

- Domestic Building
Dispute Resolution Victoria
Demand Estimates & Dispute Experiences

A Detailed Report
July 2016



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Objectives & Methodology



• Key Objectives

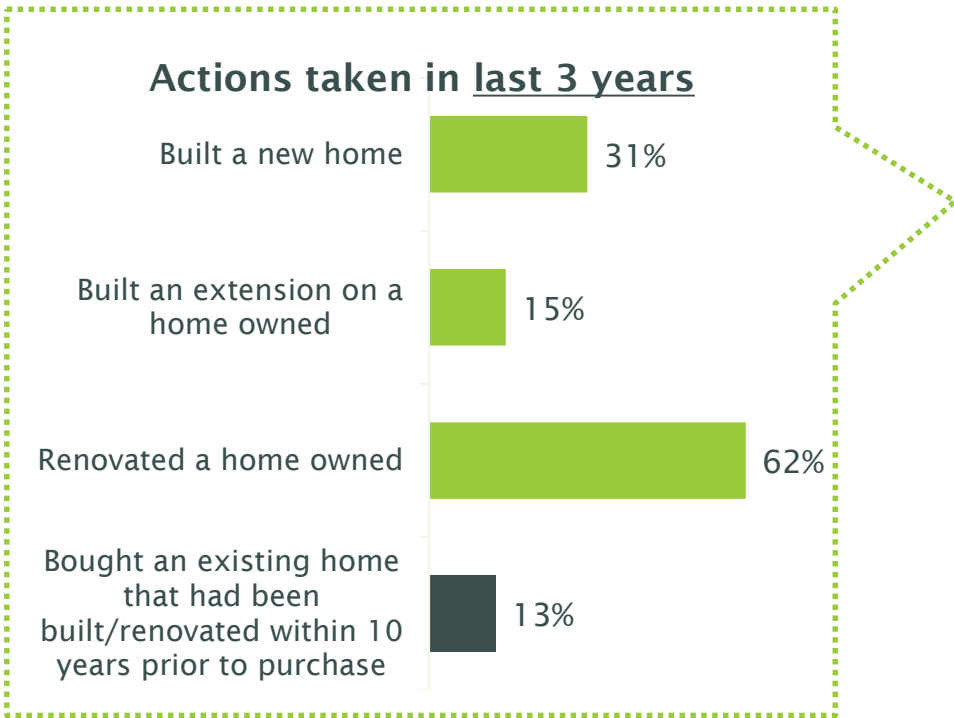


The **primary aim** of the research was to estimate the (annual) demand for the Domestic Building Dispute Resolution Victoria (DBDRV) service among home owners and builders.

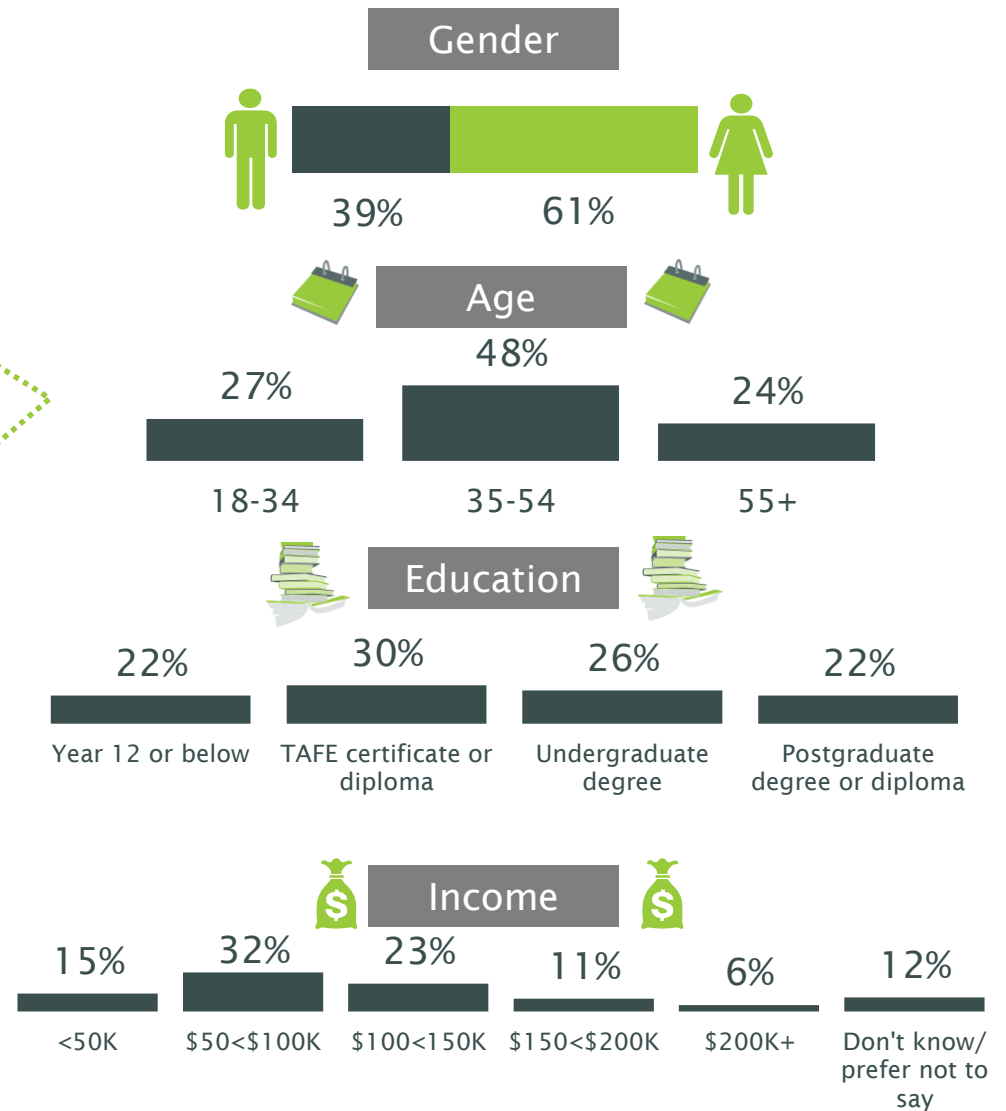


The **secondary aim** was to obtain information on the experience of home owners pursuing complaints and disputes against builders they have engaged.

Approach: Consumers

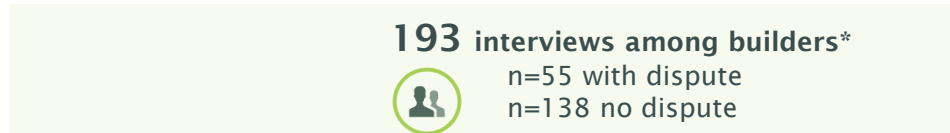


1,121 interviews among Victorians
 n=271 with dispute
 n=850 no dispute

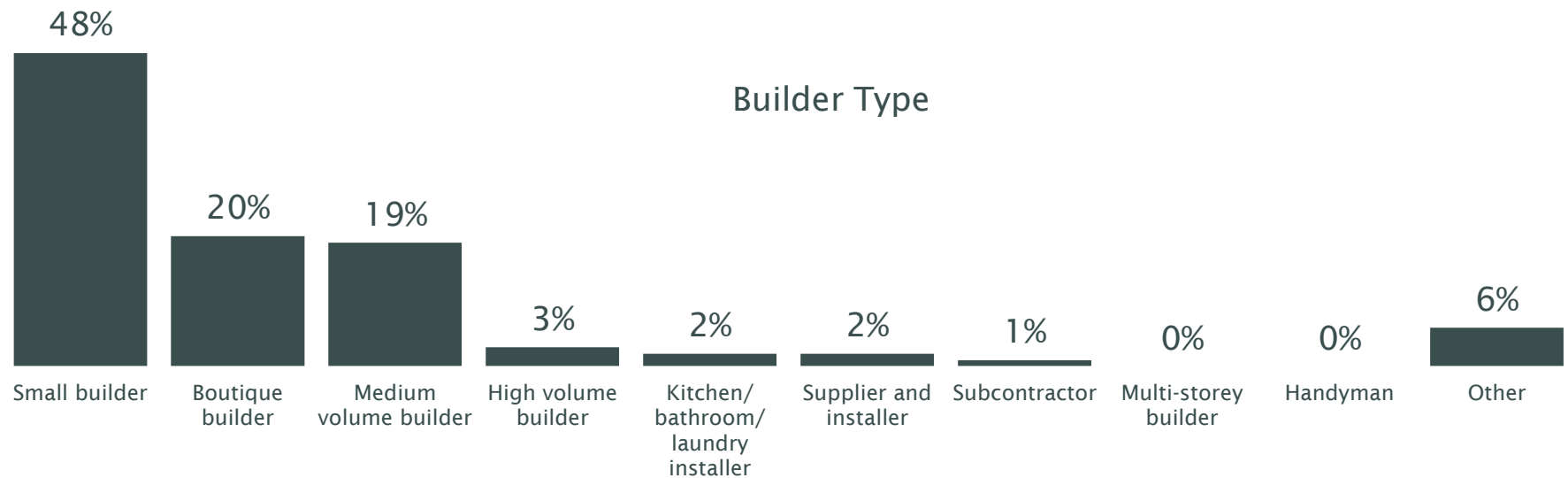


Note: Percentages presented on this slide reflect unweighted proportion of demographic categories to provide a reflection of the base sample surveyed. All other percentages provided throughout the rest of the report have been weighted to age, gender, location and likelihood of having a dispute.

Approach: Builders



* Builders who conduct residential building works for homeowners in Victoria



Qualitative Topline



20 interviews among Victorians
who had recently experienced
a dispute with a builder

- 8** Disputes which were not ever taken to CAV, BACV or VCAT: for example they may have done nothing, or resolved the dispute themselves, or gone to court
- 5** Disputes which were taken to Consumer Affairs Victoria (CAV) – which may have proceeded to Building Advice and Conciliation Victoria (BACV)
- 3** Disputes which proceeded from CAV/BACV to VCAT
- 4** Disputes which were taken directly to VCAT

DBDRV

Estimating demand for the service



A note on measuring market potential

We produced estimates of potential usage of the DBDRV service, based on stated interest and experiences, with adjustments for key barriers and motivators.

This results in 3 levels of potential market size:

- a **core market** that is based on the status quo experience of using current services
 - an **inner market** that factors in adjustments for key barriers and motivators
 - a **broad market** that factors in stated interest in the new service
-

• Placing the **consumer** market potential in context

External permits data relating to extensive builds over the last three years provides us with a starting point of **262,720*** building permits issued by VBA (i.e. approximately **87,570** permits annually)

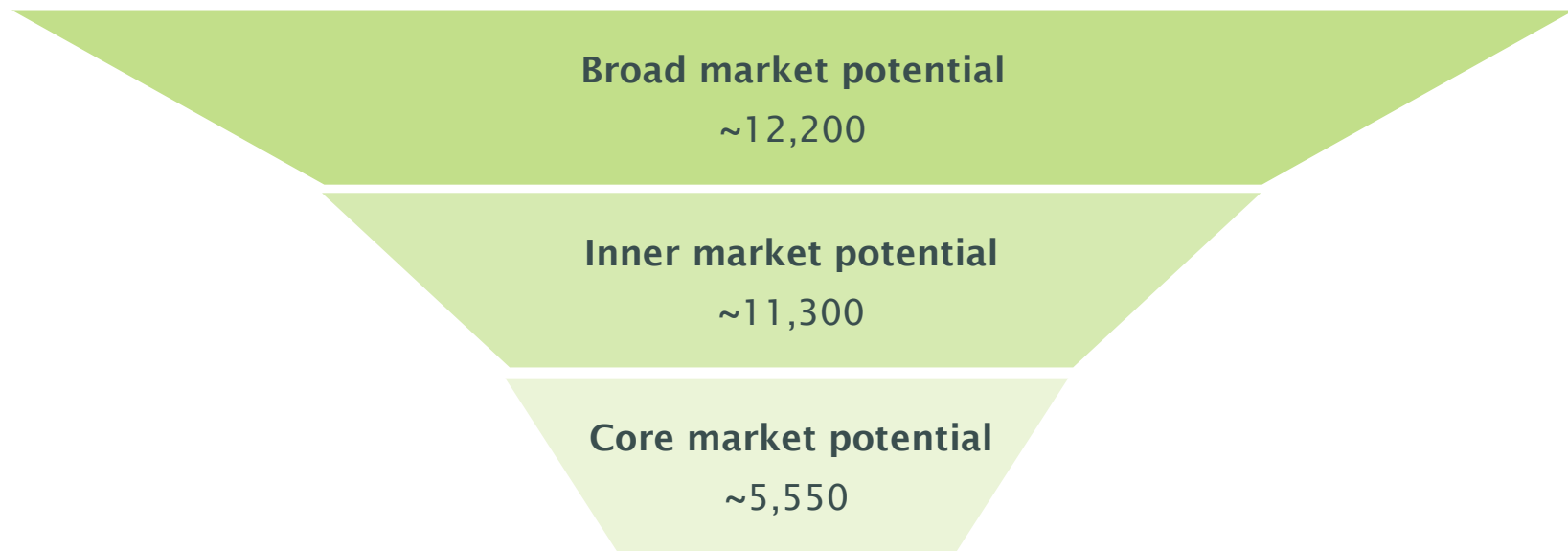
The survey found that:

- 25% have a dispute with a builder
- 75% of those who encounter a dispute take action
- 33% of those taking action go through CAV, VBA or VCAT

On this basis, results would suggest that there is a core market potential of approximately **5,550** Victorians on an annual basis who could utilise the new DBDRV service

* **Note:** Domestic building permits issued (VBA data) and VMIA project certificates for non-structural renovations over \$16,000. This 'population' excludes smaller building works (below \$16,000 value), disputes about which will be within DBDRV's jurisdiction. However, using this measure of building works as the population of all domestic building works causes a significantly smaller error in estimating potential demand than the alternative of using a count of all 'households' in Victoria as the population base.

