



Legislative Council

---

# **GOVERNMENT BUSINESSES SCRUTINY COMMITTEE 'B' 2008**

---

## **Report with Minutes of Proceedings**

Members of the Committee :

Hon Ivan Dean MLC  
Hon Kerry Finch MLC  
Hon Norma Jamieson MLC  
Hon Tania Rattray-Wagner MLC (Chair)  
Hon Don Wing MLC

**LEGISLATIVE COUNCIL  
GOVERNMENT BUSINESSES SCRUTINY COMMITTEE "B"**

***MINUTES***

***Thursday, 4 December 2008***

The Committee met at 8.54 am in Committee Room No. 1, Parliament House, Hobart.

**Present:** Mr *Dean*, Mr *Finch*, Mrs *Jamieson*, Mrs *Rattray-Wagner* and Mr *Wing*.

**Confirmation of Minutes:**

The Minutes of the meeting held on Tuesday, 2 December 2008 were confirmed as a true and accurate record.

**Stakeholder Meetings:**

The Committee met informally with stakeholders.

The Committee suspended at 10.55 am.  
The Committee resumed at 2.01 pm.

**TOTE Tasmania**

The following witnesses appeared before the Committee:

Hon Michael Aird, Minister for Racing  
Mr Michael Kent, Chairman  
Mr Craig Coleman, Chief Executive Officer

**The Committee notes the evidence provided by TOTE Tasmania that:**

Corporate Governance

- At the hearing on 4 December 2009, the Committee was advised by the Treasurer that "... at the moment the government policy is not to sell TOTE". (It should be noted, however, that within the space of only 18 days the Government decided to sell TOTE Tasmania).
- The goals of the Corporate Relations Department include the enhancement of effective communication between TOTE and the Tasmanian racing industry. TOTE is involved in most industry functions now and endeavours to actively participate in a positive way with the racing industry.

- The Minister indicated that it was not unusual for an interstate person to Chair a Tasmanian Board and he did not rule out that possibility for the new Tasmanian Racing Board.
- The Minister will appoint the Board after consultation with political parties and the President of the Legislative Council. Board Members will be intelligent and be capable of thinking strategically to represent the board interests and not be beholden to any particular club or code.
- The Tasmanian Racing Board has been established as a corporate model as it can be a reassurance if there is an opportunity to sell horses or to engage large potential wagers who come to Tasmania.
- The Tusyn dog was injured on 18 August 2006 when the track was being used for trialling purposes. The owner has lodged a writ that alleges the death of the dog was caused by a breach of duty of care and/or statutory duty and/or default by TOTE Tasmania. On 10 October 2008 a notice of intention to proceed was received and will probably go to trial in the near future.

#### Financial

- TOTE Tasmania reported an after-tax profit of \$2.86 million for 2007-08, which was an increase of 63 per cent on the previous year.
- The direct cost of equine influenza to TOTE Tasmania was \$1.8 million.
- Funding to the Tasmanian racing industry from TOTE as a whole increased by 17 per cent last year. The new Tasmanian Racing Board will determine the future allocation of funds in order to grow the industry and make it self-sustaining.
- On pari-mutuel wagering, TOTE grew by 27.6 per cent, compared to the West Australian TAB's 3.5 per cent and ACTTAB at 6.8 per cent.
- TOTE delivered \$6.999 million to the Federal and State governments and the community by way of GST and income tax equivalents.
- There has not been a final determination about whether TOTE will be required to pay a dividend next year. However, any reinvestment in infrastructure will be taken into consideration.
- This year TOTE will pay \$25.52 million to the racing industry. Betfair will pay a further \$4.8 million, totalling \$30.328 million. In addition TOTE prepaid \$900,000 (\$125,000 to each code) last year to help promote businesses.
- This year \$16.77 million is paid in stakes and the remainder goes to the operations of clubs, preparation of the tracks, incentive payments, jockeys, insurance, etc.

