



Office of the Treasurer
and Minister for Trade

TOQ-05627

24 MAR 2014

Mr Paul French
Co-convenor
Brisbane Central Business District
Bicycle User Group (CBD BUG)
GPO Box 2104
BRISBANE QLD 4001

Dear Mr French

EXCESS FOR COMPULSORY THIRD PARTY INSURANCE CLAIMS

I refer to your letter of 14 February 2014 to the Honourable Campbell Newman MP, Premier, regarding the creation of an excess for compulsory third party (CTP) insurance claims. As these matters fall within the portfolio responsibilities of the Honourable Tim Nicholls MP, Treasurer and Minister for Trade, your correspondence has been forwarded to this office for consideration, and I have been asked to respond on his behalf.

Thank you for your suggestion for a way in which the State's CTP scheme could be improved. As you have noted, the Queensland Government is committed to reducing cost of living pressures for households. This is currently being achieved in Queensland's CTP scheme where over the past 12 months there has been less than 1 per cent growth in CTP premiums, making it one of the cheapest premiums for ordinary vehicles in Australia.

The concept you propose of an excess on CTP claims paid by the 'at fault' driver would reduce the cost of claims paid by CTP insurers. However, I have been advised by the scheme regulator, that a \$500 excess would have a marginal impact on reducing total claims costs. Total payments to claimants in 2012-13 amounted to \$877 million, while a \$500 excess could be expected to raise only \$4 million per year before administrative costs are considered.

Administrative costs would include the processing and recovery of excess amounts from 'at fault' drivers, but further costs could also be incurred if drivers contested a finding that they are over 25 per cent at fault for an accident.

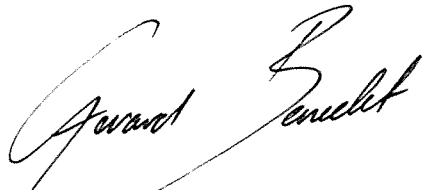
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It is also arguable whether an excess would contribute to a significant change in driver behaviour given the relatively small number of claims compared to the total vehicle fleet. There are currently over 3.8 million registered vehicles in Queensland, while the scheme has experienced approximately 6,500 new claims per year. Also, the experience in South Australia, where an excess already exists in their CTP scheme, indicates limited impact on claims frequency which currently is approximately double that of Queensland.

While an excess does have merit for penalising drivers who cause injury to other road users, there are existing penalties that can be applied where a driver is found to have driven recklessly or dangerously. Existing penalties for dangerous operation of a vehicle under the *Criminal Code Act 1899* can lead to fines of up to \$15,000 or 3 years imprisonment, and may be increased where there are aggravating circumstances (such as alcohol or drug use) or where the driver causes grievous bodily harm or death of a person. If a driver causes injury to a road user but is not guilty of reckless or dangerous driving, no penalties currently apply.

I thank you for your suggestion to improve the Queensland CTP scheme and trust that the information provided is of assistance to you. The Queensland Government is continually looking at ways to improve the efficiency and affordability of the State's CTP scheme and welcomes input and ideas from stakeholders on how this may be achieved.

Yours sincerely

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

Gerard Benedet
Chief of Staff