

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

ADDITIONAL QUESTIONS



Department of Department of Commerce, Building Commission Division

Hon Alanna Clohesy MLC asked:

A7) When did the Building Commission become aware that Collier Homes was at risk of insolvency?

Answer: The Building Commission became aware on 19 January 2016 as a consequence of QBE Insurance (Australia) Ltd (QBE) placing Collier Homes on their 'watchlist'.

A8) What steps did the BC take to inform consumers of Collier Homes risk of insolvency and when?

Answer: The Building Commission published a statement on 17 October 2016 following the announcement by McGrathNicol, the appointed liquidator that Collier Homes was in external administration. Prior to this the Building Commission closely monitored the situation in consultation with QBE and other state authorities to assess the risk to consumers and the State of Western Australia as the reinsurer of the home indemnity insurance scheme. The monitoring arrangement included a regular review of complaints lodged with the Building Commission to ensure the builder was not displaying the characteristic signs of financial distress, including improper contract management and defective building work. Social media was also monitored along with daily updates from Dun & Bradstreet credit rating agency. As an additional measure, on 1 September 2016 the Building Commission undertook an audit of Collier Homes in relation to completed building projects. The audit found no significant breaches of the building services Acts in relation to regulatory and contractual responsibilities and no significant issues with standards of workmanship. At a national level the parent company of Collier Homes, Home Australia Pty Ltd, developed a turn-around strategy which involved appointing new management teams, central financial controls and an improved management reporting structure. Based on all the available information it was decided the public interest was better served to allow the company the opportunity to trade on through its financial difficulties. This took into account the interests of consumers, sub-contractors and suppliers, and the State of Western Australia.

A9) Will the new builders licensing system interface with the complaints data base of the BC?

Answer: Complaints are recorded in the Department of Commerce's comprehensive licensing and registration database CALS. The new on-line licensing system for the Department of Commerce will interface with CALS. The current scope of work for online registration of builders includes an alert for disciplinary complaints. The Building Commission is about to scope a new project for a compliance management system and this may include a more direct interface.