



Speech by

Mr N. ROBERTS

MEMBER FOR NUDGE

Hansard 27 April 2004

MOTOR ACCIDENT INSURANCE AMENDMENT REGULATION (No. 1) 2004

Disallowance of Statutory Instrument

Mr NEIL ROBERTS (Nudgee—ALP) (12.40 p.m.): The compulsory third-party scheme levies are an integral part of Queensland's compulsory third-party scheme. The levies and administration fee are required to be fixed by regulation for each financial year and are calculated on a flat fee basis relative to the applicable insurance class. The total increase in fees under this regulation is 80c, which is lower than CPI growth over the period. When calculating the levies, the Motor Accident Insurance Commission endeavours to apply the increase to the area most in need. On this occasion it was determined that Health was deserving of increased funding, taking into account that department's estimate of the costs incurred through the treatment of motor vehicle accident victims and the annual increase in the number of insured motor vehicles. The hospital and emergency services levy has been increased by 70c to \$8.90 per class 1 policy for 2004-05. Total funding under the hospital and emergency services levy is estimated at \$24.71 million for the year with Health receiving a 19 per cent increase and Emergency Services a six per cent increase in absolute amounts after taking into account the growth in the vehicle fleet.

The hospital and emergency services levy provides funding for costs incurred by hospital and emergency services which are related directly to motor vehicle accidents. If the levy did not exist the cost for these services would need to be factored into the premium prices paid by Queensland motorists and/or met from general government revenue. It should be noted that funding provided to Emergency Services not only goes to the Ambulance Service but also contributes to the costs associated with the attendance of fire and rescue services at motor vehicle accidents.

Another important levy under the CTP scheme is the nominal defendant levy. The role of the Nominal Defendant is to act as a CTP insurer where damages are claimed for personal injury arising from the liability of uninsured motor vehicles and unidentified motor vehicles. This means that a person injured as a result of an accident involving one of these categories of vehicles is not disadvantaged in seeking damages for injuries and losses suffered because the negligent vehicle cannot be identified or the uninsured driver has no ability to pay. Additionally, the Nominal Defendant has the legislative role to meet the CTP claims liabilities in the event of an insurer insolvency, ensuring the ongoing rights of injured parties.

The nominal defendant levy has been in place since 1961 and is paid into the Nominal Defendant Fund. The levy is based on actuarial advice and is set annually at a level which provides sufficient funds to meet the cost of claims. Following actuarial analysis of the Nominal Defendant Fund, the levy proposed for 2004-05 is \$12.85 per class 1 vehicle, an increase of 5c from the previous year. This amounts to an estimated collection of \$35.73 million per annum. The nominal defendant levy currently includes a component of \$5 introduced on 1 October 2001 to help meet the cost of claims arising from the collapse of the HIH Insurance Group. This \$5 HIH levy remains unchanged for 2004-05.

The collapse of HIH had an immediate impact on Queensland's CTP scheme as FAI Insurance, a subsidiary of HIH, held 23 per cent of the Queensland compulsory third-party insurance market. From 15 March 2001, the CTP claims against FAI Insurance became the responsibility of the Nominal Defendant, with those outstanding claims liabilities assessed in excess of \$400 million. This brings the total nominal defendant levy to \$17.85 per class 1 vehicle. Classes with a lower claims experience will

pay less than this amount and classes with a higher claims experience will pay more than \$17.85, although the HIH component will not exceed \$5 for any vehicle class.

Moving to the statutory insurance scheme levy, this levy was introduced in 1994 with the establishment of the Motor Accident Insurance Commission as the authority responsible for the regulation and management of the CTP scheme. The levy provides for the operational costs of the commission as well as a level of funding towards research in areas of accident prevention and rehabilitation. The levy has increased by 5c to \$1.55 for 2004-05. The additional funds will provide funding for the enhancement of the personal injury register to allow for improved reporting and data analysis of accident and claims made against the Queensland CTP scheme, and additional actuarial analysis. Revenue will increase to an estimated \$4.32 million per annum for 2004-05. This compares to an estimated \$4.04 million in 2003-04.

An administration fee is included and it is designed to compensate Queensland Transport for the costs incurred in invoicing and collecting CTP premiums on behalf of insurers. The fee is based on a financial analysis undertaken of costs incurred. Queensland Transport retains the revenue collected from the administration fee and forwards the revenue from the remaining levies to the Motor Accident Insurance Commission for distribution. The administration fee is currently set at \$7.50 per policy and it remains unchanged for 2004-05. The total revenue for Queensland Transport is estimated at \$20.9 million for 2004-05.

We have a good CTP scheme in Queensland, a scheme that is flexible to changing needs in the community. Personal injury through motor vehicle accident makes demands on government services, and CTP levies are considered the best and most efficient way of providing funding for these services.