FACT SHEET: A no-fault disability insurance scheme

What sort of system do you propose for Western Australia?
A no-fault insurance scheme for all people who receive catastrophic injuries in a motor vehicle accident.

What are catastrophic injuries?
The Productivity Commission defines catastrophic injury as a “substantial and permanent disability”, for example, a traumatic brain injury, a spinal cord injury and multiple amputations. It found that around half of all catastrophic incidents in Australia were caused by motor vehicle accidents.

Why do we need a no-fault scheme?
Western Australia’s current insurance scheme is unfair – and considered one of the worst in Australia. It is fault based, which means that people who are catastrophically injured in motor vehicle accidents which are deemed to be wholly or partly their fault cannot pursue compensation.

Every Western Australian is required to pay compulsory third-party insurance with their motor vehicle licence. This indemnifies the vehicle owners and drivers in the case they are legally liable for personal injury to another person due to a motor vehicle accident. However, this system does not indemnify vehicle owners and drivers if they or no one else was at fault for an accident.

Do any other States have a no-fault insurance scheme?
Western Australia and Queensland are the only two States which have not introduced a no-fault insurance scheme. A no-fault insurance scheme for catastrophic motor vehicle accidents is a prerequisite for joining the National Injury Insurance Scheme, which will complement the National Disability Insurance Scheme.

Other Australian jurisdictions have different no-fault insurance schemes. New South Wales, Victoria, Tasmania and the Northern Territory have no-fault schemes but provide different degrees of cover. For example, the NSW scheme provides lifetime care and support for catastrophic injuries, while Victoria’s covers all severities of injuries but does place restrictions on the claims for minor injuries.

The ACT Government will usher in its new no-fault scheme on July 1. It will allow pedestrians and cyclists to access the scheme if a registered vehicle is involved in the accident.

Won’t the NDIS cover this?
This system will complement and function alongside the NDIS, which will support people with disabilities caused through other ways.

Western Australia’s inability to introduce a no-fault insurance scheme will leave it with a big bill if or when it joins the NDIS. States without a suitable insurance scheme will be required to pay 100 per cent of the costs of people accessing the NDIS, instead of sharing the costs with the Federal Government.
Who supports a no-fault insurance scheme?

The majority of Australian jurisdictions, as well as National Disability Services WA, the Australian Medical Association, the Australian Physiotherapists Association and the RACWA.

What will it cost?

There are differing estimates, leading the RAC to call for an independent review of the estimated cost.

The Productivity Commission estimated that it would cost $70 million a year, which would add $37 to the cost of registering a car, while the WA Treasury has estimated it would cost $87 to the average third party premium.

The ACT’s new no-fault insurance scheme, starting from July 1, is being funded by a $34 levy on third party insurance premiums.

How do WA’s third-party premiums compare with the rest of Australia?

Western Australian compulsory third-party (CTP) insurance premiums are the lowest in Australia, according to the Insurance Commission of Western Australia (ICWA). As of July 2013, the cost of CTP for private vehicles (not including GST) was:

- WA: $232
- Queensland: $301
- Tasmania: $313
- South Australia: $334
- Victoria: $392
- Northern Territory: $465
- ACT: $527
- New South Wales: $530

In the 2014-15 Budget, the Barnett Government increased vehicle registration, licensing and compulsory third-party insurance (CTP) costs by 12 per cent, according to the RAC. But it is dragging its heels on introducing a no-fault disability insurance scheme.

There were 2.62 million registered vehicles, including 500,000 caravans and trailers, in Western Australia in 2012-13. All owners and drivers of motor vehicles which have been registered in Western Australia are indemnified against personal injury damages claims by third parties injured in motor vehicle accidents.

In Western Australia, CTP is provided by the ICWA and issued with motor vehicle registrations through the Department of Transport.