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PARLIAMENT OF TASMANIA

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**SELECT COMMITTEE ON  
THE COSTS OF HOUSING, BUILDING AND CONSTRUCTION  
IN TASMANIA**

**Interim Report**

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*Brought up by Mr Hidding and ordered by the  
House of Assembly to be printed*

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MEMBERS OF THE COMMITTEE

*Mr Hidding (Chairperson)  
Mr Best  
Mr Booth  
Ms Archer  
Ms White*

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# **1 SUMMARY OF FINDINGS**

## **1.1 Costs Associated with Land Development**

- 1.1.1 There is a need for planning reform in Tasmania.
- 1.1.2 As planning reform is currently underway by the Tasmanian Government, at this point in time, the Committee does not find it necessary to make any further findings or recommendations in relation to planning reform.
- 1.1.3 Substantial evidence was received from the development and building industry that the “time is money” principle is an issue for dealings with local government, particularly in the time taken to process both planning and building applications.

## **1.2 Costs of Local Government Services**

- 1.2.1 There are significant variations between fees charged by different Councils.
- 1.2.2 Some Councils are charging full planning fees for as-of-right residential building applications for the simple service for checking setbacks and height building envelopes.
- 1.2.3 There is a duplication of work between private building surveyors and Councils, given that Councils have the ultimate authority to issue a permit even where a private building surveyor is involved.

1.2.4 The existing Permit Authority structure gives rise to competition concerns.

1.2.5 Particularly in regional areas, it is appropriate for Councils to maintain a building surveyor service as such services from a private building surveyor are not easily accessible.

### 1.3 **Costs of Utility Services – Headworks Charges**

1.3.1 With public policy discussions, at the time of reporting, still in play about the future governance structure of four Water and Sewerage Corporations, consideration of the level and applicability of connection and head works charges are problematic.

### 1.4 **Cost of Statutory Levies and Contributions**

#### 1.4.1 **Tasmanian Building and Construction Industry Training Fund Levy**

1.4.1.1 The fact of a fixed percentage levy for the Tasmanian Building and Construction Industry Training Fund Levy means that, when the costs of building and construction increase, so does the income of the Board.

1.4.1.2 The Committee finds that it is necessary to ensure that increased income for the Tasmanian Building and Construction Industry Training Fund Levy is connected to

increased provision of training, rather than administrative costs of the Board.

- 1.4.1.3 The Committee had reservations about the Tasmanian Building and Construction Industry Training Board acting in the space of funding employers to take on apprentices, a role which has in the past been one for Government and appears to compete with existing group training schemes. On the other hand, the Committee received evidence from a number of people who pay the levy and who employ apprentices who appear to be content with the funds being used in this way.

#### 1.4.2 **Portable Long Service Leave Scheme**

- 1.4.2.1 That the cost of the portable long service leave scheme to employers in the building industry has increased dramatically in the past few years, in one example provided to the Committee from \$115 per month prior to 2008 to \$889 in 2011.
- 1.4.2.2 The Committee finds that there is a major inequity between different industries of workers, given that employment in many industries is now much more portable, however those industries do not have a scheme such as this.

- 1.4.2.3 The Committee finds that the existence of the long service leave scheme means that when the scheme loses money the industry pays a higher rate, and this is directly affecting the cost of building in Tasmania.
- 1.4.2.4 The Committee finds that the scheme may make it difficult for local businesses such as joineries to compete with imports, businesses that do not have the same costs.
- 1.4.2.5 The Committee is concerned that the Government has draft legislation in circulation which appears to have as its aim the removal of doubt as to the scope of its collection zone by redefining building industry participants. It is no longer just carpenters, plumbers and electricians that occupy a building site, indeed the draft legislation has a very wide scope.
- 1.4.2.6 The Committee expresses deep concern at what appears to be the requirement for many new players to be forced to join the scheme particularly now that the scheme is costing many times what it did just a few years ago.
- 1.4.2.7 While the purpose for which the scheme, now administered by TasBuild, may have been justified when it was set up, clearly this is no longer the case.

1.4.2.8 The Committee noted that there was little or no support for the scheme to continue to exist the way it currently operates, other than from TasBuild itself.

#### 1.4.3 **Building Permit Levy**

1.4.3.1 The Committee finds at present that the Building Act Levy is paying for the Director of Building Control and staff, and that benefit is being derived from the use of the levy which is self-regulating in terms of cost growth of administration of the levy.

### 1.5 **Cost of Builders and Plumbers Registration Fees**

#### 1.5.1 **Builders**

1.5.1.1 The Committee finds that the cost of builders' registration fees appear to be in line with National levels. The industry appears to find the level acceptable, particularly compared to the fees set under the previous private certification model.

1.5.1.2 The Committee finds that for practitioners involved in many different aspects of the building industry, the imposition of fees for multiple endorsements can be onerous and inhibit practitioners from developing new skills and leads to higher registration costs.



## 1.5.2 Plumbers

1.5.2.1 The recent passage of the National Occupational Licensing System (“**NOLS**”) legislation has led to new Regulations regulating the cost of plumbers’ registration fees. These Regulations were disallowed in the House of Assembly and the issue has been taken up by this Select Committee for consideration.

1.5.2.2 A series of meetings between some MPs, representatives of the plumbing industry and departmental personnel, have been unable to resolve the matter to general satisfaction, however a number of positive developments have been agreed to.

1.5.2.3 The Committee finds that in the absence of broad agreement to impose the NOLS provisions upon the plumbing industry in Tasmania, the Parliament should consider amending or repealing the NOLS legislation to avoid direct and unnecessary imposts on the cost of building in Tasmania.

## 1.5.3 Continuing Professional Development

1.5.3.1 The Committee finds that the current mandatory CPD requirements for registered building practitioners do not all result in value for money in the courses available.

1.5.3.2 The Committee finds that many current CPD courses on offer appear to be not of value to practitioners, and can be seen as social occasions or industry body recruitment opportunities, that have little or no relevance to professional development.

## 1.6 **Other Matters Incidental Thereto**

### 1.6.1 **Dispute Resolution in the Building Industry**

1.6.1.1 The Committee finds that the current processes for dispute resolution in the building and construction industry are highly ineffective and do not provide acceptable resolution of complaints, and that an improved dispute resolution process must urgently be developed.

1.6.1.2 The Committee considers that recent history and movements around the building industry mean that Tasmania is in a position to design and implement a best practice model to meet contemporary needs.

1.6.1.3 The Committee finds that interstate systems of dispute resolution should be investigated for their efficacy when developing a new process in Tasmania.

1.6.1.4 The Committee finds that it needs to investigate further and make

recommendations in relation to an appropriate building dispute resolution process for Tasmania in its final report.

#### **1.6.2 Owner Builders**

1.6.2.1 The building industry appears relaxed about owner builders in the marketplace as long as, where possible, contractors that are employed by the owner builder be registered.

1.6.2.2 The Committee finds that the building industry in Tasmania should not require overly proscriptive protection against competition from owner builders.

#### **1.6.3 Classification of Dwellings**

1.6.3.1 The Committee found that there was only one classification for a dwelling in Tasmania and noted a deal of input to this inquiry which appeared to support the notion that there may be a case for a new minimalist class of dwelling which could be used for temporary, or shack class accommodation.

#### **1.6.4 Social Housing**

1.6.4.1 The Committee was satisfied with the outcomes of the projects completed by Housing Tasmania as part of the recent housing initiative pursuant to the Nation

Building Economic Stimulus Plan, and notes that all housing units were built at the lower end of the range of cost outcomes.

- 1.6.4.2 The Committee noted that Housing Tasmania considered that the favourable regulatory conditions provided to this project by the Parliament contributed to the lower cost.

### 1.6.5 Implications of “Star Energy” Ratings

- 1.6.5.1 The Committee finds that the COAG process of ever escalating energy star ratings contributes to extra costs of building in Tasmania but accepts that the process is designed to deliver lower living costs in those dwelling.
- 1.6.5.2 The Committee has serious concerns with regard to the potential health risks from the ever escalating “star rating” performance, relating to air exchange in domestic dwellings, in the absence of education about how to live in a healthy manner in a six, seven or eight star residence.
- 1.6.5.3 Evidence provided by Housing Tasmania indicates that the latest residences were built at a high star rating, but the occupants of those buildings were not advised that the premises were effectively hermetically sealed. The Committee is

concerned that the use of modern composite materials in these homes may exude harmful gases which remain trapped in the dwelling thereby posing serious risks to health.

## **2 SUMMARY OF RECOMMENDATIONS**

### **2.1 Costs Associated with Land Development**

2.1.1 That all Councils be benchmarked each year on the time they took to determine planning and building applications, identifying “time while the clock was stopped.” Tasmania could also be benchmarked against other Local Government units in Australia.

### **2.2 Costs of Local Government Services**

2.2.1 Councils should be benchmarked against each other and against interstate Local Government units on the type and level of fees charged.

2.2.2 Private building surveyors should be able to act as a building Permit Authority.

### **2.3 Costs of Utility Services – Headworks Charges**

2.3.1 That the Water and Sewerage Corporations ensure the implementation of a state-wide headworks charges policy that is competitive with other States.

## 2.4 **Cost of Statutory Levies and Contributions**

### **2.4.1 Portable Long Service Leave Scheme**

2.4.1.1 The majority of the Committee recommends that TasBuild be required to present a proposal within 12 months for the winding up of its scheme which returns the current monies held to the beneficiaries.

2.4.1.2 The majority of the Committee recommends that the matter be referred to the appropriate body for consideration of an Award or Superannuation increase to cover the previous benefit, ensuring workers in this industry have access to long service leave award provisions that all other Tasmanian workers enjoy.

2.4.1.3 Mr *Best* and Ms *White* dissented from the recommendations made in paragraphs 2.4.1.1 and 2.4.1.2, for the following reasons:

- Portable Long Service Leave allows workers to transfer their accrued entitlements for long service from employer to

employer in recognition of the itinerate nature of their work in the construction industry.

- It is a fair system which is supported by industry and workers. It enables workers in the construction industry to enjoy similar long service leave benefits to other workers in Tasmania and interstate.
- Every jurisdiction in Australia has similar portable long service leave schemes which have operated successfully for many years.
- Any move to discontinue the current scheme would disadvantage Tasmanian workers and would act as a disincentive to new and existing workers who we should be encouraging to remain in the construction industry.
- It is noted in information received by the Committee, by letter dated 7 February 2011, from Mr Chris Atkins Chief Executive Officer of TasBuild, the Tasmanian scheme has the

second lowest contribution rate of similar funds in Australia.

- Mr Atkins points out - when comparing the contribution rates of the Tasmanian State Scheme and the TasBuild Scheme – businesses are receiving a discount of 20% on their costs for long service with TasBuild.

## **2.5 Builders and Plumbers Registration Fees**

### **2.5.1 Registration Fees**

2.5.1.1 The Tasmanian Government should continually monitor builders' registration fees to ensure they remain reasonable, revenue neutral, and applied only to the processes required to maintain a register of building practitioners.

2.5.1.2 That registration should be a single fee with no additional fee for additional endorsements.

2.5.1.3 That agreement be reached with the Tasmanian plumbing industry on a fee which reflects the cost of maintaining a register of plumbing practitioners.

### **2.5.2 Continuing Professional Development**

2.5.2.1 The industry would be better served with voluntary CPD.



2.5.2.2 Building industry groups should be encouraged to promote CPD by its members, possibly as a requirement of membership.

2.5.2.3 Specific mandatory CPD could be ordered by the Director of Building Control where the practitioner has been found in breach of compliance issues.

## **2.6 Other Matters Incidental Thereto**

### **2.6.1 Owner Builders**

2.6.1.1 That the any owner builder be limited to three projects in ten years, rather than two, on the basis that the Director of Building Control provides information to those owner builders on the benefits of using registered building practitioners for their project.

### **2.6.2 Social Housing**

2.6.2.1 In the interests of transparency, the Committee recommends that the plans and the cost outcomes of the recent housing initiative pursuant to the Nation Building Economic Stimulus Plan be circulated amongst the building industry particularly to architects and designers.

### **2.6.3 Impacts of “Star Energy” Ratings**

- 2.6.3.1 That the Director of Building Control be required to monitor closely and publish in the annual report the cost/benefit analysis of the star rating system, including a comparison between the increase in building costs and the reduction in energy costs over the life cycle of the property.
- 2.6.3.2 That the Director of Building Control, in conjunction with the Director of Public Health, consider the health implications of newer dwellings in Tasmania constructed under star energy ratings for potential dangers of lack of ventilation.

### **3 APPOINTMENT & TERMS OF REFERENCE**

- 3.1 The Honourable Member for Lyons, Rene Hidding, the eventual Chair of this Committee, on 1 September last, gave notice of a motion in the House of Assembly (the House) that he intended to move for the establishment of a Select Committee of the House to inquire into and report on the cost of housing, building and construction in Tasmania.
- 3.2 Such motion was moved and debated on 1 September and eventually resolved on 29 September 2010. The resolution was as follows:

*Resolved, That:—*

(1) *A Select Committee be appointed, with power to send for persons and papers, with leave to sit during any adjournment of the House exceeding fourteen days, with leave to report from time to time, and with leave to adjourn from place to place, to inquire into and report upon issues relevant to the costs of housing, building and construction in Tasmania, including:—*

- (a) costs associated with land development;*
- (b) costs of Local Government services;*
- (c) costs of utility services;*
- (d) public policy settings impacting upon building costs;*
- (e) cost of statutory levies and contributions;*
- (f) costs of builders registration; and*
- (g) other matters incidental thereto.*

(2) *The Committee shall consist of five Members, being two from the Government nominated by the Leader of the House; two from the Opposition nominated by the Leader of Opposition Business in the House; and one from the Tasmanian Greens nominated by the Leader of the Greens.*

(3) *The Committee report by Thursday, 31 March next.*

3.3 The House further resolved on 16 March 2011 that the reporting date be extended until 30 June 2011.

- 3.4 The House further resolved on 22 June 2011 that the reporting date be extended until 30 September 2011.
- 3.5 The House further resolved on 29 September 2011 that the reporting date be extended until 31 March 2012.

## **4 CONDUCT OF THE INQUIRY**

- 4.1 The Committee resolved at its first meeting, to invite by way of advertisement on the Parliament of Tasmania Internet page and in the three daily regional newspapers, interested persons and organisations to make a submission to the Committee in relation to the Terms of Reference.
- 4.2 The Committee has to date received 22 submissions and in addition, many documents have been provided as exhibits.
- 4.3 The Committee has carefully considered the receipt of all submissions.
- 4.4 All submissions were received and taken into evidence, thus informing the Committee's deliberations.
- 4.5 The submissions received, taken into evidence and ordered by the Committee to be published and reported are listed at Appendix 'A.' Such documents have been published by order of the Committee pursuant to Standing Order 363 and are tabled herewith.
- 4.6 The Committee has, to date, met on 13 occasions, such meetings having been conducted in: Hobart, Launceston and Devonport.

- 4.7 The 'default' position for the Committee hearing evidence is to examine witnesses in public. The Committee has not resolved to hear any evidence *in camera* to date.
- 4.8 The Minutes of the meetings of the Committee held to 10 November 2011 appear in Appendix 'B.'

## **5 COSTS ASSOCIATED WITH LAND DEVELOPMENT**

- 5.1 Term of Reference (a) requires the Committee to inquire into and report on the costs associated with land development.

### **5.2 Need for Planning Reform**

5.2.1 The Committee received a substantial volume of evidence identifying the need for planning reform as a significant factor impacting on the costs of building and construction in Tasmania. These submissions are summarised below.

5.2.2 The submission from the Housing Industry Association states as follows:

*The cost of holding land whilst councils make a decisions around development approvals for subdivision and residential building work can add significantly to the final cost of new housing.*

*In particular, Council delays as a result of cumbersome planning scheme arrangements and the many overlays that restrict development are significant issues across Tasmania. There are currently 34 planning schemes, plus additional*

*planning schemes for special areas such as Sullivans Cove that are administered by 29 local government areas in Tasmania.*

*In Tasmania developers have to hold finance on developments for 2-4 years before appropriate planning approvals are gained for land development and must recoup these costs through the sale of the property. The costs associated with interest and financing charges are significant over this timeframe and developers must weigh up the potential risk and return. The profit in any development is usually tied up in the final sale of the properties.<sup>1</sup>*

5.2.3 The submission from the Property Council of Australia states as follows:

*There is an urgent need to streamline the planning process and to reform what is considered to be an outdated system which does not have the ability to deal with increasingly complex projects.....Property Council members have reported that planning delays have cost the sector millions in foregone capital investment due to direct and indirect costs accrued by the developer waiting for development decisions.<sup>2</sup>*

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<sup>1</sup> Housing Industry Association Submission, p9

<sup>2</sup> Property Council of Australia Submission, p7

5.2.4 The Committee notes that planning reform is currently underway by the Tasmanian Government, with the Minister for Planning announcing on 1 September 2011 that the new residential building code for single dwellings had come into force, meaning that, in the majority of cases, people will no longer need planning approval if their application complies with the new code.<sup>3</sup>

### 5.3 **Planning Approval Statistics from Council**

5.3.1 The Committee considered statistics regarding the time taken for various councils to assess applications for planning approval. The evidence provided to the Committee demonstrated that there is a need for greater transparency and accountability for Councils in the time taken to determine planning and building applications.

5.3.2 This issue was raised by Mr Clues of the Housing Industry Association, who stated that statistics provided by Councils in regard to approval times may be misleading due to the fact that they do not include time taken while the “clock is stopped” which the Council seeks further information in relation to the application. He stated as follows:

*Make no mistake that the clock stops. The days quoted by councils to obtain*

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<sup>3</sup> <http://www.media.tas.gov.au/print.php?id=33099>

*planning approvals do not reflect the number of days from the date that the planning application is lodged to the date that approval is granted with the real numbers reflecting now 100 days in some councils.*<sup>4</sup>

5.3.3 The submission of the Housing Industry Association further suggests that there should be greater accountability for Councils in their planning application assessment performance. The submission states as follows:

*HIA argues that Councils should be accountable for their planning application assessment performance, and submits that a transparent reporting protocol be introduced for all Councils to measure and report directly to the Minister for Planning, their individual and relative performance in respect of planning application assessments and decisions.*<sup>5</sup>

5.3.4 Contrary evidence as to the time taken for Councils to process applications was received from the Local Government Association of Tasmania. Their submission stated as follows:

*There have been some quite extraordinary claims made in relation to delays with planning approval and the consequential impact on costs. There will always be*

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<sup>4</sup> Clues, Hansard, 24 January 2011

<sup>5</sup> Housing Industry Association Submission, p12



*anecdotal examples of approval processes that have not gone smoothly and caused frustration to the applicant. Similarly, councils could cite many examples where the delay is not of the Council's making, such as the need to follow up with the applicant where there is inadequate or incomplete information.*

*However, Table 1, taken from the most recent collation from the Measuring Performance in Tasmania Data Collection (2008-09), does not indicate any pattern of delays in planning approvals in Tasmania. On average, all councils are well within the 42 day statutory timeframe.<sup>6</sup>*

5.3.5 Table 1 referred to above is as follows:

<b>Council</b>	<b>Number of planning applications</b>	<b>Ave days for approval – permitted use</b>	<b>Ave days for approval – discretionary use</b>	<b>Number of building applications</b>	<b>Ave days for approval – building applications</b>
Break O'Day	269	23	31	308	5
Brighton	450	28	43	394	9
Burnie City	182	26	33	291	12
Central Coast	372	19	36	356	8
Central Highlands	142	23	41	125	13
Circular	211	23	35	102	9

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<sup>6</sup> Local Government Association Tasmania Submission, p8

Head					
Clarence City	579	UA	37	852	3
Derwent Valley	228	6	19	148	11
Devonport City	251	10	27	310	7
Dorset	105	16	38	213	19
Flinders	39	14	42	26	14
George Town	141	23	35	130	5
Glamorgan-Spring Bay	284	35	25	183	5
Glenorchy City	376	29	34	425	8
Hobart City	898	4	38	691	9
Huon Valley	376	20	33	368	21
Kentish	121	34	32	109	4
Kingborough	751	18	36	717	20
King Island	24	7	38	53	2
Latrobe	176	36	39	351	16
Launceston City	685	38	42	877	34
Meander Valley	324	24	35	380	14
Northern Midlands	356	12	34	302	11
Sorell	502	21	39	426	39
Southern Midlands	180	23	35	426	14
Tasman	120	21	31	100	12
Waratah-Wynyard	284	28	41	287	5
West Coast	107	28	28	92	7

West Tamar	421	15	29	491	2
<b>Average</b>	<b>308.76</b>	<b>21.5</b>	<b>34.69</b>	<b>328.72</b>	<b>11.66</b>
<b>Median</b>	<b>269</b>	<b>23</b>	<b>35</b>	<b>308</b>	<b>9</b>

- 5.4 On 27 January 2011, the Committee requested more recent data in relation to the above from the Minister for Local Government. To date, the Committee has not received this information.

### **Findings**

- 5.5 There is a need for planning reform in Tasmania.
- 5.6 As planning reform is currently underway by the Tasmanian Government, at this point in time, the Committee does not find it necessary to make any further findings or recommendations in relation to planning reform.
- 5.7 Substantial evidence was received from the development and building industry that the "time is money" principle is an issue for dealings with local government, particularly in the time taken to process both planning and building applications.

### **Recommendations**

- 5.8 That all Councils be benchmarked each year on the time they took to determine planning and building applications, identifying "time while the clock was stopped." Tasmania could also be benchmarked against other Local Government units in Australia.

## 6 COSTS OF LOCAL GOVERNMENT SERVICES

6.1 Term of Reference (b) requires the Committee to inquire into and report on the costs of local government services.

### 6.2 Planning Fees

6.2.1 A number of submissions received by the Committee commented on the variations between the fees of different Councils.

