



Speech by

Mr N. ROBERTS

MEMBER FOR NUDGE

Hansard 29 April 1999

MOTOR ACCIDENT INSURANCE AMENDMENT REGULATION (No. 2) 1999

Disallowance of Statutory Instrument

Mr ROBERTS (Nudgee—ALP) (5.13 p.m.): Despite our best efforts to address road safety issues and to reduce road trauma, the Government must accept the inevitability that accidents will occur and we must act to ensure that the harm arising from them is lessened. The compulsory third-party insurance scheme is overseen by the Government to ensure that, when accidents do occur, those unfortunate enough to be injured do not have their misfortune compounded through shouldering the burden of additional medical costs and loss of income.

Let there be no smoke and mirrors treatment about the nature of this scheme. The scheme is based on insurance premiums paid to private insurance companies, not the Government. The Government simply oversees the scheme and collects the premium with the vehicle registration fees on behalf of the insurance companies to ensure that the scheme is properly funded.

The insurance companies involved with this arrangement had sought quite significant increases, which caused the Government some concern. In some cases those increases were of the order of \$80. The actual increase in the premiums to which this disallowance motion relates is well below that sought by the insurance companies—in some cases by up to 50%. The original claim had an 8.5% profit margin built into it.

The Labor Government recognises the value of every dollar that makes it into the pocket of Queensland workers. Accordingly, the Government took action to reduce the profit margin available to the insurance companies quite significantly by reducing it to levels applicable in 1994, namely, 6%. That has reduced significantly the amount of premium that would otherwise have applied.

Through making the insurance companies shoulder some of the burden, the Labor Government has ensured that Queenslanders will pay the absolute minimum increase that is possible. Let us be honest about this increase. No Government would announce an increase if there were other alternatives. However, decisive action needed to be taken in order to maintain the viability of the fund and to preserve the access of Queenslanders to fair compensation.

The Government does not shy away from its responsibilities to the people of Queensland. The scheme must remain viable. We are also conscious of the impact on the back pockets of Queensland workers and their families. As a Government, we recognise the value of the dollars that workers take home.

This increase is not about boosting Government taxes or revenue, it is about ensuring that Queenslanders have access to a properly funded compulsory third-party scheme. The independent actuarial advice provided to the Government unequivocally proved that increases needed to be made. To suggest that this is some flight of fancy aimed at increasing Government revenue is absurd and untrue. The Government is aware of the impact these charges have on people and has taken every step to minimise the amount of premium that has to be paid.

When we came to office in 1998 we were confronted with a shortfall in funding for the compulsory third-party scheme. The former coalition Government was acutely aware of these needs and failed to act. The coalition did not have the courage or the responsibility to act in the best interests of Queensland road users. As it did when it first came to office, the Government has acted promptly

and openly to ensure the ongoing viability of the scheme. Despite the cuteness of the Opposition's charge of reckless revenue raising, this is plainly an act of responsibly addressing a genuine need.

It is true, as has been pointed out by a number of speakers, that demands on the scheme are increasing. The number of claims is increasing quite significantly, driven to some extent by the entrepreneurial activities of some—and I stress some, not all—members of the legal profession. Such demands have placed enormous pressure on the level of premium required to sustain the fund.

The increasing demands on the scheme have been recognised, and to this end the Government has put in place a team of noted professionals to thoroughly review all aspects of the scheme. The aim is to ensure that the scheme is the most beneficial mechanism for ensuring access to fair compensation for Queenslanders who are injured in road accidents. I, along with other members, look forward to the findings of this committee later in the year.

It is fair to say that this is a given. Every Queenslander legitimately expects that if they are injured in a road accident they will not be left without appropriate access to compensation to assist them to recover and move on with their lives. This is a minimum requirement for equity in any community. For the scheme to provide fair access for all Queenslanders it must be properly funded. We cannot provide the basic equity if the scheme does not have the money to deal with all the injured people whom it exists to protect.

Governments cannot stand by and allow fairness to be eroded by an unfunded scheme. The Government could not stand by and allow the door to be shut on the last 10% of claims made in the financial year simply because the scheme has negligently been left in an unfunded state. The scheme must be funded to ensure that it has the capacity to provide assistance when such assistance is required.

The independent actuarial advice received by the Government indicates that, at its present level, if left untouched, the scheme would have fallen short of that capacity. Action needed to be taken, and the Government has taken that action. This disallowance motion amounts only to a disavowal of the legitimate expectation of every Queenslander that if they are injured in a car accident they will be entitled to fair compensation. It is also a disavowal of the basic fairness that the community expects. It is a disavowal—or an attempt at disavowal—of the Government's responsibility.
