

Finance and Administration Committee

Subordinate legislation tabled between 1 March and 9 May 2017

Report No. 45, August 2017

1. Introduction

The Finance and Administration Committee (the committee) is a portfolio committee established by the *Parliament of Queensland Act 2001* and the Standing Rules and Orders of the Legislative Assembly on 27 May 2015.¹ The committee's primary areas of responsibility include:

- Premier, Cabinet and the Arts
- Treasury, Trade and Investment
- Employment, Industrial Relations, Racing and Multicultural Affairs.

Section 93(1) of the *Parliament of Queensland Act 2001* provides that a portfolio committee is responsible for examining each Bill and item of subordinate legislation in its portfolio area to consider the policy to be given effect by the legislation, the application of fundamental legislative principles to the legislation and, for subordinate legislation, its lawfulness.

2. Subordinate legislation considered

The committee considered the following subordinate legislation. [Note: the table includes the tabling date and the deadline for members to give notice of a disallowance motion under Standing Order 59].²

| | Subordinate Legislation | Tabled Date | Disallowance Date ³ |
|---------------|--|-------------|--------------------------------|
| SL 39 of 2017 | Motor Accident Insurance (Fees and Levies) Amendment Regulation 2017 | 9 May 2017 | 23 August 2017 |
| SL 46 of 2017 | Financial and Performance Management Amendment Standard (No. 1) 2017 | 9 May 2017 | 23 August 2017 |

2.1 SL 39 of 2017 – Motor Accident Insurance (Fees and Levies) Amendment Regulation 2017

The regulation is made under the *Motor Accident Insurance Act 1994* (MAI Act). The objective of the Motor Accident Insurance (Fees and Levies) Amendment Regulation 2017 is to fix the levies and administration fee to apply to compulsory third party (CTP) insurance policies from 1 July 2017.

Section 13 of the MAI Act provides that the Motor Accident Insurance Commission must make recommendations to the Minister, at least 4 months before the beginning of each financial year, on the amount of each of these levies detailed above, for the next financial year. Section 14A(2) requires that the regulation be made at least 3 months before the beginning of the financial year (i.e. before April). This regulation was notified on 31 March 2017 and therefore complies with the requirement.

¹ *Parliament of Queensland Act 2001*, s 88 and Standing Order 194.

² The Parliament may resolve to disallow subordinate legislation following notice of a disallowance motion given by a Member within 14 sitting days after the legislation is tabled, refer s 50 of the *Statutory Instruments Act 1992*.

³ Disallowance dates are based on proposed sitting dates as advised by the Leader of the House and may change.

The levies and administration fee applicable under the *MAI Act* are:

- Hospital and Emergency Services levy – designed to cover a reasonable proportion of the estimated costs of providing hospital and public emergency services to people injured in motor vehicle accidents who are CTP claimants or potential CTP claimants.
- Nominal Defendant levy – required to provide sufficient funds to pay claims relating to uninsured or unidentified vehicles.
- Statutory Insurance Scheme levy – meets the operating cost of the Motor Accident Insurance Commission as well as providing funding for research into injury mitigation and accident prevention.
- Administration fee – paid to the Department of Transport and Main Roads for work done in administration of the scheme.
- Injury Insurance Scheme levy – designed to cover the estimated present and future cost of National Injury Insurance Scheme (Queensland) participants’ lifetime treatment care and support for claims occurring in the financial year.

The Statutory Insurance Scheme levy amounts have not changed from the previous financial year.

The Hospital and Emergency Services levies and the Nominal Defendant levies all reduced from 1 July 2017. Reductions ranged from 6.7% (e.g. from \$4.50 to \$4.20) to 15.8% (e.g. from \$1.90 to \$1.60).

The levy under the National Injury Insurance Scheme increased for most motor vehicle classes. Increases ranged from 3.3% (e.g. from \$492 to \$508 for MV class 3) to 38.1% (e.g. from \$21 to \$29 for MV class 5).

The explanatory notes state that the *regulation amendment is consistent with the main objectives of the Motor Accident Insurance Act 1994 including to keep the cost of CTP insurance at a level the average motorist can afford.*⁴

The explanatory notes state that submissions were received regarding the Hospital and Emergency Services levy, the Nominal Defendant levy, the Injury Insurance Scheme levy and the administration fee. The Office of Best Practice Regulation was not required to be consulted following a Regulatory Impact Statement exclusion self-assessment.⁵ The results of the consultation are not provided.

Committee comment

The explanatory notes do not include an outline of the results of consultation and therefore do not fully comply with section 24(2)(a)(ii) of the *Legislative Standards Act 1992*.

2.2 SL 46 of 2017 – Financial and Performance Management Amendment Standard (No. 1) 2017

The Standard is made under section 57 of the *Financial Accountability Act 2009* (FAA). The FAA provides that the Treasurer may make standards about the policies and principles to be observed in financial performance management.

The Standard commenced on 1 April 2017. It amended the Financial and Performance Management Standard 2009. The purpose of the standard is set out in section 4 of the Standard:⁶

(1) The purpose of this standard is to provide a framework for an accountable officer of a department, or a statutory body, to develop and implement systems, practices and controls for the efficient, effective and economic financial and performance management of the department or statutory body.

⁴ Motor Accident Insurance (Fees and Levies) Amendment Regulation 2017, explanatory notes, p 2.

⁵ Motor Accident Insurance (Fees and Levies) Amendment Regulation 2017, explanatory notes, p 2.

⁶ Refer <https://www.legislation.qld.gov.au/LEGISLTN/CURRENT/F/FinAccPManSt09.pdf>

(2) An accountable officer or statutory body is not limited by this standard but must adopt a proactive approach in monitoring the appropriateness of the systems, operations and overall financial position and performance of the department or statutory body.

The objectives of the Financial and Performance Management Amendment Standard (No. 1) 2017 are largely administrative with the amending standard changing document names and realigning departmental requirements with those of statutory bodies.

The amending standard also amends section 59 of the Standard, to decrease the reporting time on derivatives from monthly to quarterly, while leaving the option open to the Treasurer to increase the reporting time if the risk on the transaction is deemed appropriately high.

Consultation

The explanatory notes state that consultation was undertaken with the Queensland Audit Office and there were no objections to the amendments raised.

Committee comment

The committee identified no issues regarding consistency with fundamental legislative principles or the lawfulness of the subordinate legislation considered in this report.



Mr Peter Russo MP
Chair

Finance and Administration Committee

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