



Insurance Council  
of Australia

3 September 2025

Queensland Productivity Commission  
Opportunities to Improve Construction Industry Productivity Inquiry  
Via email  
<http://www.qpc.qld.gov.au>

Dear Commissioner

Thank you for the invitation to provide a submission on the Queensland Productivity Commission's draft report 'Opportunities to Improve the Productivity of the Construction Industry'.

The Insurance Council notes the Interim Report attributes slow productivity growth to growing regulatory burdens and poor procurement practices, and in that context, the Commission proposes a reform program to improve productivity across four key areas.

- Reforming procurement
- Improving land use regulation
- Improving the regulation of building activity
- Improving labour market operation

The Insurance Council is pleased to provide feedback across these four areas to help support a more prosperous and productive building industry in Queensland, noting that the recommendations in our submission are consistent with our recent report [\*A Stronger Queensland – Policy Recommendations for the next Queensland Government\*](#)

## **Reforming Procurement**

It is important to generate incentives for investment, innovation and efficiency across the construction industry by creating a fair and sustainable taxation system. The Insurance Council contends this review should support a greater alignment between taxation and productivity goals by removing distortions in the market. This commitment to reform should extend beyond land and property taxes to inefficient insurance taxes.

General insurance premiums in Queensland are subject to nine per cent stamp duty every year (increased from 7.5 per cent in 2013) which is calculated after the GST has been applied. Queenslanders are projected to pay \$1.7 billion in stamp duty on insurance in 2024–25, up from just over \$1 billion in 2019–20. In 2024–25 this will be equivalent to \$265 for every Queensland resident. In the past five years alone the Queensland Government has collected \$6.4 billion in stamp duty from insurance customers. According to the Actuaries Institute, \$633 of the median Queensland home insurance policy of \$3,815 is tax.

Abolishing stamp duty would reduce premiums by approximately eight per cent and encourage greater take-up of insurance across the residential market which is critical to supporting investment and creating a more sustainable long-term property market.

## **Recommendation 1 – Abolish the nine per cent stamp duty tax on general insurance premiums**

## Improving land use regulation

The interim report points to a number of proposed changes to planning approval processes to boost supply, increase densification and speed up planning processes. While the Insurance Council supports measures to improve land use regulation to meet the housing needs of a growing population, we caution policy makers to avoid locating future homes in high-risk areas.

Too many homes in Queensland are in the direct line of flood, bushfire, cyclone, or at risk from the sea, because at the time of planning and approval not enough account was given to the extreme weather risk.

Reform of land use practices across Australia is critical to reduce extreme weather risk. Without reform, the lowest cost option will often be for these homes to be built in higher risk areas, putting more people in harm's way, increasing the cost of future disasters and putting upward pressure on premiums for all policyholders.

The Insurance Council encourages a risk-based approach to development in Queensland to ensure that any potential housing development in areas prone to extreme weather events, particularly flood, is not permitted. And, in areas subject to high risk, stronger building codes and standards are employed and/or adequate resilience infrastructure built.

**Recommendation 2 – Review land use planning arrangements to take into account current and projected extreme weather events, and ensure areas of zero-risk and low-risk are prioritised for future development.**

## Improving the Regulation of Building

The Insurance Council notes the Productivity Commission's position that there is a strong case for Queensland to opt out of changes to the National Construction Code (NCC), where a net benefit has not been demonstrated. We acknowledge the Commission's arguments that Queensland should opt out of the recent NCC reform proposals in relation to energy efficiency and accessibility standards.

However, the Commission should be aware that Australian homes and businesses are not built to withstand the disasters we are currently experiencing today, let alone the worsening disasters of the future, already costing Australians an average of \$1,500 a year<sup>1</sup>.

To address this, insurers have long advocated for the National Construction Code to be amended to require that new homes are built to stronger standards which make them more resilient to the impacts of bushfires, cyclones and floods. This reform could save our economy an estimated \$4 billion a year.

Analysis undertaken by the Centre for International Economics (CIE) for the Insurance Council has found that strengthening the NCC to require that new homes are made more resilient to extreme weather could save an estimated \$4 billion a year, comprising an estimated \$2 billion per year for cyclones, \$1.475 billion per year for floods, and \$486 million per year for bushfires. The costs which

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<sup>1</sup> [New research shows every Australian pays for extreme weather - Insurance Council of Australia](#)

CIE examined included costs associated with rebuilding or repairing damaged buildings and costs associated with replacing and repairing home contents<sup>2</sup>.

