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# Gold Coast body corporates shocked by secret government changes to cover building repairs

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Paul Weston



Gold Coast body corporates shocked by secret government changes to cover building repairs for lower high rises.

THOUSANDS of Gold Coast apartment and duplex owners will see their insurance premiums skyrocket for simple repairs following changes by the State Government.

Strata Community Australia, after crunching the figures, predicts unit owners will pay up to 230 per cent more than house owners for Home Warranty Scheme cover for minor building work.

The changes target small lot owners — duplexes and unit blocks of up to three storeys — affecting the budgets of almost 35,000 complexes across the State, most of them on the Glitter Strip.

While the changes were designed to protect consumers against dodgy builders, the Government is under fire for not consulting body corporates and multiplying the fees for unit complexes. Body corporate committees which had obtained contracts from tradies for residents before October 28 now need to get new quotes.

SCA Queensland president Simon Barnard told the Bulletin: "There are so many ways that this new premium will catch owners of f guard.

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

Under the formula released by the government, SCA calculates that a single lot premium to cover \$120,000 in repairs will be \$653.55. But a body corporate with 24 units, under the new formula developed by the government, will pay \$4300.80 in insurance fees.

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Former Q1 body corporate committee treasurer Ken McCarthy , who heads up a Coast community titles reform group, was stunned to learn of the changes.

“It is no small coincidence that the insurance premium ranges from 5.2 per cent for a contract worth \$3300 to only 0.56 per cent for a contract worth \$239,000,” Mr McCarthy said.

“As the government would know for a small complex, spending \$239,000 on a single contract would be the exception not the rule.

“Therefore the government hopes to capture the maximum revenue from small contracts.

“This is poorly thought out legislation.”

Housing Minister Mick de Brenni said the changes had been forced on Labor by legislation passed in 2014 by the previous LNP government.

“Our government delayed implementation of the changes from 2015 to October 2016 after industry requested more time,” he said. “I believe that the operation of the Queensland Home Warranty Scheme often does not meet community expectations and is in need of a thorough review.”

The QBCC as the industry’s peak body maintained the changes to the Home Warranty Scheme were made after an inquiry by a parliamentary committee, that the cover had been expanded and “many premiums will go down under the changes”.

The vast majority would be within \$70 of the current premiums, the QBCC said.

What the insurance covers and what it costs

Licensed contractors must pay the QBCC a premium on behalf of the consumer for the work they carry out. That work has to be valued at more than \$3300.

What is covered includes the building of swimming pools, roof, floor and wall restorations. Stairs, ramps and any outside building work is included, along with stormwater drainage and sewerage.

Previously, the premium was paid as soon as practicable after the contract was signed. Now it must be paid in 10 business days.

Before, the premium was based on the contract price, now it is on the value of the work — the reasonable cost of having the work undertaken.

The standard cover is considered to be a maximum of \$200,000.

As a guide, premiums range from \$172 for \$3300 worth of work to \$1 144 for a \$189,000 job.

For major jobs upwards of \$3 million, the insurance fees reach more than \$6685.

Tenants to be ones to foot the bill

TENANTS are the biggest losers in the new State Government-driven insurance cash grab.

Changes made to the Home Warranty Scheme mean contractor work over \$3300 will have a new premium applied.

While landlords will be hit with the bill, it is predicted tenants will be the ones left out of pocket.

For Mermaid Beach resident Sheldon Blanshard, a rise in rent means a longer journey to owning his own home.

“Rents are already pretty high on the Coast at the moment and I’m lucky I’ve got plenty of work and can afford it,” the 31-year-old said.

“But I feel for the people who are not financially stable and will probably struggle to pay an increase.

“Rentals are already hard to get for a lot of people and higher rents would only push properties out of reach.”

He said his rent had increased on his two-bedroom unit by \$50 in the past three years.

“I pay to live near the beach and it suits my lifestyle but if it were to go up a lot, I would have to reconsider where I live,” he said.

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