

THE HOUSE OF ASSEMBLY SELECT COMMITTEE ON THE COSTS OF HOUSING, BUILDING AND CONSTRUCTION IN TASMANIA MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON WEDNESDAY 9 MARCH 2011.

Mrs KERRIE CROWDER, DIRECTOR OF BUILDING CONTROL, WORKPLACE STANDARDS TASMANIA, WAS RECALLED AND FURTHER EXAMINED.

CHAIR (Mr Hidding) - Thank you for your time today. We felt we should write to you. We had some questions of a technical nature and given the quality of your evidence to us last time, we thought we should go straight back to the top and invite you to join us again so that we could ask you some questions particularly in this area of the 5 star. You might recall last time I read out a statement I am required to read but I intend just to ask you that you recall the arrangements for giving evidence to this committee. We are on *Hansard* and there is parliamentary privilege, et cetera, and if you want to make any statement that is in private, you can let us know about that and we can go into committee. Thank you.

Ms WHITE - Would you be able to detail to the committee how advanced Tasmania is in relation to the 6-star rating for its implementation?

Mrs CROWDER - At the moment Tasmania uses 5-star ratings and that came into effect on 1 January last year. We were the last State or Territory to take 5 star on board, along with the Northern Territory. The decision for this, BCA2011, is that Tasmania will have a variation to that and remain at 5 star. The BCA comes out I think on 1 May 2011, and that will have a variation and we will be 5 star still.

Mr BOOTH - Because we were the last to adopt it so we still have it.

Mrs CROWDER - That is right. We are bit behind the eight ball. The COAG states that all States and Territories are to have 6 star by May 2011.

CHAIR - Could we just talk about the instrument that triggers this stuff so that we understand. So it is a COAG agreement that the BCA -

Mrs CROWDER - Will contain 6-star ratings for all States and Territories by May 2011.

CHAIR - Okay, so we will have a variation. Are new rules struck every May or something?

Mrs CROWDER - Yes, the Building Code of Australia comes out every year on 1 May and it has changes to the codes.

CHAIR - Everybody knows when it is coming in and when the latest things are.

Mrs CROWDER - That is right, but a decision would have to be made by December of the year before on what variations or what changes are going to be made.

CHAIR - How come we only just went to 5 star a year ago? What allowed us to drag the chain?

Mrs CROWDER - Only because you can have variations in the BCA.

CHAIR - So it is variations.

Mrs CROWDER - Yes.

CHAIR - How do you seek those variations?

Mrs CROWDER - A decision is made at a political level on whether or not we are going to progress to 6 star.

CHAIR - The minister?

Mrs CROWDER - Yes.

Ms ARCHER - So it is policy driven.

Mrs CROWDER - Certain of the COAG initiatives are attached to money and so we may miss out on money if we do not go to 6 star. My understanding is that this is not attached to money at this stage but in the long term we may lose some funding as a result of not going to 6 star from COAG initiatives.

Ms ARCHER - Do you mean things like infrastructure funding?

Mrs CROWDER - No, the States get money from the Commonwealth based on whether they implement the COAG initiatives like National Occupational Licensing, National Construction Code. The Building Code of Australia is moving this year, 1 May, to what is called a national construction code which includes plumbing as well as building now. That is a COAG initiative and if you don't meet those, then there is a financial penalty.

Mr BOOTH - Attached to grants for specific things or could it be in a general sense?

Mrs CROWDER - General; the money you get through the GST fund.

Mr BOOTH - They identify the quantum of that then, if you don't abide by a COAG agreement?

Mrs CROWDER - I'm not sure because we haven't not abided and I don't know whether other areas have or not.

CHAIR - We used to do that with the competition policy.

Ms ARCHER - That's why we get all those uniform bills through the House, because of the COAG agreement.

Mrs CROWDER - Yes, that's right, and moneys attached to meeting the milestones.

CHAIR - I guess we could write to the minister's office and ask for a brief on exactly what our commitments are and, under COAG, what the penalties are.

Mrs CROWDER - Yes. It would probably be more appropriate because a lot are put through the finance ministerial council so it might be worth writing to the Treasurer.

CHAIR - Yes, or DPAC or someone could be managing COAG agreements.

Mrs CROWDER - I'm not privy to all that.

Mr BOOTH - Our relevant minister would have been involved in COAG agreements with regard to adopting 5 star or 6 star.

Mrs CROWDER - COAG is made up of the premiers and chief ministers. They sign off on these initiatives and then they are assigned to a specific ministerial council.

Mr BOOTH - The relevant department here in Tasmania, presumably Workplace Standards, would have had input into formulating a national agreement on it.

Mrs CROWDER - Yes, 5 star or 6 star is a bit different. The COAG initiative is adopting 6 star into the BCA in May 2011 which is actually being met because it is in the BCA. We are just varying the BCA.

