Dear Chris

Commissioner Fitzgerald asked me the question as to why this consumer protection insurance was privatised. I believe the attached Hansard provides the public principles in answer to that question. I have taken the liberty of highlighting in yellow the areas that I believe are appropriate to the question and further note I have marked in red the concerns relating to the conduct of the Trade Associations and the position they may adopt.

However it was generally conceded that one motive was that the NSW and Victorian schemes held substantial reserves and these funds were absorbed into general revenue in both States.

I believe this document will be helpful in your deliberations to arrive at a position in the matter of Consumer Protection in the Building Industry.

Yours Faithfully

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Title **DOMESTIC BUILDING CONTRACTS AND TRIBUNAL BILL**
House **COUNCIL**
Activity **Second Reading**
Members **KNOWLES**
Date **15 November 1995**
Page **539**

DOMESTIC BUILDING CONTRACTS AND TRIBUNAL BILL

Second reading

Hon. R. I. KNOWLES (Minister for Housing) -- I move:

That this bill be now read a second time.

This bill contains a package of unprecedented reforms to the home building and renovation industry in Victoria which will be of significant assistance to home owners and builders alike. The current House Contracts Guarantee Act 1987 is outmoded and inefficient and has not kept pace with recommendations for change in this industry.

The bill currently before the house is the result of extensive industry and community consultation, and a detailed consideration of interstate domestic building systems, as well as reports by the Trade Practices Commission (Home Building -- consumer problems and solutions, November 1993) and the Public Accounts and Estimates Committee of this Parliament (eighth report to Parliament 'Housing Guarantee Fund Limited', September 1994).

The government believes the system to be introduced in Victoria will be the best in Australia as we are in the fortunate position of learning from the experiences of others and are able to make use of valuable recommendations made to us by those with whom we have consulted as well as the recommendations in the reports of the Public Accounts and Estimates Committee and Trade Practices Commission.

At present the Housing Guarantee Fund Ltd is the approved guarantor for the purposes of the House Contracts Guarantee act 1987. This means that HGF is currently the sole body to provide recompense to building owners whose houses are built or renovated in a defective fashion or not completed. HGF also currently registers domestic builders and through its appeals committee it has the final say in the assessment of consumer claims.

Many consumers have complained that HGF is bureaucratic and too slow to make decisions, that it is pro-builder and on a more philosophical level, that there is an inherent conflict of interest in its multiple roles. At the same time some builders have also found HGF slow in its decision-making processes and have expressed concerns as to the qualifications of HGF inspectors and their ability to assess damages and facilitate dispute resolution.

Whatever the merits of these often-made assertions against HGF by builders and home owners, the government is confident that both parties will benefit from greater private enterprise competition, the efficiencies of scale inherent in joining similar bureaucratic functions, and the establishment of an independent dispute resolution body.

The reforms contained in this bill constitute a comprehensive and integrated package comprising: firstly, a domestic building disputes tribunal, providing a means by which builder and consumer disputes can be expeditiously and inexpensively handled at any stage of the building process or after; secondly, registration under the HGF scheme will be replaced by an extension of the building act 1993 to cover domestic builders; thirdly, the insurance cover for building owners will be privatised; and finally, domestic building contracts will be required to contain certain minimum terms and conditions and statutory warranties.

The bill proposes the establishment of a Domestic Building Tribunal to resolve all domestic building disputes. The tribunal will be attached to the Department of Justice so that it can benefit from the support structure and expertise provided to a range of tribunals already attached to the department, for example, the administrative appeals, small claims and residential tenancies tribunals.

The tribunal will be non-legalistic and will deal with matters quickly and at minimal cost. A hearing of a domestic building dispute will be by a single legally qualified person who will be able to call such expert evidence and assistance as is necessary in the interests of justice. The tribunal will have a wide discretion in the awarding of costs so that the concept of fairness is clearly adhered to. Legal representation will be permissible with the consent of all parties before the tribunal, or where directed

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by the tribunal due to the nature of the issues being considered. The tribunal is to be established as a single point for the resolution of all domestic building disputes and courts will be required to refer matters brought before them to the tribunal for consideration unless the parties to the dispute explicitly request that the matter be dealt with by the courts.

One of the prime advantages of the tribunal over the current system will be its ability to resolve mid-contractual disputes -- that is, those disputes which arise before the completion of the building contract. This will be achieved by either party to a dispute being able to call on an independent inspector appointed by the Building Control Commission to look at the works and make a finding as to whether they conform with the agreed plans and specifications. Alternatively, either party can bring an action before the tribunal, including in the case of the owner a stop-work action to prevent further aggravation of the problem being experienced.

It is proposed that the registration of domestic builders will be conducted under the Building Act 1993, and therefore linked with the registration of commercial builders and other building practitioners. Not only will this be a simpler system for builders who operate in both the commercial and domestic arenas, but efficiencies of scale will result from all licences being issued from the one organisation.

The Domestic Building Tribunal will be able to refer issues which arise in hearings before it and which may have a disciplinary aspect to the Building Practitioners Board for consideration and appropriate action. This will ensure that the performance of domestic builders will be independently assessed to determine their suitability to remain registered. It will also ensure that the livelihoods of good builders who have difficult clients are not threatened by arbitrary action against them.

At present, HGF issues a seven-year guarantee with a maximum cover of $40 000 warranty over the domestic building works of registered builders. HGF is the sole supplier of such guarantees and as such the community does not receive the benefits that free and open competition can bring. The bill therefore proposes that a range of insurance options will be open to the builder, which will be supplied by private insurance companies. The insurance will be able to vary from a warranty system similar to that operating now to an insurance scheme similar to that endorsed by the Housing Industry Association in South Australia, Tasmania and the Australian Capital Territory, to a professional indemnity-style scheme. All these schemes may differ in details such as how they are paid for, but all will be clearly expressed to be in favour of the owner, and be extended from the currently available system in the following ways.

Firstly, a minimum amount of $100 000 insurance will now be required.

Secondly, ambiguities and inconsistencies in the current coverage will be removed - that is, in the case of new home construction, everything from the house itself to paving, driveways, fences and swimming pools will be covered if included as part of the initial contract. For renovations or the building of structures such as granny flats, the work will be covered if it exceeds $5000 in value, combines multiple trades and requires the issue of a building permit. By these means previous controversy over coverage of buildings such as granny flats will be avoided. Granny flats are currently covered only where they are fully self-contained.

While the number of different insurance schemes offered might not be extensive initially, the government is confident that more insurers will be attracted to this area, thereby creating even greater competition as cross-border markets are developed.