6.2.2 The submission from the Tasmanian Independent Builders Association states as follows:

*Fees vary from council to council.....planning fees are charged even when a development complies with the scheme.<sup>7</sup>*

6.2.3 The inconsistency in fees was also identified in the submission of the Property Council of Australia, which stated as follows:

*There are a suite of costs which are associated with land development. These costs directly impact Tasmanians buying their first house and the commercial viability of commercial developments....Recommendation.....*

*That further streamlining occur for planning applications and ensure that*

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<sup>7</sup> Tasmanian Independent Builders Submission, p1

*the costs are standardised across the state.<sup>8</sup>*

6.2.4 The following evidence from the Planning Commission also noted the inconsistency of fees between Councils, and commented that this is largely due to the fact that Councils set their own fees:

*At the moment fees are determined by councils. We do not set it but the only fee that we charge is for an amendment to a planning scheme, for which we are paid \$272. We probably spend the equivalent of \$2 000-5 000. That is the only way that we get involved with fees. My experience in a council would say that there is great variety in the way in which councils set fees for planning, and internal policies guide that. Government have not chosen to regulate that to make it a consistent fee for all. The way we see this issue being addressed is by getting consistency in the way in which development and uses are categorised in planning schemes and how they are set up.<sup>9</sup>*

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<sup>8</sup> Property Council of Australia Submission, p4

<sup>9</sup> Alomes, Hansard, 18 February 2011, p5

6.2.5 This Committee received evidence from Mr. Chris Potter, a consulting engineer, who identified that some Councils charge for as-of-right residential building applications. The following exchange occurred:

**CHAIR** - *I am interested in your experience down in the south. In the north, for instance, the West Tamar Council has one of these new P1 planning schemes with a P1 rating, so you drop a plan for a cottage, they will take \$400-and-something off you for a planning permit to assess the setback and height, which is just a simple look at the plan, whereas in Launceston they do that as a matter of course and do not charge because it is a fully permitted use and so therefore they do not charge to look at the plan. They will check setback and height and they will check the envelope but other than that they then move to the building permit arrangement. What is the situation in Hobart? Do you pay both ways?*

**Mr POTTER** - *You certainly pay both ways.*

**CHAIR** - *In the Hobart City Council?*

**Mr POTTER** - *Yes, you do.*

**CHAIR** - *For a dwelling?*

**Mr POTTER** - For a dwelling.

**CHAIR** - You pay for a planning permit for a dwelling?

**Mr POTTER** - Yes. Almost every house requires a planning permit....In Clarence from what we are effectively told if it complies with the planning permit, if you have all your setbacks and your heights right, we can shoot it through quickly.

**CHAIR** - What do they charge?

**Mr POTTER** - I don't know the fee, I am sorry.

**Ms ARCHER** - It varies so much from council to council.

**Mr POTTER** - Yes. If it does not comply with the planning scheme, don't bring it in. It has almost got to that stage where there are no discretions.

**CHAIR** - Setback variations?

**Mr POTTER** - I think they have almost gone as well. The latest amendment, which was only about October, undid something that they amended 12 months beforehand because it just was unworkable and so they changed it back again.

**CHAIR** - Despite the fact that you must be within the envelope, they will still

charge you and assess to make sure you are in the envelope.

**Mr POTTER** - They do still charge a planning permit fee.

**Ms ARCHER** - How long would it take them to assess that

**Mr POTTER** - You go into a planning permit situation with 42 days. You know that you could wait for 42 days.

**Ms ARCHER** - Even though you know it is going to be a permitted use, et cetera.

**Mr POTTER** - Yes, because there is no grading and there are no rules. If you go in and we are really busy, you will wait for 41.5 days.

**CHAIR** - Whereas in Launceston permitted use is permitted use. They do not submit it through that process, you are straight into the building approval for which they are way too slow and disgrace themselves at that point, but that is a different issue.

**Mr POTTER** - Right, and that is really where it should be. If you have a house which is a house in a residential area and you can comply with heights and setbacks there is no reason why they cannot at the counter write 'This planning permit is approved' and go



*and lodge for a building permit and again we go back to that seven days and 21-day issue, you should be able to start work within three weeks.*

**Ms ARCHER** - *Is this a matter of trust that they want to actually go through it with a fine toothcomb to ensure that what they are being told is actually permitted. Is that the case?*

**CHAIR** - *How complex is it? What is an envelope - it is height and setback, isn't it?*

**Mr POTTER** - *Yes. I would like to think it is that they do not trust us because the other alternative is that it is a money-raising venture and that is worse.<sup>10</sup>*

## **Findings**

- 6.2.6 There are significant variations between fees charged by different Councils.
- 6.2.7 Some Councils are charging full planning fees for as-of-right residential building applications for the simple service for checking setbacks and height building envelopes.

## **Recommendations**

- 6.2.8 Councils should be benchmarked against each other and against interstate Local Government units on the type and level of fees charged.

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<sup>10</sup> Potter, Hansard, 18 February 2011, p54-56

### 6.3 **Building Surveying Services**

6.3.1 The Committee received a significant amount of evidence in relation to building surveying services. The evidence focused on the issues raised by the fact that both Councils and private building surveyors provide the same services.

6.3.2 The Committee received a submission from Protek Building Surveying Pty Ltd which noted that there are concerns relating to the potential anti-competitive outcomes associated with this system. The submission stated as follows:

*In particular, I wish to comment on the Building Act 2000 and the Building Regulations 2004 in relation to private certification.....*

*Private certification of building works was officially recognised first in the Building and Miscellaneous Provisions Act 1994 but on a limited basis. Not until the introduction of the Building Act 2000 and the Building Regulations 2004 did Private Building Surveying in Tasmania really gain recognition....*

*The following table shows those who have continued to provide certification services within council;*

<b>No.</b>	<b>Municipality</b>	<b>Region</b>
<b>1</b>	Launceston	North
<b>2</b>	West Tamar	North
<b>3</b>	Northern Midlands	North
<b>4</b>	Meander Valley	North
<b>5</b>	George Town	North
<b>6</b>	Dorset	North
<b>7</b>	Latrobe	North
<b>8</b>	Burnie	North west
<b>9</b>	Kingborough	South
<b>10</b>	Huonville	South
<b>11</b>	Central Highlands	South
<b>12</b>	Southern Midlands	South
<b>13</b>	Derwent Valley	South
<b>14</b>	Glenorchy	South
<b>15</b>	Tasman	South

Things in the north of the State are however markedly different and have continued to be so since the

*implementation of the Building Act 2000 and Building Regulations 2004.*

*In the north of the State, the following councils have chosen to continue to provide a building surveying service along with the newly created 'Permit Authority' role of which I will speak more of in a moment:*

- 1. Break O'Day Council*
- 2. Dorset Council*
- 3. Meander Valley Council*
- 4. Northern Midlands Council*
- 5. West Tamar Council*
- 6. Launceston City Council*
- 7. Latrobe Council*
- 8. George Town Council*

*That is in fact every northern council without exception.....Unfortunately, [the] desire to see the councils conform and recognise the private certifier has been severely hampered. The fact is that they have grabbed onto the new powers provided under the auspices of "Permit Authority" to manipulate the system to their own ends; that being to prevent the private certification process to flourish and*

to retain control of the building process and manipulation of the council counter as a means of redirecting the customer to the “one stop shop” available with the council especially in light of all the propensity for all building work to be subject to planning.

The upshot is that in my opinion we now have a hybrid system of building certification that blends the permit authority and building certification process in house to create what is in my opinion a totally anti competitive and insular body unwilling to utilize the full orbbed powers and efficiencies available through the Building Act 2000.

This “old way” includes monopoly of building certification by (1) aggressively subsidising fees and functions through rates support; combining of the building certifier (and associated staff and resources) with the permit authority without applying the principles of competition policy to truly reflect true cost recovery; and manipulation of the council counter as a means of redirecting the customer to the “one stop shop” available with the council

*especially in light of the propensity for all building work to be subject to planning. In order to further clarify the role of the local council in relation to the building certification process, it is necessary to identify reference to the Permit Authority as it is found in Part 1 – PRELIMINARY – of the Building Act 2000. The definition of permit authority is as follows:*

*“permit authority means a person or body authorised for that purpose by the council of the municipal area in which the relevant building works, plumbing work or plumbing installation is located or, if the council has not made such authorisation, the General Manager of the council.”*

*The role of the Permit Authority has necessarily taken on a life of its own in Tasmania given the statutory role incorporated into the Building Act 2000. This function is in fact a peculiarity that belongs to Tasmania alone with the remainder of Australian states to my knowledge opting for the Building Surveyor to issue the building permit while the planning and plumbing permit issue remains with the local authority.....*

*Along with this monopoly of the issue of the permits comes the ability to subtly frustrate the permit issue process and quietly force persons to use the local authority as a one stop shop for all permit issues including the building component. There is also no accountability for delay in permit issue other than for the applicant to go to the Building Appeal Tribunal. This is....only a delay and frustration for the applicant.*

*Fees in my local area in the north of the state have been artificially suppressed to a limit that makes private certification unviable....The upshot of this situation is that in my opinion private certification fees are likely to rise substantially in the coming 12 months. If they do not, there is a high likelihood that some business may fold leaving many building permits incomplete. If this were allowed to eventuate, it could not be good for the building and construction industry and the credibility of the Building Act 2000.*

*Remember, the Building Act has inserted a third level of bureaucracy to the building approval process. These are;*

- 1. Planning;*

2. *Building; and*
3. *Permit Authority (No other state has this statutory body).*

*Of course, this system comes with greater responsibility for the building surveyor to ensure that all other acts are taken into account. However, it ultimately ensures that the building approval process is streamlined and efficient as originally proposed in the formulation of the Building Act 2000.<sup>11</sup>*

6.3.3 The potential competition concerns were also raised in the submission of the Builders Collective of Australia which also stated that there is a practice of Councils subsidising their fees for building surveying services, resulting in the inability for private building surveyors to compete on an even basis. The submission stated as follows:

*We can only speak from a private building surveyor's point of view – given the unique set up in Tasmania where the local authority is the permit authority and issue building and plumbing permits amongst others, there is a tendency for councils to subsidise their building departments in particular.*

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<sup>11</sup> Protek Building Surveying Pty Ltd Submission, p1-6



One of our Associates has needed to personally use the Government Prices Oversight Commission and National Competition Policy to submit complaints in relation to Meander Valley Council and Northern Midlands Council.

Similar complaints about Launceston City Council are also currently being undertaken. In this instance, their fees have been artificially reduced in that they have not and will not apply the GPOC and NCP principles to their activities.

Both systems have no teeth and enforcement procedures to make local government accountable for true cost recovery and fair competition with the private sector. Launceston City Council are presently setting themselves up as a private building surveying company and will also be offering planning consultancy on a state-wide basis. The manager of the development department is also the manager of the building surveying and planning departments. This in turn allows him to influence the manner in which the private building surveyor has to deal

*with the permit authority and gives the LCC a distinct advantage in lobbying for work and restricting fair trade. This situation exists in all northern councils as well as several other councils state-wide. In our opinion this can't be good for the building industry.*

*The upshot of this abuse of the permit authority and unwillingness of the local authorities to recognise and implement true cost recovery and un-fair competition is the gradual forcing out of private building surveying and the monopoly of local council in Tasmania.<sup>12</sup>*

6.3.4 The evidence of Protek also stated that there are additional competition concerns arising from the way in which Councils deal with jobs from private building surveyors. The following exchange occurred in relation to this issue:

**Mr CONNORS** - *I will use Launceston as a perfect example. We have a manager who is the manager of planning, building, environmental health and plumbing. He is also the manager of the Permit Authority. For a big project, like the residential old people's home mooted for opposite*

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<sup>12</sup> Builders Collective of Australia Submission, p2

Bunnings, I have had the architect phone me up and say, 'Phil, I just went into the council to submit an application for this proposal and while I was there they have solicited me to give them the building surveying and they have offered to expedite the process, make sure that they work with us and get this job through.' If you go to a private building surveyor, you can't be guaranteed that you'll be able to get this project through.

That is a real worry and the problem for me is that you have planning, building, plumbing - all being issued by this Permit Authority. You have a building surveying company who is also working in conjunction with the council. They have a monopoly over everything that comes through planning, in particular - it has to come into the council through planning - so through that they can grab a lot of the customers. It happens all the time. John, you probably haven't been solicited at the counter when you go in.

**Mr DYKMAN** - We have occasionally, yes.

**Mr CONNORS** - You have occasionally. Jason, does it happen to you when you go into the council?

**Mr VAN ZETTEN** - It happens all the time. We've even had it quoted that the council will take longer on Protek's jobs than they will on their own jobs going through. They will put Protek's jobs in a too-hard basket, it's been quoted, to take the work on, which is surprising because once they get the work, they don't perform anyway.<sup>13</sup>

6.3.5 The Committee received contrary evidence from the Launceston City Council. The following exchange occurred in relation to this issue:

**Ms ARCHER** - What about the speed of which they are approved? Would you approve things faster coming from council?

**Mr MAGNUS** - Most certainly not. I can show you a project that has been in one day and been approved. If they ring us up and tell us there is some urgency about it and everything is in order - I just did one last week - They are all in number order - as they come in, they are dealt with.

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<sup>13</sup> Connors/Van Zetten/Dykman, Hansard, 3 February 2011, p5-9

**Mr BOOTH** - You don't put them on the bottom of the shuffle if they -

**Mr MAGNUS** - I most certainly do not - and that is a specific instruction to my staff also.

**CHAIR** - I was going to say could your staff be doing that?

**Mr MAGNUS** - I can tell you now if we were aware of our staff doing it I would certainly be discussing that with Peter, there would actually be warnings because it is certainly not within our procedures to do so.

**CHAIR** - And if people in the industry were saying that staff including counter staff had said to them plainly that it is going to take a little while because we are going to deal with the council ones first, is that possible?

**Mr MAGNUS** - Anything is possible in that I don't control what people say, but the instruction is that - and as far as I am aware it is adhered to - it is certainly not said.

**Ms ARCHER** - Is there a written instruction? Would it be in memo form to staff or is it just the way things are?

**Mr BUTTON** - It is a written instruction and also minutes of meetings of both

*building and planning and my directions to my management team. I think the other thing that double checks that is that I require on the first day of every month a spreadsheet from our compliance unit which lists every BA and every DA that is on the books, when did it come in, how long has it taken to be dealt with and when did it go out. It is done in terms of actual numbers, in terms of dates due and what is overdue versus underdue so that I can see a pattern<sup>14</sup>.*

6.3.6 In addition to the competition concerns, the evidence also raised the issue of duplication of work, given that the Council as the Permit Authority still needs to issue the permit even where a private building surveyor is involved. The submission of the Builders Collective of Australia stated as follows:

*The only way in which this obvious abuse of legislative power can be addressed is to dispense with the permit authority model as present in Tasmania and adopt the situation as exists throughout the remainder of Australia where the Building Surveyor issues the building permit. Only then will the true*

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<sup>14</sup> Nott/Button/Magnus, Hansard, 3 February 2011, p 67-82

*intent of the Building Act 2000 be realized and true efficiencies can be achieved in the building industry in relation to building permit issues and process. LEGISLATION MUST BE CHANGED....*

*The Building Act 2000 was designed to free up the building application process and not create delays within this newly formed Permit Authority.<sup>15</sup>*

6.3.7 The duplication issue was also raised in the evidence of Protek Building Surveyors. They stated as follows:

*The way the legislation is written, with the permit authority and the building surveying being moulded and melded into one, creates the situation where you get an overlap. We're getting review of documents that are being sent in by the Permit Authority building surveyor that then creates hold-ups in the process. They might determine that they're not happy with our decision and they will send it back and say, 'We're not going to accept this permit.' That happens.....The problem comes with the fact that we have a permit authority who should just be issuing the*

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<sup>15</sup> Builders Collective of Australia Submission, p2

*permit. There should be no review of a private certification at all.*<sup>16</sup>

6.3.8 The Committee also enquired of Protek what the process is in other States. The following exchange occurred:

**CHAIR** - *Regarding the business of the Permit Authority reviewing your certifications, what happens in other States with that?*

**Mr CONNORS** - *The building surveyor issues the building permit and the completion certificate -*

**CHAIR** - *And that's it?*

**Mr CONNORS** - *and that's it. There is a \$33 lodgment fee - I think I brought it in - for councils in Victoria because all they do is submit it and the Permit Authority file it away.*

**CHAIR** - *Because the Phil Connors in one his job, he has his indemnity insurance, he has stamped it -*

**Mr CONNORS** - *Liability rests with the building surveyor.*

**CHAIR** - *Liability rests with you.*

**Mr CONNORS** - *Yes, and the process is very streamlined; a lot of liability, probably more than we are taking on, because the building surveyor in*

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<sup>16</sup> Connors, Hansard, 3 February 2011, p5-9



*Victoria, for instance, has to check the planning and any other issue that relates to that and will make his decision based on that. If he gets it wrong, they are going to be audited, fined and possibly put out of business. That's what it's about.*<sup>17</sup>

6.3.9 In relation to the duplication of work issue, contrary evidence was received from the Director of Building Control, who provided the following information:

*Roles and functions of the building surveyor and the Permit Authority are clear and distinct under the processes in the Building Act 2000. The Permit Authority has no right to question the technical assessment of the building surveyor unless the documents lodged are obviously not in compliance with the law. It is not the role of the Permit Authority to assess the work of a building surveyor.*<sup>18</sup>

6.3.10 Despite the above concerns, there was no suggestion in the evidence received by the Committee that Councils should cease to provide building surveying services altogether, and in fact it was noted that it was vital for Councils to continue to provide the service,

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<sup>17</sup> Connors, Hansard, 3 February 2011, p5-9

<sup>18</sup> Director of Building Control – Comments on the Oral Submissions given to the Select Committee on the Costs of Housing, Building and Construction, p11

due to a shortage of private building surveyors. Protek commented as follows in relation to this:

*It's vital for our industry, the building surveyors, that councils stay in. Why? Because there are not enough building surveyors to handle to work now.<sup>19</sup>*

6.3.11 The following comment from Mr. Duncan Paton, Manager Planning and Development, Northern Midlands Council, also emphasises the importance of Councils continuing to provide building surveying services, particularly in regional areas:

*We considered that we were offering a service. We are a country council over an extensive distance. It is not practical or reasonable to expect that a private building surveyor would set up a practice in Avoca nor did we consider generally that it was reasonable that a person in Avoca should pay the extra travel-related costs of having a private surveyor travel out there, so we have continued to offer the service<sup>20</sup>*

## **Findings**

6.3.12 There is a duplication of work between private building surveyors and Councils, given that

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<sup>19</sup> Connors, Hansard, 3 February 2011, p5-9

<sup>20</sup> Paton, Hansard, 3 February 2011, p90-91

Councils have the ultimate authority to issue a permit even where a private building surveyor is involved.

6.3.13 The existing Permit Authority structure gives rise to competition concerns.

6.3.14 Particularly in regional areas, it is appropriate for Councils to maintain a building surveyor service as such services from a private building surveyor are not easily accessible.

### **Recommendations**

6.3.15 Private building surveyors should be able to act as a building Permit Authority.

## **7 COSTS OF UTILITY SERVICES – HEADWORKS CHARGES**

7.1 Term of Reference (c) requires the Committee to inquire into and report on the costs of utility services.

7.2 The Committee received a significant volume of evidence which referred to head works charges as contributing to the cost of building and construction in Tasmania.

7.3 The submission of the Housing Industry Association provides the following background information:

*In 2009, the responsibility for water and sewerage services shifted from local government to three independent water authorities. Under the changed regulatory framework the State Treasurer has*

responsibility for setting the prices of water and sewage services until July 2012. This is implemented through an Interim Price Order, which covers the years from 2009-10 to 2011-12. The Government has announced that the charges for water and sewage will not increase more than 5% per annum.

Legislation passed in 2008, establishes the Tasmanian Economic Regulator as the authority responsible for setting prices from 2012 onwards. At present, the Water Authorities are required to set water and sewage prices on the same basis as councils have previously but this results in the vastly different approaches between councils being projected into the future until a more consistent approach is phased in. These differences are even more extreme in relation to headwork's charges.

There seems to be a lack of uniformity and consistency between the Authorities in the process of implementation of charging policy and there is already a significant increase in the cost of head works and other charges since the arrangements changed....

A recent review of Tasmanian Water Authorities by HIA found that where headwork's infrastructure charges are made, they vary between \$3,000 to \$6,000 per development block. There have also been reports from HIA members that water connection charges have risen significantly. For example, water connection charges are now

*between \$1,000 - \$1,250 per meter. In practice this means an additional cost of between \$4-5,000 per block to connect water services.<sup>21</sup>*

7.4 The submission from the Property Council states as follows:

*The Property Council was very clear about its strong objections to the existence of developer charges in the Water and Sewerage Industry Act 2008 as it was seen as a back door attempt by Government and the Corporations for funding water and sewerage infrastructure.*

*In addition, the charging of developer charges or head work charges by water and sewerage corporations adds another tax on the building of houses. Developer charges are a tax on homes as the homebuyer pays for them in the cost of the house.*

*Furthermore it adds another element of inequity as Tasmanians buying a new house in a green field or in fill site will be paying the developer charge unlike Tasmanians who buy existing houses.*

*For the commercial property sector it means a further cost impost with some commercial developments facing bills for water and sewerage services in excess of \$800,000.*

*The property sector is concerned that there is no framework governing the developer charges.*

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<sup>21</sup> Housing Industry Association Submission, p13-14

*Further to this some important issues have not been allayed due to:*

- No clear nexus between the incidence and size (dollar amounts) of a development charge and the specific waster and sewerage infrastructure the charge is capitalising.*
- No discussion about auditing the developer charges collected to ensure that they have been spent on infrastructure;*
- There is no clarity about what the maximum revenue charges are for developer charges;*
- No explanation as to why there is no state wide consistency or method to charging developer charges for example;*
- Residential developers are saying that developer charges have gone from \$500 to \$6,000 a lot, payable upfront;*
- A commercial operator in the South indicated he had a developer charge of \$600,000 for an extension to his commercial operations;*
- A commercial investor has indicated that they are being charged \$650,000 for a connection to an existing main.*
- There is currently no clear and acceptable timeline for the delivery for capital works nor is the ability currently for developers, to save time (holding costs) by using outside contractors, rather than, waiting for water*

corporation's staff, to provide the infrastructure.