Mr BOOTH - But that original decision for there to be an adoption of 6 star would have been agreed to and there would have been communication between Workplace Standards and the BCA with regard to doing this. What's that process?

Mrs CROWDER - The BCA is managed and administered through the Australian Building Codes Board. That is a national committee made up of regulators from each State, including myself, and industry experts. Each year subcommittees look at changes to be made to the BCA and they are put forward to the board and if a State or Territory can't meet it or it's inappropriate for them, they do a variation.

Mr BOOTH - So Workplace Standards would have given a reason that we couldn't adopt the 5 star.

Mrs CROWDER - Yes. The COAG initiative is to go to 6 star by 1 May 2011.

CHAIR - Okay, so that wasn't a 5 star.

Mrs CROWDER - No. Other States have had 5 star for a very long time.

CHAIR - I can't ask you a policy matter but in the normal course of events, although this is the first time under this COAG thing, if nothing else occurred in May 2012 we would be 6 star.

Mrs CROWDER - If we didn't have a variation of -

CHAIR - If we didn't seek another variation.

Mrs CROWDER - Yes.

CHAIR - That brings us then to what does 6 star mean. What does it mean in practical terms for the building industry and home owners in Tasmania?

Mrs CROWDER -The 6-star and 5-star ratings we talk about from a building perspective, because there are a lot of different sorts of stars out there -

CHAIR - Yes, energy stars or -

Mrs CROWDER - Yes. This is related purely to the thermal measurement of a building or plan to build and, in particular, residential building. You have six stars for commercial building but I think the residential that you're concerned about has five.

CHAIR - Yes it is, I guess.

Mr BOOTH - At this stage, yes.

Ms ARCHER - On this issue.

CHAIR - Yes.

Mrs CROWDER -It just means that you have to have a higher thermal rating when you build your house.

CHAIR - In total or does it specify things like glazing? What does it specify?

Mrs CROWDER - There are two ways to meet the 5-star thermal rating. One is through 'deemed to satisfy' as per the Building Code of Australia. That stipulates 'deemed to satisfy' - for the glazing, the floor.

CHAIR - As a package?

Mrs CROWDER - As a package and there is no room. If you meet that you will get a 6-star rating.

Mr BOOTH - Sorry to interrupt there, but are you requiring that to be certified now by somebody who has some sort of accreditation to certify it rather than just using the prescriptive method?

Mrs CROWDER - No, a building surveyor could sign off on the design if the designer used the 'deemed to satisfy' provisions of the building code.

Mr BOOTH - Why couldn't a builder sign off on it?

Mrs CROWDER - Because they don't have the statutory responsibility to sign off on the plans.

Mr BOOTH - But you are aware that they are charging for an assessment now for the solar rating of a building?

Mrs CROWDER - Yes, and that is different again. If we are just talking about the thermal rating, there is the 'deemed to satisfy' provision or there is the performance modelling where you have a computer rating and that gives you the flexibility and variability to take into account all different scenarios including north-facing aspect, size of windows, those sorts of things. You can change those around to get a 6-star rating and it is much easier to get that through the performance modelling than to use the 'deemed to satisfy' provision, and usually cheaper.

CHAIR - It is not only 'deemed to satisfy' though, is it?

Mrs CROWDER - No, that is what I am saying. The other is the performance modelling where you have the rating system that they call the NatHERS. It is a computerised system where you place in the size of your windows, the direction you are facing, whether you have double-glazing and all sorts of things. It can model the plans, or the house, so that it does meet 6-star rating.

CHAIR - My point coming from a building background is the number of people, owner-builders, who have built houses back-to-front because they wanted to look at something but then the sun is beating down on the wrong side, not on windows.

Mrs CROWDER - That is where the architect or designer comes in to provide the best aspect.

Ms ARCHER - Councils often say something too about certain things needing to be north-facing, don't they?

Mrs CROWDER - I don't think they actually stipulate it.

Ms ARCHER - No, I don't think they have requirements but I have heard of people not getting designs or certain development applications accepted or approved by council officers on the basis of where they have their windows and I think it is probably a case of privacy and issues like that.

Mrs CROWDER - Oh yes, there are those issues.

Ms ARCHER - But applicants often get confused about whether or not it is the building code or planning requirements.

Ms WHITE - You talked about how there are two ways to achieve the rating, so how do builders or owner-builders know which one to apply? You mentioned that the performance modelling is cheaper. How do they know?

Mrs CROWDER - As a general rule, yes.

Ms WHITE - How do they know that that is the one they should be trying to make fit their building?

