



Media release

The Hon Robert Clark MP
Attorney-General
Minister for Finance
Minister for Industrial Relations

The Hon Heidi Victoria MP
Minister for the Arts
Minister for Women's Affairs
Minister for Consumer Affairs

Monday 7 April 2014

Coalition Government to better protect building consumers

The Victorian Coalition Government today announced that it will introduce a Domestic Building Consumer Protection Fund to better protect Victorian domestic building consumers.

The establishment of the Fund will further strengthen the role of the Victorian Building Authority in providing a 'one-stop-shop' for building regulation and consumer protection under the Government's Domestic Building Consumer Protection Reform Strategy.

"The Government will phase out the current insurance arrangements by 30 June 2015, meaning there will be a single, integrated, statutory body to which consumers can look for all aspects of protection – from responding to consumer complaints, to providing cover if a builder defaults through to deregistering dodgy builders," Minister for Finance Robert Clark said.

"For builders, the new Fund will mean a single, integrated process for registration and for coverage of their projects, without their livelihood being dependent on separately satisfying a regulator and an insurance company.

"The new arrangements will provide improved protection for families and individuals who invest large sums to build or renovate their home."

Mr Clark said consumer protection provided under the new Fund would include the expanded cover previously announced as part of the Government's Domestic Building Consumer Protection Reform Strategy. This expanded coverage will apply when:

- a builder disappears, becomes permanently and significantly incapacitated, becomes insolvent or dies;
- a builder is de-registered or has their registration suspended; and/or
- a Rectification Order issued under the new dispute resolution arrangements has not been complied with.

As well, the maximum payout will increase to \$300,000, compared with the current \$200,000 maximum.

Minister for Consumer Affairs Heidi Victoria said the new Fund will significantly improve consumer protection in Victoria.

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"The additional triggers for compensation claims and more extensive coverage will ensure greater protection for consumers engaging with builders. This reform will enhance consumer and industry confidence in Victoria's building system," Ms Victoria said.

The expanded coverage will commence later this year, in conjunction with commencement of the new Rectification Order and registration reforms by VBA.

Until the commencement of the Domestic Building Consumer Protection Fund on 1 July 2015, the expanded coverage will be provided under domestic building insurance cover to be provided exclusively by the Victorian Managed Insurance Authority.

The Essential Services Commission will continue to monitor and report publicly on the performance of domestic building insurance during the transition period and thereafter will monitor and report publicly on the performance of the Fund and its relationship with VBA's regulatory functions.

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