

From: andris blums [andrisdg@yahoo.com]
Sent: Sunday, 3 February 2008 5:11 PM
To: Irvine, Jill
Subject: Productivity Comm - Draft report -Aust/n consumer policy framework -
Draft recommendation 5.5 /Home Building

INTRODUCTION

My main concern is with home building issues but I was a member during the 90's decade under premiers Kirner and Kennett of the statutory body ,the Victorian Consumers Affairs Committee [VCAC],whose function was to advise the minister on consumer affairs issues

So it is gratifying to flip thru your draft report and whole heartily support its methodology and conclusions which appear to be based on a holistic approach involving professional detailed analysis of issues not fiction to support a pre determined political outcome which was the case with the Victorian Competition and Efficiency Commission report on building [2005] , in particular the section on home builders warranty insurance [HBWI]which you refer to in your report

The NSW legislative council committee no 2 in early Jan 08 released a report also on some of the issues re HBWI ,which given the severe limitations imposed on it ability in terms of support staff to investigate and analysis the issues in depth it is generally supportive of reform

Also it is my understanding that Senator Christine Milne [Tas.greens] will this month call for a senate inquiry re the ' current fraudulent HBWI arrangements ' [fraud in this context is privileged - Tasmanian hansard Kim Booth ,greens] - [separate email -1]

There are also moves a foot for a legislative council inquiry in Victoria

On the 16 Th of Jan 08 Tasmanian Minister Steve Kons announced the death knell of HBWI in Tasmania.that was followed by numerous media story's including a damming editorial supporting the demise of HBWI in Tasmania in the examiner of 21/1/08 [3 -separate emails -2,3,4]

Rec 5.5

In general I fully support the report in its wider context and conclusions and hope the implementation will reflect the conclusions , more transparency ,accountability and broader consumer protection ,in terms of coverage and outcomes

One of course can always quibble about recommendations being lightweight or to over the top.so from my view point the recommendations re HBWI thou welcome could be more robust and even specific in recommending the QLD building services model .

There is amply evidence that the HIA/MBA have thru favoured access to govt at all levels since the 60's and again as a result of the HIH collapse in collusion with there business partners the insurers have again rorted the system for there own and only their own benefit by misrepresenting themselves as consumer saviours and actively dis empowering and preventing access to critics and alternate views on the issue at the state govt level thru the capture of government processes The vested interests are

effectively embedded in the policy framework currently

The level of there corrupting influence is clearly demonstrated in the HBWI statistical data as at 31/3/07 and 30/6/07 on the NSW OFT website .The figures are a nonsense [separate email 5]

Also sending separate email of 2005 conference paper by Daniel Smith [6]

So why have the insurers and there business partners not submitted submissions to the NSW inquiry and the PC on the financials of HBWI. The answer may lie in why should they.

Leaving aside some possible corruption issues re a HBWI payment reported in the media to a minister in the Howard ministry at about the same time as corporation regulation 7.1.12[2] came into effect on 11/3/02 ,the purveyors of what the Aust/n Consumers Association on ,ABC 7.30 report 11/1/07 described as junk insurance have no legal obligation to provide any data or be subject of any regulatory supervision re HBWI as regulation 7.1/12[2] had the effect of removing HBWI from the regulatory oversight of ASIC,ACCC and APRA [separate email -7]

I strongly recommended that you make note of this in your final report and specifically call for a immediate revocation of corporate regulation 7.1.12[2] and also be more specific in stating that the issue of HBWI should be the subject of a COAG review process

CONSUMER EMPOWERMENT

The reality is that governments and bureaucrats do not like to empower potential critics by facilitating the establishment and financing of independent consumer bodies dealing with specific industries and issues were in they can then represent consumers and worst of all monitor the market place and government policies and actions and develop views contrary to the prevailing policy as is the case with HBWI . This is clearly demonstrated in the VCEC report on building regulation 05 ,which on no verifiable evidence came out in full support of the current fraudulent HBWI arrangements

I strongly recommend that rec 5.5 include the establishment of what was described in a VCAC report which I co authored with others as a Consumer Building Advisory Service [CBAS] in all states and more generally that such independent bodies be uniformly established in all other states be it credit issues ,energy issues ,specific ombudsman offices etc .

That is if consumers are empowered in some states then a need for that service is established and it is worthy of coverage in all states .

Currently NSW is trialling a CBAS and there are expectations that a review process due to report due early this year on the service will recommend its retention and expansion .One hopes so

Yours Andris Blums

3/2/08

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