

Rodney and Pieta Cedaro
[REDACTED]

Via email to: thlgc@parliament.qld.gov.au
(cc'ed to Building Advisory Group:
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Via fax to: 07 34067070

14.8.2012

RE: Experiences with the Queensland Building Services Authority (QBSA)

To Whom It May Concern

My wife and I built a property at [REDACTED]

We engaged [REDACTED]
[REDACTED] to build our property and signed a building contract to the value of ~\$1.2 million dollars which included clauses pertaining to BSA insurance.

1. Within two months of the building process commencing we had phone calls from sub-contractors claiming they hadn't been paid by [REDACTED] (e.g. Excavation sub-contractor owed ~\$60K – which we'd already paid months earlier to [REDACTED]).
2. Upon visiting the property – towards the end of the construction phase (which was already months tardy) – it became apparent that there were a number of considerable defective works. We were forced to engage a building inspector, quantity surveyor and legal representation at this point at a total cost of nearly \$70,000.
3. [REDACTED] was then issued with a notice of termination due to defective works. This documentation, with detailed reports from solicitors, quantity surveyors and building inspectors, was (as required) then submitted to the QBSA.
4. A couple of months subsequently passed and the QBSA did absolutely nothing in spite of numerous phone calls and emails from me. Finally, upon one of my follow up calls I was informed by the legal representative of the QBSA that (and I quote), "We can't establish who is at fault in this matter and we suggest you resolve the matter with the builder". This was in spite of mountains of documented evidence (submitted on our behalf) pertaining to the extensive defective works completed by [REDACTED] and detailed legal evidence indicating that the contract had been correctly terminated in line with the QBSA's own guidelines for contract termination. We subsequently saw what [REDACTED] submitted by way of supporting his case for non-termination of the contract and it was laughable. This aforementioned conversation occurred with the legal representative of the QBSA on a Friday evening.

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5. On the very next Saturday morning our building inspector (Nick Newton) who has a building program on 4BC took the then state minister in charge of the QBSA to task over our situation and other clients whom he was representing as to the incompetence of the QBSA.
6. The following Monday I had a call from Mr. Ian Jennings (2IC?) of the QBSA instructing me that, "on closer inspection, our contract with [REDACTED] had in fact been legitimately terminated and that the QBSA would be paying out on the associated insurance should [REDACTED] not rectify the defective work in a timely and appropriate manner."
7. In the interim period I personally located 2 prior clients of [REDACTED] who had extensive defective works completed on their properties, had reported the matter to the QBSA (prior to us ever engaging this company) and none of this (prior records of defective works) had been recorded on the QBSA website against the builder's licence details. Had we been aware of [REDACTED]'s "prior form" via the QBSA website – as they should have done – we would never have engaged this builder and signed a contract in the first instance.
8. Further to the above I located a number of sub-contractors throughout the South East Qld region who were owed considerable amounts of money by [REDACTED] – in excess of \$1.3 million dollars that I could find. I subsequently reported this matter to the QBSA.
9. [REDACTED] then made token and belated effort to rectify the defective works at our property and the QBSA also established that [REDACTED] had been trading whilst insolvent.
10. Our contract was then formally terminated with [REDACTED] and the company [REDACTED] subsequently went into liquidation.
11. We were instructed by the QBSA that the maximum allowed pay out under the QBSA's insurance policy was \$200,000 for defective and incomplete works. The QBSA then provided us with the names of two QBSA rectifying builders to rectify the defective works and complete our property. Both quotes came in at significantly more than \$300K.
12. Due to the monies paid out in legal fees and the like we were forced to take the \$200K and project manage the rectification and completion of the property ourselves liaising with (and retaining) the aforementioned building inspector – Mr. Nick Newton, various sub-contractors and completing what works we could ourselves (e.g. Painting).
13. We were never issued with a certificate of completion/occupation and tried to engage a certifier to review the property. We have been instructed (for example) that due to the fact that [REDACTED] didn't have the shower bases certified at the time of construction that we'd need to rip the shower bases out to ensure that they had been correctly water-proofed at a cost of ~ \$5K per shower – we four showers in our property! [REDACTED] hadn't even bothered to get a building permit for our property – which we had to organise retrospectively and had constructed some parts of our house contrary to the building plans.
14. Due to the grief that we experienced with this property – which should have been our dream home with a market value of ~\$2.8-\$3 million - we now have it on the market, uncertified because we've simply run out of money to do

what is required to gain certification – and will likely be forced to sell the property significantly below market value causing even more financial hardship and emotional grief.

