

House costs to soar

NEW-HOME buyers can each expect to pay an extra \$61,000 on homes next year, a cost created by rising builders' insurance premiums and an increasingly unregistered industry.

New public figures, allegedly "buried" by government watchdogs, have emerged showing the extent of escalating costs to homeowners trying to build homes in Victoria.

Citing figures from Consumer Affairs Victoria, a national builders' group forecasts the industry faces a \$3 billion cost blowout in 2010-11.

Builders Collective of Australia boss Phil Dwyer has warned the hefty bill will ultimately be paid by those who buy Victoria's forecast 48,720 new homes next financial year.

Mr Dwyer's views are based on the CAV's 2008 report, Consumer Confidence and Market Experience Study, and a 2006 report, Consumer Detriment in Victoria: A Survey of its Nature, Costs and Implications, which show the cost of home building problems leapt from \$706.4 million to \$1.6 billion in the two-year period.

That is a cost rise of more than 125 per cent in 24 months and reflects homeowners' struggles to get problems fixed, defective or substandard work,

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and building delays. Mr Dwyer warns shrinking insurer numbers and rising premium costs will result in further cost hikes of 125 per cent-plus in 2010.

The president of the BCA, with 15,000 Victorian supporters, is furious "the real extent of the problem" was "buried" by CAV in the current senate inquiry into builders warranty insurance.

The Upper House inquiry began last year to gauge the effectiveness of Victoria's compulsory Builders Warranty Insurance (BWI) scheme.

Alternatives to the scheme, which only allows homeowners to seek insurance payouts if their builders die, disappear or go bankrupt, are being considered by the inquiry.

Top insurer Vero said in February it would withdraw from the market from June 30, leaving only QBE offering BWI to Victoria's builders. That means insurance costs, which tripled in 2009-10, will double in 2010-11, Mr Dwyer expects, and many builders may shun registration.

CAV director Dr Claire Noone rejected the BCA forecast of a \$3 billion-plus cost blowout and said the watchdog's figures were publicly available and accessible.