Mrs CROWDER - In Tasmania, because we were the last to go, the designers, the building surveyors and builders have tended to stick with 'deemed to satisfy', which is the old way of doing it. Now we are educating them and showing them - and we have been all round

the State - when they have had difficulty getting to a 5-star rating, that by using the rating system they get there easily. It is mainly the designers and architects and the building surveyors. Then the builders have to build it to that design or with that insulation. We are getting more and more raters now so that if you get your plans rated to see if they meets 5-star rating then there has to be what we call a form 55 from the person who has deemed that those plans are 5 star.

Ms WHITE - Who can fill in a form 55? Is that a whole new job?

Mrs CROWDER - Yes, a form 55 is an expert signing off on something, and it can be for a whole lot of different reasons. People who undertake the rating for the 5-star system have to undertake a course because it involves computer-based modelling and at the moment they are members of associations that have ongoing professional development and they have the expertise to say those plans meet 5-star rating.

Ms WHITE - Are you noticing more designers now gaining those qualifications so they can fill in Form 55?

Mrs CROWDER - Yes.

Ms WHITE - So it's not a separate person someone needs to go to if they've had a building designed. Hopefully they can get it done at the same place.

Mrs CROWDER - Well, not necessarily but, yes, a lot of designers can do the ratings.

Ms WHITE - So it's like me getting an extra accreditation.

Mrs CROWDER - Yes, but it's learning to use a computer-based modelling system.

Mr BOOTH - Kerry, are you aware that there is serious alarm out there in the community about the regulatory costs now associated with building a simple home and the worthless red tape and over-regulation that quite often surrounds what might have originally been a good idea then creates a drone's castle.

Mrs CROWDER - I've read the *Hansard*.

Laughter.

CHAIR - Oh good!

Mrs CROWDER - The only person in Tasmania.

CHAIR - You've picked that theme up, have you?

Mr BOOTH - I would have to say that having been both a builder in the industry as well as an owner-builder and watching the regulations change and the opportunities that were available to me and my family 30 or more years ago, it has now completely excluded a huge number of young couples in particular from being able to build their own home and driven them either into the rental market or inadequate accommodation or a mortgage that basically ruins their marriage because they're unable to keep up the payments and so

forth. Do you have you any sort of responsibility yourself, as Director of Building Control, to take that into account or do you simply see your role as a regulatory one?

Mrs CROWDER - Well, there are three roles under the Building Act and they include the accreditation of practitioners, the order to compliance components if we receive complaints about whatever and then there is the setting of standards and regulations.

Mr BOOTH - Is affordability one of the criteria that you look at? At the end of the day you could create as many rules and regulations as someone could dream up but there has to be some point where you say enough is enough and there is no evidence to justify the need for this accreditation or this fee or this regulation.

Mrs CROWDER - Every change now through the Building Code of Australia, and generally, requires a regulatory impact statement to make - they're weighing up those competing factors and they do take cost into account. So all changes that are to be made, such as reducing bushfire proneness, we have to deal with so that you can actually see the cost and benefits associated with whatever you do.

Mr BOOTH - So what's your formal role in taking part in those regulatory impact statements?

Mrs CROWDER - As a member of the Building Codes Board of Australia, those regulatory impact statements are undertaken by the office of the Building Codes Board and then they come to the board meeting and then they go to the building minister's forum for final approval - so it's actually signed off by State and Territory ministers.

CHAIR - At a Min Co?

Mrs CROWDER - It's not actually - it's a building industry forum but it's made up of ministers from each State and Territory.

Mr BOOTH - Just for clarification, first of all you're stating that there's been a regulatory impact statement done on every new regulation, fee and charge that Workplace Standards have brought in -

Mrs CROWDER - No, I am not talking about the local level. I was talking purely from the changes to the Building Code and the regulations.

Mr BOOTH - I suppose then, in a general sense, is there a mechanism that you could see, as Director of Building Control, that would cover the matters that you said you've read about in the *Hansard* with regard to over-regulation and the cost of building and so forth? There has been, in fact, a proposition contained within a couple of the submissions that we should have a standard that enables someone to live in a shed, for example, and call it a home but not necessarily regard it in the same way with the requirement to do with things like 6-star ratings or minimum sizes and a whole lot of other things that many people in the community will never be able to afford, or do not want?

Mrs CROWDER - Yes, and when you talk about sheds, a shed is not cheap if somebody is going to live in it. You have to look at the plumbing requirements and the health aspects

and all those sorts of things, and the safety aspects. I understand what you are saying. You should be able to build what you want, how you want and live in what you want, and to a point you can but if you are that. Whether those standards should be changed or lowered is a decision that needs to be made at a ministerial level.

Mr BOOTH - I don't think there has been a suggestion that you should be able to live in something that is dangerous but there is no evidence in Tasmania that I am aware of of anybody ever being killed by their house collapsing on them.

Mrs CROWDER - No, I am not aware of any. Mind you, I have been some shoddy work.

