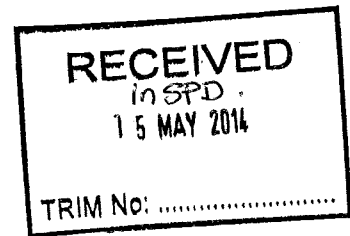




Treasurer and Minister for Trade



MIC-00540

12 MAY 2014

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Dear General Manager

REGULATION IMPACT STATEMENT – NATIONAL INJURY INSURANCE SCHEME (MOTOR VEHICLE ACCIDENTS)

On behalf of the Queensland Government, I write in response to the Consultation Regulation Impact Statement (RIS) released on 16 April 2014 about the proposed National Injury Insurance Scheme (NIIS) for people catastrophically injured in motor vehicle accidents (MVAs).

The Queensland Government appreciates the opportunity to provide a response to this important policy initiative. As a Government, we are dedicated to improving outcomes for people with a disability including through sustainable funding arrangements for lifetime care and support and the provision of real choice and control over services received. The National Disability Insurance Scheme (NDIS) is scheduled to roll out progressively in Queensland from 1 July 2016 and be fully implemented by 1 July 2019 at which stage it is estimated to support around 92,000 Queensland residents with severe or profound disability. From 2019-20, Queensland will contribute \$2.03 billion to the NDIS.

Under the Heads of Agreement between the Queensland and the Australian Governments on the NDIS (HoA), Queensland is committed to ensuring that people who sustain a catastrophic injury receive reasonable and necessary lifetime care and support. The Queensland Government has agreed in principle with the NIIS minimum benchmarks for MVAs and undertaken to determine the feasibility of extending our fault-based CTP scheme to meet these benchmarks. Additionally, from 1 July 2016, Queensland has agreed to pay the full cost associated with participants in the NDIS who are in the NDIS because they are not covered by an injury insurance scheme which meets NIIS minimum benchmarks for MVAs and workplace accidents.

As noted in the RIS, independent actuarial analysis undertaken in 2012 indicates that a net average increase to CTP premiums of \$81 per registered motor vehicle would be needed to extend Queensland's CTP scheme to meet the NIIS (MVA) minimum benchmarks (2013 values). This is based on an assumption that 141 people injured in MVAs in Queensland during 2013 would meet NIIS eligibility criteria (and about half would be ineligible for any CTP compensation) resulting in a gross lifetime cost for the 2013 accident year of \$369M (\$293M net of offsets including care and support costs already covered by the CTP scheme). Although we are in the process of updating these estimates, we submit that these figures are the best available indication of the potential cost to Queensland motorists of extending the CTP scheme to meet the NIIS (MVA) minimum benchmarks.

This potential change to Queensland's CTP scheme could have significant impacts on Queensland motorists, injured claimants and service providers. It is therefore vital that the Queensland Government retain the opportunity to undertake its own analysis and consultation with the people of Queensland prior to Parliament making a decision on the extent to which, if at all, our CTP scheme should be modified to meet the NIIS minimum benchmarks. Consequently, the Queensland Government does not support at this stage the proposal in Option 1 for full adoption of NIIS (MVA) minimum benchmarks. Further, the assumption in Option 1 that NIIS (MVA) minimum benchmarks would be implemented by 1 July 2014 is impractical and inconsistent with the HoA under which Queensland is not on risk for NIIS-related liabilities until 1 July 2016.

The Queensland Government supports Option 2, that is, for jurisdictions to determine to what extent their CTP schemes will meet the NIIS minimum benchmarks and to fund any cost to the NDIS if the minimum benchmarks are not fully implemented. We support this option because it is consistent with Queensland's existing commitments as contained in the HoA.

I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tim Nicholls', written in a cursive style.

Tim Nicholls
Treasurer and Minister for Trade