



NEWS

Ministerial Statement Home Warranty Insurance Scheme

31 August 2004

Hon. R.E. SCHWARTEN (Rockhampton - ALP) (Minister for Public Works, Housing and Racing)

The residential building and renovation sector is still performing strongly with the latest data from the Queensland Building Services Authority showing that more than \$472 million worth of work on 4,788 new construction projects was insured last month.

This reflects the buoyant construction sector not only in Queensland but right across the country at the moment.

In fact, the residential building market is so strong that it is placing extreme pressure not only on materials and labour costs but also on home warranty insurance providers.

This is causing havoc in southern states as privatised home warranty insurance companies struggle to keep up with demand.

Many builders who have small to medium sized businesses have experienced a lot of problems in the southern states.

Builders have been forced to endure long waiting times for their applications for insurance eligibility to be processed.

While they wait, builders are unable to build anything or earn a living.

Spiralling construction costs have also hit homeowners, who are being forced to pay skyrocketing insurance premiums.

This failure of the privatised home warranty insurance providers has seen uninsured and unregulated work soar to unprecedented levels of around 40 per cent of all building activity in New South Wales and Victoria.

Fortunately for Queenslanders, the Beattie government made the smart decision to retain our statutory home warranty insurance scheme under government control, a decision which was made by former Minister Judy Spence, who had ministerial responsibility for the Building Services Authority before me.

I congratulate her for her foresight in putting an end to what was the Tories plan to privatise that insurance scheme.

Had she succumbed to the pressure of selling it off like all other states, Queenslanders would be facing the same problems they are having south of the border.

BSA offers the best home warranty insurance scheme in Australia.

Queensland licensees and consumers enjoy the cheapest premiums, best coverage and the easiest access to insure new construction and renovations.

In fact, the latest edition of Choice Magazine suggests that the best option for homeowners is to move to the Sunshine State, or should I say the Smart State. Choice states -

The current privatised home warranty scheme as it operates in most Australian states appears to primarily benefit insurers and larger building companies at the expense of consumers and smaller builders.

A Queensland-style system offers much higher levels of protection for consumers as well as being easy to access for builders. But if you live outside Queensland there is very little you can do about this - short of moving there.

And people are certainly doing that at a rate of around 1,000 a week.

I am proud of the benefits which are provided to Queenslanders through our system and assure them that this government will continue to back the Home Warranty Insurance Scheme.