

MOTOR VEHICLE (CATASTROPHIC INJURIES) BILL 2016

Introduction and First Reading

Bill introduced, on motion by **Dr M.D. Nahan (Treasurer)**, and read a first time.

Explanatory memorandum presented by the Treasurer.

Second Reading

DR M.D. NAHAN (Riverton — Treasurer) [1.19 pm]: I move —

That the bill be now read a second time.

The purpose of this bill is to establish a scheme to provide for the lifetime care and support of certain people catastrophically injured in motor vehicle accidents in Western Australia, and who are not able to successfully claim under the existing compulsory third party insurance scheme. Western Australia's existing CTP insurance scheme covers 1.8 million drivers and 2.8 million registered vehicles. CTP insurance covers the cost of injury that a person, through their vehicle, may cause to other people. The scheme is an at-fault scheme in which injury compensation is paid if fault can be identified against another owner or driver of a WA-licensed vehicle. CTP insurance does not cover a person's own injuries as a result of their at-fault mistakes while driving.

The Insurance Commission of Western Australia that manages the scheme provided for by the Motor Vehicle (Third Party Insurance) Act 1943 currently pays out over \$500 million each year to about 3 500 people injured in motor vehicle crashes. It is estimated that 92 people are catastrophically injured in motor vehicle accidents in Western Australia each year, 48 of whom can successfully claim from the existing CTP scheme. The remaining 44 people access support through government-funded health and disability services, private insurances and family and friends, but they are not compensated from the CTP scheme because they were either fully at fault themselves or are unable to prove fault against another driver. The financial burden that comes from a catastrophic injury places considerable physical and emotional hardship on the person and their family. The bill will establish the motor vehicle (catastrophic injuries) fund and the catastrophic injuries support scheme to provide lifetime care and support to these estimated 44 people catastrophically injured each year who are unable to claim CTP compensation. The scheme and the fund will be administered by the Insurance Commission.

Catastrophic injuries are spinal cord injuries, traumatic brain injuries, multiple amputations, severe burns and permanent traumatic blindness. The daily treatment, care and support needs of people catastrophically injured are considerable. The average cost of providing lifetime care and support is estimated at \$4 million per person over the course of their lives. There will be some catastrophic injuries that may cost the Insurance Commission as much as \$15 million over a person's lifetime. To fund the lifetime medical and care costs of catastrophically injured people, there will be an increase to the motor injury insurance premium of up to \$99 in the first year for a family vehicle. The price of motor injury insurance, with the additional insurance cover, will continue to be substantially cheaper than similar insurance cover in South Australia, Victoria, the Northern Territory, New South Wales and the Australian Capital Territory. Smaller rises will be applied to tractors, mopeds, vintage cars and farm firefighting vehicles. No additional premium will be payable for caravans and trailers.

There has been overwhelming community support for this expanded motor injury insurance cover. Following the commonwealth government's Productivity Commission recommendation to states and territories to provide care and support to all people catastrophically injured in motor vehicle accidents, the Western Australian government released a green paper in October 2014 for public consultation about that proposal. Over 2 300 submissions were received from the community; the majority supported an expansion of insurance cover to ensure that all people catastrophically injured in crashes can access required care and support, irrespective of who was at fault in the accident. Members of this chamber and the Legislative Council comprised some of those submissions. The government announced as part of the 2015–16 state budget that a no-fault motor vehicle catastrophic injury insurance scheme would commence on 1 July 2016. This bill delivers on that undertaking.

This bill establishes the motor vehicle (catastrophic injuries) fund, which will collect premium revenue and other moneys or property credited, apportioned or transferred to it. The fund will make payments to people catastrophically injured for their care. No dividends will be payable from the motor vehicle (catastrophic injuries) fund. Amounts from the fund will be used to pay treatment, care and support costs of people catastrophically injured over their lifetime. This will be a funded scheme based on firm insurance principles, so that claims costs can be met without transferring costs to future generations.

The main provisions of the bill are briefly outlined as follows. Principally, the bill is for the establishment of a scheme for people catastrophically injured in motor vehicle accidents in Western Australia who cannot successfully claim from the existing CTP scheme because they were either fully at fault or unable to prove fault against another driver. Part 1 of the bill sets out the short title, the commencement provisions, terms used and the application of the act and provides the definition of a motor vehicle accident. Categories of treatment, care and

support that participants in the scheme may be assessed for, including rehabilitation and attendant care services, are also prescribed in part 1. Part 2 of the bill provides for application and acceptance into the scheme as either an interim participant or a lifetime participant. Regulations will set out the eligibility criteria that are consistent with the nationally agreed minimum benchmarks for motor vehicle accidents. Provisions in part 3 require the assessed treatment, care and support needs of participants in the scheme to be necessary and reasonable and related to the motor vehicle injury. Part 4 of the bill provides for the payment of assessed necessary and reasonable treatment, care and support needs, including self-management arrangements for participants. This does not provide for the payment of the ordinary costs of raising a child or for any treatment, care, support or service that is provided in contravention of the regulations. Part 5 of the bill provides a dispute resolution framework for the scheme. It provides for reviews of eligibility decisions, assessments and determination of disputes. Protocols and procedures will be set out in regulations.

This bill delivers on the state government's 2015–16 budget commitment to implement a scheme so that all people catastrophically injured in motor vehicle accidents in Western Australia can access required future care and support, irrespective of fault.

I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.