



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
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Submission Cover Sheet

Inquiry into Building Quality in the ACT

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Inquiry into Building Quality in the ACT

Thank you for the opportunity to make a submission into this inquiry. I will start with our recent experience when building a new home in the ACT during 2017. Then I will highlight the issues as we see them and then put forward some recommendations.

Background

We purchased a block of land during 2016 with a view to building a custom built house that would meet our families requirements. We sourced an Architect and when happy with the design went to tender to find a specialised builder to work with. After going through the 3 submissions we received we settled on [REDACTED]. We chose them based on the work we had seen in the display house, the enthusiastic relationship we had built with them and recommendations from other people. They had recently won awards from the Master Builders Association and appeared to know what they were doing. Sadly the experience was fraught with stress and a complete breakdown of the relationship and trust we had with [REDACTED] (the Builder) and his abilities to both run a business and build our home. This resulted in threats both legal and personal and bullying on behalf of the builder. In the end we moved into our home in January 2018. Two weeks later [REDACTED] went into liquidation owing hundreds of thousands of dollars to various clients and trades. Whilst they delayed completing our house in 2017 [REDACTED] had already started up his new business [REDACTED] and was delivering completed homes to his new clients. All the assets from [REDACTED] had been transferred into the new business leaving no recourse for us. We are \$10,000 out of pocket in money we are owed and we have a defects list of over 60 items that need to be addressed. These ranged from holes in the outside walls, water tanks not working, no site clean and building rubbish from other building site in our backyard. We have issues with our roof and the render to our entire house. We question the legality of the Certificate of Occupancy due to a number of issues with the house which we are currently looking to rectify. Sadly we are one of a number of people who have been affected by the bad business practices of [REDACTED] and we are all in the same position of trying to rectify what he has left us with. We have contacted numerous MLA's to try and bring to light the major issues within the building industry and have only had a response from Mark Parton MLA who, despite his efforts, has been unable to help any of us in resolving these issues.

Issues in the building industry

1) Phoenixing

When a company goes into liquidation after transferring all assets into a new business. When you sign a building contract that contract is tied to the business. When that business no longer exists the clients no longer have any recourse to recover monies owed. The builder walks away from big debts and unhappy clients only to continue doing the same thing under a different name. [REDACTED] created his new business [REDACTED] and was delivering completed homes up to 6 months before a premeditated Liquidisation of [REDACTED]. The current laws as they stand allowed him to rort the system and walk away from [REDACTED] clients without having to honour or finish the contracted construction of our homes leaving many of us tens of thousands out of pocket and with incomplete houses which we now 7 months later are still trying to rectify.

Recommendation -

We recommend that instead of the building contract being tied to the business the contract is drawn up to the builder and his license. That way the ability to Phoenix is greatly reduced as no matter what the business name may be the failed contract will follow the builder. It will allow the clients to follow the builder and therefore the assets, so that anything owed to them can be recovered.

2) Certifiers

As it stands the certifiers are privately engaged and there is minimal regulation of the industry. This opens them up to dodgy under the table dealings with builders. If a certifier won't pass a sub standard build they will quickly realise that their workload has reduced. Then it becomes a trade off of morals and money.

Recommendation -

Instead of certifiers being independant they need to once again come under the umbrella of a Government Department. This is the way it used to be and building standards were much higher as it was harder for the builder to 'buy' a Certificate of Occupancy.

3) Master Builders Association

We question the validity of the MBA. The MBA is nothing but a powerless organisation that seem to be there to help the consumer and regulate the industry. This is not the case. When consulted about issues they have a public face that they put forward that is that they are here to help if you have an issue. The reality is a very different story. They are the place to contact when you have issues or concerns with your builder. We sign a contract that is written and promoted by the MBA. We are told that the MBA is an organisation we can trust and if our builder is a member they are trustworthy. This is not the experience we have had during the time we spent building our house. When questioned about contracts they say not our problem. They back builders with questionable ethics and continue to allow membership to the organisation. Our builder [REDACTED] is still a member even though he broke 8 of the 10 codes of ethics that the MBA proclaim to be the bar they set for members to meet. What power does the MBA have to control their builders? None it seems. They are a face to an unethical organisation who are in bed with the builders. When you do need to make a formal complaint the rigmarole you have to go through for a closed process with no resolution is ridiculous. It has taken 6 months for the MBA to look at our complaint. With multiple people complaining about one builder it should be a much quicker process. To this date 26th of July we are still waiting for a resolution to our complaint. Instead we just keep getting palmed off with I hope to have an answer for you by the end of this week.

Recommendation-

Make the complaints process transparent. Hold the MBA accountable for their members actions. If the MBA is to continue it needs to go through a big shakeup and become an independent organisation rather than a front for dodgy builders to hide behind. They need to be held accountable for the builders they support. At this point in time no one holds builder in the industry accountable for their actions and the builder know this which is why they can get away with so much. There needs to be an independent organisation to help consumers navigate the process of building a home. That is not the MBA even though they claim to be just that. There needs to be somewhere to go to for advice when you have an question or an issue with the builder you have currently contracted.

If you would like to discuss this submission further we are more than happy to sit down and talk through the major issues within the building industry from a consumer point of view.

Natalie Bice and Brendan Pratt