

## **Peak Strata Body supports recommendations to fix North Queensland insurance affordability issues**

**Friday 15 January 2021:** Strata peak body Strata Community Association Queensland (SCA Qld) has backed many of the recommendations in the ACCC's final report on insurance in Northern Australia, but says they need to be done right and take industry insight to be effective.

SCA (Qld) has worked very closely with the ACCC over the three-year duration of the inquiry, providing detailed analysis and information relating to the rapidly growing strata sector in Queensland and its complex legislative and regulatory requirements.

SCA (Qld) President James Nickless said he was encouraged by the ACCC's recommendations and its focus on reducing costs through the abolition and re-basing of stamp duties and direct subsidies for premium holders but pointed to further taxation and levy reform across jurisdictions that needs attention.

"We embrace the recommended reduction or abolishment of stamp duty and consideration of direct subsidies to targeted consumers, whether temporary or permanently in place, as they have true potential to save lot owners much needed money, if they are implemented and funded effectively," said Mr Nickless.

"Stamp duties account for up to 10 per cent of the premium price, so when you're looking at the average premium of \$2,500 in North Queensland, that's an immediate \$250 that each consumer in a strata lot could be putting back in their pocket.

"There are many additional taxes and duties that have significant impact on insurance costs, including emergency levies, GST and others, that could also be taken into consideration for their impact and worked through with industry," he said.

Mr Nickless said the release of the report was another step in the long process to deliver better outcomes to strata communities in North Queensland.

"We have been working hard on identifying potential solutions since affordability and availability issues really intensified in the last few years, and we will continue to use our strong industry voice and our expertise to push for consumer interests," said Mr Nickless.

"We have consistently heard stories of consumers in North Queensland saying their choices are very limited when they try to choose policies and insurers and while this did not receive as much attention in the final report and its commentary, we will be highlighting the issue in our advocacy efforts.

"We are aligning our Queensland specific actions with the recently established SCA National Strata Insurance Taskforce, who are undertaking parallel advocacy activities throughout 2021.

Mr Nickless said SCA (Qld) and the strata industry are looking forward to working with government and regulators on the issues specific to strata insurance such as

body corporate manager remuneration for their work on insurance matters for bodies corporate.

“Strata managers are critical to keeping the consumer informed, sourcing insurance policies, negotiating terms and conditions, processing claims, renewing policies and filing reports and updates based on building repairs and maintenance.

“What we want from government is a system and reform based on evidence that recognises and promotes the value that strata managers bring in providing the consumer with detailed information and performance that guides them towards good consumer outcomes,” he said.

“Body corporate managers are professionals who act on behalf of the body corporate and their contribution to organising and resolving insurance matters is of value to bodies corporate and has to be acknowledged,” Mr Nickless said.

### **Other recommendations**

In addition to the headline issues of direct subsidies, stamp duties, availability and the role of strata managers, there were significant recommendations that affect the strata industry, including:

- Recommendation 17.1 – to standardise the definitions of prescribed events to enable greater certainty for consumers and comparability of products. This recommendations would assist in defining “storms” and giving strata communities certainty about what they are covered for.
- Recommendation 3.2 – Giving governments further options within stamp duty reform should they not abolish and choose to re-base instead, for example regional subsidies.
- Recommendation 13.1 – Expansion of the Australian Building Codes Board to include property protection measures which will then have the potential to bring down premiums.
- Recommendation 16.1 – to extend and expand the North Queensland Strata Title Inspection Program which provides an opportunity for bodies corporate to identify deficiencies in their scheme that if repaired could make the scheme more resilient to weather events.

### **Quick stats and facts from the ACCC Final Report**

- Since 2011, non-insurance rates have increased in Northern Australia by between 7 and 9 per cent.
- Since 2011, 178 per cent increase in premiums in Northern Australia versus 52 per cent elsewhere.
- Northern Australians \$2,500 premium versus national average \$1,400.
- Northern Australians paid \$79.6 million in stamp duties in 2018-19.
- Between 2007 and 2012, strata insurance premiums in North Queensland had increased by over 300%.

For more information about strata living, visit the [SCA \(Qld\)](https://www.strata.com.au/strata-living) website.

**ENDS**

## About Strata Community Association (Qld)

[SCA \(Qld\)](#) is the peak association supporting the state's strata sector, with more than 1,200 individual and corporate members who help oversee, advise, and manage a collective sinking fund balance of \$1.02 billion.

The association brings together people who manage strata schemes, own units or live in strata communities, and those who provide products and services for schemes. We also provide education, advice, and advocacy to enable better understanding of the regulations, obligations and owner's rights.

Strata Community Association (Qld) members represent 312,000 of the 500,000 lots in Queensland. SCA (Qld) was founded in 1984 as the Body Corporate Manager's Institute Queensland (BCMIQ), subsequently joining the other leading state and territory strata institutes in creating a national organisation. Aligning branding since 2002 we now are known as Strata Community Association (Qld).

**Media inquiries: Contact SCA (Qld) Executive Officer Katrin Watson on 07 3839 3011.**