To this end it is proposed that Victoria and New South Wales develop schemes sufficiently similar so that the same insurers can operate in both markets with minimal if any differences in the products offered.

One of the key areas which has caused difficulty in the domestic building industry to date is the owner's ability to understand the domestic building contract. Sometimes this problem has been compounded by a minority of unscrupulous builders who deliberately underquote and do not reveal inevitable additional costs to the homeowner until the work on the contract has commenced.

It is acknowledged that the industry associations have taken the responsible attitude of producing standard contracts for use by their members, and that plain English contracts which are more comprehensible to the owner are becoming more common. However, the government still believes that the contracts could do more to clarify the rights of the building owner, the average Victorian family.

The current act prescribes certain minimum terms and conditions in domestic building contracts. The current bill builds upon these by concentrating on areas which have historically been the cause of considerable dispute -- for example, work undertaken to be able to make a proper costing for a contract before it is signed and variations to the contract.

The bill also incorporates a number of statutory warranties into every building contract for the protection of the homeowner. The warranties cover such matters as warranting that the building is being built in accordance with the plans and specifications, that it is fit for the purpose which was indicated to the builder, and that it is built of new materials unless otherwise specified. The bill prohibits compulsory arbitration clauses. It is the government's belief that far from being a quick and cost-effective means of resolving building disputes, as was intended, arbitration has often become overly legalistic, time consuming and expensive.

Arbitration will only be permissible where both parties to a contract have explicitly evidenced a desire to follow this sort of dispute resolution. Arbitration will not be able to appear as a standard term in general domestic building contracts.

SECTION 85 STATEMENT

It is the intention of sections 57 and 134 to alter or vary section 85 of the Constitution Act 1975. I therefore make the following statement under section 85(5) of the Constitution Act 1975 of the reasons for altering or varying that section.

Section 57 relates to a person commencing an action in the Magistrates, County or Supreme courts where this matter arises wholly or predominantly from a domestic building dispute.

In such cases the court must dismiss the action if a party to the action requests this, the matter could be heard by the tribunal and the court has not heard oral evidence in relation to the dispute. The provision does not relate to matters dismissed by the tribunal under section 97. Any party to the dismissed court action may apply to the tribunal for an order in relation to the domestic building dispute. Section 134 expressly states the intention to alter or vary section 85 of the Constitution Act 1975.

The public policy rationale for this proposal is the intention to provide a single, inexpensive, time-efficient and expert forum for the resolution of domestic building disputes. Domestic building disputes are a special category of dispute where timeliness of resolution is critical and where less formal proceedings are more likely to reach the heart of the matter than the full panoply of the law.

Therefore a party to the dispute should be able to have the option of taking advantage of the benefits offered by the tribunal if a matter is brought before the courts for resolution.

The government believes this significant set of proposals sets forth a new and fairer relationship between builders and homeowners. The proposals are built on the concepts of equity and simplicity.

Bureaucratisation is minimised and processes have been made as speedy and cost efficient as possible. I am confident that the proposals will greatly benefit the domestic building industry in this state.

I commend the bill to the house.

Debate adjourned on motion of Hon. B. T. PULLEN (Melbourne).

Debate adjourned until next day.

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22 November 1995 COUNCIL

Title	**DOMESTIC BUILDING CONTRACTS AND TRIBUNAL BILL**
House	**COUNCIL**
Activity	**Second Reading**
Members	**PULLEN**
Date	**22 November 1995**
Page	**743**

Page 743

DOMESTIC BUILDING CONTRACTS AND TRIBUNAL BILL

Second reading

Debate resumed from 15 November; motion of Hon. R. I. KNOWLES (Minister for Housing).

Hon. B. T. PULLEN (Melbourne) -- Few in the community would realise the considerable potential of the bill to have an impact on many people because few in the community know how the current Housing Guarantee Fund system works or that it affords some protection from builders and the effects of building contracts.

One cannot overestimate the importance of this type of measure for people in a community such as ours, which places a great deal of importance on home ownership -- the involvement in, building of and owning of a home, and the home as a base in the community. For most people, buying a house is probably the biggest outlay they will make and the largest debt they will incur in their working and family lives. Anyone who is disadvantaged because of dealings with a shonky builder or as the result of entering into a building contract suffers an incredibly crippling experience because it usually involves a lot of money and hardship.

The bill proposes to replace the Housing Guarantee Fund system, which has provided people with a seven-year warranty and relief to the value of $40 000. The system proposed to be replaced has allowed consumers to rely on registered builders and standard contracts.

In addition to being important for individuals who depend on its protection when constructing or renovating houses, the system has also been economically important.

Australian Bureau of Statistics figures reveal that in the 1994-95 financial year the number of dwellings approved was in the order of 23 000 in the Melbourne area and 31 000 for the state as a whole. In 1994-95 approximately $2.8 billion worth of residential work from all areas was approved. In addition to new construction, approximately $685 million worth of alteration and renovation work was approved -- 25 per cent of the value of the total activity in the building area. The alterations and renovations sector of the market in the Melbourne area has risen to 30 per cent of the total activity on residential dwellings.

Clearly it is not just important for people involved in new starts; it is also important for people who are having sizeable renovations done to their houses. It can be an enormous tragedy for people to be ripped off by shonky builders or because they signed contracts they did not understand. A great number of people contract to have building work carried out, and as legislators we should ensure that the best system possible is adopted.

The existing system has served the industry reasonably well, but there have been problems with it, many of which have been talked about but not always proven. It is said that access to claims is too slow; people feel the system is pro-builder; and there can be conflicts of interest. That is partly reflected in the people involved, because inspectors often come from the building industry. Their experience comes from that area, so people feel they have a tendency to favour the builder.

In practice it is difficult for a person to have sufficient knowledge of the industry to undertake inspections unless he or she has been involved in the industry. Because of the disaggregated nature of the industry people generally operate individually or in small teams, so they are independent operators. Inspectors are drawn from those operators as distinct from the large firms.

On balance I believe the system has given consumers considerable protection. There would be no remedy if the legislation were not in place. The bill is a step forward in most areas, but the opposition has problems with two areas, which I shall highlight in a moment when I move the reasoned amendment.

The bill requires builders to be registered with the Building Control Commission, which is a good measure because it brings them under the control of the commission. The bill establishes the Domestic Building Tribunal, which will hear disputes.

It is hoped the process will enable disputes to be settled expeditiously. Disputes can result from genuine misunderstandings that need to be dealt with or arbitrated or from overdemanding clients whose expectations are too high and who ask for changes

but are not prepared to pay for them. In too many cases it involves shonky or careless builders who have not fulfilled their obligations to clients or whose contracts are so misleading that clients are not aware what they are getting into or what they are paying for.

