

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON ACCREDITATION OF BUILDING PRACTITIONERS MET AT HENTY HOUSE, LAUNCESTON ON 31 AUGUST 2006

Mr PHILIP JOHN WATTS WAS CALLED, MADE THE STATUTORY DECLARATION, AND WAS EXAMINED.

Mr WATTS - I would like to thank you for the opportunity of speaking here today. For the record I am a builder in Launceston. I have been building for 15 years. I belong to both the HIA and the MBA. I also have a university degree in mathematics from my earlier days.

I wanted to elaborate a bit on what I sent in point form to Mrs McLeod by e-mail in my original submission. I have brought along some evidence that I did not submit before to back up the things that I have put in the claims that I have made. There are names associated with these documents and I do not really want them released into the public, if that is okay, mainly because there are other people involved in Launceston and wherever else. I do not want any recriminations, but I will give you the documents. Is that okay or not?

Mrs SMITH - You want the documents to stay in committee; is that what you are saying?

Mr WATTS - I will give you all those plans and documents and everything else but they refer to people from the council and they refer to builders in Launceston.

CHAIR - We can mark them as confidential documents for the eyes of the committee only.

Mr WATTS - That is fine. I know that some of the things have been in the paper but I don't want other people ringing me up and saying you doxed me in or whatever.

CHAIR - Bear in mind that if you mention those people's name they will be on the Internet as part of our *Hansard* recording. So steer away from that.

Mr DEAN - Mr Chairman, he probably should be advised too that I am here in the position of a Legislative Councillor, nothing to do with the council, so it is not as though I can take anything back to the council.

Mr WATTS - That is fine; I don't have a problem with that.

Mr WATTS - The whole problem is basically intertwined with three absolutely huge problems that we have in the building industry at the moment. The first one is the home owners warranty act of 1992, the second is the Building Act 2000 and the third is the Tasmanian Compliance Corporation.

Governments in Tasmania since 1992 have never really fixed the problem from one piece of legislation before they have added another piece of legislation and put more bureaucracy, more inefficiency, additional cost, more local government regulations,

additional fees and levies, and therefore more costs to the client, onto the whole situation.

My first grievance with the TCC is that it is a profit-based organisation; in other words it is a business. So it is there in the interests of trying to make as much money as it possibly can. That allows for a heap of borderline people to be given building licences. If you have built three jobs, and you have your compliance paper work and your home owners warranty, then you filled it out and sent your cheque. The TCC look at it and say, 'Is this guy a builder or is he not a builder?'. He might be a farmer; I know a guy who is a farmer, I know a guy who is a painter and I know people who have put up tin sheds and whatever. From the TCC's point of view if the guy is a builder it is \$500 a year for the next umpteen years, but it is nothing if they reject his application. From a commercial point of view it is \$500 a year for the next 25 years while that guy is there as a builder, so give him a licence. I know a guy who is a painter; he will openly admit that he could not drive a nail to save himself but he has a building licence.

I had a letter sent to me just a few days ago from Ranbuild, a company that puts up colorbond garages. In their letter asking me to buy their sheds they said that 'Ranbuild's Launceston, Devonport and Burnie offices are locally owned and nationally backed and are accredited as licensed building practitioners under the Tasmanian Compliance Corporation'. So to me, they are equally as good a builder as I am. They are no different from anyone else than I am. They can go and put up a \$2 000 colorbond garage and they can build a \$700 000 house because they have a building license.

Secondly, my father is a builder and has been a builder for 52 years, I believe. He was refused accreditation from the TCC because he is 70 years old. He has written several letters and he asked me to pass these on to the committee. He would have made his own representation but he is on the mainland at the moment.

CHAIR - Was that the claimed reason for him being denied, because he is 70 years old?

Mr WATTS - It was not the claimed reason. It was claimed that he did not have insurance. He could not get insurance, supposedly, because he did not have access to home owners warranty insurance, so he was refused on the grounds that he did not have home owners warranty insurance even though he has been working for 52 years. He wrote several letters to the Government, most notably to Mr Green, complaining about it. He got several replies, of which I can give you copies. One of the replies, from Mr Green's office, recommended that he go back to university and complete the Australian Qualification Framework level 4 qualification. If he got two years more experience as a builder then he would be -

Laughter

Mr WATTS - able to apply and then these requirements, as determined by the accreditation scheme of the Tasmanian Compliance Corporation, would be heeded.