The ICA acknowledges the importance of tackling Australia's housing shortage and the need to ensure the construction of new homes is streamlined, but this must strike a balance to ensure that new builds aren't locking in future risk, at the expense of community resilience to worsening disasters. Insurers stand ready to collaborate with all levels of government to ensure we build affordable, stronger homes that better protect our most vulnerable, including the Queensland Government. Failing to do so will cost productivity and the Queensland economy over the longer term.

**Recommendation 3 – The Queensland Government is encouraged to engage with industry groups, including the insurance industry, to examine practical measures to enhance the resilience of Queensland's future housing stock, including considering the role of future codes and standards.**

The 2018 Building Confidence Report found that compliance and enforcement systems associated with new buildings have not been adequate to prevent problems associated with apartment (particularly high-rise) construction from emerging. It also suggested that oversight by licensing bodies, State and Territory regulators and local governments can be weak due to inadequate funding or a lack of skills and resources to undertake effective enforcement.

These challenges put consumers under public health and safety risks and have likely contributed to the increase in building defects. Building defects that are not rectified in a timely manner or left entirely unaddressed can leave communities vulnerable at times of crisis, but concern also exists that it may lead to insurance challenges in the future.

The Australian Construction Industry Forum's review of progress by governments to implement the Building Confidence Report recommendations found there is still significant work to be done to implement the remaining recommendations, including enhanced education and training of building practitioners, greater rigor in the certification of design and construction, and improved auditing and enforcement of non-compliant work.

The Queensland Government should be encouraged to undertake its own review of the implementation of the Building Confidence Report to ensure it adequately addresses the report's outstanding recommendations and considers further uplift and reforms.

**Recommendation 4 - Improve general safety and quality of buildings and repair works through pursuing remaining recommendations from the 2018 Building Confidence Report and surge projects to support the rectification of serious defects**

The Insurance Council supports the removal of dangerous cladding and insulation in identified high-rise buildings in Australia to reduce risk to Australian business, home-owners and tenants.

The industry encourages building owners to work closely with their insurer to ensure that the identification and evaluation process for the building, including those engaged to undertake the evaluation process, will be considered sufficient for ongoing underwriting of the building.

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<sup>2</sup> [Resilience, durability and the National Construction Code — The CIE — Boutique Economic Consultancy | The Centre for International Economics](#)

A number of jurisdictions have allocated resources to fund the rectification of government owned buildings, and to support the rectification of private properties deemed to be of extreme risk.

In 2019, the Queensland Government established the Safer Buildings Taskforce to oversee the ongoing assessment and rectification of combustible cladding materials on Queensland buildings and to provide advice to the Minister on the need for a legislative framework to compel rectification of buildings affected with combustible cladding if necessary.

The Taskforce ceased on 30 June 2023 and the Department of Housing, Local Government, Planning and Public Works is continuing this work.

The Insurance Council understands the government is currently considering the outcomes of the Taskforce's consideration and its recommendations relating to private buildings.

**Recommendation 5 - Introduce a program to encourage and support combustible cladding rectification work, similar to programs established in New South Wales and Victoria**

**Improving labour market operation**

As extreme weather events increase in scale and impact, it has never been more important to ensure we have a sufficiently skilled workforce who can be deployed in the aftermath of disasters. The industry requires a flexible and efficient deployment of workers to undertake necessary repairs and help people get back into their homes quickly.

The Insurance Council is engaging with Queensland authorities on Automatic Mutual Recognition of qualifications to ensure the rapid on-boarding of interstate and trans-Tasman surge workers when Queenslanders are most in need.

The Insurance Council therefore welcomes the Productivity Commission's interim finding that where occupational licensing is justified, it should not impede the movement of workers between.

In this context, we also support increased harmonisation and recognition of interstate licences to facilitate the efficient movement of construction workers from other jurisdictions into Queensland to close emerging skills gaps.

**Recommendation 6 – Support automatic recognition of interstate trades to support a more responsive workforce after an extreme weather event**

Thank you for the opportunity to provide input to the Productivity Commission's review. We would be happy to discuss our submission with you in further detail to assist the Commission if required.

Yours sincerely



**Andrew Hall**  
Executive Director and CEO