The bill provides that where the tribunal finds fault with a builder the builder can be referred to the Building Practitioners Board. That will allow the industry to check up on people who are doing the wrong thing. Those positive aspects have encouraged the opposition to support the bill.

The problem areas can best be shown through the reasoned amendment that I shall now move. I move:

> That all the words after 'That' be omitted with the view of inserting in place thereof 'this bill be withdrawn and redrafted so as to retain the Housing Guarantee Fund but apply the minimum warranties and guarantees proposed in this bill to the fund.'.

The opposition is concerned about the introduction of private insurance and the loss of the standard contract, which is not something that can easily be captured in a reasoned amendment. I shall deal with that aspect first. The minimum standard provision may be abused. Many people buy or build a house only once in their lives. It is a major purchase, most likely the major purchase in their lives. Savings are tied up or considerable debt is involved.

They are often under pressure in purchasing the land or the house and can easily be misled by contracts they do not fully understand. Time and again people do not understand the details of contracts and find they have signed something that does not deliver what they expected.

To allow a minimum variation will open the field to people who will duck and weave around the contract. A standard contract gives people greater certainty and, coupled with appropriate education, is the way to go. People are not familiar with building contracts because they do not encounter them very often. The opposition believes consumers will be disadvantaged by the move away from a standard contract. Consumers will have greater certainty with a standard contract than with a contract that supposedly meets minimum standards but contains clauses that are designed to deceive the client.

My experience may be eschewed because I know the inner city area better than the country, but building disputes make up 30 per cent of inquiries to my office. Many people are involved in renovations -- they are a substantial part of the market. In 1994-95 alterations or additions to

residential buildings amounted to $572 million. That is a lot of work throughout Melbourne when parcelled into $30 000, $40 000 or $60 000 lots.

Many people are vulnerable in the type of service they receive. Although many builders are reputable and use standard contracts, it is not good to give people the latitude to operate on the fringes. Elderly people are often vulnerable, especially elderly women.

Hon. Louise Asher -- Young women, too.

Hon. B. T. PULLEN -- That could be the case.

If people do not have someone to give them a second opinion, someone who might advise them to take three quotes or do other things that street-wise people automatically do, it is easy for them to be taken in by people who appear to be nice guys who seem to be helping them, only to find out later that they have lost considerable sums of money. The people I encounter in the northern suburbs, where most of my contacts come from, are concerned more about access to housing than about problems with builders, but it is a significant area of concern. It is not a positive step to move away from a standard contract.

The other issue I highlight is that although the opposition commends the government on the general direction of the bill, it is disappointed that the government is taking an ideological approach in privatising insurance cover for building owners.

That raises more scope for a conflict of interest than the existing situation could present; that would be something of a petty conflict compared with this situation in which insurers could have conflicts of interest with people who are buying interests in properties which they want to protect.

There is strong evidence that the Master Builders Association of Victoria and the Housing Industry Association are most likely to be the main insurers in the field. It is not a situation of helpful competition; if it were, competitive packages could be arranged. Without a standard package, who knows what is the best deal. Without a standard package being available, from where will the real competition come? It will not be a question simply of price but of what sort of back-up a person receives.

Without denigrating the people involved in the MBA and the HIA, insurance packages centred on

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those authorities would lead to the companies playing rather difficult dual roles. Their reason for existence is basically to represent builders at different levels in the industry. It is their job to represent their membership. If they are doing their job properly they represent their membership, and nobody could object to that.

How is it possible for them, at the same time, to put that totally aside and be strong advocates for good service for the consumer? Consumers are likely to be critical of their membership because consumers with problems have not come into contact with good builders -- only with builders who are causing problems or, if it is in the twilight zone, where there is fault both ways. That is probably the most difficult area. Often there is an argument to be mounted in both directions. In that situation you find you need independent advice. At the seat of the problem is someone who may have a bias towards somebody who may hold membership in an organisation.

The government claims the bill will improve competition and overcome that problem. It would be better for government reforms to be encapsulated in something more independent. It is disappointing because we want to support parts of the bill; it is heading in the right direction, but because it is such an important area, we cannot give solid support to it.

I have moved the reasoned amendment because the bill is flawed by the ideologies of the government wanting to privatise when there is no benefit, only a lot of danger, in privatising. It may turn out differently, but the evidence is that there will be no benefit from competition because it will be overwhelmed by the inherent conflict of interest.

The position is very clear and logical. It does not need to be embellished with lots of anecdotal evidence. I encourage the house to support the reasoned amendment.

Hon. K. M. SMITH (South Eastern) -- I support the bill and oppose the reasoned amendment moved by the opposition. The house will be aware that my work history for most of my life, apart from the time I have been a member of this place, has been in the building industry. In my time here I have been able to use my experience to assist a number of home owners who were having trouble with the Housing Guarantee Fund because of what seemed to be inadequacies in the old legislation. Loopholes in the HGF allowed builders to do what they wanted. In many cases, the HGF did not support the homeowners when problems arose.

I cannot support Mr Pullen's argument that the standard contract is not a problem. Victorians will benefit from the bill because the standard contracts have created some of the problems that have arisen when a dispute arises during the course of a house construction. Some of the solutions in that instance will be able to be inserted into a contract.

Also, Mr Pullen argued about insurance companies; the HIA and MBAV will probably take out insurance policies on behalf of their members or act as the insurance agents. We should remember what happens in the motor industry with the RACV, AAMI and VACC companies because their members basically work for the insurance companies. It will be a similar situation here. I anticipate that people will start to search out the best possible insurance policy to suit them.

This bill revolutionises the operations of the home building and renovation industry because it deals with the rights and responsibilities of homeowners and home builders. Rather than my speaking generally on the bill, I shall highlight a few significant parts of it as they relate to constituents of mine.

One couple in whose interests I have been acting for some time has suffered badly for a number of years because of the present system. Almost three years ago, Colin and Rosalie Bayly visited my electorate office.

They consulted me about problems they were having with a builder. They were in dispute with him over building work they claimed was not completed. Because of the dispute, Mrs Bayly had suffered a nervous breakdown and her husband had almost reached the stage of chasing the builder; had Mr Bayly been able to get his hands on the builder, I think he would have strangled him.

The Baylys had sold their former family home. With a few dollars left in their pockets, their plan was to build what was to be a small home for their retirement. This builder, whom I will name shortly, was not a decent builder; he was a slimy little man. The dispute was over some $7000 worth of work that had not been completed. I am talking about small items -- for example, skylights shown on the plan that had never been installed and painting that had never been completed. The amount is not a trifling figure but pales into insignificance with the costs the Baylys have incurred in attempting to get justice in this matter.