Ms FORREST - Did he apply for accreditation as soon as the scheme started?

Mr WATTS - Yes, before 2004. In the grace period -

Ms FORREST - So he was not accepted through the grandfather clause?

Mr WATTS - No. He did not, in the last three years, have three completed jobs with a homeowner's warranty certificate. They knocked his application back. He started in 1952. As he says in his letter, he is qualified in carpentry, joinery, cabinet-making, drafting, architectural and engineering drawing, yet he cannot be accredited.

Bryan Green also wrote a letter to him telling him that the limit to work he could do was \$5,000, that he could not do work valued at over \$5,000. It is actually over \$12 000. So the minister himself did not even know what the limit of the work was under his own Housing Indemnity Act. I can give you those letters as well.

Mr WILKINSON - He would be thanking his adviser, I reckon, for that letter.

Laughter

Mrs SMITH - Can we have the date of that letter?

Mr WATTS - 26 July 2004.

Mrs SMITH - Thank you.

Mr WATTS - The next think I wanted to comment on, which the other people did mention, is that the cost of accreditation, I believe, is far too high in Tasmania - almost double the next most expensive State. One would not mind so much paying \$600 a year - I have to pay \$45 a year for two other accreditations as well - if it was a level playing field and everybody had to be in it. The problem is that we have had an increase in owner-builders from something like 14 per cent to something like 40 per cent at the moment. The owners put the plans into the council and go and get a builder on a subcontracting basis to go and build the house, therefore avoiding the homeowner's warranty act and the TCC and consequently being able to work at a lower hourly rate. The \$500 a year adds another 50 cents an hour to your hourly rate to cover that cost, plus all the insurance costs that go with it. You have to have your public liability, your workers compensation, your accident and injury insurance, and homeowner's warranty fees. You have to be a member of HIA and you pay them \$500 a year; you pay another \$500 to the MBA and so it goes on and on.

I also believe that the TCC, totally, do not fulfil their obligations. They will not even send you a receipt for your payment. They are very quick to send you an invoice for the \$500, but I have tried for two years to get a receipt out of them and they have refused to send me one, saying that they do not issue receipts. What kind of an organisation is it that does not give you a receipt for a cheque?

Mr WILKINSON - Is that what they say, that they don't issue receipts?

Mr WATTS - The woman told me, 'We do not issue receipts'. So, for \$500 a year I get an annual renewal out of them for another \$500. I get a green or blue sticker, depending on the year, and I get a letter telling me about CPD that I already know about.

Mrs SMITH - Is this a blue year or a green year?

Mr WATTS - This was green year. Last year was a blue year.

Mr DEAN - What do you do for tax invoices and so on if you don't get a receipt?

Mr WATTS - They send you a tax invoice in June demanding payment, but they do not send you a receipt.

Mr DEAN - How do you show that you have paid?

Mr WATTS - You have to rely on your bank statement of them cashing the cheque.

Ms FORREST - Under a tax audit that might be a little bit difficult.

Mr WATTS - That is why we have a receipt for everything. If we go and pay Gunns or whoever, we get a receipt, but I cannot get a receipt out of them. They will not send me a receipt.

Ms FORREST - Have you put a request in writing?

Mr WATTS - I have not put it in writing, to be honest. I have rung them up and I have asked, several time, could they send me a receipt, and every time the answer is 'We do not issue receipts'.

One of the issues of the Building Act 2000, and I know this is not directly related to the TCC, is that it was supposed to get rid of owner-builders. But we now, as I said before, have something like 40 per cent owner-builders. They wrote in a very nice piece of legislation in the Building Act that an owner-builder could only build two jobs every 10 years. That is an absolute joke because I can build two jobs a year, my wife can build two a year, my daughter can build two a year, my son-in-law can build two a year and my dog can build two a year, and then we are back to 10 years and we start again. So, literally, you can build as many as you like under the act; you just lodge them at the council under different names. There is absolutely nothing that they could do about it. I know people who are building flat-out - two, three or four houses a year - as owner-builders but they are all lodged under different names.

Ms THORP - Or under owner-builders?

