

2013

(No. 35)



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PARLIAMENT OF TASMANIA

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

**FINAL REPORT**

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*Brought up by Mr Hidding and presented to the Speaker pursuant to the Order of  
the House of Assembly.*

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MEMBERS OF THE COMMITTEE

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

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## **1 HISTORY OF THE COMMITTEE**

1.1 The Committee was initially established on 29 September 2010.

1.2 The Committee's terms of reference are as follows:

*To inquire into and report upon 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 registrations; and*

*(g) other matters incidental thereto.*

1.3 The Committee has tabled four interim reports to date.

## **2 CONDUCT OF THE INQUIRY**

2.1 The conduct of the inquiry is detailed in each of the four interim reports to date.

2.2 Since the Committee's fourth Interim Report, the Committee has met on four occasions.

2.3 The Minutes of all meetings of the Committee which have not previously been tabled appear in Appendix 'A.'

## **3 PREVIOUS REPORTS OF THE COMMITTEE**

3.1 The Committee's first Interim Report was tabled on 22 November 2011. This report made findings and recommendations in relation to a number of matters relevant to its terms of reference including the following:

3.1.1 Planning reform.

- 3.1.2 Fees charged by Councils.
  - 3.1.3 Building surveyors.
  - 3.1.4 Headworks charges.
  - 3.1.5 Cost of statutory levies and contributions including the Tasmanian Building and Construction Industry Training Fund Levy, the portable long service leave scheme administered by TasBuild and the building permit levy.
  - 3.1.6 The cost of builders and plumbers registration fees.
  - 3.1.7 Continuing Professional Development for building practitioners.
  - 3.1.8 Dispute resolution in the building industry.
  - 3.1.9 Owner builders.
  - 3.1.10 Classification of dwellings.
  - 3.1.11 Social housing.
  - 3.1.12 Implications of "Star Energy" Ratings.
- 3.2 The Committee's second Interim Report was tabled on 28 March 2012. This report dealt with occupational licensing for plumbers and in particular the proposed increase in license fees payable by plumbers. Negotiations with relevant parties in the lead up to that report resulted in a number of positive developments with regard to the new licensing scheme, including the reduction in the proposed license fee from around \$750 for a single contractor (with

gasfitters endorsement) to a total of \$390 for most practitioners, along with the introduction of a single licence fee, the removal of compulsory CPD requirements and a reduced fee for plumbers over the age of 65.

3.3 The Committee's third Interim Report was tabled on 20 November 2012. This report dealt with dispute resolution in the building industry. At the time that this report was tabled, the *Residential Building Work Quality (Warranties and Disputes) Bill 2012* had been tabled and the Committee had identified a number of areas of concern for the building industry in relation to the proposed legislation, in particular in regard to the investigation powers, and the appointment of the Building Disputes Commissioner. The Report recommended that the Bill be referred to the Committee for consideration. While not formally referred to the Committee, the Minister did not proceed with the Bill in the last session of Parliament in 2012. This provided the Committee with the opportunity to investigate and report further on the concerns expressed by the building industry with certain aspects of the Bill upon the resumption of Parliament in 2013.

3.4 The Committee's fourth Interim Report was tabled on 6 March 2013 and also dealt with the *Residential Building Work Quality (Warranties and Disputes) Bill 2012*. Having had the opportunity to review and take further evidence in relation to the Bill, the Committee made several recommendations in relation to the Bill, including in relation to the independence and skills of the Building Disputes Commissioner.

## **4 FINDINGS**

- 4.1 The Committee has addressed its terms of reference through its four interim reports.
- 4.2 Throughout its inquiry, the Committee has made a number of significant findings and recommendations in relation to many issues impacting on the costs of housing, building and construction in Tasmania, and has also made a significant contribution to resolving issues associated with new legislation in areas such as occupational licensing and dispute resolution.

**Parliament House  
HOBART  
17 December 2013**

**Rene Hidding M.P.  
CHAIR**

# APPENDIX “A” – MINUTES

28 August 2012

The Committee met at 1:05pm in Committee Room 2, Parliament House.

## **Members**

*Mr Best*  
*Mr Booth*  
*Mr Hidding* (Chair)  
*Ms White*

## **Future Meeting Dates**

*Ordered* That the Committee meet on 2 October 2012 in Hobart and 8 October 2012 in Launceston.

