

State's Peak Strata Body Backs Suncorp, Industry and MP Calls to Axe Insurance Tax

Thursday 22 April 2021: The Queensland Government has an historic opportunity to provide relief to anxious, frustrated and vulnerable North Queensland strata homeowners and residents by slashing burdensome taxes on home insurance.

This week Suncorp became the latest high-profile organisation to call for an abolition or reform of stamp duties and taxes on insurance products, joining the Local Government Association of Queensland (LGAQ), the Insurance Council of Australia, elected officials including mayors, Queensland and Federal MPs, the Assistant Treasurer and Housing Minister Michael Sukkar and the Australian Competition and Consumer Commission (ACCC).

With taxes, duties and levies accounting for anywhere between approximately 20 and 40 per cent of final insurance policy costs, a 178 per cent increase in premiums in Northern Australia since 2011 and premium averages in Northern Australia of \$2,500 versus only \$1,400 in the rest of Australia, James Nickless, SCA (Qld) President said the time for action is now.

"The time for investigation is over, and the time to take an axe to stamp duties, taxes and levies is now," 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. And that's just the stamp duty.

"We embrace and commend the calls from large insurers such as Suncorp, industry bodies and from all levels of government representing people living in strata communities in North Queensland.

"The Queensland Government has the true potential to save apartment, townhouse and strata communities owners and residents a great deal of anxiety and money if they act now," said Mr Nickless.

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 and Mr Nickless said stamp duties were not the only item government could action to provide relief to consumers.

"Taxes, duties and levies tackle the affordability issue, but they do not address the incredibly serious and parallel issue of availability," 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 has not received as much attention so far as affordability issues, we are working very hard to raise the profile of this aspect of strata insurance.

"Many of the voices who have spoken out for strata communities in North Queensland have reiterated calls for a reinsurance pool to support availability and the market, or at least a feasibility study, and SCA (Qld) strongly supports these calls.

"We approve of short-term, targeted measures by governments such as subsidies to provide relief as long as they are well-considered and do not stand in the way of adequate long-term reform.

"As an industry we are committed to disclosure and transparency to increase consumer confidence and understanding in strata insurance products," said Mr Nickless.

Quick stats and facts about North Queensland and Northern Australia Insurance

- 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) 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 507,000 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