**Recommendations:**

Review and reconsider development charges and levies:

1. Public sector debt should be increased to fund infrastructure;
2. Where levies and charges are thought necessary, they should only relate to direct costs associated with new developments; and
3. Where levies are applied there should be a direct nexus between the tax and government spending.<sup>22</sup>

7.5 Information provided by to the Committee by Master Builders Australia states as follows:

*The application of a high developer charges has led to a number of problems.*

*When the cost of provision of infrastructure is shifted from the broad community to a narrow subset of the community the natural outcome is a diminution of economic outcomes for that subset. In the case of the residential building industry, developer charges are passed on from developers to new home buyers in the form of higher prices, thereby reducing the affordability of new homes..... Access Economics found in their analysis that "the vast majority of literature on the subject" concludes that the*

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<sup>22</sup> Property Council of Australia Submission, p11-12

*“economic incidence of developer charges is ultimately borne by the final home purchaser.”*

*Access Economics agreed with this conclusion.<sup>23</sup>*

- 7.6 The Committee also received evidence in relation to this issue from the Builders Collective of Australia. They stated as follows:

*Headwork fees and charges – These charges applied by councils place an onus on the developer to provide the infrastructure at their expense. Some of our Associates are doing a sub-division at present and know of this cost first hand. The council required that they provide curb and channel and reseal the road outside the proposed subdivision and provide cross overs – no real issue except they used the opportunity to include in their conditions the requirement to extend the works around the corner and make good some 15m of additional curb that should in our opinion been their expense if they were concerned.*

*The only way to deal with these extra works included on development permits is to appeal the conditions. This adds time and expense to the development and has no guarantee of success.<sup>24</sup>*

- 7.7 The Committee considered evidence given in a public hearing to the Select Committee on Tasmanian Water and Sewerage Corporations. The General Manager of Latrobe and Kentish Councils compared Tasmanian headworks charges with those in other states. He stated as follows:

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<sup>23</sup> Master Builders Australia, Infrastructure Charges, p7

<sup>24</sup> Builders Collective of Australia Submission, p1



*In February 2009 the Office of the Tasmanian Economic Regulator provided a revised interim pricing analysis for the Tasmanian water and sewerage sector to the State Treasurer. The report noted a suggested headworks charge of \$2,200 for water and sewerage connections, which was \$1,100 for each service. The Housing Industry Association in New South Wales made a submission on 1 March 2008 to the New South Wales Independent Pricing and Regulatory Tribunal on a review of developer charges for metropolitan water agencies. The submission noted: although the National Competition Policy and the National Water Initiative espoused full cost recovery, State views on whether developer chargers should apply to water utilities differ substantially. Charging methods also vary across utilities, e.g. gas and electricity. Western Australia's Water Corporation, for instance, supplies a state-wide uniform standard headworks contribution to recover 40 per cent of estimated infrastructure on costs. South Australia also applies a uniform state-wide charge. In Victoria on the other hand, the Essential Services Commission has argued that infrastructure costs that are common to all parts of the network, such as headworks, should not be recovered from one group of customers, such as developers. In Victoria water utilities apply a flat fee for connecting to the network but no charge for major non-reticulation infrastructure. Which is the opposite of what they do here. So they are saying out in the rural areas they do not charge one,*

*here the further you get away from the urban area the more you pay, which seems to be completely against a lot of the principles of what Tasmania is about*<sup>25</sup>

7.8 He later referred favourably to the Victorian model, stating:

*When you look at Cradle Mountain Water, they just released a discussion paper on headworks charges and they go back about the history, and they said they considered two options: one was the New South Wales model, the New South Wales Independent Pricing Regulatory Tribunal and the other was the Victorian Essential Services Commission. They had two options. They chose the New South Wales one and then there's the comment from the developer saying it is a much bigger proportion of the cost of a block here than in New South Wales.....The water and sewerage headworks charges for North East Water in Victoria, which is very similar in size to the operation of Cradle Mountain Water, has headworks charges that are less than 50 per cent of the charges imposed by Cradle Mountain Water where lot sizes are less than 1,350 square metres.*<sup>26</sup>

7.9 Similarly, the following exchange occurred later in his evidence:

**Mr MONSON** - *We are saying we have no opposition to the principle of charging for headworks - that is, the amount of headworks - and if they can do it in Victoria*

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<sup>25</sup> Select Committee on Tasmanian Water and Sewerage Corporations, Monson Hansard, 3 March 2011, p76

<sup>26</sup> Select Committee on Tasmanian Water and Sewerage Corporations, Monson, Hansard, 3 March 2011, p78

at half the price of what we're charging here, that model ought to be at least looked at. The water corporations did have the options. They could use the - they've got a report - This is one from Cradle Mountain Water. They have just released it.

**Mr HIDDING** - Last week.

**Mr MONSON** - Yes, they released a discussion paper which says:

*'in August 2008 Cradle Mountain Water sought advice from Marsden Jacob Associates with respect to developer charges. This advice set out the two main options to developer charges used in Australia, those being the New South Wales Independent Pricing Regulatory Tribunal model and the Victorian Essential Services Commission.'*

We're suggesting that maybe in this case the Victorian Essential Services Commission is a more appropriate model for Tasmania than the New South Wales model.

**Mr HIDDING** - More developer friendly.

**Mr MONSON** - I guess you could look at New South Wales, which is probably one of the States that has struggled with its development over recent years. Is that the model we want to follow or do you want to follow the Victorian model? All I am saying is that there are options there. It's not just hard and dry.<sup>27</sup>

## Findings

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<sup>27</sup> Select Committee on Tasmanian Water and Sewerage Corporations, Monson, Hansard, 3 March 2011, p80

- 7.10 With public policy discussions, at the time of reporting, still in play about the future governance structure of four Water and Sewerage Corporations, consideration of the level and applicability of connection and head works charges are problematic.

### **Recommendations**

- 7.11 That the Water and Sewerage Corporations ensure the implementation of a state-wide headworks charges policy that is competitive with other States.

## **8 PUBLIC POLICY SETTINGS IMPACTING UPON BUILDING COSTS**

- 8.1 Term of reference (d) requires the Committee to inquire into and report on public policy settings impacting upon building costs.
- 8.2 The Committee received evidence as to the cost impact of energy efficiency ratings on the cost of building and construction.
- 8.3 The additional cost of the requirement for 5 star and 6 star energy requirements was outlined in the submission of the Housing Industry Association which stated as follows:

*...the move to 5 star ratings on construction of new homes in Tasmania, which has resulted in increased costs to construction. The next move to 6 star energy efficiency ratings will result in a further cost to the consumer. Using assessments*

*with simulation rating tools, the estimated additional costs for a single story home will be \$1,588 to \$2,896. In two story dwelling it is estimated that this range will increase to be \$2,492 to \$4,175. Using a deemed to satisfy assessment process the costs could escalate to \$9,543 per dwelling. These increases do not include the additional administrative costs [design fees, supervision to ensure compliance, etc.]*<sup>28</sup>

- 8.4 In their evidence before the Committee, the Housing Industry Association further elaborated, and identified concerns that there may not be sufficient benefit to justify the additional costs of achieving six star energy ratings:

*When four star came in, we went from a situation in the industry where people didn't have insulation in their roofs and houses were sweating. We had a problem. So we introduced four star and suddenly we have homes that are well insulated, people aren't dying from hypothermia or heat exhaustion, we have cosy houses that are working efficiently. We then kick it up a gear and you go to five star and suddenly the return on your investment isn't as great. You don't have homes that need that much improvement anymore. Then you jump to six star and the regulatory impact statement is actually saying it is a net cost to the State, both from an*

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<sup>28</sup> Housing Industry Association Submission, p15

*economic and social point of view, there is no net benefit from jumping to six star, and that is the same in at least two other States.*

*What we say is there needs to reach a point where people who want to build really environmentally sensitive homes should be able to do so at their own discretion, not have it mandated. There reaches a point with the environmental regulations whereby you say it is a law of diminishing returns and you get to a point where you end up with a net cost, and that is where we are at with six star.<sup>29</sup>*

- 8.5 Similar concerns were raised in the submissions of Master Builders of Tasmania, the Property Council of Australia and the Northern Midlands Council.
- 8.6 The Committee also heard evidence as to the potential health impacts of achieving six star energy ratings. This issue is discussed under Section 11.6 below.

## **9 COST OF STATUTORY LEVIES AND CONTRIBUTIONS**

- 9.1 Term of reference (e) requires the Committee to inquire into and report on the cost of statutory levies and contributions. The major levies identified in the evidence were the Tasmanian Building and Construction Industry Training Fund Levy, the Building Permit Levy, and the Long Service Leave Levy.

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<sup>29</sup> Clues, Hansard, 24 January 2011, p34

## 9.2 **Tasmanian Building and Construction Industry Training Fund Levy**

9.2.1 The Tasmanian Building and Construction Industry Training Board is a statutory authority established under the Tasmanian Building and Construction Industry Training Fund Act 1990.<sup>30</sup>

9.2.2 The Board has the following statutory functions:

- To promote training in the building and construction industry; to promote the Board, and its aims and activities, to the building and construction industry.
- To ensure that all training provided is in respect of skills formation approved by the Board.
- To review and evaluate existing training programs to determine whether they meet the training and skill requirements of the building and construction industry; to liaise with appropriate training organisations and other bodies; to advise on, and coordinate, training resources.
- To ensure that principles of equal opportunity are applied to training in the building and construction industry.
- To increase productivity, career opportunities and work safety in the

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<sup>30</sup> Tasmanian Building and Construction Industry Training Board Submission, p2

building and construction industry through training.

- To provide access to employment related training provided by employers in the building and construction industry.
- To ensure a more equitable distribution of effort amongst employers in relation to employment related training in the building and construction industry.
- To provide training programs to improve the skills and knowledge of builders in the building and construction industry.<sup>31</sup>

9.2.3 Section 21 of the Tasmanian Building and Construction Industry Training Fund Act 1990 creates a levy and section 22 sets the amount to be between 0.2% and 0.5% to be determined by the Minister. The levy is charged against the estimated value of building or construction work as defined by the Act. The levy is currently set at 0.2%.<sup>32</sup>

9.2.4 The majority of submissions received by the Committee expressed support for the imposition and the current percentage level of the levy.

9.2.5 The submission of the Builders Collective of Australia states as follows:

*We have no issue with the imposition of the Building levy and the Construction*

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<sup>31</sup> Tasmanian Building and Construction Industry Training Board Submission, p3

<sup>32</sup> Tasmanian Building and Construction Industry Training Board Submission, p4



*Industry levy if they are used to provide support and training to the building industry.<sup>33</sup>*

9.2.6 The submission of the Master Builders' Association of Tasmania states as follows:

*The two primary levies affecting the Building and Construction Industry are the Building Act levy and the Tasmanian Building and Construction Industry Training Board levy. Combined, these two levies add 0.3% to the cost of construction, however the Association supports both levies as they provide funding for industry training and accreditation, auditing and enforcement of the Building Act 2000.<sup>34</sup>*

9.2.7 The submission of the Property Council of Australia submission expresses support for the levy but caution in relation to any increase, stating as follows:

*The Property Council does not have an issue with the collection of the 0.2% training levy as it goes towards providing training in the building and construction sector. However, there was discussion earlier this year by the Tasmanian Building and Construction Training Board about increasing the levy*

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<sup>33</sup> Builders Collective of Australia Submission, p3

<sup>34</sup> Master Builders' Association of Tasmania Inc. Submission, p13

*from 0.2 percent to 0.25 percent. The increase was to be predominantly funded by the development sector and the funding collected from the 0.05 percent would only be open to some of the professionals rather than to the entire property sector. It is the position of the Property Council that any increase of the training levy must be justified in terms of greater accountability and transparency in the use of the funds, that there be increased training opportunities, as well as, it must be open to all professions in the property sector, including developers and their staff.<sup>35</sup>*

9.2.8 The submission from the Tasmanian Building and Construction Industry Training Board argues that there is overall industry support for the Board. The submission states as follows:

*Research into building and construction industry participants' attitudes and views regarding the continued independent operation of the TBCITB, and the delivery of training funding, was undertaken by Corporate Communications (Tas) Pty Ltd to assist*

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<sup>35</sup> Property Council of Australia Submission, p20

*with the Board's future strategic planning activities.*

*The research also sought to elicit any general comments, concerns and insights into participants' levels of satisfaction with the TBCITB's service delivery, providing a snapshot of participants' views and expectations.*

*The research found that the overwhelming majority of respondents believe that the TBCITB is doing an excellent job in relation to representing the views of the industry and providing training for the ultimate benefit of the industry. It also revealed the industry's desire to ensure the TBCITB maintains its independence of government in undertaking these tasks.<sup>36</sup>*

9.2.9 In relation to the use of the levy, the submission of the Tasmanian Building and Construction Industry Training Board sets out the uses to which the levy is put. In relation to training programs, the submission states as follows:

*The Board produces an annual training plan funded by the levy collection. The training plan is developed through*

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<sup>36</sup> Tasmanian Building and Construction Industry Training Board Submission, p15

*detailed consultation across the industry.*

9.2.10 The submission lists the following achievements for the 2009-2010 year:

- *Facilitation of 1,401 training courses for 8,373 participants, resulting in 194,915 contact hours of training.*
- *Direct applications for funding for training from companies reached 1,106.<sup>37</sup>*

9.2.11 The submission points to demographic change, labour demand and competition for skilled labour and emphasises the need for training in the industry and states as follows:

*Need to Train*

*The demographic change and other labour supply constraints in the building and construction industry creates an urgent and ongoing need to recruit and train a range of new participants for the industry.*

*Failure to do so will leave the industry short of critical skills and potentially unable to meet the needs of Tasmania. The potential consequence is a decline in quality and an increase in costs. Given that the lead time in training can be four years or more it is critical to the public interest that the situation be monitored on a regular*

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<sup>37</sup> Tasmanian Building and Construction Industry Training Board Submission, p6

*basis. The TBCITB is the body best placed to do this work.<sup>38</sup>*

9.2.12 The submission also emphasises the importance of apprenticeships and states as follows:

*As at 30 June 2010, 855 apprentices have been employed under the program.<sup>39</sup>*

9.2.13 The theme was further expanded upon in the Board's evidence before the Committee:

*.....the board believes that there needs to be quite significant incentives to encourage employers to put on apprentices in a lot of those areas because they are just micro businesses, very small businesses, and it becomes very difficult to put on an apprentice. Basically if you are a one-to-one with an apprentice, it is not the cost of the apprentice, it is the cost of your time when you are training an apprentice because you are not earning whatever the rate is that you charge out for. What we are saying is we will give an employer a certain amount of money provided he gets that apprentice through the apprenticeship. Based on advice we got from industry we said 'Okay, we will give \$2,000 after maybe the first year and the rest of it at the end of it' because we did not want to have that wastage of money, and it has worked. But we also have other things*

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<sup>38</sup> Tasmanian Building and Construction Industry Training Board Submission, p12

<sup>39</sup> Tasmanian Building and Construction Industry Training Board Submission, p6

associated with that. For example, we insist that they have to train them in what we call a level 3 competency, which is a third year competency, in the first year because traditionally they put on apprentices and they never get any useful skills in those initial parts of their apprenticeship.....so what we are saying is, 'We will give you the \$2,000 after one year, but you have to train them in level 3 competency in that first year. Then if the kid loses his job, he can take it somewhere else and say 'Look, I've learnt how to paint a room' and therefore the bloke will put him on. He will say "Okay, I can leave you to paint a room and I don't have to spend all the time training you.' Then we say, 'You have to do four competencies on the job over the full period of the apprenticeship.'<sup>40</sup>

9.2.14 The Committee received evidence from the Board as to the income received over the past five years. The submission of the Board states as follows:

*[the Building and Construction Industry Training Levy] is currently set at 0.2% and over the past five years has raised:*

	<b>Building and Construction Industry Training Levy</b>
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<sup>40</sup> Wizenberg, Hansard, 25 January 2011, p38

2005- 2006	2,105,584
2006- 2007	2,481,013
2007- 2008	2,894,780
2008- 2009	2,952,178
2009- 2010	4,211,803

*Note the 2009-2010 result has been heavily inflated by federal government stimulus funding for schools.<sup>41</sup>*

9.2.15 The Committee questioned the Board in relation to the use of the revenue. The following exchange occurred:

**Mr BOOTH** - *Simon, just a couple of preliminary questions with regard to the way the TBCITB works in terms of administrative costs. I notice that you spent \$1.8 million in 2009-10 on training courses but you collected \$4.2 million from fees that year, so what has happened to the rest of the money? I mean, each year since 2005-06 you have collected well over \$1.8 million -*

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<sup>41</sup> Tasmanian Building and Construction Industry Training Board Submission, p4

\$2.105 million in 2005-06; \$2.4 million in 2007-07; \$2.8 million in 2007-09; \$2.952 million in 2008-09; and then \$4.211 million this last year. There seems to be a pretty large discrepancy in terms of the expenditure against collections, so what's happened to the money? What do you have in the bank and what are you going to do with it?

**Mr COCKER** - A very substantial proportion of those funds are forward-committed. One of the major programs that the board has run and has been particularly focused back into 2008 was a program to increase the number of apprentices in training in Tasmania. The board is aware that there is a number of forward risks in terms of the workforce in Tasmania, not the least of which is the ageing workforce and of course the increase in competition for skilled labour from the resources boom in the west. Now, of course, Queensland with its massive reconstruction program after the floods will be looking for skilled workers in civil construction and housing. In fact, I think they are already advertising to get workers. Tasmania's workforce is ageing and needs to be



renewed and replaced, so the board undertook a program of trying to boost the number of apprentices. It has been very successful but part of that process has been the payment of completion bonuses and incentives. The board has something around \$2.8 million forward-committed in terms of that program, so the surpluses from previous years will be expended as those apprentices complete next year, the year after and the year after that.

**Mr BOOTH** - So what is the bank balance at the moment for the TBCITB?

**Mr COCKER** - It is sitting at around \$4 million, I think.

**Mr BOOTH** - How much is committed into the future?

**Mr WIZENBERG** - It is about \$3 million. There is about \$750 000 put down for cyclical downturns. The board decided several years ago - and this is probably going to hit us in the next couple of years - that we will need that money to offset the loss in revenue from the levy.

**Mr BOOTH** - To do what, to keep on training apprentices?

**Mr WIZENBERG** - Everybody in the industry. You have an obligation to

keep on training people. If there is an industry downturn, we still have to keep training people otherwise the ramifications in the next few years, if you get the downturn then, mean that the work goes up and you don't have the apprentices. You're just trying to spread it equally over the years, if you can, so you get the good years and you have to put some of that away for the bad years.

**Mr COCKER** - It should be noted that the \$4 million in 2009-10 was extraordinary and was largely the result of the work done under the Building the Education Revolution program.

**Mr BOOTH** - Yes, I did note that. What you saying then is that a bit over \$1 million of it is a windfall from this last 12 months?

**Mr COCKER** - Compared to previous years, yes.

**Mr BOOTH** - What is the cost of administration of the board?

**Mr COCKER** - It runs at about \$500 000 to \$600 000 a year and includes a whole range of things. The board has a standard policy that at least 60 per cent of funds must be spent in direct training.

*The act provides a number of other functions to the board which it has to carry out, including research and promotion, the convening of meetings and forums and other similar activities. Those are indirect training costs and part of the administration.*

**Mr BOOTH** - *The board members receive fees, I presume?*

**Mr COCKER** - *The board members receive a small fee.<sup>42</sup>*

9.2.16 The Committee received further information from the Tasmanian Building and Construction Industry Training Board which confirmed that the total administrative costs of the Board are approximately \$491,678 per annum.<sup>43</sup>

## **Findings**

9.2.16.1 The fact of a fixed percentage levy for the Tasmanian Building and Construction Industry Training Fund Levy means that, when the costs of building and construction increase, so does the income of the Board.

9.2.16.2 The Committee finds that it is necessary to ensure that increased income for the Tasmanian Building and Construction Industry Training Fund Levy is connected to

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<sup>42</sup> Cocker, Hansard 25 January 2011, p 30-32

<sup>43</sup> Expenditure Budget for Administration approved by the Tasmanian Building and Construction Industry Training Board on the 26<sup>th</sup> July 2010.

increased provision of training, rather than administrative costs of the Board.

9.2.16.3 The Committee had reservations about the Tasmanian Building and Construction Industry Training Board acting in the space of funding employers to take on apprentices, a role which has in the past been one for Government and appears to compete with existing group training schemes. On the other hand, the Committee received evidence from a number of people who pay the levy and who employ apprentices who appear to be content with the funds being used in this way.

### 9.3 **Portable Long Service Leave Scheme**

9.3.1 The Committee received evidence in relation to long service leave in the building and construction industry.

9.3.2 On 1 July 1998 Tasmania's Construction Industry Long Service Scheme was transferred from Government control to TasBuild Limited, a private trustee company. TasBuild is responsible for providing long service benefits to workers in the construction industry and ensuring that both employee entitlements are protected and a level playing field for employers in Tasmania is maintained. TasBuild pays out in excess of \$1.1 million in

entitlements to workers in the construction industry annually. All members of the construction industry including employers, workers and self-employed persons are required to be registered with TasBuild. The Fund, comprising contributions by employers and self-employed workers, is administered as a Trust Fund by TasBuild Limited as the Trustee. In that capacity, the company can invest and manage the Fund and must do so in the interest of all persons who have, or may have, in the future, an entitlement to a payment from the Fund.<sup>44</sup>

9.3.3 Some submissions received by the Committee commented that the current long service leave provisions lead to increased costs in building and construction.

9.3.4 For example, the Committee received a submission from K W McCollough Pty Ltd which stated as follows:

*The cost of paying LSL is a substantial cost to KWMC and raises the cost of our services, adding to the cost of construction in Tasmania, making it even more difficult for Tasmanian companies to compete with mainland competitors.....I cannot resolve how LSL can be paid in advance of an*

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<sup>44</sup> <http://www.tasbuild.com.au/About-Us.aspx>

employee actually fulfilling that obligation. Our company disagrees with the whole principle of the scheme as LSL should be regarded as just that, long service to an employer not to a whole series of maybe short services to a number of employers. It is quite unjust to an employer who happens to be employing an employee for a short period at the time that employee becomes entitled to take 3 months LSL. If an employee happens to have been working for a company for 6 months and then becomes entitled to LSL the company then has to carry the burden of the employee taking 3 months off in circumstances where there has certainly been no long service to that company. This is totally unjust and surely cannot be supported by any form of logic.....In such circumstances the employer would naturally need to recoup the extra cost from customers thereby increasing the cost of construction for illogical and totally unjustified reasons.<sup>45</sup>

9.3.5 The Committee received evidence as to the uncertain and complex definition of

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<sup>45</sup> KW McCollough Pty Ltd Submission, p1-2

“construction industry,” which gives rise to confusion as to who is covered by the scheme.

9.3.6 The Committee further heard evidence that the *Construction Industry (Long Service) Act 1997* (Tas) is under review in that regard.