This matter was settled only a few short months ago; when I say settled I do not mean the dispute has been resolved. The building works in question have not been completed. After an inept arbitration hearing, a County Court hearing and a Supreme Court action, the Baylys are back to where they were when they first complained about the builder's shoddy workmanship. Now, they owe Victoria Legal Aid some $35 000. Their entire life savings have disappeared.

The reason for Mr and Mrs Bayly selling their first home was to get financial stability in their lives -- now their future is bleak. We are trying to help them write off some of this debt. No-one would look forward to reaching retirement age and having such a problem hanging over his head. The dispute has been over about $7000 worth of work; under the present legislation, the matter could not be resolved inexpensively.

The bill creates a legislative system which, had it been in place a few years ago, would have benefited the Baylys. They would now not have this debt to Victoria Legal Aid hanging over their heads.

I shall point out some of the new measures introduced by the government that probably would have helped the Baylys. The first is prohibiting compulsory arbitration in standard building contracts. The case of Mr and Mrs Bayly is a clear and unfortunate example of arbitration being anything but a quick and cost-effective method of resolving building disputes. Not only is arbitration costly and time-consuming but also the cost of any mistakes made by or misconduct of an arbitrator in the course of dealing with a matter must be borne by the parties to the dispute. In other words, there was no legal comeback against arbitrators for stuffing up matters as they did in the case of the Baylys.

Building arbitrators earn easy money, based on the Supreme Court fee scale, yet they are not at all accountable for their actions. I suppose they are a bit like judges. On the whole, arbitrators belong to an association called the Institute of Arbitrators Australia. This group, given official status in current uniform building contracts, is in no way legally liable to stand behind the actions of the members it puts forward as so-called competent arbitrators. That created a ludicrous situation where people were forced to take building disputes to arbitration even though they had no comeback against any arbitrator who was less than professional -- and they were certainly less than professional in Mr and Mrs Bayly's case.

By stopping compulsory arbitration the government has stopped this little money-spinner for arbitrators dead in its tracks.

If they had been willing to stand behind their actions this step may not have been necessary, but as it is they will no longer be making large amounts of money from arbitrating matters between ordinary folk who are simply looking for a quick and cost-effective method of settling a dispute. Honourable members will be aware that written into the standard building contract is a direction that disputes about building matters will go to arbitration.

Many people, like the Baylys, have been forced into arbitration. They have had little say in which arbitrator is chosen yet, like the Baylys, they have no comeback against the decision of an arbitrator who, after being paid an extremely generous daily fee, was found by a Supreme Court judge to have misconducted himself. He walked away scot-free and the Institute of Arbitrators would not stand behind him or the decisions he had made.

The best part of the government's measures is that they will ensure that other people will not suffer the same fate as the Baylys suffered over a period at the hands of those arbitrators.

Secondly, the bill creates the Domestic Building Tribunal, which is an excellent thing. It will replace arbitration. The Domestic Building Tribunal will be the first port of call for domestic building disputes. The tribunal is designed to have a simple, non-legalistic procedure that will quickly and at minimal cost resolve disputes. The tribunal's wide discretion is designed to favour fairness and justice over legal technicality. All honourable members know how you can be caught up in legal technicalities and that lawyers love them because they make an absolute fortune out of them.

While legal representation at the tribunal is possible, it is allowed only where both parties consent to it or where the tribunal believes it is necessary because of the nature of the issues being considered. That, of course, will help reduce costs to those seeking dispute resolution and will make the tribunal more user friendly than would be the case if it were used as a venue for lawyers to battle out legal arguments at their clients' expense.

The tribunal is also preferable to arbitration because it will have the ability to resolve mid-contractual disputes as well as disputes arising at the completion of the works. This is an important issue, particularly if you have an owner who is keeping a close eye on the job that is being done. It is better

than having a job completed and then having to come in and take plaster off the walls or take bricks out or a roof off to try to resolve some of the problems that have been covered up by an unscrupulous builder.

It will save time and money by allowing an independent inspector to come in and view the works that have been completed to see whether they conform to the contract specifications, without having to wait until the works have been completed. That will mean that a building contract can be kept on track

throughout the process of building rather than waiting until the contract is completed and a dispute then arising between the builder and the homeowner.

The bill ensures that matters will go to the Domestic Building Disputes Tribunal rather than the Magistrates Court, the County Court or the Supreme Court. I think that's great. This proposal is embodied in clauses 57 and 134 and ensures that parties are not dragged through the courts with the associated time delays and unnecessary expense.

As I have already mentioned, the Baylys were dragged through the courts by an unscrupulous builder who used any tactics he could to delay the proceedings and draw the matter out. The builder's name is Lindsay Sinclair. He has had a lot of TV and newspaper coverage on some of his unscrupulous dealings not only with the Baylys but also with other people, including the tax department, which dragged him through the courts for a couple of million dollars and sent the particular company that was being sued broke. I think that's terrific. Unfortunately it did not send Mr Sinclair down at all. I can only advise anybody who has any dealings with a man by the name of Lindsay Sinclair to steer clear of him. He is unscrupulous, cannot be trusted and is in a fact a blight on the building industry not only in this state but around the country. He has done a fair amount work interstate, particularly in Queensland. If I were not trying to be dignified I would say that he is a slimy little rat that the building industry does not need.

The Baylys' building dispute went to the Supreme Court in the end, which meant that the matter was dragged out for years longer than it should have been and cost tens of thousands of dollars. The new system put in place by the bill will not allow that to happen again easily. The bill provides that where a matter that arises wholly or predominantly from a domestic building industry dispute is brought before the Magistrates Court or the Supreme Court, that court must dismiss the action if the parties to the action so request and refer the matter back to the building disputes tribunal. The government is trying to get back to basics, with people sitting opposite each other and resolving their problems without lawyers having their two bob's worth as well.

As I said, the new provisions are not introduced to remove a person's right to have a matter settled by a court but to ensure that unscrupulous operators do not use the court system to drag out disputes that should be settled very quickly -- and a lot more cheaply than they have been in the past.

The Baylys' dispute went on for three years, and even without any real settlement, as I said, it cost them the $35 000 they owe to Victoria Legal Aid and the tens of thousands of dollars of their savings that they have spent on top of that -- all because of $7000 worth of work that had not been completed correctly. Having looked at the plans and the house, I can say that these people were certainly dudded by Lindsay Sinclair. The bill will ensure that the parties to a dispute can have access to a single, inexpensive and quick way of resolving the dispute rather than having it go on and on, as the present system sometimes allows.