Mr WATTS - No, building them as spec houses, or for themselves, as owner-builders by going and putting this one in my name, the next one in their wife's name, the one after in their son's name and so on.

Mrs SMITH - How do they get around the requirement that if you sell it in under six years you are supposed to get some insurance coverage?

Mr WATTS - You can get that too. If you want to pay retrospectively to an engineer you can pay about \$3 000 and you can get that insurance done, because without homeowner's warranty you can still get an engineer to certify the job after it has been finished, as long as you pay for it to be done.

Mrs SMITH - Is that cheaper than getting the insurance and doing it up-front in the ordinary way?

Mr WATTS - I'm not really sure, but probably not. For a builder it is certainly cheaper but for an owner-builder trying to beat the system, I don't know. A lot of these people are not building their houses to sell them; they're doing it as an investment and building up their own property portfolio and they don't want to sell them.

This brings me onto the big problem I have with owner-builders and non-owner-builders. The committee may or may not be aware of this, but a certain job was given to a person in Launceston to build a house. The lady employed someone to do the job. The fellow doing the job threw a whole heap of paperwork in front of the lady, who happens to be of foreign descent and is a doctor by profession. She speaks reasonable English, but not perfect English, and her husband doesn't speak very much English at all. The builder basically said, 'Sign this, I'm your builder', and she complied and signed all these documents. The actual plans were lodged at the council by this particular person, and I have a letter from the lady who signed the declaration saying how she was asked to sign the forms.

Mrs SMITH - Are these the documents you wish to be held in committee? Just clarify that for *Hansard* before you start. You want kept private just what you are handing over now?

Mr WATTS - Yes, just this whole series.

This fellow reckons he is qualified, but if you actually searched the Australian Companies Registry he is not listed as a builder and he is not listed as having a business in Australia. He is not listed with an ABN number, he does not have a building company, he is not a member of the TCC, and he does not belong to the HIA or the MBA. Basically, he is unknown. This is his quote to build this house for this particular person. I reckon he could have done it in five minutes because the figures are just whatever you can think of from whatever number you can come up with. Earthworks are \$60 000 just to excavate the block. The estimate is down at the bottom, and then he goes on to say that he reckons he could build it for about \$100 000 less. He goes and lodges the plans at the Launceston City Council; all the documentation is certified by the Launceston City Council certifying person and written out in the name of this fellow. So he has got it.

Mrs SMITH - Is this as an owner-builder?

Mr WATTS - The lady believed she was employing a builder.

Mrs SMITH - Okay, but he was putting it in as an owner-builder?

Mr WATTS - He is putting it in as an owner-builder.

Ms FORREST - Right; I needed to know whether I should get into the Launceston City Council officer.

Mr WATTS - No.

Ms FORREST - So it's not the woman's name that's on the approval?

Mr WATTS - No. The woman's name should be on the approval as an owner-builder, but she is not on there as an owner-builder. Her name is not mentioned anywhere in the paperwork; it all went forward as this particular person appearing to be a legitimate above-board builder. The Launceston City Council gave a building permit for the job, written in the name of the person and dated 20 January 2006. They gave a special plumbing permit for the swimming pool on 10 January 2006, and they gave a plumbing permit on 10 January 2006, all in the name of that particular person.

Mrs SMITH - According to this, there is an accreditation number for the building surveyor, the building designer and the engineer designer.

Mr WATTS - That's correct. Although I'm not implying any wrongdoing by the building designer or by the engineer, you may be interested to know that the building designer designed the house but subsequently it would not fit on the block. The block was not big enough to actually put the house on it. The engineer who subsequently designed all the stabilising details had all the board piers going down to a depth of 200 mm. I am not Einstein, but I would have thought you needed your foundations on the side of a hill to be deeper than that. I am not implying that he was not accredited; I am just implying that he is not very competent.

Anyway, given all of that, this particular builder started building this house for the people involved. When he found out that the house would not fit on the block he went back to the Launceston City Council and asked for a planning permit to move the building closer to the boundary in order to try to get it onto the block. On 7 February, Launceston City Council gave him a planning permit to shift the boundary, after the building permit was issued, without advertising it in the newspaper and without contacting neighbours. It still would not fit on the block, but anyway.

