



Speech by

Hon. D. HAMILL

MEMBER FOR IPSWICH

Hansard 29 April 1999

MOTOR ACCIDENT INSURANCE AMENDMENT REGULATION (No. 2) 1999

Disallowance of Statutory Instrument

Hon. D. J. HAMILL (Ipswich—ALP) (Treasurer) (5.19 p.m.): After listening to this tirade from the Opposition I am still at a loss to know exactly what the Opposition wants. The Opposition has used all sorts of colourful language this afternoon in saying that it is seeking to disallow the premium increase for compulsory third-party insurance, but on what grounds? Is it that the Opposition is saying that the increase is not high enough? Is the Opposition saying that the Government has acted irresponsibly because we have not only spurned the claims of the insurers but we have also rejected the recommendation of the Insurance Commissioner? Did I hear the Opposition suggest that it was irresponsible of us to reject a \$52 a year increase in compulsory third-party insurance?

Did they say that it was irresponsible for us to call upon the insurers to take a little bit of the pain and see their profit margins restored to the levels that they were at in 1994 when the current scheme was put in place? No, they did not! Did the Opposition say that there should be no increase in compulsory third-party insurance premiums? Did one speaker from the Opposition say that no increase was warranted? No, they did not! They did not have the gumption or the courage to actually state the grounds upon which they were opposing this proposition and moving this disallowance motion, because the members opposite know only too well that if they did, the people of Queensland would see them for what they are. If they were prepared to go along with a \$52 a year increase put forward by the Insurance Commissioner, then the people of Queensland would have every justification for asking, "What has changed?"

Three years ago—in 1996—the member for Caloundra was very compassionate when she said, "\$66." What did she say to the motorists? "They got off lightly"! That is what she said at the time. At the time, the people of Queensland did not think that they got off lightly at all. Had the members opposite gone the other way and declared their colours and said, "A \$40 a year increase is unwarranted", then they know——

Mrs SHELDON: I rise to a point of order. I find the words of the Treasurer offensive. He referred to me saying that people "got off lightly". I never said such a thing. I ask him to withdraw.

Mr DEPUTY SPEAKER (Mr Mickel): Order! The member has asked for a withdrawal.

Mr HAMILL: Mr Deputy Speaker, I am troubled here because I was actually quoting from the Hansard of 1996—a direct quotation attributed to the former Treasurer. It stands there in the Hansard and there was no objection made by the then Treasurer at that time.

Mrs SHELDON: No doubt it is a direct quotation from the Treasurer. I find what the Treasurer has implied and said offensive.

Mr DEPUTY SPEAKER: I ask the Treasurer to withdraw.

Mr HAMILL: Mr Deputy Speaker, I understand that the former Treasurer, the member for Caloundra, is taking some delayed action offence. I withdraw accordingly.

We have the Opposition members not daring to say that no increase is warranted. They know only too well that the insurance companies have made out a case for an increase. In fact, the Leader of the Liberal Party, in his immediate response to the announcement that there would be an increase in compulsory third-party insurance, actually seemed to suggest that the insurers would not be happy and that a further increase would be necessary.

Where do the Opposition members stand on this matter? They stand all over the place, in the same way that their repeated claims this afternoon do not gel very well with their statements on the record. I refer again to the comments of the member for Caloundra. A couple of days ago in the House, the member for Caloundra accused me of claiming that compulsory third-party insurance premiums were a tax. She reiterated that claim in her speech this afternoon.

Dr Watson: As did your Premier.

Mr HAMILL: I take the interjection from the member for Moggill. Again, I refer to the very record of the debate on this matter in this place three years ago. Allow me to immodestly quote myself. I stated—

"This is an insurance cover. We have always believed and held to the view that the fund needed to be adequate to maintain the level of payments that it would need to bear as claims were made against it."

I did not say a tax; I said "an insurance cover". Only the other night and again today the member for Moggill, who has suddenly become so self-righteous in these matters, talked about compulsory third-party insurance premiums as a tax. Yet the same member for Moggill, in the debate in which I recognised CTP for what it is—an insurance premium—stated in relation to compulsory third-party insurance—

"... when the Government increases the premium, we are not talking about a tax or a Government charge, rather it is a premium paid to private insurers just like any other form of insurance."

I ask: who has changed their tune? Certainly it is not the member for Ipswich, but I cannot say the same for the members for Moggill and Caloundra.

I know that there have been all sorts of aspersions cast at the member for Brisbane Central, the now Premier. However, let the record bear out his views in that same debate. The substantive matter that the member for Brisbane Central raised in that debate three years ago was the matter of the profit margins that were being accorded to the insurers. When the member for Caloundra supported a \$66 a year increase in compulsory third-party insurance premiums in 1996, she oversaw an increase in the profit margin for insurers rising from 6% to 7.5%. It is also worth noting this afternoon that, among the bids that were received this year from insurers, they again sought a further increase in the profit margins.

