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To the Chair Motor Accident Commission

Opinion

I have audited the financial report of the Motor Accident Commission for the financial year ended 30 June 2026.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Motor Accident Commission as at 30 June 2026, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, Motor Accident Commission and the Chief Financial Officer, South Australian Government Financing Authority.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Motor Accident Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Directors for the financial report

The Board of Directors is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 28(3) of the *Motor Accident Commission Act 1992*, I have audited the financial report of the Motor Accident Commission for the financial year ended 30 June 2026.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Motor Accident Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board

- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

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

A handwritten signature in black ink, appearing to read 'Daniel O'Donohue', followed by a long horizontal flourish.

Daniel O'Donohue
Deputy Auditor-General

28 September 2026

Motor Accident Commission

Financial Statements for the year ended 30 June 2026

**MOTOR ACCIDENT COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026**

	Note	2026 \$'000	2025 \$'000
Interest income	5	317	482
Gain on reinsurance		799	1,880
Total revenue		1,116	2,362
Management expenses		(245)	(301)
Total expenses		(245)	(301)
Net result		871	2,061
Total comprehensive result		871	2,061

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

**MOTOR ACCIDENT COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026**

	Note	2026 \$'000	2025 \$'000
Current Assets			
Cash	14	6,146	8,145
Receivables	6	23	27
Reinsurance and other recoveries receivable	7	269	309
Reinsurance asset		14,026	15,833
Prepayments		1,169	1,320
Total Current Assets		21,633	25,634
Non-Current Assets			
Reinsurance and other recoveries receivable	7	1,203	1,539
Reinsurance asset		54,318	78,564
Prepayments		4,515	6,547
Total Non-Current Assets		60,036	86,650
Total Assets		81,669	112,284
Current Liabilities			
Payables		177	190
Outstanding claims	8	15,195	17,153
Deferred revenue		721	834
Reinsurance and other recoveries payable	7	269	309
Total Current Liabilities		16,362	18,486
Non-Current Liabilities			
Outstanding claims	8	58,833	85,111
Deferred revenue		4,400	5,086
Reinsurance and other recoveries payable	7	1,203	1,539
Total Non-Current Liabilities		64,436	91,736
Total Liabilities		80,798	110,222
Net Assets		871	2,062
Equity			
Retained earnings		871	2,062
Total Equity		871	2,062

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

**MOTOR ACCIDENT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026**

		2026	2025
	Note	\$'000	\$'000
Cash Flows from Operating Activities			
Other cash payments in the course of operations		(280)	(289)
Interest and other investment income		321	521
GST refunded from the ATO		22	23
Net Cash inflows / (outflows) from Operating Activities	14	63	255
Cash Flows from Financing Activities			
Dividend paid		(2,062)	(3,432)
Net Cash outflows from Financing Activities		(2,062)	(3,432)
Net change in cash held		(1,999)	(3,177)
Cash at the beginning of the year		8,145	11,322
Cash at the end of the year	2(j), 14	6,146	8,145

The accompanying notes form part of these financial statements.

**MOTOR ACCIDENT COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026**

	Note	\$'000
Balance at 30 June 2024		3,433
Total comprehensive result from 2024-25		2,061
Dividend paid	12	(3,432)
Balance at 30 June 2025		2,062
Total comprehensive result from 2025-26		871
Dividend paid	12	(2,062)
Balance at 30 June 2026		871

The accompanying notes form part of these financial statements. The net result and total comprehensive result is attributable to the SA Government as owner.

