

Garry Wells

To The Committee Secretary Senate Economics Committee
Department of the Senate Po Box 6100 Parliament House Canberra
ACT 2600 Australia



Re: Mandatory Last Resort Home Warranty Insurance Scheme

Dear Sir/Madam

I believe that the current mandatory privatized last resort Builders Warranty Insurance scheme is not providing appropriate consumer protection and industry management.

My case will demonstrate how inappropriate and ineffective this system is, and furthermore how the law is breached and the statutory Authority does not strenuously enforce the legislation. Please note what happened in my case

1. The licensed Trader {Builder} Breached the Home Building Act {HBA 1989} Sec 92 by not issuing a contract of Insurance and by not providing a certificate before receiving any money under the contract {including a deposit} or doing any work for more than \$12,000
2. Some Licensed Builders have **CONDITIONAL LICENCES** i.e. **Only for contracts Not requiring Home Warranty Insurance {contract under \$12,000}**
3. Licensed builders who have conditional licenses split the contract work to keep it under \$12,000 so that can carry out residential building work without issuing a certificate of Insurance

The most serious core of the issues is that when the above conduct occurred the statutory authority does not take the due action to prosecute the perpetrators as prescribed by the Home Building Act. Therefore consumers have lost before they even start.

On 24/4/07 my rental property caught on fire in the cavity of the roof at the point of attachment so I called my Fire insurer and they sent out an Assessor and that's when my problem started.

The Insurer Assessor organized for a licensed trader, [redacted] to carry out electrical work to the value of \$2,326.40 without a contract nor supplying me with a electrical certificate of compliance on completion of the electrical work.

A quotation dated 17/5/07 was provided to the fire Insurance company for the value \$11,957.83 from [redacted] and was accepted by the Insurer without any consultation or a copy of this quotation being provided to myself. This quotation was an addition amount to the above electrical work as part of the fire Insurance claim and had not included all the outstanding and remaining work required to complete the fire insurance claim.

I was provided with 3 contracts for the restoration of the same fire damage to my property by the same Repairer ie:-

- First Contract was dated 30/5/07 for \$11,957.83 which I had refused to sign, as an OFT licence check revealed that licence no 103263c on the business card was not held by [redacted] but by [redacted] as an individual licensee this licence, however

licence of the Trader appointed by the fire Insurer and without any consent or approval from myself. {The policy holder}.

This proves that the licence builder had knowingly and willingly splitted the total contract values of the residential building work into 3 stages to avoid providing Home Warranty Insurance i.e.1, electrical work, 2, fire damage, 3, water damage ceiling.

On 20/7/07 the licensed trader abandoned the site without notice, leaving serious defective work that had been carried out. After some time waiting, to see whether the builder would return the tenant made a complaint to the Acting Property Agent as they were concerned for their own health and safety.

On 27/7/07 Workcover inspected the site and advised that, the work that had been carried out in removing the asbestos was unsatisfactory and he requires a risk assessment report from a hygienist. The outcome was that builder was required to obtain, a Workcover permit for removal of Friable asbestos, Scope of work from the Hygienist, to obtain contractor with AS.1 licence and a certificate of clearance on completion as per regulations.

On the 19/10/07 the OFT/ Complaint Inspection Advice, has ordered the builder to provide a certificate of Home Warranty Insurance. A Certificate of Home Warranty Insurance must be provided before commencing any work as prescribed by the HBA

After the licensed builder agreed to return to carry out the completion and rectification of the contracted work it is of great concern to note the further HWI certificate inconsistencies and breaches by the [REDACTED], who has [REDACTED] and manipulate the system to come back to work. Please note

1. On 17/7/07 the date of my contract [REDACTED] had a conditional Licence, **Only for contracts not requiring Home Warranty Insurance.**
2. A Certificate of home warranty Insurance was provided to me on 12/12/07 for a contract date 17/7/07. It is obvious that this certificate has been backdated to a time when the builder was not permitted to contract for work over \$12,000
3. Home Warranty Insurance will not cover defective and incomplete work that has already been carried out prior to the certificate being issued and obtained by the contractor.
4. The certificate issue to me on 12/12/07 was for work **commenced after the certificate was issued on 5/12/07 for a contract dated 17/7/07. Therefore it does not cover the work carried out prior to 5/12/07.** An email sent to me by [REDACTED] Senior development Underwriter has confirmed this by stating and I quote; "*Garry, I tried my best to explain to you that the policy is for work commenced after the certificate was issued*"

What is of great concern to note that the OFT has Inspected the site on the 19/10/07 and again on 19/11/07 and during the site meeting of the 19/11/07 the inspector, has stated to me "*the contractor has done nothing Wrong*". Consequently the OFT has not taken any discipline action against [REDACTED] for his misconduct and breaches of the Home Building Act.

