



Speech by

DIANNE REILLY

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HOME WARRANTY INSURANCE

Mrs REILLY (Mudgeeraba—ALP) (10.21 a.m.): Queensland is the only state in Australia with a statutory home warranty insurance scheme—something that should be of great interest to many of my constituents and many other constituents who also live in rapidly growing electorates. My electorate has a high rate of residential development and is offering many people the opportunity to build and own their own homes affordably for the first time—and in a very attractive environment, I might add.

The Queensland statutory home warranty insurance scheme has been judged a leader in the provision of consumer benefits, with 98 per cent of claimants fully compensated for their losses. The benefits of our scheme are the most comprehensive in Australia, with homes insured for up to \$200,000. Our statutory scheme is transparent, uncomplicated and, through reinsurance, insulated from the risk of financial failure experienced by private sector insurers in other states. Other states as well as the federal government are currently reviewing their home warranty schemes and are looking at the Queensland model as a possible blueprint as part of an agenda for national consistency within the home warranty insurance market.

Last week the *Sydney Morning Herald* gave us an insight into the pain currently being experienced by contractors in New South Wales, where the housing market is heavily restricted by the two remaining private home warranty insurers dictating the terms under which contractors can operate. Whereas our premiums are not as low as those afforded to some select contractors in New South Wales and Victoria, the Queensland building authority has been advised that in those states premiums are likely to increase by between 100 per cent and 500 per cent. Small operators are being forced out of the market because they are unable to withstand the squeeze of exorbitant bank guarantees required by insurers. Fortunately, the same cannot be said for Queensland's scheme, which I am proud to say was recognised at the 2001 Premier's awards for the unique insurance phone pay system—again, the only system of its kind in Australia. Now 80 per cent of Queensland contractors are using phone pay and applauding its simplicity which allows them to ring from anywhere in Queensland.

Mr Schwarten: They were going to privatise it.

Mrs REILLY: Yes, that is right. They would have privatised it so that it cost more and no-one could access it.