The new DBDRV service has the potential to realistically attract between **5,550** and **12,200** Victorian **consumers** on an annual basis



Broad potential market = Application of population decision rules (excluding the proportion who go currently through CAV, VBA or VCAT as part of their actions taken) **PLUS** a probability based assessment of stated likelihood / appeal of the DBDRV service rebased from Victorian population to extensive build population

Inner potential market = Application of population decision rules (excluding the proportion who go currently through CAV, VBA or VCAT as part of their actions taken) **PLUS** a probability based assessment of stated likelihood / appeal of the DBDRV service rebased from Victorian population to extensive build population **PLUS** a series of adjustments taking into account the net outcome of motivators and barriers to utilising the service (e.g. if negative features outweigh positive features, the resultant probability for an individual to utilise the service would be zero)

Core potential market = Application of population decision rules only

• Placing the **builder** market potential in context

The total number of Building Practitioners registered as a Domestic Builder in Victoria is **14,618*** of which an estimated **2,335 (16%)** initiate a dispute in any single year

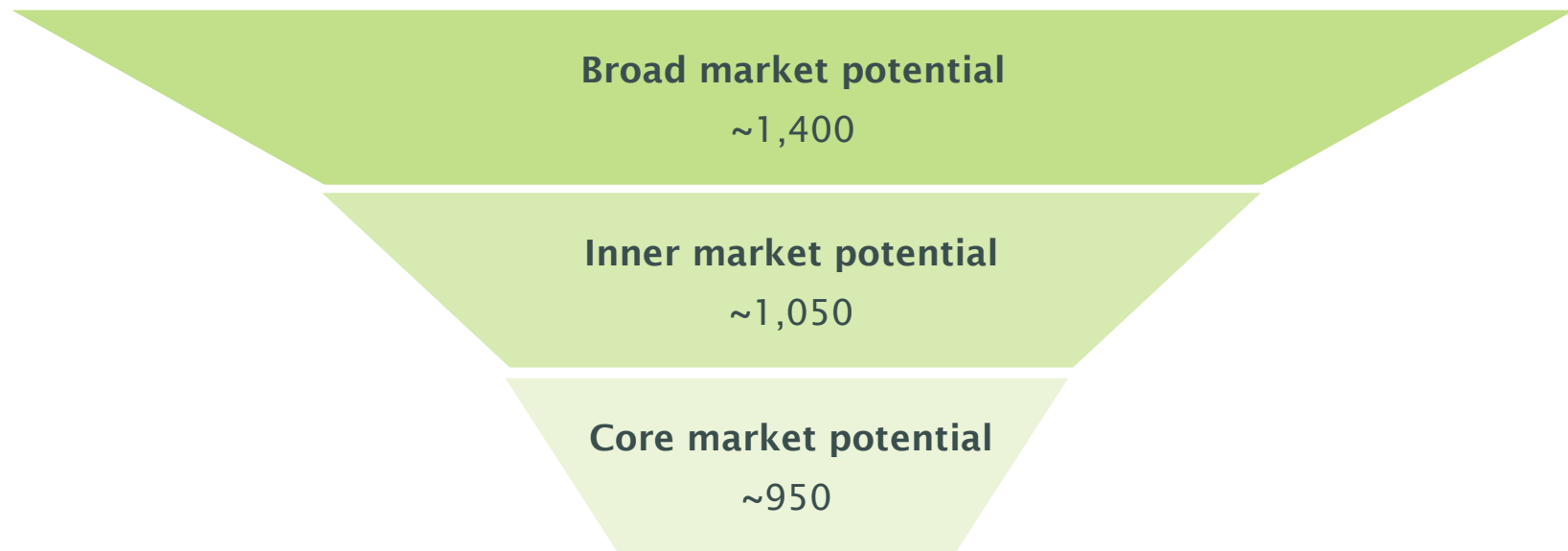
The survey found that:

- 73% of those who encounter a dispute take action
- 55% of those taking action go through CAV, VBA or VCAT

On this basis results would suggest that there is a core market potential of approximately **950** Victorian Domestic Builders on an annual basis who could utilise the new DBDRV service

* Domestic Builder population as of 27 May 2016

The new DBDRV service has the realistic potential to attract between **950** and **1,400** Victorian **builders** on an annual basis

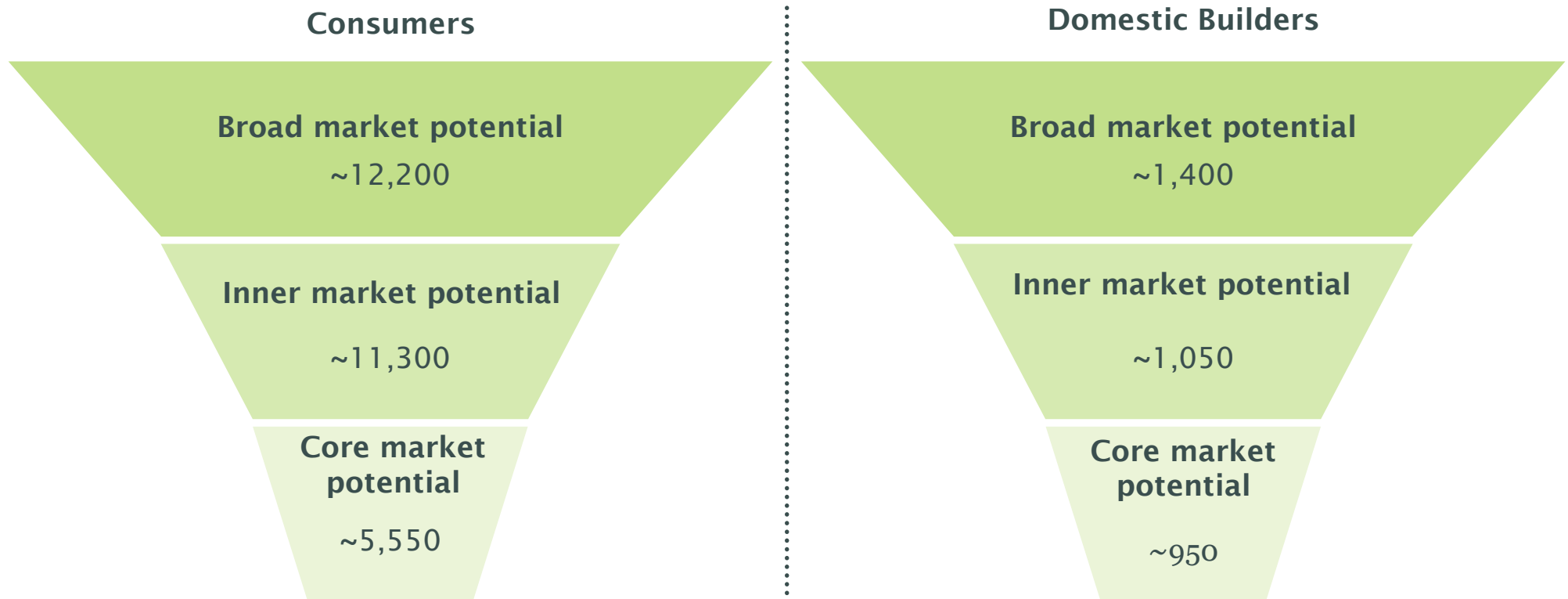


Broad potential market = Application of population decision rules (excluding the proportion who go currently through CAV, VBA or VCAT as part of their actions taken) **PLUS** a probability based assessment of stated likelihood / appeal of the DBDRV service rebased from the total number of Building Practitioners registered as a Domestic Builder in Victoria

Inner potential market = Application of population decision rules (excluding the proportion who go currently through CAV, VBA or VCAT as part of their actions taken) **PLUS** a probability based assessment of stated likelihood / appeal of the DBDRV service rebased from the total number of Building Practitioners registered as a Domestic Builder in Victoria **PLUS** a series of adjustments taking into account the net outcome of motivators and barriers to utilising the service (e.g. if negative features outweigh positive features, the resultant probability for an individual to utilise the service would be zero)

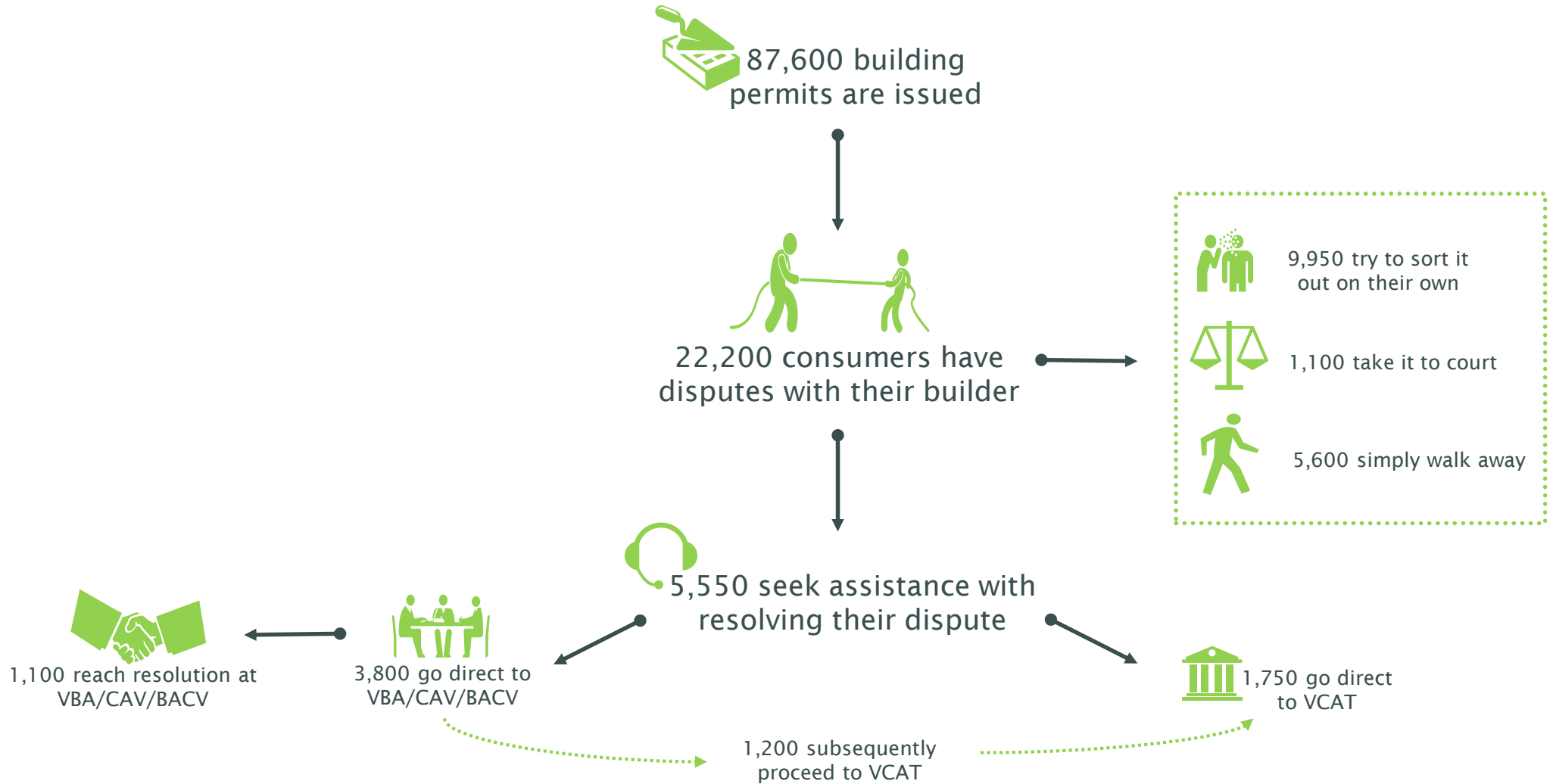
Core potential market = Application of population decision rules only

The DBDRV service could anticipate a minimum of **6,500** consumers and builders to utilise the service on an annual basis

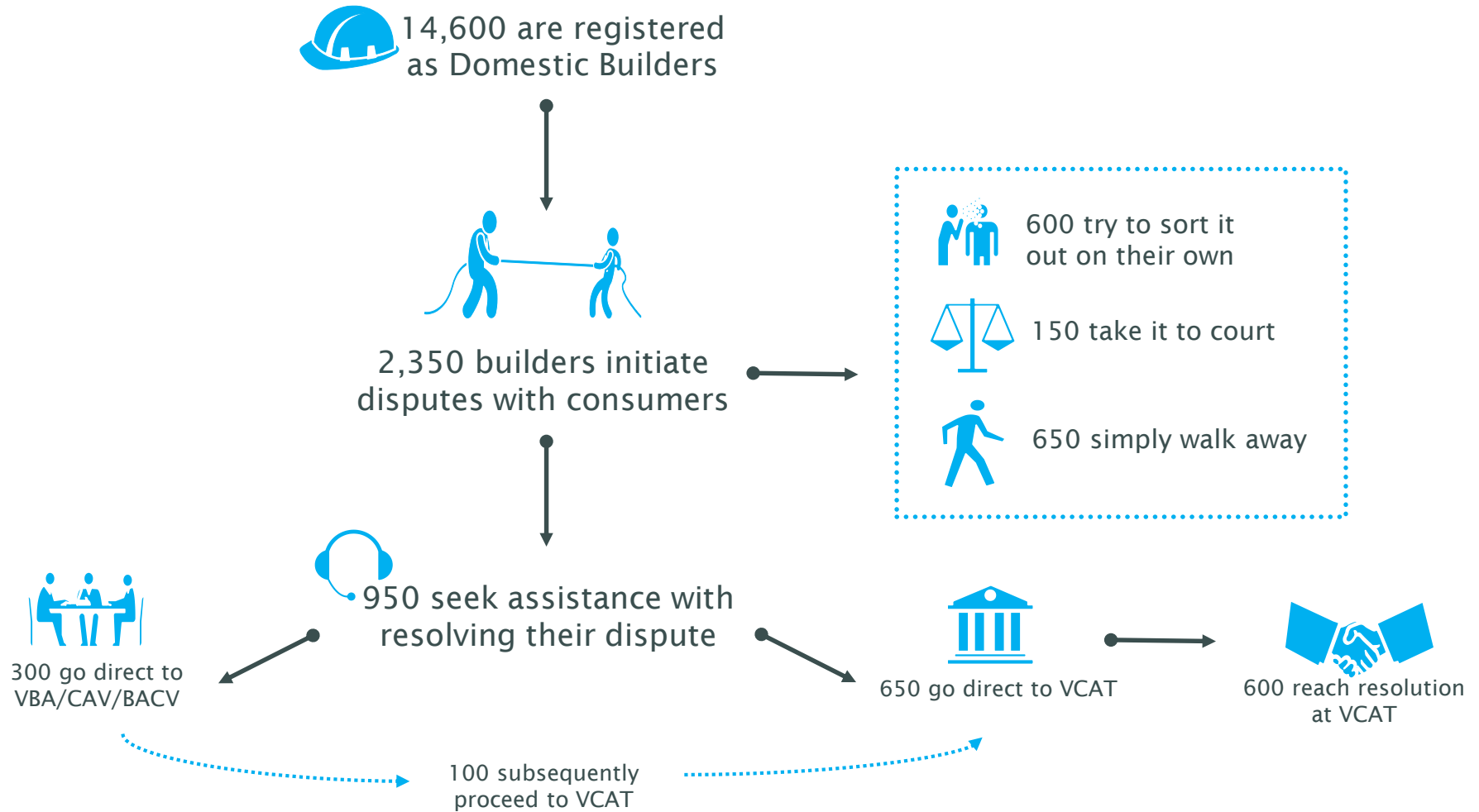


The new DBDRV service has the realistic potential to attract anywhere between **6,500** and **13,600** Victorian **consumers** and/or **domestic builders** on an annual basis