- The greyhound code gets 16.8 percent, the thoroughbred code gets 52 per cent and the balance goes to harness.
- TOTE has an agreement with industry that when Betfair fund exceeds \$5 million, the formula will be changed slightly for that additional portion. The greyhound code will receive 19.7 per cent.
- The Chief Executive Officer of TOTE Tasmania was not aware of a discrepancy in accounts with the Greyhound Racing Council, but undertook to make some enquiries. TOTE Tasmania was advised by the Secretary of the Tasmanian Greyhound Racing Council that he was also not aware of any discrepancy in the accounts for July, August and September 2008.

### TOTE Outlets

- The Board is happy with the performance of the 120 retail outlets over the last twelve months, but will continue to generate opportunities to grow business.
- TOTE Tasmania has three staff who communicate regularly and assist outlets to improve their business.
- Audit visits are also undertaken and every outlet has been visited at least once in the last 12 months.
- On 1 July 2007 a new retail remuneration model was introduced to assist those outlets. There is a different remuneration model for hotels and licensed operations and stand-alone retail outlets. The stand-alone model takes into account some of the additional costs they have and it pays different allowances and remunerations.

A copy of the schedule outlining "Licensing and Provision of Equipment and Services" was provided to the Committee.

- TOTE Tasmania will be presenting an options paper to the Board in December 2008 to independently review the placing of retail outlets and what is needed to improve location, presentation and the remuneration model.

### Racing

- To maintain growth in the industry, it is important to focus on the internationalisation of wagering and racing.
- The equine influenza has had a negative impact across the entire Australian racing industry and a significant impact in hotels and telephone betting in Tasmania.
- Tasmania has passed race fields legislation which is awaiting regulations to be drafted. The premise of it is that you pay a fee for the privilege of using a product if you are an authorised wagering provider. Of Tasmania's turnover, in

the case of New South Wales racing, we pay 1.5 per cent of the value of the turnover of that State.

- All stewards who undertake control of racing on race days have been trained in occupational health and safety processes by Racing Victoria Ltd.
- Since the last scrutiny hearings, the Director of Racing commissioned a report into greyhound hurdle racing which concluded that hurdle racing should be banned in Tasmania. Since that time there has been no hurdle racing of greyhounds.
- The Tasmanian racing industry generates 6.2 per cent of TOTE's income but consumes almost 100 per cent of its expenditure. The industry is entirely reliant on the wagering activity with other jurisdictions and customers internationally.
- There are a number of initiatives being pursued through the Australian Racing Board to encourage the training of jockeys.
- TOTE Tasmania sought and received compensation for the loss of Sky Channel services. The compensation was a reduction in the charge paid for that product.
- TOTE Tasmania has a contract with Tabcorp until 10 August 2012, the date when the Supertab pool loses its licence in Victoria. Nothing has been received in writing and there is no reason to doubt that TOTE Tasmania will be in the pool until 10 August 2012.
- The agreement was carefully constructed and was vetted by the ACCC. There is no price fixing in the agreement. All parties who wager in Australia today are able to accept their own prices.
- TOTE Sport Radio covers all races which are broadcast by SuperTAB and the vast majority are greyhound meetings. In Launceston TOTE has a commercial licence and that broadcasts 24 hours a day with music overnight. There is a cost to the industry of about \$700,000 per annum and it is a key part of selling wagering products.
- The Minister acknowledged that the Annual Report did not show how the \$700,000 was distributed.

### Infrastructure

- An engineering firm has been commissioned to provide a plan and costing model for the installation of lights at the TOTE Racing Centre in Launceston. It is anticipated that the cost will be approximately \$6 million.
- Community consultation will be a key element of the project.

