



ACD:AD:0386

18th April, 2008

Committee Secretary,
Senate Economics Committee,
Department of Senate,
P.O.Box 6100,
Parliament House,
CANBERRA. A.C.T. 2600

Dear Sir/Madam,

I am writing this letter because of my concerns both with the current liabilities I have as a builder with the Warranty Insurance system since the collapse of H.I.H. and also the lack of support from our Building Commission to regulate our Industry and their inability to acknowledge that both of our Trade Bodies (H.I.A. and M.B.A.) are supporting the Insurance to benefit from huge kick back commissions. It is a disgrace that this "junk insurance" has been compulsory for Builders but of no use at all to the intended beneficiaries - the consumer.

Government commissions can have as many Inquiries as they like into housing affordability, but I would suggest that this compulsory "junk insurance" is a major factor with no benefit to anybody except the Insurance Companies and the Trade organizations who receive secret commissions for their part in support of this rort.

The thousands of Builders forced from the Industry because of the security demands applied by the underwriters and the work limits to be undertaken at any one time is a direct result of this flawed warranty insurance scam.

It would be very interesting if the Government had the guts to stand up to these Insurance Companies and ask the questions to which we would all like the answers! How much the big Insurance Companies like Vero have collected from these premiums, how much graft and secret commissions have been paid to the H.I.A. and the M.B.A., and how little has been paid out to consumers????? My "gut" feeling is this will not happen because we have so many self interested parties benefiting from this insurance, and even the Building Commission will go into self protection mode instead of doing what it was created for ie. Regulating our Industry and reporting and recommending procedures to enhance the Building Industry to the Government as well as ensuring consumer protection.

Yours faithfully,
Property Power Pty Ltd.,

Alan Drummond.
Director