

**Submission
No 2**

INQUIRY INTO 2022 REVIEW OF THE COMPULSORY THIRD PARTY INSURANCE SCHEME

Organisation: Australasian College of Road Safety

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ACRS Submission – 2022 Inquiry into Compulsory Third Party Insurance and Lifetime Care Scheme



About the Australasian College of Road Safety

The Australasian College of Road Safety was established in 1988 and is the region's peak organisation for road safety professionals and members of the public who are focused on saving lives and serious injuries on our roads.

The College Patron is His Excellency General the Honourable David John Hurley AC DSC (Retd), Governor-General of the Commonwealth of Australia.

To:
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Table of Contents

Introduction	3
Key Issues	4
1. Global, National, and NSW Road Safety Goals.....	4
2. Initiatives to replace older cars with newer, safer models.....	4
3. Other issues.....	5
Conclusion and Recommendations	6
References.....	8

Introduction

The Australasian College of Road Safety is the region's peak membership association for road safety with a vision of eliminating death and serious injury on the road. Our members include experts from all areas of road safety including policy makers, health and transport professionals, academics, community organisations, researchers, federal, state and local government agencies, private companies and members of the public. The purpose of the College is to support our members in their efforts to eliminate serious road trauma through knowledge sharing, professional development, networking and advocacy. Our objectives include the promotion of road safety as a critical organisational objective within government, business and the community; the promotion and advocacy of policies and practices that support harm elimination; the improvement of relative safety outcomes for vulnerable demographic and user groups within the community; the promotion of post-crash policies and practices; and the promotion of a collegiate climate amongst all those with responsibilities for and working in road safety.

The College believes that we should prevent all fatal and serious injuries on our roads; the road traffic system must be made safe for all road users; system designers should aim to prevent human error and mitigate its consequences; life and health are not exchangeable for other benefits in society; and that all College policy positions must be evidence based.

The Compulsory Third Party Insurance Scheme (CTP) and Lifetime Care and Support Scheme (LTCS) are linked to the treatment and care of people injured in road crashes. The schemes provide support for people seriously injured in road crashes on a no-fault basis. Nothing in this submission seeks to alter this philosophy.

However, the care and treatment of people injured after the occurrence of road crashes cannot be the sole focus of the administration of CTP and LTCS.

Road Safety is a shared responsibility. Achieving our goal of zero trauma on NSW roads will require ongoing whole of government collaboration and support from stakeholders and every member of the NSW community. We will also work closely with key partners and stakeholders including road safety advocates, local councils, indigenous organisations, emergency services, insurance groups, public transport providers as well as subject matter experts in education, health (drugs and alcohol), transport and logistics, and technology ensuring road safety targets are achieved. Everyone has a role to play as we work together to save lives on NSW roads.

2026 Road Safety Action Plan (p. 4), Transport for NSW (1)

In this submission ACRS-NSW calls for:

- CTP and LTCS stakeholders to formally commit to the 2026 Road Safety Action Plan targets to halve fatalities on NSW roads and reduce serious injuries by 30% by 2030
- Renewed CTP industry and stakeholder leadership and innovation
- A progressive increase the number of CTP policies held for 5-Star ANCAP rated vehicles throughout the remainder of the 2026 Road Safety Action Plan

Key Issues

Following the 2020 Review into the CTP and LTC schemes, the Legislative Council Standing Committee into Law and Justice said:

2.73 Finally, the committee acknowledges the valuable input and perspective provided by the Australasian College of Road Safety in this review. We agree that improving road safety is paramount in reducing CTP claims. We encourage greater road safety initiatives to be undertaken, and support drivers to be educated about their responsibilities while on the road. So too, we support greater education in terms of injured people being advised about their entitlements if accidents occur. We encourage both SIRA and insurers to expand their work in this area.