- There will be no consideration of lights at Tattersalls Park until such time as the track has been upgraded. The current track would not be able to sustain the number of meetings required to present night racing.
- The slope of the track at Tattersalls Park does not impair the safety of racing, but should be addressed when the track is rebuilt at some future time.
- There is a certificate of practical completion for the Tattersalls Park building. However, in May 2008 a 13-point plan was agreed with the Glenorchy City Council as to how the remaining matters would be dealt with so that the building would be signed off and completely compliant with the building code. Nine of the points have been completed and there are four that remain outstanding.
- TOTE assured the Committee that they are not breaching any regulation by operating the racing centre, that the insurers are involved and advised, and that there is no restriction on operation.
- The Committee advised the TOTE representatives that it had received a document dated 13 November 2008 indicating that there was a certificate of occupancy for part of the building only.
- A copy of written confirmation from the Insurers that there is no prejudice to the Liability policy for Tattersalls Park was provided to the Committee.
- A temporary certificate of occupancy for the new grandstand complex at Tattersalls Park was issued by the Glenorchy City Council in August 2006. A final certificate of occupancy will be issued when the 13-point plan is finalised.
- Details of the status of the 13 point plan were provided to the Committee on 26 February 2009. The installation of magnetic locks remains outstanding, but it is anticipated that a Certificate of Completion Form 20 will be signed off "within the next few weeks" (from 26 February 2009).
- The Tasmanian Racing Club had not received written confirmation that it is covered by insurance. TOTE Tasmania undertook to provide a letter of confirmation in terms of insurance by 5 December 2008.
- TOTE Tasmania has made a development application to the Glenorchy City Council to subdivide the land at Tattersalls Park to allow 1.8 hectares on the eastern end to be transferred back to the Tasmanian Racing Club. That application has been declined. TOTE is now working with the TRC to arrange a sublease for that portion of land.
- The initial budgeted project cost for Tattersalls Park, including the tracks, was \$20 million. The actual track cost was \$13.5 million and \$6.5 million for the building. The actual building costs were \$11.28 million.
- The \$13.5 million built the harness track, the greyhound track, the tunnel under the track and some work on raising the back of the thoroughbred track.

- Additional information provided to the Committee indicates that the total contribution from the Tasmanian Government to the grandstand project was \$4 million. TOTE Tasmania contributed a further \$7.28 million (net of contributions from suppliers), amounting to a total cost of \$11.28 million.

The Committee suspended at 3.35 pm.

The Committee resumed at 3.50 pm.

- Traffic management at Tattersalls Park Racing Centre is subject to a set of plans being prepared by the Department of Infrastructure, Energy and Resources. The plans are to be released for public consultation on 8 December.
- TOTE Tasmania is looking at a range of options to install 720 metre boxes at a point in the greyhound racing track that ensures safety for participants as well as the greyhounds. The boxes need to be removable so that as soon as the greyhound races finish they are removed and do not interfere with the operations of the harness racing.
- Without the 720 metre boxes, southern Tasmania will not be able to host the greyhound nationals.
- Engineers have been engaged to prepare a master plan for the Tattersalls Park site incorporating the Leger Stand. The need for the Stand is very small and it has been estimated to cost \$1.4 million to upgrade it to a suitable state. The building is full of asbestos, so there is restricted access. However, the integrity of the Stand needs to be maintained for safety reasons.

### **Staff Issues**

- If a TOTE Tasmania employee is terminated and a severance package is involved, it is reviewed by the Remunerations Committee, a subcommittee of the TOTE Board.
- The Chief Executive Officer believes that TOTE is now considered an employer of choice, particularly in the IT industry.
- TOTE Tasmania employs 70 full time permanent staff and 114 casual staff.
- Leave accruals as at 31 January 2009 amount to approximately 9403 hours sick leave and 7725 hours annual leave.
- A description of the senior positions at TOTE Tasmania was provided to the Committee.
- Details of Consultants engaged (including the purpose and cost) was provided to the Committee.

The witnesses withdrew at 4.55 pm.