Mrs SHELDON: I rise to a point of order. The Treasurer is deliberately misleading the House. I find the words that he is saying quite offensive. In no way did we support any profit margin for the insurance companies. The recommendations made to us were exactly the same as those that the actuary made to him.

Mr DEPUTY SPEAKER: Order! What words is the member finding offensive? That will assist me.

Mrs SHELDON: His suggestion that I—and the Treasurer did mention me—was supporting a profit margin increase for the insurance companies. That is untrue. I find it offensive. I ask him to withdraw it.

Mr HAMILL: I withdraw in order that I can continue my speech. What I will say—

Mrs SHELDON: No, I ask for it to be withdrawn unequivocally.

Mr HAMILL: I withdraw.

Mr DEPUTY SPEAKER: Order! The Honourable the Treasurer has withdrawn. The member for Caloundra will resume her seat.

Mrs SHELDON: In a sort of a manner, Mr Deputy Speaker.

Mr HAMILL: Allow me to make the point that in 1996 the coalition Government presided over an increase in compulsory third-party insurance of \$66 a year. It is interesting to note that the Ministers in that Government—who I presume also included the then Treasurer, the member for Caloundra—in agreeing to the premium increase of \$66 a year also agreed that the profit margin for insurers should increase from 6% to 7.5%.

Mrs SHELDON: I rise to a point of order. The Treasurer has said exactly the same thing using slightly different words and has turned around the sentence. It is untrue. I still ask for it to be withdrawn.

Mr DEPUTY SPEAKER: Order! The member has asked for a withdrawal.

Mr HAMILL: It is not untrue, but anything that I have—

Mrs SHELDON: It is untrue. I find it untrue and offensive. I ask for it to be withdrawn.

Mr DEPUTY SPEAKER: The Treasurer has been asked to withdraw.

Mr HAMILL: If anything that I have said is personally offensive to the member for Caloundra, I withdraw it. However, what is not untrue is that the coalition allowed the insurers to increase their profit margin to 7.5% in 1996. By 1998——

Mrs SHELDON: I rise to a point of order. By direct inference, again the Treasurer is referring to me. I ask that it be withdrawn. It is offensive and untrue and I ask him to withdraw.

Mr DEPUTY SPEAKER: Order! There is no point of order. The member will resume her seat.

Mr HAMILL: By 1998, under the coalition Government's compulsory third-party scheme, the profit margin for insurers had risen to 8.5%. This year, in their bids for a further increase, a 9.5% profit margin was sought. In 1996 when we were in Opposition, it was unacceptable to us to allow a 25% increase in the profit margin. The core objection that we had to the proposals of the Insurance Commissioner went to this very issue of the profit margin accorded to the insurers. Our decision to reject the profit margin of 8.5% has meant that the premium that has been arrived at is substantially less than that which had been recommended by the Insurance Commissioner. In fact, that is how we have been able to protect the interests of the battlers.

When the member for Moggill asks, "What would the battlers now say to the Premier, Mr Beattie?", I can tell him that the battlers would say, "Thank goodness that the Premier, Mr Beattie, and his Government are now presiding over the scheme." Otherwise, they would have copped it in the neck again, just as they copped it in 1996 when the coalition was more than prepared to give the insurers an extra dollop of gravy for running the compulsory third-party insurance scheme. That is the core of the debate.

The compulsory third-party insurance scheme is an important scheme and it needs to be properly funded. We need to ensure that the premiums are adequate to meet the claims that are being made against the scheme—the claims that have to be paid out by the insurers. It has been thus since 1936, and while this Government is in power it will remain thus. We will not go down the irresponsible path that has been canvassed, indeed demonstrated, by the coalition in its recent custodianship of the compulsory third-party insurance scheme in Queensland. Nothing could be more irresponsible than what was perpetrated, not by act but by omission, by the coalition Government last year.

At the time of the election, no action whatsoever had been taken on the Insurance Commissioner's report that had come into the hands of the coalition Government, whether that be in late 1997 or early 1998. May the very words of the member for Caloundra in 1996 come back to haunt her. At that time, the member for Caloundra outlined the procedures that were necessary in order to ensure the viability of the scheme. At that time, the member for Caloundra made it quite clear that adjustments to premiums should take place by April so that they could be in place by July. Of course, the very things that the member for Caloundra adhered to in 1996 were thrown out the window in 1998. Had the member for Caloundra and the Government of which she was a member——

Mrs SHELDON: I rise to a point of order. I find what the member is saying untrue and offensive. They do not relate at all to 1998.