Final Report 2020 Review into the Compulsory Third Party Insurance Scheme (2)

Since the 2020 inquiry, developments in road safety impacting the CTP and LTC schemes have taken place. There has been progress in some areas and inaction in others.

1. Global, National, and NSW Road Safety Goals

The United Nations General Assembly formally proclaimed 2021 to 2030 as the Second Decade of Road Safety Action, with the goal to halve road crash deaths and serious injuries by 2030. Significantly, road safety and sustainable development are now inexorably linked through the Second Decade of Action and Sustainable Development Goals.

Road traffic deaths and injuries are also a social equity issue...the aim of road safety policies should be to guarantee protection to all users.

UN General Assembly Resolution – Second Decade of Action (3)

In Australia, the National Road Safety Strategy 2021-2030 includes new safety performance indicators relevant to the CTP sector. The “share of light vehicle fleet that has an ANCAP 5-star rating within a 6-year date stamp” will now be measured.(4)

All sectors must be held accountable for these safety performance indicators and overall road trauma reduction targets.

Finally, within the NSW 2026 Road Safety Action Plan, *governance and cross-sector collaboration* is a key enabler for the success of the plan (p. 5).(1)

2. Initiatives to replace older cars with newer, safer models

On 10 August 2022, Victoria announced the expansion of the Unsafe2Safe program. The program, revealed in the Victorian Road Safety Action Plan 2021 to 2023 (5) funds the replacement of up to 1,000 vehicles more than 16 years old with newer, safer vehicles to prevent crashes or reduce injury severity. Significantly, drivers must be aged 18 to 25 years to take part.

We know that cost is a real barrier for many young Victorians when it comes to choosing a safe and modern car – that is why this program is critical in ensuring they pick a vehicle with features that could ultimately save their life.

Around 70 per cent of people who have lost their lives on our roads were in vehicles more than ten years old and being in a safer vehicle can make the difference between ending up in hospital or avoiding a crash altogether.

Mr Ben Carroll, Victorian Minister for Roads and Road Safety (6)

The Unsafe2Safe initiative is an example of a government program aimed at achieving the road trauma reduction targets contained in current national and jurisdictional strategic road safety plans. ACRS-NSW would support a similar program in NSW.

ACRS-NSW notes previous work by the State Insurance Regulatory Authority (SIRA) who, in partnership with the NSW Centre for Road Safety (CRS), conducted the 2018-2019 Young Drivers Telematics Trial on the potential for telematics to improve the safety of young drivers.(7)

This is in keeping with the stated objective within Sec 1.3 (2)(e) of the motor injuries legislation to “promote competition and innovation in the setting of premiums for third-party policies”.(8)

Heralding results of the Young Driver Telematics Trial in September 2019, then NSW Roads Minister Constance said, “this trial has been a game changer, proving Telematics has the potential to not only make young drivers safer and better, but also save lives”.(9)

Indeed ACRS-NSW hosted a 2021 webinar on the project which attracted interest from throughout Australia.(10)

SIRA according to their website, is still “reviewing the findings of the report to consider the potential benefits of promoting wider telematics use”.(11)

The NSW 2026 Road Safety Action Plan undertakes to “research the impact of telematics-based feedback on improving low risk driving behaviour and reducing motor vehicle crashes among novice drivers”(1)(Page 28) but does not provide a delivery timetable or schedule of future works.

ACRS-NSW supports innovation in telematics but there has been no observable progress in this field since the Young Drivers Telematics Trial ended more than three years ago.

3. Other issues

As of 5 September 2022, road users aged 17-25 and 70+ account for 42% of lives lost on NSW roads this year.(12)

With the average age of a vehicle in NSW currently being 10 years, it takes time for technology to reach a majority of road users—particularly for our more vulnerable younger and older drivers, and for rural residents who often drive on higher speed roads. Community and stakeholder engagement showed consistent support for making safer and newer vehicles with safety technology more accessible to all.