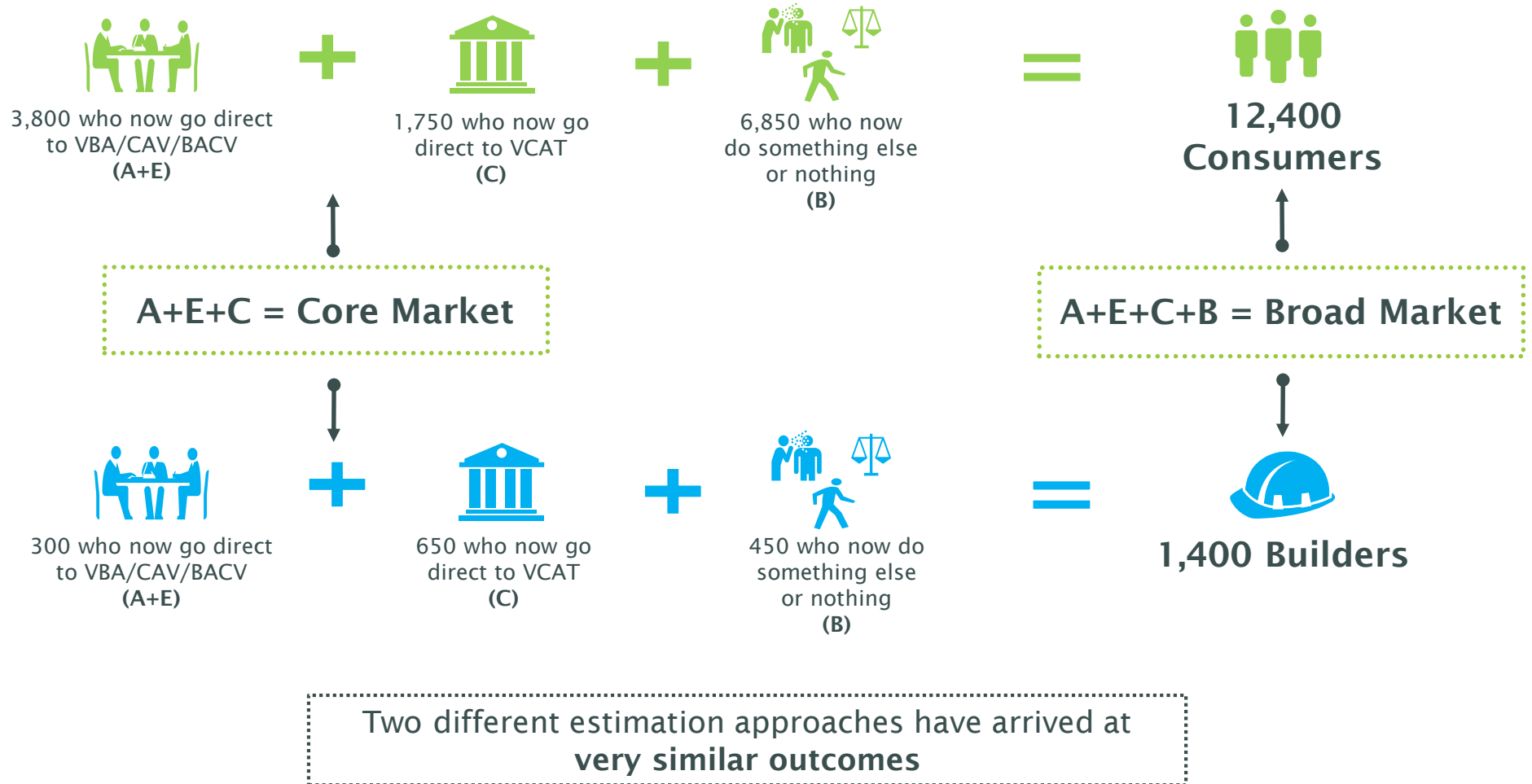
The Consumer Pathway – A typical year



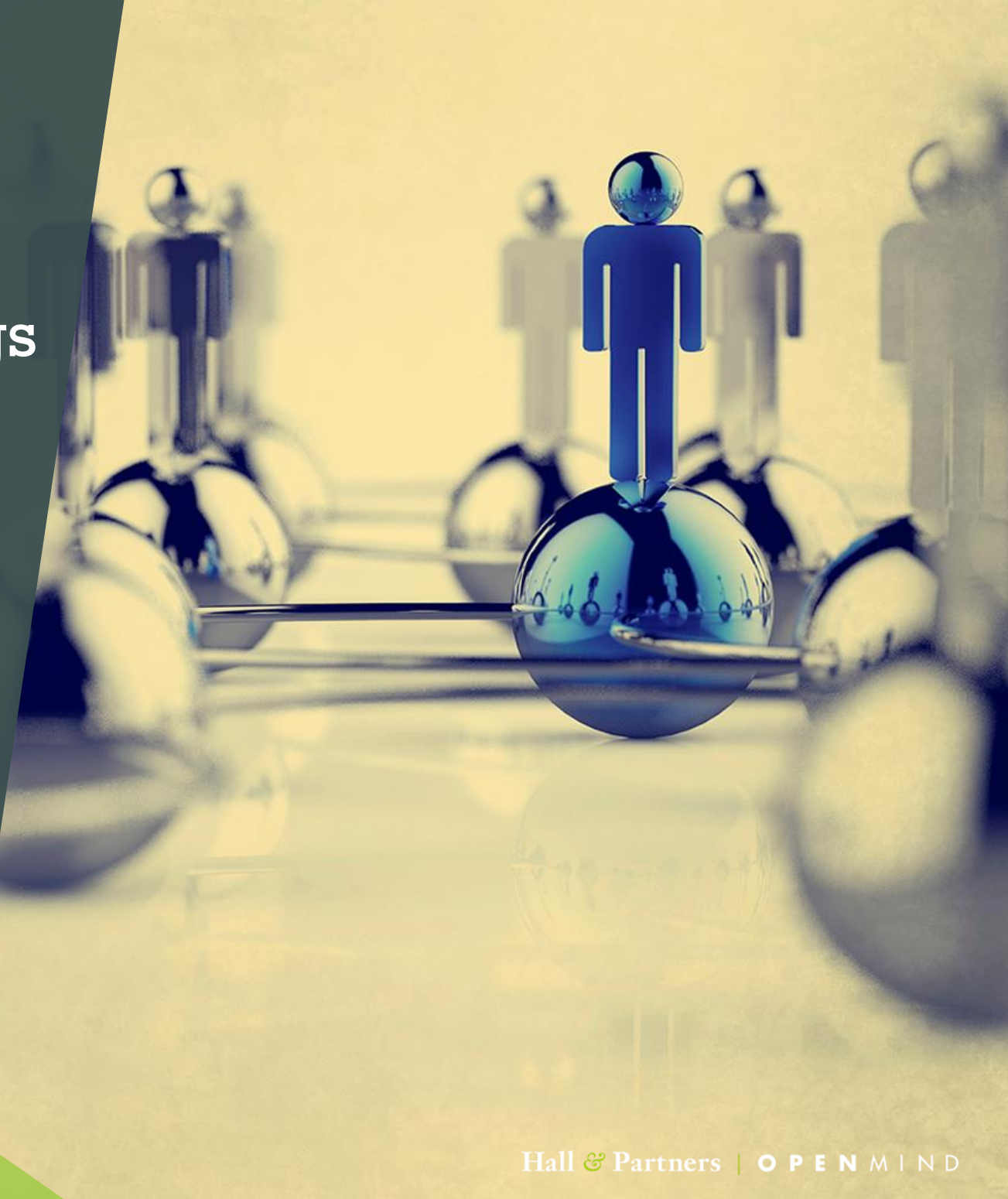
The Builder Pathway – A typical year



Using the Consumer and Builder Pathways to validate demand potential



Consumer Quantitative Findings

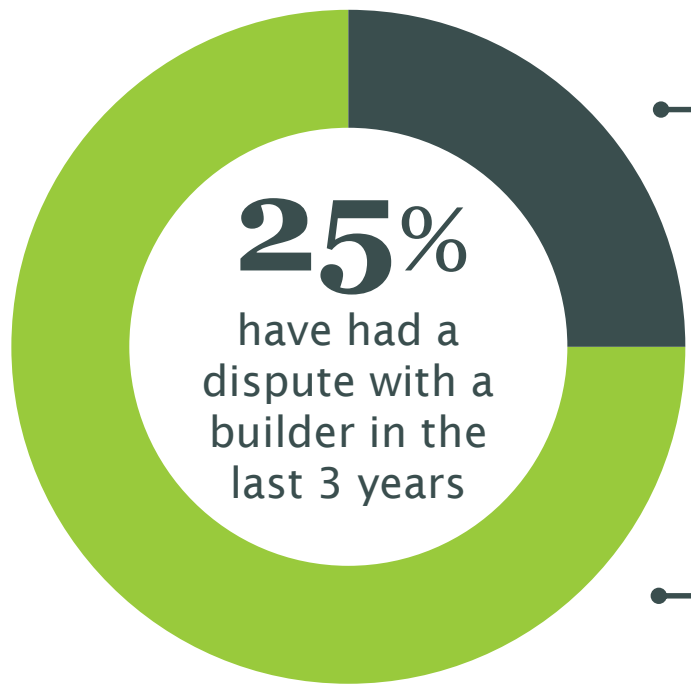


Consumers: key issues

- There is scope to increase **awareness** and **confidence** in CAV as a dispute resolution alternative among consumers
- There is scope for CAV to **alleviate perceptions of high costs** to resolution of disputes—56% of dispute resolutions end in no monetary cost to the homeowner
- Regardless of reality, consumers **perceive** there to be a cost to taking action

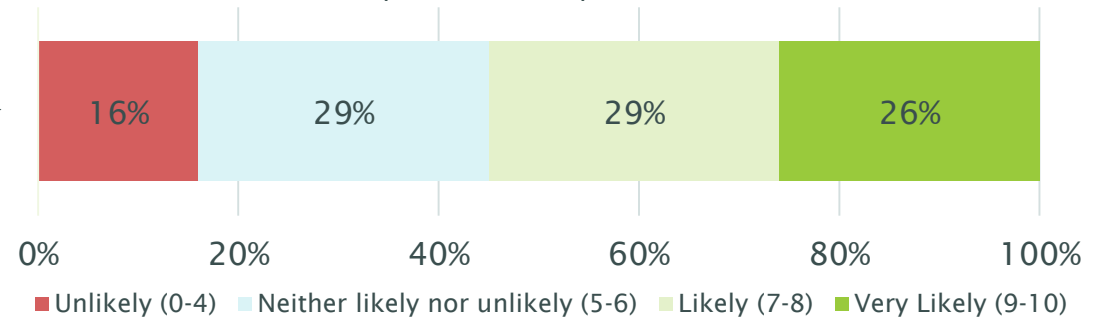
Consumer response to DBDRV

The appeal of the DBDRV service is significantly higher among those who have not experienced a dispute with a builder (77%, compared to 55%)*



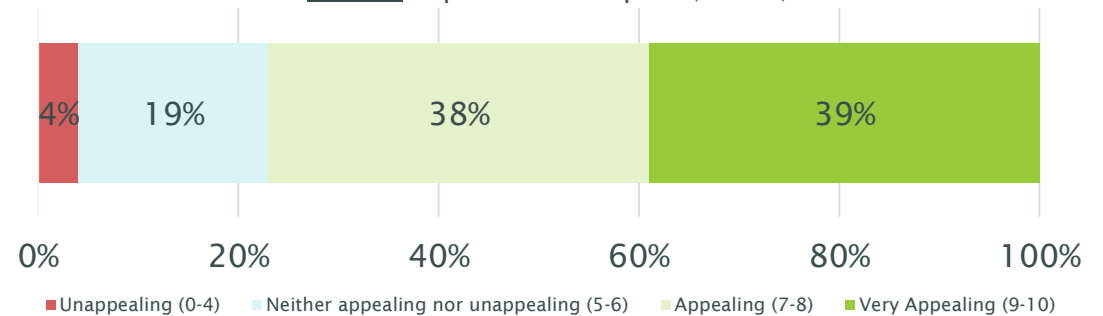
Likelihood of using DBDRV service

Experienced a dispute (n=271)



Appeal of DBDRV service

Did not experience a dispute (n=850)



* Aggregated ratings of 7-10

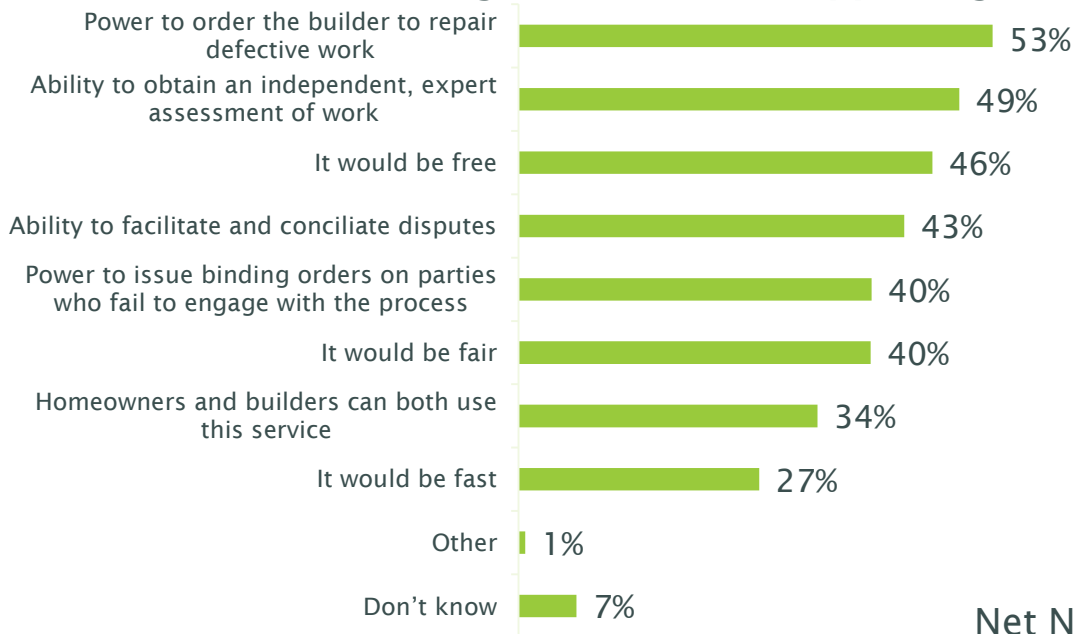
QA1. Thinking over the renovation/construction period, did you have any dispute with the builder? Base: All consumers (n=1,121)

QD1a. If this service had been available whilst you were experiencing problems with your building/renovation, how likely would you have been to use it? Base: Experienced a dispute (n=271)

