



16 September 2016

CTP Scheme Review Team  
Motor Accident Insurance Commission  
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Dear CTP Scheme Review Team

**MAIC Discussion Paper**  
**Review of Queensland's Compulsory Third Party Insurance Scheme**

**1. Introduction**

- 1.1 The Motor Trades Association of Queensland (MTA Queensland or the Association) responds to the Motor Accident Insurance Commission's (MAIC) invitation for submissions to the 2016 Discussion Paper *Review of Queensland's Compulsory Third Party Insurance Scheme* (the paper).
- 1.2 The Association has noted the Terms of Reference and the ensuing comments are submitted on behalf of its constituent divisions which are confined to issues that are directly relevant to the automotive value chain.

**2 Guiding Principles**

- 2.1 The core set of principles that underpin the Compulsory Third Party (CTP) Insurance Scheme (the Scheme) of:

- affordability;
- efficiency;
- fairness; and
- flexibility

have the competence to guide decision making in the best of interests of all stakeholders.

**3 Context**

- 3.1 The last review of the CTP Scheme was in 2010 resulting in reforms e.g. to promote increased price competition between insurances, reduce delivery and acquisition costs and to encourage consumer choice.
- 3.2 The MTA Queensland has perused the Paper's 'issues for consideration' relevant to its Members. The view is that the current scheme is operating well, providing an effective level of risk cover for the motoring public in the State that complies with the guiding principles. In particular, the CTP insurance premiums are affordable to the acquisition of safe and modern motor vehicles by Queenslanders.

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#### **4. Issues**

- 4.1 A major issue within the purview of the MTA Queensland is the extent and the rate of technological change that is ongoing in the automotive sector. Offsetting this change is the average age of the Queensland motor vehicle fleet. The Australian Bureau of Statistics (Motor Vehicle Census, Australia 31 January 2016) reports that the estimated average age of Queensland's non-freight carrying vehicles is 11.3 years compared with the national average of 14.8 years. For total Queensland motor vehicles (non-freight carrying, buses and motor cycles) the average age is 9.7 years compared with 10.1 years nationally. Interestingly across all jurisdictions the average age since e.g. 2011 has increased.
- 4.2 One of the issues that will need to be faced in the foreseeable future by the Scheme is the possible disruption caused by a need to accommodate technologically advanced vehicles with aged vehicles within the class model. The advent of electric plug in vehicles and partially and fully autonomous vehicles and vehicles that have collision avoidance systems will result in significant changes to the risk profile and the actuarial calculations for risk for vehicles falling within these categories.
- 4.3 Within the framework, and to maintain consistency with the four principles of affordability, efficiency, flexibility and fairness, the MTA Queensland would support the development of categories of CTP insurance to accommodate:
- motor vehicles that have effective collision avoidance systems installed;
  - that are fully electrically operated (do not carry combustible fuel);
  - that are fully automated and have collision avoidance as part of their operating system; and
  - that have advanced passenger protection as part of their construction.
- 4.4 To ensure that the four principles are applied in an appropriate manner it would appear that the Scheme would require the competence to reflect the change in actuarial risk that these technologies represent. Anecdotally, the recognition of these technologies in CTP premiums may act to encourage consumers to acquire enhanced safety technologies when choosing new vehicles. Equally, it is important that the average age of Australia's motor vehicle fleet is reduced for several reasons including safety, the economy and the environment.
- 4.5 The current system involves the initiation of CTP policies by automotive dealers at the time of motor vehicle acquisition. Anecdotally, this is working well and is accepted by consumers as a worthwhile service. This system appears to derive value of money for consumers and provides a good coverage of the motor vehicle market. It is the MTA Queensland's view that this system should continue as it is of beneficial value to all stakeholders.
- 4.6 The bundling of CTP continuously with registration should be maintained as it appears to be in the interest of all stakeholders. The coupling of CTP with registration contributes to cost efficiencies and reinforces the compulsory nature of registration and CTP insurance in respect of motor vehicle use.

#### **5. Background**

- 5.1 The MTA Queensland is the peak organisation in the State representing the specific interests of businesses in the retail, repair and service sector of Queensland's automotive industry located in the State. There are some 13,000 automotive value chain businesses employing in excess of 90,000 persons generating in excess of \$14.5 billion annually. It is an industrial association of employers incorporated pursuant to the *Industrial Relations Act* of Queensland and *Fair Work (Registered Organisations) Act*. The Association represents and promotes issues of relevance to the automotive industries to all levels of Government and within Queensland's economic structure.

- 5.2 The Association is the leading automotive training provider in Queensland offering nationally recognised training, covering technical, retail and the aftermarket phases of the motor trades industry through the MTA Institute (MTAI) - a registered training organisation. It is the largest automotive apprentice trainer in Queensland employing in excess of 35 trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald. The MTAI last financial year accredited courses to in excess of 1,600 apprentices and trainees.

Thank you for your consideration.

Yours faithfully



Dr Brett Dale  
**Chief Executive Officer**

Yours faithfully



Kellie Dewar  
**General Manager – Member Services**