



**MTA  | LEADING AUTOMOTIVE INNOVATION**

## SUBMISSION

25 November 2021

MAIC CTP Premiums Team  
Insurance Commission  
Queensland Treasury  
Email: [premiums@maic.qld.gov.au](mailto:premiums@maic.qld.gov.au)

## QLD CTP Industry Stakeholders Submission Request 01/04/2022

### Introduction

The Motor trades Association of Queensland (MTA Queensland) welcomes the opportunity to provide a submission on the factors and trends influencing the cost of insurance under the statutory scheme for the 01/04/2022 quarter.

The motor trades in Queensland, including the rental vehicle sector, continue to be impacted by the COVID-19 pandemic. The ongoing responses from governments have particularly impacted the rental vehicle sector through the restrictions on interstate and international travel. While there are prospects for a return to some normality in 2022, the recent international COVID-19 'experience' means this is not assured.

Against this background, and a subdued Queensland economic environment, MTA Queensland recommends the Commission gives strong consideration to affordability factors in setting CTP premiums for the 01/04/2022 quarter and beyond.

### Motor Trades Association of 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)

## Issues

### *Class 4 Vehicle Premiums – Rental Vehicles*

The MTA Queensland expressed its concern at the 24% increase in CTP premiums that resulted from the harmonization of personalised transport vehicle premiums from 1 October 2021. This policy change, introduced without consultation with stakeholders, came after a time when the rental vehicle fleet in Queensland collapsed following the introduction of COVID-19 travel restrictions. A May 2021 IBISWorld analysis indicates rental and hire vehicle revenues declining by 36.7% in the current year.

While there has been some restoration in fleet numbers, they remain about 20% below the pre-pandemic levels. MTA Queensland rental vehicle operator members, particularly in those areas heavily exposed to interstate and international tourism markets, report ongoing uncertainty in regard to forward bookings, employment and revenues.

The heavy focus of government support for the tourism sector is testament to the ongoing challenging environment.

There is a reduction in Class 4 premiums in the 2022 Q1 period that is welcome. A return to the medium-term trend premium would help address the concerns raised by MTA Queensland with the recent harmonization of premiums.

### *A sluggish economic outlook*

While there are indications that COVID-19 restrictions will be eased over the coming months, so too will a number of government initiatives that have provided support to businesses and its workforce. The removal of this support will likely have a disproportionate impact in Queensland given its economic position.

The most recent CommSec *State of the States* report (October 2021) puts Queensland in 7<sup>th</sup> position based on an assessment of a range of economic indicators. On the indicator of annual economic growth, Queensland recorded a decline of 0.6%, compared to 3.3% growth nationally.

Queensland's 2021 State Budget forecasts annual economic growth will remain subdued (2.75%) until 2024-25 with wages growth also remaining at a modest 2.25% over the same period.

At the national level, the Reserve Bank Board Monetary Policy October 2021 meeting minutes indicate that while the easing of COVID-19 restrictions will assist recovery, the economy is not expected to return to its pre-pandemic pathway until the second half of 2022. The RBA Board also indicated the recovery will likely be uneven and subject to ongoing uncertainty.

The Board does not expect the inflationary pressures being experienced in some international markets to be reflected to the same extent domestically.

## **Motor Trades Association of 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)

## Recommendation

Given the continuing impact of COVID-19 on the national and Queensland economies, together with uncertainty about the recovery and likely subdued economic conditions, that affordability and economic factors be given prominent consideration in setting CTP premiums for 2022 Q2.

Premium classifications and fees for Rental Vehicles should return to their original position prior to recent changes implemented.

Yours sincerely



Rod Camm  
Group Chief Executive Officer

\*\*\*ENDS\*\*\*

### **For more information:**

Kellie Dewar | Deputy Group Chief Executive & General Manager Member Services | 0418 181 737 | [kellied@mtaq.com.au](mailto:kellied@mtaq.com.au)

### **Background:**

The Motor Trades Association of Queensland (**MTA Queensland**) is the peak body representing the interests of employers in the retail, repair, and service sectors of Queensland's automotive industry. MTA Queensland has been performing its vital representative role for the automotive industry since 1929. In Queensland there are some 15,500 automotive businesses employing more than 90,000 people, that generate more than \$20 billion annually. The Association represents and promotes issues of relevance to all levels of government. In 2019 MTA Queensland was announced as an ABA100 winner in The Australian Business Awards and a finalist in the Lord Mayor's Business Awards, for Business Innovation.

The **MTA Institute (RTO 31529)** is the leading automotive training provider in Queensland offering nationally recognised training, covering technical, retail and the aftermarket sectors of the automotive industry. The MTA Institute is the largest independent automotive training provider in Queensland, employing experienced trainers who are geographically dispersed from Cairns to the Gold Coast and Toowoomba to Emerald. In the last year, the MTA Institute delivered accredited courses to more than 2,000 students. The MTA Institute is the first trade RTO in Australia to be approved under the ITECA Industry Certification Program and was the winner of the Small Training Provider of the Year at the 2019 Queensland Training Awards.

**MTA/iQ**, Australia's first automotive innovation hub established by MTA Queensland in 2017, is an eco-system that supports innovation and research for the motor trades.

## **Motor Trades Association of 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)