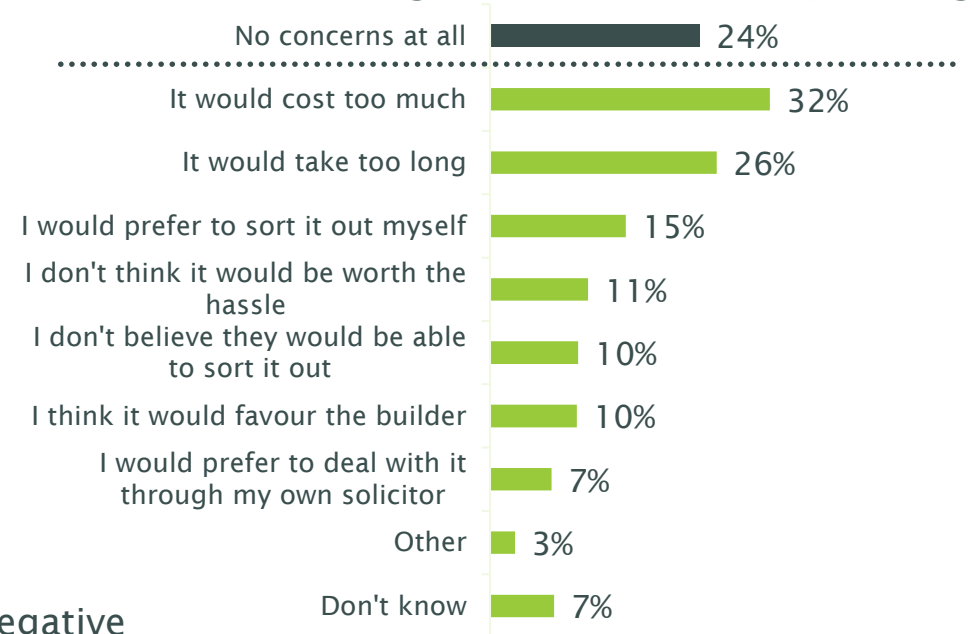
QD1b. Imagining that you had experienced problems with your recent construction or renovation, please indicate how appealing or unappealing you find this service? Base: Did not experience a dispute (n=850)

The motivators for using the DBDRV far outweigh the barriers (which focus on cost, time and hassle)

Reasons for finding DBDRV service appealing



Reasons for finding DBDRV service unappealing

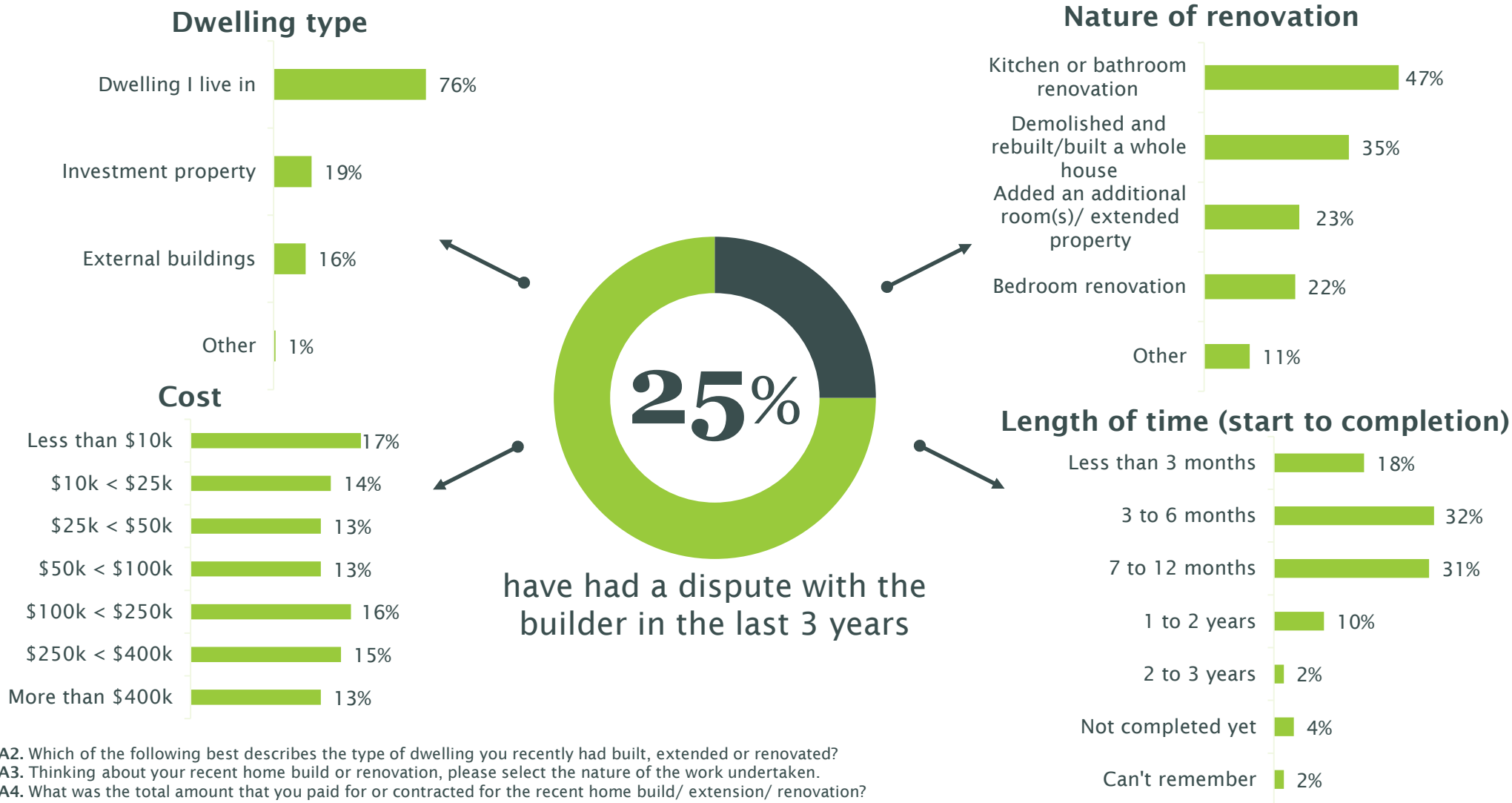


Consumers yet to experience a dispute were significantly more likely to have no concerns (28%, compared to 12%)

* 'Net Positive' and 'Net Negative' calculated on the basis of the number of positive and negative factors selected at questions D2 (excluding 'No concerns at all' and 'Don't know') and D3 (excluding 'Don't know')
 QD2. Why are you unlikely to use this service? / Why does this service not appeal to you? / Which, if any, of the following would be of most concern to you about using this service?
 QD3. Which aspects of the service particularly appeal to you?
 Base: All consumers (n=1,121)

The consumer experience

Consumer experiences focus on renovation or rebuilding of their own home – median contract value is \$55k



QA2. Which of the following best describes the type of dwelling you recently had built, extended or renovated?

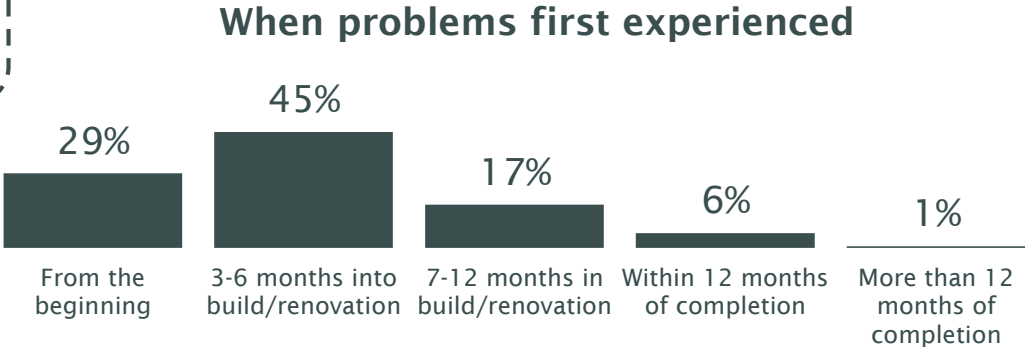
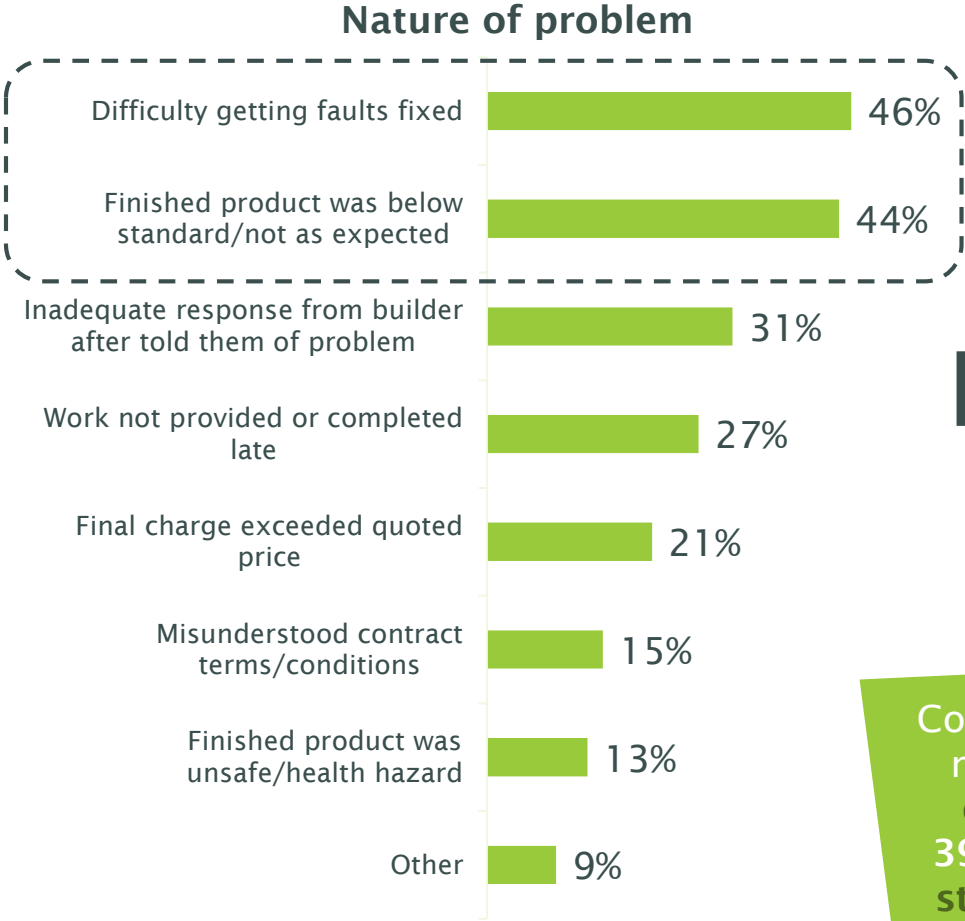
QA3. Thinking about your recent home build or renovation, please select the nature of the work undertaken.

QA4. What was the total amount that you paid for or contracted for the recent home build/ extension/ renovation?

QA5. How long was the total building or renovation time from when it started to when it was completed?

Base: Experienced a dispute and built a new home; built an extension on a home owned; or renovated a home owned (n=215-221)

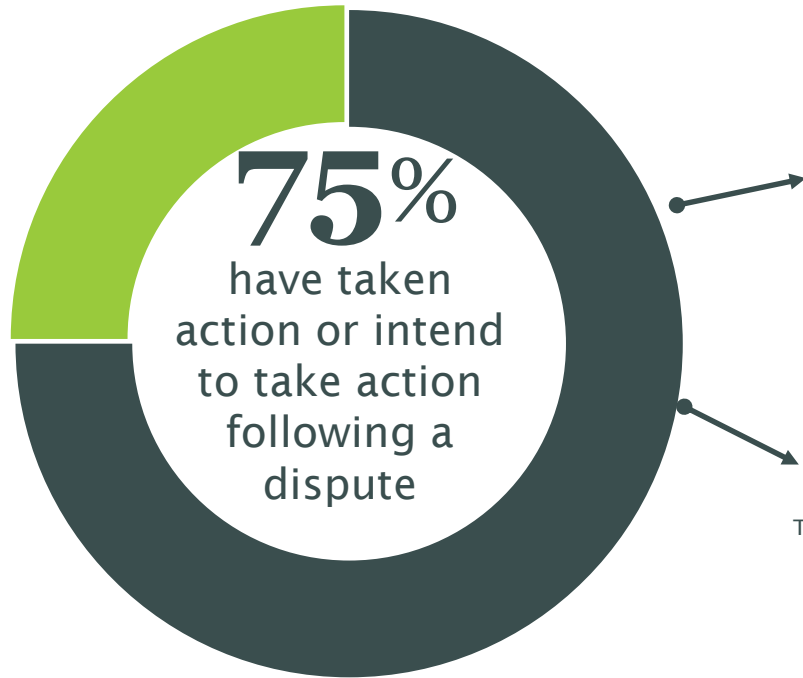
Problems with **quality of work** dominated consumer disputes with builders



Consumers without written contracts were significantly more likely than those with contracts to experience **difficulty getting faults fixed** (62%, compared to 39%) and having a **finished product that was below standard/ not as expected** (64%, compared to 42%)

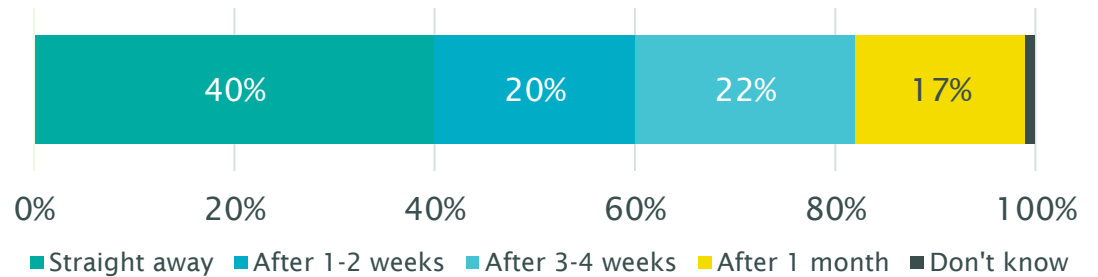
QB1. What was the dispute about? Base: Experienced a dispute (n=271)
 QB2. When did you first start experiencing problems on your renovation or construction? Base: Experienced a dispute and built a new home; built an extension on a home owned; or renovated a home owned (n=221)

75% have taken action or intend to take action regarding a dispute; 40% acted or intend to act straight away