It should also be noted that clause 110 provides that where a party wishes to dispute the legality of a decision of the Domestic Building Disputes Tribunal it can appeal to the Court of Appeal. The Court of Appeal will be able to vary, set aside or affirm the tribunal's decision or it can require the tribunal to hear the matter either with or without further evidence being presented.

Therefore the tribunal becomes simply the initial contact point in attempting to settle a dispute. Appeals on questions of law can still be made to the courts.

The bill changes the Building Act to cover the registration of domestic builders. The changes to the registration and control of domestic builders are important. In my experience -- I have been in the industry a long time -- the current system is unable to adequately control the actions of deregistered builders. In the case of Lindsay Sinclair, the builder who tried to rip off the Baylys -- he has done the same to so many others in the past -- the HGF appeared helpless. The fund was unable to stop him from continuing to operate, even after he was deregistered. Sinclair's dealings with the Housing Guarantee Fund tell a long and sorry story, yet he was able to continue building houses and undertaking other construction work under numerous company names while the HGF acted as though it had its hands tied.

Day after day I was given information about the sites at which Lindsay Sinclair was working under bodgie names or other

builders' names and registration numbers, yet the HGF was not prepared to do anything. We gave the fund the job addresses and all the other information it needed; it said it would look at the situation, but it was not prepared to act.

The new approach is to register domestic builders under the Building Act, bringing them under the same legislative umbrella as commercial builders and, if necessary, requiring them to face disciplinary action before the Building Practitioners Board. That independent body will be able to deregister and otherwise penalise builders who are not up to scratch. It will be able to impose heavy penalties on builders such as Lindsay Sinclair and his ilk who continue to flout the law by building without a licence.

Domestic builders will have to register with the board annually by paying the appropriate fees and satisfying the board that they are carrying the necessary insurance.

Clause 146 allows the board to suspend the registration of builders who fail to comply with insurers' directions, thus permitting greater scrutiny and the easy deregistration of those builders who do not comply with the requirement to have adequate insurance cover. Clause 147 provides that a builder who carries out domestic building work after being deregistered by the board will face a penalty of 100 penalty units. The bill also creates competition in the building insurance market, which is something that I raised briefly with Mr Pullen.

At present only the Housing Guarantee Fund is able to provide warranties for domestic building works. Each warranty has a maximum life of seven years and a maximum dollar value of $40 000.

As I have already mentioned, in my experience the HGF has at times been unable to adequately address the needs of homeowners who require assistance to deal with substandard building work. The bill will give a builder the choice of taking up one of a number of offers by private insurance companies, each of which will offer as minimum standards an insurance level of $100 000 and coverage of work on driveways, paving, fences and swimming pools, which in the past have not been covered. With this scheme will come the obvious benefits of competition, as well as a more complete insurance cover, which will ensure that homeowners are not out of pocket when dealing with building works that are not up to scratch. These two initiatives will ensure the more effective control of domestic builders. The bill will bring them into line with commercial builders and will help to ensure that the bad elements -- Lindsay Sinclair and his type -- are removed from the industry.

I am pleased to support the bill, which is a great step forward for the Victorian building industry. Having dealt with a number of constituents who have suffered as a result of the current inadequate system, I believe the bill will create a legislative scheme that will more appropriately meet the needs of homeowners who have suffered at the hands of unscrupulous builders. Over the past three years I have sent a constant stream of letters to the Attorney-General about Colin and Rosalie Bayly, who have suffered tremendously under the present system. That has helped bring about the changes in the bill. I hope the Baylys will take some consolation from the fact that they can now get on with their lives as best they can, given the financial and emotional stress they have been put under during past few years because of the actions of Lindsay Sinclair.

I support the bill, which will help to make some much-needed changes.

Hon. LOUISE ASHER (Monash) -- In my opinion the Domestic Building Contracts and Tribunal Bill has the potential to be one of the great consumer reforms of the Kennett government. The bill, which is long overdue, addresses problems with the building of new homes or the renovating of existing homes that have caused many of our constituents a great degree of heartache. The House Contracts Guarantee Act 1987 is clearly deficient in the way it manages and handles building disputes.

In the brief time available to me I will mention what I regard as the key weaknesses of the existing system. The first key weakness is that the system itself is inherently contradictory because it virtually contains a conflict of interest. The Housing Guarantee Fund is the only body that provides recompense in the event of disputes; but it is also the de facto registration body for builders and has the final say in assessing consumer claims through its appeals committee.

It is definitely seen as being biased in favour of builders, and it is fair to say that its registration role and its dispute resolution role give rise to a conflict of interest.

The second key problem with the current system is that it is slow and inefficient -- and there are many consumer complaints to testify to that. The third key problem -- this is one of its most fundamental weaknesses -- is that it does not allow for mid-contract dispute settlements. The current

system demands that people go through to the end of the process, even though problems can be seen emerging along the way. It would be more practical and efficient to have a dispute resolution system that allowed people to settle disputes as they arose rather than at the end of the contract.

The fourth key weakness is that the monetary limit of $40 000 is too low.

Many of the disputes involve sums over that level. The fifth key weakness of the system is that there is no competition. Under the bill the government is trying to introduce some competition into the insurance regime. In my opinion the bill will result in greater consumer protection. The Housing Guarantee Fund will have a role in dealing with existing warranties, but new contracts will come under the new system proposed by the bill.

In essence, the bill has four major features. The first is that it will establish the Domestic Building Tribunal, the essential elements of which will be speed and low cost. The second significant feature is that it will establish a new registration system for domestic builders. They will be covered by the Building Act 1993, which will bring them under the same regime as commercial builders. The third major feature is that insurance cover for builders will be privatised; and the fourth major feature is that domestic building contracts will be required to contain an extended range of minimum terms and conditions.

The objectives of the bill are fourfold -- firstly, to improve the standards of domestic builders in the state of Victoria; secondly, to reduce the number of disputes between builders and consumers by introducing simpler contracts that contain minimum standards of protection for consumers; thirdly, to provide a forum for the cheap and quick resolution of disputes -- that is, the tribunal; and fourthly, to introduce private competition to the insurance and warranties offered for renovations and new buildings.

I will comment on the four features of this bill. The first is a change that ought to be welcomed by everyone: the establishment of the Domestic Building Tribunal. The tribunal will be empowered to consider a wide rage of disputes between builders, building supervisors and owners, including most importantly disputes between builders and subcontractors, which again is an important step forward. If both parties agree, matters can be considered by the courts rather than the tribunal.

But the objective of the bill is to set up a speedy, low-cost tribunal to handle these particular types of disputes.

The tribunal will have the power to issue what we call a stop order where the plans or the specifications set out in the contract are not being complied with by the builder or where the owner makes an application seeking modification to the plans and specifications to which the builder does not agree.