## **Witnesses**

*Ordered*, that the following witnesses be invited to attend the Committee's meeting on 2 October 2012:

- Norman Raeburn, Legal Aid Commission.
- Ann-Marie Johnson.

*Ordered*, that the following witnesses be invited to attend the Committee's meeting on 8 October 2012:

- Barry Magnus.
- Janine Bransden and Chris Carlson.
- Frank Geskus from PrimeDesign (President of Building Designers Association of Tasmania).
- Jill Davey.

## **HIA and MBA**

*Ordered*, that the Chair write to HIA and MBA requesting their views on whether the proposed dispute resolution legislation would increase costs in the building industry, either by way of submission or by attendance at the Committee's meeting on 2 October (*Mr Hidding*).

## **Submissions**

*Resolved* that submissions number 23, 24 and 25 in relation to dispute resolution in the building industry be received and reported to the House (*Mr Booth*).

## **Minutes**

The Minutes of the meetings held on 28 March 2012 were read and confirmed as a true and accurate record (*Mr Booth*).

## **Adjournment**

At 1:50pm the Committee adjourned until 2 October 2012 at Parliament House.

## 2 October 2012

The Committee met at 9:12am in Committee Room 2, Parliament House.

### **Members**

*Ms Archer*  
*Mr Best*  
*Mr Hidding* (Chair)  
*Ms White*

### **Minutes**

The Minutes of the meetings held on 28 August 2012 were read and confirmed as a true and accurate record (*Mr Hidding*).

### **Witnesses**

The following witness was recalled and was examined by the Committee in public:-

Stuart Clues, Executive Director, Housing Industry Association Tasmania.

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

Paul Ferguson, Assistant Director, Business Practices, Housing Industry Association.

*Mr Booth* took his seat.

The witnesses withdrew.

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

Norman Reaburn, Director, Legal Aid Commission of Tasmania.

The witnesses withdrew.

The following witness was recalled and was examined by the Committee in public:-

Michael Kerschbaum, Executive Director, Master Builders Tasmania.

The witness withdrew.

### **Further Information from Master Builders Tasmania**

Ordered that Master Builders Tasmania provide the following information to the Committee:

Information they supply to builders in relation to the use of cost plus contracts (*Mr Booth*).

### **Adjournment**

At 11:50am the Committee adjourned until 8 October 2012 at Henty House, Launceston.

## 8 October 2012

The Committee met at 10:00am at Henty House, Launceston

### **Members**

*Ms Archer*  
*Mr Booth*  
*Mr Hidding* (Chair)

### **Apologies**

An apology was received from *Ms White*.



### **Witnesses**

The following witness was recalled and was examined by the Committee in public:-

Jill Davey.

Mr Best took his seat.

The witnesses withdrew.

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

Frank Gekus, President, Building Designers Association of Tasmania.

The witnesses withdrew.

The following witness was recalled and was examined by the Committee in public:-

Barry Magnus, National Director, Australian Institute of Building Surveyors.

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

Steven Bramich, President, Australian Institute of Building Surveyors.

The witnesses tabled the following documents:

- Building Services Authority Queensland Annual Report 2010-2011.
- Rectification of Building Work Policy – Queensland Building Services Board.

The witnesses withdrew.

The following witnesses appeared, made the Statutory Declaration and was examined by the Committee in public:-

Janine Bransden and Chris Carlson.

The witnesses tabled the following documents:

- Outline of submission to the Committee dated 8 October 2012.
- Photographs (x5) of building defects in house.

The witnesses withdrew.

### **Minutes**

The Minutes of the meeting held on 2 October 2012 were read and confirmed as a true and accurate record (*Mr Hidding*)

### **Documents**

Resolved that the following documents tabled by the witnesses be received and taken into evidence:

- Building Services Authority Queensland Annual Report 2010-2011.
- Rectification of Building Work Policy – Queensland Building Services Board.
- Outline of submission to the Committee dated 8 October 2012.
- Photographs (x5) of building defects in house (*Mr Hidding*).

### **Adjournment**

At 2:00pm the Committee adjourned to a time and date to be fixed.

### **19 November 2012**

The Committee met at 9:00am in Committee Room 2, Parliament House

**Members**

Ms Archer  
Mr Best (by telephone)  
Mr Booth  
Mr Hidding (Chair)  
Ms White

**Witnesses**

The following witnesses were recalled and were examined by the Committee in public:-

- Roy Ormerod, General Manager, Workplace Standards Tasmania.
- Kerrie Crowder, Director Building Control, Workplace Standards Tasmania.

