

Committee Secretary
Senate Economics Committee,
Department of the Senate,
PO Box 6100
Parliament House,
Canberra ACT 2600, Australia,

Dear Sir/ Madam

The following information is provided in relation the Senate Enquiry into Home Owners Warranty. The sentiments expressed here are personal and do not necessarily represent those of any organisation mentioned forthwith.

During my experience of seven years as CEO of BANGitUP.com – (an Internet national consumer to trade service with a database relating to the building industry of some 70,000 participants) I came across hundreds if not thousands of builders and trades through our daily contact who were too scared to complain about HOW insurance for fear of losing their livelihood and/or have now left the industry. This is a very common industry position and is a major concern given Australia's skills shortage, housing affordability and ageing population.

In regularly questioning builders, the only reason many were involved with the associations was to source HOW insurance.

To put the importance of the market in perspective - as you may be aware the industry employs approximately 800,000 people; across approximately 300,000 businesses, the large majority are small businesses. Turnover represents approximately 5% of the Nations GDP.

Home Owners Warranty and the lack of technology adoption across the industry are the greatest factors to the industries poor public relations profile, poor productivity and service levels, lack of industry accountability and transparency. It is an adversarial, heavily fragmented industry without solidarity.

In looking for insurance solutions for our customers problems, I came across Phil Dwyer from the Builders Collective and over the years have gained a very good understanding of the HOW dynamics at play.

I regard Phil Dwyer as the most authoritative, knowledged person on this issue and have fully supported his activities over the years. In my experience, gentlemen of his strength of character and conviction are few and far between in the building industry, indeed across the nation as a whole, i.e. – those who will fight and risk everything they own in order for a fair go for all.

In reviewing the past it appears that Government(s) trusted the word of industry associations/ lobby groups and their associated partners and/or have simply passed the blame around between departments/ state and federal.

Unfortunately, it appears these associations have not represented the majority interests of the industry/ their "members" and that the associations have been compromised in their duties and responsibilities through the significant payments of commissions from insurers and other revenues.

It should be noted that it is our understanding these associations are NOT "not for profit organisations" as many people perceive but just another corporation with responsibilities to their shareholders. That is, under the association's constitution it is our understanding that builders are not "members" with any real voting rights but simply "subscribers.

One would think it a national disgrace if Government was found to have been so heavily influenced by a corporate entity which directly or indirectly impacted the lives of so many Australians.

In looking now at the HOW program there still appears no benefit to consumers nor builders, that very few claims are being paid yet millions of dollars of revenue still go to insurers and their agents. It is also our understanding that some builders are still being forced out of business due to HOW.

In summary, last resort Home Owners Warranty should be dumped immediately as Tasmania did last week.

A better, more open building industry should benefit not only the industry but consumers and the national as a whole.

It's time for a big clean up so we can move this country forward.

Thank you for your time and I wish you all the best with your enquiry.

If I can be of any further assistance please do hesitate to contact me

Regards

Scott Maxworthy