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Sent: Sunday, 3 February 2008 5:49 PM
To: Irvine, Jill
Subject: PC EMAIL 4 Re: Examiner editorial

Monday, 21 January 2008

Consumers must be protected

NEWS that the State Government is making builders warranty insurance optional rather than mandatory should be welcomed by Tasmanians.

The "last resort" insurance was designed to protect consumers in the rare circumstance that a builder died, disappeared or was made bankrupt before any dispute over construction work was settled.

It cost between \$1500 and \$2000 for each home and builders passed it straight on to new home owners.

Tasmania made it compulsory in 2003 and since then about \$50 million has been paid to insurance companies with less than five payouts.

More than \$2 billion has been paid to insurance companies nationally.

While most industry analysts praised the latest move it begs the question about why the insurance was made compulsory in the first place.

Surely someone analysed the numbers and saw that this was going to be a tort.

Queensland was the only state to buck the trend and now all the states look like coming back into line.

The Housing Industry Association claims that it has been lobbying the Government for five years to make the warranty optional.

Finally someone is listening.

The key point now is for an appropriate dispute resolution process to be put in place so that both consumers and builders have recourse.

There were many examples of shonky homes being built 25 years ago and builders declaring bankruptcy to avoid responsibility.

The percentage of owner-builders in Tasmania is also the highest in Australia and the Government must ensure there is a level of protection or at least direct contact so that owner-builders understand the risks.

Attorney-General Steve Kons says that a dispute resolution programme will be administered by the Office of Consumer Affairs and Fair Trading as an alternative to costly court action.

That's fine as long as consumer affairs has the authority and the power to impose significant penalties against unscrupulous builders and ultimately protect consumers.

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