



3<sup>rd</sup> June 2016

M/s Fanny Lau  
CTP Scheme Performance Manager  
Motor Accident Insurance Commission  
GPO Box 1083  
Brisbane QLD 4001

Email: [fanny.lau@treasury.qld.gov.au](mailto:fanny.lau@treasury.qld.gov.au)

Dear M/s Lau

The Motor Trades Association – Queensland (MTA Queensland) notes that the Motor Accident Insurance Commission (MAIC) has commenced the review of the limits to apply to Compulsory Third Party premiums for the assessment period commencing 1 October 2015.

The MTA Queensland responds to your invitation to make a submission to your Review of the Limits to Apply to Compulsory Third Party (CTP) on factors influencing premium components and to comment on trends and impacts relevant to the Commission’s determination of premium floors and ceilings across the 24 Class of Vehicles ranging from cars and station wagons through to trailers.

The comments contained in this submission are confined to the views and issues from the perspective of the MTA Queensland.

## 1. Submission

1.1 The MTA Queensland is cognisant that the MAIC has a statutory duty under the terms of the *Motor Accident Insurance Act 1994* (the Act) Section 13A (5) to “obtain an actuarial review of current trends that could affect the financial soundness of the scheme”. Maintaining prudential standards must be and should be the priority of MAIC, but as Section 3 (b) of the Act indicates it is appropriate for MAIC in making its determination of premium floors and ceilings utilise judgment that takes into consideration “affordability” impacting industry and business and families and individuals living costs.

1.2 As indicated in previous submissions, affordability must be considered in the context of “cost of living” which is the predominant concern for Queensland households. We submit, that in the decision making process, the MAIC take into consideration that Queensland’s economy remains fragile as it transits from a mining dependent economy to a services and broad based economy. This is reflected in Commsec’s April 2016 *State of the States’* economic performance report which ranked Queensland seventh on economic growth.

1.3 The Reserve Bank Board’s decision to cut the cash rate by 0.25 per cent to the historic low of 1.75 per cent indicated weaknesses in the national domestic economy. In Queensland for the December quarter, State final demand was down 1.7 per cent and business investment declined by

## MTA Queensland

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26.5 per cent. The unemployment rate is currently 6.5 per cent seasonally adjusted and is expected to remain around that level for a time before declining gradually as the transition gathers pace. The Australian Bureau Statistics Wage Price Index for March 2016 indicates wage growth for the private sector of below 2 per cent.

1.4 The Compulsory Third Party is included as a cost in the total vehicle registration notice. The Queensland Government has advised that from July 1, motor vehicle registrations and driver's license fees will rise by 3.5 per cent, twice the CPI of 1.7 per cent with the effect of driving up costs for consumers and business alike. In addition, for the first time also from July 1, a National Injury Insurance Scheme (NIIS) contribution of \$32 per vehicle per year will apply to be included in the total compulsory third party premium.

1.5 The financial consequences of the combined increase in the motor vehicle registration due to the Queensland Government fee increase and the compulsory third party premium due to the NIIS is significant and must be weighed in the context of slow wage growth, constrained business investment and unemployment remaining steady.

1.6 We continue to draw attention to the technological advancements in the automotive sector and the safety of new motor vehicles mitigating the third party personal injury risk profile.

## **2. Recommendation**

3.1 The MTA Queensland after consideration of the MAIC Statistical Information and prevailing automotive industry and consumer economic circumstances, recommends that CTP premiums for all vehicle classes remained unchanged in the near term.

## **3 The MTA Queensland background**

3.1 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. The Association represents and promotes issues of relevance to the automotive industries to all levels of Government and within Queensland's economic structure.

3.2 The Association is the leading automotive training provider in Queensland offering nationally recognised training, covering all aspects of the retail motor trades industry through the MTA Institute (MTAI). It is the largest automotive apprentice trainer in Queensland employing 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.

**4 Conclusion**

4.1 We would be please to provide further comment on any matters in our submission that may require further clarification or amplification.

Thank you for your consideration.

Yours sincerely

Handwritten signature of Brett Dale in black ink.

**BRETT DALE**  
Chief Executive Officer

Handwritten signature of Kellie Dewar in black ink.

**KELLIE DEWAR**  
General Manager