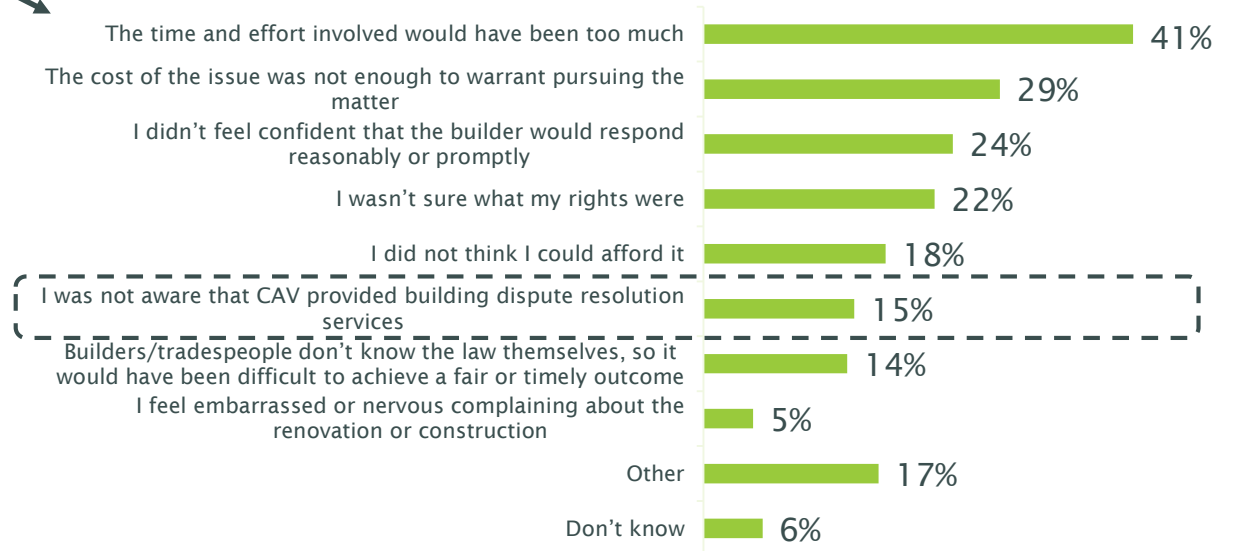


Key reasons for not taking action came down to **insufficient motivation (55%)** and a **lack of awareness (39%)**

Timing of action for dispute



Reasons for no action



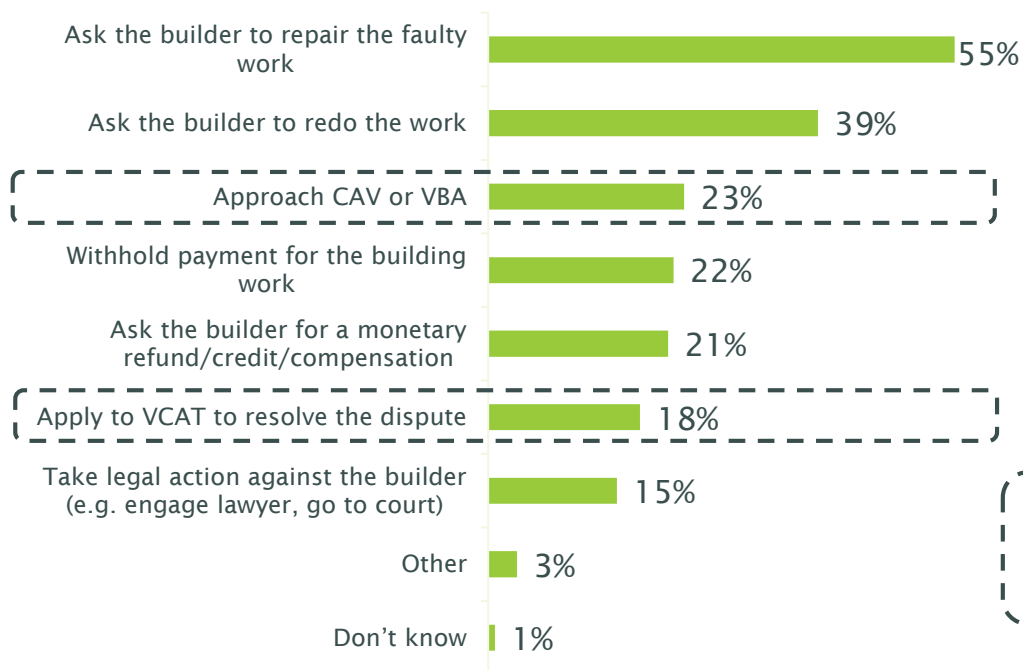
QC1. Did you take any action or do you intend to take action in relation to the problem you have experienced? Base: Experienced a dispute (n=271)

QC2. How long after you first noticed the problem did you take action? Base: Experienced a dispute **and** have taken action or intend to take action (n=199)

QC5a. Which of the following best describes why you decided not to take any action? Base: Experienced a dispute **and** do not intend to take any action (n=72)

There is scope to increase awareness and confidence in CAV as a dispute resolution alternative

Actions taken/ intended actions to be taken

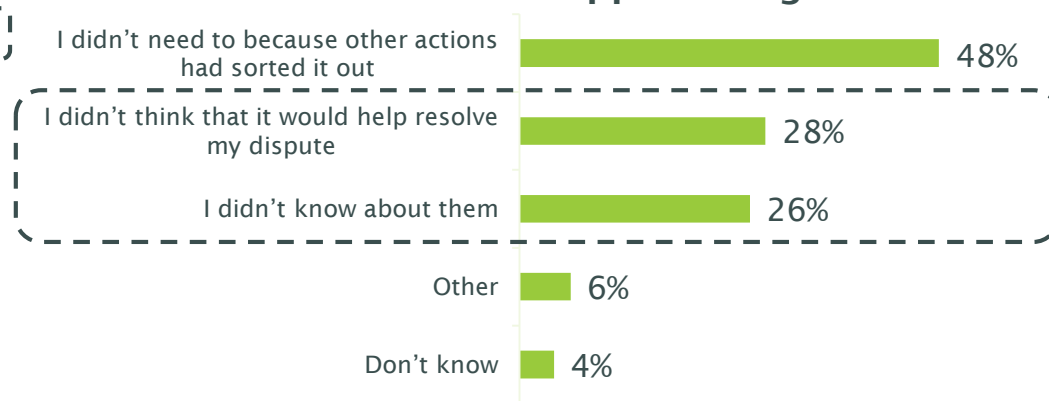


Across all consumers experiencing disputes, almost one in five “didn’t know about” CAV

59% of those who approached CAV or VBA have proceeded to conciliation conducted by BACV— 64% reported that it had been resolved, 25% in progress and only 11% unresolved*

* Caution: Low base of respondents

Reasons for not approaching CAV



QC3. Which of the following actions have you taken or do you intend to take in relation to the problem you have experienced? Base: Experienced a dispute and have taken action or intend to take action (n=199)

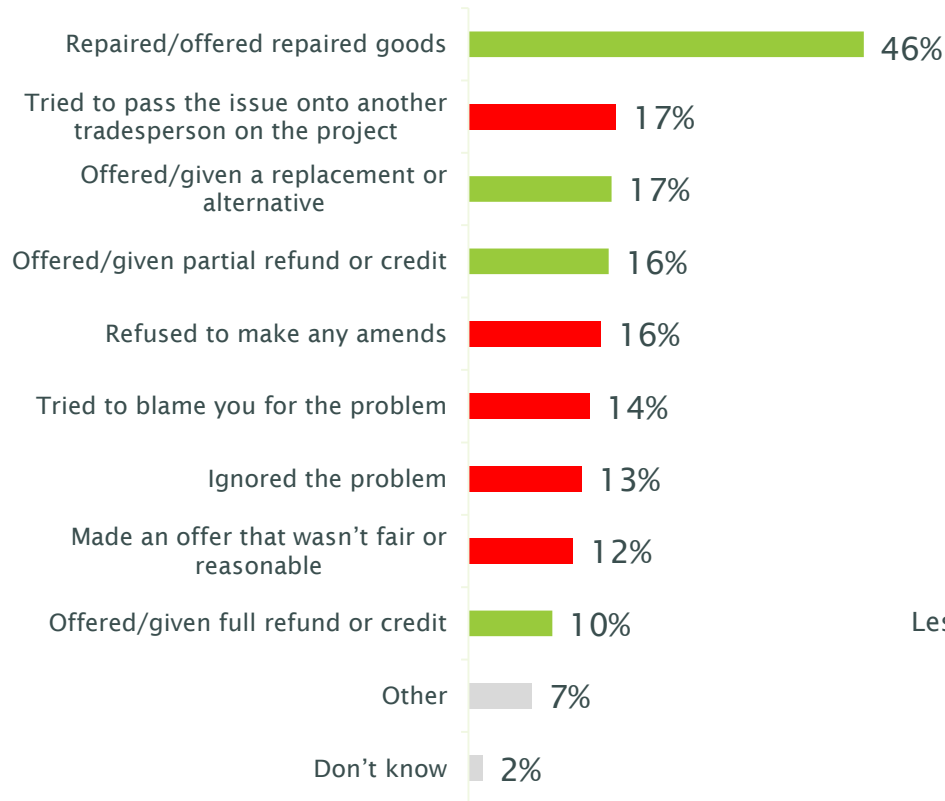
QC4a. Has this proceeded to conciliation conducted by Building Advice and Conciliation Victoria? Base: All who have approached CAV but not VCAT (n=18)

QC4b. Has the dispute been resolved through conciliation? Base: All proceeded to conciliation (n=9)

QC5b. Which of the following best describes why you decided not to approach CAV? Base: All who have taken action or intend to take action but not through CAV (n=151)

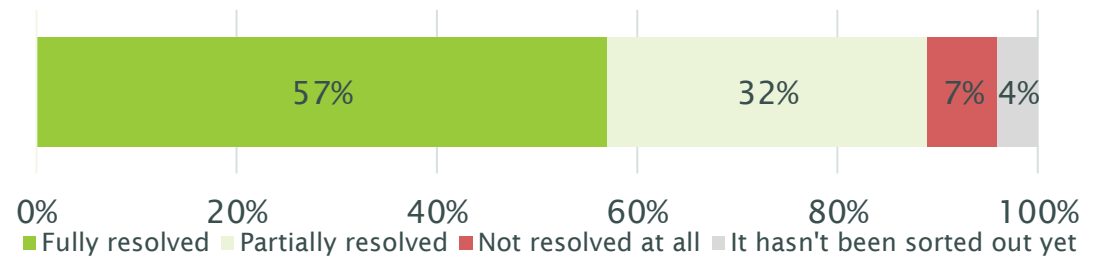
Most consumers quickly reached resolution to their dispute – other disputes have been more protracted

Outcomes of action taken



72% experienced a positive outcome; 47% experienced a negative outcome

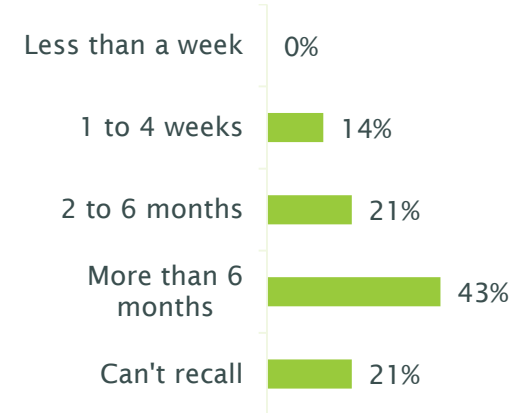
Extent of resolution



Time taken to resolve



Time taken thus far



QC6. Which of the following best describes the outcome from the action that you took in relation to your dispute... Has the builder...?

Base: Experienced a dispute **and** have taken action (n=146)

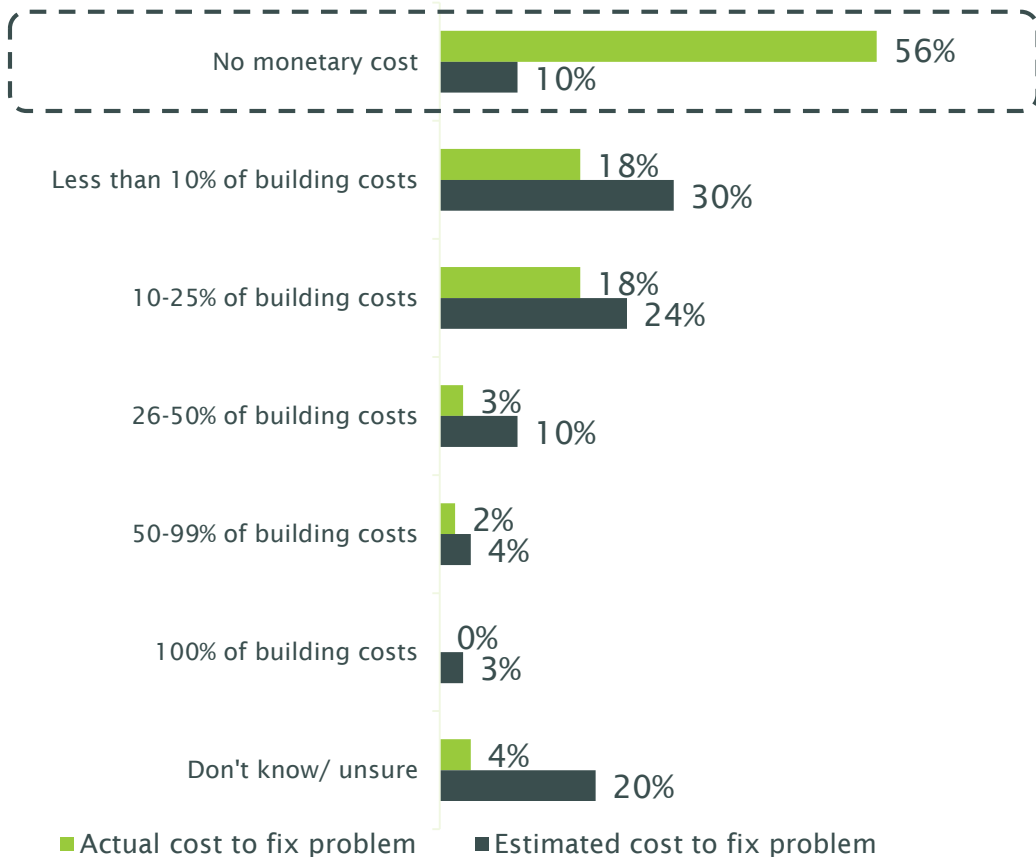
QC7. Did the action you take resolve the issue fully, partially or not at all? Base: Experienced a dispute **and** have taken action (n=146)

QC8a. How long did it take to sort out the problem from when you first took action? Base: All with full or partial resolution to dispute (n=128)

QC8b. How long has the dispute resolution process taken so far? Base: All with no resolution to dispute (n=18)

Those who haven't taken action or yet received resolution considerably overestimate the likely costs

Outcomes of action taken



There appears to be a need to alleviate misperceptions of high resolution costs




QC9a. How much did it cost you to fix the problem(s) you experienced (excluding legal costs)? Base: All building/renovation with full or partial resolution to dispute (n=104)
 QC9b. As a proportion of the build, how much do you estimate the cost of fixing the problems to be? Base: All building/renovation with no action or resolution to dispute (n=113)
 QC10. If you incurred any legal costs in relation to your building dispute, what was the total amount? Base: All with full or partial resolution to dispute (n=128)

Consumer Qualitative Findings




We spoke to 4 distinct audiences about their dispute **resolution** experiences

- 1** People who had not sought any (Government) assistance with resolving their dispute
- 2** People who had consulted Consumer Affairs Victoria / BACV
- 3** People whose dispute had proceeded from BACV to VCAT
- 4** People who had taken their dispute straight to VCAT (not via CAV)



It is worth noting that many participants had a traumatic dispute experience, even if it ultimately ended well. Their general advice to others was ‘don’t build’. This may go some way to explaining the more negative reactions in the quantitative survey towards DBDRV from those who had experienced a dispute.



