

The Officer In Charge: Productivity Commission Inquiry

Dear Sir,

I am aware that this submission is past the due date for submissions, however I request that you take my submission into account.

Please find a brief description of the events that I would like you to take into account:

- 1) I am a Licensed Building Contractor I have held a builders Licence in NSW for about 34 Years
- 2) I moved to Sydney in 1987 to work for a developer, in 1990 I established a small building business based in North Sydney. That business operated successfully for some 12 years, with the introduction of NSW Government privatised BWI my problems began. At first Warranty insurance was relatively easy to obtain, however insurance companies started to lift their requirement threshold.
- 3) In March 2001 after many months of applications and submissions, we paid HIH an annual premium and gave them a 100k Bank Guarantee, HIH lasted in business another two weeks, that sent my business into complete and utter turmoil, thought I was set with Warranty Insurance for 12 months lasted 2 weeks. I had insurance to start seven projects and managed to start two with HIH Certificates. We were now in a position where I had projects ready to start, staff ready to go and no warranty insurance.
- 4) Then we go the Dexta Corporation for warranty insurance, after an equally long drawn out negotiation period we obtained insurance from Dexta Corporation and another \$100,000 Bank Guarantee, well Dexta lasted in the industry another two years.
- 5) We find ourselves in a position with two \$100,000. Bank Guarantees out to providers that no longer exist, where do we go from. The delays in starting projects, ongoing overheads, the bank guarantees. - (Out of Business)
- 6) We are willing to fix any defective work, but no recourses, struggle on and try to maintain our old projects while working on wages for others.
- 7) To day I get a call from the Bank to say that HIH has called the Bank Guarantee, I am utterly devastated the company the effectively put me out of business now wants to call on the Bank Guarantee.

I have been in the building industry for over 43 years, where do I go from here.

The States have embraced an insurance system with no risk to the insurers, put many builders out of business. Pandered to the ambulance chasers now clawing over the bodies of many good building men.

I could go on chapter and verse, there must be something done to protect both consumers and builders, the current system does not work it is inflationary and morally corrupt.

I had a business that was viable, award winning, employed apprentices and tried to do most thing right, I am not alone. I was on the NSW council of management at the NSW Mater Builders Association for 9 years, resigned this year due to the issues outlined above.

Sorry for the rushed submission, as I have to go to the bank, they want settle the bank Guarantee this afternoon.

Regards,

Bob Black