9.3.7 The Committee heard evidence from Ms. Dixie Emmerton from the Centre for Tasmanian Industry. She noted that any expansion of the scope of the legislation would have a negative impact on the industry. She stated as follows:

*The current members are still questioning who's meant to be within the scheme, let alone the next lot.....our landscapers don't pay into this scheme. For example, we look after the Nursery and Garden Association for Tasmania – this is the group you're talking about – and many of them would close. They do not have the cash sitting there. One of the main issues is that if someone is looking for long service under a normal scheme, and I'm cash strapped but I have m equity, it may be that I have something to sell, so I'll say 'Please don't take long service leave, it doesn't fit my business now but in two months time I'm fine.' So you will work out a negotiation*

*of time. I sell my product, I've got the money, I pay long service leave, everything works out ok. In this, anybody can walk off the street and say, 'I want my long service leave now'. This means the employers, TasBuild, has to find the money. If they say they have worked for various areas, which has happened to my employer, TasBuild has to then go back and say, 'Hey, I think you've missed paying such-and-such in 1984, and you owe us \$780 for him.' If you can't disprove that, and the employee can't prove that, this is where we get into an issue of arbitration – not a good place to be.<sup>46</sup>*

9.3.8 The Committee received contrary evidence from TasBuild, which stated that the proposed legislative changes are not intended to increase the scope of the legislation. They stated as follows:

*At the time the Construction Industry (Long Service) Act 1997 (The Act) was introduced by the then 'Rundle Liberal Government' they saw fit to specify the Australian and New Zealand Industrial Classification issued by the Australian Bureau of Statistics in 1993 (ABS*

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<sup>46</sup> Emmerton, Hansard, 23 August 2011, p27-28



Catalogue No. 1292.0) as the source document to classify whether an employee was operating within the construction industry or not.

The legislative amendments currently being considered by the Government effectively lifts the relevant industry classifications from the 2006 version of the publication and places them in a schedule of the proposed legislative amendment. The classifications included in the draft schedule reflects, with only minor amendment, the scope of coverage of the Fund as provided in the 1993 version of the document and included within the Act.

Despite the Committee's claim of an increased scope of coverage, nothing could be further from reality. The Officers from Workplace Standards involved in amending the legislation provided constant reminders that the Government would not approve any change in the scope of coverage. The amendments are to remove any ambiguities within the current Act and make it easier and simpler to interpret and apply.

The installation of security systems is specifically referenced in the 1993 document in Division E, Subdivision 41, and Class 4122. This activity is also included in the schedule.

The two examples used by the Committee to suggest that the proposed amendments to the Act will increase the scope of coverage are not supported when the above information is taken into consideration.....

There appears to be a level of concern about 'landscapers' being covered currently or under amended legislation. The current legislation provides coverage for landscapers in Division E, Subdivision 42, Class 4251 – Landscaping Services. 'This class consists of units mainly engaged in constructing landscapes, including landforming, provision of retaining walls and paths, garden draining control and garden watering systems, garden features and planting. Initial planting by the same unit is included.'

The schedule in the amended legislation will specify this coverage to continue. As can be seen this is not an expansion of the current coverage

*merely a restatement of what is already covered.*

*I note that Ms Emmerton has stated "A lot of them aren't in it because they come under the State legislation. Our landscapers don't pay into the scheme." As Mr. Booth identified "they will be," this will not be due to the proposed amendments but due to the Act's original scope of coverage which, based on Ms. Emmerton's own evidence, the referenced employers have not complied with.<sup>47</sup>*

9.3.9 Ms. Emmerton's evidence also raised the concerns that there has been a substantial increase in the rate of the levy payable, and the fact that Tasmania's rate is higher than most other jurisdictions. She stated as follows:

*....In 1999 the fund was 0.07 – that's what they paid into it. When the good times came, by July 2006 it went to 0.03 and our members were arguing to keep it up so that the money was still rolling and if there were tough times, it could even out. In October 2008 it went to 0.06 and my employers' increase went from \$115 a month to \$230. In April 2009 they were advised that it was going to*

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<sup>47</sup> Letter from Tasbuild, received 5 September 2011, p2-3

be 1 per cent. One month later they received a letter – and they hadn't even incorporated their cheque – and it was doubled. In October 2009 they were paying \$710 a month and they are now paying \$889 a month.<sup>48</sup>

*How do the contribution rates compare with other states:*

- Vic 2.7% (employer contributions).
- NSW .35% (levy on building and construction projects).
- QLD .3% (levy on building and construction projects).
- NT .4% (levy on building and construction projects).
- ACT 1% (employer contributions).
- WA varies (employer contributions).
- SA 2.25% (employer contributions).
- TAS 2.5% (employer contributions) (reduced to 2% if paid on time).<sup>49</sup>

9.3.10 Contrary evidence was received from TasBuild. In relation to the contribution rate, this evidence stated as follows:

*A number of factors have impacted on the 'Long Service Leave Charge' (contribution rate) paid into the Fund by registered employers.*

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<sup>48</sup> Emmerton, Hansard, 23 August 2011, p25

<sup>49</sup> Dixie Emmerton, "Tasbuild – Building and Construction Long Service Leave Fund," p2-3

The fund originally established by the Government sought to recover the total actual cost of the value of an employee's long service entitlement. Since the inception of TasBuild, a unique proposition where a Trustee company is charged with the responsibility of administering government legislation, we have only charged the total cost for long service where:

- An employer registers with the Fund and has past or current employees whose employment commenced more than two months prior to the registration.
- An employer fails to lodge their Employer Return within 7 days of the due date; and
- An employer fails to pay their contribution within 30 days of the invoice.

The current full rate of the contribution, that is the cost to fully fund the long service liability, is 2.5% of ordinary time earnings. Where an employer registers with the Fund the rate charged for the two months prior to their registration is 2.0% of ordinary time earnings, where

an employer lodges their return on time and pays their invoice on time the contribution rate is 2.0%. The current subsidized rate is 2.0%. Compliant employers have been charged a subsidized rate since the management of the Fund was taken over by TasBuild. The following table provides the details of the contribution rates where the Fund was run by the Government and the various rates applied by TasBuild since its inception: note all rates are expressed as a percentage of an employee's ordinary pay.

	Full Rate	Subsidised Rate
Government up to 30 June 1998	1.6667	Not applicable.
TasBuild from 1 July 1998 to 30 September 1998	1.6667%	0.0%
From 1 October 1998 to 31 December 2005	1.6667%	0.7
1 January 2006 to 30 June 2006	2.5%	0.7%
1 July 2006 to 31 March 2009	2.5%	0.3%
1 April 2009 to 30 September 2009	2.5%	0.6%

1 October 2009 to date	2.5%	2.0%
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*As can be seen employers who comply with the lodgement and payment conditions of TasBuild have enjoyed a significant level of discounts for their long service leave obligations for an extended period of time. This impact is further increased, as the regular payment of this liability is tax deductible in the year the payments are made.*

*Despite the significant impact of the GFC the Fund is still able to provide employee's long service entitlements and reduce the rate of the contribution to be paid by compliant employers by 20% of the total actual cost of the liability. Historically the Government either did not or were unable to achieve this outcome.*

*[For example] where an employee is registered with a starting wage of \$1000 per week and received an average annual wage increase of 4.0%, the contributions charged at either 2.0% or 2.5% does not cover TasBuild's liability of the defined benefit of 13 weeks long service after 10 years of service*

*The shortfall of contributions received by TasBuild against the long service leave liability to an employee in this circumstance represents 48 percent of the actual income received from contributions where the rate of contribution is 2.0 percent and 22.5 percent where the contributions received were contributed at the 2.5 percent rate.....the shortfall is made up by TasBuild through investment activities.<sup>50</sup>*

9.3.11 In relation to the comparison with rates in other jurisdictions, TasBuild provided the following evidence:

*Evidence was provided to the Committee that TasBuild's contribution rate was the second highest of the entire portable long service Funds operating in other jurisdictions. This claim can be made when a cold comparison of the rates is made, however other issues impacting on these rates needs to also be considered.*

*The following table provides an overview of the contribution rates charged by the portable long service*

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<sup>50</sup> Tasbuild, Letter received 5 September 2011, p3-5



funds around Australia, for compliant employers together with the basis and value of the Funds liability:

<i>Fund Jurisdiction</i>	<i>Rate or Levy</i>	<i>Liability</i>	<i>Contribution rate</i>	<i>Liability cost</i>
<i>Northern Territory</i>	<i>Levy on construction cost</i>	<i>13 weeks after 10 years</i>	<i>0.50% of construction costs</i>	<i>2.5% of pay</i>
<i>New South Wales</i>	<i>Levy on construction costs</i>	<i>13 weeks after 15 years</i>	<i>0.35% of construction costs</i>	<i>1.667% of pay</i>
<i>Queensland</i>	<i>Levy on construction costs</i>	<i>8.67 weeks after 10 years</i>	<i>0.30% of construction costs</i>	<i>1.667% of pay</i>
<i>A.C.T.</i>	<i>Percentage rate of pay</i>	<i>13 weeks after 10 years</i>	<i>1.25% of pay</i>	<i>2.5% of pay</i>
<i>South Australia</i>	<i>Percentage rate of pay</i>	<i>13 weeks after 10 years</i>	<i>2.25% of pay</i>	<i>2.5% of pay</i>
<i>Victoria</i>	<i>Percentage rate of pay</i>	<i>13 weeks after 15 years</i>	<i>2.70% of pay</i>	<i>2.5% of pay</i>
<i>Western Australia</i>	<i>Percentage rate of pay</i>	<i>8.6 weeks after 10 years</i>	<i>2.25% of pay</i>	<i>1.667% of pay</i>
<i>Tasmania</i>	<i>Percentage rate of pay</i>	<i>13 weeks after 10 years</i>	<i>2.00% of pay</i>	<i>2.5% of pay</i>

As can be seen from the information contained within the above table despite the information provided to the Committee TasBuild's contribution rate compares favourably with other 'Percentage rates of pay' based Funds. Further, where you take into account the liability the Funds are seeking to meet, TasBuild's contribution rate becomes even more favourable. In fact TasBuild has the lowest contribution rate of similar Funds.

Ms. Emmerton claims that under the State Scheme they are paying '1.67 percent' and is reluctant to pay the 2.0 or 2.5 percent to TasBuild. It should be noted that the State Scheme liability is 13 weeks of leave after 15 years of employment to fund this liability and the contribution rate is 1.67 percent of the employees pay. The Construction Industry Scheme provides 13 weeks leave after 10 years of service the cost to fund this liability is 2.5% of the employees pay.

As can be seen when you actually compare the contribution rates of the two Schemes, complying businesses are

receiving a discount of 20% on their costs for long service with TasBuild, despite the claimed board cost and administration costs. Whilst there is no equivalent saving for those participating in the State Scheme where there are no costs for administration. It could be claimed that the cost of the State Scheme is in fact higher than the quoted 1.67 percent when you consider the costs to business to administer their long service compliance.

As previously mentioned, contributions paid each year into TasBuild are tax deductible annually. Contributions paid in accordance with the State Scheme are deductible as wages in the year they are paid. There are significant tax advantages from the TasBuild Scheme.<sup>51</sup>

9.3.12 The Committee heard evidence as to the impact of the global financial crisis on the fund and the consequent impact on the levy. The following exchange occurred during the evidence of TasBuild:

**CHAIR** - Let us talk about a contribution rate. This is not an actual salary

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<sup>51</sup> Tasbuild, Letter received 5 September 2011, p5-6

percentage payment; this is a rate that is struck under your legislation?

**Mr ATKINS** - To an employer making a contribution to the fund?

**CHAIR** - Yes.

**Mr ATKINS** - They are paying a percentage of an employee's ordinary pay into the fund.

**CHAIR** - Which is what?

**Mr ATKINS** - Today it is 2 per cent

**Mr BOOTH** - If you get a whole lot of people who came along and said, 'We've been employees in this industry', and you identified them and paid them out, and then you needed more money to keep the fund going, do you just put that percentage up?

**Mr ATKINS** - That is the leg we have to pull. The most recent example I can give you of that is the global financial crisis. We had back-to-back years of negative returns. Prior to the global financial crisis the contribution rate was 0.3 per cent of ordinary time earnings. You need to balance that against the fact that to fully fund the liability is 2.5 per cent of ordinary time earnings, so it was only 0.3 per cent, so the fund was going very well. The global financial

crisis came along and hit us pretty hard. The board made a decision to increase the contribution rate to 0.6 per cent in April 2009 and then up to 1 per cent in October 2009. However, the global financial crisis took a toll worse than we anticipated and so the October increase, instead of being 1 per cent, was 2 per cent.

**Ms ARCHER** - So was this based on actuarial evidence?

**Mr ATKINS** - Yes. We are required under the trust deed to take actuarial assessment every year.

**Mr BOOTH** - So it is virtually a 700 per cent increase because of the global financial crisis. Current employers are now being charged a 700 per cent increase to pay for the global financial crisis and in many cases to pay for long-service leave entitlements that might have been from six or eight years before from other employers?

**Mr ATKINS** - That's correct.

**CHAIR** - I always love it when funds managers say, 'We had a couple of years of negative growth'. How much money did you lose?

**Mr ATKINS** - We went back 11.3 per cent between 2007 and 2008. In 2008 we experienced a minus growth of 11.3 per cent and a further 17.4 in 2009. So in 2007 we had total funds invested of \$62.2 million. At 30 June 2009 it was \$45 645 000.

**CHAIR** - So you have lost \$17 million?

**Mr ATKINS** - Yes, and that was effectively the global financial crisis. We are coming back.

**CHAIR** - You guys are charged with funds management. You and your board make decisions about lots of money. You come from the building industry so you are very well placed to understand all the nuances around the industry and employment and the rest of it, but how about the rest of the board? Are these experienced fund managers?

**Mr ATKINS** - The board consult or contract with MLC Implemented Consulting in relation to the management of the funds. So the board overview their decisions, issue instructions and objectives to be achieved from the investment of the

funds, and MLC actually invest the funds based on those directions.

**CHAIR** - Of the \$17 million you lost was any of it in a strange derivatives or products?

**Mr ATKINS** - No. I think it would be fair to say it is fairly conservative investment. We are a defined benefit fund, if you like. If we are talking about somebody who has been in the industry for 10 years and started as an apprentice, even in today's market if an apprentice is \$250 a week then we get 2 per cent of \$250, but we are paying him out at his tradesman's rate. A carpenter is now about \$1 080. But along that 10-year continuum we have 2 per cent of \$250 in year one, the 2 per cent of \$300, so the investment has to be more risky maybe than what you would otherwise like because of that growing issue. Then on top of that we've got wage increases that occur every year as well. Being a defined benefit fund, we've got certain challenges and our investment portfolio is structured to accommodate that particular issue.

**CHAIR** - It is all very well to be smart in hindsight but when you say you have to

operate in the more aggressive margins for investment in order to meet your objectives, that is certainly not the way government works. They always operate on the prudent side, boring and prudent, but know exactly what is going on.

**Mr ATKINS** - To get that level of comfort and security, I would think that the contribution rate would have to go up further.

**CHAIR** - Even further now?

**Mr BACON** - It is long-term thing and if you go in at high risk then at some point it is going fall over.

**Mr ATKINS** - Exactly right.

**CHAIR** - Yes, you have to fall some time but \$17 million is a serious kick in the pants. That is a monstrous failure.

**Mr BOOTH** - Yes. It is not bad if you can make up a shortfall by charging someone else for it. It is a pretty good model.

**Mr ATKINS** - That is the only lever that TasBuild has but they are mindful of the industry. Even in relation to the 2 per cent there was a lot of discussion about whether it should be that or 2.5 per cent or something lower. The



*advice from the actuary was that we needed to address our issue and we needed to get the value of our assets to 110 per cent of our liability. That is the recommendation so that the ups and downs of the market are mitigated without having to adjust the contribution rate. The intention of the 2 per cent was also, at the first opportunity after we did get through the GFC, to decrease the rate to something that we could set and forget; there would be no other adjustments. So the board are working towards that now, moving it from 2 per cent down to a figure that hopefully, with the surpluses et cetera, we will be able to leave and not worry about it any further going forward.<sup>52</sup>*

9.3.13 Ms. Emmerton's evidence pointed to an inequity when comparing the building and construction industry with other industries, given that many industries have highly mobile workforces but these industries do not have a scheme such as this. She stated as follows:

*That's our question: 'What about automotive or tourism?', because the same applies to them. They follow the*

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<sup>52</sup> Atkins, Hansard, 25 January 2011, p71

*requirements of their work and when the work slows down they move on.*<sup>53</sup>

9.3.14 An additional concern raised with respect to the scheme was the potential for it to make it difficult for local businesses to compete with overseas businesses. The following exchange occurred in the evidence of Ms. Emmerton:

**Ms Emmerton** – *And a lot of them are undercutting each other. For example, in glazing and construction we have members here who are losing jobs not by a small amount of money but sometimes by hundreds of thousands of dollars. They are losing jobs to people from the north whom they've never competed against before, or from interstate. We cannot fathom how someone bringing their people from interstate can undercut the local market. There has to be some particular issue, but we're not finding it. This all forms part of their costing so its very important to them.*

**Mr Booth** – *There is another problem, too, now that we're getting a lot more prefabrication of things like kitchens, completed windows –*

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<sup>53</sup> Emmerton, Hansard, 23 August 2011, p29

**Chair** – Flat-pack stuff.

**Mr Booth** – Yes, flat-packed stuff coming in from China. They're not paying any of this stuff at all, apart from wages, and they're not sluggish with this additional bureaucracy to run or transport a long service system. So it does make, I suppose, local people involved in that aspect of construction even less competitive.<sup>54</sup>

9.3.15 In addition, concerns were raised with the Committee in relation to the retention of funds by TasBuild in circumstances where the particular employee forfeits their entitlement to Long Service Leave by leaving the industry. The submission of KW McCollough Pty Ltd states as follows:

*I am also led to believe that if an employee leaves the employment of an employer engaged in the Construction Industry for a period of time (I think 4 years) they forfeit their LSL paid by the company; the contributions made by the employer to the LSL scheme are then retained by TasBuild for its own benefit. The Company are not reimbursed thereby making this cost even more uncalled for and adding*

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<sup>54</sup> Ennerton, Hansard, 23 August 2011, p30

*again to the cost of construction in Tasmania.<sup>55</sup>*

9.3.16 This was also raised in the evidence of Ms. Emmerton. She stated as follows:

*What happens to the funds if an employee does not stay in the industry? If an employee does not have contributions made for 4 years, their name is removed from the Register. This is then a cost to the employer that they would not have incurred in various other industries.<sup>56</sup>*

9.3.17 The Committee is concerned that a number of employees for whom contributions are made never get the benefit of it due to the fact that they leave the construction industry. The following exchange ensued in the evidence of TasBuild:

**Mr BOOTH** - *Can you comment on cashing out the long-service leave entitlement because of the transportability of people in the industry and the fact that a lot of them never end up getting any benefit out of this because they do not stay in the industry for the period that is required? It might be appropriate to look at the possibility of just simply adding that - currently it is 2 per cent - onto that*

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<sup>55</sup> KW McCollough Pty Ltd Submission, p2

<sup>56</sup> Dixie Emmerton, "TasBuild – Building and Construction Long Service Leave Fund," p3

employee's wage and they deal with it themselves. They bank it or it goes into their superannuation as an additional contribution or something rather than long-service leave.

**Mr ATKINS** - I have no doubt that there are a number of ways that can be achieved. My personal view - and this is irrespective of long-service leave - is that there is some advantage in having guarantee or security of those funds for the benefit of employees locked away somewhere, as opposed to being held in a company business. The progressive payment of that certainly does that to some degree, but also whether or not the Government's policy position on the benefits of long-service leave from a physical and psychological point of view need to be weighed into that. Long-service leave was not done because it was a nice thing to do. I am imagining that there was some justifiable rationale behind it because every State employee has legislation relevant to long-service leave. Portable long-service leave is in every State for the construction industry, so the policy benefit of psychological and physical issues of a long-term employee, whether it is with a single employer or a number of

employees in the construction industry, need to be considered in relation to that. If that policy position is important to Government then it is important that the funds are also available for payment of those entitlements when they accrue. That is just me speaking personally without a TasBuild hat on; there are some issues.

On whether long-service leave is a real benefit, I have been working since I was 15 personally and I have never had long-service leave and maybe that is my problem today. It is those sorts of issues and it is really for a government to say whether long-service leave is worthy to continue in the community and if it is worthy to continue how is it best funded.

**Mr BOOTH** - If you take into account the cost of administering this scheme and the likelihood that a lot of people never receive a benefit - even if they worked there eight years, for example, they might not get a benefit - then it may be just simply cheaper and easier to cash that out. I think in fact in some cases you can cash your long-service leave out anyway.

**Mr ATKINS** - We are not a leave fund. The board's policy position is that every employee should take the leave and it

would require a legislative change to do that. There are a number of arguments that employees will proffer as to why they do not want that changed - the ability to make the choice of leave or cash. Most people who take the cash use it as a deposit on a house. The younger ones in particular take the leave and then build a house so.

**Mr BOOTH** - Or they get another job somewhere else in the meantime.

**CHAIR** - This brings us to a point of contention. It is not our job here to argue with you whether this should be here or not, and you are being very frank and I thank you for that. I think the distrust of the whole thing comes in when people look at the arrangement and find that, as will happen with many of the employees of an organisation like KWMC, very few of them will qualify for the 10-year long service because they are in the IT industry, which means they will drift over to an IT job. They will be working here in Parliament in IT services or something for a couple of years here, then a couple of years there. Your organisation then pockets the loot. If that money for those four years that KWMC paid in here was repatriated back to

KWMC, 'Here's your money back. He didn't qualify', you would say, 'Who cares? I'm going to give the money to that organisation to put forward to this guy if he makes it. If he doesn't, I get it back.' But you guys are knocking it off because you need it to run your operation. I think there would be far more people prepared to pay or feel happier about the whole thing if it was more genuine in that case. How many people annually, for instance, do you pay out? How many weeks is it for 10 years' service?

**Mr ATKINS** - It is 13 weeks. In 2010, it was 465 people. That was a record year.<sup>57</sup>

9.3.18 The Committee received further information in relation to TasBuild's administration costs. TasBuild's annual report indicates that for the year ended 30 June 2010, the costs for salaries and associated expenses were \$500,000, and general administration expenses were \$439,000.<sup>58</sup>

## Findings

9.3.19 That the cost of the portable long service leave scheme to employers in the building industry has increased dramatically in the past few years, in

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<sup>57</sup> Atkins, Hansard, 25 January 2011, p81-82

<sup>58</sup> TasBuild Annual Report for the year ended 30 June 2010



one example provided to the Committee from \$115 per month prior to 2008 to \$889 in 2011.

