

Our Submission tackles the lack of Consumer Protection in the Home Owner and Owner Builder Area of the Home Building Act for Part A, Purchasers and Owner Builders plus Part B, for Home Owners and Owner Builders in regard to Liability.

PART A.

From the Purchaser of an Owner Builders home perspective.

Purchasers of Owner Built homes are put at an unfair advantage when compared to homeowners where a Registered Builder has Built the project.

Under current legislation relating to Owner Builders, purchasers may receive contractor warranty certificates (Work over \$20,000) for their part of the build, purchasers want a 100% complete warranty not a hotchpotch collection of certificates, that do NOT encompass the whole project as Registered Builder Warranty Insurance does.

A Report, Property Pain – Defects report 2019, clearly lists that Homeowners have been slugged \$10.5 Billion for building defects and houses have not missed out.

A senate inquiry by the Economics References Committee found that urgent action needs to be taken on non-conforming building materials.

Yet as it stands, purchasers of Owner Built homes are clearly at greater risk of not being protected in the event of a defect occurring.

What happens if the owner builder dies, becomes insolvent or disappears, the purchaser has nowhere to go to seek recompense.

Unfair!

If there is NOT full warranty on the home and the defect is not related to a specific contractors Warranty, the fight begins between Purchaser, Owner Builder, Tradie. This is highly unfair to the purchaser.

The NSW government does not protect purchasers of Owner Built homes with full warranty protection as per a homeowner who receives a Warranty from a Registered Builder!

Why?

Surely a purchaser of an Owner Built home is entitled to equal protection as a homeowner using a Registered Builder.

From the Owner Builder's perspective:

Why does the NSW government treat owner builder homes as second class, by requiring under S95(2) of the Building Act that the contract to sell includes 'a conspicuous note' (a consumer warning) that this home is Owner Built, this is NOT a requirement for a homeowner who uses a 'mass' produced Registered Builder to have on their contract of sale.

Unfair.

Solution to both issues:

Is the reinstatement of the Owner Builder Warranty Scheme to protect purchasers and owner builders and seek insurers to participate in the scheme.

Victoria and Western Australia continue to operate a mandatory Warranty/Indemnity Insurance Scheme to protect purchasers and Owner builders, why doesn't New South Wales protect its consumers.

PART B.

Other consumer protections for Home Building.

Liability insurance: We have identified two areas where the building consumer is at risk due to their lack of knowledge when building and renovating.

- i) There is no requirement that a Building Surveyor has to 'sight' the construction and Public Liability Insurance policy relating to the site, this leaves both the Owner Builder and Home Owner vulnerable, that liability may not be in place, with the resultant problem, that could cause them huge financial loss.
- ii) Another area of concern is where a homeowner is using a Registered Builder to renovate their home-
 - (A) The Builder has Construction and Public Liability Insurance for the renovation but no cover for the existing home and does not have contents cover. And or-
 - (B) The Homeowner does not realise that the builder generally does not cover their existing home and contents and their Home and contents insurers will not cover them while building works are in progress.This puts the Homeowner at serious risk.

Tasmania has seen the issue and now requires the Building Surveyor to sight the Construction and Public Liability policy before issuing the Building Permit.

This requirement that the Building Surveyor must sight the Building Permit is a simple and easy requirement and will ensure that owners are covered