**The Committee concludes that:**

- It is of extreme concern that, having been told on 4 December 2008 that the Government had no plans to sell TOTE, that so soon thereafter on 8 January 2009, the Government announced the sale of TOTE Tasmania. The Committee further notes from media statements, that Cabinet had authorised the sale on 22 December 2008, just 18 days after the Committee had been told there were no plans to sell. This suggests a lack of candour and transparency, especially having regard to the fact it is now public knowledge that Treasury had been working on the sale of TOTE Tasmania since May 2008.
- The condition and width of the track at Tattersals Park has an impact on the number of horses that can run in each race.
- The installation of removable 720 metre boxes at a point in the greyhound racing track is essential to ensure safety and provide additional race meeting opportunities for all participants.
- It is unsatisfactory that TOTE Tasmania has taken so long to address the issues of concern required to allow a Certificate of Occupancy to be provided by the Glenorchy City Council.
- There is concern among the TOTE retail outlets that they are not getting a reasonable return despite the benefits being increased because of the reduction in the Sunday allowance.
- There appears to be an ongoing lack of communication between TOTE Tasmania and some retail outlets.

At 5.12 pm the Committee adjourned until Friday, 5 December 2008.



**Friday, 5 December 2008**

The Committee met at 8.45 am, Friday, 5 December 2008, in Committee Room No 2, Parliament House, Hobart.

The Committee suspended at 8.55 am

The Committee resumed at 9.00 am

**PORT ARTHUR HISTORIC SITE MANAGEMENT AUTHORITY**

The following witnesses appeared before the Committee:

Hon Michelle O'Byrne MP, Minister for Environment, Heritage and the Arts

Dr Barry Jones AO, Chairman

Mr Stephen Large, Chief Executive Officer

Dr Jane Harrington, Director, Conservation and Infrastructure

Professor Sharon Sullivan AO, Director PAHSMA, Board

**The Committee notes the evidence provided by Port Arthur Historic Site Management Authority that:****Conservation and Infrastructure**

- The Separate Prison Conservation Project has been done in accordance with the Burra Charter. The Charter states that you do as little as possible in order to conserve and protect what you have without detracting from the nature of the ruins. If you make the decision to restore, you should not progress if you do not have the original plan.
- PAHSMA is offering a short course in archaeology in partnership with the University of Tasmania. The site will be providing the field school component and the background course structure.
- PAHSMA also has the longest running archaeological program in Australia which is regularly in association with a range of universities and volunteers from throughout Australia.
- A requirement for a World Heritage nomination is for a buffer zone which would need to be established and managed through local government planning initiatives and any development in the area could not detract from the nature of the site.
- Port Arthur was established as a timber-gathering place and there are local owners with significant timber resources. PAHSMA is endeavouring to protect the visual impact on the site and the heritage values, but also wants people around the site to be able to enjoy their living and to do what farmers have done for generations.

- An interactive project for education on convicts has been trialled at Riverside which included an IT-based program.
- The Minister has communicated with the Federal Minister regarding the future of Port Arthur and the need for an understanding of the role that World Heritage sites play. With the World Heritage nomination for the site, there is a great opportunity for the Federal Government to take a broader responsibility for a national asset.
- Although the site has been meticulously researched, it is not known precisely how the church roof was constructed and without the plans the restoration cannot take place under the nature of the Burra Charter.
- The specific aim of the restoration of the separate prison was to restore some of the fabric and not to make it look as it appeared before, to give the visitor a better understanding of the way the prison works. People can now see the separateness of the exercise yards and have a better understanding.
- The site has an ongoing maintenance program involving background maintenance and conservation work. Much of the stabilising work cannot be seen.
- The Penitentiary has been stabilised but was built with poor materials and is subject to a lot of weathering. There needs to be a balance between keeping the patina of age that people come to see and conservation.
- The souveniring of convict-made bricks from the coal mine site occurred in the past, but it is now a minimal problem. The site has no security team currently but regular maintenance work enables monitoring to take place.
- PAHSMA is preparing a master plan for the coal mines and security issues will be addressed as part of the plan.
- Historic records and artefacts are now being returned to the site, as a result of community education and an understanding of the historical significance.
- A project has been established with the local Historical Society so that members of the community can advise the Society if they have artefacts to be returned to the site.
- PAHSMA is hoping to be formally listed as a World Heritage site in 2010.
- World Heritage status provides a further opportunity for federal funding of a national asset. There may also be an opportunity to combine a Port Arthur and Darlington experience which includes a sea-based travel package.
- The World Heritage nomination provides an opportunity for the Board and Government to consider using the PAHSMA model for the future management of other government-owned convict sites in Tasmania.

