

To Whom It May Concern;

I write with reference to the government inquiry into escalating strata costs with specific reference to my partners investment property held in Queensland:

Unit [REDACTED] Port Douglas QLD 4877 owned by [REDACTED]. The property is a two storey town-house in a small complex of 8. It is not a resort, it is a residential property and was our first owned home until we left the area in 2010. Due to price drops we chose to hold the property as an investment to avoid a capital loss.

Port Douglas has been undamaged by cyclones in the region for the entire period we have owned this property from 2005. Also the property has never flooded, but lower lying areas of Port Douglas have.

The body corporate fees on this property were already a staggering \$3200 per annum, on top of rates of \$2,200.

Attached is the original [REDACTED] insurance policy on the complex paid in 17/09/2010 which the premium was \$5,726.51.

Attached is the updated [REDACTED] insurance policy on the complex which we did not proceed with, where the premium came to \$18,417.25, a 321% increase in the insurance cost.

Page 2 illustrates the options given to us by the body corporate managers, who had shopped around, the cheapest being Strata Unit Underwriters which we took, but the cost was still over double, who knows what it will be next year. This increased our body corporate fees to \$4000 per annum.

On a property with a \$250 per week return, more than half the rent after agents fees are deducted, goes towards rates and body corporate, leaving just \$5720 per annum to put towards the interest rate repayments we have on a \$250,000 mortgage.

Any assistance the government can give to the floundering insurance industry would make a massive difference to returns, property values, and confidence to buy in the area. No first home buyer wants to buy a property where there is \$120 per week in body corporate and rates. QLD costs are ridiculous.

Further to this, I may add, that I tried without luck to obtain a quote through [REDACTED] [REDACTED] who were at the time reputed to offer the cheapest rates. It took me no less than 12 phone calls to get a hold of the local insurance rep for FNQ (the whole region had one rep) who was run off his feet. He said most of the funders that insurers used were offshore, and had pulled out of the Australian market after the cyclones and floods, but that as this wasn't a resort complex, he could probably assist. Weeks later he informed me that he was unable to quote on the properties in Port Douglas at this stage. A copy of this email is attached. After conversing with our BC managers "The community Managers" they advised that there was limited options for insurance premiums as not many were insuring strata's anymore, and that it would be unlikely to find another insurer to use.

At this point we swallowed the pill, and took a hit on another property in Cairns, which I will email the details of separately.

Yours Truly,

Elizabeth Wilson

Mortgage Broker



Rookie of the year 2008 - WINNER Australian Mortgage Awards

Young Gun of the Year 2008 - WINNER Australian Mortgage Awards

Rookie of the year 2007 - WINNER Astute Recognizing Excellence Awards