15. We have **ABSOLUTELY NO DOUBT WHATSOEVER**, had we not put this matter in the hands of the media (see point 5 above), the QBSA, in spite of our overwhelming body of legitimate evidence, would have done nothing to assist us against this rogue builder, who was subsequently banned from holding a building licence for 3 years. The \$200K we were given by the QBSA to rectify and complete the house falls well short of (a) the costs incurred in the rectification and completion processes, (b) the legal and associated costs we incurred to terminate the original building contract and (c) any additional costs we may incur should we attempt to bring the property up to the standard necessary to achieve certification.
16. Any assistance that could be offered/provided by the state government in relation to this matter would be gratefully appreciated and accepted. We have been forced to endure more than 5 years of ongoing extreme financial hardship and emotional turmoil that has placed our family under unnecessary stress as a consequence of (a) the unethical work practices of a QBSA licensed builder, whom had his complete working history have been up on the QBSA website prior to us engaging him, we would have steered clear of and (b) the subsequent stress caused by the QBSA by (i) initially denying our claim (in spite of the overwhelming documentation provided) and (ii) ultimately providing us with an insurance pay out well below what was/is necessary for us to completely mitigate the losses we've experienced by retaining a QBSA licensed builder who turned out to be nothing short of a parasitic thief.
17. Finally, I question how an organisation who accepts annual dues from builders can possibly purport to independently and impartially oversee disputes between consumers such as ourselves and builders (their constituents) who pay an annual fee to them. This is paramount to the fox guarding the hen house and is a nonsense as illustrated by our circumstances not to mention those of countless others we communicated with over the past 4-5 years in similar and even worse predicaments than our own.

Should you wish myself and/or my wife to attest to the above and provide documented evidence of the hardships we've been forced to endure (and continue to endure) as a consequence of this matter, we'd be more than happy to do so.

Yours sincerely.

Rodney L. Cedaro



The Research Director
Transport, Housing and Local Government Committee
Parliament House
George Street
BRISBANE QLD 4000

Via email

Rodney and Pieta Cedaro

September 3rd 2012

RE: Inquiry into the Operation of the QBSA

Dear Sir/Madam.

We are writing to make an addition to the initial submission we forwarded to the inquiry following the release of the transcript of proceedings (27/8/2012) to the aforementioned inquiry as aggrieved and severely disadvantaged consumers.

To that end we will limit this addition to our submission to the terms of reference that our experiences with the QBSA and one of their licensed contractors warrant.

Specifically:

1. Whether the performance of the QBSA achieves a balance between the interests of building contractors and consumers.
2. The effectiveness of the QBSA to provide remedies for defective building work and to provide support, education and advice for both those who undertake building work and consumers.
3. The effectiveness of the Queensland Home Warranty Scheme and its protections.
4. Whether the current licensing requirements of the QBSA are adequate and that there is sufficient auditing processes to maintain proper standards.
5. Examining opportunities for reform of the Authority with a view to enhanced assistance for both industry and consumers.

Point 1:

After a host of major defects became apparent at our property we were forced to (i) instigate legal action to terminate the contract with our builder and (ii) retain a quantity surveyor and private building inspector [REDACTED] to document the extent of (a) the structural defects and (b) the non-completions at our property before the QBSA would even look into the matter.

The QBSA licensed contractors they referred us to in order to; (i) rectify the defective works and (ii) complete the property quoted us approximately \$330,000.

Therefore, taking into account legal fees, etc. we were already \$400,000 in arrears.

██████████ helped us out immensely and we were able to get the property to a level where it was at least habitable and relatively safe, however in order to achieve this we were forced to sell assets and dig into savings to achieve this and avoid losing the property completely.

This has caused us (my wife and I) untold stress both financial and emotional.

Our problems continue to this day.

We are now in the midst of attempting to sell the property and due to the fact that we were never given a final clearance by a certifier this (selling the property) is proving to be near impossible.

Why hasn't the property been certified? Because the rogue QBSA licensed builder failed to provide certification for works along the way during the building process (e.g. To gain certification of the shower bases a certifier I retained – for \$3,600 – informed me that we'd have to rip out 4 shower bases throughout the property at a cost of between \$5,000-\$6,000 each to ensure that they'd been sealed correctly).

This is but one example of how inadequate the QBSA's Home Warranty Scheme is.

To put this into perspective, the original QBSA licensed contractor hadn't even bothered to get building approval before commencing works on our property. We had to go back -- retrospectively -- after living in the property for ~18 months and get "building approval".

We are now in a dilemma whereby unless provided assistance, we will be forced to sell the property at literally hundreds of thousands of dollars less than market value due to a lack of certification through no fault of our own. We can not afford the additional tens of thousands of dollars necessary to achieve certification, nor can we afford to hold onto the property so literally, unless provided with assistance, our life-savings will be lost due to the QBSA letting this rogue builder slip through.

