

2020

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**GOVERNMENT RESPONSE TO THE STANDING COMMITTEE ON
ECONOMIC DEVELOPMENT AND TOURISM REPORT 9 –
INQUIRY INTO BUILDING QUALITY IN THE ACT**

TABLING STATEMENT

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Minister for Sustainable Building and Construction**

Madam Speaker, I am pleased to table the Government's response to the previous Assembly's Standing Committee on Economic Development and Tourism's Report 9 on the Inquiry into Building Quality in the ACT.

The report included 48 recommendations covering a wide range of topics from building legislation and administration, practitioner regulation, issues for unit titled and residential buildings, building contracts, warranties and other protections, skills, and specific technical standards for balustrades and access in multi-unit buildings.

The Government welcomes the opportunity to respond to these recommendations. We have carefully considered each of them, including in the context of the ACT's existing system and reforms underway here and nationally.

We recognise the importance of compliance with building standards for health, safety, amenity and sustainability in maintaining our quality of life. I wish to acknowledge the extensive work undertaken to date to improve the ACT's building regulatory system and lift practices across the construction industry.

This work means that the intent of many of the recommendations has been, or will be, met by current legislation or the Government's reforms to the building and unit titling systems already in train.

To cite a few examples:

The Minimum Information and Documentation Guideline for Class 2-9 Building Approval Applications came into effect on 1 September 2019 and addresses recommendations about requiring detailed design drawings.

To improve communication between the regulator and industry on emerging compliance problems and good practices, the 2019-20 Budget included funding in Access Canberra for the equivalent of four staff for public and industry education and data analysis to support building regulatory functions.

We are establishing a comprehensive audit scheme and the Government has allocated significant funding to Access Canberra to increase audits and inspections of building documents and building work. This includes adherence to the approved plans and following the correct process for documenting and seeking approval for amendments.

There is also ongoing funding for the Rapid Regulatory Response Team, which aims for an initial response to complaints about building and planning matters in five working days.

Madam Speaker, the Government has been making improvements to the building regulatory system for many years. The first legislative reforms started in 2013 during the review of the ACT's building regulatory system.

Some of these earlier changes included establishing the public register of information about licensees and increasing powers for the regulator to refuse a licence or respond to breaches of building laws.

The majority of the 43 building reforms announced in 2016 are complete and included:

- expansion of statutory warranties to all residential buildings,
- codes of practice,
- a new training course for building surveyors,
- legislation for an alternative dispute resolution scheme,

- a new building audit and inspection tool, and
- new powers to allow orders and disciplinary action in relation to directors and partners of licensed businesses to help stop people avoiding their regulatory obligations.

The Government has committed to a second stage of reforms. Under this stage we will:

- address issues of licensing and accountability for people designing, building, certifying and contracting for off-the-plan;
- consider insurance and other protections for clients and building owners;
- implement a residential building dispute resolution scheme; and
- make improvements to the ACT security of payment scheme.

As well as these reforms, the Government has also committed to introducing a licensing scheme for property developers, establishing a team of building certifiers within the ACT Public Service and introducing a registration scheme for engineers in the building sector in this term of government.

We will continue to provide progress updates against all of these commitments and against the additional commitments we have made to investigate, consider or implement further changes in response to the Inquiry report.

We will also continue to work with other jurisdictions on national building issues including work to progress the recommendations of the Building Confidence Report.

Madam Speaker, the Government has provided detailed responses to each of the recommendations, including the report to the Assembly on phoenixing matters as requested in recommendation 19.

While I will not go through all of the recommendations, the Government agrees with 12 of the recommendations, agrees in principle with 20, and notes a further 12.

It is important to note that although the Government does not agree with a small number of recommendations or with some suggested methods for addressing a problem, we understand the intent behind the relevant recommendation.

Where we do not agree on the best way for that intent to be met, we have outlined our alternative for addressing the recommendation.

As an example, we do not support creating a new officer called the building commissioner as outlined in recommendation 3. This is not because we don't support an independent statutory officer with overarching responsibility for regulating building work, but because in the ACT we already have an independent statutory officer with overarching responsibility for regulating building work.

In relation to provision of fidelity fund accounts to the Assembly we recognise that there was concern amongst some stakeholders there were no prudential requirements for fidelity funds. This is not the case.

Let me assure the Assembly that there have been prudential standards in place for fidelity funds for quite some time. The current determination was made in 2005 and is in addition to the reporting requirements in the Building Act for fidelity funds and insurers.

We consider these sufficient for oversight of a non-government body; however, we do agree that general reporting on compliance with standards and the operation of insurers and funds could be introduced. We also commit to reviewing provisions relating to fidelity funds and insurers authorised under the Building Act.

The Government believes that existing laws provide mechanisms for resolving concerns about differences between a property as advertised and the eventual building. It is already unlawful to not comply with building standards and to mislead or misrepresent the quality or characteristics of a property.

From 1 July 2021, developers of new buildings that will be unit titled must also provide developer statements to buyers for certain changes to new developments made during the construction.

Madam Speaker, I thank the Committee for the Report and for its consideration of issues so important to the community. I also acknowledge the many people who made a submission to the Inquiry, appeared at hearings and worked on the Inquiry.

I am looking forward to working with my colleagues in the Government to continuing the ACT's reform programs and to make sure the Territory has an effective building regulatory system and public protections.

I commend the Government Response to Report 9 Inquiry into Building Quality to the Assembly.