

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2015 - 2016

Department/Agency: Treasury

Question: AET 59

Topic: 2014-15 Budget Measure strata engineering title assessment

Reference: Hansard page no. 97 - 10 February 2016

Senator: McLucas, Jan

Question:

Senator McLUCAS: No, I am talking about the \$12.5 million for the strata title engineering assessment. My understanding is that Queensland has submitted a proposal for that money. Is that correct?

Ms Quinn: I am happy to take it on notice, to the extent that I can share. There have been discussions back and forwards, but there is no agreement at this stage.

Senator McLUCAS: So there is no resolution to this point in time. Let me go back in time. This is a measure that was announced in the 2014-15 budget. Its intent was to provide engineering assessments to strata title blocks of flats and units that would allow them to say to their insurers, 'You can decrease my insurance cost because I have this engineering assessment.'

Ms Quinn: Yes, to provide information about a building's sustainability and susceptibility to different weather damage and ways to make the property more resilient, which has the potential for altering insurance premiums.

Senator McLUCAS: In the lead-up to the 2014-15 budget, what negotiations did you have with the then Queensland government about questions like: is \$12.5 million enough; how many assessments will that fund; is this the right measure to do the intent of this policy? Tell me what happened prior to the 2014-15 budget in terms of negotiations with the state government around designing the policy?

Ms Quinn: I am happy to take that on notice. There were a series of reports with the James Cook University in particular, which we have talked about previously at estimates, looking at the design of the scheme and how that would work. In that process, there was consultation with a range of stakeholders, including the insurance industry and building contractors and the rest. So there was analysis in that process. I am happy to take on notice information between the Queensland government. I have not got that available with me here.

Senator McLUCAS: I do not know what the stumbling block is. I am happy to hear what it is. I am trying to work out whether we did the work to predict that we would not hit this stumbling block prior to the 2014-15 budget.

Answer:

There were meetings between the Federal and the then Queensland Government which discussed a range of actions to be implemented regarding insurance affordability. This included the development of a programme of engineering assessments for strata properties in North Queensland to identify risks to property that can be mitigated

(<http://statements.qld.gov.au/Statement/2013/11/29/joint-statement--joining-forces-to-drive-down-insurance-costs>).

Since then, Treasury has been liaising with the Queensland Treasury, and the Queensland Department of Housing and Public Works to develop an agreement to implement the assessments programme. An agreement has not been reached.