- The Minister would like PAHSMA to become a centre of excellence in training in the management and protection of heritage buildings.

### Tourism

- PAHSMA has received a number of awards for conservation and for tourism during the 2007-2008 financial year. In the inaugural Martin Davies Award 2007, PAHSMA was a joint recipient for the best public archaeology program. In the 2008 Tasmanian Tourism Awards, the site was the major tourism attraction for the eighth successive year, and also received Hall of Fame status. PAHSMA received the 2008 Keep Australia Beautiful Tidy Towns Award, the 2008 Tasmanian Tourism Heritage and Cultural Tourism Award; 2008 Travelling in Australia Award; and the 2008 Gourmet Traveller Award for the best heritage tourism.
- There was an increase in visitor numbers to the Port Arthur Historic Site of 7.1 per cent. The historic ghost tour visitors also increased by 5.6 per cent.
- 14 per cent of the annual tourist numbers visit the site between Boxing Day and Australia Day.
- PAHSMA works closely with Tourism Tasmania to promote tourist numbers. Promotional campaigns are run in August, September and October and the ticket of leave program also assists in encouraging tourists at different times of the year.
- The site manages the visitor numbers well during the January period, except for rainy days when everyone congregates in the visitor centre or museum café.
- The year-to-date visitor numbers to the end of November 2008 are up by 1 per cent as compared to the same time last year.
- During 2007-08 international visitation represented 15 per cent of the total visitor numbers for the site, and interstate or domestic markets accounted for around 76 per cent, whilst intrastate visitors made up 9 per cent.
- The Minister and Chairman of the Board agreed that it would be good to engage international students fluent in English as tour guides to encourage more international visitors to the site. Information packs could be distributed to families of graduates when they book their tickets.
- PAHSMA believes that they have balanced the commercial imperative of tourism whilst completing archaeological and research work.
- PAHSMA has considered colonial costumes for tour guides. However, the current guidelines recognise that it could potentially compromise the authenticity and values of the site.

- With the impact of the global economic crisis, Tasmania is well placed in the tourism sector. Whilst many states have had a decrease in destinational tourism, Tasmania has had a slight increase over recent times.
- PAHSMA undertakes zone marketing through a regional marketing organisation and encourages visitors to stay overnight or longer.

#### Corporate

- The website does not mention the partnerships with the University.
- The Minister believes that the Port Arthur Historic Site should not be privatised and would never like to be in a position where the private responsibility of needing to ensure return to your shareholders was such that you walked away from very clear conservation obligations.
- The PAHSMA Board is monitoring the development of the new Federal Group hotel very closely to ensure minimal visual impact.
- Details of initiatives in terms of recycling, electricity, vehicle usage, etc were requested. PAHSMA provided a copy of its draft 'Sustainable Port Arthur' Carbon Emissions Reduction Plan which is currently being finalised.
- The Department is required to absorb the public service salary increases at the Port Arthur Historic Site.

#### **The Committee concludes that :**

- It is difficult for the Port Arthur site to manage the number of visitors in the peak season in wet weather.

The Committee suspended at 10.24 am

The Committee resumed at 10.37 am

## **MOTOR ACCIDENTS INSURANCE BOARD**

The following witnesses appeared before the Committee:

Hon Graeme Sturges MP, Minister for Infrastructure  
 Mr Gordon Humphreys, Chairman  
 Mr Peter Roche, Chief Executive Officer

**The Committee notes the evidence provided by Motor Accidents Insurance Board that:**

### Corporate Governance

- The Motor Accidents Insurance Board is one of the strongest government businesses and returned a substantial dividend to Government.
- The Government has no policy to privatise the Motor Accidents Insurance Board.
- Every two years MAIB engages a firm to conduct client market surveys. 260 people participated in the latest survey, with almost a 90 per cent satisfaction rate.
- The Minister believes that MAIB provides the best no-fault motor accident insurance scheme in Australia.
- MAIB employs consultants for some elements of the business, such as actuarial services, investment advisers, fund managers and legal advisers.