9.3.20 The Committee finds that there is a major inequity between different industries of workers, given that employment in many industries is now much more portable, however those industries do not have a scheme such as this.

9.3.21 The Committee finds that the existence of the long service leave scheme means that when the scheme loses money the industry pays a higher rate, and this is directly affecting the cost of building in Tasmania.

9.3.22 The Committee finds that the scheme may make it difficult for local businesses such as joineries to compete with imports, businesses that do not have the same costs.

9.3.23 The Committee is concerned that the Government has draft legislation in circulation which appears to have as its aim the removal of doubt as to the scope of its collection zone by redefining building industry participants. It is no longer just carpenters, plumbers and electricians that occupy a building site, indeed the draft legislation has a very wide scope.

9.3.24 The Committee expresses deep concern at what appears to be the requirement for many new players to be forced to join the scheme particularly now that the scheme is costing many times what it did just a few years ago.

9.3.25 While the purpose for which the scheme, now administered by TasBuild, may have been justified when it was set up, clearly this is no longer the case.

## **Recommendations**

9.3.26 The majority of the Committee recommends that TasBuild be required to present a proposal within 12 months for the winding up of its scheme which returns the current monies held to the beneficiaries.

9.3.27 The majority of the Committee recommends that the matter be referred to the appropriate body for consideration of an Award or Superannuation increase to cover the previous benefit, ensuring workers in this industry have access to long service leave award provisions that all other Tasmanian workers enjoy.

9.3.28 Mr *Best* and Ms *White* dissented from the recommendations made in paragraphs 9.3.26 and 9.3.27, for the following reasons:

- Portable Long Service Leave allows workers to transfer their accrued entitlements for long service from employer to employer in recognition of the itinerate nature of their work in the construction industry.

- It is a fair system which is supported by industry and workers. It enables workers in the construction industry to enjoy similar long service leave benefits to other workers in Tasmania and interstate.
- Every jurisdiction in Australia has similar portable long service leave schemes which have operated successfully for many years.
- Any move to discontinue the current scheme would disadvantage Tasmanian workers and would act as a disincentive to new and existing workers who we should be encouraging to remain in the construction industry.
- It is noted in information received by the Committee, by letter dated 7 February 2011, from Mr Chris Atkins Chief Executive Officer of TasBuild, the Tasmanian scheme has the second lowest contribution rate of similar funds in Australia.
- Mr Atkins points out - when comparing the contribution rates

of the Tasmanian State Scheme and the TasBuild Scheme – businesses are receiving a discount of 20% on their costs for long service with TasBuild.

#### 9.4 **Building Permit Levy**

9.4.1 The Committee received evidence in relation to the building permit levy.

9.4.2 The submission from Workplace Standards Tasmania provides the following general information about the levy:

##### ***Building Permit Levy***

- *Under section 270 of the Building Act a building permit levy is payable by applicants for a building permit before a permit is issued.*
- *A building permit levy is considered to be a fair means to raise money to cover the administration of the Act. It is paid by consumers of building work rather than from general revenue measures. When the Tasmanian Building Bill 1999 was being drafted a levy was already in use in Victoria and New Zealand.*
- *The 1999 Regulatory Impact Statement of the Building Bill 1999 concluded that the cost of the levy would generally be passed onto the owners of building work. It was estimated that there would be a net*

benefit to owners as a result of higher quality and standards of work by accredited building practitioners and more efficient building industry and improved performance-based standards.

- The levy returns are paid into the Building Administration Fund, which can be used for:
  - The administration of the Building Act; and
  - Any other purpose relating to building and plumbing matters the Minister determines.

**Types of work covered by the levy and threshold**

- A building levy is payable for all building work that requires a building permit and related plumbing work undertaken in the State where the cost of the work is more than \$12,000 (see regulation 52A of the Building Regulations 2004).
- The cost of the work includes labour and materials plus GST.
- If there is no contract price, the relevant building surveyor must provide an estimate of the cost of the works. If the Permit Authority considers that an estimate is too low, it may query the amount and request proof that it is an

*accurate reflection of the real cost of the work. Construction costs guides can be consulted for guidance.*

- The levy payment is also intended to be collected where persons have performed work illegally, for example performed work without a building permit. Amendments to the Act are proposed in 2011 to clarify that this is the intent of the legislation.....*

#### **Levy rate**

- The levy is calculated at the rate of 0.1% of the estimated cost of the building work. That is \$1 per \$1,000. The levy rate is prescribed in the Building Regulations 2004, regulation number 53. The levy itself is GST free*
- The levy rate has not increased since the Act and Building Regulations 2004 commenced in 2004.....*

#### **Who pays the levy**

- The applicant for a building permit pays the levy. That is the owner or their agent.<sup>59</sup>*

9.4.3 The submission of the Master Builders' Association of Tasmania supports the levy, stating as follows:

*The two primary levies affecting the Building and Construction Industry are the Building Act levy and the Tasmanian*

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<sup>59</sup> Workplace Standards Tasmania Submission, p11-12

*Building and Construction Industry Training Board levy. Combined, these two levies add 0.3% to the cost of construction, however the Association supports both levies as they provide funding for industry training and accreditation, auditing and enforcement of the Building Act 2000.*<sup>60</sup>

9.4.4 However, the use of the levy was questioned in the evidence of HIA, who stated as follows:

*For our part we have never seen any explanation of what that fee is ultimately used for. The industry is of a cynical view that it is used to fund internal operations and consolidated revenue of Workplace Standards. We have yet to see any accounting or auditing that suggests the fee is being applied in some meaningful way to better the industry. We were assured when it was introduced that there would be a review after a couple of years to see whether or not it was still required because we were entering into a brave new world of licensing and the like and they were not sure what they were getting into. So there is a fee that is just sitting there getting paid, day in day out, and I would suggest that it is probably forming part of the revenue that underpins the*

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<sup>60</sup> Master Builders' Association of Tasmania Submission, p13

*department as opposed to doing anything to take the Building Act or the industry forward.<sup>61</sup>*

9.4.5 A response to the above comment was provided by the Director of Building Control as follows:

*The levy is used for the betterment of the industry and pays for the regulatory activities of government delivered by the Building Control Branch. This includes publications, giving of advice, research, developments of the BCA and the PCA, registration of owner builders....the levy is not paid by builders and is paid by the land owner.<sup>62</sup>*

9.4.6 The Committee notes that the Building Permit Levy is used to fund the Building Control Branch of Workplace Standards Tasmania. The submission of Workplace Standards Tasmania states as follows:

*No money from Consolidated Revenue is used to fund the Building Control Branch. Income streams:*

- 1. The Building Administration Fund*
- 2. Fees for the Accreditation of Building Practitioners*

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<sup>61</sup> Clues, Hansard, 24 January 2011, p4

<sup>62</sup> Director of Building Control – Comments on the Oral Submissions given to the Select Committee on the Costs of Housing, Building and Construction in Tasmania, p3



3. Other fees (Building Appeal Board fees).<sup>63</sup>

9.4.7 In regards to the use of the Building Administration Fund, the Committee received the following evidence:

***The Building Administration Fund (BAF)***

- *The Building Administration Fund is established by the Minister for Workplace relations under section 271 of the Building Act.*
- *Building permit levy fees collected by council Permit Authorities are deposited into the Building Administration Fund.*
- *The funds are used to administer the Act through the establishment of the Building Control Branch of Workplace Standards Tasmania, which is overseen by the Director of Building Control.....*

***Examples of some activities funded from the BAF that benefit industry and the community:***

- *Training – of Accredited Building Practitioners and council staff.*
- *Publications and projects.*
- *Advice to government, practitioners and the public.*
- *Owner builder advice and registration.*
- *Audits of Accredited Building Practitioners, owner builders and councils. The Building*

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<sup>63</sup> Workplace Standards Tasmania Submission, p5

*Control Branch has three full time Audit and Compliance staff.<sup>64</sup>*

9.4.8 The importance of the audit and compliance function was emphasised in the evidence to the Committee from Kerrie Crowder, Director of Building Control, during which the following exchange occurred:

**Mrs CROWDER** .....Basically the whole concept of the act is to protect the public, so making sure that they have insurance, that they keep up to date with their CPD et cetera are all for public protection.

**Mr BOOTH** - So you would be able to provide the committee with evidence to support the fact that it has resulted in some sort of protection?

**Mrs CROWDER** - Yes. If a complaint is made against a building practitioner for any reason we investigate and we have the ability to suspend, send them off for professional development, cancel their licence et cetera, so that is a public protection.

**CHAIR** - This is not the Building Appeals Board; this is your Building Control branch?

**Mrs CROWDER** - Yes. The Building Appeals y separate to the branch. They deal with things such as the decisions that I make

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<sup>64</sup> Workplace Standards Tasmania Submission, p13

against building practitioners for unprofessional or conduct.

**Mr BOOTH** - Have any builders been disciplined in the last 12 months?

**Mrs CROWDER** - Yes, and cancelled.

**Mr BOOTH** - How many?

**Mrs CROWDER** - I will give you the figures. We made Today Tonight on a builder that we have cancelled but he went off to Queensland. He was registered in two States and they have since cancelled him as well, but I will give you all the figures. In the 12 months until now - December - we received 22 complaints in relation to the conduct of accredited building practitioners. They included 12 matters in relation to building, five complaints against building surveyors, three complaints against building designers and two complaints against the conduct of an engineer. Of the complaints, seven practitioners were found guilty of unsatisfactory professional conduct or professional misconduct; a further two practitioners were found not guilty and there were three matters dismissed without investigation. One had previously been the subject of a complaint where the practitioner was found guilty. Two were resolved and the complainant

*did not wish to cooperate further and one was dismissed due to the particulars not being provided. A further complaint was suspended due to the practitioner not being currently accredited. Three of those have appealed against the decision of the director and they are before the appeals board.*

**CHAIR** - *That will go to the Buildings Appeals Board?*

**Mrs CROWDER** - Yes.<sup>65</sup>

## **Findings**

9.4.9 The Committee finds at present that the Building Act Levy is paying for the Director of Building Control and staff, and that benefit is being derived from the use of the levy which is self-regulating in terms of cost growth of administration of the levy.

## **10 COST OF BUILDERS REGISTRATION FEES**

- 10.1 Term of Reference (f) requires the Committee to inquiry into and report on the cost of builders' registration fees.
- 10.2 The Committee received evidence as to builders registration fees, as well as fees for plumbing contractors. These are each considered separately below.

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<sup>65</sup> Crowder, Hansard, 8 December 2010, p2-3

### 10.3 **Builders Registration Fees**

10.3.1 The following general information was provided in the submission from Workplace Standards Tasmania:

#### **Background**

*The following information relates to the Building Practitioner Accreditation Scheme administered under the Building Act.*

#### **Building Act Accreditation Scheme**

*Accreditation of building practitioners under the Building act is designed to protect consumers by ensuring that practitioners are taking responsibility for the many components of a building project are clearly identified, knowledgeable, experienced and covered by the requisite insurances.*

#### **Fees for accreditation of building practitioners**

*The accreditation provisions of the Building Act apply to these categories of building practitioner:*

- Architect*
- Building designer*
- Engineer*
- Civil Designer*
- Building Services Designer*
- Builder (including Demolisher)*
- Building Surveyor*

- Accreditation is not occupational licensing. The accreditation provisions of the Building Act do not require the licensing of tradespersons. For example, carpenters, bricklayers etc pay no accreditation fees as there is no requirement for licensing of building occupations or trades.
- Only the responsible builder, designer or assessor who either manages or carries out building work over \$5,000 that needs a building permit needs to be accredited (reference s.23 of the Building Act).
- It is proposed that the current monetary threshold of building work be increased to \$12,000 by an amendment of the Act in 2011.

#### **Accreditation Fee Level**

- Fees are set on a full cost recovery basis, with the annual accreditation fee currently being \$326.40.
- No major changes have been made to these fees since 2007. Fees are subject to annual incremental increases under the Fee Units Act to keep pace with CPI.
- Provision for an accreditation fee:
  - The accreditation fee for Accredited Building Practitioners are prescribed in the Building Regulations 2004, after amendments to those Regulations in 2007.

- See *Building Regulations 2004*:
  - 53A Application Fee.
  - 53B Annual Fee.
  - 53C Replacement of Certificate fee.<sup>66</sup>

10.3.2 The submission of Workplace Standards Tasmania provides a comparison of builders licensing fees in other jurisdictions<sup>67</sup>:

<b>Jurisdiction</b>	<b>Application fee for a new builder entrant \$</b>	<b>Renewal fee \$</b>
<b>Tasmania</b>	163.20	326.40 (1 year)
<b>South Australia</b>	168	353 (1 year)
<b>Western Australia</b>	269	306 (1 year)
<b>Victoria</b>	540	180 (1 year)
<b>Northern Territory</b>	230	690 (2 years)
<b>Queensland</b>	582	265.20 (1 year)
<b>New South Wales</b>	566	378 (1 year)
<b>Aust Capital Territory</b>	203	436 (1 year)

<sup>66</sup> Workplace Standards Tasmania Submission, p14-15

<sup>67</sup> Workplace Standards Tasmania Submission, p20

10.3.3 The submission from the Master Builders Association of Tasmania also comments on the cost of builders registration and notes that they are in line with other jurisdictions:

*Builder registration costs for Tasmania are in line with those in other states and they add very little to the cost of construction, even taking into account the CPD requirements of the Building Act 2000. The Association supports the current model, including the CPD component.<sup>68</sup>*

10.3.4 However, the submission from the Housing Industry Association argues that the CPD requirements add to the cost of builders registration:

*The cost of builder licensing in Tasmania is among the lowest in the nation. However, in addition to the cost of builder's registration and renewal, builders in Tasmania are required to undertake continuing professional development activities and be able to substantiate the attainment of at least 12 CPD points each year. The cost of undertaking this professional development is estimated to be at least \$1,600 per annum. Mandatory*

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<sup>68</sup> Master Builders Association of Tasmania Submission, p13



*CPD only applies in New South Wales and Tasmania.<sup>69</sup>*

10.3.5 In regards to the use of the levy, the submission from Workplace Standards Tasmania provides the following information:

***Expenditure of Revenue derived from Accreditation Fees***

- Revenue is used for:
  - Administration of the Building Practitioner Accreditation Scheme.
  - Payment of the staff salaries for staff engaged in the Building Practitioner Accreditation section.
  - The Director of Building Control investigates complaints of unsatisfactory professional conduct made against building practitioners and conducts audits of the work of practitioners. Professional conduct may result in the loss of accreditation.
  - The Building Control Branch has employed a Continuing Professional Development Officer. The Workplace Standards Tasmania website has listings of

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<sup>69</sup> Housing Industry of Tasmania Submission, p17

*upcoming CPD events. A wide range of activities is available including training courses and learning opportunities offered by Workplace Tasmania industry groups or other training organisations.<sup>70</sup>*

10.3.6 The Committee received evidence that, for practitioners involved in a number of different aspects of the building industry, the imposition of fees for multiple endorsements can be prohibitive. The following extract from the evidence from one such building practitioner and his wife illustrate this issue:

**Mr Quon** – ....*the thing with the fees at the moment is that there is a fee set-up for building, licensing and any additional add-on to that, say drafting, for instance, and now with the new plumbing regulations coming into being, which I believe soon will incorporate air conditioning, we still have two head fees, one for building and a secondary one for drafting, a head fee for plumbing and an additional fee for air-conditioning.*

**Chair** – *Do you pay all those?*

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<sup>70</sup> Workplace Standards Tasmania Submission, p16

**Mr Quon** – Yes. I just wonder why they can't all be put under a heading, 'building.' As a plumber said, for an additional thing like thermostatic mixing valves, why should you have to pay another fee if you are already a registered plumber? If the building industry is all together, why should you have to pay an additional fee for plumbing if you are already a builder?

**Mr Booth** – To clarify that, you are not talking about council fees, you are talking about registration fees?

**Mr Quon** – Yes, registration fees.

**Mr Booth** – You are saying that if you are a qualified practitioner, it does not matter what you are, you should pay a fee to get a card to say you are a builder, a plumber or whatever and there should be no add-on fees?

**Mr Quon** – No, no other add-on fees. The reason being that one person can only work 40 hours a week. We are not supposed to be working 40 hours anyway but we are and probably more. You cannot earn any more than that, so why have an additional fee?....You cannot split yourself in half and work a full year as a plumber and a full year as a builder and

then pay these additional fees. You can only work the 40 hours a week.

**Mrs Quon** – If I could come in here and ask a question of the committee. Do you have the privilege of paying \$160 a week out of your own pocket before you can go out the drive to go to work?.....That is what it costs us, \$160 a week in fees and registrations to come out our gate....That is not taking into consideration, running your work van. That is not taking into consideration Yellow Pages advertising, if you can afford to have it. That is before we even come out the gate....

**Mr Booth** – That works out to \$8,340 a year for the record of Hansard.

**Mrs Quon** – Because my husband has taken years and years of study and extra training – he is a carpenter, a plumber, a building consultant, a draftsman and he does air conditioning, he is multi-skilled and that was his choice – he is being penalised for it with fees. He is being penalised for 40-odd years of gaining extra qualifications and knowledge.

**Mr Booth** – Is that getting to the point now with that level of fees where it means that you will have to stop doing some of the work – for example, something that you do

*less often – because the fee associated with that is just too high to make it worth staying in there?*

**Mr Quon** – *It certainly is getting towards that now – it is practically at that stage. We have been struggling to pay the fees. That cannot continue.*<sup>71</sup>

## **Findings**

10.3.7 The Committee finds that the cost of builders' registration fees appear to be in line with National levels. The industry appears to find the level acceptable, particularly compared to the fees set under the previous private certification model.

10.3.8 The Committee finds that for practitioners involved in many different aspects of the building industry, the imposition of fees for multiple endorsements can be onerous and inhibit practitioners from developing new skills and leads to higher registration costs.

## **Recommendations**

10.3.9 The Tasmanian Government should continually monitor builders' registration fees to ensure they remain reasonable, revenue neutral, and applied only to the processes required to maintain a register of building practitioners.

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<sup>71</sup> Quon, Hansard, 10 June 2011, p22-24

10.3.10 That registration should be a single fee with no additional fee for additional endorsements.

#### 10.4 **Cost of registration fees – Plumbers**

10.4.1 The consideration by the Committee of this matter arose from the House of Assembly's decision to disallow regulations which proposed to set in place a new National Occupational Licensing Scheme.

10.4.2 The background to this issue is explained in the following extract from the evidence of United Plumbers Tasmania:

**Mr Booth** – *I will briefly lay out the situation that has resulted in the plumbers being here before the Committee today. It effectively occurred as a result of a regulation laid on the table of the House by Minister David O'Byrne under the National Occupational Licensing System which saw a fee schedule deliver a 1,200 per cent fee increase to plumbers. I put a disallowance motion to the House and subsequent to that my office and every member's office has been contacted by plumbers extremely concerned about the situation. In fact, we saw plumbers who were leaving the industry as a result of the barriers to entry, barriers to retention massive fee increases and a number of other matters.*

So pursuant to that we did call a public meeting which was held at Henty House and 62 plumbers turned up.....Subsequent to that, Parliament then disallowed the fee schedule as a result of support from that plumbers meeting. There was also a discussion held...at the meeting, about the fact that the whole Act needed some form of review. It was not just about the charges; it was about a whole lot of aspects to do with the National Occupational Licensing System that needed review It was not just about the charges; it was about a whole lot of aspects to do with the National Occupational Licensing System that needed review and even the question as to whether we in Tasmania stayed within that system or whether there was an alternative model....

**Mr Foley** – ...Your committee, we believe was formed to investigate costs incurred in the housing, building and construction industry in general. Our section of the industry, plumbing and gas fitting, has recently been subjected to the attempted introduction of a fee structure that could only be described as obscenely overpriced and the formulation of these

*fees, to say the least, was very vague and cloudy. The fees would have inflated costs to the consumer, about which there is no doubt.....Fortunately, after much lobbying, these fees were repealed in Parliament and we now await correspondence from Workplace Standards to see what the future brings.<sup>72</sup>*

10.4.3 Aside from the cost of registration, the United Plumbers of Tasmania also raised additional concerns with the potential National Occupational Licensing Scheme as follows:

*Why do we need an Occupational Licensing Act? When Workplace Standards have been pressed for answers to this question, generally the answer is 'We need to clean the industry up.' To do that we will establish a department with nine staff – administrator, manager, IT expert, three office staff, three investigators. To fund this department, management freely admit all fees are to be spent on implementing and administering of the OLA and the National Licensing System. So in fact this board was going to be funded by registered plumbers who are fully trained and qualified, with registered businesses, ABNs, ACNs, fully insured with*

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<sup>72</sup> Foley/Oldenhof/Simpson/Curtis, Hansard, 10 June 2011, p1-2



extensive tools and competent vehicle transport, IT communications systems, funding availability for at least several weeks work before payment might arrive, as well as estimating and quoting capability. Now, they add this exorbitant registration fee to their static and fixed costs and justify all these costs to the consumer.

It is important to note that in the building fees there are already costs for plumbing inspections et cetera. Do we need a national licensing system? We must point out that we are basically a local, essential service industry. When Workplace Standards were questioned about this they argued the need for portability of licenses. It was very important for the harmonisation and the movement of registered tradesman between States and Territories. We find this very difficult to accept....We are aware of local plumbers who have worked in at least four different States over their working lives and have had no difficulties in obtaining their plumbing licenses in each State based on existing reciprocity agreements recognising their original training qualifications.<sup>73</sup>

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<sup>73</sup> Foley, Hansard, 10 June 2011, p3

10.4.4 Information provided by Workplace Standards  
Tasmania provided the following information in  
relation to the rationale for the NOLS system:

*At its 3 July 2008 meeting, COAG acknowledged that Australia's overlapping and inconsistent regulations impede productivity growth. Without change Australia's future living standards would be compromised, the competitiveness of the economy reduced and our ability to meet the challenges posed by an ageing population diminished.*

*Many of the challenges facing the economy can only be addressed through more effective Commonwealth-State arrangements. By moving towards a seamless national economy through the reform of business and other regulation. COAG's reforms will make it easier for businesses and workers to operate across State and Territory borders. These reforms will make life simpler for businesses and consumers, while continuing to provide the necessary protections and access for consumers and the community.<sup>74</sup>*

## **Findings**

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<sup>74</sup> National Licensing System for Specified Occupations, Decision Regulation Impact Statement, April 2009, p5

- 10.4.5 The recent passage of the National Occupational Licensing System (“**NOLS**”) legislation has led to new Regulations regulating the cost of plumbers registration fees. These Regulations were disallowed in the House of Assembly and the issue has been taken up by this Select Committee for consideration.
- 10.4.6 A series of meetings between some MPs, representatives of the plumbing industry and departmental personnel, have been unable to resolve the matter to general satisfaction, however a number of positive developments have been agreed to.
- 10.4.7 The Committee finds that in the absence of broad agreement to impose the NOLS provisions upon the plumbing industry in Tasmania, the Parliament should consider amending or repealing the NOLS legislation to avoid direct and unnecessary imposts on the cost of building in Tasmania.

