

DEPARTMENT OF JUSTICE

SPEECH NOTES

House of Assembly

HOUSING INDEMNITY AMENDMENT BILL 2008

Mr Speaker, I move that the Housing Indemnity Amendment Bill 2008 be read a second time.

Mr Speaker, this Bill amends the Housing Indemnity Act 1992 so as to:

- Require builders to give a 'consumer guide' to prospective consumers of building services before the commencement of building work over \$12,000; and
- Remove requirements for mandatory housing indemnity insurance in Tasmania.

Mr Speaker, the Housing indemnity Act commenced on 1 July 1993 and established a compulsory first resort housing indemnity insurance scheme.

However, following the collapse of HIH, the Act was amended in 2003 to change the scheme to a last resort scheme. This means that the current insurance applies only where the builder becomes insolvent, dies or disappears.

Mr Speaker, the change from a first resort scheme to a last resort scheme has resulted in significant criticism of the scheme from industry about the value of the insurance. Further, there is confusion among consumers who often do not realize the limitations of the scheme until they make a claim.

The Tasmanian Government is of the view that the current scheme does not offer value for money for consumers. As a result, the Tasmanian Government had originally intended to phase out mandatory housing indemnity insurance in 2 stages.

This Bill was intended to be stage 1 and stage 2 was to remove requirements for housing indemnity insurance for all remaining building work. This stage was to follow the implantation of a process for dispute resolution and prudential supervision.

However, the Tasmanian Government has now decided that it should simply get on with the job of removing this insurance scheme and not wait any longer. Removing housing indemnity insurance in 2 stages will create confusion in the market and it is preferable to complete this step in one simple action.

For this reason Mr Speaker, the bill before the House will remove all requirements for housing indemnity insurance in Tasmania.

The Office of Consumer Affairs already has in place a well functioning system for the resolution of consumer disputes. While this will later be enhanced by a better statutory framework, this office is currently providing assistance to consumers.

Further, work has already begun on a light-touch system of prudential guidance for builders that will help builders adopt contemporary practices to reduce the risk of insolvency. For this reason we should act now and not wait until some future time to remove this insurance.

Mr Speaker, the consumer guide that is to be required by this Bill will provide advice to consumers on their rights and responsibilities and about the building dispute resolution service that is currently provided by the Office of Consumer Affairs and Fair Trading.

When the mandatory requirements for all building work have been removed, the consumer guide, the statutory warranties and the minimum deposit requirements of the current Act will be retained.

Mr Speaker, I commend the Bill to the House.