In essence what will be allowed is for a dispute to be adjudicated on by the Domestic Building Tribunal in mid-contract. What I would regard as the key weakness of the existing system is being rectified in this bill. The tribunal will have the power to transfer matters to a court, the Building Practitioners Board or the Building Appeals Board, where it is considered appropriate to do so. The tribunal will have fair discretion in transferring to other bodies if in its opinion that is appropriate.

The fee regime will be designed to discourage frivolous claims but also to encourage the early resolution of disputes. The fee regime that is proposed under the bill is as follows. There will be an application fee of $200 for claims of up to $25 000, and $250 for claims in excess of $25 000 or where no specific amount of damages are sought. For claims or counterclaims in excess of $25 000, a fee of $100 will be payable in the event of an unsuccessful mediation, and there will be a daily hearing fee of

$100 payable for each day after the first day if the hearing is not completed in one day. The fee regime reflects a good balance between a lower cost than that which exists at the moment, a discouragement to frivolous claim and an encouragement towards an early settlement.

The parties to the dispute can request written reasons for decisions. This system has been modelled on the Queensland Building Tribunal, which comes under the Queensland Building Services Authority Act 1992.

It is also in part modelled on the Victorian Estate Agents Disciplinary and Licensing Appeals Tribunal under the Estate Agents (Amendment) Act 1994. Like my colleague Mr Smith, I too would like to make mention of a constituent who came to me with a very, very sad example of a building dispute which the current system was unable to resolve.

Ms Jan McDonald of Middle Park recently came to my office with a tale of woe. She had contracted a builder to do some renovations to her flat. Some renovations have been carried out that she regards

as shoddy. In her opinion the workmanship is appalling. She has paid out $7500 to the builder for these renovations and has taken her dispute to the Housing Guarantee Fund Ltd. My constituent's complaint shows how the limitations of not giving the HGF power to settle amid contractual dispute means the system does not work properly.

She received advice back from the HGF in September 1995 saying that because the contract had not been terminated the builder was not deemed as being in default. The advice also went on to say she was not in a loss situation given various calculations. The salient point in this is that Ms McDonald has paid out some money for workmanship she regards as appalling and because the dispute -- you and I would define it as a dispute Mr Deputy President -- is in mid-contract and not at the end of the contract, the existing system is unable to settle on her dispute. This has caused her a great degree of stress.

It is most unfortunate that the existing system was set up to look only at end-contract disputes. I have advised her that if she had had her dispute heard under the government's new system she would have been able, presumably, to take advantage of the ability to settle mid-contract and avail herself of the opportunity to take her case to the new tribunal. However, it is not the case at the moment and she is very much aggrieved.

It is one of the very many sad cases I suspect that have come to all of our electorate offices.

The second major feature of this bill is that of builder registration. Domestic builders under this bill will be registered under the Building Act 1993. Currently commercial builders are registered under this act so this will simplify the registration procedure for both domestic and commercial builders and make it consistent between the two. There are of course many builders who perform both types of work, domestic and commercial, so this is a very commonsense reform. In order to discourage unregistered building, the Building Control Commission will have the power to investigate and prosecute unregistered builders and to seek injunctions to stop building work by an unregistered person.

The Domestic Building Tribunal will be able to refer disciplinary issues to the Building Practitioners Board and this will ensure that the performance of domestic builders will be independently assessed to determine their suitability to remain registered under the Building Act 1993. The system will be simplified. The bill also provides for registration of nominee builders, corporations and partnerships. This in effect will ensure that an individual will still be held responsible for building work that is undertaken.

The third major new feature of the system is the insurance system. At present the Housing Guarantee Fund issues a 7-year guarantee with a maximum cover of $40 000. The Housing Guarantee Fund is the sole supplier of these guarantees and as a result of that monopolistic situation the committee does not get the benefit of competition in the system. Under the new regime proposed by the bill there will be a range of insurance options that will be open to builders. These will be supplied by private insurance companies.

The insurance will vary from a warranty scheme similar to that currently operating, to an insurance scheme similar to that which operates in South Australia, Tasmania and the ACT, to a professional indemnity-style scheme. Each of these schemes will be in favour of the owner requiring a minimum insurance coverage of $100 000 and be free from the ambiguity and inconsistencies that exist under current coverage by specifying precisely what is to be covered by the insurance.

While Mr Pullen drew attention to the fact that the number of insurance schemes to be offered initially under this bill may not be extensive, it is the government's view that more insurers will be attracted to this market. This will lead to greater competition, and fundamental to that it is the government's view that once some cross-border markets are established and New South Wales sets up a similar system there will be a greater potential for competition within the market.

The Domestic Building Tribunal will not be able to review an insurer's decision to issue or renew or to not issue and not renew insurance policies. This will be a commercial matter and will be outside the ambit of the tribunal. The domestic building contracts mooted under the act are yet another feature of this bill before the house. This is an area which has caused significant difficulty in the past because, as many speakers have alluded to, it is very difficult for people without expertise to understand the building contract for renovation or for building a new home because they are particularly complex.

Again the government has acknowledged that the standard contract developed by the industry associations has led to an improvement in the situation. However, the situation could be better and

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the government has made a deliberate decision, although it is queried by the opposition, not to introduce a standard contract under the bill but to introduce minimum conditions.

The government's view is that the standard contract will prevent improvement and if minimum conditions are set builders can compete on their contracts. The capacity is certainly there to get better and better contracts. The government acknowledges there has been improvement in this area, but the capacity for more improvement will ultimately afford greater consumer protection.

Briefly the minimum conditions provide for a number of statutory warranties to be incorporated in every building contract: that the building will be built in accordance with the plans and specifications of the contract; that the building will be fit for the purpose indicated to the builder; and that it will be built with new materials unless otherwise agreed.

Another major feature of the regime set up under the bill is that a builder will be required to obtain a pre-contractual geotechnical report upon which the contract price must be based, and the builder cannot claim any additional amounts from the owner if the builder neglected to obtain that report which could have disclosed the need for additional expenditure. Again that is a plus.

Cost-plus contracts have been prohibited for new homes and builders are required now to make reasonable allowances for the inevitable delays caused by inclement weather. Cost-escalation clauses will be permitted only in contracts where the price exceeds $500 000. There is a cooling-off period of five days, and if that is not mentioned in the contract it will be extended to seven days. The minimum conditions I have mentioned are only a few of those required under this bill.