### Financial Issues

- Last financial year the MAIB reported a significant loss of \$39.2 million and for the first time in many years the annual report reports a negative return of -8.7 per cent and a \$95 million loss on investments to 30 June. The loss is attributed to the downturn in the share market during the financial year 2007-08.
- MAIB paid \$53 million to the State Government last financial year.
- The MAIB has a \$50 000 investment in collateralised debt obligations (CDO). In February 2009 a \$25 million investment is due to mature and it is expected that the sum will be redeemed in full. The CDO has returned 6.36 per cent over its existence.
- There is a further \$25 million invested which continues to return interest of around 5.5-5.75 per cent. However, the mark-to-mark value of those investments has declined considerably and as the maturity date is not for five years, it is difficult to speculate on the end result given the current economic climate.

- Any investment loss is an unrealised loss. MAIB has not sold any securities, so they continue to attract and pay dividends.
- At 30 June the MAIB's cash component was approximately \$150 million which was almost twice what the strategic allocation should have been. The \$150 million has been built up this financial year to about \$200 million.
- The Board undertook an extensive survey and report from financial advisers which recommended a move to a growth-focused portfolio. MAIB has now moved to approximately 50 per cent growth and 50 per cent defensive. Dividends are paid at 50 per cent of after-tax profit, but the profit is on a rolling five-year average.
- Additional information requested and provided indicates that there were two contracts awarded in the 2007/2008 period, including Lomandra. The total value of the contracts awarded was \$2,775,000. The other contract was awarded to McLeans Healthcare for Disability and Rehabilitation Equipment Services.

#### Community Involvement and Partnerships

- The MAIB has agreed to continue to support the Road Safety Task Force, including black spot funding. The funding was approximately \$3 million, indexed annually.
- 40 per cent of crashes in Tasmania are run-off road crashes and another 10 per cent are head-on crashes.
- The Motor Accidents Insurance Board will contribute \$1 million over the next three years for infrastructure projects. The installation of wire-rope barriers has been the first project undertaken.
- In 2008-09 there has been \$1 million allocated to nine local authorities for remedial works on black spot areas. The work will take place over summer and will be concluded by February 2009.
- MAIB works with the Department of Infrastructure to identify the most urgent projects.
- MAIB's investment in the Road Safety Task Force and the investment in infrastructure are separate to the Injury Prevention and Management Foundation.
- DIER figures to 31 October 2008 indicate the average number of people seriously injured from motor vehicle accidents from 2003-07 was 287. In the last twelve months there have been 210.
- MAIB believes that the programs to reduce road accidents are working. The Board provides funding to the Road Safety Task Force and seeks guidance

from independent expert, Dr Jeremy Woolley. Dr Woolley recommended three main areas for education – speeding, drink-driving and restraints.

- The Road Safety Task Force funding is allocated to DIER for the education program and Police for the enforcement program.
- MAIB subsidises a motorcycle riders' refresher course. The \$180 course is available for \$50, however, there has been no increase in the uptake of the course.
- MAIB has also funded a new Tasmanian Motorcycle Riders' Handbook, produced by DIER.
- 25 per cent of road fatalities in Tasmania are motorcycle riders.

#### Injury Prevention and Management Foundation

- A percentage of premiums is paid into the MAIB's Injury Prevention and Management Foundation each year. Ten projects valued at \$402 000 have been approved for 2008-09. The Foundation also supports a number of charities, such as Headway, the Brain Injury Association of Tasmania and the Road Trauma Support Team.
- Public education and promotion accounts for 27 per cent of the Foundation's money.
- Additional information provided to the Committee indicates that the Foundation received seventeen applications for the 2008/09 financial year and that eight applications were unsuccessful.