Mr BOOTH - Yes, and a lot of that done by accredited builders and even people in the executive of MBA and HIA, for example. The accreditation has not guaranteed -

CHAIR - Mrs Crowder is on their tail now.

Mrs CROWDER - I certainly am.

Mr BOOTH - That is good hear. However, I think there would be an acceptance that a home or a house or a shed would have to meet plumbing, electrical and sanitation standards, but there is a big jump between that and making it difficult for people to build, and requiring a 6-star rating in a shed where particularly a single person perhaps or a couple do not want to live because there could be an overheated oven with no air movement. They might prefer to put a jumper on and be happy enough to have a tin wall.

Mrs CROWDER - It is very easy to get a 6-six star rating in a shed.

Mr BOOTH - But what if they don't want it?

Mrs CROWDER - I don't have a problem with that but what I do have a problem with is the owner builder just building what they want but it's when they sell it that we have the problems. That is when it becomes somebody else's problem.

Ms ARCHER - But if it was classified and people knew that they were buying a lower-classified building, that would solve that aspect I suppose. That is one proposition.

Mr BOOTH - It is like somebody selling a second-hand car that they have hand painted with a brush. The buyer knows that it has been hand painted with a brush and they pay accordingly.

Mrs CROWDER - I have two cases before me where owner builder houses have been sold and the workmanship is so shoddy - I am no technical expert on that - but I can see it and they have been bought.

Ms ARCHER - In good faith, no doubt.

Mr BOOTH - But isn't that the essential problem that you have highlighted - an issue to do with inspections but not to do with quality of building? If the inspection of those homes that you are now having issues with had been done properly then they would never have got a certificate of occupation nor completion and nor should they, by the sound of it.

Ms ARCHER - Or you sue to the inspector.

Mrs CROWDER - A lot of those are outside the purview of the building surveyor in that they are not standards or Building Codes of Australia, which is what this building surveyor signs off on. Some of them are outside that purview so the building surveyor would argue that it was not his issue.

Mr BOOTH - What sort of thing would that be? That would be the hand painting with the brush type of thing.

CHAIR - Fit-out quality.

Mrs CROWDER - Yes.

Mr BOOTH - But that is obvious to the eye.

CHAIR - Badly fitting architraves.

Mr BOOTH - But you see that when you buy it. It is like the hand-painted car. It seems as if we have put up a wall of regulation, some of which is necessary, but some of which simply seems to be an odious intrusion into people's lives and does not achieve. We have had a regulatory regime for quite some time, the two houses you are inquiring into, and certainly I have seen some doozies and I have seen some that have been built by accredited building practitioners.

Mrs CROWDER - Yes. For example, insulation. It is not a mandatory inspection. If the builder chooses not to put insulation -

CHAIR - Wool bats.

Mrs CROWDER - Yes. That cannot be seen by the person buying the house.

Mr BOOTH - But if it is not inspected how do you know? You have just said that accredited builders are just as bad. How does it make any difference? You have the regulations that stop people doing it themselves. They are forced to have it done by an accredited builder in some cases and it is not done so it has not achieved anything. They might have been better off doing it themselves but they couldn't because of this wall of red tape. I don't know how you can make it better, that builders do stuff properly. Maybe it could be that if it is an owner builder job they have to have more signed-off stages by a building surveyor so that there is, for example, an insulation inspection.

CHAIR - Is it not true that the system that was in place prior to Minister Kon's throwing out the compulsory warranty that an owner-built home had to have been built under the full supervision of a building surveyor or had to achieve a certificate before it could be sold? There was the protection for someone buying an owner builder home. That protection was there because they would have to call Pro Tech or whoever to come and look at it and they would have given advice as to whether it was a good home or not. They would be required under that previous system to pop out a power point and have a look in the walls.

Mrs CROWDER - We have one case on the north-west coast at the moment. The owner builder sold the house and before he sold it he had to get housing indemnity insurance. The insurance company had a building surveyor do a report on that house because they do not want the liability. When they moved in there was very little you could see that was wrong with that house. Then they started having problems and they pulled away the boards and the footings were basically non-existent and what is there is just atrocious, but the housing indemnity insurance is paying for it.

Mr BOOTH - The only insurance that was ever paid out on those compulsory last resort home owner warranties was for owner-builder work because in that case it was actually insurance. The builders underwrote it anyway so that would be the first time that I have known of that they would have paid out as an insurer. No doubt that's something they will be trumpeting from the rooftops.

CHAIR - That has gone, in any event -

Mrs CROWDER - That is right.

CHAIR - but along with it -

Ms ARCHER - I had a successful application - \$120 000.

CHAIR - the final protection for an owner-builder has been removed.

Mrs CROWDER - It is not the protection for the owner-builder, it is for the person that buys the house.

CHAIR - And it was, so that if you built your owner-built home thinking you might sell it in the next five years you would, in fact.