On 4/4/08 [REDACTED] has provide a new building contract dated 7/4/08 which is listing all the defective and incomplete work of the prior contract of 17/7/07.

The total amount of this new contract is for \$16,225.06 which represents the total cost of the 2 original quotations of 17/5/07, 3/7/07 and has excluded the electrical rectification.

had expired. Thus, [REDACTED] could not sign a contract as he was not the nominated supervisor for this company at that time.

- On 25/6/07 I was furnished with 2 contract by [REDACTED]
[REDACTED] - One for \$11,957.83 and another for \$1,648.00. Thus on the same day, with the same parties, for the same work {damage by the fire} 2 contracts had been issued instead of one only. I refused to sign once again as I saw this as an attempt by the repairer to avoid the Home Warranty Insurance.
- On 17/7/07 [REDACTED] {Builder} called on site with his workers and the third contracts, when I arrived on site, his workers were already on the roof and they had started work. He provided me with a 2 page final contract and he stated it must be signed now or they will have to stop. All the details on page one of the contract were correct, but this was not the cases on page two. As page 2 provided a different business name to page 1 ie:-
 - a) Page One, Letter head, [REDACTED] Licence No 188712c and a description listing parts of the work required, caused by fire damage
 - b) Page Two, with a different letter head to page 1, [REDACTED] Lic No 188712c and a description of additional work as part of the fire damage claim called Scope of works.

In my case the licence Trader has split the contract to keep the total of the contract price under the \$12,000 as his licence is conditional, "for contract work not requiring Home Warranty Insurance" and this is a breach of the HBA 1989.

On 19/10/07 the Home Building Inspector [REDACTED] has attended the site in response to my complaint and issued a Complaints Inspection Advice

1. complete the work as per the contract
2. do issues as per the HLA report { expert asbestos consultant }
3. Supply a Home Warranty Insurance Certificate # And all work is to be completed by the 30/11/07,

I was very concerned and even more confused than before as I could not follow nor understand the position taken by the HBS inspector. The Building Inspector did not list any defective or incomplete work and did not record the relevant issues of non compliances of the HBA. i.e.:- **critical Friable asbestos left in the cavity of ceiling and yard, the trader splitting of the contract and the electrical work which has been defected by Energy Australia** and further more the builder was directed and agreed to provide now, A Certificate of Home Warranty Insurance ignoring the fact that the work had already started and that his licence was still conditional for contracts not requiring home warranty insurance.

After the work had stop on 20/7/07 and this matter was in dispute, I contacted the Insurance Ombudsman Service who contacted the fire Insurer and requested they provided me with the contractor quotations and a tax invoice for my fire damage claim, the following document were provided

1. Tax Invoice dated 17/5/07 for \$2,326.40 for electrical work carried out by [REDACTED]
2. Quotation dated 17/5/07 for \$ 11,957.83 for fire damage claim, from [REDACTED]
3. Quotation dated 3/7/07 for \$ 4,267.23 for water damage ceiling from, [REDACTED]

The total of the above is \$ 18,551.46 which is the amount the fire Insurer was prepared to pay for the fire damage claim to [REDACTED], which was in excess of \$12,000 limitations and conditional

Please note that [REDACTED] has not provided a new total cost to carry out the completion and the rectification of the new contract and furthermore [REDACTED] has issued HWI certificate for the work he had already carried out on 17/7/07.

I believe this is a very [REDACTED] for the reason that I have explained above. [REDACTED] is not demolishing and reconstructing all the fire damage work to start from scratch again, I am very concerned that [REDACTED] is making a bad situation even worse if he is allow to continue under these circumstances. .

I am in this position because the OFT have failed to carry out their statutory functions to take disciplinary action against the licensed contractor for his misconduct and breaches of the Act. I believe this is why the contractor continuing to manipulate and rort the system. This current system last resort Building insurance is not protecting consumers and should be scrapped. A change is required as recommended, and I believe the Queensland system which has been proven to be reliable and faster resolution with greater protection for consumers should be considered.

To date I have lost \$8,000 in rent and it continues to climb at \$220.00 per week, I have also lost a very good family, as a tenant who has lived in my property for the past 5 years and without rent coming in my mortgage continues to rise as the interest payment is increasing unnecessarily, making it more unaffordable to provided low cost rental accommodation. On top of the above, is the cost to repair my building which has been quoted at \$43,850.00? I have also suffered the cost to prove my case which includes FOI appreciation, printing copying, Telephone calls, and traveling etc and this all due to the protracted delay by this builder.

The fire restoration work was due for completion by the contract date of 7/8/07 and it is almost 1 year that my family has suffering great human stress which cannot be price and this still ongoing

27/5/2007

Thank you Garry Wells