1 People who had *not sought*
Government assistance
(CAV, BACV or VCAT)

Those who **did not seek** assistance from CAV or VCAT had tried a variety of other routes



UNRESOLVED



SPOKE TO BUILDER BUT *WITHOUT SUCCESS*

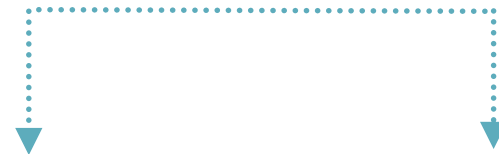
- ⊗ Time spent trying to sort it out with the builder left them with no time / money (as paying rent) / energy to try another pathway
- ⊗ Lack of awareness of any Government assistance in dispute resolution
- ⊗ Fear of builder reprisal

TOOK SOME OTHER ACTION BUT *GAVE UP*

- ⊗ Consulted council and/or building associations but told process would be long and difficult
- ⊗ Consulted a solicitor - but told not worth their while given solicitor's fees vs. moneys in dispute



RESOLVED



RESOLVED BUT *AT COST* TO HOMEOWNER

- ✓ Time and stress spent seeking a resolution led them to take matters into their own hands and pay someone else to fix the issue

RESOLVED TO HOMEOWNER'S *SATISFACTION*

- ✓ Managed to negotiate with the builder to fix the issues
- ✓ Able to pay a solicitor to sort the problems - avoiding spending time, effort, hassle themselves

Barriers to seeking **further assistance** included lack of awareness, time, confidence and energy

1

UNAWARE OF THE OPTIONS

- In particular, unaware of a free channel, or a 'halfway house' channel before the more drastic step of going to VCAT
- Even if referred to CAV (e.g. by council) may be somewhat confused: don't they deal with products?
- Awareness of VCAT appears higher but perception of it as a 'drastic' measure

2

INABILITY

- Urgency too great - no time left to try something else
- No energy left to try another route
- Running out of money (e.g. rent) while not moved into house
- Lack of confidence in negotiating the system

3

RELUCTANCE

- Fear (of time and money involved, of reprisal or confrontation)
- Evaluation of size of problem vs. stress of seeking resolution

2 People who had *consulted*
CAV/ BACV

Awareness of CAV for building dispute resolution appears quite random



How do they find out about it?

- Google search once issue arises
- Simple awareness that CAV supports consumers in disputes (though this is not universal; some others assume CAV is only for goods disputes... not buildings)
- Family and friends who had worked at CAV



Why did they decide to approach CAV?

- Clear that the issue would not be resolved without third party involvement
- Some feel that the mere fact that they have contacted CAV will show the builder that they are serious, and incite them to fix the issue

Experiences are mixed but generally people are **satisfied** with their experience



Not an easy process – lots of **time-consuming** explanatory phone calls; need to fill out many forms and provide many documents

Suggest that being able to lodge a complaint on the website and receive a call back would be more efficient than waiting on-hold

Some were **satisfied** in the end:

- Straightforward (if admin-heavy)
- Resolved in one meeting
- Mediator judged to be effective
- Regional participants appreciated the fact that they had not had to travel to Melbourne, and that a mediator travelled out to them

Others (who had not proceeded the whole way) were less impressed:

- Some had **not understood** that mediation services (i.e. actual mediators) were available

3 People whose dispute
had proceeded from
BACV to VCAT

Those who took their dispute on from BACV to VCAT did so for **two** main reasons

1 Frustrated by slowness of process – thought VCAT would be quicker

2 Worried the BACV determinations would be ineffectual

In our sample, no one had yet completed with VCAT

4 People who took their dispute *straight to VCAT*

No one really wants to go to VCAT...



All had waited as long as they could before taking this action – sought to negotiate with the builder first



Tribunals are confrontational; they need to collect evidence; they may be concerned about cost – so it's a last resort



Lack of contact from the builder generally led them to take this further action (e.g. screening calls)



Consulted / paid an independent expert (e.g. Archicentre) to evaluate the issue before proceeding



The length of time they waited before applying to VCAT depended on the urgency. For example, if the house is habitable they may wait longer to try and resolve amicably (e.g. peeling paint and electrical issues vs. no bathroom)

Once they had gone down the VCAT path, they were very satisfied with their experience

- ✓ Online application process simple
- ✓ Disputes were resolved efficiently on the day
- ✓ Timeframes as they might have expected, or quicker
- ✓ They felt well-prepared (often more so than the builder)
- ✓ The builder had completed the required works quickly afterwards



Though some were left emotionally drained by the dispute resolution process overall, they did feel the VCAT process had been effective and efficient

"I thought it would take longer... [previously] had the impression Government was very inefficient."

"Very good, no complaints."

"The VCAT guy was a builder and could see the problems."

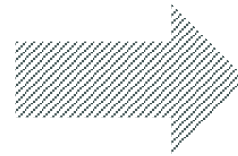
Confidence and lack of awareness of CAV were the two main reasons for going straight to VCAT

VCAT is **top-of-mind** – the expected channel

- 1**
- Put forward by solicitors
 - Or already knew about VCAT as a channel:
“it’s synonymous with building disputes”

Not concerned by the cost

- 2**
- Confident that they were in the right
 - Received free legal aid



But would have preferred to use CAV or the new DBDRV service if they could...

... Preferred not to take such ‘drastic’ action as VCAT if they could avoid it

The DBDRV Service

Almost all participants were **highly positive** about the description of DBDRV

Introducing DBDRV

A new independent service for resolving domestic building disputes (Domestic Building Dispute Resolution Victoria – ‘DBDRV’) is being established to provide stronger protection for home owners in domestic building and renovation. The service is accessible to all, and is intended to be **fair, free and fast**. It will have the power to:

- Conciliate disputes between homeowners and builders
- Obtain independent, expert assessment of building work
- Order the builder to repair defective work or complete work (or the home owner to pay for work correctly completed)
- Issue a binding order against the builder if they fail to engage in the dispute resolution process.

Homeowners (and builders) will only be able to take a dispute to VCAT where DBDRV’s processes do not resolve the dispute. The service will also replace Building Advice and Conciliation Victoria (BACV).

- Free, so more likely to approach it – and **approach it earlier** in the dispute (e.g. as compared to VCAT)
- Sounds **less official and intimidating** than VCAT – though still with powers. May incur less sense of guilt or confrontation towards the builder...
- **Specific to building**, expert (whereas VCAT deals with all sorts of things)
- **Less concerned about ‘fair’** than builders – they tend to assume such services would be fair

Questions which CAV/DBDRV may be asked

- Would DBDRV also deal with disputes retrospectively? Is there a time limit? For example, our participants who had not resolved their dispute (and who had not already gone to CAV or VCAT) wondered if they could apply to DBDRV for help once it is up and running.
- How long would it take to go through the process? (What does 'fast' mean?)
- What type of building dispute can they handle? Or what is the scope of their expertise?
- Would there be a case manager?



3 channels to create awareness

1

The **low awareness of Consumer Affairs Victoria as a building dispute resolution channel** even amongst those who have experienced a dispute suggests that there would be value in raising the profile of the service for those undertaking a build, renovation or extension.

Many thought councils could send a leaflet about the DBDRV along with the building permit. This detail could potentially be **'compulsorily' written into contracts** (which homeowners may check in the event of a dispute). Ideally, many noted they would like builders to advertise and advocate the service upfront – although it was acknowledged that there are possible barriers to this.

2

A **clear redirection from the VCAT website**, since this path is potentially top-of-mind for disputes. Councils and trades associations (e.g. Plumbers Association) should also be well-informed and able to direct people to the new service as they currently do in relation to CAV.

3

A **strong SEO** would be of benefit for those really unaware of where to seek assistance, with inclusion of key search terms such as 'house dispute', 'building dispute', 'builder problems'.



Builders Quantitative findings

Introducing DBDRV

A new independent service for resolving domestic building disputes resolution (Domestic Building Dispute Resolution Victoria – ‘DBDRV’) is being established to provide stronger protection for both builders and home owners in domestic building and renovation. The service is accessible to both builders and home owners, and is intended to be **fair, free and fast**. It will have the power to:

- Conciliate disputes between builders and homeowners
- Obtain independent, expert assessment of building work
- Order the home owner to pay for work correctly completed (or the builder to repair defective work or complete work)
- Order the home owner to pay money into a trust fund, to be paid to the builder on completion of work under the contract

Builders (and homeowners) will only be able to take a dispute to VCAT where DBDRV’s processes do not resolve the dispute. The service will also replace Building Advice and Conciliation Victoria (BACV).

(BACV).
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Section 43B : A contextual note

The current legislative scheme for domestic building dispute resolution does not directly provide for CAV/BACV to handle disputes initiated by builders.

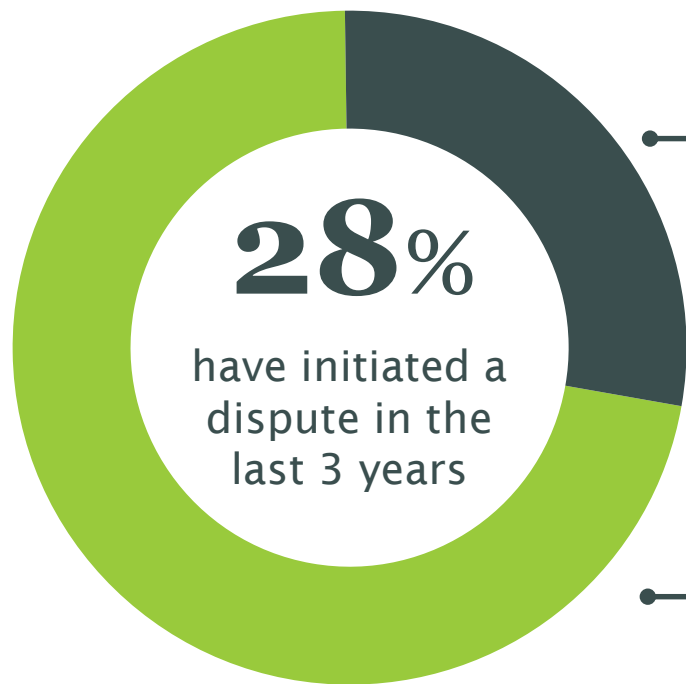
Section 43B of the *Domestic Building Contracts Act 1995*, headed 'Making a complaint', provides that a 'building owner who is a party to a domestic building dispute may complain' [to CAV]. The Act does not provide for a builder to complain to CAV about a home owner. However, in practice, BACV has dealt with some disputes in recent years that include issues raised by builders in relation to owners' payments. The new scheme to be administered by DBDRV provides for either a building owner or a builder who is a party to a dispute to refer the dispute to DBDRV.

Builders: key issues

- There is a need to create **awareness** and **confidence** in DBDRV as the main dispute resolution alternative among domestic builders, especially given that builders will not be able to go to VCAT without first going through DBDRV
- Dispute issues of **non-payment** are most common and prevalent for the demolition and/or rebuild of a whole house
- When informed about the DBDRV service, there are many aspects which **appeal** to builders

Builders response to DBDRV

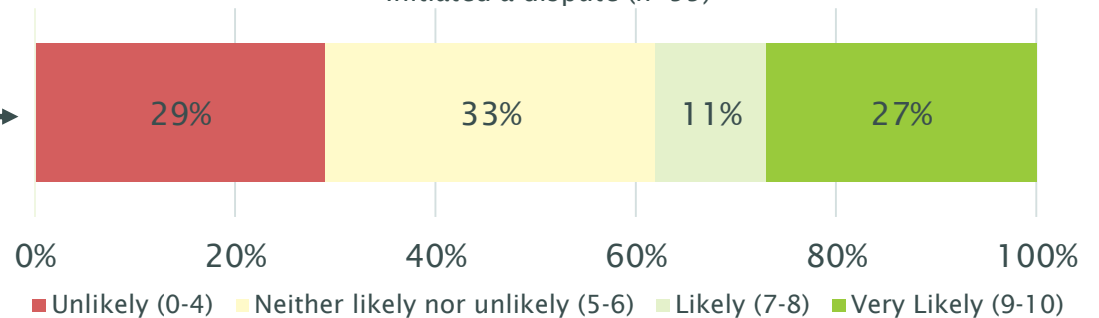
The appeal of the DBDRV service for builders is higher among those who have not initiated a dispute (49%, compared to 38%)*



16% → one dispute only
13% → more than one dispute

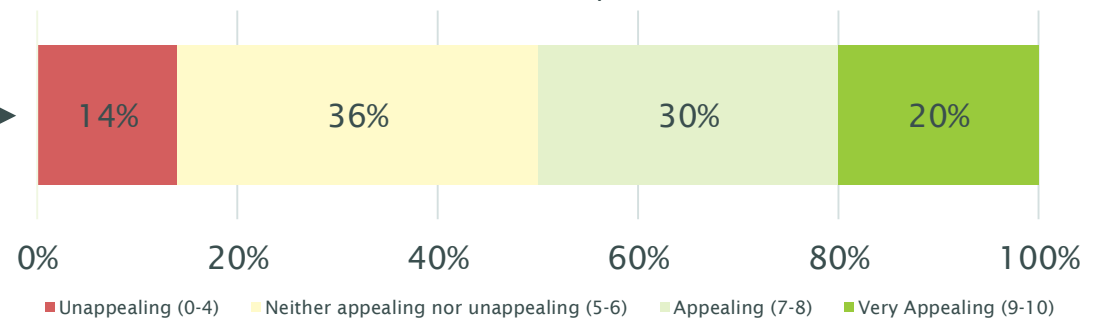
Likelihood of using DBDRV service

Initiated a dispute (n=55)



Appeal of DBDRV service

Did not initiate a dispute (n=138)