MOTOR ACCIDENT COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1 ACTIVITIES OF THE MOTOR ACCIDENT COMMISSION

During the year ended 30 June 2026, the principal activities of the Motor Accident Commission (Motor Accident Commission and / or the Commission) were:

- (a) To manage the run off of claims against policies issued up to and including 30 June 2016. From 1 July 2016, the SA Government opened the provision of CTP insurance in South Australia to the private sector. Accordingly, Motor Accident Commission no longer has a role as a provider of CTP insurance in South Australia and ceased writing new CTP insurance policies from this date. However, Motor Accident Commission will continue its role as Nominal Defendant (for claims up until 31 December 2016) and run off its claims against policies issued up to and including 30 June 2016.
- (b) On 7 December 2018 a deed of Reinsurance and Agency was executed between Motor Accident Commission and the National Indemnity Company (NICO) transferring the risks associated with the outstanding claims portfolio.
- (c) Up to 30 June 2019, to lead in road safety behaviour change and education, with responsibility for managing SA's road safety communications program. As part of this role, Motor Accident Commission promoted road safety awareness through non-commercial programs, including sponsorship of road safety research, partnerships and the delivery of communications aimed at safer road user behaviour. From 1 July 2019 the South Australian Police and the Department for Infrastructure and Transport are responsible for road safety activities. Legacy road safety funds were transferred to the Department for Infrastructure and Transport in 2022-23.

2 STATEMENT OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are general purpose financial statements prepared in compliance with:

- a. Section 23 of the *Public Finance and Audit Act 1987*; and
- b. Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*.
- c. Relevant Australian Accounting Standards.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

The financial statements have been prepared with Motor Accident Commission being treated as a Not for Profit entity. The financial report for the Motor Accident is prepared using consistent accounting policies. The Motor Accident Commission CTP Fund formerly established by the Commission continues in existence as the Motor Accident Commission Fund per section 25 of the *Motor Accident Commission Act 1992*.

(b) Interest Income

All investments were redeemed in period ended 30 June 2024. Interest income on remaining cash balance is recognised on an as earned basis.

(c) Deferred Revenue

Revenue associated with reinsurance arrangements has been deferred and will be recognised as revenue when related services are rendered.

MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

2 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Claims

A liability for outstanding claims is recognised in respect of the direct insurance and inwards reinsurance businesses. The liability covers claims reported but not yet paid, incurred but not reported (IBNR) claims, the anticipated direct and indirect costs of settling those claims and estimated reinsurance and other insurance recoveries. Claims outstanding are based on average or individual claim file estimates, with IBNRs and settlement costs calculated using statistics from past experience and trends.

CTP Claims - The liability for outstanding CTP claims is measured as the present value of the expected future payments. These payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal and superimposed inflation. The expected future payments are discounted to present value at balance date and a margin is included to provide sufficient confidence that the provision is adequate. The outstanding claims liability is subject to actuarial assessment.

A risk margin is added to the outstanding claims provision to increase the probability that the net liability is adequately provided to a sufficiency level of 80%.

(e) Prepayments

Claims handling expenses paid which are attributable to reinsurance activities are deferred and recognised as an asset, to the extent that they can be identified separately, measured reliably and it is probable that they will be recovered from future margins.

(f) Reinsurance and Other Recoveries Receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid and IBNRs are recognised as revenue. Recoveries receivable used in the calculation of claims provisions are brought to account where they can be reliably measured. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims.

MOTOR ACCIDENT COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Reinsurance Assets

Reinsurance assets represent balances due from NICO. Amounts recoverable are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Motor Accident Commission may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amount that Motor Accident Commission will receive from NICO. The impairment loss is recorded in the Statement of Comprehensive Income. Ceded reinsurance arrangements do not relieve Motor Accident Commission from its obligations to settle outstanding claims.

(h) Taxation

Motor Accident Commission is an income tax exempt organisation pursuant to Section 24AK of the *Income Tax Assessment Act 1936*.

Motor Accident Commission is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

Income, expenses and assets are recognised net of the amount of GST except:

- a. When the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- b. Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST which is payable to the ATO is disclosed separately.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitment and contingencies are disclosed on a gross basis.

(i) Payables

Payables include creditors, accrued expenses, and GST payable.

Payables represent the amounts owing for goods and services received prior to the end of the reporting period and that are unpaid at the end of the reporting period. Payables include all unpaid invoices received relating to the normal operations of Motor Accident Commission.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 15 days from the date of the invoice or the date the invoice is received.

The carrying amount of payables approximates fair value due to amounts owing being payable on demand.

