



Brisbane Central Business District Bicycle User Group

CBD BUG

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The Honourable Campbell Newman MP
Premier of Queensland
PO Box 15185
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Dear Premier

This letter seeks your action to address an anomaly in Queensland's current Compulsory Third Party (CTP) motor vehicle insurance scheme identified by the Brisbane Central Business District Bicycle User Group (CBD BUG).

This anomaly relates to there being no CTP insurance claim excess payable by people at fault for causing personal injuries arising out of a motor vehicle crash.

The CBD BUG is a grass roots volunteer organisation of more than 700 members, representing the interests of the very large number of Brisbane residents who ride bicycles to, from and within the Brisbane city centre. It is active in vigorously seeking policy decisions at all levels of government supporting cycling, and in particular relating to improved infrastructure, end-of-trip facilities, integration of cycling with other transport modes and a cyclist-friendly regulatory environment. CBD BUG members meet monthly to exchange information and ideas, discuss issues of relevance and determine the direction of policies to benefit CBD cyclists.

As background to this request for change the CBD BUG has found that in South Australia, which like Queensland operates a "fault based" CTP scheme, a person deemed to be more than 25% responsible for a motor vehicle crash must pay an excess. From 1 January 2014 the CTP claim excess in South Australia was \$510.

(Source: <http://www.mac.sa.gov.au/excess-premiums>).

There would be a range of benefits flowing to the community through Queensland adopting a similar approach to that of South Australia.

Firstly, through making an excess payable by people who cause crashes that result in CTP insurance claims this will slow the growth in the CTP insurance premium costs for all motor vehicle owners. This is a much more equitable system than Queensland's current system, as a greater amount of the financial cost of motor vehicle crashes would then be met by the people who cause motor vehicle crashes.

It has been noted that prior to the election, you "pledged to do everything possible to reduce the pressure on household budgets" (<http://statements.qld.gov.au/Statement/Id/79721>) and reducing CTP insurance premium growth would align with this promise.

With CTP insurance premiums being charged to motor vehicle owners regardless of the annual distance each motor vehicle is driven; this provides an incentive for people to drive their vehicles irrespective of other transport alternatives being available. This flat rate "tax" on owning a registered motor vehicle is a contributor to south east Queensland's traffic congestion, with motor vehicle owners rationally deciding to drive because they have already paid for this travel option. Therefore, reducing the growth rate in CTP insurance premiums should be a Queensland Government priority as a means of reducing traffic congestion.

Queensland's current CTP scheme also appears to be incongruous in that motor vehicle drivers commonly have an excess to pay on a motor vehicle insurance claim when they cause property damage, but there is no similar excess applicable under their CTP insurance for the harm they inflict on other people.

This is an essential change from the perspective of cyclists, who as vulnerable road users typically come off far worse from crashes than the motorists involved. Under the current system there is a lack of a moral hazard for motorists, because at little or even no cost to themselves they can inflict life changing injuries on cyclists that cost many thousands of dollars to cyclists and the community.

Changing Queensland's CTP insurance scheme so a CTP claim excess is payable by at-fault drivers may increase the likelihood of "hit and run" behaviour by motorists. However, research indicates alcohol use and invalid license are the major driver factors associated with an increased risk of "hit and run" behaviour rather than the prospect of having to pay an insurance excess (<http://www.ncbi.nlm.nih.gov/pubmed/22269520>).

In view of the potential penalties for a person driving while under the influence of alcohol and/or without a valid license it is suggested that the additional cost to such drivers from a CTP claim excess will only be marginal, and therefore is unlikely to be a significant factor in these drivers' decision making processes.

We look forward to your response on this proposal.

Yours faithfully



Paul French
Co-convenor
Brisbane CBD BUG

14 February 2014