NSW 2026 Road Safety Action Plan(1) (p22)

The purchase of a newer vehicle is but the first step. Younger drivers must also overcome insurance premium algorithms weighted against them. Older drivers face a similar conundrum.

The ultimate goal of zero road deaths and injuries is underpinned by the *Safe System* approach to road safety. The pillars within the system are of equal importance. Responsibility for safety is shared between individual transport system users and system designers.

In terms of CTP premiums and the Safe System, drivers with an adverse traffic record or crash history pay more for insurance as they did not uphold their responsibilities as the individual transport system user.

Insurers question customers on matters such as the number of kilometres to be travelled each year, so a premium based on exposure (risk) can be calculated. This makes SIRA and CTP providers the system designers.

Many factors within the Safe System framework do not appear to be considered when determining CTP premiums, nor are customers provided with information about them. These include:

- ANCAP rating and vehicle safety features
- Whether the younger drivers have completed the NSW Safer Drivers Course
- What the older driver does to manage exposure to risk, e.g. driving mainly of a daytime, on local roads, within a restricted radius of home
- Whether the rider of a motorcycle wears, at all times, MotoCAP rated clothing and/or other specialised motorcycle boots/pants/jacket/gloves/helmet.

Critically, these factors should be clearly articulated to customers. That is, customers should have a clear understanding of factors which may lower the premiums, to encourage greater consideration of these factors e.g., when buying a new vehicle or safety equipment.

As the system providers, CTP stakeholders should take into consideration that older vehicles lacking modern safety features are over-represented in fatal and serious injury crashes, and that younger and older drivers are also over-represented in those statistics.

People facing financial hardship and disadvantaged populations are also likely to drive older, less safe vehicles. The National Road Safety Strategy 2021-2030 has priority aimed at addressing “the over-representation of Aboriginal and Torres Strait Islander people in road trauma”(4) (p. 18). The NSW 2026 Road Safety Action Plan also identifies the need for programs to support Aboriginal and disadvantaged drivers.(1)

CTP is by its very nature compulsory. It is time to reduce the regulatory and financial burden on the most vulnerable age groups by making CTP insurance more equitable and affordable. This could be achieved by encouraging individuals to take an active role in road safety by driving the safest possible vehicles and demonstrating safe choices and behaviours.

Conclusion and Recommendations

There are opportunities to innovate and align the goals NSW 2026 Road Safety Plan and the National Road Safety Strategy 2021-2030 to the broader CTP industry. ACRS-NSW encourages stakeholders to seize those opportunities.

ACRS-NSW recommends:

- All CTP and LTCS stakeholders to formally commit to the 2026 Road Safety Action Plan targets to halve fatalities on NSW roads and reduce serious injuries by 30% by 2030.
- Renewed CTP industry and stakeholder leadership and innovation
- A progressive increase the number of CTP policies held for 5-Star ANCAP rated vehicles throughout the remainder of the 2026 Road Safety Action Plan

The next CTP and LTCS parliamentary review will be held in 2024. At that time, stakeholders should be compelled to present evidence to the Legislative Council Standing Committee on Law and Justice as to what steps have been taken in regard to these recommendations.

These efforts can then be assessed throughout the remainder of the NSW 2026 Road Safety Action Plan.

Examples of innovation could include:

- Leadership, funding or participation in related research projects and programs.
- The provision of information to customers to help them make better decisions regarding the purchase of safer vehicles or protective motorcycle apparel
- Reviewing the factors that go into determining CTP pricing to bring them into line with the Safe System approach to road safety.
- Stating their commitment to official road trauma reduction targets in corporate policy, websites, and senior management performance agreements.

It is important to reiterate, Road Safety is now aligned with Sustainable Development Goals. Organisations can no longer claim to be practicing the highest level of environmental stewardship and sustainability if their corporate policies do not embrace road safety.

ACRS-NSW appreciates the opportunity to contribute to improved road safety in NSW and is happy to provide further assistance and advice to the Committee.

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