I turn briefly to the reasoned amendment moved by the ALP. I find it incongruous, given the level of problems being directed to members of Parliament and the level of complaint in the community about the existing system, that the ALP is moving an amendment to withdraw the bill and take it back to the drawing board. Given the deficiencies of the existing system and given that Mr Pullen said the government was moving in the right direction, we should not go back by withdrawing the bill and redrafting it; rather we should move forward, test the system and the level of competition in the marketplace and test the way the Domestic Building Disputes Tribunal will actually work.

In conclusion, building new homes and renovating old ones is probably one of the most stressful times to be experienced by people. It is probably their biggest purchase and renovations are certainly among the major expenses that would be faced in a lifetime. Serious injustices have emerged in the current system. The bill is an excellent reform.

It has the potential to be a fantastic consumer reform, and I wish it all speed.

Debate adjourned on motion of Hon. G. B. ASHMAN (Boronia).

Debate adjourned until next day.

House adjourned 6.03 p.m.

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23 November 1995 COUNCIL

Title	**DOMESTIC BUILDING CONTRACTS AND TRIBUNAL BILL**
House	**COUNCIL**
Activity	**Second Reading**
Members	**ASHMAN**
Date	**23 November 1995**
Page	**754**

Page 754

DOMESTIC BUILDING CONTRACTS AND TRIBUNAL BILL

Second reading

Debate resumed from 22 November; motion of Hon. R. I. KNOWLES (Minister for Housing); and Hon. B. T. PULLEN's amendment:

> That all the words after 'That' be omitted with the view of inserting in place thereof 'this bill be withdrawn and redrafted so as to retain the Housing Guarantee Fund but apply the minimum warranties and guarantees proposed in this bill to the fund.'.

Hon. G. B. ASHMAN (Boronia) -- The Domestic Building Contracts And Tribunal Bill is a significant piece of legislation.

When I came to Parliament in 1988 there was a great deal of discussion about the need to review the Housing Guarantee Fund. It has been suggested that the gestation period of this legislation has been similar to that of an elephant!

The bill is a complete rewrite of the insurance and warranty provisions of the House Contracts Guarantee Act. There would not be a member of Parliament who has not received complaints from his constituents about claims against builders and the Housing Guarantee Fund. The bill establishes a new framework for providing insurance and contains some minimum standards to be included in building contracts.

There has always been significant disputation about what is covered in the guarantee and what is not.

Page 755

A large number of home buyers have not understood that the Housing Guarantee Fund provides guarantees relating to the performance and contractual obligations of builders as well as major defects in the construction of domestic properties. However, over the years builders have oversold the scope of the guarantee to the extent that many home buyers believed any construction or cosmetic faults that arose within the first seven years of the life of the property were covered by the Housing Guarantee Fund. That has led to significant levels of disputation between owners, builders and the fund. The new domestic building contracts legislation will continue to include the guarantee, but it will also provide a clear warranty provision for homeowners, which will be welcomed. It will mean that all contracts for renovations in excess of $5000 will be covered, as well as some contracts for renovations and building work of lower value.

I will give the house an example of the old marketplace practices of the building industry in relation to the Housing Guarantee Fund.

About six months ago I spent some time visiting a number of housing display centres. At two-thirds of those centres the salesmen told me the houses were covered by the Housing Guarantee Fund. They all oversold the fund by stating that the fund provided significantly more than guarantees covering the builder's performance of the contract. They were all selling the fund as a warranty provider.

People need to understand that although the new insurance scheme will cover warranties, it will not go to the extent of covering whitegoods and some of the items that builders now install as standard equipment. The warranty provisions covering items such as dishwashers, hot water services and stoves are the manufacturer's warranty. So if manufacturers offer five-year guarantees on those items, they are the warranties that will apply. They will not carry the extended guarantees that the houses carry.

The bill also requires builders to give accurate costs when quoting for jobs and to use reasonable skill in developing those quotations.

I point out to the house that during the past seven years my office has received a significant number of complaints about building disputes. Many of them have related to costs. For some builders it has been almost standard practice to under-quote building costs, achieving what they believe to be the real costs of the projects through price variations. Under the bill that will be now more difficult to do.

A company called Henley Properties is currently advertising new homes at $3300 a square. Two weekends ago I visited one of its display villages and showed an interest in purchasing a home of 30 squares at a cost of $99 000.

When we got down to talking about the details of what was to be included, I found the price did not include the carport, which was 4 squares, even though, when they were talking about the size of the home, the carport was included. That company has a reputation for using that technique to sell homes, making them appear to be cheaper than they are and adding additional value to the contracts through cost variations.

I will not go through all the details, but it appears that the average price per square of the average completed home sold by Henley Properties is probably closer to $4500 than the $3300 that is first quoted.

Hon. G. H. Cox -- A significant difference.

Hon. G. B. ASHMAN -- There is a significant difference, as Mr Cox says. The company also looks at adding site variation and connection fees on top of those.

The site variation fee can be anything up to $12 000, and the connection fee is of the order of $5000. Under the bill companies will have to be more accurate with their quotations.

It is in the interests of the owner and the builder to have accurate quotations before the contracts are finalised. In the past their disputes have ended up going to arbitration. I will give a couple of examples.

At one stage I thought I was receiving all of the complaints relating to the arbitration system in the eastern suburbs. I had a filing cabinet devoted to Housing Guarantee Fund Ltd claims. The arbitration process was being used by a number of builders as a means of gaining additional profit out of the contract. Some companies specialise in building low-cost homes for first-home buyers and low-income earners.

I will indicate how the arbitration process was being abused. One such company is the Harmonious Blend Building Corporation Pty Ltd who are tied up with Clark Real Estate Pty Ltd. Clark Real Estate would sell the land, and in the next room sell a western red cedar home under the Harmonious Blend Corporation's contract. The total package would be in the order of $50 000 to $55 000. Generally a young couple would be purchasing it on the minimum deposit; they would only just have managed to qualify for a loan and they would have

no spare cash. The practice of this company was to bring variations in through variations to the contract. In a number of instances they actually took possession of the properties during the construction and ultimately owned them. They would create a dispute and send it to arbitration. The buyers were not able to defend the matter through arbitration because of the costs involved and they would lose their home. I am pleased to say that in a significant number of cases we have succeeded in beating Clark Real Estate and Harmonious Blend.

One example goes to the changes in the Domestic Building Contracts Act. The company sold a block of land at Warburton to a young couple who then agreed to build a western red cedar home on the site. Harmonious Blend told them it would cost them an additional $5000 over and above the quoted price for the septic sewage system because they had found rock on the site. We defeated them at arbitration because we were able to demonstrate that this same company had built homes on the two adjoining blocks and had also found rock. The expectation was reasonable that there would be rock to centre block and on that basis we were able to have the septic connected for the quoted $1500, not the escalated price of $6500.