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

- Kerry Shepherd, Project Manager, Workplace Standards Tasmania.

Mr Ormerod tabled the following document:

- Document titled "Workplace Standards Response to Comments made by the Committee on Residential Building Work Quality (Warranties and Disputes) Bill 2012."

The witnesses withdrew.

The following witness was recalled and was examined by the Committee in public:-

- Stuart Clues, Executive Director, Housing Industry Association Tasmania.

The witness withdrew.

**Minutes**

The Minutes of the meeting held on 8 October 2012 were read and confirmed as a true and accurate record (Mr Hidding)

**Documents**

Resolved that the following documents be received and taken into evidence:

- Email from Michael McCarthy dated 6 November 2012.
- Email from Master Builders Tasmania attaching documentation in relation to Cost Plus Contracts dated 12 October 2012.
- Letter from Janine Bransden & Chris Carlson dated 11 October 2012.
- Letter from Steve Bramich dated 15 October 2012.
- Document titled "Workplace Standards Response to Comments made by the Committee on Residential Building Work Quality (Warranties and Disputes) Bill 2012." (Mr Booth).

**Building Dispute  
Commissioner Options**

Resolved that the Committee invite the relevant Minister to appear before the Committee in relation to options as to where the Building Dispute Commissioner may be placed, particularly if a tribunal model is adopted (Mr Hidding).

**Reporting Date**

Resolved that the Committee seek an extension of the reporting date to 30 April 2013 (Mr Hidding).

**Adjournment**

At 10:45am the Committee adjourned to 20 November 2012 at 9am at Parliament House.

**20 November 2012**

The Committee met at 9:00am in the Long Room, Parliament House

**Members**

Ms Archer  
Mr Booth  
Mr Hidding (Chair)  
Ms White

**Building Dispute  
Commissioner Options**

Ordered that the Minister for Justice provide a written response to the following, instead of being invited to attend before the Committee at this stage:

*Advice to the Committee in relation to the various options as to where the Building Dispute Commissioner could be placed outside Workplace Standards Tasmania, either within in the public service or outside the public service and whether there is capacity within an existing tribunal to undertake this work (Mr Hidding).*

Ms White left her seat.

**Minutes**

The Minutes of the meeting held on 19 November 2012 were read and confirmed as a true and accurate record (Mr Booth)

**Interim Report No.3**

Resolved that the draft report be the report of the Committee (Mr Booth)

**Adjournment**

At 10:45am the Committee adjourned until 3 December 2012 at 2pm at Parliament House.

**3 December 2012**

The Committee met at 2:11pm in Committee Room 2, Parliament House

**Members Present**

Ms Archer  
Mr Booth  
Mr Hidding (Chair)  
Ms White

**Witness**

The following witness appeared, made the Statutory Declaration and was examined by the Committee in public:-

- Ms Anne-Marie Johnson.

The witness withdrew.

**Minutes**

The Minutes of the meeting held on 20 November 2012 were read and confirmed as a true and accurate record. (Ms Archer)

**Further Information  
from Master Builders  
Association of  
Tasmania**

Resolved, that the Committee write to the Master Builders Association of Tasmania (MBAT) requesting that they provide a written response to the following questions:

- Was the MBAT registered with the Australian Prudential Regulation Authority during the period in which it provided housing indemnity insurance? If not, why not?
- Was Mr Dick Bloomfield a director of the MBAT at any time during the period for which it provided housing indemnity insurance? Further, was he a director while acting as a consultant during the dispute with the Johnson family?
- Does the MBAT have sufficient funds to pay out any remaining claims with respect to the period that it provided housing indemnity insurance?
- What is the current status of the funds collected and held by the MBAT with respect to the period that it provided housing indemnity insurance?
- Will (or has) any current or former director of MBAT personally benefit from any distribution of funds remaining after the expiration of the exposure period of the insurance scheme? (Mr Hidding)

#### **Correspondence**

*Resolved* that the following document be received and taken into evidence:

- Letter from the Minister for Workplace Relations in response to the letter from the Committee to the Minister for Justice seeking written advice on the options regarding the placement of the Building Dispute Commissioner outside of Workplace Standards Tasmania. (Mr Booth)

The Committee discussed the abovementioned correspondence. The Committee agreed that they wanted the expert advice of the Minister for Justice on where the Building Dispute Commissioner may be placed outside of Workplace Standards Tasmania, but within existing Department of Justice structures, statutory authorities or tribunals.