* Aggregated ratings of 7-10

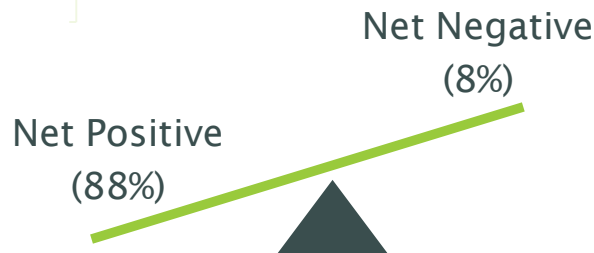
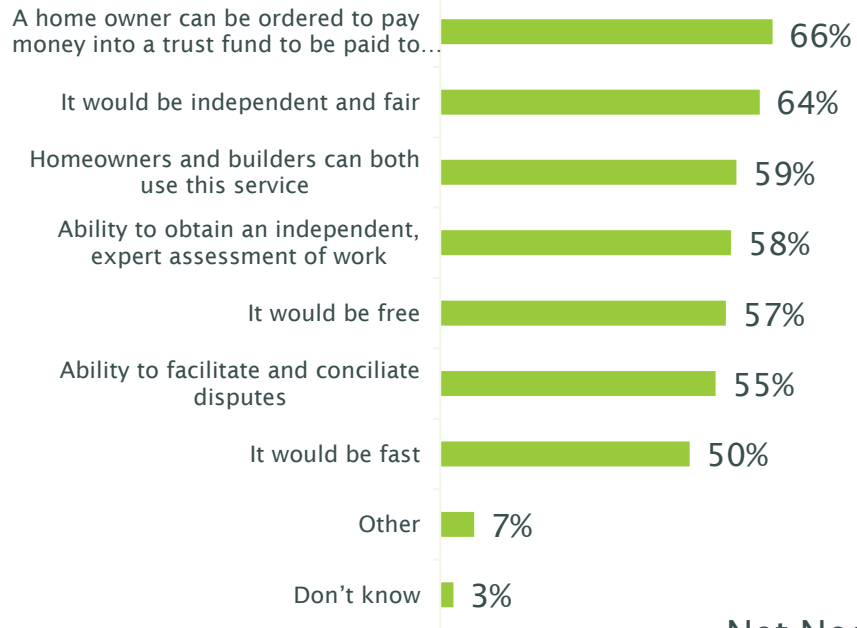
QA1. In the past 3 years, have you initiated a dispute with a homeowner when building, extending or renovating a home? Base: All builders (n=193)

QD1a. If this service had been available whilst you were experiencing problems with your building/renovation, how likely would you have been to use it? Base: Initiated a dispute (n=55)

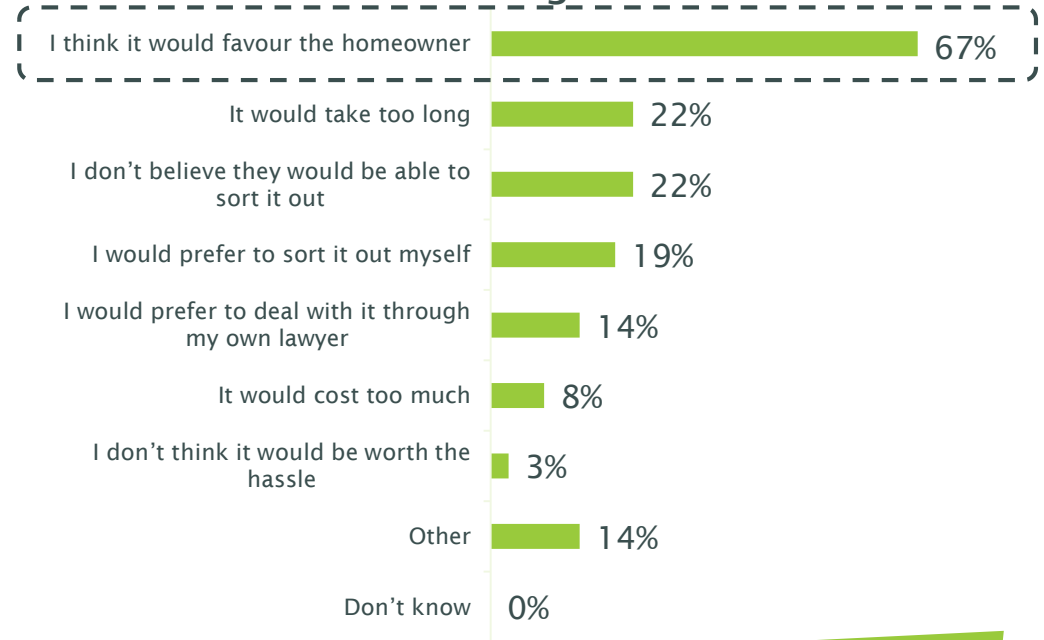
QD1b. Imagining that you had a dispute with a homeowner in the future, please indicate how appealing or unappealing you find this service? Base: Did not initiate a dispute (n=138)

The DBDRV service has wide appeal

Reasons for finding DBDRV service appealing



Reasons for finding DBDRV service



Builders yet to initiate a dispute were significantly more likely to perceive the service as **free** (62%, compared to 45%) and **fast** (56%, compared to 35%)

QD2. Why are you unlikely to use this service? / Why does this service not appeal to you? Base: All builders who rated the service as unappealing or unlikely to use (n=36)

QD3. Which aspects of the service particularly appeal to you? Base: All builders (n=193)

* **Caution:** Low base of respondents

** 'Net Positive' and 'Net Negative' calculated on the basis of the number of response options selected at questions D2 (excluding 'No concerns at all' and 'Don't know') and D3 (excluding 'Don't know')

The builder experience

Builder experiences focus on rebuilding/home extensions – median contract value of \$270k

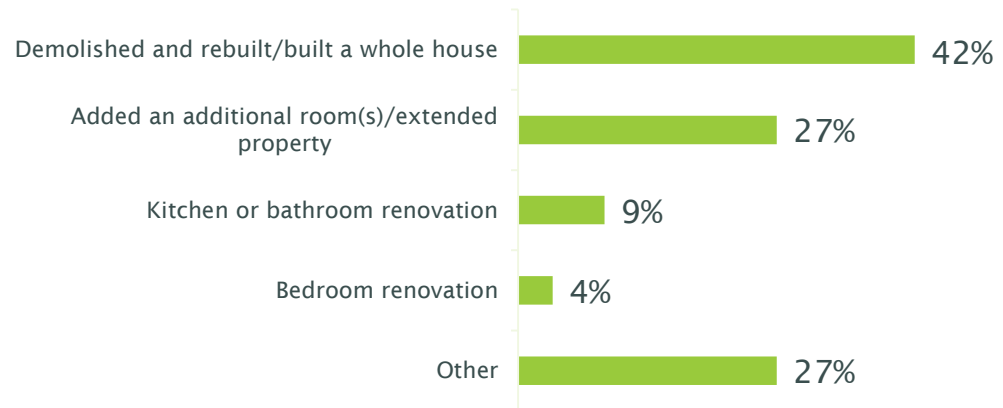
Nature of problem



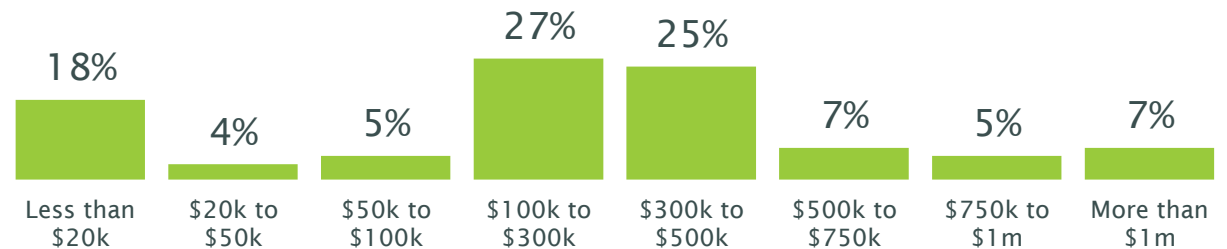
Other less commonly identified dispute issues includes:

- Faulty/defective services
- Perceived issues with quality of work
- Warranty related issues
- Work variations

Nature of work undertaken



Total amount that homeowner was contracted for

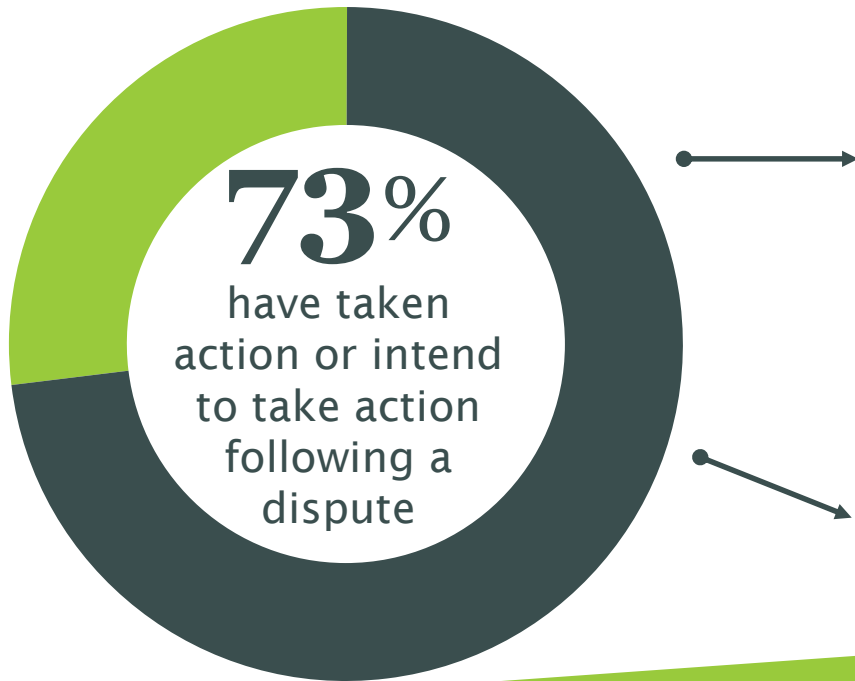


QB1. What was the dispute about? / Just thinking about the most recent dispute you had with a homeowner, what was the dispute about? Base: Initiated a dispute (n=55)

QB2. Thinking about that dispute with a home build or renovation, please select the nature of the work undertaken. Base: Initiated a dispute (n=55)

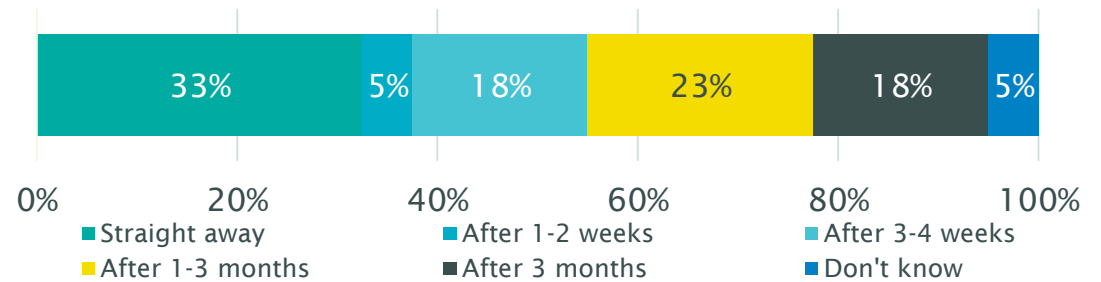
QB3. What was the total amount that the homeowner was contracted for, for that most recent disputed home build/extension/renovation? Base: Initiated a dispute (n=55)

73% have taken action regarding a dispute or intended to— 33% acted or intend to straight away

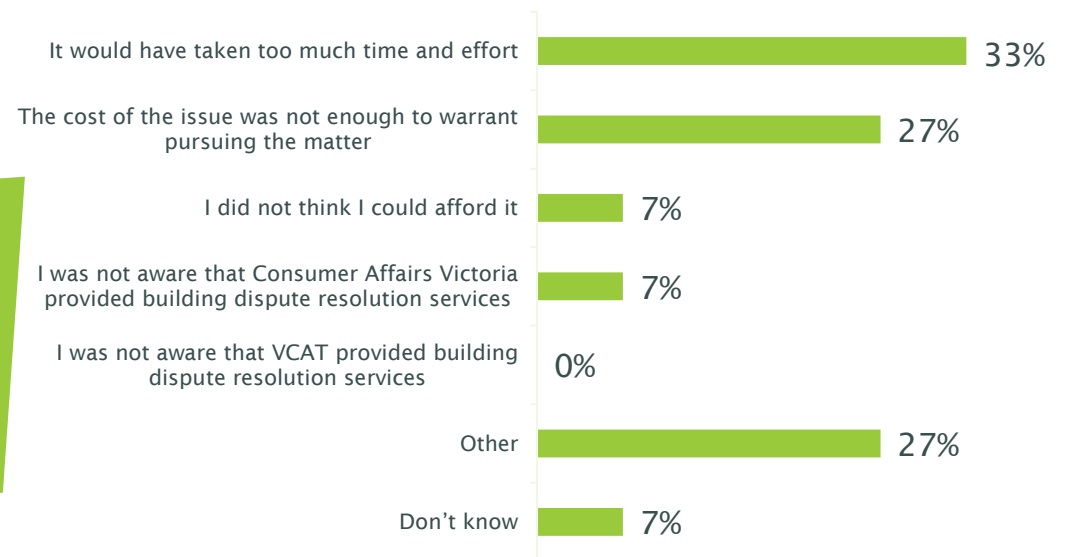


Key reasons for not taking action came down to **insufficient motivation (53%)** and a **lack of awareness of CAV as a dispute resolution option (7%)**

Timing of action for dispute*



Reasons for no action*



*Caution: Low base of respondents

QC1. Did you take any action or do you intend to take any action in relation to the problem you have experienced? Base: Initiated a dispute (n=55)

QC2. How long after the problem first arose did you decide to take any action? Base: Initiated a dispute **and** have taken action or intend to take action (n=40)

QC5a. Which of the following best describes why you decided not to take any action? Base: Initiated a dispute **and** do not intend to take any action (n=15)