(j) Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand.

(k) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

MOTOR ACCIDENT COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3 CHANGES IN ACCOUNTING POLICIES

The Commission has not adopted any new accounting standards or amendments to standards, applicable to annual reporting periods commencing on or after 1 January 2024.

The following accounting standard has been issued but is not yet effective. The standard has not been early adopted by the Commission and the Commission continues to assess the potential impact.

AASB 17 Insurance Contracts (AASB 17)

AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held. The objective of the standard is to ensure entities provide relevant information that faithfully represents these contracts and enables users of financial statements to assess their impact on the entity's financial position, financial performance and cash flows.

In December 2022 the AASB issued AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector, which specifies that AASB 17 applies to public sector entities for annual reporting periods beginning on or after 1 July 2026.

MAC has undertaken an assessment of the applicability of AASB 17 to its insurance Funds and contractual arrangements, in conjunction with external advisors.

The application of AASB 17 will require MAC to measure insurance contract liabilities as the sum of a central estimate of future cash flows, the effect of discounting and a risk adjustment for non-financial risk. MAC has developed proposed methodologies for determining discount rates, including the incorporation of an illiquidity premium, and for calculating risk adjustments, which will be independently determined by the Appointed Actuary.

The implementation of AASB 17 will also involve disclosure and presentation changes in MAC's financial statements for the financial year ended 30 June 2027. MAC is currently working through these changes. If AASB 17 were applied as at the reporting date, MAC's total outstanding claims liability would be approximately \$72.9 million compared to \$74.0 million.

There are no other standards that are not yet effective and that would be expected to have a material impact on MAC in the current or future reporting periods and on foreseeable future transactions.

4 SUFFICIENT LEVEL OF SOLVENCY

Section 13A of the *Motor Accident Commission Act 1992* states that the Motor Accident Commission Fund has a sufficient level of solvency if the amount in the Fund equals or exceeds an amount calculated in accordance with the formula published in the South Australian Government Gazette. A revised formula to calculate a Sufficient Level of Solvency was issued by the Treasurer on 7 December 2016 and subsequently published in The South Australian Government Gazette. The formula specifies that the Motor Accident Commission Fund will have a Sufficient level of Solvency if its assets exceed the sum of the Fund's liabilities.

As at 30 June 2026, the Sufficient solvency target was \$80.8 million (2025 \$110.2 million) which compares to the Fund's assets of \$81.7 million (2025 \$112.3 million) and this equates to 101.08% (2025: 101.87%) of the required level of sufficient solvency.

In recent years, there has been significant movement in the Motor Accident Commission's solvency, which demonstrates the potential volatility of the Motor Accident Commission Fund on an annual basis and its dependence on strong investment market returns to achieve and maintain Sufficient Solvency.

The accounts are prepared on a going concern basis after considering Motor Accident Commission is supported by a Government guarantee pursuant to sub-section 21(1) of the *Motor Accident Commission Act 1992*.

MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

5	INTEREST INCOME	2026	2025
		\$'000	\$'000
	Interest earned	317	482
	Total interest income	317	482
6	RECEIVABLES		
	Current		
	Accrued Interest	23	27
	Total Current Receivables	23	27
7	REINSURANCE AND OTHER RECOVERIES RECEIVABLE		
	Expected future recoveries (undiscounted)	1,794	2,207
	Discount to present value	(322)	(359)
	Reinsurance and other recoveries receivable	1,472	1,848
	Reinsurance and other recoveries receivable		
	- Current	269	309
	- Non-current	1,203	1,539
	Total Reinsurance and other recoveries receivable	1,472	1,848

MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

8 OUTSTANDING CLAIMS	2026	2025
(a) Expected future claims payments (undiscounted)	71,539	98,617
Risk margin applied (undiscounted)	18,482	25,067
Discount to present value - central estimate	(12,710)	(17,074)
Discount to present value - risk margin applied	(3,283)	(4,346)
Liability for outstanding claims	74,028	102,264
Current	15,195	17,153
Non-current	58,833	85,111
Liability for outstanding claims	74,028	102,264
On 1 July 2013, a new South Australian CTP Scheme came into effect. The New Scheme embodies a series of scheme reforms designed to improve the Scheme's affordability, deliver a consistent compensation system for those injured in a motor vehicle crash and promote optimal recovery for injured people.		
Old Scheme	50,288	61,860
New Scheme	23,740	40,404
Liability for outstanding claims	74,028	102,264
(b) The following average inflation rates (normal and superimposed) rates and discount rates were used in the measurement of outstanding claims:		
For the succeeding year		
- Inflation rate	5.45%	5.45%
- Discount rate	4.65%	3.90%
For subsequent years		
- Inflation rate	5.45%	5.45%
- Discount rate	4.65%	3.90%
(c) The weighted average expected term to settlement of the outstanding claims from balance date is estimated to be:	4 years	4.7 years

MOTOR ACCIDENT COMMISSION **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2026**

8 OUTSTANDING CLAIMS (CONTINUED)

The method of calculating outstanding claims is set out in detail in Note 2(d).

The claims provision for the Motor Accident Commission Fund as at 30 June 2026 has been reviewed by the Fund Actuary, Finity Consulting Pty Limited. The Directors have adopted a central estimate plus a risk margin as determined by the Actuary to achieve an 80% probability that the provision will prove adequate. An overall risk margin of 26.5% (2025: 26%) has been applied and is derived using the framework established by the Actuaries Institute. As Motor Accident Commission only includes one class of insurance, no allowance has been made for diversification of insurance classes.

Sensitivity analysis

There is considerable uncertainty inherent in the estimation of the outstanding claims liability and in particular there is uncertainty arising from:

- a. Effective 1 July 2019, claims management was transferred from Allianz to BHCTPSA. While BHCTPSA employed several former Motor Accident Commission and Allianz staff, the transfer may affect the management of open claims. This may increase the uncertainty associated with the valuation results. Effective from 1 July 2025, NICO transferred the management of the remaining 200 claims in the MAC back- book to its defendant legal firm, Jones Harley Toole (JHT).
- b. The Motor Accident Commission Scheme now being in run-off. It is possible that claims development patterns may change now that Motor Accident Commission has ceased underwriting new business. This could be due to differences that emerge in terms of claims management and also the potential for the external claims environment (which is now influenced by the private sector insurers who have entered the market from 1 July 2016) having an impact on Scheme performance.
- c. The actual impact of the CTP legislative changes effective 1 July 2013 (i.e. "New Scheme") and the commencement of the Lifetime Support Scheme from 1 July 2014. The key risks include:
 - Estimating the claims frequency and number of claim settlements.
 - Estimating the impact of tort reform on the ultimate cost of claims.
- d. Large claims, given their potential to cause significant one-off effects on the valuation and the difficulty in estimating future large claims experience, particularly as the Scheme goes further into run-off. The claims which are harder to resolve will become a greater proportion of the overall liability.
- e. Future inflation and superimposed inflation. While the claims environment has been benign for some years, it is possible for some level of claims cost escalation to emerge as service providers (particularly solicitors) adjust to the New Scheme environment, and as the new market participants start to exert influence on the market overall.

The relative financial sensitivity of the outstanding claims provision to changes in the key valuation assumptions is illustrated in the following table. The sensitivities shown should not be considered to be equally probable, nor are they mutually exclusive. Furthermore, they do not represent upper or lower bounds of all possible outcomes.

The sensitivity analysis has been conducted on the outstanding claims provision net of third party recoveries but gross of reinsurance.

