

Submission to Productivity Commission from Barry Armstrong

14 February 2008

I am a 57 yr old builder. I have been in the residential building industry for 46 years. I have been a licensed builder since 1971 and have had my own business since 1971.

I closed my business 2003 which employed 22 staff and was turning over 10 to 12 million dollars per annum.

Reason:

Vero have been and continue to make life difficult to sustain staying in this industry, my assets are at risk with a bank guarantee made in favour to Vero for \$200,000.

Vero & My company Pregard Pty Ltd have an issue with a home we built in 1999

The issue is due to some of the windows leaking through between glazing and the glazing rubbers. The timber frame became damp and wood rot set in at sill levels.

The window company delt direct with the owners and we were under the understanding the issue was rectified.

The home was sold. The purchaser had a building report carried out and the home passed the inspection from all angles. Some time latter the new owner found moisture problems. They contacted the insurer (Vero) Vero instructed GAB Robins (Vero's elected inspection firm) to carry out a report. I arranged a report from a professional group Integral Building Investigations at a cost of \$3,100-00. Together with the window supplier we had a rectification plan at an approx cost \$20,000. The window company agreed to fund the total costs.

The Owner of the home arranged a report from a local builder. Bob Faddy. Mr Faddy's report included issues like incorrect blueboard installation (in our evidence Hardies were prepared to approve our installation) incorrect ties down (the engineer who design the tie down approved the tie down) GAB Robins and Vero both were miss lead by Mr Faddy's assumption and acted accordingly against Pregard Pty Ltd

Our plan to rectify the issues was ignored and the insurer "VERO" proceeded to release funds of \$175,750-00 to the owner of the home approx 2 years ago.

No work has been carried out on the home as of Jan 08 yet the owner has the full benefit of this money.

Where is the justice.

Vero commenced proceedings against Pregard Pty Ltd in 2006 I lodged a CTTT claim to have the matter heard in a hearing. We went to mediation 16th March 2007.

I was confronted by Barristers, Solicitors, Claims managers and other Vero personal. My Solicitor was over whelmed and I feel he made a mistake by talking me into reaching an agreement with Vero to pay \$135,000

I was intimidated and bullied into an agreement that I should never have made. I was not mentally prepared for the tactic brought on by Vero's team.

The terms of the settlement were that we pay \$50,000 within 30 days (which we have done) then the balance payable on the sale of our only retirement asset, an empty industrial building. This building is our only form of retirement when it eventually sells. Vero have a caveat over this asset.

I am due to settle a further \$85,000 on 16th March 2008. If I don't I am worried they may attack the bank guarantee we have in place in favour of Vero. I have attempted to have this guarantee handed back however Vero refuse to do so even knowing I closed my business in 2003 in an ethical professional manner.

Leading up to the mediation last March I had spent 10's of thousands of dollars with my law firm in Port Macquarie defending myself. My solicitor said all the way that we had a strong case. I never had my case heard in a proper hearing maybe because I had the wrong solicitor.

My company invested heavily into improving the industry on the Mid North Coast of NSW with Youth Training programs bringing young people into the industry in partnership with the NSW education dept delivering front Line Management courses for trades with assistance with some government funding,

we won Australian Business Limited's (ABL) presidents Prize for training and education in 2001 we won Excellence in business award in 2000 and runner up in 2002 we have numerous awards and appreciation for community work like Respite Care.

We now advocate this is not a good industry to belong to and advise young people to be careful if they choose this industry as their career.

I am now a cancer victim with an unsure future. I am hell bent on protecting my finances for my wife's future security.

Barry Armstrong