

16 January 2012

TO whom it may concern,

I wish to include this in your submission into Body Corporate insurances.

My partner and I manage a 4-star holiday complex on the fringe of the Cairns CBD. The complex is of a solid concrete block construction with a metal roof, built to cyclone standards. We were blessed to have had no insurance claims as a consequence of Cyclone Yasi nor any other serious weather event in 2011. However, our body insurance premium went up by over 600% in 2011. This was also exacerbated by our body corporate failing to include the appropriate costs in the previous years fees. All the unit owners were appalled when they received the notices as indeed we are. This puts a financial strain on all unit owners both investors and owner occupiers alike. This level of fees severely impacts the cash flow and profitability of our Management rights business. We had weathered the storm of the global financial crises ,impacts of volcanic ash clouds and the strong Aussie dollar, but this is the last straw. My health has been affected adversely as well.

When I queried this insurance cost, I was told that there are only 3 insurance companies insuring strata-title complexes in Far North Queensland. Then we found out that if we changed our body corporate a portion of the insurance premium could be refunded but the commission paid to the body corporates is not refundable. This is clearly wrong as encourages body corporates to rob the customers they are meant to be servicing. Where is the accountability?

Since the notice was received 6 unit owners made desperate attempts to bail out of their units and to-date 2 units were sold to owner occupiers but 1 contract may fall through. With investors leaving the market in droves, management rights owners like us will go out of business. FNQ could end up with many vacant complexes as there has been in other Australian cities e.g. Melbourne when governments did not have clear long term vision for the future. It is hard to believe that the government can sit on its hands and allow greedy companies consume small businesses by not taking a stand to stop the collusion of insurance companies and body corporates. All the hype about helping small businesses is just hot air. And this will hurt Australia in the long term as many small business fail as a consequence and our children will be less likely to embrace small business after watching us drown in debt. We bought this business so we could retire comfortably but now many of us will end up on social security.

I trust somebody in government gives a damn for the little Aussie battler who wants to make it on their own. Instead of giving in to greedy insurance companies sending us broke.

Yours sincerely

Anne Burger