

Master Builders Association of NSW (Master Builders)

Response to Question taken on Notice

Master Builders appeared on the 27th August 2019 before the Upper House Committee investigating building industry practices and reform.

Below in yellow is the extract from the uncorrected transcript that details the question taken on notice to which the Master Builders will respond.

The Hon. MATTHEW MASON-COX: Welcome, Mr Seidler, and welcome to all of you gentlemen. I wanted to ask about home warranty insurance—Brian, you would be very familiar with that. Indeed, I noticed your recommendations in that regard. Can I ask you specifically what sort of level of increase have you seen in home warranty insurance in a typical builder for the last three years?

Mr SEIDLER: It is interesting: Over the last few years we have seen massive increases. In the last adjustment I think we have seen a reassessment of risk, where standalone homes and duplexes have been reduced for what we call medium density—the three-level walk-ups where a lot of the problems are occurring, particularly if you take Zetland into consideration—they are increasing. Certainly the premiums are increasing to at least look after the payouts—and we have a lot of payouts.

The Hon. MATTHEW MASON-COX: Yes. Can you perhaps take away on notice and perhaps give us a few examples from maybe the last five years of single dwellings or duplexes versus up to three levels, obviously the apartment style? That would be interesting to see

Response:

Attached to this note is a table of percentages (%) that represent a percentage of the build's contract value that equates to the home warranty premium to apply at the time.

The table appears to reflect the percentage rates that only applied retrospectively to April 2017. In fact there were no changes to the prevailing percentage rate in the two and a half years prior to April 2017.

The table reflects sizable increases in home warranty premiums since April 2017.

Effective Date

Construction Type	3 April 2017	2 October 2017	2 October 2018	1 August 2019	1 January 2020	1 July 2020	1 January 2021	% Increase (To Date)	% Increase (Total)
C01 - New Single Dwelling Construction	0.76%	0.80%	1.14%	1.14%	1.14%	1.14%	1.14%	150.0%	150.0%
C02 - Multi Dwelling Alterations (Structural)	0.69%	0.69%	0.69%	1.46%	2.23%	3.00%	3.77%	211.6%	546.4%
C03 - New Multi Dwelling (Unit) Construction (Up to 3 Storeys)	1.58%	2.06%	2.06%	2.74%	3.43%	4.11%	4.79%	173.4%	303.2%
C04 - Single Dwelling Alterations (Structural)	0.69%	0.69%	0.73%	0.82%	0.82%	0.82%	0.82%	118.8%	118.8%
C05 - Swimming Pools	0.79%	0.79%	0.80%	0.81%	0.81%	0.81%	0.81%	102.5%	102.5%
C06 - Single Dwelling Renovations (Non-Structural)	0.40%	0.40%	0.43%	0.38%	0.38%	0.38%	0.38%	95.0%	95.0%
C07 - Other	0.40%	0.40%	0.49%	0.44%	0.44%	0.44%	0.44%	110.0%	110.0%
C08 - Multi Dwelling Renovations (Non-Structural)	0.40%	0.40%	0.40%	0.73%	1.04%	1.36%	1.68%	182.5%	420.0%
C09 - New Duplex, Dual Occupancy, Triplex, Terraces	1.58%	2.06%	3.00%	1.14%	1.14%	1.14%	1.14%	72.2%	72.2%

* Analysis based on Metro rates including GST & stamp duty (%) only

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	3 April 2017	2 October 2017	2 October 2018	1 August 2019	1 January 2020	1 July 2020	1 January 2021		
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C02 - Multi Dwelling Alterations (Structural)	0.69%	0.69%	0.69%	1.46%	2.23%	3.00%	3.77%	211.6%	546.4%
C03 - New Multi Dwelling (Unit) Construction (Up to 3 Storeys)	1.58%	2.06%	2.06%	2.74%	3.43%	4.11%	4.79%	173.4%	303.2%
C04 - Single Dwelling Alterations (Structural)	0.69%	0.69%	0.73%	0.82%	0.82%	0.82%	0.82%	118.8%	118.8%
C05 - Swimming Pools	0.79%	0.79%	0.80%	0.81%	0.81%	0.81%	0.81%	102.5%	102.5%
C06 - Single Dwelling Renovations (Non-Structural)	0.40%	0.40%	0.43%	0.38%	0.38%	0.38%	0.38%	95.0%	95.0%
C07 - Other	0.40%	0.40%	0.49%	0.44%	0.44%	0.44%	0.44%	110.0%	110.0%
C08 - Multi Dwelling Renovations (Non-Structural)	0.40%	0.40%	0.40%	0.73%	1.04%	1.36%	1.68%	182.5%	420.0%
C09 - New Duplex, Dual Occupancy, Triplex, Terraces	1.58%	2.06%	3.00%	1.14%	1.14%	1.14%	1.14%	72.2%	72.2%

* Analysis based on Metro rates including GST & stamp duty (%) only

base premiums noted, with premium L/D at 0% Postcode - 2000	C01 - New Single Dwelling Construction	0.76%	0.80%	1.14%	1.14%			
	Contract value \$250,000	1,575.00	1,650.00	2,375.00	2,375.00			
	C02 - Multi Dwelling Alterations (Structural)	0.69%	0.69%	0.69%	1.46%			
	Contract value \$250,000	1,450.00	1,450.00	1,450.00	3,050.00	4,650.00	6,250.00	7,850.00
	C03 - New Multi Dwelling (Unit) Construction (Up to 3 Storeys)	1.58%	2.06%	2.06%	2.74%			
	Contract val\$1,000,000 (4 units)	13,200.00	17,200.00	17,200.00	22,900.00	28,600.00	34,300.00	40,000.00
	C04 - Single Dwelling Alterations (Structural)	0.69%	0.69%	0.73%	0.82%			
	Contract value \$250,000	1,450.00	1,450.00	1,525.00	1,700.00			
	C09 - New Duplex, Dual Occupancy, Triplex, Terraces	1.58%	2.06%	3.00%	1.14%			
	Contract value \$250,000 (per dwelling)	3,956.70	5,155.70	7,493.75	2,847.62			