Mr BOOTH - And have a proper inspection.

CHAIR - You would make damned sure because the real estate agent would turn up and go through and ask who built the place. When you said 'owner-builder' they'd ask where your docket was. If you didn't have one, they'd tell you they couldn't list it. They would not even list it for sale.

Ms ARCHER - Sometimes building inspectors can be wrong too.

Mrs CROWDER - We don't accredit building inspectors.

Mr BOOTH - But the other point there is that in that house you identified that there was a footing problem and that is obviously serious, but a footing inspection is something that is one of the required steps in a building project. The owner builder did not build the footings correctly but somebody said yes, they have been done, and that is the problem again.

Mrs CROWDER - Again, in that case the building surveyor has retired and is not accredited. It is on his file. Should he ever decide to become re-accredited then we would

investigate, but we have no powers at the moment. We are looking at amendments to the act along those lines.

Mr BOOTH - Even so, it is blunt tool to find a case of one building surveyor who has not inspected a footing properly and then impose over every single building project a raft of building regulations.

Mrs CROWDER - It is not just one building surveyor.

CHAIR - They all have to lift their game, haven't they, because you are on their tail. I know that, and we have all been circulated, I think, with a letter from somebody who heard that Mr Connors from Protek had given evidence and he said, 'Well, he did something wrong, you know - he was found to be' - and he was, on exactly the same problem as the Northern Midlands guy, who used a junior and the junior didn't do the job properly and so the senior got his backside kicked. That's the way it goes.

Mrs CROWDER - He is the one that is accredited to take responsibility for the work.

CHAIR - Yes. Connors had to take that - he had to go off for trading himself.

Mrs CROWDER - Yes, there are quite a few in that sort of situation.

CHAIR - Yes, and if you had any pride at all, you would make damned sure that only happened to you once in your life.

Mrs CROWDER - Yes.

CHAIR - I'm sure that's true. In terms of the antipathy of the industry, that is HIA and MBA, towards owner-builders, HIA says to us that they're not genuinely concerned about competent persons building themselves houses. What they're concerned about is unregistered builders who work for those people all along and just completely slide under the radar with no education, no nothing. That is something I'd like to explore with you. It's a bit different - we're off the 6 stars and I want to get back on to that in a moment. Is there a methodology that we could consider in our report so that where somebody applies for an owner-builder's registration, which you provide, - I think that's not a bad process that you actually register them as an owner-builder - they in fact declare who a principal contractor is? Well, it wouldn't be a principal contractor but somebody who is going to do all the work.

Mrs CROWDER - They can't do that because then they're not an owner-builder, if they're not managing the project so that's the difficulty we have. On the form, they are managing the project so they are the principal and then whoever they use trade-wise to do it, they are still responsible for it. We don't accredit everybody in the building industry, only those responsible for the work.

CHAIR - So, as the Director of Building Control, you're not officially perturbed that there may be a builder out there who spends his entire time working for owner-builders?

Mrs CROWDER - I am concerned. We have asked and the only way we can do anything about it - because I hear from the associations all the time - if they wish to put in a

complaint about somebody undertaking the work of a building practitioner without accreditation, we will investigate it. We have had two complaints from the north-west coast of people undertaking work and we investigated both of them and found that either it was an owner-builder so that they were managing the project and appeared to be genuinely so. If we receive complaints, we will investigate.

The other thing is, there are different layers - we're not actually out there receiving the permits because that's done at the council level, so we're not out there. We only go out there when we receive complaints or we audit councils and building surveyors.

Mr BOOTH - It would be natural for the associations to complain about anybody doing work who is not a member of their guild because that's been a big part of their modus operandi to drive people through the regulatory regime into their association and attract a fee and claim off commissions on the insurances and so forth, plus become providers of CPD, which they make a lot of money out of. It seems to me that there's a reasonable proposition or reasonable argument to make that a big part of the regulatory regime, not the reason for the need for some regulation, but the actual regulatory regime itself to a degree has been captured by people who have a vested interest in the regulation because it drives their income stream.

Mrs CROWDER - You would probably find that not just in the building and construction industry.

Mr BOOTH - No, I agree with that.

CHAIR - We're finding that more and more with guilds.

Can I come back to the 6-star rating?

Mrs CROWDER - Yes.

CHAIR - Where would we go to get an understanding of the impact of the 6-star rating coming in, say, 1 May 2012? I'm talking in terms of a 15-square home built on an average block of land in Tasmania. What does it mean in terms of costs?

Mrs CROWDER - There are so many variables but the BRAC, Building Regulatory Advisory Committee, at the request of the then minister, because there were those questions being asked, commissioned research to be undertaken by the RMIT.

CHAIR - Did they?

Mrs CROWDER - Yes.

CHAIR - My goodness, isn't that good news.

Mrs CROWDER - I have a copy, if you would like it tabled.