Consequently, this person started to build the house; he got the block dug out and he spent an amount of \$20 000-odd with a certain excavation company digging up this block to try to get the house on the block. He subsequently billed the owner \$7 650, supposedly for 207 hours of his own work at \$37 an hour with no GST - GST was nil. All he did was preliminary work, council et cetera - in other words getting those permits - and site excavation. In other words he reckons he sat there and watched an excavator for 207 hours and billed the guy \$7 650.

Ms FORREST - So he did not actually do the excavation himself?

Mr WATTS - He got someone else to do the excavation. The excavation company did the job. He sent this out. At the bottom an ABN is listed, but if you look at that ABN it is really a tax file number; it is not an ABN because the guy does not have one.

Mrs SMITH - Your argument in all this is that many of these people in this paperwork have an accreditation number for something or other and yet their work is questionable?

Mr WATTS - That is right. My argument is that there are a lot of questionable people around with building recognition from the TCC, and there are a lot of people who are actually doing the wrong thing in issuing the paperwork.

The final scenario with this particular job was that the client, when he got the bill from the builder, went to the National Australia Bank and asked for a progress payment to pay the guy for doing the excavation and to pay the builder his \$7 650. The bank refused to pay it because there was no home owner's warranty. All of this was done without a home owner's warranty. The council approved it and gave it to him without a home owner's warranty, so apart from giving an illegal planning permit, giving a permit to a guy who should not ever have received a building or a plumbing permit, they did not ask for a home owner's warranty on the job. The whole job was stopped. Consequently the guy has been sacked and I am building the house, and that is how I got all this paperwork. I have taken over the job of building the place for the client.

Ms FORREST - You said at the beginning of this part of your evidence that he did not show up on the TCC -

Mr WATTS - He doesn't. He is not a member.

Ms FORREST - But you are saying there is a problem with TCC accrediting builders who shouldn't be accredited. Well, he is not accredited.

Mr WATTS - Exactly, but he is pretending to be accredited and he should not have been given the building permits from the council if he was not accredited.

Ms FORREST - Are you suggesting then that the council should check that the accreditation provided is legitimate?

Mr WATTS - That is right. The council, when they get an application from a builder, should go and scrutinise the application to see whether the bloke is a legitimate member of the TCC. They should not have issued that permit; they should not have given the paperwork out to that guy. He was not an owner-builder because if it were an owner-builder the documentation would have been in the name of the owner of the property. He should not have had that paperwork published in his name. He should not have been allowed to start that job; he took a job off someone by pretending to be an accredited builder, pretending to have an ABN number and everything else when he is not.

Mrs SMITH - If my information is correct, they have only to look up the Internet to see the list of accredited TCC builders.

Mr WATTS - Exactly. On the DIER web site you can get a list of all the accredited builders and off the Australian Companies Register you can get a list of all people with a business number. I have done the search and they do not exist. It is a classic case of all round incompetence. We have an engineer that certified a set of drawings that were faulty, we have an accredited draftsman who designed a house that will not fit on a block, and we have a builder who should never have been given a permit to build the house because he did not have home owner's warranty and he was not an owner-builder.

Ms THORP - Are you aware that under the scheme that the TCC operates it says that:

'The TCC is required to conduct or arrange audits of the work of accredited building practitioners, detail the audit process, conduct random audits of any accredited building practitioners ...'

Mr WATTS - I know, but they do not seem to do it.

Mrs SMITH - Do you know if they have done any random audits anywhere?

Mr WATTS - I have not heard of too many people being randomly audited. I certainly have heard nothing from the TCC about my -

Mrs SMITH - Too many? So you think some have?

Mr WATTS - I think there might have been two or three people who might have had a letter asking them to state whether they still have home owners warranty, and to sign it and send it back if they had it.

Mrs SMITH - So it is only auditing the insurance; they have not actually audited the buildings that builders are constructing.

Mr WATTS - Exactly.

Ms THORP - This says audits of the 'work'.

Mr WATTS - They have not done any of that that I am aware of. I think that it is an important case. I am not saying that the council is totally at fault, but they certainly have some responsibility for it. They had people who probably do not know whether they should have done the paperwork or whatever, but the crux of the matter is that that guy should never have received a building permit, and he should not have got it without a home owner's warranty permit if he was the builder. If it was in the name of the owner, of the doctor, it would have been okay. If it had her name on it she would have been a genuine owner-builder. But because it is all written out to this guy's name, and he is doing work of over \$12 000 - he was building a \$700 000 house - he should have had to go through the paperwork and been accredited and had his licence.