## **Recommendations**

- 10.4.8 That agreement be reached with the Tasmanian plumbing industry on a fee which reflects the cost of maintaining a register of plumbing practitioners.

## **10.5 Continuing Professional Development**

- 10.5.1 The Committee received evidence in relation to the continuing professional development

requirements (CPD) for all categories of building practitioners.

10.5.2 The *Building Act 2000 (Tas)* provides that the Minister can approve a scheme for the accreditation of building practitioners, relating to the following:

- (a) the accreditation of building practitioners in categories and classes;
- (b) the minimum qualifications, experience or competence required for the categories and classes;
- (c) a code of conduct with which accredited building practitioners must comply;
- (d) a process for dealing with complaints relating to the conduct of accredited building practitioners;
- (e) audits of accredited building practitioners;
- (f) the requirements for professional development of accredited building practitioners;
- (g) any other matter determined by the Minister.<sup>75</sup>

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<sup>75</sup> *Building Act 2000 (Tas)*, s19

10.5.3 Application for renewal of accreditation as a building practitioner requires that the practitioner has complied with the professional development requirements established under the scheme.<sup>76</sup>

10.5.4 With regard to CPD requirements, the current scheme authorised by the Minister can be summarised as follows:

*CPD broadly includes, but is not restricted to:*

- *Formal education and training activities.*
- *Informal learning activities.*
- *Conferences and meetings.*
- *Presentations and papers.*
- *Service activities.*

*CPD consists of a variety of learning activities and must be relevant to a practitioner's area of practice. CPD may include any activity that enables the practitioner to:*

- *Extend or update their knowledge, skill or judgment.*
- *Become more productive.*
- *Understand and apply advances in technology.*
- *Face changes in the industry.*

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<sup>76</sup> *Building Act 2000 (Tas)*, s29

- Improve their individual career paths and opportunities for advancement.
- Better serve in the community.

### **CPD Requirements**

One CPD point equates to one hour of learning activity.<sup>77</sup>

<b>Category of Accredited Building Practitioner</b>	<b>CPD Points required per year</b>
Builder	12
Construction manager	12
Fire Protection Services Builder	12
Demolisher	12
Architect	20
Building Surveyor	30
Assistance Building Surveyor	30
Building Services Designer	20
Building Designer	20
Engineer	30
Civil Designer	20

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10.5.5 Some submissions raised these requirements as a factor that increases the costs of building and construction in Tasmania. For example, the submission from the Housing Industry Association states as follows:

<sup>77</sup> <http://www.wst.tas.gov.au/industries/building/bpa/cpd>

<sup>78</sup> <http://www.wst.tas.gov.au/industries/building/bpa/cpd>

*The cost of builder licensing in Tasmania is among the lowest in the nation. However, in addition to the cost of builder's registration and renewal, builders in Tasmania are required to undertake continuing professional development activities and be able to substantiate the attainment of at least 12 CPD points each year. The cost of undertaking this professional development is estimated to be at least \$1,600 per annum. Mandatory CPD only applies in New South Wales and Tasmania.<sup>79</sup>*

10.5.6 The evidence before the Committee demonstrated that there is concern as to the usefulness of the courses available, and that the mandatory nature of CPD encourages a culture of compliance for the sake of complying, rather than gaining useful knowledge and engaging in topics which interest participants. For example, the evidence of the Housing Industry Association stated as follows:

*From purely a policy point of view, I would like to see less mandatory and more voluntary and when you mandate anything, I think it creates a certain degree of problems. One of the problems we see associated with the CBD is that you get*

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<sup>79</sup> Housing Industry Association Submission, p17

*people doing courses they're not really interested in purely to comply. You get people sending people along to programs that are done as a refresher program and they're not getting the true value. I think one of the challenges for the industry, including the HIA, is to continue to provide people with a variety of new courses and expanding people's knowledge.<sup>80</sup>*

10.5.7 The Committee received numerous comments from practitioners that they did not obtain benefit from the majority of mandatory CPD courses on offer. The following are some examples of such comments:

*I did a 'How to draw a site plan' course recently to get the last of my points. I draw 200 houses a year so I drew that. I go through the HIA with a lot of mine so I do a lot of the builders courses because there's nothing available for us, which is not a problem. I do a lot of builders courses and sit there with builders who have been working in the trade for a fair while; they know 90 per cent of the stuff. The HIA is always going to move that, but I have sat through the same course every year for three or four years at a cost of \$300 to get towards my 30 points....The HIA and the*

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<sup>80</sup> Clues, Hansard, 24 January 2011, p6



*MBA offer the cleanest courses. They are the best done. You have to do a certain amount of work for your points; there's nothing slack about them. There is a guy in Hobart. You pay him \$1 000 a year, or whatever the cost might be, and he sends you a video to watch. Quite a lot of clients that I speak to who are accredited have said, 'We put it in the too-hard basket and get our points.'<sup>81</sup>*

*I do not believe that there are benefits. Here in Victoria CPD is not compulsory. It is in New South Wales and it is in Tasmania. It is seen by most, and probably all I would dare say, as a revenue stream for trade associations only. Prior to CPD being made compulsory, the trade associations and also the bigger suppliers provided the information that we are talking about - from a supplier's point of view they presented their products and so on and so forth. Now they present them through a trade association-organised evening where they charge money for it. I'm not quite sure how we have managed to turn it around to that extent. Let us look at the situation in Queensland for argument's*

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<sup>81</sup> Connors/Van Zetten/Dykman, Hansard, 3 February 2011, p19-20

sake - and whether we like it or not we can take a leaf out of their books because they have a long proven track record up in that State. Last year alone the QBSA - and I am not saying Tasmania should have one of these - but nothing alters the fact that at no cost to registered builders they conducted 96 trade nights throughout the State which incorporated financial management and business, and so on and so forth. That is 96 throughout the State, so every builder had the opportunity to go along to an evening and be involved in all of the types of things that we are talking about through this compulsory CPD at no cost to the registered builder.<sup>82</sup>

What we all hate is the beer and pizza point which we all laugh about that a lot of people get. There is a requirement to get the points but nobody really cares how you get them. As long as the number adds up to twelve per year.... I think it is 36 over the three years. There are 22 in category 1. I think it is split. It is an interesting point. Even before CPD came in I was advocating that I did not believe our industry was professional enough. I thought there were

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<sup>82</sup> Dwyer, Hansard, 18 February 2011, p30 -31

far too many and there still are really - registration has not done what I think it could have done. It let everyone who was already pushing the boundaries when it came in to automatically get a ticket and they now walk around and say that they know everything<sup>83</sup>.

CPD is probably the biggest ongoing headache that we all have. HIA offer various courses. MBA, if you happen to be a member of MBA, offer courses to their members. I am a member of HIA. To keep up with the number of points on an annual basis is quite a drama, to be honest. You can only go to so many first-aid courses; you can only learn how to waterproof a bathroom so many times. I have just finished, last year, a course going through the BCA on framing. I probably will not need to do another one of those, not that I really needed to do it, but you have to accumulate this mass of points on an ongoing basis.... how many times do you need to learn how to waterproof a bathroom?....That is the big issue, I find, that there are not enough interesting courses that you can go to and that are

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<sup>83</sup> Glanville, Hansard, 18 February 2011, p62-63

*relevant to what we do....We go to work at 8.30 a.m. and knock off at 5.30 p.m. and it is hectic and very, very busy and then we have to go and listen to somebody talk about something that is second nature to what we do every day of the year.<sup>84</sup>*

*I'd be more inclined to go to tech college than go to some of the organisations that put on dinner and a five-minute spiel by a guest speaker to obtain their points, or something sent to them in the mail that they can read. I have done some CPD points. Some of the CPD points, or the acquiring of them, do not amount to anything except that you are obtaining points. I don't think there's any real learning in them....I went to a trade opening the other night and that was just a beer and a look around the hardware store and I got two points. They can't really justify two points out of that.<sup>85</sup>*

## **Findings**

10.5.8 The Committee finds that the current mandatory CPD requirements for building practitioners do not all result in value for money in the courses available.

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<sup>84</sup> Potter, Hansard, Hansard, 18 February 2011, p47-51

<sup>85</sup> Quon, Hansard, 10 June 2011, p27-28

10.5.9 The Committee finds that many current CPD courses on offer appear to be not of value to practitioners, and can be seen as social occasions or industry body recruitment opportunities, that have little or no relevance to professional development.

### **Recommendations**

10.5.9.1 The industry would be better served with voluntary CPD.

10.5.9.2 Building industry groups should be encouraged to promote CPD by its members, possibly as a requirement of membership.

10.5.9.3 Specific mandatory CPD could be ordered by the Director of Building Control where the practitioner has been found in breach of compliance issues.

## **11 OTHER MATTERS INCIDENTAL THERETO**

11.1 Term of Reference (g) requires the Committee to inquire into and report on other matters incidental thereto.

### **11.2 Dispute Resolution in the Building industry**

11.2.1 The Committee received evidence in relation to dispute resolution in the building industry.

11.2.2 The evidence demonstrated that there is a need for a more effective dispute resolution process in

the building industry. The Committee received various examples of consumer protection issues in relation to workmanship, failure of contractual obligations, and the failure to carry out regulatory functions. In most cases it would appear that the lack of an easily accessible disputes court is the overriding problem of resolution. Even in cases where culpability is obvious, the only process to turn those facts into a binding reparation is via the Supreme Court, for which most matters require up to \$20,000 for even a basic case. The material hurt is therefore multiplied as the ability to find that \$20,000 is compromised by the likely loss on the building project.

11.2.3 The following submission from a home-buyer demonstrates this problem:

*My husband and I recently purchased a just completed new home in Perth.*

*The home was built by an owner-builder who has now moved interstate.*

*The home is in poor condition due to bad workmanship and non-compliance in many aspects with the Building Code of Australia.*

*Your inquiry is into the cost of building in Tasmania. I would like to submit our situation for consideration, particularly as it*

*relates to the accountability of Local Government officers who carry out inspections on building projects.*

*I wonder why local government costs for development and building are so high if the services they provide are not accountable.<sup>86</sup>*

11.2.4 This witness further elaborated in evidence before the Committee, describing the lack of options she had to resolve the matter without incurring significant cost. The following exchange occurred:

**CHAIR** - *What I am really interested in is what you now do for reparation. If it is now down to you to initiate a legal case against the council, well that is damned expensive.*

**Ms DAVEY** - *It is. I had to pay a \$1 500 up-front fee.*

**CHAIR** - *To your lawyer?*

**Ms DAVEY** - *To a lawyer.*

**CHAIR** - *Has your lawyer got this underway?*

**Ms DAVEY** - *I took the fee in yesterday because they said there is more hope of getting money out of them than the builder.*

**Ms WHITE** - *The council, you would think, would be liable.*

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<sup>86</sup> Davey, Submission, p1

**CHAIR** - Yes, you would think so.

**Mrs DAVEY** - They should be liable. It has ruined my -

**CHAIR** - But it is a feature of our legal system that so many cases and so much justice has forgone because people can't afford to buy it. You have to have money, upfront, to brief a lawyer and get in the game even, don't you?

**Mrs DAVEY** - That's right.

**CHAIR** - Then they can muck you around against the council's lawyer, which is open-ended.

**Mrs DAVEY** - I don't want this to go on for years. It has already taken 12 months. I was so sick last year over it and I guess I don't want another 12 months of that either. I want it to be finalised. I have a builder coming next week to try and get it fixed before the winter. I did ring Protek, but Phil Connors was on holiday when I rang. So then I had to get all these other builders in to come and check the job. It has been an absolute nightmare for us.

**CHAIR** - Yes, it has, and it's awful for you. Clearly, there is a gap in our processes.

**Mrs DAVEY** - There is, in council.

**CHAIR** - This inquiry is about the cost of building. If this sort of stuff is happening to



*you, it's happening to others, and therefore there's a cost to building, and we need to know about that.*

**Mrs DAVEY** - *It is the cost of building. On top of our house, we have another \$33 000 to fix the problem plus legal fees.*<sup>87</sup>

11.2.5 The Committee received evidence from Mr. Ormerod, General Manager of Workplace Standards Tasmania, who indicated that dispute resolution in the building industry was currently under consideration and that the aim was to have the new system running by 1 July 2012.<sup>88</sup>

## **Findings**

11.2.6 The Committee finds that the current processes for dispute resolution in the building and construction industry are highly ineffective and do not provide acceptable resolution of complaints, and that an improved dispute resolution process must urgently be developed.

11.2.7 The Committee considers that recent history and movements around the building industry mean that Tasmania is in a position to design and implement a best practice model to meet contemporary needs.

11.2.8 The Committee finds that interstate systems of dispute resolution should be investigated for their

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<sup>87</sup> Davey, Hansard, 3 February 2011, p45

<sup>88</sup> Ormerod, Hansard, 23 August 2011, p19

efficacy when developing a new process in Tasmania.

11.2.9 The Committee finds that it needs to investigate further and make recommendations in relation to an appropriate building dispute resolution process for Tasmania in its final report.

### 11.3 **Owner Builders**

11.3.1 The Committee received evidence in relation to owner builders.

11.3.2 The submission from Workplace Standards Tasmania provides the following background information in relation to owner builders:

*Building Control Branch has operated a formal system for the registration of owner builders under the Building Regulations 2004 since 2007. Owner building is still a significant sector of building work in Tasmania, especially for domestic work or alterations. 1355 owner builder registrations were granted in the period 2009-2010. Some building work by owner builders such as outbuildings (Class 10 structures) is not required to be registered. The Building Control Branch employs two full time staff on registration tasks. Other staff time is also spent on providing advice producing publications etc. There is a need to recoup Workplace Standards*

*Tasmania costs of employing registration staff. Also there is an unmet need to employ a dedicated owner-builder audit and compliance officer.*

*Owner builders currently pay no fees for their registration. Therefore all costs of owner builder registration are entirely borne by Workplace Standards Tasmania from the Building Administration Fund. Tasmania is the only jurisdiction registering owner builders that does not charge a fee for registration. Consideration is being given for the introduction of a fee to cover the substantial administrative costs of the registration system.<sup>89</sup>*

11.3.3 The main area of concern for the Committee was the restrictions placed on owner builders.

11.3.4 The following information regarding the restrictions placed on owner builders is set out in the following extract from the Owner Builder Kit prepared by Workplace Standards Tasmania:

*WHY HAVE OWNER BUILDER RESTRICTIONS?*

*Provisions in the Building Act 2000 relating to owner builders are deigned to: -*

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<sup>89</sup> Workplace Standards Tasmania Submission, p17

- *Enable a reasonable outcome for genuine owner builders who intend to build on their own land;*
- *Reduce the number of builders (in the business of building) falsely claiming to be building their own home in order to avoid the mandatory insurance and accreditation provisions of the Building Act 2000;*
- *Protect consumers by ensuring that non-accredited persons who are in the business of building do not persuade unsuspecting clients to become "owner builders"*

*Also: -*

- *Limitations on owner builders reinforce the owner builder category as being separate from Accredited Building Practitioners who are allowed by law to carry on a business of constructing buildings. The owner builder provisions will not prevent genuine owner builders from building their own home or adding to their own home.*
- *Owner builders are limited to working on two buildings in 10 years on their own land.*

- *Restrictions on the work of owner builders are enforced in every other state and territory of Australia.*<sup>90</sup>

11.3.5 The Committee received information from the Director of Building Control in relation to the rationale for the restrictions on owner builders. It stated as follows:

*The Building Act 2000 established a system of accreditation of builders. Owner builders are an exception to that rule, but they are restricted to two buildings in ten years on their own land. If the number of owner builder constructed buildings was not restricted in any way, the Building Practitioner Accreditation system would be completely undermined*<sup>91</sup>.

11.3.6 The Committee raised the issue of owner builders with the Housing Industry Association, who identified the issue of owner builders employing unregistered trades-people. The following exchange occurred:

**CHAIR -** *On the issue of owner-builder rules, we understand there are many settings, particularly after the Building Act, whereby the industry argued very strongly for certain outcomes and built in that were*

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<sup>90</sup> Workplace Standards Tasmania, Owner Builder Kit, p6-7

<sup>91</sup> Director of Building Control – Comments on the Oral Submissions given to the Select Committee on the Costs of Housing, Building and Construction in Tasmania, p17

straight industry protection models. Why wouldn't you argue for that? You were saying earlier that many building principals believe that they should put really high walls up to stop others coming in. That is completely natural, that's what everybody does in every industry. Once we are in we don't want too much competition, we want it just nice. One of the moderators of building prices is competition and one of the areas of competition for registered builders is owner-builders. If there were very strong management and control on owner-builders, and there should be, do you believe the current settings protections for your industry are about right?

**Mr CLUES** - No.

**CHAIR** - You want them out altogether?

**Mr CLUES** - No, not at all. You've hit one of my pet topics. I am sure there is a divergence of views around this room and I'm happy to debate them. My view on owner-builders - and it's the view of HIA - is that we have absolutely no problems with people who are genuine owner-builders. If they want to genuinely strap on a nail belt and build their own home, shack or investment property, go for it. I do not have a problem at all, but that term

*'owner-builder' tends to get very confused with unlicensed builders. There is a whole market out there of people who are constructing homes on behalf of owner-builders who are unaccredited or unlicensed and we are saying that that is where the problem lies.*<sup>92</sup>

11.3.7 Contrary evidence was received from the Director of Building Control as follows:

*Investigations by the Director have revealed that most owner builders are genuine and do not support the claims of builder associations that there is a large body of un-accredited persons exclusively servicing the owner builder market. Those who do provide services to owner builders are often accredited builders, and also members of builder associations....Non accredited persons found to be in the "business of building" exclusively working for owner builders will be prosecuted. The builder associations have not provided verifiable information to the Director to enable investigation of these allegations. This could be assisted if the owners had to undertake a course before gaining owner*

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<sup>92</sup> Clues, Hansard, 24 January 2011, p12-16

*builder registration. That would discourage non-genuine owner builders.*<sup>93</sup>

## **Findings**

11.3.8 The building industry appears relaxed about owner builders in the marketplace as long as, where possible, contractors that are employed by the owner builder be registered.

11.3.9 The Committee finds that the building industry in Tasmania should not require overly proscriptive protection against competition from owner builders.

## **Recommendations**

11.3.10 That the any owner builder be limited to three projects in ten years, rather than two, on the basis that the Director of Building Control provides information to those owner builders on the benefits of using registered building practitioners for their project.

## **11.4 Classification of Dwellings**

11.4.1 The Committee noted that there is only one classification for a dwelling in Tasmania, and raised with some witnesses the question of whether an alternative “minimalist” classification for temporary or shack class accommodation could be introduced.

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<sup>93</sup> Director of Building Control – Comments on the Oral Submissions given to the Select Committee on the Costs of Housing, Building and Construction in Tasmania, p5



11.4.2 The Committee raised this issue with Protek Building Surveying Pty Ltd, and the following exchange occurred:

**Mr Booth** -....just getting back to the dual class, this is actually to do with expressions from people who have given evidence in the committee that the cost of compliance now with potentially going to a six-star rating, for example, solar access. As a result of having all those design fees associated with it, it just puts it out of reach of the housing market. They want to have their own home and live in it and do not want to go for those six-star measures and other requirements and prescriptions that cost a lot of money. That is where this kind of debate is coming from and we are wondering whether there is alternative options. I think most of the modular things you are talking about – comply absolutely with the code.

**Mr Connors** – They have to.

**Mr Booth** – They fit the BCA and that is it.

**Mr Connors** – Yes.

**Mr Folo** – With those other classes of buildings what people are going to keep doing to us is come in and say ‘It is a shack’ and they will put every house that they want to do cheaply into that

category. Then when you classify something like a shack you say it is only to be lived in for three months or four months of the year. But who is going to regulate that? Before you know if you are going to have all these people living in those shacks

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**Chair** – Which is what happened in the southern beaches of Hobart.

**Mr Booth** – But that is actually not what is likely to happen, if it is a shack it will always be a shack and it would not be anticipated that you could not live in a shack. What difference does it make whether you are there for three months or 12 months? It would always be defined as that and when you sell it you would be selling a shack so nobody who bought it would have an expectation that it would be of the same standard perhaps of some of these other requirements.

**Mr Connors** – On that point, any buildings built prior to the Building Code and changes to legislation are deemed to comply no matter how basic they are, so that is something to recognise. A shack was constructed as a shack but it was approved by the local authorities and recognised as a dwelling at that time so

*you cannot go back retrospectively and try to upgrade them or anything like that.*

**Mr Booth-** *No, that is right and there may be no necessity to.*

**Mr Connors –** *No, none at all.*<sup>94</sup>

11.4.3 The Committee also raised this issue with the State Architect, and the following exchange occurred:

**Chair –** *There is another matter you may be in a position to discuss with the committee, and that is related to the fact that there is only one standard for a residential dwelling in Tasmania. The committee has received evidence that there are concerns that a farm cottage, for instance, that is not always occupied could be considered to be assessed against a lower set of standards. This might also apply to a beach shack, a mountain hut or a temporary residence while the owner builds a principal residence for himself over a number of years.....That is an issue about applying the very top standards for a McMansion to a temporary dwelling.*

**Mr Poulet –** *It is an interesting premise – I had not thought of that before. I am worried that they become permanent residences. That would be my biggest*

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<sup>94</sup> Hansard, Connors/Folo/Bell, 10 June 2011, p52-53

concern. I can understand the principle and it does make sense.

**Mr Booth** – provided they met health regulations and they provided shelter for a family why would you be worried?

**Mr Poulet** – It is then potentially I guess a backdoor mechanism for people to avoid the more stringent requirements.

**Mr Booth** – Maybe there is an option that they would be sold as such a building so that it would be a caveat emptor, that you buy a B-grade or whatever.