CHAIR - We would like a copy of that. Indeed we would.

Mrs CROWDER - There are so many variables and so many issues but it will answer some of your questions. It might be in the negative, it could be in the positive. In some areas we are finding that, for example, in Launceston it is more expensive but the rating system needs to change and we have notified the Energy ministers of that - just so that you are aware.

Mr BOOTH - Can you elaborate on that, Kerrie? You have notified that there should be some changes.

Mrs CROWDER - With the rating system they have to make determinants about temperatures in each area, so they have data to say that Launceston has such and such a temperature, averaged out over 12 months and that data needs to be changed because it is not correct for Launceston but that has been notified and that will be changed. It is explained in here. So they did some modelling for us. With a smaller house you are going to get to 6 stars much more cheaply and much more easily than you would with your McMansions.

CHAIR - We can get a copy of the RMIT stuff. Can we also get a copy of the regulatory impact statement that was prepared by the Commonwealth on the introduction of 6-star rating?

Mrs CROWDER - Yes.

CHAIR - In evidence given to us by the HIA - which I probably should not have told you because that is not up yet, but never mind - by a submitter to this committee - I am sure they will not mind -

Mrs CROWDER - Did they appear again? I've got another one.

CHAIR - You have the original one?

Mr BOOTH - The *Hansard* she has.

CHAIR - But their written submission to us?

Mrs CROWDER - Oh, right, no. They didn't share that.

CHAIR - It is so nice to understand that you are reading us as it happens. That's good.

Mr BOOTH - Hot off the press, I am sure.

CHAIR - Thank you for the minutes of the BRAC committee; we knew they were there. No question, Mr Booth, and we got them, thank you, a truckload of them.

Mr BOOTH - I am just wondering whether they are just blank papers or there is some conjectural reality there. We will go through that and have a look.

Mrs CROWDER - I have a BRAC meeting tomorrow.

CHAIR - I think Mr Booth would accept that the point was made. BRAC is meeting and doing work.

Mr BOOTH - It appears to be at this stage.

CHAIR - In a written submission to this committee the HIA say that they believe that the regulatory impact statement was flawed based on several concerns, including that it understated the increase in building costs by more than 50 per cent, across national costings, with regional locations and timber floor construction particularly disadvantaged, and also misrepresented the impact of the 6-star regulation on new home affordability and does not consider the effects of CPRS on the cost of core building products such as bricks, glass, steel and aluminium and did not comment on the impact on small business, especially smaller-volume builders who do not have the in-house design and energy assessor resources.

Mrs CROWDER - Well, they shouldn't either because it shouldn't be the same. The builders shouldn't be doing the assessment.

CHAIR - It has to be from outside anyway. Just on that point then, is it likely that going to 6 stars is going to require more specialists to be available to the building industry to sign these things off or is it just more work for the current ones?

Mrs CROWDER - Ninety per cent of the raters are already designers or architects and some are building surveyors.

CHAIR - The regulatory impact statement also assumed that new housing supply will be unaffected by an increase in the cost of new housing relative to cheaper, less energy-efficient existing dwellings which do not bear the cost of 6-star rating or the CPRS. I think that is a good point too. How does a very expensive new house because of this compete with existing housing stock that was built on 5-star ratings?

Mrs CROWDER - Yes. One of the other things - there are lots of variables, as you know - that is probably underestimated is the cost of energy over time. If we are seeing an increase due to the carbon tax and all of those sorts of things then you'll see much higher than what was used in the RIS.

Mr BOOTH - Higher savings, effectively, as a result of that.

Mrs CROWDER - Yes. Therefore the RIS looks better. That was one of the reasons for doing this. There are so many variables in it, and Tasmania is different to other States because of our cool climate. We have the coolest climate and it's a bit like the Northern Territory and northern Queensland with the hottest climate.

CHAIR - They have to work harder.

Mrs CROWDER - Yes, so that was another reason that we looked at that. Also, the minister wanted to look at it from a timber-flooring perspective because there were concerns. Of course a concrete floor is much more thermal.

CHAIR - There won't be any timber available soon.

Mrs CROWDER - So that was another reason for commissioning it. A lot of it is based around the difference between using a timber floor and concrete slabs. Not everywhere in Tasmania can use concrete slabs anyway. Insulated floorboards equate to a concrete slab but you have to attach it at the moment and until the flooring comes with insulation attached, for builders that's another job.

Mr BOOTH - You can do that sub-floor insulation quite simply.

CHAIR - It's not cheap.

Mrs CROWDER - It might be cheaper than concrete; I don't know.

CHAIR - You'd be mad not to do it.

Mr BOOTH - Yes.

CHAIR - In terms of energy costs.

Mr BOOTH - Yes.