#### Claims Management

- MAIB analyses data on individual providers of services on total sums paid to examine the frequency of treatments. If further treatment is required at the end of a given period a further application is required to be submitted.
- There are times when MAIB questions the necessity or appropriateness of some surgery and an independent specialist is requested to review the case, examine the person and make a recommendation to the Board regarding future payments.
- There were 246 common law settlements for the period 1 December 2007 to 30 November 2008.
- MAIB has approximately nine future-care claims per year which account for in excess of 20 per cent of claims money required.
- For a claim to be accepted, the legislation provides that an incident be reported to police. If the police do not attend the accident there is an expectation that the person physically report it to a police officer and fill out the

required form. The provision was included in the legislation as a fraud minimisation strategy.

- MAIB does have the power to allow a claim despite a non reporting. On the odd occasion where there is a very minor claim and the circumstances are such that it would be reasonable to do so, claims have been admitted for payment without reporting to the police.
- Claims where people suffer whiplash, etc would not be allowed unless the proper process was followed.
- There is an option for people who want to use an off-road vehicle to elect to pay a premium to MAIB, however the rider must have the appropriate licence. If you are a child you do not qualify and there must be an MAIB premium paid in respect of the bike or motorcycle.
- Many claims received by the MAIB are rejected on the basis that the rider is either unlicensed or a premium has not been paid.

### Care Facilities

- There are currently five people located at Lomandra. The facility is also used for patients in between discharge from hospital and going home.
- MAIB does negotiate arrangements with non-MAIB clients to use Lomandra, to make better use of the facility and to allow economies of scale.
- The final costs in relation to Lomandra were to the contractor (Mead Con Building & Civil Contractors) which was budgeted for \$1,975,169 and \$1,951,254 was paid. With the inclusion of the cost of land acquisition and architects fees, total capital expenditure for the project was \$2,276,130.

### Premiums

- MAIB premiums are subject to independent investigation by the Government Prices Oversight Commission every three years. In the future it will be every four years. The latest report is dated July 2006 and includes individual vehicle classifications and the claims to premium performance.
- Motorcycles are a loss-making area of the business. The Government Prices Oversight Commission recommended that those premiums be increased and that was adopted by Government in October 2006.
- MAIB is investing money with motorcyclists in terms of road safety refresher courses, handbooks and advertising campaigns. It was decided not to increase premiums and to continue at the current rate.
- The Government Prices Oversight Commission will review the premiums again in 2009 and it will be important for motorcycle riders to present their case to the Commission.



- The inexpensive motorcycle category for machines up to 100 cc, was increased to 125 cc in 2006. There were 200 motorcycles in that category, which has now grown to more than 1 000.
- The Minister advised that there will be no premium increase for motor vehicles for the 12 months from 1 December 2008 to 30 November 2009.
- The premium only lasts a year, so a decision is required to create a new premium from 1 December each year.
- Tasmanian premiums compare favourably with other State no-fault insurers.

The witnesses withdrew at 12.48 pm.

The Committee suspended at 12.48 pm

The Committee resumed at 1.04 pm

**The Committee concludes that :**

- The Government Prices Oversight Commission will be reviewing premiums for all motor vehicles in 2009.
- For claims to be accepted for consideration by the MAIB, an accident is required to be reported to Police.
- Off-road vehicles are required to pay a premium to MAIB and for the riders to be licensed to enable claims to be accepted for consideration.
- MAIB fund, but do not have direct input into the programs undertaken by the Road Safety Taskforce.

**BUSINESS :**

The Committee considered issues for inclusion in the Draft Report.

Mr *Finch* withdrew.

**Resolved,** That –

- The Secretary prepare a draft report for Members to consider.

At 1.26 pm the Committee adjourned until a date to be determined.

**DATE**

**CONFIRMED**

**CHAIR**