Mrs SMITH - Are you of the opinion, then, that the banks are actually auditing for those who are borrowing money. Is that how you read this?

Mr WATTS - Banks require a home owner's warranty certificate before they will release any payment on a building job.

Mrs SMITH - So the banks are our safety valve at least at the moment -

Mr WATTS - Exactly.

Mrs SMITH - for people borrowing money.

Mr WATTS - Yes, you are quite right.

Mrs SMITH - If you did not have to borrow money, then who knows.

Ms FORREST - If you're cashed up it could go through.

Mr WATTS - If they had the money that would never have been found out and would never have been stopped. The National Australia Bank stopped the job because they would not issue \$27 000 as a progress payment; it was over \$12 000 so they would not give \$27 000 without the home owner's warranty. He could not get the home owner's warranty and so couldn't get paid.

Moving on a bit from that, I don't know whether this one is quite so relevant to the TCC, but you might also be interested. I do not have a problem if you use this one in public. This is a case of one of the failings of the Building Act, which I know is not directly related to the TCC. It is about trying to get your paperwork out of the councils and trying to get your paperwork tidied up so you can be paid for jobs. This job was one that I built for a lady in Kenyon Street, Launceston. I have enclosed here a copy of the building permit, which was dated 18 October 2004. I went back to put an amendment to the plan to build a garage, which I have given you a copy of, dated 21 January 2005. On 19 April 2005 the lady who owns the property received a letter from the council saying that it has come to the councils attention that building work has commenced without a required permit at the above address.

'Under the Building Act 2000 it is an offence to carry out such work without the necessary permits being in place. You are advised that you are in breach of section 60, Carrying out work without a permit, section 87, Starting building work without notifying a building surveyor. ... The builder is entitled to be fined 14 penalty points and formal proceedings will be commenced if permits are not submitted within 14 days.'

This is all after we had received a permit dated 21 January. So you can imagine how happy the lady was. I went to the council on her behalf. I am not running the council down, but they had a look through the file and were very sorry about the whole story. They finally admitted that, yes, there had been a clerical error. The building inspector for the council had driven down Kenyon Street, noticed the building work going on, went back to the council and looked on the computer for that property. No permit was listed on the computer for the job, so somebody never listed that job. He therefore wrote the letter. Now, okay mistakes happen, that is fine. They wrote a letter of apology to the lady and said that it has all been rectified, no problem, and I carried on with the job.

I finished the job, had it inspected - the certificate of final inspection is here - and that was all done and handed over and everything else on 30 November 2005. Then I waited to actually get the completion certificate from the Launceston City Council. The plumbing one arrived on 22 March 2006, so that was four months, and building certificate arrived on 19 June 2006, seven month after I finished the job. It was not an issue for me in this job because the lady was paying for the job herself. But if that job had been funded by the bank, the bank will not release the last payment of \$50-70 000 until I can produce a copy of completion of the job.

My point is that the council is quite happy to write to you quoting the Building Act 2000 and being the big brother when they think you are building an illegal garage, but the

same Building Act says that you have 14 days in which to receive a completion certificate when the job is done. I cannot go to them and quote the Building Act and threaten to fine them when I have to wait seven months to get my completion certificate.

Mrs SMITH - So the anomaly is that you have 14 days in which to submit the paperwork and you are saying that perhaps they should have a 30-day turnaround or something like that?

Mr WATTS - No, the Building Act says that the council has 14 days to give you a building permit and 14 days to give you a completion certificate once you have lodged all the relevant documents. They did not comply with that 14-day period a lot of the time. They are not too bad when you put the plans into the council now, but getting the final paperwork at the end of the job can sometimes take two, three, four or in this case seven months. I know is an extreme case; it is not the norm. I am not saying the council always takes seven months but if you want some pretty good evidence of a failing of the requirement, then this was a good one.

If people are waiting for money, that money is held up by banks for want of paperwork. You have to produce the completion certificate to get your last payment.

Ms FORREST - So potentially you could have been out of pocket for seven months if the people had not been paying cash?