A further example is where the company sold a block of land and a house and claimed for the unknown fall in the land due to slope. They had quoted a figure for 6 feet of fall across the block but in actual fact there was 15 feet of fall.

We were able to beat it, arguing that the quoters - Harmonious Blend and Clark Real Estate -- were one and the same, and it was deemed they would have known the fall on that block. A significant number of people were not as fortunate and ended up paying additional money, or indeed losing their investments in the property.

The legislation provides for completion time and defines procedures that will be brought into play if those completion times are not met. Once again that removes from the least honest builders the opportunity to delay construction and impose an additional cost on homeowners by way of holding costs. That technique was also used by unscrupulous builders to gain increases in the contract price once the contract had been signed.

The arbitration process has not worked well. It has been very costly for consumers, and in some instances for builders.

The Institute of Arbitrators Australia needs to stand condemned for the way it has allowed the arbitration process to be bastardised by builders. I will not go through the details today because we do not need a long debate on this bill. Under the building contract arbitration clauses the costs of arbitration were to be met equally by the builders and the homeowners, but I can quote instances where the homeowner was quoted $2000 a day and the builder was quoted $800. The institute was not prepared to address those matters, notwithstanding the fact that the contract stated that the costs should be borne equally by both parties. In my view the Institute of Arbitrators has a great deal to answer for and stands condemned.

Written variations will now be a requirement; once again that will remove significant levels of disputation because when a dispute arises there will be a mediation process.

There is nothing more sensible than bringing people around the table at the start of a problem rather than trying to resolve it in the courts months later. The mediation process will probably remove 90 per cent of the complaints that have been going further and will be a significant benefit to the builder and the owner in that they will be able to get on with the job and complete the contract. If mediation does not resolve the problem, the matter will go to the Domestic Building Tribunal and will be resolved there. The only appeal beyond the building tribunal will be on a matter of law to a higher court. Indeed, that mirrors the procedures in place in a number of other tribunals, and they work well.

Notwithstanding all of these changes, there needs to be a warning to consumers. In the vast majority of instances where we have sought to assist home buyers and builders when there has been a dispute, the dispute has frequently arisen because one of the parties has not taken professional advice.

Generally when a person purchases a home it is the biggest contract they will enter into in their lives. It is usually something they do once or twice in a lifetime so they do not actually gain any expertise in negotiating or managing the contract.

The major difficulty that we see coming through from consumers during the construction stages of the project is that the consumer does not understand the stages or the detail of the work that occurs while the home is under construction. The best advice they could have is professional advice from a supervising architect or an independent builder who will lead them through and verify that the stages of the contract have been met and the standard of workmanship on the project is appropriate. That would lead to a lot less disputation in the marketplace.

The bill extends the scheme to make it a warranty scheme as well as a guarantee scheme, and I have indicated the scope of the warranty. The change from $40 000 to $100 000 more accurately reflects the value of the average domestic building contract.

The scheme is to be administered through the insurance sector and a number of insurers have indicated they will come into the field to take up this type of coverage. That will provide greater competition across the industry and give builders more options than have existed when they were required to register through the Housing Guarantee Fund.

The legislation provides very large builders with the option of taking out an across-the-board, indemnity type of insurance as opposed to tying the cover to a specific property, and gives them scope to manage their businesses in a way that will reflect the scale of their operations.

Small builders will be able to take out insurance on a property-by-property basis. Either way, at the end of day the consumer will be provided with $100 000 worth of cover.

I am concerned that the increase in coverage over and above what was covered by the Housing Guarantee Fund may lead to some escalation of fees, and I hope that premiums will remain at approximately their existing level. I am also concerned about the cost of insurance being an impediment to new entrants in the building industry. Builders starting up their businesses should be able to gain easy access to insurance coverage.

The reasoned amendment moved by the opposition suggesting that the bill be withdrawn and redrafted must be opposed. The drafting of the legislation has been under way for approximately eight years.

Both Mr Mier and Mr Theophanous looked at housing contracts and the Housing Guarantee Fund when they were minister responsible for this area.

Hon. B. T. Pullen -- We support a lot of it, but not privatisation.

Hon. G. B. ASHMAN -- There are significant improvements in the bill. I am pleased to pick up Mr Pullen's acknowledgment by interjection that the opposition supports the substantial portion of the legislation. If we were to accept the opposition's proposition that the bill be withdrawn and redrafted we would be throwing out 90 per cent of the improvements contained in the bill to achieve perhaps a 10 per cent improvement.

The bill will effect a vast improvement over the housing guarantee legislation it will replace.

The government does not suggest the bill is perfect - not a single piece of legislation that goes through this place will not come back at some time for further amendment. Community expectations and market conditions change. Opportunities will be available in the future to address some of the operational issues that may arise from the legislation.

On balance the bill is a vast improvement over what we have had in the past and deserves support from both sides of the house.

House divided on omission (members in favour vote no):

Ayes, 25

Asher, Ms	Guest, Mr
Ashman, Mr	Hall, Mr
Atkinson, Mr	Hallam, Mr
Baxter, Mr	Hartigan, Mr
Best, Mr	Knowles, Mr
Bishop, Mr	Skeggs, Mr (Teller)
Bowden, Mr	Smith, Mr
Brideson, Mr	Stoney, Mr
Craige, Mr	Storey, Mr
Davis, Mr	Strong, Mr
de Fegely, Mr	Wells, Dr (Teller)
Evans, Mr	Wilding, Mrs
Forwood, Mr	

Noes, 12

Davidson, Mr	McLean, Mrs
Gould, Miss (Teller)	Mier, Mr
Henshaw, Mr	Nardella, Mr (Teller)
Hogg, Mrs	Power, Mr
Ives, Mr	Pullen, Mr
Kokocinski, Ms	White, Mr

Pairs

Connard, Mr	Walpole, Mr
Varty, Mrs	Theophanous, Mr

Amendment negatived.

The PRESIDENT -- Order! I am of the opinion that the second and third readings of this bill require to be passed by an absolute majority. So that I may ascertain that an absolute majority is present, I ask members supporting the question to stand in their places.

Required number of members having risen:

Motion agreed to by absolute majority.

Read second time.

Third reading

Hon. R. I. KNOWLES (Minister for Housing) -- By leave, I move:

That this bill be now read a third time.

In so doing I thank honourable members who have contributed to the debate.

The PRESIDENT -- Order!

So that I may be satisfied that an absolute majority exists, I ask honourable members supporting the motion to rise in their places.

Required number of members having risen:

Motion agreed to by absolute majority.

Read third time.

Remaining stages

Passed remaining stages.