Change in Model parameters

	Impact on Provision	
	%	\$'000
Change in Valuation Assumption:		
For accidents before 1 July 2013:		
- average size of attritional claims increased by 15%	10.5	7,002
For accidents after 30 June 2013:		
- Cost of attritional claims deteriorates by 5% per half year over the next two years	6.1	4,057
For all claims:		
- Projected non-reinsurance recoveries were reduced by 50%	1.3	866
- Discount rate increased from 4.65% to 5.15% p.a.	(1.9)	(1,261)
- Discount rate decreased from 4.65% to 4.15% p.a.	2.0	1,309

MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

8 OUTSTANDING CLAIMS (CONTINUED)

Claims Development

Net ultimate claims cost estimate	2017	2018	2019	2020	2021	2022	2023-2026	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At end of accident year	-	-	-	-	-	-	-	-
One year later	-	-	-	-	-	-	-	-
Two years later	-	-	-	-	-	-	-	-
Three years later	-	-	-	-	-	-	-	-
Four years later	8,846	-	-	-	-	-	-	8,846
Five years later	9,141	-	-	-	-	-	-	9,141
Six years later	9,333	-	-	-	-	-	-	9,333
Seven years later	9,488	-	-	-	-	-	-	9,488
Eight years later	6,665	-	-	-	-	-	-	6,665
Nine years later	6,665	-	-	-	-	-	-	6,665
Current est. of net ultimate claims cost	6,665	-	-	-	-	-	-	6,665
Cumulative payments	(6,665)	-	-	-	-	-	-	(6,665)
Net undiscounted claims liability for the ten most recent accident years	-	-	-	-	-	-	-	-
Discount to present value	-	-	-	-	-	-	-	-
Net discounted claims liability for the ten most recent accident years	-	-	-	-	-	-	-	-

Reconciliation

Net discounted claims liability for years 2015/16 and prior	52,864
Claims handling expenses	4,493
Risk margin (inclusive of risk margin on claims handling expenses)	15,199
Net outstanding claims liability, gross of reinsurance	72,556
Net outstanding claims liability, net of reinsurance	5,684
Gross outstanding claims liability on the Statements of Financial Position	74,028
Other recoveries on outstanding claims liability	(1,472)
Reinsurance on outstanding claims liability	(66,872)
Net outstanding claims liability, net of reinsurance	5,684

Estimated timing of net cash outflows resulting from recognised insurance liabilities is provided below. This is provided instead of a maturity analysis for financial liabilities showing remaining contractual liabilities.

	Up to 1 year	2 - 4 years	5 - 9 years	10 - 14 years	15 - 19 years	20 - 24 years and later	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated timing of net cashflows							
Liabilities (including Risk Margin)	14,926	28,943	21,721	6,151	815	-	72,556

9 INSURANCE CONTRACTS RISK MANAGEMENT

A key risk from operating in the CTP insurance industry is the exposure to insurance risk arising from underwriting CTP insurance contracts. CTP insurance policies transfer risk to the insurer by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The risk is that the actual amount of claims to be paid in relation to CTP insurance policies will be different to the amount estimated at the time CTP premiums are determined. Motor Accident Commission is exposed to this risk because the price for a policy must be set before the losses relating to the insurance cover are known. Hence the insurance business involves inherent uncertainty. Motor Accident Commission also faces other risks relating to the conduct of the CTP insurance business including financial and capital risks.

A fundamental part of the overall risk management strategy is the effective governance and management of the risks that impact the amount, timing and uncertainty of cash flows arising from insurance policies.

MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

9 INSURANCE CONTRACTS RISK MANAGEMENT (CONTINUED)

Risk Management objectives and policies for mitigating insurance risk

The risk management activities can be broadly separated into insurance risk, claims management and investment management. The objective of these risk management functions is to secure the longer term financial performance of the CTP insurance scheme.

The key policies in place to mitigate risks arising from underwriting CTP insurance policies include the following:

(a) Insurance risk

As Motor Accident Commission ceased writing new CTP insurance policies from 1 July 2016, its involvement in premium setting and associated policy pricing risks has been mitigated.

From 1 January 2019 Motor Accident Commission has entered into a reinsurance and agency arrangement with NICO. Reinsurance is placed on outstanding claims against policies issued up to and including 30 June 2016. This reduces the risk that Motor Accident Commission will not have sufficient reserves to cover its liabilities as this risk has been transferred to NICO. Amounts recoverable from NICO are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Although Motor Accident Commission has reinsurance arrangements, it is not relieved of its direct obligations to policyholders from its obligations to settle outstanding claims to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

Motor Accident Commission has established a process to regularly monitor performance and it is through this process that risks associated with the reinsurance and agency arrangement are managed and mitigated.

