



20 August 2021

The Hon Cameron Dick MP  
Treasurer and Minister for Investment  
GPO Box 611  
Brisbane QLD 4001

By email: [treasurer@ministerial.qld.gov.au](mailto:treasurer@ministerial.qld.gov.au)

Dear Treasurer

**RE: Harmonisation of compulsory third party insurance premiums for personalised transport vehicle classes**

The Motor Accident Insurance Commission (MAIC) recently wrote to personalised transport operators to advise the 'harmonisation' of Compulsory Third Party (CTP) premiums to take effect from October 2021. These changes, that will see rental car CTP premiums rise by 24 per cent in little over a month's time, have not been consulted nor adequately explained and come at a time when the industry the rental car sector serves is 'on its knees' in many communities across the state.

As the representative body, the Motor Trades Association of Queensland (MTA Queensland) is concerned these changes will have a significant impact on the rental car sector that has been decimated by the severe downturn in the tourism and travel industry. The state's rental car fleet declined by more than a third from 2019 to 2020 as a result of the COVID-19 government-imposed travel restrictions.

A small Gold Coast-based rental car MTA Queensland member has seen its annual revenue more than halve since COVID-19 commenced. Some 60 per cent of the firm's bookings are typically sourced from Victoria and a further 15 per cent each from New South Wales and New Zealand which have had (and have) major travel restrictions. Of course, Queensland-based bookings are also being impacted by the ongoing uncertainty.

While there was some recovery in fleet numbers following the easing of restrictions after earlier COVID-19 waves, the latest COVID-19 circumstances will have a protracted and more significant impact with another contraction in the rental car fleet inevitable. A May 2021 IBISWorld analysis indicates rental and hire vehicle revenues are expected to decline by 36.7 per cent in the current year. Against this revenue decline, based on current rental fleet numbers the increased CTP charges will cost the sector in Queensland more than \$6 million annually.

The significant and ongoing impact of COVID-19 on the Queensland economy was highlighted with your recent announcement of the \$600 million Business Support Grants package (that includes special assistance for the tourism industry). The decision to impose this additional CTP cost burden at a critical time for the sector flies in the face of the Queensland Government's efforts to support the state's businesses.

**Motor Trades Association Queensland**

**Address** Freeway Office Park, Building 8, 2728 Logan Road, Eight Mile Plains Qld 4113 [Postal PO Box 4530, Eight Mile Plains Qld 4113]

**Telephone** +61 7 3237 8777 | **Toll Free** 1800 177 951 | **Email** [info@mtaq.com.au](mailto:info@mtaq.com.au) | **Website** [www.mtaq.com.au](http://www.mtaq.com.au)

As noted above, these changes were not consulted nor adequately explained. The MAIC advice to operators indicates the rationale is to harmonise CTP premiums across personalised transport vehicles given they “provide similar services”. This rationale overlooks the very different usage patterns of rental vehicles as compared to taxis (especially) that typically operate 24/7. There are no actuarial underpinnings or claims data cited to justify this 24 per cent increase in CTP premiums for rental cars and, perversely, the very large reductions in premiums for taxis.

These ‘out of the blue’ changes come as a particular surprise given the MAIC is currently seeking stakeholder input into CTP settings for premiums commencing 2022. MTA Queensland and other stakeholders have had no advice from the MAIC of these changes.

MTA Queensland strongly supports the important role the MAIC plays in ensuring appropriate CTP arrangements for the state’s motorists and the rental vehicle sector. MTA Queensland has greatly appreciated the consultative approach the MAIC has adopted in developing these arrangements.

Unfortunately, no consultation occurred on this matter nor adequate justification for the changes provided. There is effectively no time for consultations ahead of their implementation.

The changes undermine the Government’s efforts to support the state’s businesses at this critical time. The timing could not be worse.

Accordingly, MTA Queensland requests these changes be paused to enable consultation with industry stakeholders, together with further analysis of their impact on the rental car sector at this critical time and how they ‘fit’ with the broader CTP consultations mentioned above.

I would like to meet with you to discuss this important matter and will contact your office in this regard.

Yours sincerely



Rod Camm  
**Group Chief Executive Officer**

Cc The Hon Sterling Hinchcliffe MP, Minister for Tourism Industry Development and Innovation  
The Hon Mark Bailey MP, Minister for Transport and Main Roads  
Mr Neil Singleton, Insurance Commissioner, Motor Accident Insurance Commission