*Resolved*, that the Committee write to the Minister for Justice seeking his Department's expert advice in regard to any capacity within his portfolio responsibilities as Minister for Justice that may be able to take on the additional role of Building Disputes Commissioner (Mr Hidding)

#### **Evidence given by Ms Anne-Marie Johnson**

The Committee discussed the evidence given by Ms Anne-Marie Johnson. The Committee noted its concerns with respect to the unresolved issues relating to the witnesses' treatment by the Office of Consumer Affairs.

#### **Submissions**

*Resolved*, that the submission made by Cliff and Donna Cunningham (submission number 26) in relation to dispute resolution in the building industry be received and taken into evidence. (Mr Booth)

*Resolved*, that a letter from the Committee be forwarded to Cliff and Donna Cunningham thanking them for their submission. (Mr Hidding)

#### **Part 6 of the Residential Building Work Quality (Warranties and Disputes) Bill 2012**

The Committee discussed the powers of investigation provided under Part 6 of the *Residential Building Work Quality (Warranties and Disputes) Bill 2012*.

*Resolved*, that the Committee write to the Minister for Workplace Relations requesting that the Minister further consider the current drafting of Part 6 of the Bill, with a view to amending the wording of this Part, specifically sections 77, 78 and 79. (Mr Hidding)

#### **Adjournment**

At 4:02pm the Committee adjourned until a date and time to be fixed

### **19 February 2013**

The Committee met at 2:20pm in Committee Room 2, Parliament House

#### **Members Present**

Ms Archer  
Mr Booth (by telephone)  
Mr Hidding (Chair)  
Ms White

#### **Minutes**

The Minutes of the meeting held on 3 December 2012 were read and confirmed as a true and accurate record. (Ms Archer)

#### **Correspondence**

*Resolved* that the following documents be received and taken into evidence:

- Letter from the Minister for Workplace Relations in response to the letter from the Committee on the wording of clauses 77, 78 and 79 of the *Residential Building Work Quality (Warranties and Disputes) Bill 2012*.
- Letter from the Minister for Justice in response to the letter from the Committee seeking written advice on the options regarding the placement of the Building Dispute Commissioner outside of Workplace Standards Tasmania. (Ms White)

*Resolved* that the Committee write to the Minister for Workplace Relations regarding the *Residential Building Work Quality (Warranties and Disputes) Bill 2012* and the Second Reading Speech for that Bill (Mr Hidding)

**Interim Report**

The Committee discussed the drafting of an Interim Report that would include recommendations pertaining to the appointment of the Building Disputes Commissioner, and would be tabled in time to allow amendments to be made to the *Residential Building Work Quality (Warranties and Disputes) Bill 2012*.

**Adjournment**

At 3:05pm the Committee adjourned until a date and time to be fixed

**5 March 2013**

The Committee met at 1:06pm in the Acting Committee Secretary's Office, Parliament House

**Members Present**

Mr Best  
Mr Booth  
Mr Hidding (Chair)  
Ms White

An apology was received from Ms Archer

**Meeting of 19 February 2013**

The Committee noted the confusion regarding the conduct of the meeting of the Committee held on 19 February 2013 resulted in Mr Best's non-attendance at that meeting.

**Interim Report No.4**

*Resolved*, that the draft report be the report of the Committee (Ms White).

**Extension of Reporting Date**

*Resolved*, that the Committee seek an extension of the reporting date to 30 August 2013 (Mr Hidding).

**Adjournment**

At 1:15pm the Committee adjourned until a date and time to be fixed

**18 April 2013**

The Committee met at 1:34pm in Committee Room 2, Parliament House.

**Members Present**

Ms Archer  
Mr Best  
Mr Booth  
Mr Hidding (Chair)  
Ms White

**Minutes**

The Minutes of the meeting held on 5 March 2013 were read and confirmed as a true and accurate record. (Mr Best)

**Bransden Family Building Dispute**

The Committee discussed the Bransden Family building dispute.