(b) Claims management

Between 1 July 2019 and 30 June 2025, claims management was undertaken by NICO. From 1 July 2025, NICO has transferred the management of the remaining 200 claims in the MAC back-book to its defendant legal firm, Jones Harley Toole (JHT). It is Motor Accident Commission's policy to respond and settle claims quickly whenever possible and to pay claims fairly, in accordance with the law and in line with community and Government expectations.

10 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

(a) Currency Risk

As at 30 June 2026 Motor Accident Commission does not directly hold any international equities and was not exposed to any foreign exchange risk.

MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

10 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

(b) Interest Rate Risk

MAC has limited exposure to interest rate risk due to the nature of the financial instruments it held. All investments were redeemed in the period ended 30 June 2024. The only exposure to interest rate risk arises from cash held at bank and associated interest receivables. Financial liabilities comprise trade and other payables that are non-interest bearing and short-term in nature.

The Motor Accident Commission's exposure to interest rate risk and repricing maturities on financial assets and liabilities at balance date is set out below:

	Floating interest rate \$'000	Non- interest bearing \$'000	Total carrying amount \$'000
30 June 2026			
Financial Assets			
Cash and cash equivalents	6,146	-	6,146
Receivables	-	23	23
Total financial assets	6,146	23	6,169
Financial Liabilities			
Payables	-	177	177
Total financial liabilities	-	177	177
Net financial assets	6,146	(154)	5,992

	Floating interest rate \$'000	Non- interest bearing \$'000	Total carrying amount \$'000
30 June 2025			
Financial Assets			
Cash and cash equivalents	8,145	-	8,145
Receivables	-	27	27
Total financial assets	8,145	27	8,172
Financial Liabilities			
Payables	-	190	190
Total financial liabilities	-	190	190
Net financial assets	8,145	(163)	7,982

MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

10 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

Reconciliation of Net Financial Assets

	2026	2025
	\$'000	\$'000
Net Financial Assets	5,992	7,982
Add - Reinsurance and other recoveries receivable	1,472	1,848
- Reinsurance assets	68,344	94,397
- Prepayments	5,684	7,867
Less - Reinsurance and other recoveries payable	(1,472)	(1,848)
- Outstanding claims	(74,028)	(102,264)
- Deferred revenue	(5,121)	(5,920)
Net Assets	871	2,062

11 NET CLAIMS INCURRED

Prior period claims relate to a reassessment of the risks borne in all previous reporting periods. There were no current claims.

	2026	2025
	\$'000	\$'000
Gross claims incurred and related expenses - undiscounted	(21,645)	(18,054)
Reinsurance and other recoveries - undiscounted	19,040	14,098
Net claims incurred - undiscounted	(2,605)	(3,956)
Discount and discount movement - gross claims incurred	5,428	8,984
Discount and discount movement - reinsurance and other	(5,006)	(8,262)
Net discount movement	422	722
Net claims incurred	(2,183)	(3,234)

As part of the reinsurance arrangements costs incurred as part of managing claims are the responsibility of NICO. As a result of this agreement Motor Accident Commission has recognised an offsetting adjustment through the Statement of Comprehensive Income for Net Claims Incurred.

MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

12 DIVIDEND PAID

	2026	2025
	\$'000	\$'000
Dividend paid	2,062	3,432

During 2025-26, Motor Accident Commission made a payment of \$2.06 million to the Treasurer's Consolidated Account (2025: \$3.43 million) as required by the Treasurer pursuant to section 26(2) of the *Motor Accident Commission Act 1992*.

13 AUDITORS' REMUNERATION

Audit fees paid/payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987*

31	39
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No other services were provided by the Audit Office of South Australia.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of management expenses.

