



Speech by

Mr M. HORAN

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PUBLIC LIABILITY INSURANCE

Mr HORAN (Toowoomba South—NPA) (Leader of the Opposition) (11.30 a.m.): I have spoken in this parliament before about the serious problem we are facing in Queensland of spiralling insurance premiums. One thing that concerns people in our communities is the cost of public liability insurance, particularly for festivals, carnivals, sports clubs, companies seeking directors' liability insurance and so forth, but particularly for those community organisations.

We are hearing all the time excuses about the collapse of HIH. We are hearing about the 11 September problems and their flow-on effects. But it is time for governments of the day and, particularly here in Queensland, the Queensland government to do something concrete about the problems that are occurring with insurance. If we do not do something, it will mean that all the organisations that we know of in our areas will end up closing down. Nothing will be happening. People will not be game to move or put on an event. We will see the demise of show societies, sports clubs and any other clubs that involve body contact sport, carnivals and festivals that want to hold interesting and exciting events. We really will see the demise of those important organisations that mean so much to our communities.

As I said, I have spoken about this issue before, and I will continue to raise it, because the National Party believes it is time to take action. We believe it is time to take action on government assistance in pooling the strengths of some of these organisations so that their insurance premiums can be limited. We also believe it is time to take action to develop a system whereby there is a capping or a limitation on the amount of some of these insurance premiums and the insurance payouts so that at least it can all be affordable and within the reach of the ordinary, average organisations that all of us represent and strongly believe in.

This problem has the potential to impact heavily on the very social fabric of our communities in Queensland. We need to make sure that we have in place a plan that can support these groups and organisations. We have already made a suggestion in the parliament for the establishment of a community insurance fund underwritten by the state government, perhaps along the lines of the MAIC system that underwrites and supports the compulsory third party insurance system in this state with regard to motor vehicles. This would be a system that could safeguard community events and festivals from blown-out insurance costs.

We have already heard about the establishment of this fund and the third party support it would receive from the Queensland Council of Social Services. That organisation see the merits of such a suggestion. Obviously it is very conscious and aware of the far-reaching social implications of these spiralling insurance costs on committees across Queensland. Even the Labor member for Mulgrave, Mr Pitt, has spoken out in his column in support of this suggestion. He also commented on the sale of Suncorp Metway. That is not affecting this at all. This is all following the sale of Suncorp Metway, which saw in part the commencement of construction of about 120 hospital facilities throughout the state. It has provided capital funding for the construction of facilities and infrastructure throughout the state.

The problem we are facing now is the issue of massive litigation, the issue of massive premiums, the need for a capping of litigation, and the need for control and some balance in our system so that people who suffer injury or problems caused by a particular event or malfunction can be looked after. But it is important that insurance can be within the reach of people and organisations.

I thank the member for Mulgrave for his support. Obviously he has been hearing stories in his electorate about the high premiums and liability costs that are affecting many people. This is one of the biggest issues in our electorates at the moment. We have organisations that are simply going to fold if premiums keep escalating by 50 per cent, 100 per cent and 500 per cent. The ordinary little clubs that try to run junior sports and senior sports will no longer be able to afford the premiums that they are facing because they simply cannot raise that money through continued increases in sponsorship or raffles. However, they are trying to find that money.

The saddest part of this whole scenario is that this issue is affecting non-profit groups which organise community events in their areas—events which a large number of people have come to enjoy. They make the most of what an area has to offer, put much-needed dollars back into the economy, and people probably come back to visit the area the following year.

A report on this situation is due to go to the Premier by the end of this month. It needs to be a comprehensive and detailed document that we believe would back up what the opposition has been saying time and time again: we need the government to step in and take some control, not just work on trying to pool the resources via our suggestion to try to get premiums to a reasonable level but actually address the cause of this problem—the uncapped litigation and the uncapped way in which the fees increase as a result.

We also believe that this report should highlight the vital need for immediate action by the government to establish a community insurance fund, as we have suggested, to help these community events survive while we work towards fixing the actual problem. The government has some responsibility to see that control is placed over the escalating public liability payouts in our courts. This go-for-the-jugular mentality is the root cause of the problem for many of these community groups and associations that we represent.

Insurance companies place the blame for spiralling premiums on the massive amount that insurers are often forced to pay as a result of court judgments. Recently, the annual report of the Building Services Authority detailed an operating deficit of \$6.9 million, which it blames directly on gross insurance payments. The BSA's general manager stated in his review that this deficit had flowed on from a \$2 million surplus recorded the previous year. He blamed a 53 per cent leap in gross insurance claim payments in just one year. He stated that their response was to take affirmative action to reverse this trend by increasing the BSA's insurance premiums—further evidence of the widespread vicious circle this whole insurance issue is creating. All we ask for is a degree of commonsense.

At the recent National Party state conference delegates expressed a very real concern about the growing rate of litigation, and the resolutions expressed this concern. We voted in resolutions to explore ways to reduce the rate of litigation in our society today and for immediate action to control public liability payouts that are awarded by the courts. This government should take the lead and follow those resolutions from the National Party state conference.

The government should realise the serious problem that exists and do something concrete to try to fix this problem. The government should take some control in this litigious environment to ensure that the people we represent are looked after. This is only commonsense. We need to take on the task of working to find a solution before too many of these community events and sporting clubs become a thing of the past. Unfortunately, for wonderful community events such as the Herberton Tin Festival this has already happened. Public liability insurance jumped 300 per cent, while the actual cover decreased, so the event was cancelled this year.

I am calling on the government to consider our proposal—and to take it seriously—for a community insurance fund for non-profit groups whereby premiums are capped at a reasonable level. Without some sort of government intervention, this situation will continue to have a devastating impact on community events and communities alike, and the very character and appeal of these events will be lost. In fact, they will be almost non-events. People will hardly be able to do anything for fear of something happening and for fear of huge insurance cost hikes.

Many people realise that it is a tremendous loss to lose these events, but they realise that there is little they can do if things do stay on their current path. So it is time for some decisive action—no more reviews or inquiries, just fix the whole system. It is time for us to take steps to alleviate this crisis, particularly in the Year of the Volunteer, on behalf of those volunteers who make many carnivals and sporting events happen.

One of our concerns is that many of the smaller towns, where there are lower populations and lesser ability to raise funds, rely on these special events or one special event per year. This will impact particularly on them and the regions that they serve. Aside from the economic loss there is the social loss. It will affect the community coming together to celebrate. It will affect the sporting enthusiasts who come together for their local sporting events.

It will affect particularly junior sports teams and the development of young people in being able to participate, to be coached, to take part in higher levels of sport and to have a good healthy lifestyle

that keeps them off the street, keeps them active and keeps them away from the problem of drugs. This is driven by volunteers and local clubs, and that will be affected if something is not done immediately to stop the price hike of these premiums and to stop the public liability costs spiralling out of control as they have done. On behalf of the National Party, I strongly recommend to this parliament that we immediately take some action to fix this problem.