CHAIR - It appears that our committee has had quite a deal of input from the industry and others who said wait until the 6-star rating arrives. Given that it is the industry's job to be nervous about change - they always are and they always try to slow things down and what have you - setting aside the antipathy to change, we are trying to get a handle on whether, in an environment where there are escalating regulatory costs, there is any truth in an assertion that was made to this committee that the extra benefits of going to a 6-star rating in the Tasmanian context will not be viable for what it's going to cost to get there. In other words, we've hit a good figure now -

Mrs CROWDER - At five.

CHAIR - At five; it works for us here in Tasmania and for those who are prepared to spend the money and get the energy offsets, but you need the cash to get to that in the first place. You might want to do a retro-fit about three years down the track when you can afford it but under 6 star you'd have to do it up-front.

Mrs CROWDER - Yes. The only thing in Tasmania is that because of that colder weather, we use a lot more energy to heat our houses so at 6 stars they are going to require less energy.

CHAIR - Yes, so there is a general community benefit too.

Mr BOOTH - I'm certainly in favour of houses being built to minimise energy use and I think everybody would accept that that's a good idea but there has been an argument raised, and I must say that there is certainly some reality to the argument, that if you impose a 6-star rating prescriptively for every building it means that some places, in order to achieve that, have to be totally draft free so there is no air exchange into the room. Ultimately you spend a lot of money building an insulated box that you can suffocate in because of the formalin coming in with medium-density fibreboard, - all that

sort of stuff. So you'd actually create an unhealthy living space and ultimately have to open a window anyway.

CHAIR - We have had evidence on this.

Mrs CROWDER - In countries where it is higher than 6 star, like 8 star, et cetera, you are getting problems with condensation and there is no-one saying that we are going to 7 star or 8 star. In countries where they have gone, I understand there is that issue but I didn't think it was a 6 star that was the issue. I have not heard of condensation problems at a 6-star level.

CHAIR - We're talking about around Australia.

Mr BOOTH - The complaint was not based so much on condensation but on the fact that you do not get any air exchange and therefore it becomes unhealthy because you are breathing CO₂ from your own emissions.

CHAIR - Mrs Crowder is right, though, compared to the evidence given that the first indicator of that sealed thing is the condensation. That is the first indicator.

Mrs CROWDER - Yes.

Mr BOOTH - Yes, I guess if you are breathing in.

Mrs CROWDER - That is not to say that these houses have not been built to a higher rating than 6 star too. You would have to look at the plans and get them assessed. You only have to reach 5 star at the moment but that is not to say your house is not 7 star.

CHAIR - Oh, it could be.

Mrs CROWDER - Someone was telling me that the unit he built is 6 or 7 star. There are houses out there that could be built to 8 star, for example, and that is why they are having the problems.

Mr BOOTH - Is there anything in the code or anything contemplated there that would require an assessment or a design criteria that you in fact do have air volume change over a certain period of time? The older houses always did. Open fires were a massive thermal ventilator and there were those high couches so the wind would not whistle past your ears when you sat there. Latter-day houses with other forms of heating that did not have that thermal ventilator effect still had a certain amount of natural air movement around windows and whatever. Now we have become very concerned about energy consumption and heat loss, and so we should, and a lot of the measures have been really good. Is there any requirement then that you are aware of or that you are intending to put in that requires a habitable room to have a change of air over a certain period of time? We're getting to the point where in a small room that is so well sealed that it could not exchange air technically you could suffocate yourself.

Mrs CROWDER - I don't think you would get that at 6 star. I don't think it is possible. That would mean that you are not going in and out anywhere or not leaving or entering or doing all sorts of things. You open a door.

Mr BOOTH - The point there is about air exchange. I haven't heard of anybody suffocating themselves in their bedroom but then again I haven't heard of any roofs falling down and killing people either but it includes a massive raft of regulations on people. But isn't that an important consideration? The evidence we have had here is that these rooms -

CHAIR - Are becoming increasingly unhealthy as the rating go up.

Mr BOOTH - MDF furniture, which a lot of the stuff is, has formalin that just gases out.

Mrs CROWDER - Yes, I think there comes a point where you have to take that into consideration but I am not aware of full 6 star.

Mr BOOTH - Are you doing anything about it as the Director of Building Control now that you have read the *Hansard* that has that evidence? Has that made you think perhaps we should be looking at it?

Mrs CROWDER - Was that house rated at 6?

Mr BOOTH - Six-star rating does not necessarily mean that you have sealed off the draughts. It is one of the things that ultimately you do to achieve it, but it could just relate to heat loss, but this is perhaps a broader question about healthy rooms. Urea, formaldehyde - those sorts of household pollutants, boxing them in.

Mrs CROWDER - If we thought that was happening we would deal with it. I don't know that it is.

CHAIR - We could consider that in this report. That is terrific. I think we have covered the matter and thank you for your expert advice again.