Mr WATTS - Exactly. If they were funded by the National Australia Bank they would not have given me the last cheque until I produced this piece of paper. I do not think it is fair that the Building Act can threaten to penalise and fine you for doing illegal work, and they can use it as a big stick and hide behind it, but when the same Building Act is there to protect the builder to get his paperwork in 14 days they don't want to know about it.

Mr DEAN - There is a plus, I suppose. These people can live in a house without having to pay rates for nine months or 12 months.

Ms THORP - No, they have had the final inspection.

Mr DEAN - But the rates wouldn't be calculated until the whole completion is done.

Ms THORP - But they had completed it. When did they complete the final inspection?

Mrs SMITH - It doesn't help the builder.

Mr WATTS - I had it inspected in November 2005.

Ms THORP - That would be the date from which the rates apply.

Mrs SMITH - Do you think, perhaps, the 14 days should be 30 days? Do you think the stress is in it because it is so busy at the moment?

Mr WATTS - Yes, probably.

Mrs SMITH - Seven months is no excuse but is 14 days too short when they are inspecting one, two, three, four completion certificates?

Mr WATTS - I would say 30 days would be very relevant at both ends. I would never ring up the council and ask for a permit less than four or five weeks after lodging, and only then if I need it. I will never harass the council at the other end for three or four weeks because I know they have a lot of jobs to do. So I think 30 days is probably more realistic than 14 days. What I am saying is that the law is written by parliamentarians and it says 14 days. They do not adhere to it when it does not suit them but if they want to fine you or threaten to fine they are using it as their weapon to do it. You can't have it both ways.

Mrs SMITH - No, but again I will ask the question I have asked of some other people. They did not meet the 14-day deadline, so where did you go? Who did you complain to? Did you?

Mr WATTS - I always ring the council if I am waiting for something but I would never ring at 14 days; that is a bit unrealistic.

Mrs SMITH - But is there somewhere for a builder to go? Is there a body you can go to? Would you expect to go to TCC? Would you expect to go to the local government office of State Government?

Mr WATTS - I don't know who you would go to be honest with you. I have been to the council; I have been to the head of the council's building services department about it a couple of times and she just says, 'We are understaffed; we do not have enough people to do it; we will try to get it done as soon as possible'. I suppose if you pester them enough they will give it to you to shut you up, but at the end of the day you shouldn't really have to. It wasn't a big issue in this particular job because I wasn't waiting for the money - but it could have been.

CHAIR - Can we just be clear that for the last document provided you are not worrying about confidentiality?

Mr WATTS - I'm not worried about that. That is just an average run-of-the mill job. That doesn't mention any names at all. This other one has the name of the builder and everyone else.

I have a couple of other points. CPD is a good idea. I think we should have it but I think it badly needs to be restructured. I don't think it's fair for someone like myself, who is accredited as a builder - small commercial and residential - a design-and-construct builder and as a designer - because I have a qualification in design - to have to fulfil the requirements of CPD for all three criteria every year. Effectively I have to do three times as much CPD as someone who is just a builder or someone who is just a designer. I don't accept that you need to do three times as much, 20 hours of design CPD, when I only design four or five jobs a year. Maybe four or five hours is okay but it should be pro rata to the amount of work you do. I am not a full-time architect or designer. I am only entitled to design for my own jobs; consequently it is probably four or five jobs a year. There should be a pro-rata downsizing of the amount of CPD required.

I also think it is a bit unfair that you have to pay for all the CPD. It costs about \$60 to go to a two-hour seminar that you have to pay for through the MBA or the HIA, so on top of paying \$500 to the TCC you can effectively spend another \$500 getting your CPD points, which is another indirect cost for the whole system of accreditation.

Mr DEAN - Are they good sessions?

Mr WATTS - Generally, yes. I would say generally they are well run. I would say they are generally informative and generally you come away having learned something. However, with money being accumulated through the industry training board fund charge, which is paid when you put your plan in, and money charged through the accreditation levy, and I do not know what they are spending the millions of dollars on, I think that should fund the CPD. CPD should be free, or relatively free, for the people who are accredited, and not another \$500 charge.

