

NORTHERN TERRITORY OF AUSTRALIA
MOTOR VEHICLES AMENDMENT (COMPENSATION CONTRIBUTIONS)
REGULATIONS 2006

Subordinate Legislation No. 31 of 2006

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NORTHERN TERRITORY OF AUSTRALIA

Subordinate Legislation No. 31 of 2006*

Motor Vehicles Amendment (Compensation Contributions) Regulations 2006

I, EDWARD JOSEPH EGAN, the Administrator of the Northern Territory of Australia, acting with the advice of the Executive Council, make the following regulations under the *Motor Vehicles Act*.

Dated 5 October 2006.

E. J. EGAN
Administrator

By His Honour's Command

S. J. STIRLING
Treasurer

* Notified in the *Northern Territory Government Gazette* on 18 October 2006.

1. Citation

These Regulations may be cited as the *Motor Vehicles Amendment (Compensation Contributions) Regulations 2006*.

2. Commencement

These Regulations commence on the commencement of the *Motor Vehicles Amendment Act 2006*.

3. Regulations amended

These Regulations amend the *Motor Vehicles Regulations*.

4. New regulations 19 and 20

After regulation 18

insert

19. Parameters for compensation contributions

(1) This regulation sets out the parameters for section 47A of the Act.

(2) The Commissioner must ensure an amount specified under section 47 of the Act would, in the Commissioner's opinion:

(a) result in the total amount of compensation contributions payable under that section for each financial year being not less than the sum of the following:

(i) the total amount of benefits payable under the *Motor Accidents (Compensation) Act* for that year;

(ii) the operational costs for administering the compensation scheme under that Act for that year; and

(b) achieve a solvency ratio for the scheme for a financial year that is between 15% and 20% towards the end of a 10 year period starting from the date of the notice for the specified amount under section 47 of the Act.

(3) Subject to subregulation (2), the Commissioner must ensure an amount specified under section 47 of the Act does not increase by more than 10% for each of the 3 years following the date on which it is first specified after the commencement of this regulation.

(4) For subregulation (2)(b), the solvency ratio for the scheme for a financial year must be worked out as follows:

- (a) reduce the total amount of the provision for outstanding claims under the scheme as at the end of that year by the total amount for those claims that is assessed to be recoverable from reinsurance;
- (b) divide the total amount of the net value of the assets for the scheme as at the end of that year by the amount worked out under paragraph (a);
- (c) express the result as a percentage.

(5) For subregulation (4)(b), the total amount of assets for the scheme as at a particular time must be worked out as follows:

- (a) only assets held by, and subject to the control of, the Office for the scheme at that time are taken into account;
 - (b) the net value of the assets is the value of the assets as at that time reduced by the total liabilities for the scheme at that time;
 - (c) the value of the assets must, as far as possible, be worked out in accordance with the Australian Accounting Standards as in force from time to time;
 - (d) assets (whether tangible or not) and liabilities of the Office for its financial and insurance operations must not be taken into account.
- (6) In this regulation:

"Australian Accounting Standards" means the accounting standards made or formulated by the Australian Accounting Standards Board under section 227 of the *Australian Securities and Investments Commission Act 2001* (Cth).

20. Determining compensation contributions

(1) For section 47B(2)(a) of the Act, the material that the Office must have regard to is the most recent report prepared for this regulation by an actuary.

(2) For section 47B(2)(a) of the Act, the Office must have regard to the following matters:

- (a) the parameters in regulation 19;
- (b) the average rate of affordability;

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(c) contributions proposed to be made by the Territory to the scheme (whether in the form of grants or otherwise).

(3) For section 47B(3) of the Act, the Commissioner must have regard to the material referred to in subregulation (1) and the matters referred to in subregulation (2).

(4) For this regulation, the Office may require an actuary to prepare a report on the appropriate level of compensation contributions referred to in section 47 of the Act.

(5) In this regulation:

"average rate of affordability" means 55% of the average weekly adult ordinary time earnings for the Territory published by the Australian Bureau of Statistics for the most recent November quarter.
