

*Our Reference: D0400186*

Mr N Laurie  
The Clerk of the Parliament  
Parliament House  
George Street  
BRISBANE QLD 4000

Dear Mr Laurie

I refer to your letter of 23 April 2004, enclosing a petition received by the Queensland Legislative Assembly regarding the public liability insurance implications for community halls. As Parliamentary Secretary to the Deputy Premier, Treasurer and Minister for Sport, I have been asked to respond on his behalf.

The Queensland Government is aware of the insurance cost pressures facing many community organisations. This is why Queensland has been at the forefront of efforts to relieve the impact of escalating liability insurance premiums on the community. A range of strategies have been implemented to assist community organisations, including the establishment of a group liability insurance scheme, the provision of duty relief on public liability insurance for not-for-profit organisations, risk management support, and tort law reform.

The issue of public liability insurance is a complex one for government as insurance in general is offered by the private insurance industry. The industry sets its premiums based on fiscal considerations which dictate that the premiums charged and collected in a given year should cover the costs of the claims arising from that year, plus the costs of administration and a component of profit. Public liability insurance, particularly the component covering liability for personal injury, is an area of insurance where there are relatively few claims but where the cost of an individual claim lodged can be very high.

With this in mind, the group insurance scheme for not-for-profit community-based organisations was aimed at increasing the availability of insurance cover for community not-for-profit organisations and making competitive premiums available to not-for-profit groups.

Aon Risk Services administers the group liability insurance scheme on behalf of the Government and provides insurance advice to not-for-profit organisations in relation to insurance available on the domestic and international market. Under the scheme, the level of coverage available and the premium payable also varies between underwriters. Suncorp remains a key underwriter to the scheme, ensuring cover (subject to any reinsurance exclusions) for those groups considered 'hard-to-place' and unable to obtain insurance in the present market. Not-for-profit organisations that have not already done so, are encouraged to contact Aon Risk Services on 1300 309 797 for information regarding available options.

In addition, groups running community halls on a not-for-profit basis may be eligible for an exemption from paying insurance duty on public liability insurance policies. This concession provides an 8.5 per cent saving on premiums for eligible not-for-profit organisations. If community organisations have not already investigated this possibility they are encouraged to obtain further information on eligibility from the Office of State Revenue on telephone 1300 300 734.

The Queensland Government is addressing the underlying causes of high insurance premiums through the introduction of significant law reforms aimed at ensuring more affordable premiums in the longer term. In particular, the *Civil Liability Act 2003* includes a \$250,000 cap on the general damages component of claims and the use of an injury scale to determine the amount of compensation payable.

As a result of the law reforms undertaken by the Queensland Government, the insurance climate has improved, though the insurance industry is yet to deliver on its assurances that the Government's reforms would improve the availability and cost of insurance for the community.

The State Government has urged the Commonwealth Government to introduce legislation giving the Australian Competition and Consumer Commission (ACCC) clear investigation and enforcement powers. Effective price monitoring by the ACCC is an important and necessary means of ensuring that it is consumers and not insurers who ultimately benefit from negligence law reforms.

I attended the Ministerial Meeting on Insurance Issues held in Hobart on 27 February 2004 on behalf of the Treasurer. Representatives from the ACCC and insurance companies also attended this meeting. I took the opportunity to point out to the representatives that community groups had suffered high premium increases which were not reflected in the official reports and more work needed to be done in this area.

The Government is continuing to monitor developments and is committed to ensuring the valuable contributions made by not-for-profit organisations in our local communities are not lost or diminished.

I trust this information is of assistance and thank you for bringing the concerns of the petitioners to my attention.

Yours sincerely

**Neil Roberts MP**  
**Parliamentary Secretary**  
to the Deputy Premier, Treasurer  
and Minister for Sport  
Member for Nudgee