I also think that it is about time we did some practical training in CPD. Everybody talks about the shortage of skilled people in the building industry today, and it is true, but we do nothing to really maintain the old skills in building. Today's young apprentices are very good at what they do, but they are meccano-set fabricators. The trusses come on a truck, the joinery comes from a joinery shop, the slab is done by a subcontractor, so what are we doing when we build a house? We whack up the walls that someone has already built, we stick the roofing iron on, we hang the doors and put the skirting on and we walk away to the next job. The skills when people were actually able to build a staircase, cut a roof by hand without using trusses, make a wooden window frame, put up solid render as opposed to granosite rendering, lay tuck-point brick work and so on, are totally dying out. You cannot find anyone to do it. If you are doing a lot of work in restoration places you need people who can do this. I think we need to spend some CPD money to train people to go into those areas and to run CPD courses for people to keep those arts alive, because in another 10 to 15 years you will not get anyone at all.

All those people are 60 or are out of the industry now, so who is going to repair the heritage buildings; who is going to do the stone work and the tuck-point brick work? Have CPD, but have some practical CPD instead of theoretical.

Mrs SMITH - Where does the training levy that you pay go?

Mr WATTS - It goes to an organisation called the TBCITB, the Tasmanian Building Construction Industry Training Board. It has a panel of 10 or 12 people that run it with representatives from all the industries, HIA, MBA, and wherever else. They divvy up the money and send out an amount to each of the organisations that are accredited for training, but by the time they take out their administration charges and whatever it ends up being only a subsidy. So it might cost \$100 for the course but you still have to pay \$60 or \$40.

I think they need to get some more of that money from the other levies to reduce the cost of the CPD down to a lower amount so that people can afford to go. You have to think about the people who do not live in Launceston and Hobart and Devonport. If you are at St Helens, you have to drive from St Helens to Launceston - a two-hour trip - do your course, pay your \$60 and drive home. It has cost you \$50 to \$60 for petrol, four hours of time for travelling and two hours to do the course, so you have virtually lost a day's

wages to go and do a two-hour course. I think it is too expensive at the moment and it is not subsidised enough. I think it is a good idea, and we need it; we need some practical CPD and we need some theoretical CPD but we need to look at the way it is funded and costed because it is pretty expensive.

Mr WILKINSON - Let's say I am a builder and I am in one of these outlying areas. I come and work with you for two hours because you are doing a certain thing that I am going to continue to do. I work for you and you then give me a ticket to say I worked for you for two hours. That compensates for the CPD and compensates for your travelling all day to attend a course. Could CPD be done this way?

Ms THORP - It is like getting your sailing hours up.

Mr WATTS - Absolutely. But all the CPD seems to concentrate on is going to seminars where someone gives you a two-hour lecture on AS2860 or energy efficiency in houses or whatever. There is nothing really concrete and there is no real skills base in it. At the end of the day we are all supposed to be builders. One big grievance I have with both the HIA and the MBA is when they get new members they scrutinise them for how much money they have, how many assets they have, how good their business is and all the other things, but they do not ever ask whether the bloke can build. They do not ever go and have a look at their jobs. They do not obtain references from people they have done jobs for. They do not go and meet the person on site, and meet their bricklayer and electrician, to see whether the whole structure of their building site is any good. I think that is one big fault we have with the building industry in Tasmania. There is not enough emphasis on the practical side. It is all theoretical, probably because the theoretical side is very easy to administer and it is very easy to check up on someone. You can ring up an accountant to find out whether the guy has any money. It is a lot more difficult to drive down to a job and spend an hour and see whether he is building it properly.

Mrs SMITH - Some people would say that probably should be the role of the building inspectors of the local government. What would you say to that?

Mr WATTS - I think it would be very good for them to do it. I think they would probably know who is the good builder and who is a bad builder. But does that help the builder get into the MBA or the HIA at the moment? No, it does not. They do not seem to liaise.

Ms FORREST - To your knowledge, does the TCC use the building inspectors?

Mr WATTS - Not to my knowledge. They do not have anything to do with the building side of it. They do not want to know anything at all about people's building standards, unless there is a complaint. Then, I believe, they do not do very much about complaints. Getting back to the case I mentioned earlier, the lady who owns the house did write to complain about the quality of the builder. They wrote back and said there was nothing wrong and that builder had done everything above board, but they never even made an inquiry.

Ms FORREST - Even though he was not accredited; they did not even pick that up?

Mr WATTS - No. They just wrote back and said everything was fine. The TCC wrote to the MBA about it.

