

4 February 2008

Submission to:

Review of Australia's Consumer Policy Framework
Productivity Commission
PO Box 1428
Canberra City ACT 2601

From:

Dawn Coombridge
32 Charles Street
Lawson NSW 2783

(02) 47592383

The purpose of this submission on the Productivity Commission's Draft Report on the *Review of Australia's Consumer Policy Framework* is in relation to personal experience with Builders' Warranty Insurance (BWI) in NSW.

This relates to the key point (p. 73) that

- **action is required to improve ADR and licensing mechanisms in the home building sector, and to ensure that builders' warranty insurance offers value for money to consumers and that consumers understand the product**

and to the draft recommendation 5.5 for

- **a revamping of compulsory builders' warranty insurance to ensure that it is of genuine value to consumers and that consumers understand the product.**

- Consumers in all states of Australia should have access to adequate BWI with all State Governments to legislating accordingly.
- Consumers can be vulnerable regarding specific purchases or contracts such as BWI and require support to make claims when problems occur (Dr. Rec. 3.1).
- People engage builders/architects and other professionals as they do not have the necessary skills to manage the project.
- Building a home is probably the largest and most important investment carried out by people.
- Consumers rely on project managers/professionals to take care of aspects of home building which they do not know, such as, building, site protection, prevention of silt erosion, development application processes and local government consent and inspection.

- When a builder/project manager becomes insolvent this leaves the consumer to do all tasks without the necessary skills. The consumer is left to liaise with the insurance provider, local government and lending authorities.
- BWI needs to be a first resort rather than last resort product (p. 100)

“Claims against policies can only be made where the builder dies, becomes insolvent or disappears and cannot rectify the problem.”

Please refer to the attached previous letter to this Inquiry outlining our situation where our BWI claim was inadequately dealt with even though our contracted builder became insolvent.

- Consumers need building insurance cover which will finish the building as per the contract including all the necessary liaison with local government and their lending authority.
- Information about engaging new builders is required, in situations such as insolvency or disappearance of the builder.
- The insurance cover needs to ensure that assistance is available for the consumer to proceed up to the 149 stage to enable occupancy as per the contract. This should include extending insurance cover to new builders who take on unfinished house building.

I look forward to expanding on these comments at the hearing in Sydney on 18th February 2008.



Dawn Coombridge