



Queensland

Motor Accident Insurance Amendment Regulation (No. 2) 2013

Explanatory Notes for SL 2013 No. 95

made under the

Motor Accident Insurance Act 1994

General outline

Short title

Motor Accident Insurance Amendment Regulation (No. 2) 2013

Authorising law

Section 100A of the *Motor Accident Insurance Act 1994*.

Policy objectives and the reasons for them

The objective of this Amendment Regulation is to index certain monetary amounts under the Motor Accident Insurance Act 1994 (MAI Act). These amounts are:

- The declared costs limit;
- The lower offer limit; and
- The upper offer limit.

These amounts are used in determining the award of legal costs to compulsory third party (CTP) claimants following court proceedings involving relatively small awards of damages.

Section 100A of the MAI Act provides for the annual indexation of these monetary amounts and requires the Minister to recommend to the Governor in Council, on or before 1 July in each year, the amounts to be prescribed under a regulation. Each recommended amount is to be the amount last prescribed under a regulation for the limit adjusted by the percentage change in average weekly earnings over the four quarters preceding the date of the recommendation and rounded to the nearest ten dollars. 'Average weekly earnings' (AWE) is defined in the MAI Act as the seasonally adjusted amount of Queensland full-time adult persons ordinary time earnings as declared by the Australian Bureau of Statistics (ABS).

Effective November 2012, the ABS changed its frequency of publication of AWE data from quarterly to twice annually. The ABS released its November 2012 estimates in February 2013, and its May 2013 estimates are due for release in August 2013. Consequently, data is no longer available from the ABS on the percentage change in AWE over the 'four quarters preceding the date of the recommendation'. Further, while the ABS continues to publish a seasonally adjusted series, the relevant amounts in the ABS's recent releases have not been seasonally adjusted.

Under the MAI Act indexation provisions, if the percentage change in AWE over the preceding four quarters is not available from the ABS, the Minister must advise the Governor in Council accordingly. If the Minister advises the Governor in Council of the unavailability of the percentage change, the amount prescribed for or under the provision is the amount decided by the Governor in Council.

Achievement of policy objectives

The objective is achieved by amending section 27A of the *Motor Accident Insurance Regulation 2004* to include indexed amounts for the declared costs limit, the lower offer limit and the upper offer limit, for injuries arising on or from 1 July 2013.

The indexed amounts are the amounts last prescribed, adjusted by the percentage change in the ABS's original series estimates for average weekly ordinary time earnings of Queensland full-time adult persons over the last full 12 month period of published ABS data (November 2011 to November 2012).

Consistency with policy objectives of authorising law

This Amendment Regulation is consistent with the policy objectives of the MAI Act.

Inconsistency with policy objectives of other legislation

There is no known inconsistency with policy objectives of other legislation.

Benefits and costs of implementation

Indexation of the prescribed monetary amounts ensures that over time they maintain their value relative to other components of CTP claims. There is no cost to Government associated with these amendments.

Consistency with fundamental legislative principles

These amendments do not conflict with fundamental legislative principles.

Consultation

The Department of Justice and Attorney-General was consulted to ensure ongoing consistency in the amounts prescribed for the monetary limits which are common to both the MAI Act and the *Personal Injuries Proceedings Act 2002*.

The State Actuary's Office and Queensland Treasury and Trade were consulted for advice on the rate of indexation to apply, given the recent changes to the publication frequency of average weekly earnings data by the Australian Bureau of Statistics.

The Office of Best Practice Regulation was consulted and confirmed that a Regulatory Impact Statement was not required.

ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Queensland Treasury and Trade.

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