Mr DEAN - Do you have that correspondence available?

Mr WATTS - It is, through Chris Atkins in Hobart, if you would like to get it.

Mr DEAN - Certainly.

Mr WATTS - He has all the files because I pursued the case through the MBA because I did not know this was coming up. I could have got a copy of that letter but I did not get it in time. But there is a response to the inquiry at the MBA in Hobart; Chris Atkins does have it and it is available.

Ms FORREST - Can I check the process there? The woman in this case made a complaint to TCC, and TCC wrote to the MBA?

Mr WATTS - That is right.

Ms FORREST - They did not point out that this builder was not accredited?

Mr WATTS - No. They rang up the builder and asked whether he was a builder or an owner-builder, and he wrote back and said he was an owner-builder. They said that is the end of the story and that nothing was wrong. But all the documentation was in his name. He was not an owner-builder; he merely had the documentation written in his name. It is one or the other; you cannot have it both ways. He is either an owner-builder or the documentation belongs to the person who owns the house.

The last thing that I wanted to touch on was the homeowners warranty itself. As the other person noted, it is basically a total waste of money from the client's point of view. I know it is compulsory to be a member of the TCC and have access to homeowners warranty, but the warranty, as was previously mentioned, is only claimable in the case of death, bankruptcy or disappearance, which has a very low chance of ever being claimed. I also think it is a fraud; if you build a house that exceeds \$500 000, or a house that is anything above \$200 000, you are forced to insure that house for the total cost of the project, but the maximum payout is only \$200 000 on any job. So if you are building a \$1 million house, you pay an insurance premium for \$1 million but you can only ever claim \$200 000 in the very rare case that someone goes belly-up or dies on you. So why are you paying a premium on \$800 000 you can never claim? If my house burns down and it is insured for \$500 000, then I am eligible to claim \$500 000 if I can justify it. So why is the maximum in homeowner's warranty \$200 000?

Also, why isn't the client given the choice to have a homeowners warranty? I can choose to insure my house. I can choose to insure my car. Why is it mandatory to have a homeowners warranty policy on a house which, realistically, I can never claim on?

My last point is that accreditation is largely run by insurance companies, due to a requirement to have access to warranty insurance and the financial viability of the builder. It is not an ability-based industry any more. It is very hard for a young builder to get established in the industry today due to the financial restraints put on them by

insurance companies. One needs to be able to justify 20 per cent of your annual turnover in assets, money or other deemable things, to an insurance company. No asset means a low turnover limit, which means you have done your year's work in a few months. For me to survive in Launceston, I need a turnover of something around \$2 million to build houses today because they cost an average of \$300 000 or \$400 000. For \$2 million you have to have \$400 000 for an insurance company. How do people who have not been around for a while get \$400 000? That is a lot of money. It is a bank guarantee, or cars, assets, tools, workshop, plant and equipment - or money. That is a lot of money for a young person to find; you need to be 30 or 40 to have any chance of raising it.

I do not think I have anything else to say except that we need an overhaul of the whole system. The building industry is probably in the worst shape that has been in since I have been in it, and that is about 16 years.

Mrs SMITH - In your submission you talk about Mr Diprose setting up a business to sell CPD points for financial gain. Am I to presume that he is setting up a business that will allow you to go to lectures et cetera and get the points? Or is he just saying that if you like to pay me I will give you the points, so you do not have to go anywhere?

Mr WATTS - I believe that it is done if you send them the \$500-odd that he asks for in the letter. I didn't bring the letter but it is available; he sends it out quite regularly. You sign the declaration on the back to say you have read two journals and have subscribed to the BCA of Australia and whatever else, and you have been to one or two meetings, and that is your 20 or 12 hours or whatever you need. Then he will sign it off for you.

Mrs SMITH - So that is another \$500 cost that we will tick off as part of your accreditation?

Mr WATTS - Yes, it is another \$500. I do not think too many people have taken it up because the advice of most people is that it is probably not legal. However, imagine if you live on King Island or Flinders Island; if you were a builder over there it might be a very attractive proposition.

Ms FORREST - It would be cheaper than getting off the island, let me tell you.

CHAIR - Thank you very much. You have been very frank and right up-front in terms of your preparedness to give us those documents - and rest assured that they are held in confidence.

THE WITNESS WITHDREW.