



16 January 2012

Mr Graham Perrett MP
Chair
House of Representatives Standing Committee on Social Policy and Legal Affairs
PO Box 6021
Parliament House
CANBERRA ACT 2600

By Email: spla.reps@aph.gov.au.

Dear Mr Perrett

Thank you for the opportunity to make a submission to the Committee's Inquiry into residential strata title insurance ('the Inquiry'). As the peak organisation representing the building and construction industry in Queensland, Master Builders has an interest in the issues being examined as part of the Inquiry.

Master Builders is aware that the availability and cost of residential strata title insurance is becoming an increasingly important issue, particularly in the northern areas of Queensland. An inability to secure reasonably priced strata insurance will make dwellings within a particular building considerably less desirable for existing and potential owner-occupiers and investors.

There is a very real risk that this could adversely affect the viability of residential strata title developments in these areas, which would make it difficult to achieve local & State government population targets (set out in regional plans); as well as limiting the diversity of housing stock, with detached dwellings being built in preference to strata titled attached dwellings. (A diversity of dwelling types is essential to ensure that land use is optimised and the housing needs of residents are adequately met.)

While Master Builders considers that it is critically important that the availability and affordability of strata insurance are addressed, we unfortunately do not have a solution. Certainly, it is important that governments and insurers work together to ensure that the risks associated with flooding and cyclones can be accurately assessed on an individual property basis (rather than by suburb or postcode) and priced accordingly.

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Governments, developers and builders also need to work together to ensure that new developments are appropriate and that the design and materials used in construction minimise the risk of damage from flooding. In some instances there is, arguably, a need for an insurer of ‘last resort’; however, we would note that this may give rise to issues of moral hazard and equity.

I trust that these comments are of assistance in your consideration of this matter.

Yours sincerely



Paul Bidwell
Director – Housing Policy