Mr BOOTH - Is there any requirement for Workplace Standards to receive an income stream through the setting of fees and so forth?

Mrs CROWDER - An income stream?

Mr BOOTH - Cost recovery from the cost of running Workplace Standards regime.

Mrs CROWDER - Are you talking about Workplace Standards or building control?

Mr BOOTH - Building control really I suppose.

Mrs CROWDER - To administer the act there are levies and accreditation fees. It is not an income stream. It is used to administer the act.

CHAIR - We did get evidence as to how much of that money they were taking and it was most of it I think.

Mr BOOTH - Just in a general sense, there are two issues with regulation and over-regulation. One is the fact of the regulation, or the effect it has anyway; we've had evidence with regard to people who are driven out of the industry or can't remain in the

industry as a result of the cost of accreditation. That's something I wouldn't mind asking about if we still have a few moments.

CHAIR - Yes.

Mr BOOTH - My question is whether, in fact, there is a desire or any consideration given by Building Control when you bung on another regulation and you require another regulator to check it or some other level of accreditation, whether you look at the effect of that in terms of the practitioner; whether they can effectively remain working in the trade and also how important that attachment of a fee, and annual fees in particular, is to provide an income flow for the regulatory regime, so it becomes almost like a kind of self-serving - potentially a drone's castle in its own right.

Mrs CROWDER - The policy decision was made that to administer the Building Act and accreditation it would be self-funding. So, based on that, the accreditation fees are set on what it costs us to administer the process. That includes compliance - if we didn't receive any complaints and didn't have to investigate complaints against practitioners then, of course, the cost would be a lot less. So it is just worked out and is paid for by the practitioner as far as accreditation goes and by the builders of houses.

Mr BOOTH - Have you given consideration then, at least in terms of creating equity and keeping people in the trade, to a sliding scale based on the amount of work that people do? We've had very clear and solid evidence from a number of practitioners to this committee but also there are a lot of them outside that you'd be aware of who have made this argument - and it's a very reasonable argument. What they're saying is that they have to pay so much to remain a practitioner that they're just not going to do it; they've fallen out of the trade. That removes capacity from the industry, it reduces competition, drives prices up for consumers and it lowers the service level quite comprehensively, particularly in rural areas and now you virtually can't get a plumber in some rural areas because they've been driven out. The retired plumbers or semi-retired plumbers have been driven out of the trade.

Mrs CROWDER - If you aren't a project manager on contract then you don't need to be licensed so there are builders out there that aren't contracting for work, that is, working as builders for others, and they don't have to be licensed.

Mr BOOTH - But not in the case of plumbers and electricians, for example.

Mrs CROWDER - No, but if they're contracting for work, again, they don't have to have a contractor's licence and that's why there is the difference in fees.

CHAIR - Do plumbers come under you?

Mrs CROWDER - Well, yes, I wear two hats; they don't come under Building Control but I'm the administrator of licensing as well, which concerns plumbers, gasfitters and electricians.

Mr BOOTH - The problem there is that it means what's actually happening in the trades out there in the real world is that fewer and fewer people are able to act as a contractor in their own right. Particularly when you're talking about plumbers and electricians, as

people have known them rather than actual electrical contractors as such, if you drive those people out of work because of the pretty arduous requirements of having a contractor's licence, it means they can only work for a contractor who has that licence, which means that you're dealing with bigger companies who simply charge you a bloody fortune to get your work done. So if you are living 100 kilometres away from, say, Launceston, you can technically find that the callout charge could be \$120 or \$150 to change a light bulb or a couple of tap washers. It is actually a serious problem that is disadvantaging particularly rural communities but consumers are paying for the same person who should be able to change a tap washer or should be able to change the light bulb or put on a power point but the same contractor can't do it any more as they used to be able to do it.

Mrs CROWDER - Because they are having to pay for the contractor's licence?

Mr BOOTH - Yes, well, just the requirements of having a contractor's licence - the result is that you are actually driving people out of the trade.

Mrs CROWDER - No, because if they are contracting at the moment, if they have been contracting up until now they will be 'grandfathered' into it.

Mr BOOTH - Yes but it's the cost, Kerrie, that's associated with it.

Mrs CROWDER - That's what I'm saying - that's why I asked.

Mr BOOTH - Sorry, yes, it's very much the cost.

Mrs CROWDER - So if they are contracting for work, if they did one job a day then it's a dollar a job potentially for the contractor's licence.

Mr BOOTH - Yes, but if they don't do one job a day -

CHAIR - It's a quarter past two, don't forget.

Mr BOOTH - All right. Thank you.

CHAIR - Thank you for that. As it's quarter past two we need to finish. We may not need your services again before the end of this inquiry but if we do, we look forward to asking you back.

Mrs CROWDER - Thank you.

THE WITNESS WITHDREW.