

Ms M.C. MacLennan

11 January 2012

Committee of
House of Representatives for
INQUIRY INTO RESIDENTIAL STRATA TITLE INSURANCE

The affordability of residential strata title insurance is threatening the viability of unit ownership in Far North Queensland.

I am the owner of a holiday rental unit in [REDACTED], North Queensland, which has turned from a rather modest investment into a total nightmare. The rental margins were always modest, but the investment was intended to bring an increased capital gain as I neared retirement.

I am on a minimal income and this investment has become a deadweight. The value of the property has halved in the last three years because of the global financial crisis and the high Australian dollar. The Cairns council rates, unfortunately, have not reduced accordingly. Now, insurance will become intolerable. Many owners like me will be forced to sell at a major loss.

I urge the committee to investigate the sustainability of increased strata title insurance on owners who are on pensions or limited incomes because the cost of insuring properties in body corporates is becoming prohibitive.

The committee must investigate the magnitude and causes of strata insurance pricing to determine whether it is justifiable for the government to intervene to address the affordability and accessibility of insurance in the residential strata title market.

Yours sincerely

Marion C. MacLennan

[REDACTED]