

Question on Notice

No. 799

Asked on 17 August 2022

MR D JANETZKI ASKED TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

With reference to the ACCC's recommendations from the Northern Australia Insurance Inquiry—

Will the Treasurer advise what actions have been taken to implement each Queensland Government related recommendation (reported separately by recommendation)?

ANSWER:

The vast majority of the ACCC's 38 recommendations relate to matters within the responsibilities of insurance industry participants or the Australian Government. This reflects the fact that the key policy levers to influence insurance premiums sit with the Australian Government, given its responsibility for regulating the insurance industry.

There are five specific findings that solely relate to state and territory governments, these include:

- Prohibit strata managers from accepting payments in relation to arranging strata insurance other than those agreed to, and made by, their body corporate;
- Abolish stamp duty on home, contents and strata insurance products; or
- Re-base stamp duty to be levied on sums insured rather than on the premium level, and use stamp duty revenue for affordability and mitigation;
- Consideration of insurance affordability and availability under existing planning objectives and provide guidance to planners on how to do so; and
- Implement measures to prompt consumers to investigate insurance costs when they are considering purchasing real estate.

More importantly, the ACCC report highlighted that investment in mitigation can sustainably reduce insurance premiums. Accordingly, the Queensland Government has also been taking action through initiatives such as the \$65 million Queensland Resilience and Risk Reduction Fund, \$100 million Queensland Betterment Fund, and \$41.5 million Household Resilience Program.

Successive State Budgets have built on the Queensland Government's prior action.

The 2021–22 Queensland Budget included \$20 million for a 2020–21 Betterment Fund to improve resilience of infrastructure to future disasters, as well as \$10 million for the North Queensland Mitigation program to administer grants to local governments for disaster mitigation initiatives.

The recent 2022–23 Queensland Budget provided a further \$20 million over two years to extend the successful Household Resilience Program to its third phase.

Phases 1 and 2 saw a total of over 3,500 North Queenslanders receiving a grant, and these recipients were able to negotiate around a 9 per cent premium reduction on average.

The Queensland Government has also made a range of legislative changes to strengthen insurance disclosure arrangements for strata managers and in sales of lots in community title schemes.

The Queensland Government regularly reviews insurance duty and stamp duty, factoring in a range of social and economic considerations.

The State Planning Policy provides clear and comprehensive guidance to planners about natural hazards, risk and resilience. Land use planning provisions are one component of guidance provided to planners, other strategies including building controls.

While the ACCC report made a broad range of recommendations, the previous Australian Government has prioritised a reform, establishment of a reinsurance pool, that was not one of the ACCC's 38 recommendations.

The \$10 billion Reinsurance Pool commenced on 1 July 2022. The modelling report commissioned by the previous Morrison administration, and publicly released by the newly elected Australian Government, shows overall savings for Northern Australian insurance policies are in the order of 15 to 20 per cent.

The Queensland Government's submissions to the Reinsurance Pool Taskforce has highlighted the importance of ensuring insurers pass on any savings to consumers. The Queensland Government will be closely monitoring the effectiveness of this initiative in delivering lower insurance premiums for residents and businesses in North Queensland.