Point 3:

Please see previous point. The Qld Home Warranty Scheme in our personal, first hand experience is COMPLETELY inadequate for all of the reasons indicated above.

Point 4:

I read with interest the transcript of the proceedings from the Public Briefing – Inquiry into the Operation and Performance of the Building Services Authority dated August 27th, 2012 and I quote Mr. Ian Jennings:

As part of its role the BSA provides a range of information and advice for consumers and contractors through its customer contact centre and on its website, which provides access to a public register of the BSA licensees and their licensing history.

Further in his monologue Mr. Jennings (and I paraphrase here), makes comment that some people research buying a car more than they do building a house. I can assure Mr. Jennings that this wasn't the case with us.

- (a) We viewed other properties that the builder purported to have built and
- (b) Visited the QBSA website for information on the builder's prior history. The QBSA website listed no infringements, demerit points, fines, etc. for the builder in question. We subsequently found out - after doing our own investigations once his defective work on our property became apparent, by talking to unpaid sub-contractors and finding people whom the builder in question had built for previously that they had lodged complaints with the QBSA and that the builder had been directed to rectify works at their property and that these directions had not been listed on the QBSA website.

So to suggest that consumers don't do their homework is a fallacy. Had the QBSA done what they were supposed to do (i.e. Listed that the builder in question had prior directions to rectify against his name, etc.) we would not have retained him. For this reason alone we believe that the QBSA should be responsible to at least bring our property up to a level at which it can be certified.

- (c) In relation to auditing, controls, etc. We personally handed the QBSA an extensive list of sub-contractors and suppliers who had not been paid by the builder in question for >12 months. This amount alone tallied more than \$1.3 million dollars. We have no doubt there were more creditors chasing him. The builder in question had been trading whilst insolvent for more than 12 months. The QBSA auditing system didn't manage to pick this up either. If it had have the builder in question would have been disqualified under the QBSA's guidelines, his license revoked and we'd have never been exposed to him. Another shortcoming of the QBSA.
- (d) The builder in question -- after being disqualified as a consequence of (i) failure to rectify defective works at our property and (ii) running a business whilst insolvent -- which was only picked up by the QBSA due to our personal investigative work - was back operating within weeks. We found out about this and referred the matter through to the QBSA who subsequently fined the builder in question. Had it not been for us pursuing the builder in question he would have simply continued on in the industry under a different guise. So for Mr. Jennings to suggest (page 21 of aforementioned proceedings): *There are a number of antiphoenix provisions under the act. A person who has an event, being an insolvency event -- which could be a receivership, an administration or a liquidation -- automatically loses their licence for five years under the act. When you lose your licence for five years, you are then not able to be a person of influence or a major shareholder of another building entity -* in our first hand experience of the system this, is a nonsense. The builder in question was back and operating within weeks of our matter being attended to by the QBSA

and in spite of the QBSA revoking his licence. To my understanding, now, whilst not operating as a *person of influence or major shareholder of another building entity*, the builder in question now acts as a foreman on residential building sites. Good help those poor unsuspecting souls!

Point 5:

We offer no direction in relation to how the QBSA could better serve contractors. Quite frankly, we don't really care, our experience with the building industry and the QBSA suggests, from what we have experienced, that the entire industry is tainted.

However we believe where the QBSA has clearly failed consumers (e.g. In our instance; (i) not having listed prior offences by a builder on their website, (ii) not investigating builders adequately to ensure solvency, then (iii) the QBSA should rectify the matter.).

In our personal instance we simply wish to have (i) our property bought up to a level at which the property is completed as per the initial contractual agreement and (ii) can be certified.

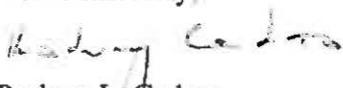
This has cost us literally hundreds of thousands of dollars more than it should have, we have been left with a partially finished multi-million dollar property that we can't sell that is ruining us financially and emotionally. Then we're forced to read the sort of rhetoric that is contained within the aforementioned transcript of proceedings that have been tabled by semi-governmental bureaucrats and others with an interest to maintain the status quo who play down the extent of the problems around the functioning of the QBSA.

Again, we can only speak from our own personal experiences – which I have only partially detailed herein.

I suggest the Mr. Jennings and Mr. Cuthbert come and spend a month in our place and foot the bill for our latest problem - replacing stairs, etc. because the QBSA licensed builder didn't complete the termite controls correctly and then live in constant fear of what is going to go wrong next with the property due to issues we can't see. Perhaps it will burn to the ground and we'll find out, due to the property not being certified our insurance will not cover us?

Perhaps then Mr. Jennings and Mr. Cuthbert will have some sort of insight into the ongoing grief caused by the shortcomings of the QBSA and the Queensland Home Warranty Scheme.

Yours sincerely,


Rodney L. Cedaro