

HOME BUILDING CONTRACT ACT — HOME INDEMNITY INSURANCE

Statement

HON WILSON TUCKER (Mining and Pastoral) [6.20 pm]: I will not take up too much time, but I would like to take this opportunity to highlight a recent petition that I tabled concerning the maximum coverage payment for home indemnity insurance. I congratulate and thank the government, which is something that I do not typically do, and specifically the Deputy Premier, Hon Roger Cook, for his work in approving amendments to the Home Building Contracts Act 1992 to increase the maximum payout amount to home owners. I understand that the government's actions cannot generally be attributed to one specific action, but I would also like to thank the principal petitioner, Tiarna Nouwland, for her advocacy in this space and for helping to apply some level of pressure to the often slow-moving wheels of government.

As members will be aware, the Home Building Contracts Act was last amended in 1996 to introduce a requirement for builders performing home-building work to take out insurance to protect home owner clients against the risk of losses stemming from a builder's disappearance, death or insolvency. A number of builders who were operating on razor-thin margins and were susceptible to the rising cost of materials and labour folded during the pandemic, and, as a result, a lot of people who were building homes in Western Australia unfortunately found themselves in a financially devastating situation. I was in contact with Tiarna Nouwland, the principal petitioner, and she shared with me a similar story. She thought that the building of her house would happen quite quickly as the time frame she had been promised was quite short, but that did not happen. The company went under and she found herself out of pocket for a very large sum, well beyond the maximum payment amount afforded currently under the Home Building Contracts Act. Tiarna found herself in a temporary living situation—she lived in a shed for a while with her family and her dogs—while she sorted out her personal circumstances, and that was obviously quite devastating for the family.

Since 1996, the market has moved quite considerably. Back in 1996, \$100 000 was probably an adequate amount to buy a home. Since then, the market has increased a lot and the cost of a home in Perth has risen significantly. The COVID pandemic has played a big part in that and we find ourselves in an inflationary, cost-of-living spiral at the moment. Prices have certainly gone up quite a lot in the last two years.

Hon Roger Cook provided a response to the inquiry on this petition by the Standing Committee on Environment and Public Affairs. The response states —

This relative devaluation in cover has been particularly stark over the past two years as increases in building costs have accelerated amidst material and labour shortages, compounded by impacts of COVID-19 on the economy and supply chains.

This is welcome acknowledgement by the government and certainly good news for home owners who are going through the building process right now, as their policies will be covered by a higher amount that will be reflective of current market costs. The response from Hon Roger Cook also mentioned that the changes will take effect as soon as possible and apply to residential building work undertaken from the date of gazettal. Properties that are currently being built will be covered by this new regime, which is very good news.

Unfortunately, this new payment will not apply to Tiarna or a lot of other families whose policies have ended and who were awarded, in some cases, the maximum payment amount of \$100 000, which did not cover the cost of the buildings themselves. Tiarna's story has certainly been repeated; it is not a standalone story. A lot of Western Australian families have found themselves in similar situations and circumstances, certainly over the last two years, and for them the dream of home ownership has unfortunately been pushed further and further away from becoming a reality. I do not want to appear unappreciative of this welcome news, but given the government's own concession that the previous amount was inadequate, I take this opportunity to respectfully ask the Deputy Premier to consider backdating the new payment amount of \$200 000 for residents who had previous policies and were affected by the recent circumstances of the pandemic, the disruption to supply chains and the spiralling cost-of-living increases that we have found ourselves in.

I also take this opportunity to thank the Standing Committee on Environment and Public Affairs for its hard work in reviewing the petition and helping to facilitate its passage. The e-petitions system is a very good system, and there was quite a quick turnaround between the time that Tiarna was affected, the tabling of the petition and the government's response. The e-petitions process is a welcome addition to our parliamentary processes. I again thank the government for its sensible review of this policy and the committee for helping to facilitate that.