**Mr Poulet** – You would assume the market could then differentiate.

**Mr Booth** – Yes.

**Chair** – I might be able to help you here from a Tasmanian point of view. At Southern Beaches, Dodges Ferry, Lewisham and that area there were different standards because they were all shacks and so they were allowed to have septic tanks, all on small blocks of land, because people were only there at weekends. We have moved out to there now and they are all permanently occupied. The septic tanks are all overflowing over the beaches and nobody can afford the new sewerage system. That is the problem that things change. When you see this ongoing mad

progression, what is next? Will it go to seven star? Is that where this goes? It keeps driving costs higher and higher. Is there an option for this 10-square type of thing to be an absolute budget-beater that you might be able to build stuff in later? I don't know.

**Mr Booth** – As opposed to the McMansion thing. The evidence that we have had from a number of people is that there ought to be provision for people to be able to build a family home to rear their children in or live or whatever that is not so prescriptive that they spend an extra 30 or 40 years paying for a whole lot of bricks and mortar that they really didn't want, need or could afford. What they want to do is get on with the job of rearing their family. There is a potential there, I suppose, for a separate building classification or even up to a certain squareage that doesn't require such pathological adherence to prescriptive regulation but enables people to construct a home.

**Mr Poulet** – It does make sense but it worries me that you are disadvantaging those people that are most price sensitive so that yes, they might be able to afford to

*build the house that they need for their family and yet they will be paying a premium for any due costs as a result of that, whereas if they spent the extra several thousand dollars or if the building industry somehow managed to recreate itself to be able to absorb that cost, they wouldn't have to have those recurrent costs imposed on them.*

**Ms Archer** – *I suppose it comes back to the question of why we have the Building Code and why we have the star rating in the first place because it goes to efficiencies, doesn't it?*

**Mr Poulet** – *It does. That is the primary driver, yes. It's to reduce energy costs; it's coming from that. I think there are numerous aspects to that and science is a big one and so I would suggest for those young families just kicking off, so to speak, the 10-square or even smaller could be worthwhile and hence the costs aren't as significant. You are better off insulating so that you don't have that recurrent spend.<sup>95</sup>*

## **Findings**

11.4.4 The Committee found that there was only one classification for a dwelling in Tasmania and noted a deal of input to this inquiry which

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<sup>95</sup> Poulet, Hansard, 16 May 2011, p7-8

appeared to support the notion that there may be a case for a new minimalist class of dwelling which could be used for temporary, or shack class accommodation.

## 11.5 Social Housing

11.5.1 The Committee received evidence from the State Architect about affordable housing. He stated that the cost of housing construction would be best impacted by consumers “lowering their sights” in terms of size and building construction methods. He stated as follows:

*I agree that we are quite often building houses that are too large for the number of occupants.....I think that is where we should be chasing cost savings in how we put these buildings together – not necessarily in the materials or whether we insulate or not. But size is also a big issue, as is the way we build. Those are the two areas where we could make some savings.<sup>96</sup>*

11.5.2 Following this evidence the Committee decided to seek information from Housing Tasmania as to the outcomes of the recent expenditure of some hundreds of millions of dollars available through a federal stimulus scheme.

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<sup>96</sup> Poulet, Hansard, 16 May 2011, p5

11.5.3 The background of this federal stimulus scheme is as follows:

3 February 2009, the Australian Government announced the implementation of a \$6.4 billion Social Housing Initiative under the Nation Building Economic Stimulus Plan (ESP). Across Australia, this initiative will provide funding of over \$6 billion over three and a half years from 2008-09 to 2011-12 for the construction of new social housing and a further \$400 million over two years for repairs and maintenance to existing public housing. In Tasmania, this translates to around \$140 million for the construction of 500 new houses and \$9.3 million for repairs and maintenance to another 500 existing houses.

The Tasmanian Government has taken steps to ensure the timeframe set out by the Australian Government for the implementation of ESP are met and the State receives its share of funding.

The introduction of the Nation Building and Jobs Plan Facilitation (Tasmania) Act will ensure faster planning approvals for projects funded under the ESP.<sup>97</sup>

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<sup>97</sup>[http://www.dhhs.tas.gov.au/housing/about\\_housing\\_innovations\\_unit/nation\\_building\\_economic\\_stimulus\\_plan](http://www.dhhs.tas.gov.au/housing/about_housing_innovations_unit/nation_building_economic_stimulus_plan)



11.5.4 The Committee heard evidence from Housing Tasmania in relation to the houses built under the above project. Documentation presented to the Committee provided the following examples of costs of construction of two bedroom units:

- Caroline Street, East Devonport – Average cost of \$201,419 per unit.
- St Leonards Road, St Leonards – Average cost of \$222,955 per unit.
- 75-77 Hopkins Street – Average cost of \$230,280 per unit.
- Adelie Place, Kingston – Average cost of \$274,542 per unit.
- 40-42 Brisbane Street, Hobart – Average cost of \$265,514 per unit.<sup>98</sup>

11.5.5 The evidence given by Housing Tasmania indicated that the favourable regulatory conditions given to this project contributed to the lower cost outcomes, as indicated in the following extract:

**Ms Jago** – ....the Commonwealth Government had some requirements, but obviously the State Government realised too that with the Commonwealth Government saying the States couldn't roll the money out then the money would be taken back. Hence there was the pressure to make some changes at a State level,

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<sup>98</sup> Housing Tasmania, Select Committee on the Costs of Housing, Building and Construction in Tasmania, 28 September 2011

*which was introducing the planning changes and the procurement changes which, from my perspective did make a significant difference.*

**Chair** – *It did?*

**Ms Jago** – *Oh, absolutely, to the ability –*

**Chair** – *Planning or both?*

**Ms Jago** – *Both. To the ability to roll the program out quickly.<sup>99</sup>*

## **Findings**

11.5.6 The Committee was satisfied with the outcomes of the projects completed by Housing Tasmania as part of the recent housing initiative pursuant to the Nation Building Economic Stimulus Plan, and notes that all housing units were built at the lower end of the range of cost outcomes.

11.5.7 The Committee noted that Housing Tasmania considered that the favourable regulatory conditions provided to this project by the Parliament contributed to the lower cost.

## **Recommendations**

11.5.8 In the interests of transparency, the Committee recommends that the plans and the cost outcomes of the recent housing initiative pursuant to the Nation Building Economic Stimulus Plan be circulated amongst the building industry particularly to architects and designers.

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<sup>99</sup> Jago/Hardwick, Hansard, 28 September 2011, p5

## 11.6 Implications of “Star Energy” Ratings

11.6.1 Some evidence before the Committee raised health concerns in relation to six-star energy ratings. The following quote from a consulting engineer who gave evidence to the Committee demonstrates this theme:

*Regarding the insulation value, reducing your energy consumption, I liked a previous witness's idea of putting on a jumper. Certainly the place needs to be healthy and it needs to be safe but other than that I cannot see a huge reason to have rooms sealed up so that they are so tight you cannot get any fresh air in there whatsoever, and that is where we are really heading. In the 1940s and 1950s, double-brick houses were very popular in Tasmania, particularly in Hobart. Cavity vents within a room went into the cavity and were matched by a vent on the outside, so there was never a problem with mustiness in a house at all. I see lots and lots of houses where people have mould growing on their walls and they say to me, 'Why, Chris?'. The curtains are brown and dripping and I say, 'For goodness sake, just open the window', but we are being encouraged, particularly when we get to six stars, not to have any form of ventilation*

*whatsoever..... It is horrific and I think that the increase in asthma has a lot to do with mould spores and things now being common in houses..... We equate six stars to lack of ventilation; that is the way I see it.<sup>100</sup>*

11.6.2 Contrary evidence was received from the Director of Building Control, who stated that in order to comply with the Building Code Australia, premises must have access to ventilation. Documentation received from the Director of Building Control states as follows:

*To comply with the Building Code of Australia habitable rooms and other rooms such as bathrooms must have access to suitable ventilation including windows, doors or other opening devices, or by mechanical ventilation.<sup>101</sup>*

11.6.3 The Building Code of Australia requires that all occupied rooms have 'adequate flow-through or cross-ventilation and air quality'. This must be provided by natural ventilation from permanent, openable windows, doors or other devices with an aggregate openable size of not less than 5% of the floor area of the room to be ventilated, or

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<sup>100</sup> Potter, Hansard, 18 February 2011, p52

<sup>101</sup> Director of Building Control – Comments on the Oral Submissions given to the Select Committee on the Costs of Housing, Building and Construction in Tasmania, p15

a mechanical ventilation system conforming to AS1668.2-1991 and AS3666.<sup>102</sup>

11.6.4 The Committee raised this issue with the State Architect. The following exchange occurred:

**Mr Poulet** – *The building code does stipulate a level of fresh air....There needs to be a certain proportion of openable windows in any habitable space.*

**Mr Booth** – *But 'openable' is quite different from 'open.'*

**Mr Poulet** – *Yes, that then relies on the individual to undertake some level of self-monitoring and control.*<sup>103</sup>

11.6.5 The Committee heard evidence from representatives of Housing Tasmania. The Committee raised the issue of whether residents were educated about how to live in a six-star energy rating premises. The following exchange occurred:

**Ms Jago** – *Everything, all developments under Nation Building were six-star.*

**Chair** – *Does Housing Tasmania....have a process of instructing or educating tenants how to live in a six-star home given that mostly the star rating stuff is about minimising heating or cooling costs and the way to do that is to stop air flow? You know – no leaks, no cool air coming in, that*

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<sup>102</sup> Building Code of Australia, F4.5

<sup>103</sup> Poulet, Hansard, 16 May 2011, p3

sort of thing – but given that so many of the products in a home exude gas, gas off, and then they have got heating still inside and the quickest way for them to get warm is to keep the house hermitically sealed, basically that is not the healthiest way to live. Do you have an education program on how to live in a six-star home healthily?....

**Mr Hardwick** – We have a program of educating our tenants with respect to how to conserve energy, not necessarily just in six-star properties. The six-star properties tend to be more self-sufficient in respect to energy consumption. Most of our stock is 30 years old and build 30 years ago where a lot of this draught-proofing, which is consuming energy, trying to keep the house warm, is causing the problem but taking your point when tenants lock the house up to conserve heat they then create a mould problem because of lack of circulation. We have a constant problem, particularly over winter, about heating costs versus mould problems versus air circulation.

**Mr Booth** – You would not have mould problems in new houses would you?

**Mr Hardwick** – Not so much, no, but even so there are many tenants who tend to occupy the properties a lot more frequently than a working person may, so when they are sitting in the house 24/7....all locked up, no circulation, tend to use clothes dryers more so than open clothes lines, for example. Shower rooms – forget to turn the exhaust fans on et cetera. It is a constant problem so what we do is try to educate the tenants in respect of how to improve the energy use of their property but also make sure there is air circulation at the same time – during the day open the blinds, open the windows etcetera. We often distribute a document produced by the CSIRO about issues or tenant habitation issues which cause problems with mould and therefore do not have any mould in bedrooms, on curtains, on windows and condensation but also health issues as a consequence.<sup>104</sup>

## Findings

- 11.6.5.1 The Committee finds that the COAG process of ever escalating energy star ratings contributes to extra costs of

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<sup>104</sup> Jago/Hardwick, Hansard, 28 September 2011, p13-14

building in Tasmania but accepts that the process is designed to deliver lower living costs in those dwelling.

11.6.5.2 The Committee has serious concerns with regard to the potential health risks from the ever escalating “star rating” performance, relating to air exchange in domestic dwellings, in the absence of education about how to live in a healthy manner in a six, seven or eight star residence.

11.6.5.3 Evidence provided by Housing Tasmania indicates that the latest residences were built at a high star rating, but the occupants of those buildings were not advised that the premises were effectively hermetically sealed. The Committee is concerned that the use of modern composite materials in these homes may exude harmful gases which remain trapped in the dwelling thereby posing serious risks to health.

## **Recommendations**

11.6.5.4 That the Director of Building Control be required to monitor closely and publish in the annual report the cost/benefit analysis of the star rating system, including a comparison between the increase in building costs and the reduction in energy costs over the life cycle of the property.



11.6.5.5 That the Director of Building Control, in conjunction with the Director of Public Health, consider the health implications of newer dwellings in Tasmania constructed under star energy ratings for potential dangers of lack of ventilation.

**Parliament House  
HOBART  
22 November 2011**

**Rene Hidding M.P.  
CHAIR**

## 12 APPENDIX “A”

- 1 Mr Robert Richardson
- 2 Mrs Jill Davey
- 3 K W McCollough
- 4 Protek Building Surveying Pty Ltd
- 6 Local Government Association Tasmania
- 7 Tasmanian Independent Builders Association
- 8 Workplace Standards Tasmania
- 9 Tasmanian Building and Construction Industry Training Board
- 10 Housing Industry Association
- 11 Southern Water
- 12 Property Council of Australia (Tas Division)
- 13 Builders Collective of Australia
- 14 Master Builders' Association of Tasmania Inc
- 15 Ms Joanne Popowski
- 16 Launceston City Council
- 17 Mr David Diprose
- 18 Simon and Elizabeth Dudley
- 19 Mr William Quon
- 20 Mr John Fulton
- 21 Master Plumbers' Association of Tasmania
- 22 United Plumbers of Tasmania

## 13 APPENDIX “B”

**12 October 2010**

The Committee met at 1.10pm in Committee Room 3 Parliament House Hobart Tasmania.

### **Members**

Ms *Archer*

Mr *Booth*

Mr *Hidding*

Ms *White*

Mr *Wightman*

### **Order of the House Read**

The Secretary took the Chair and read the Order of the House of Assembly appointing the Committee.

### **Election of Chair**

The Secretary called for nominations for the position of Chairman of the Committee. Ms *Archer* nominated Mr *Hidding*, who consented to the nomination.

There being no other candidates nominated, the Secretary declared Mr *Hidding* elected as Chairman of the Committee.

### **Election of Deputy Chair**

Nominations were called for the position of Deputy Chairman. Mr *Hidding* nominated Mr *Booth*, who consented to the nomination.

There being no other nominations, the Chairman declared Mr *Booth* elected as Deputy Chairman.

### **Parliamentary Research Officer**

*Resolved*, That unless otherwise ordered Officers of the Parliamentary Research Service be admitted to the proceedings of the Committee whether in public or private session. (Mr *Hidding*)

### **Chair to be the Spokesperson**

*Resolved*, That the Chairman be the spokesperson in relation to the operations of the Committee. (Mr *Booth*)

### **Nomenclature**

The Committee deliberated on the formal name for the Committee.

*Resolved*, That the Committee be known as and referred to as the Select Committee on the Costs of Housing, Building and Construction in Tasmania. (Mr *Hidding*)

### **Advertisement**

The draft advertisement circulated by the Secretary was taken into consideration by the Committee.

*Resolved*, That 19 November 2010 be the closing date for submissions. (Mr *Hidding*)

The Committee deliberated further.

*Resolved*, That the advertisement as amended be adopted and placed in the daily newspapers on Saturday 16 October 2010. (Mr *Hidding*)

### **Additional Research**

The Committee deliberated on the need for additional research.

*Resolved*, That the Committee write to the Premier requesting an appropriately qualified officer to assist the Committee. (Mr *Hidding*)

### **Adjournment**

At 1.45pm the Committee adjourned until 10.00am on Wednesday 8 December 2010.

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**8 December 2010**

The Committee met at 10.00am in Committee Room 2 Parliament House Hobart Tasmania.

### **Members**

Ms *Archer*

Mr *Booth*

Mr *Hidding* (Chairman)

Ms *White*

### **Minutes**

The Minutes of the Meeting held on 12 October 2010 were circulated, read and confirmed as a true and accurate record.

### **Witnesses**

The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

- Ms Kerrie Crowder Director of Building Control Workplace Standards Tasmania
- Mr Roy Ormerod General Manager Workplace Standards Tasmania.
- Ms Jessie Byrne Director Local Government Division.

The witnesses withdrew.

The Committee deliberated.

*Resolved*, That the Committee meet on Monday 24 January 2011, Tuesday 25 January 2011 and Thursday 3 February 2011.

*Resolved*, That the following witnesses be requested to attend at the times in the following schedule.

Hearings listed for Hobart:

**Monday 24 January 2011**

9.00am - 11.00am Housing Industry Australia  
11.00am - 12.30pm Property Council of Australia (Tas  
Division)  
1.30pm - 3.00pm Master Builders Association

**Tuesday 25 January 2011**

9.00am - 10.30am Local Government Association  
Tasmania  
10.30am - 12.30pm Tasmanian Building and  
Construction Industry  
Training Board  
1.30pm - 3.00pm Mr Chris Potter  
3.30pm - 4.30pm Tas Build

**Thursday, 3 February 2011 – Launceston**

9.00am - 10.30am Mr Philip Connors Protek  
10.30am - 11.30am Mr Peter Godfrey  
11.30am - 12.30pm Mr John Fulton  
1.30pm - 2.30pm Launceston City Council (Mayor  
and General Manager)  
2.30pm - 3.30pm Northern Midlands Council  
(Mayor and General  
Manager)

The Committee noted that the following witnesses  
could be called a later time.

- Mr Mike Paine Chief Executive Officer  
Southern Water.
- Mr Phil Dwyer National President Builders  
Collective of Australia.
- Mr Steve Cartwright President Tasmanian  
Independent Builders Association
- Planning Commission

*Resolved*, That a Questionnaire be circulated to all  
local Government Councils.

The Chairman requested that consideration be given to  
the Questions to be included for the Questionnaire.

**Correspondence**

The Premier, dated 29 November 2010 - response to  
correspondence about additional Committee support.

**Adjournment**

At 1.45pm the Committee adjourned until 9.00am on  
Monday 24 January 2011.

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**24 January 2011**

The Committee met at 9.00 am in Committee Room 2  
Parliament House Hobart Tasmania.

**Members**

Ms Archer  
Mr Bacon  
Mr Booth  
Mr Hidding (Chairman)  
Ms White

**Witnesses**

The following witnesses appeared, made the Statutory  
Declaration and were examined by the Committee in  
public:-

- Stuart Clues, Housing Industry Association,  
Regional Executive Director
- Kristin Brookfield, Housing Industry Association  
Executive Director, Building Policy
- Bruce Williams Housing Industry Association,  
Regional Manager

Mr Bacon and Ms White withdrew

The witnesses withdrew.

**Suspension**

Suspension of Sitting 10.55am until 11.00am

**Witnesses**

The following witnesses appeared, made the Statutory  
Declaration and were examined by the Committee in  
public:-

- Mary Massina, Property Council Of Australia  
(Tas Division) Executive Director
- Robert Rockefeller, Property Council Of  
Australia (Tas Division) Immediate Past  
President
- Glenda Sorrell, Property Council Of Australia  
(Tas Division), Division Councillor
- Matthew Page, Property Council Of Australia  
(Tas Division) President

The witnesses withdrew.

**Suspension**

Suspension of Sitting 12.30 pm until 1.37 pm.

**Witnesses**

The following witness appeared, made the Statutory  
Declaration and were examined by the Committee in  
public:-

- Michael Kerschbaum, Master Builders  
Association Executive Director

The witness withdrew.

The Committee deliberated.

*Resolved*, That the Committee write to the Minister for  
Education and Skills with a series of questions in  
relation to aspects of the tender process and the  
awarding of contracts for BER projects.

*Ordered*, That the Parliamentary Research Service provide a paper about the operation of the scheme termed the 'Development Application Framework' as it operates in Western Australia and South Australia.

*Resolved*, That the Committee meet on Wednesday 16 February 2011 in Hobart.

*Resolved*, That the following witnesses be requested to attend at the times in the following schedule.

### **Wednesday 16 February 2011**

10.00am - 11.30am Planning Commission of Tasmania

11.45am - 12.30pm Builders Collective of Australia, Phil Dwyer (by telephone)

1.30pm - 3.00pm Mr Chris Potter

3.00 - 4.00pm Scott Glanville Director Scenport

### **Minutes**

The Minutes of the Meeting held on 12 October 2010 were circulated, read and confirmed as a true and accurate record.

### **Adjournment**

At 3.40pm the Committee adjourned until 9.00am on Tuesday 25 January 2011.

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### **25 January 2011**

The Committee met at 9.04 am in Committee Room 2 Parliament House Hobart Tasmania.

### **Members**

Ms *Archer*

Mr *Bacon*

Mr *Hidding* (Chairman)

Ms *White*

### **Witnesses**

The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

- Alan Garcia, Chief Executive Officer, Local Government Association of Tasmania
- Katrena Stephenson, Policy Director, Local Government Association of Tasmania

Mr *Booth* took his seat.

The witnesses withdrew.

The Committee deliberated.

### **Transcripts**

*Resolved*, That the Transcripts of Evidence be published on the Internet as soon as they are available.

### **Suspension**

Suspension of Sitting 12.32 pm until 1.33 pm

### **Members**

Ms *Archer*

Mr *Bacon*

Mr *Hidding* (Chairman)

Ms *White*

### **Witnesses**

The following witness appeared, made the Statutory Declaration and were examined by the Committee in public:-

- Chris Atkins, TasBuild,

Mr *Booth* took his seat.

Ms *White* withdrew.

The witness withdrew.

The Committee deliberated.

*Resolved*, That the Committee meet on Friday 18 February 2011 not Wednesday 16 February 2011.

Witnesses Friday 18 February

10.00am - 12.00am Planning Commission of Tasmania

12.00 pm - 1.00pm Builders Collective of Australia, Phil Dwyer (by telephone)

2.00pm - 3.00pm Mr Chris Potter

3.00 - 4.00pm Scott Glanville, Director, Scenport

### **Adjournment**

At 3.30pm the Committee adjourned until 9.00am on Thursday 3 February at Henty House Launceston.

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### **3 February 2011**

The Committee met at 9.05 am in the Conference Room, Henty House, Launceston, Tasmania.

### **Members**

Ms *Archer*

Mr *Bacon*

Mr *Booth*

Mr Hidding (Chairman)

**Apology**

Ms White

**Correspondence**

The following correspondence was received and noted:-

- Mr David Diprose, email, dated 2 February 2011 –Executive Summary of Submission. (Submission to be forwarded at a later date.)

The Committee deliberated.

**Suspension**

Suspension of Sitting 9.10am to 9.15am.

**Members**

Ms White took her seat

**Witnesses**

The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

- Philip Connors, Director, Protek
- Mr Jason Van Zetten, Van Zetten Building Design
- John Dykman, Hotondo Homes, Launceston

The following documents were provided to the Committee by Mr Connors prior to the hearing:-

- Australian Institute of Building Surveyors Victorian Chapter – Submission on Professional Indemnity Insurance to the Senate Economic References Committee, July 2002
- King, Gil Policing the Building Industry, Paper presented to Enforcement and Compliance Conference, 2002

The witnesses withdrew.

