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# Federal government must lead on building insurance crisis, PCA says

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Federal Industry Minister Karen Andrews must stop the "intergovernmental merry-go-round" over the building industry's insurance crisis that is triggering wildly varying responses from different states and threatens to stop development, the Property Council of Australia says.

Ms Andrews, who says it was up to states [to fix the problem](#) that is stranding many building industry consultants without professional indemnity insurance - and hence, in breach of their registration requirements - had to lead a nationally consistent response to the fix combustible cladding, underwrite rectification costs and make much-needed regulatory changes, the country's biggest property lobby group said on Friday.





Federal Minister Karen Andrews must lead: Property Council chief executive Ken Morrison. **Ryan Stuart**

“First and foremost, the federal government now needs to play a leadership role and bring together all state and territory governments as matter of urgency to deal with the looming insurance crisis, as well as commit to deliver on the Shergold-Weir recommendations,” property council chief executive Ken Morrison said.

“Public confidence in the built environment, not to mention the hundreds of thousands of jobs supported by building and construction, demand this level of action from our governments”.

The exit next Tuesday from the Australian market of the last insurer willing to issue PI policies free of cladding claim-related exclusions gives the country's building certifiers and surveyors, as well as fire engineers and architects, no way to renew their registration and abide by state requirements for unencumbered policies to protect them and their clients.

The loss of a handful of consultants, who play a continuous role in approving projects as they progress, is raising the concern of banks who lend to many of the projects and state governments - who are responding in wildly different and uncoordinated ways.

NSW on Friday said it would allow building certifiers to temporarily continue practising with cladding-related exclusions on their PI policies, a stance already adopted in SA. Victoria this week said it would step in as underwriter of last resort, but premier Daniel Andrews said the federal government had to play a role also.

"Frankly, I think that the national government should be part of this," Mr Andrews said.

"I think this is a national issue. Nothing the Victorian government will do will deal with this in any state other than Victoria and there is some, perhaps, doubt depending on what we did, whether we'd be 100 per cent successful."

Ms Andrews on Friday said states and territories needed to commit to a national response to the insurance crisis and towards adopting recommendations of the Shergold-Weir Building Confidence report, rather than announcing their own "piecemeal" strategies.

"At the last [federal-state meeting of building industry ministers] in February the states rejected my offer for the Federal Government to fund a dedicated, national taskforce to work in conjunction with the states to implement the recommendations," she said.

"I will again offer that at the next BMF in July, as I push for national consistency to restore confidence in our built environment."

The sector itself is suffering, as practitioners face the loss of clients and revenue. The Australian Institute of Business Surveyors gave its members the numbers of Beyond Blue, Lifeline and Black Dog Institute in a communique earlier this month, as it warned that the crisis was creating mental health risks for practitioners.

"There's a level of desperation among the members that are contacting us," AIBS chief executive Brett Mace told *The Australian Financial Review* this week.

"Before there might have been conditions that made it more difficult to operate in, but now you're talking desperate situations with on impacts on family, on businesses and the like. It's affecting people's livelihoods."



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