest regarding the new building were evaluated and a shortlist determined. The short-listed parties were then invited to submit a detailed development proposal.

The TAC expects to confirm the location and design of the new building towards the end of 2006. Construction is set to commence in early 2007.



Our health and safety

The TAC promotes a safe work environment for its staff and visitors through the practical application of risk management principles within its integrated Workplace Occupational Health and Safety Program.

The TAC, with the support of its dedicated Occupational Health and Safety (OHS) Committee, strives to empower staff to manage their health and safety through education and awareness strategies.

The TAC's philosophy towards injury management differs significantly from many other organisations in that it takes a proactive early intervention approach to work-related injury and non-work-related health issues.

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.

OHS focus areas

The TAC's OHS strategy focuses on the following four main priority areas.

Prevention – hazard and incident identification and reporting by employees; resolution of health and safety issues; OHS reviews of new equipment or procedures; and regular assessments to ensure staff safety while working in the field, remote locations or from home.

Health promotion – information, events and offers to encourage staff health and well-being, such as flu vaccinations and eyesight tests, Quit (anti-smoking) programs, glucose and cholesterol checks. The TAC also assists staff to donate blood by hosting on-site visits by the Blood Bank.

Rehabilitation – early intervention and support for staff to manage occupational and non-work-related conditions. The TAC's People Division includes a Return-to-Work Coordinator and a Staff Counsellor.

Compensation – a focus on assisting staff at all points during the process and encouraging return to work.

Performance measures

The organisation measures its OHS performance through:

- ~ staff and management feedback
- ~ reported work-related injuries
- ~ staff retained at work with work-related injuries
- ~ work-related injury claims lodged
- ~ successful returns to work
- ~ non-work related injury/illness interventions
- ~ incident and hazard reports and management.

The OHS Committee

The TAC's OHS Committee comprises 10 staff representatives, the OHS Coordinator and OHS Adviser and meets formally on a quarterly basis.

All committee members have undergone certified training programs at RMIT. Working closely with all areas of the business, the members are actively involved in the promotion of workplace safety and the identification and resolution of OHS issues.

OHS committee members are required to receive, document and follow-up all hazard and incident reports with the support of the OHS Adviser and Coordinator.

Key initiatives

In 2005/06, the OHS Committee instigated a number of proactive programs and initiatives, including the following:

- ~ **Compliance with new Victorian OHS legislation** – with the revised OHS Act coming into effect on 1 July 2005, the TAC promoted workplace safety in general and the new duty for employers to consult with employees on OHS-related matters.
- ~ **Testing and treatment for improved health** – free flu vaccination program taken up by 270 staff, continued use of computer-based exercise program, 'Prime Mover', to encourage staff to take regular breaks from sitting in a fixed posture to avoid muscle strain, eyesight testing and air quality monitoring.
- ~ **Health and well-being, 'Staffcare' program** – lunch-time activities, presentations and events to promote work-life balance.
- ~ **Awareness and information** – expansion and promotion of the organisation's OHS intranet site to enable better staff access to relevant health and safety information.
- ~ **Security review** – for the safety of staff and clients, the TAC commissioned an independent physical security risk assessment to review existing security systems.

2005/06 OHS incident report

In the past financial year, the TAC had three staff with full claims and four staff with minor WorkCover claims (see Figure 13).



Nick Moyle
Father

"Kids also get to see their parents in a different light."

Harry Moyle
Son

"It's a place where I can do what I enjoy and just be myself."



Occupational health and safety performance

Benefit type	04/05	05/06
Number of new WorkCover claims	4	7
Total days lost due to injury	342	17
Number of new return-to-work programs	0	1

There were no claims with significant days lost due to injury in 2005/06.

Figure 13

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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