Mr HAMILL: I have not said it yet.

Mrs SHELDON: The Treasurer said that they were different and they were not. We sat by exactly the same situation.

Mr DEPUTY SPEAKER: Order! The member will come to her point of order.

Mrs SHELDON: I ask for the comments to be withdrawn.

Mr DEPUTY SPEAKER: Order! The honourable member has asked the Treasurer to withdraw.

Mr HAMILL: I withdraw anything that I have said that causes the honourable member for Caloundra offence. I go on to say that had the member for Caloundra and her Government acted on the Insurance Commissioner's report, even if they had not acted on it lock, stock and barrel as was their practice, there would have been a \$13 increase effective from 1 July last year.

Mrs SHELDON: I rise to a point of order. What the member is saying is untrue and offensive. I did act on it. I asked for a review just as the Treasurer is doing. I congratulate the Treasurer on following my initiative in doing that. What the Treasurer is saying is untrue and offensive and I ask for it to be withdrawn.

Mr DEPUTY SPEAKER: Order! The member for Caloundra has asked the Treasurer to withdraw.

Mr HAMILL: I would not wish to offend the member for Caloundra.

Mr DEPUTY SPEAKER: I thank the Honourable Treasurer and ask him to continue.

Mr HAMILL: I think it is worth while making the point——

Mrs Sheldon: In that case, you wouldn't mind withdrawing the comments.

Mr DEPUTY SPEAKER: Order! The honourable member for Caloundra is out of order.

Mrs SHELDON: I rise to a point of order. I asked that the words of the member be withdrawn and he has not withdrawn them.

Mr DEPUTY SPEAKER: Order! My understanding is that the Treasurer has withdrawn it.

Mr HAMILL: I have often observed that accuracy was never one of the great qualities of the member for Caloundra. Her extensive experience before the Members' Ethics and Parliamentary Privileges Committee as Treasurer bore testimony to that. It is noteworthy that with all of that extensive experience, she is now a member of the Privileges Committee. Her extensive experience is being brought to bear in the service of the Parliament.

Had the former Government acted on the Insurance Commissioner's report last year— even if it was not lock, stock and barrel, as it was wont to do—there would have been a \$13 a year increase proclaimed for 1 July last year. It was with horror last year that I saw that a Government that proclaimed such rectitude with respect to financial management had neither the guts nor the gumption to act upon what was vital to ensure the integrity of the compulsory third-party insurance scheme in this State. For that reason, in September last year one of the first acts that I had to undertake as Treasurer was to put the scheme right and to apply a \$3 surcharge to make up for that period when the scheme had been left unfunded by the very irresponsibility that the coalition demonstrated in the run-up to the last election. For the member for Toowoomba South to come into this place and not only get the figure of last year's increase wrong but to feign indignation, suggesting that this Government has increased the premiums twice in the space of 12 months for no good reason, I find most breathtaking indeed.

A number of factors are forcing up the premiums. The member for Gladstone alerted the House to the difficulties of trying to pare away all of the issues that are considered by the actuaries in this regard. I will run through a few of them, because it is important that we understand exactly what are the factors that are driving up the premiums in the scheme.

Some ask: how could it be that with the road toll decreasing there is such pressure for a premium increase? I was going to say "sadly", but certainly it is not sad that there is a decline in fatalities. However, we are not seeing a decline in the number of claims being made by people affected by road trauma. After all, compulsory third-party insurance schemes are established to protect people suffering road trauma. To depart from a fully funded scheme is to draw away any protection at all from those who have suffered injury upon our roads, whether they be passengers or drivers of vehicles, where their road trauma has been the result of the negligence of others. Therefore, the claim size is increasing and the frequency of claims is increasing. In addition, with the decline in interest rates, the very funds that are invested by the insurance claims in what is a long tail business are not generating the same rate of returns. However, at the same time, wages and medical expenses are increasing. All of those things impact upon the quantum that will be the subject of compensation.

In relation to the criticisms that I have levelled at some in the legal profession who have been drumming up claims on the no win, no pay principle, it is worth noting that since 1994 some \$500m has been paid out on claims under compulsory third-party insurance in Queensland. Over that period, in excess of \$60m has been paid out in legal expenses. Therefore, more than 10% of the total quantum paid out under the scheme has gone into the pockets of the lawyers. I am saying that, through reviewing the scheme, we should be doing everything we can to ensure that the moneys being paid out of the scheme go to the people who are injured to address their needs for compensation and rehabilitation, rather than lining the pockets of the middlemen. That is an important principle and I have asked expressly that the committee of review address it. The disallowance motion should be rejected by the House.

Time expired.