**Suspension**

Suspension of Sitting 10.35am until 10.40am

**Witnesses**

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

- Peter Godfrey

The witness withdrew.

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

- Jill Davey

The witness withdrew.

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

- John Fulton

The following documents were tabled:-

- Registration - Costs and part time work
- Examiner – clipping date 18 November 2008 re Workplace Standards and Registration of Builders
- Occupational Licensing System – Fees under the Occupational Licensing Act and the National Occupational Licensing System.
- Impact of Aging on the Workforce – excerpt from Productivity Commission Report

The witness withdrew.

**Suspension**

Suspension of Sitting 12.38pm to 1.40pm

**Witnesses**

The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

- Frank Nott, Deputy Mayor, Launceston City Council
- Peter Button Director, Development Services, Launceston City Council
- Barry Magnus, Manager, Building Services

The following document was tabled.

- Launceston City Council Submission to the Select Inquiry into Costs of Housing Building and Construction, 3 February 2011

The witnesses withdrew.

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

- Duncan Paton, Manager Planning and Development, Northern Midlands Council

The witness withdrew.

**Documents**

Resolved, That the following documents be taken into evidence:-

- Diprose, David, Submission Executive Summary
- Launceston City Council Submission to the Select Inquiry into Costs of Housing Building and Construction, 3 February 2011
- Registration - Costs and part time work
- Examiner – clipping date 18 November 2008 re Workplace Standards and Registration of Builders
- Occupational Licensing System – Fees under the Occupational Licensing Act and

- the National Occupational Licensing System.
- Australian Institute of Building Surveyors Victorian Chapter – Submission on Professional Indemnity Insurance to the Senate Economic References Committee, July 2002
- King, Gil Policing the Building Industry, Paper presented to Enforcement and Compliance Conference, 2002
- Impact of Aging on the Workforce – excerpt from Productivity Commission Report (Mr Booth)

#### **Adjournment**

At 3.50pm the Committee adjourned until 9.45am on Friday 18 February 2011.

#### **18 February 2011**

The Committee met at 9.50am in Committee Room 2 Parliament House Hobart Tasmania.

#### **Members**

Ms Archer  
Mr Bacon  
Mr Booth  
Mr Hidding (Chairman)

The Committee deliberated

#### **Members**

Ms White took her seat

*Resolved*, That a letter be sent to the Launceston City Council informing the General Manager of a concern about a Council employee following evidence to the Inquiry. (Mr Booth)

*Resolved*, That a letter be sent to Mr Jason Van Zetten, Van Zetten Building Design acknowledging his concerns following his appearance before the Committee. (Mr Hidding)

*Resolved*, That the submissions received from Mr David Diprose and Ms J Popowski be considered at the next meeting of the Committee. (Mr Hidding)

*Resolved*, That the Committee request copies of the Minutes and a record of the activities of Building Regulation Advisory Committee (BRAC) from its inception. (Mr Booth)

*Resolved*, That the Secretary contact the Office of the Minister for Workplace Relations re the draft of proposed amendments to the Construction Industry (Long Service) Act 1997.

#### **Witnesses**

The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

- Greg Alomes Chair Tasmanian Planning Commission
- Peter Fischer Director Tasmanian Planning Commission.

Mr Bacon withdrew.

#### **Paper**

The witnesses tabled the following paper:-  
Local Government and Planning Minister's Council,  
First National Report of Development Assessment  
Performance 2008/09.

The witnesses withdrew.

#### **Suspension**

Suspension of sitting 11.59am to 12.06pm.

#### **Witness**

The following witness was contacted by telephone and participated in a discussion with the Committee:-

- Mr Phil Dwyer, President, Builders Collective of Australia

#### **Suspension**

Suspension of sitting 1.05pm to 2.05pm

#### **Members**

Ms Archer  
Mr Booth  
Mr Hidding (Chairman)  
Ms White

#### **Witness**

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

- Mr Chris Potter, Consulting Engineer

Mr Bacon took his seat.

The witness withdrew.

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

- Mr Scott Glanville, Scenport

The witness withdrew.

The Committee deliberated.

*Resolved*, That the reporting date for the Committee be extended to 30 June 2011 and a Motion to that

effect be tabled in the House of Assembly at the first opportunity. (Mr *Hidding*)

*Resolved*, That the Director of Building Control be invited to appear to inform the Committee about the implementation of a six star energy rating under the Building Code of Australia. (Mr *Hidding*)

*Resolved*, That the following document tabled by Mr Fischer be taken into evidence:-

- Local Government and Planning Minister's Council, First National Report of Development Assessment Performance 2008/09. (Mr *Booth*)

*Resolved*, That the Plumbers Association be invited make a submission to the Committee. (Mr *Hidding*)

#### **Correspondence**

The following correspondence was received and noted:-

- B Magnus, email dated 10 February re additional witness.

#### **Adjournment**

At 4.20pm the Committee adjourned until 1.05pm Wednesday 9 March 2011.

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### **9 March 2011**

The Committee met at 1.10pm in Committee Room 2 Parliament House Hobart Tasmania.

#### **Members**

Ms *Archer*  
Mr *Bacon*  
Mr *Booth*  
Mr *Hidding* (Chairman)  
Ms *White*

#### **Papers**

The Chairman reported and tabled two documents received:-

(a) The Minister for Workplace Relations, dated 28 February 2011 re requested Draft Bill – Construction Industry (Long Service) Act 1997. The Committee deliberated and noted the request for confidentiality as it has not been finalised or released for public consultation.

(b) William Quon, Submission dated 19 February 2011.

The Chairman noted two items of outgoing correspondence to Mr Van Zetten and to the Launceston City Council and a phone call to the Secretary from Mr Magnus.

The Chairman reported that Mr Connors had advised him that procedures with the Launceston City Council

had been amended and all business in future would need to be in writing.

Mr *Bacon* withdrew.

#### **Witnesses**

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

- Mrs Kerrie Crowder, Director of Building Control.

#### **Paper**

The witness tabled the following papers:-

- RMIT – Report examining Appropriateness of the BCA climate zones for Tasmania and Options for minimizing the impact of 5 and 6 star BCA provisions on timber floored houses in Tasmania.
- Australian Building Codes Board, Proposal to Revise the Energy Efficiency Requirements of the Building Code of Australia for Residential Buildings – Classes 1, 2 and 4.

#### **Papers**

*Resolved*, That the following documents be taken into evidence:-

- TasBuild Limited, Annual Report Year ended 30 June 2010; Articles of Association of TasBuild Limited; Director Nominations, and Independent Chairman Attributes.
- Local Government and Planning Ministers' Council First National Report of Development Assessment Performance 2008-09 (Paper Tabled 18 February 2011).
- Ms J Popowski - Submission dated 14 February 2011.

*Resolved*, That the Submission from Mr Diprose be further considered at the next meeting.

#### **Correspondence**

The following correspondence was received and noted:-

- Department of Justice Workplace Standards Tasmania dated 23 February 2011 re Effectiveness of Building and Construction Industry Security of Payment Act 2009.
- Local Government Association of Tasmania dated 28 February 2011 re Sorell Council data and copy Data Collection Sheet.



- Theresa Lau, Launceston City Council dated 14 February 2011 re Evidence of Mr Connors of Protek.
- Department of Justice dated 2 March 2011 – copies of Minutes of Building Regulation Advisory Committee

*Resolved*, That the correspondence and the documents tabled by the Chairman be further considered at the next meeting.

### **Adjournment**

At 2.25pm the Committee adjourned until a time and date to be fixed.

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## **11 April 2011**

The Committee met at 11.24am in Committee Room 2 Parliament House Hobart Tasmania.

### **Members**

Ms Archer  
Mr Hidding (Chairman)  
Ms White

### **Apology**

Mr Bacon

### **Minutes**

The Minutes of the Meeting held on 9 March 2011 were circulated, read and confirmed as a true and accurate record.

### **Correspondence**

The following correspondence was received and noted.

Email - Mr John Fulton dated 8 March 2011 2<sup>nd</sup> Submission on the Costs of Housing, Building and Construction in Tasmania.

Email – Mr Phil Dwyer dated 15 March 2011 re CAV Consumer detriment in Victoria: a survey of its nature, costs and implication – Research Paper No. 10 October 2006 and CAV Consumer confidence and market experience study Research Paper No. 16 July 2008.

Tasmanian Building and Construction Industry Training Board dated 28 February 2011 - additional information.

Mr Booth took his seat.

### **Evidence**

*Resolved*, That the following documents be taken into evidence.

Department of Justice, Workplace Standards – additional information re effectiveness of Building and Construction Industry Security of Payment Act 2009.

Local Government Association of Tasmania dated 28 February 2011 re Sorell Council data and copy of Data Collection Sheet.

Theresa Lau, Launceston City Council – Senior Environmental Health Officer re Evidence of Mr Connors, Protek.

Director of Building Control - Final Regulation Impact Statement – Proposal to Revise the Energy Efficiency Requirements of the Building Code of Australia for Residential Buildings – Classes 1, 2, 4 and 10.

Director of Building Control - RMIT University – Report examining Appropriateness of the BCA climate zones for Tasmania and Options for minimizing the impact of 5 and 6 star BCA provisions on timber floored houses in Tasmania.

Jason Van Zetten Building Design – additional information specifically related to Ben Lomond Water.

Housing Industry Association – additional information, Specific examples/case studies of impediments where standard residential building applications have been delayed or rejected; and BCA environmental regulations and regulatory impact statement showing where there is a net cost.

Minister for Infrastructure - Draft (Version 12) Construction Industry (Long Service) Amendment Bill 2011 (Confidential).

Tasmanian Building and Construction Industry Training Board – Administration Costs.

Tasmanian Building and Construction Industry Training Board – Whetstone Report – bringing professionals with us – A Report to the Tasmanian Building and Construction Industry Training Board.

Mr Phil Dwyer - Consumer Affairs Victoria.  
Consumer Detriment in Victoria: a survey of its nature, costs and implications, Research Paper No. 10 October 2006.

Mr Phil Dwyer - Consumer Affairs Victoria.  
Consumer confidence and market experience study, Research Paper No. 16 July 2008.

Mr P Godfrey - correspondence and attached response from the Minister for Energy and Resources.

### **Submissions**

*Resolved*, That the Executive Summary comprising covering letter; document describing upfront

management costs; Copy of TBS 1a Residential building contract; copy of Building Regulation Advisory Committee (BRAC) Year in Review 2005-2006; and Curriculum Vitae 17 February 2011 David Diprose BA MAICD; from David Diprose be taken into evidence. (Ms *White*)

*Resolved*, That the following attachments received with the submission from David Diprose not be reported - Board Minutes, 15-16 July 2004, Tasmanian Compliance Corporation; Correspondence from M J Rowlands Building dated 28 May 2001; Copy of Comments on Passing Sentence Tasmanian v John Charles White 10 December 2007; Correspondence David Diprose to Glen Milliner dated 13 May 2005; and Tasmania Magistrates Court (Civil Division), Further and Better Particulars of Claim No 06 22596; and Tasmanian Builders CPD Service, Ethics Course for Public Service Managers.

*Resolved*, That the Submission from Simon and Elizabeth Dudley be received and taken into evidence. (Ms *Archer*)

*Resolved*, That the submission from William Quon be received and taken into evidence. (Mr *Booth*)

Mr *Bacon* took his seat.

*Resolved*, That Mr Fulton be contacted to ascertain the nature of the Second submission, (designated Commercial-in-Confidence), forwarded to the Committee. (Mr *Booth*)

### **Research**

*Resolved*, That the Parliamentary Research Service be requested to prepare information and movements in public policy on Construction Industry Portable Long Service Leave Schemes operating in other jurisdictions with particular reference to expansion to include many types of employees, the success of the schemes, any significant changes and whether any had been wound up.

Ms *Archer* withdrew.

The Committee resumed deliberation.

*Resolved*, That the Parliamentary Research Service prepare a paper on apprentices in Tasmania including what incentives are provided, to whom and by whom including any subsidies and payments from the Commonwealth Government.

Mr *Bacon* withdrew.

### **Adjournment**

At 1.05pm the Committee adjourned until a time and date to be fixed.

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**16 May 2011**

The Committee met at Noon in Committee Room 2 Parliament House Hobart.

### **Members**

Ms *Archer*  
Mr *Booth*  
Mr *Hidding* (Chairman)

### **Apologies**

Apologies were received from:-

Mr *Bacon*; and  
Ms *White*

### **Witness**

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public: -

Peter Poulet, State Architect.

The witness withdrew.

### **Evidence**

*Resolved*, That the following documents having being circulated be received and taken into evidence:-

(a) Correspondence from Deputy Premier dated 4 April 2011 – regarding Local Government Statistics of Building and Planning Approvals;

(b) Mr John Fulton 2<sup>nd</sup> Submission (undated); and

(c) Master Plumbers Association of Tasmania – Submission (undated) (Mr *Hidding*).

### **Future Witnesses**

The Committee discussed future witnesses.

*Ordered*, That the following witnesses be requested to attend the next hearing of the Committee in Launceston:

(a) William Quon;

(b) Dale Luck; and

(c) Representatives appointed by plumbers group (Mr *Booth* to provide names and contact details) (Mr *Hidding*).

The Committee discussed the possibility of conducting a site visit at the affordable housing estate at St Leonards, and hearing evidence from the Office of

Housing and the Master Plumbers Association at future meetings.

### **Adjournment**

At 1.45pm the Committee adjourned until a time and date to be fixed.

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**10 June 2011**

The Committee met at 10:15am in the Conference Room, Level 4, Henty House, Launceston.

### **Members**

Ms *Archer*  
Mr *Booth*  
Mr *Hidding* (Chairman)

### **Apologies**

Apologies were received from:-

Mr *Bacon*; and  
Ms *White*

### **Minutes**

The Minutes of the Meetings held on 18 February 2011, 11 April 2011 and 16 May 2011 were circulated, read and confirmed as a true and accurate record.

### **Witnesses**

The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

Andrew Foley, John Oldenhof, Alan Atkins and  
Dwayne Griffin – United Plumbers of Tasmania.

The witnesses withdrew.

The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

William Quon and Kathy Quon.

The witnesses withdrew.

### **Suspension**

Suspension of sitting 12:45pm to 1:25pm.

### **Witnesses**

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public: -

Dale Luck – JMG Engineers and Planners.

The witness withdrew.

The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

Philip Connors, Jason Folo and Troy Bell – Protek Building Surveying Pty Ltd.

The witnesses withdrew.

### **Evidence**

*Resolved*, That the following document having being circulated be received and taken into evidence:-

United Plumbers of Tasmania submission dated 10 June 2011 (Mr *Hidding*).

### **Future Witnesses**

The Committee discussed future witnesses.

*Ordered*, That the following witnesses be requested to attend the next hearing of the Committee at Parliament House:-

- (a) Roy Omerod;
- (b) Kerrie Crowder; and
- (b) Dixie Emmerton (Mr *Hidding*).

The Committee also discussed the possibility of tabling an interim report dealing with the following issues:

- plumbers;
- compulsory CPD;
- apprentices; and

long Service Leave

### **Adjournment**

At 3:15pm the Committee adjourned until a time and date to be fixed.

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**23 August 2011**

The Committee met at 11:00am in Committee Room 3, Parliament House.

### **Members**

Ms *Archer*

Mr Booth  
Mr Hidding (Chairman)

### **Apologies**

Apologies were received from:-

Mr Best; and  
Ms White

### **Minutes**

The Minutes of the Meeting held on 10 June 2011, having previously been circulated, were read and confirmed as a true and accurate record.

### **Evidence**

*Resolved*, that the following documents be received and taken into evidence:

- Letter from the Minister for Workplace Relations dated 7 July 2011 enclosing Memorandum from Kerrie Crowder, Director of Building Control.
- Letter from Tasmanian Building Group Apprenticeship Scheme dated 12 August 2011 (Mr Hidding).

*Ordered*, that the Secretary write to the Minister for Workplace Relations in relation to the withdrawal of State funding referred to in the letter from Tasmanian Building Group Apprenticeship Scheme dated 12 August 2011, requesting details of the reasons for the withdrawal of funding and the likely impact of this, and that a copy of the letter from Tasmanian Building Group Apprenticeship Scheme be provided to the Minister for this purpose (Mr Hidding).

*Ordered*, that the Secretary write to the relevant Minister requesting any data the Tasmanian Government has on the anticipated future number of qualified tradespeople required in all building trades in comparison to the projected numbers of these tradespeople that will be available (Mr Booth).

### **Witness**

The following witness was recalled and was examined by the Committee in public:-

Roy Ormerod, General Manager, Workplace Standards Tasmania.

### **Papers**

The witness tabled the following papers:

- National Licensing System for Specified Occupations – Decision Regulation Impact Statement.

- Director of Building Control – Comments on the Oral Submissions made to the Select Committee.
- Complaint and Investigation Summary for 74 Ripley Road, West Moonah, and other matters.

The witness withdrew.

### **Witness**

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

Dixie Emmerton, Managing Director, Centre for Tasmanian Industry.

### **Paper**

The witness tabled the following paper:

- Tasbuild – Building and Construction Long Service Leave Fund.

The witness withdrew.

### **Suspension**

Suspension of sitting 1:15pm to 1:50pm.

### **Evidence**

*Resolved*, That the following documents tabled by the witnesses be received and taken into evidence:-

- National Licensing System for Specified Occupations – Decision Regulation Impact Statement.
- Director of Building Control – Comments on the Oral Submissions made to the Select Committee.
- Tasbuild – Building and Construction Long Service Leave Fund (Mr Hidding).

*Resolved*, That the following document be received and taken into evidence and that it be kept confidential and not reported:

- Complaint and Investigation Summary for 74 Ripley Road, West Moonah, and other matters (Mr Hidding).

### **Interim Report**

*Resolved*,

- That the Committee prepare an interim report dealing with all issues other than dispute resolution in the building industry.

That the Committee will, at a later time, advertise for submissions from the public in relation to dispute resolution in the building industry and will prepare a final report dealing with this issue (Mr *Hidding*).

#### **Adjournment**

At 2:40pm the Committee adjourned until a time and date to be fixed.

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### **28 September 2011**

The Committee met at 1:15pm in Committee Room 3, Parliament House.

#### **Members**

Ms *Archer*  
Mr *Best*  
Mr *Booth*  
Mr *Hidding* (Chairman)  
Ms *White*

#### **Minutes**

The Minutes of the Meeting held on 23 August 2011, having previously been circulated, were read and confirmed as a true and accurate record.

#### **Evidence**

*Resolved*, that the following documents be received and taken into evidence:

- Email from Roy Ormerod, General Manager, Workplace Standards Tasmania, enclosing information requested by the Committee dated 6 September 2011.
- Letter from TasBuild (incorrectly dated 7 February 2011), received on 5 September 2011 (Mr *Hidding*).

*Ordered*, that the Secretary write to TasBuild notifying them that the above letter has been taken into evidence.

#### **Reporting Date**

*Resolved*, That the Committee seek an extension of the reporting date until 31 March 2012 (Mr *Hidding*).

#### **Witnesses**

The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

- Bernadette Jago - Director, Housing Tasmania.
- Glenn Hardwick - Manager, Compliance and Corporate Support, Housing Tasmania.

#### **Papers**

The witnesses tabled the following papers:

- Document titled "Housing Tasmania – Select Committee on the Costs of Housing, Building and Construction in Tasmania" dated 28 September 2011.
- Housing plans (undated).

The witnesses withdrew

#### **Evidence**

*Resolved*, That the following documents tabled by the witnesses be received and taken into evidence:-

- Document titled "Housing Tasmania – Select Committee on the Costs of Housing, Building and Construction in Tasmania" dated 28 September 2011.
- Housing plans (undated).

#### **Adjournment**

At 2:20 pm the Committee adjourned until a time and date to be fixed.

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### **10 November 2011**

The Committee met at 11:05am at Henty House in Launceston.

#### **Members**

Ms *Archer*  
Mr *Best*  
Mr *Booth*  
Mr *Hidding* (Chair)

#### **Apologies**

An apology was received from Ms *White*.

#### **Minutes**

The Minutes of the Meeting held on 28 September 2011, having previously been circulated, were read and confirmed as a true and accurate record.

#### **Evidence**

*Resolved*, that the following documents be received and taken into evidence:

- Hansard Transcript of evidence given to Select Committee on Tasmanian Water and Sewerage by Gerald Monson on 3 March 2011.

- Letter from Minister for Education and Skills dated 25 October 2011 (Mr *Hidding*).

*Ordered*, that the Secretary write to the Minister for Education and Skills requesting clarification as to the last two paragraphs of the above letter (Mr *Booth*).

#### **Draft Interim Report**

The Chair brought up a draft Interim Report which was taken into consideration by the Committee.

Paragraphs 1.1 to 1.9 read and agreed to with minor amendments.

#### **Suspension**

Suspension of sitting from 1:00 – 1:35pm

#### **Calling of Witnesses**

*Resolved*, that any member of the Committee is permitted to provide names of witnesses to the Secretary and that the Secretary is authorised to invite those witnesses to appear before the Committee (Mr *Booth*).

#### **Draft Interim Report**

The Committee continued to consider the draft Interim Report.

Paragraphs 2.1 to 2.3 read and agreed to with minor amendments.

Motion made and Question proposed – That paragraph 2.4 be agreed to, which reads as follows:

#### ***2.4 Cost of Statutory Levies and Contributions***

##### ***2.4.1 Portable Long Service Leave Scheme***

*2.4.1.1 The Committee recommends that TasBuild be required to present a proposal within 12 months for the winding up of its scheme which returns the current monies held to the beneficiaries.*

*2.4.1.2 The Committee recommends that the matter be referred to the appropriate body for consideration of an Award or Superannuation increase to cover the previous benefit, ensuring workers in this industry have access to long service leave award provisions that all other Tasmanian workers enjoy.*

The Committee deliberated.

Question put;

The Committee divided.

#### **Ayes**

Ms *Archer*

Mr *Booth*

Mr *Hidding*

#### **Noes**

Mr *Best*

It was resolved in the Affirmative.

The Committee continued to consider the draft Interim Report.

Paragraphs 2.5 to 2.7 read and agreed to with minor amendments

Paragraph 2.8.1 postponed.

Paragraph 2.8.2 read and agreed to.

#### **Adjournment**

At 3:10pm the Committee adjourned until a time and date to be fixed.