*Resolved*, that the Committee Secretary check the Hansard record of the public hearings held on 8 October 2012 and 19 November 2012 and documents tabled in relation to the Bransden Family building dispute for any documented evidence in relation to the Director Of Consumer Affairs advising the Bransden Family to take legal action against their builder with respect to their dispute with that builder. (Mr Hidding)

**Correspondence**

*Resolved*, that the following documents be received and taken into evidence:

- Letter from the Executive Director of the Master Builders Association of Tasmania (MBAT), Mr Michael Kerschbaum, dated 5 April 2013, in response to the Committee's request for information on the MBAT's role as a housing indemnity insurance provider. (Mr Booth)
- Letter from the Minister for Workplace Relations, dated 25 March 2013, in response to the Committee's letter dated 26 February 2013 regarding the Residential Building Work Quality (Warranties and Disputes) Bill 2012. (Ms Archer)

*Ordered*, that representatives from the MBAT appear before the Committee at a public hearing to be held Tuesday, 7 May 2013. (Mr Hidding)

**Adjournment**

At 2:09pm the Committee adjourned until Tuesday, 7 May 2013 at 2.30pm at Parliament House.

**7 May 2013**

The Committee met at 2:33pm in Committee Room 2, Parliament House

**Members Present**

Ms Archer  
Mr Best  
Mr Booth  
Mr Hidding (Chair)  
Ms White

**Witness**

The following witness appeared and was examined by the Committee in public:-

- Mr Michael Kerschbaum, Executive Director, Master Builders Association of Tasmania.

The witness withdrew.

**Minutes**

The Minutes of the meeting held on 19 February 2013 and 18 April 2013 were read and confirmed as a true and accurate record. (Mr Booth)

**Bransden family  
building dispute**

*Resolved*, that the Committee write to Mr Roy Ormerod, the former Director of Consumer Affairs and Fair Trading, requesting that:

- he provide the Committee with copies of all correspondence from him or any other officer from the Office of Consumer Affairs and Fair Trading, and from Toomey Manning & Co, to Ms Bransden and Mr Carlson relating to their building dispute; and
- he attend a Committee hearing to provide evidence on this matter, at a date and time to be advised, and subsequent to the Committee receiving the aforementioned correspondence. (Mr Hidding)

**Portable Long Service  
Scheme draft  
legislation**

The Committee discussed the draft Construction Industry (Long Service) Amendment Bill 2013.

A motion was moved by Mr Booth that the Committee write to the Minister for Workplace Relations requesting that the final draft of the Bill be provided to the Committee of Assembly and further requesting a briefing on the Bill be provided by relevant Departmental officers prior to the introduction of the Bill to the House.

The Committee divided:

AYES

NOES

*Ms Archer  
Mr Booth  
Mr Hidding*

*Mr Best  
Ms White*

The question was resolved in the affirmative.

**Adjournment**

At 4:15pm the Committee adjourned until a date and time to be fixed

**29 August 2013**

The Committee met at 1:10 pm in Committee Room 2, Parliament House

**Members Present**

*Mr Best  
Mr Booth  
Mr Hidding (Chair)*

**Apologies**

Apologies were received from Ms Archer and Ms White.

**Minutes**

The Minutes of the meeting held on 7 May 2013 were read and confirmed as a true and accurate record. (Mr Booth)

**Correspondence**

*solved*, that the following documents be received and taken into evidence:

- Letter from Master Builders Tasmania dated 16 July 2013.
- Letter from Minister for Corrections and Consumer Protection dated 23 July 2013. (Mr Hidding)

**Bransden Family  
Building Dispute**

The Committee discussed the Bransden family building dispute and noted that the Committee would consider this matter further at its next meeting.

**Submission**

*Resolved*, that the submission received from Mr Gerd Hagmaier (Submission No. 27) be received and reported to the House. (Mr Hidding)

**Next Meeting**

*Resolved*, that Mr Hagmaier be invited to attend the next meeting of the Committee, at a date to be determined, to be held in Boat Harbour with a site inspection of the construction project, followed by a hearing at a venue to be determined. (Mr Hidding)

**Extension of Reporting  
Date**

*Resolved*, that the Committee seek an extension of the reporting date to 21 November 2013. (Mr Hidding)

**Adjournment**

At 1:45pm the Committee adjourned until a date and time to be fixed

**16 December 2013**

The Committee met at 9:00 am by telephone.

**Members Present**

*Ms Archer*  
*Mr Hidding (Chair)*  
*Ms White*

**Minutes**

The Minutes of the meeting held on 29 August 2013 were read and confirmed as a true and accurate record. (*Ms Archer*)

**Final Report**

The Chair brought up a draft Final Report which was taken into consideration by the Committee.

*Resolved* that the said report be the report of the Committee (*Ms White*).

**Adjournment**

At 9:05am the meeting was adjourned *sine die*