



3 September 2020

MAIC CTP Premiums Team
Insurance Commission
Queensland Treasury
Level 26, 1 William St Brisbane

Email: premiums@maic.qld.gov.au

To: MAIC CTP Premiums Team

Factors and trends influencing the cost of insurance under the statutory insurance scheme

1. Introduction

1.1 The MTA Queensland responds to your invitation to make a submission in respect of the Review of the Limits to Apply to Compulsory Third Party (CTP) insurance and the dynamics of factors that should be considered in making determinations relevant to the Commission's setting of insurance premium floors and ceilings across the 24 classes of vehicles comprising Queensland's motor vehicle fleet. trailers.

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

2. Overview and recommendation

2.1 The MTA Queensland has carefully considered the impact of Covid-19 on the automotive value chain and to business, households and workers. This is best summarised in Federal Treasurer Josh Frydenberg's statement:

'The cost is immense; an effective unemployment rate at 9.9 per cent, with an expectation it will increase to more than 13 per cent during the September quarter.

And a hit to the nation's balance sheet as the budget deficit hovers around \$200 billion this year, off the back of record Government support and declining revenue.

This is the harsh reality of what we face. These are extraordinary and difficult times. (The Australian, 24 August 2020)

Motor Trades Association Queensland

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2.2 The Australian Bureau of Statistics, June quarter's National Accounts (2 September) revealed that economic activity fell 7.0 per cent. This was the largest fall in gross domestic product since 1959 -when records commenced. In response, Prime Minister Scott Morrison said:

"Our Australian economy has been savaged by the COVID-19 global pandemic and recession, it is delivering an awful and heart-breaking blow to Australians and their family all around the country."

2.3 The Association recognises that CTP insurance forms a significant component of motor vehicle operating costs and are important considerations influencing individual and household automotive consumer demand and investment demand by commercial operators of road transportation.

2.4 The MTA Queensland urges the MAIC be cognisant of the substantial decline in economic activity and to act prudently to support state and national economic stimulus policies that are supporting business, households and workers through the recovery and rebuilding phase in the once in a century pandemic and retain the existing CTP parameters for a further period of twelve months.

3 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. Pre Covid-19 there were some 15,500 automotive value chain businesses employing approximately 88,500 persons generating in excess of \$21 billion annually. It is an industrial association of employers incorporated pursuant to the *Fair Work Act* 2009. 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 Australia's first automotive hub, the MTA/Q, has been established in specially prepared space at the corporate office. The hub is an eco-system that supports innovation for the automotive industry.

3.3 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. It is the largest automotive apprentice trainer in Queensland with trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald.

Thank you for your deliberation.

Yours sincerely



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MTA Queensland