

Dear Commissioner Fitzgerald

This is a very late submission but its significance cannot be overstated in that it places on the public record a snap shot of premium data that the rent seekers ,the insurers will not provide to governments and the HIA and MBA claim our hands are clean we have no knowledge of the finances .That is we are only innocent facilitators providing a community service for the benefit of our members and consumers .A tearful crocodile proposition and a deceptive nonsense

You would be aware that the senate's economic committee are investigating the issue of BWI and the role of the HIA in formulating government policy

Please post this late submission on the .P.C web site

Mr Kim Booth M.P in his submission to the P.C enclosed a invoice which for privacy purposes is not posted publicly

Given that the claims re premiums and other data purporting to give a snap shot of BWI finances posted on the NSW OFT web site are a statistical nonsense

Given that the vested interests claim superior consumer protection for the last resort insurance on the public record and the evidence is that this is deliberate deceptive and misleading conduct which the regulators are excluded by corporate regulation from policing

Given that the vested interests have lobbied privately and on the public record to have the first resort Qld model replaced by last resort and extend it also into the Northern Territory by offering inducements to builders there with free initial HIA membership so as to establish a lobbying/marketing platform for last resort

Given that Vero rate cards for category 3 builders ,start at \$3000 premium for domestic dwelling construction how do the vested interests explain the invoice Mr Booth f/wded to the inquiry ,given that Qld first resort model gives demonstrably superior consumer protection to last resort

The facts of the invoice are a \$48,000 renovations and additions job ,policy issued 7/12/06 for last resort coverage to a owner builder

The gross invoice cost excluding builders margin but including gst and stamp duty is \$1631.60 including agents fees of \$918.80 and gst, that is a net premium of \$712.80

That is about 56% of the gross cost is siphoned of including identifiable statutory costs of \$112.80, leaving vested interests like the HIA/MBA to share out \$806 after S/D + GST . Still a figure almost 10% higher than the actual premium paid

This clearly is not a superior outcome for consumers when one compares the premiums charged by the Queensland Building Services Authority as at 1/7/07 for first resort coverage as detailed on there web site

The QBSA equivalent premium for superior first resort coverage for a \$48000 job on the website is \$374 or a fraction over half the last resort net premium of \$712.80 or put another way based on the last resort gross premium of \$1631.80 ,this consumer paid vested interests 4.36 times the Qld premium of \$374 for substantially inferior coverage

There is no way the last resort business model qualifies as consumer protection and it is these very simply financial facts that would alone I suspect cause the Tasmania government to bring in the Housing Indemnity Amendment Bill 2008 and on the 2nd reading 3/4/08 announce that Vero and its ilk will no longer have a market for last resort BWI product in Tasmania and in fact the vested interests will it appears have no further role and be in fact ,in the public interest be totally excluded from the replacement model

Congratulations Tasmania

The P.C should on the basis of this information seriously consider strengthening its draft recommendation on this issue to recommend on economic efficiency grounds that the last resort scheme be buried on dishonourable grounds and immediately be replaced by the first resort Qld model

Yours Andris Blums

6/4/08