



Friday 13th January 2012

To: Secretary , House Standing Committee on Social Policy & Legal Action

Re: Inquiry Into Residential Strata Title

As Investors in Residential Complex's and Holiday Letting Apartments in Cairns, we submit that Government intervention into the cost of residential strata insurance market should occur without delay.

Our reasons are;

1. The insurance premium in our Residential Complex is 2.3 times the amount that we paid in November 2010.
2. The premium was kept at 2.3 times only by much research and by local brokers accepting less commission to offset the cost to keep clients.
3. Again the premium was haggled over with just 2 companies that would even provide a quote and this is without Flood Cover.
4. The property is valued at over \$20 million for full replacement value as required by the new law. This in return reduces the amount of companies we can deal with through a broker as a Body Corporate Committee.
5. With a little research as our properties vary in location, it seems that there is no data to suggest that any one building or even one building has been decimated to the point of having to rebuild the entire property or suburb for that matter. No account has been taken of high risk area's or suggestion as to 'why' a full rebuild cover is viable or required for all strata titled buildings to have this level of cover.
6. The effect of the increase is causing both young and old to sell their properties in complex or multi-story buildings. Housing for rental is limited and rental properties in general are costly, even prior to this insurance error.
7. Also noted; Stamp Duty' percentage has increased, which in turn, again is Adding to the total cost.
8. Investors are leaving the market again after a brief return, again limiting the amount of property for rental.

In summary,

Government intervention is required in all levels to make high density living in complexes and multi-story buildings affordable. These environments also suffer from high end council fees where most of the facilities are not provided but are covered by in the body corporate fees. With rising council fees and insurance set by various government levels on and across the board with no real data figures for Southern or Northern homeowners to asses any real and genuine research explaining the doubling of costs in Insurance.

As the residents a multi strata title scheme receive all maintenance and care from the The Body Corpoate and complex's are managed on their grounds, with all due care for cyclone and wet season being a priority. Again, there is no data to suggest that any of the complex or multi-story buildings requiring insurance payouts for damage. Although there is a damage bill for one or two small towns that have been severely damaged, it would not warrant 2.5 times the original fee from the previous year to help recover damages.

It is a priority for Government to step and change this act as there will not be any one to live in Queensland that can afford the Insurance and therefore the banks also suffer as homeowners and investors will leave eventually in Queensland. In turn, insurance will destroy tourism as many multi-story apartments are rented for holiday makers throughout the year.

There must be Government regulation in the industry of Insurance and local councils to stop the loss of homes under Body Corporate Schemes.

Debra Cavallaro

Trustee

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