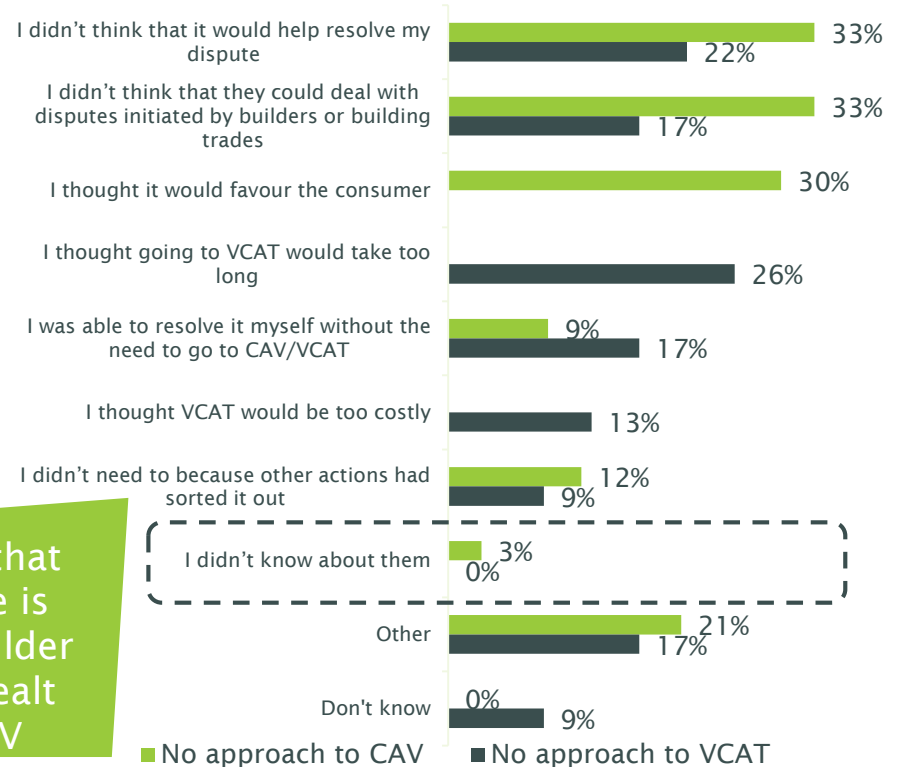
Builders are twice as likely to approach VCAT over CAV

Actions taken/ intended actions to be taken*



It should be noted that the current scheme is not designed for builder complaints to be dealt with by CAV/BACV

Reasons for not approaching CAV/VCAT*



Among those who applied to VCAT to resolve the dispute, 47%* reported that it had been resolved and a further 41%* reported that the process is still ongoing

*Caution: Low base of respondents

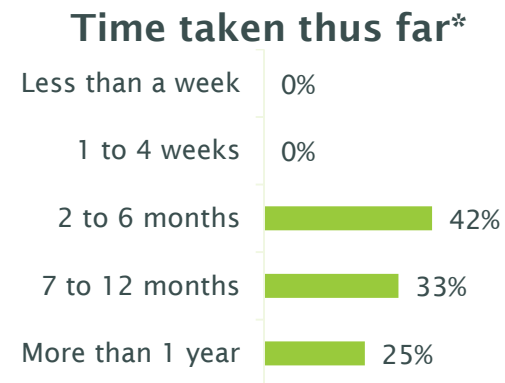
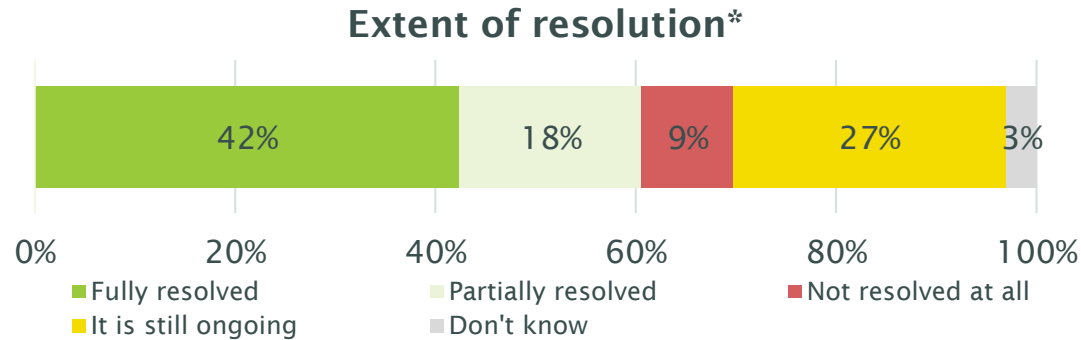
QC3. Which of the following actions have you taken or do you intend to take in relation to the problem you have experienced? Base: Initiated a dispute **and** have taken action or intend to take action (n=40)

QC4. Has the dispute been resolved through VCAT? Base: All who have approached VCAT (n=17)

QC5b. Which of the following best describes why you decided not to approach VCAT? Base: All who have taken action or intend to take action but not through VCAT (n=23)

QC5c. Which of the following best describes why you decided not to approach CAV? Base: All who have taken action or intend to take action but not through CAV (n=33)

Three in five builders -61%, had reached a full or partial resolution to their dispute



*Caution: Low base of respondents

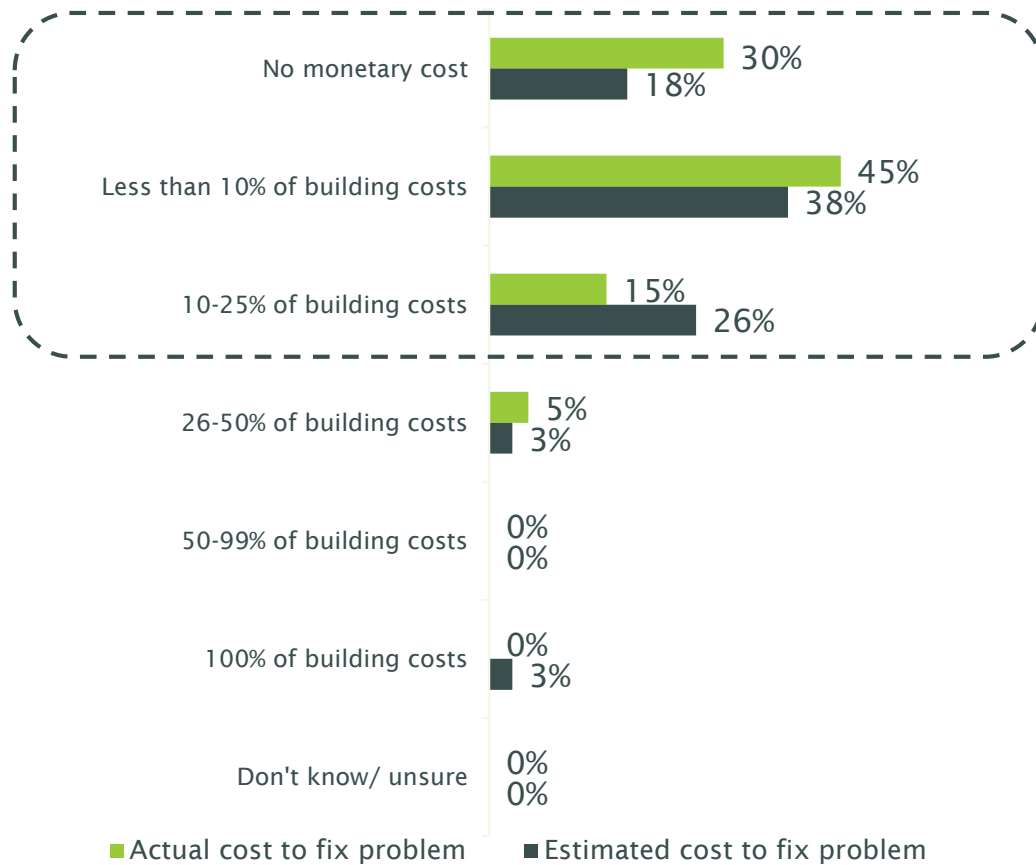
QC6. Did the action you take resolve the issue fully, partially or not at all? Base: Initiated a dispute **and** have taken action (n=33)

QC7a. How long did it take to sort out the problem from when you first took action? Base: All with full or partial resolution to dispute (n=20)

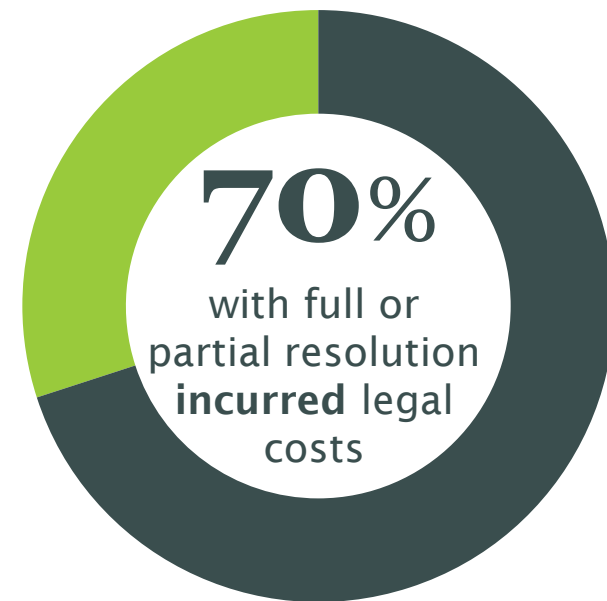
QC7b. How long has the dispute resolution process taken so far? Base: All with no resolution to dispute (n=12)

Builders appear to be well positioned to estimate the likely cost of action to resolve a dispute

Outcomes of action taken*



Cost to fix problem (legal costs)*



25% → Less than \$2k
 20% → \$2k to \$5k
 20% → \$5k to \$20k
 5% → More than \$20k

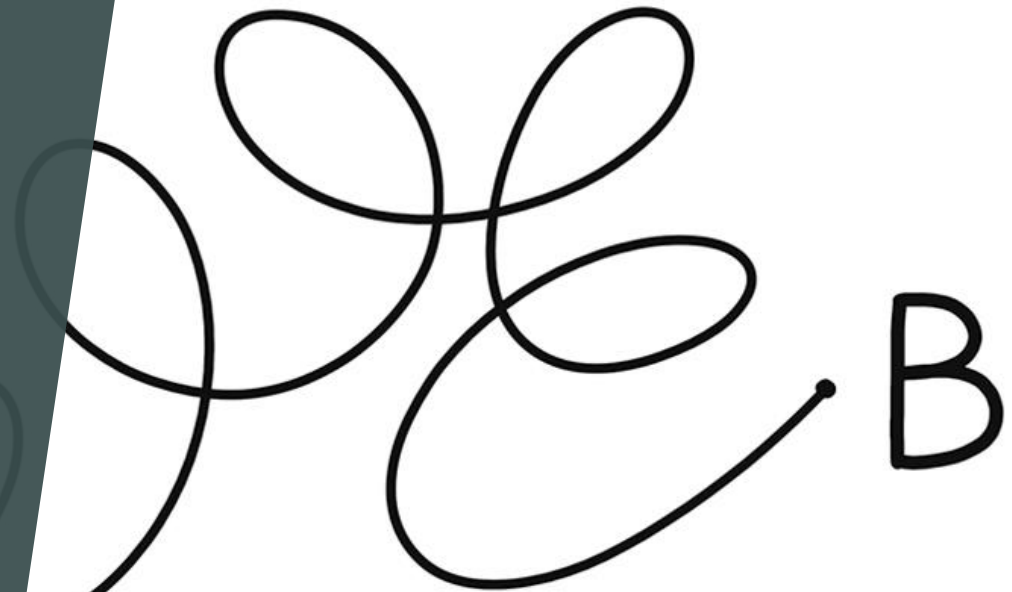
*Caution: Low base of respondents

QC8a. How much did it cost you to fix the problem(s) you experienced (excluding legal costs)? Base: All with full or partial resolution to dispute (n=20)

QC8b. As a proportion of the build, how much do you estimate the cost of fixing the problems to be (excluding legal costs)? Base: All with no action or resolution to dispute (n=34)

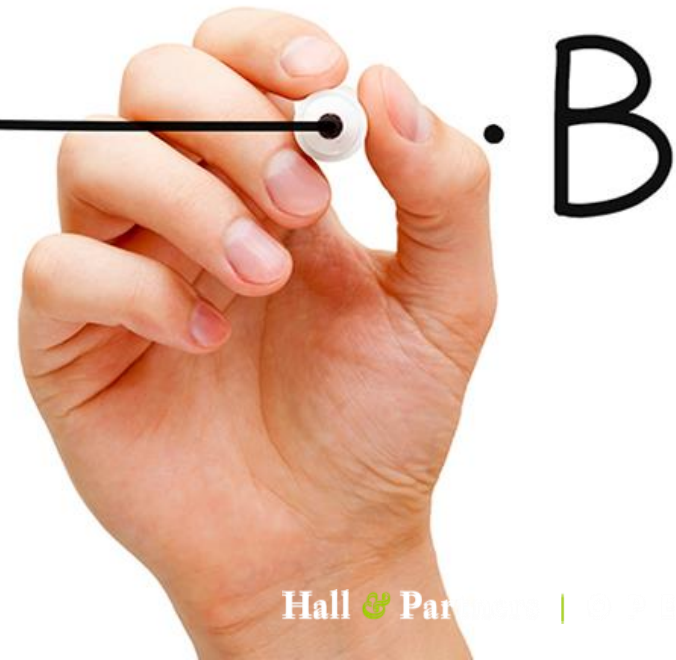
QC9. If you incurred any legal costs in relation to your building dispute, what was the total amount? Base: All with full or partial resolution to dispute (n=20)

Bringing the pieces together



B

A



B

A

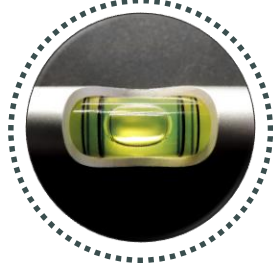
There are some **key differences** between consumers and builders



Builder disputes involve far **bigger contract values**— median \$270k vs. \$55k for consumers



Consumer disputes are more likely to relate to **kitchen/bathroom renovations** compared to builder focus on **rebuids/extensions** to houses



Consumers tend to dispute **quality of work**, compared to builders who tend to focus on **non-payment**



Builder disputes are **less likely to be resolved** and tend to **take much longer** to resolve than consumer disputes

Key Considerations Moving Forward

1 The new **DBDRV service** has the realistic potential to attract anywhere between **6,500** and **13,600** Victorian consumers and/or domestic builders on an annual basis.

2 There is a need to create **awareness** and **confidence** in DBDRV as the main dispute resolution alternative—when informed, consumers and builders found key aspects of the DBDRV service appealing.

3 **Among both consumers and builders**, the appeal of the DBDRV service is **considerably higher** among those yet to experience a dispute. This may be because dispute experiences, **even where they have been successfully resolved**, have often had a powerfully negative effect on homeowners.

4 This suggests there is **a need to alleviate potential cynicism** of the service among those who have experienced a dispute.

5

The priorities moving forward should centre around communicating the core value proposition of the service being **free, fast** and **fair** alongside **creating a profile among builders** of DBDRV's role.

6

It is particularly important to focus on communicating the messages of **free to homeowners and fair to builders**. Despite these aspects being clearly stated in the description, we saw that cost is still a dominant concern for homeowners and fairness for builders.

7

As well as Google, and referral through councils and associations, DBDRV should consider whether anything can be done to **educate homeowners about the service at the start of the build** (e.g. with the building permit).

8

Research indicates that people prefer to try and resolve disputes themselves with the builder if they can... but an unsuccessful attempt can leave them feeling they have **no time or money for other options**. If CAV can help people to avoid this (e.g. by giving options and suggested timeframes prior to approaching DBDRV) this may be valuable.

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