

Motor Accident Insurance Indexation Notice 2024

Explanatory notes for SL 2024 No. 91

made under the

Motor Accident Insurance Act 1994

General Outline

Short title

Motor Accident Insurance Indexation Notice 2024

Authorising law

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

Policy objectives and the reasons for them

Section 100A of the *Motor Accident Insurance Act 1994* (MAI Act) provides for the annual indexation of monetary amounts for the *declared costs limit*, *lower offer limit* and *upper offer limit*. These limits are the monetary thresholds used in the MAI Act to determine whether legal costs are recoverable under the Act.

Prior to 1 July 2024, these monetary amounts were indexed by the making of a regulation prescribing the amounts which would apply for each new financial year. On 1 July 2024 the MAI Act was amended to implement a new process for the annual indexation of these amounts by Ministerial notice instead of by regulation. The formula by which the indexation of these amounts is calculated (the percentage change in average weekly earnings between the current financial year and the last financial year) will remain the same.

The policy objective of the *Motor Accident Insurance Indexation Notice 2024* (MAI Indexation Notice) is to implement the new indexation process by fixing the indexed amounts for the declared costs limit, lower offer limit and upper offer limit for the 2024-25 financial year.

Achievement of policy objectives

The MAI Indexation Notice, which commences on 1 July 2024, achieves the policy objective by fixing the indexed amounts for the declared costs limit, lower offer limit and upper offer limit for the 2024–25 financial year.

The MAI Indexation Notice also includes, for information only, the monetary amounts applying to periods prior to 1 July 2024 which were previously prescribed in the *Motor Accident Insurance Regulation 2018*.

Consistency with policy objectives of authorising law

The MAI Indexation Notice is consistent with the policy objectives of the MAI Act, which provides for the annual indexation of monetary amounts for the declared costs limit, lower offer limit and upper offer limit.

Inconsistency with policy objectives of other legislation

The MAI Indexation Notice is not inconsistent with the policy objectives of other legislation.

Benefits and costs of implementation

The benefit of the MAI Indexation Notice is that it simplifies the annual indexation process for the monetary amounts for the declared costs limit, lower offer limit and upper offer limit under the MAI Act. There are no costs associated with implementation of the MAI Indexation Notice.

Consistency with fundamental legislative principles

The MAI Indexation Notice is consistent with fundamental legislative principles.

Consultation

As the new indexation process is purely machinery in nature (i.e. the formula by which the indexation of the monetary amounts under the MAI Act is calculated has not changed), consultation on the MAI Indexation Notice was not considered necessary.