

Submission

No 13

**INQUIRY INTO REVIEW OF THE EXERCISE OF THE
FUNCTIONS OF THE MOTOR ACCIDENTS AUTHORITY
AND THE MOTOR ACCIDENTS COUNCIL - SEVENTH
REVIEW**

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Theme:

Summary:



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Hon Christine Robertson MLC
Legislative Council
NSW Parliament
Macquarie Street
Sydney NSW 2000

Dear Ms Robertson

Submission to the review of the exercise of the functions of the Motor Accidents Authority and the Motor Accidents Council

NRMA Motoring & Services (NRMA) as a member of the Motor Accidents Council welcomes the opportunity to contribute to this review and be the voice of motorists.

It is NRMA's view that the Scheme is working efficiently and supports the work of the regulator, the Motor Accidents Authority (MAA) and the Motor Accidents Council (MAC). Premiums are now lower than when the Scheme was introduced in 1999 and compensation payouts to those affected by road trauma exceed the 60% benchmark set in 1999.

THE NSW Compulsory Third Party (CTP) scheme is fault based. This means that those at fault are not covered for injury compensation, except for limited one-off payments for severe injuries under some individual insurers' CTP policies. Accordingly, those catastrophically injured (primarily in the brain or spinal cord) can seek no compensation for care that will be required for a lifetime.

The MAA, with the advice of the MAC has been working on a Lifetime Care and Support Plan (LTCS). Under the LTCS plan, all people catastrophically injured in motor vehicle accidents in NSW will receive medical care and support services for life, regardless of who was at fault in the accident. NRMA supports this initiative provided it can be introduced in an affordable manner. It is NRMA view that such a plan should be funded from Insurer profit reserves with a minimal increase in CTP premiums. (less than \$10)

NRMA notes that the current Compensation Act (1999) has a 10% threshold for non-economic loss. The Scheme has replaced the subjective judgements on the extent of permanent whole-body impairment with an objective measure based on an American Medical Association scaling system and on qualifying guidelines produced by the MAA and the MAC. Only persons assessed as having a permanent whole-body impairment of over 10% is entitled to compensation for non-economic loss (NEL), or "pain and suffering".

There is however, a minority of persons at around the 10% level for whom the judgement has substantial economic effects. NRMA understands the 10% threshold is under constant review but from motorists' point of view, it is important that cases close to the 10% threshold have an opportunity for review and further consideration.

As part of The Act, it is the responsibility of the MAA to provide funds for road safety and rehabilitation activities. Currently that figure is around \$13m (2004-05), \$4.4m being devoted to road safety grants and sponsorships.

NRMA understands that the "grants and sponsorship program" has been reviewed in 2005 by PriceWaterhouseCoopers (PWC), who were supportive of the MAA efforts to reduce road crash rates and improve rehabilitation, but was critical of the MAA evaluation of the program.

The NRMA would wish to improve the standard of evaluation, in particular aiming at the evaluation of outcomes as opposed to process. NRMA supports the recommendations of the PWC review and urges a more systematic approach to road safety educational efforts.

The NRMA would be pleased to see the MAA, as an arm of government with a high stake in road safety, more actively involved as an advocate for government investment in road infrastructure, which is likely to be more effective and cost-beneficial for road safety than educational and awareness campaigns.

Additional funding support for research projects such as the Child Restraint Evaluation Program (CREP) currently undertaken by the RTA and NRMA would enhance the safety of children (a key target group) by minimising injury. Such leadership would raise the profile of the MAA while addressing the core vision of the Authority, "to lead and support a CTP scheme that minimises the impact of motor vehicle accidents."

The NRMA looks forward to working with the Authority as a member of the Motor Accidents Council in the future.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Tony Stuart', with a long horizontal flourish extending to the right.

Tony Stuart
Chief Executive Officer