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STRATA PROPERTY LEADERS FURIOUS

NEW INSURANCE PREMIUM SET TO HURT OWNERS' HIP POCKETS IN

OVERNIGHT CHANGES TO THE HOME WARRANTY SCHEME DESCRIBED BY STRATA BOSS AS 'TAXATION BY STEALTH'

Thousands of apartment and unit owners in _____ are set to see prices skyrocket for simple works around their property, after a new State Government driven insurance premium was announced and brought into effect late last week – without any consultation or prior warning.

State strata industry leaders are furious as strata communities are hit with higher premiums than single houses.

Changes made to the Home Warranty Scheme, overseen by the Queensland Building and Construction Commission (QBCC) mean that building works undertaken by contractors over the value of \$3,300 will now see a premium applied on top, making it harder to afford necessary repairs and maintenance.

The new premium applies to all detached houses and all strata communities 3 storeys or smaller, which equates to the vast majority of the 442,000_ lots throughout Queensland.

The changes have been brought in as a solution to the problem of some contractors failing to rectify poor work, and the decision to not consult with industry groups and drop the changes seemingly overnight has been branded "taxation by stealth" by strata property leaders.

Strata Community Australia (Qld) is the peak industry body for Body Corporate and Community Title Management in Queensland and President Simon Barnard says the concept of hurting owners in the hip pocket to address the problem of some contractors refusing to rectify issues is completely back to front.

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“The new premium announced is a wolf in sheep's clothing, because for all intents and purposes it is a new tax for the benefit of collecting more revenue.”

“Hurting owners in the hip pocket for the mistakes of others is not the way to go, and we fail to see how paying extra for works is going to benefit the countless owners who won't need works rectified.”

“The reality is that a great majority of the funds collected won't go towards seeing defects or issues rectified, and that by definition is revenue raising.”

Mr Barnard says maintenance in a strata community isn't a small exercise, with communities up to 3 storeys often housing as many as 20-30 occupants, and additional costs for works will see many struggle to raise funds.

“In a calendar year, strata communities set monies aside for tasks like painting, repairing common areas and maintaining pool sites but with prices set to rise, we're concerned maintenance and repairs will be seen as an unnecessary expense and luxury.”

“We already struggle in some regions where owners can't afford the upkeep of their communities which contributes to the demise of strata titles.

“We don't understand why strata community repairs impose a higher risk. The new scheme calculates the premium on a per lot basis. In many instances this will increase the cost to unit owners by several thousands of dollars.

“It is unreasonable to have a premium for repairs on common property multiplied by the amount of units.

Instead of protecting owners from dodgy contractors, the new premium could see more communities exposed by their inability to regularly maintain their community in accordance with best safety practices, and that introduces a major insurance concern if something was to happen to the property, Mr Barnard said.

Mr Barnard says the rushed manner in which the new premium was brought in means that anyone holding a contract for works drawn up prior to the 28th of October will now have to tear it up, and go get a new one in accordance with the new scheme.

“There are so many ways that this new premium will catch owners off guard.”

“Without warning, works they had scheduled will need to be requoted, levies in their community will rise and bodies corporate will unfairly be accused of price hiking, all because of a rushed, ill advised plan to raise revenue.”

Mr Barnard says there is a reason why industry groups are regularly invited to consult on major pieces of reform, and he hopes to see the State Government and the QBCC reach out to those able to provide some perspective from the property stakeholder's view.

“For a change with such impact in particular to strata schemes who pay the premium per lot and therefore much higher amounts, we are at a loss why there wasn't any consultation.

“This has the potential to impact on property values long term when repairs are put off, causing higher damage later down the track.

“Like the ongoing property law review in Queensland, regulatory changes benefit from industry consultation for the benefit of the everyday person being represented, so as to weed out any major impacts on their day to day life.”

“As has been previously highlighted, that is exactly what this scheme change will mean for strata property owners in _____ and we are seeking meetings with the relevant figures to see this amended.”

ENDS