14 CASH FLOW RECONCILIATION

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of the operating cash flows.

(a) Reconciliation of cash

Cash and cash equivalents disclosed in the Statement of Financial Position

6,146	8,145
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Balance as per the Statement of Cash Flows

6,146	8,145
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(b) Reconciliation of net cash inflows/(outflows) from operating activities

Total comprehensive result

871	2,061
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Change in assets and liabilities

- (Inc)/dec in reinsurance assets
- (Inc)/dec in prepayments
- (Inc)/dec in receivables
- Inc/(dec) in payables
- Inc/(dec) in outstanding claims
- Inc/(dec) in other liabilities

26,053	37,098
2,183	3,233
380	(904)
(13)	34
(28,236)	(40,331)
(1,175)	(936)

Net Change in assets and liabilities

(808)	(1,806)
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Net cash inflows / (outflows) from operating activities

63	255
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MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

15 CONTINGENT ASSETS AND LIABILITIES

As part of the security arrangements under the Reinsurance deed, NICO has delivered a Letter of Credit to Motor Accident Commission. In the event of default, Motor Accident Commission would access the funds held.

Insurance underwriting by its very nature has liabilities contingent upon certain events occurring which give rise to a claim under the policy of insurance. All of the known and expected claims in respect of events that have occurred up to balance date have been accounted for in the preparation of these financial statements. Occasionally certain claims may require legal judgment to determine a suitable settlement. The result of such legal arbitration may result in a liability to the Commission different to that incorporated in these financial statements.

16 CONSULTANTS

The number and value of consultancies paid/payable that fell within the following bandwidths during the financial year were:

	2026		2025	
	Number	\$'000	Number	\$'000
Below \$10,000	-	-	-	-
Above \$10,000	1	85	1	88
Total paid/payable to the consultants engaged	1	85	1	88

MOTOR ACCIDENT COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

17 DIRECTORS' REMUNERATION

The names of each person holding the position of director of Motor Accident Commission during the financial year were:

Ms S Pitcher	Chair
Mr A Coates	Director
Ms C Uncle	Director

In accordance with the Department of the Premier & Cabinet circular No. 016, as the directors are government employees, they did not receive any remuneration from the Commission for Board or Committee duties during the financial year.

18 RELATED PARTIES

Key Management Personnel

Key management personnel of Motor Accident Commission include the Treasurer and the governing board members who have responsibility for the strategic direction and management of Motor Accident Commission. No compensation is paid by Motor Accident Commission to key management personnel.

Transactions with Key Management Personnel and other related parties

There were no transactions requiring disclosure for key management personnel and related parties.

Directors' transactions with the Commission

The directors of Motor Accident Commission may hold positions in other organisations in which Motor Accident Commission invests or provides funding in the ordinary course of business. The terms and conditions of those transactions with director-related entities are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Transactions with other government entities

Effective 1 July 2019, South Australian Government Finance Authority provides management and administrative services to Motor Accident Commission. Additionally, Motor Accident Commission has dealings with other Government instrumentalities. All dealings are in the ordinary course of business and on normal trading terms.

19 EVENTS AFTER THE END OF THE REPORTING PERIOD

No event has arisen since 30 June 2026 that would be likely to materially affect the operations or the state of affairs of Motor Accident Commission.

**MOTOR ACCIDENT COMMISSION
CERTIFICATION OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

We certify that the attached general purpose financial statements for the Motor Accident Commission:

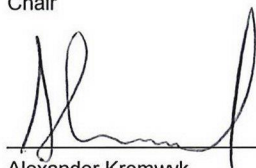
- a. Comply with relevant Treasurer's Instructions;
- b. Comply with relevant Australian Accounting Standards; and
- c. Are in accordance with the accounts and records of the Commission;
- d. Present a true and fair view of the financial position of the Commission as at 30 June 2026 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Motor Accident Commission for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.

Signed in accordance with a resolution of the directors.



Sandra Pitcher
Chair



Alexander Kromwyk
Chief Financial Officer, SAFA

Adelaide

Dated: 25 September 2026