BUILDING SERVICES (COMPLAINT RESOLUTION AND ADMINISTRATION) BILL 2010
BUILDING SERVICES (REGISTRATION) BILL 2010
BUILDING SERVICES LEVY BILL 2010

Cognate Debate — Motion

On motion by **Mr T.R. Buswell (Minister for Transport)**, resolved —

> That leave be granted for the Building Services (Complaint Resolution and Administration) Bill 2010, the Building Services (Registration) Bill 2010, and the Building Services Levy Bill 2010 to be dealt with cognately, and for the Building Services (Complaint Resolution and Administration) Bill 2010 to be the principal bill.

Second Reading — Cognate Debate

Resumed from 10 November 2010.

MR M. McGOWAN (Rockingham) [11.16 am]: The opposition has agreed to deal cognately with three of the four pieces of building services legislation; that is, to deal with them all together. I think that will mean that we deal with the consideration in detail stages of the three bills at the one time. The opposition indicates at this stage it will not oppose this suite of legislation, although we have a range of points to make in relation to it. A range of speakers will raise various points about the building legislation. The most significant bill is the Building Services (Complaint Resolution and Administration) Bill. I will commence the discussion in relation to that. I say at the outset that one of the things that we will particularly seek clarification on is the affordability of the processes contained within this new legislation and what it will mean to the cost of building a house, a unit, a business, a commercial property, or what have you, for individual builders. We are very keen to hear the answers and tease out what the additional costs may be on people who are building, or on builders themselves. That will be one of the central issues we follow up as part of this examination.

Firstly, the Building Services (Complaint Resolution and Administration) Bill 2010 is designed to provide a new system to deal with complaints about building services in Western Australia. It will establish office of Building Commissioner to regulate building services in Western Australia, empower the Building Commissioner to inspect and investigate buildings and building services in WA, and provide for orders to remedy unsatisfactory building services in Western Australia. Any person—an owner, a neighbour, a builder or a subcontractor—can make a complaint to the Building Commissioner about building services, breach of building contracts, or disciplinary matters involving a builder or an owner–builder. There will be a range of complaint processes. Complaints can be received and investigated by the Building Commissioner, who can make orders or use conciliation to resolve straightforward complaints quickly, and complex or intractable disputes can be referred to the State Administrative Tribunal for determination.

The Building Commissioner can arrange for investigation of a complaint and a report that includes recommendations on how the complaint could be dealt with. The Building Commissioner can then make a decision in that regard. The State Administrative Tribunal replaces the part-time Building Disputes Tribunal for formal hearings. SAT may dismiss a complaint or make a building remedy order or homebuilding contract order, and exercises original jurisdiction when dealing with complaints referred by the Building Commissioner, and it reviews jurisdiction when considering appeals against dismissals or orders issued by the Building Commissioner or the State Administrative Tribunal.

The Building Commissioner has a jurisdictional limit on the amount of money involved in the work or payments that he or she can order—$100 000. SAT cannot order work or payments of more than $500 000 from an unregistered person. The Building Commissioner will have a broader role or responsibility for implementing and administering building standards and regulations, and will monitor the operation of the act, administer the registration and approval schemes and so on. A building services levy can be levied under this bill, I think, and under another piece of legislation it will be made lawful to charge the levy as a tax. That is one of the areas that the opposition will look at. Will that mean additional cost on people building homes or other premises in Western Australia? That is an outline of the Building Services (Complaint Resolution and Administration) Bill, which is part of the package we are debating.

Some comment has been forwarded to me by relevant organisations about this legislation. I will go through some of the concerns from outside bodies about the Building Services (Complaint Resolution and Administration) Bill. First, the Housing Industry Association, which represents home builders around Western Australia, has examined legislation and has the following concerns —

1. Section 5(1) of the Bill allows any person adversely affected to make a complaint about a building service, including a neighbour or sub-contractor, which increases the class of persons able to make a complaint about a building service.

This will mean a wider group of people can make a complaint about a building service. The Housing Industry Association is particularly concerned about the ability of a neighbour to make a complaint. Given that neighbours are already given increased rights under the Building Bill, it is unnecessary to give them standing to make complaints under this bill as well. I suppose the association is concerned about the whole issue of vexatious litigants and whether neighbours might use this legislation to raise issues that are perhaps extraneous to the original intent of the legislation. Therefore, it might become a litigious nightmare with neighbours raising issues that are not relevant. I am not endorsing or rejecting the argument of the Housing Industry Association, but I am interested in that issue. As we all know, having a civil society in which people live next to each other and get on well is important, and I will be interested to hear whether Minister for Housing thinks the Housing Industry Association has a legitimate concern. The Housing Industry Association suggests that the bill should be limited to parties to the building contracts or those who are materially affected by the way the building service is carried out. Being "materially affected" might in some circumstances include a neighbour if the building impinged or damaged their property or a builder set up scaffolding and damaged the neighbours' property or drove trucks over the property or something of that nature. Those might be situations in which a party is "materially affected", but it would not mean that a neighbour automatically has a right to complaint. That may be where the Housing Industry Association is going. I look forward to the minister's answer relating to that question.

The Housing Industry Association's letter also states that —

2. Section 5(1) of the Bill allows any person to make complaint about a building service "not being carried out in a proper and proficient manner or being faulty or unsatisfactory". This appears to be broader than the wording in the current legislation …

The association is suggesting that the change in definition might expand the range of things that can be complained about by the complainant of the builder. The existing legislation going back to 1939, immediately before the invasion of Poland, states that "an affected person should have standing to make a complaint about proper and workmanlike manner by reason that building work is faulty or unsatisfactory". I am aware that that wording has been amended numerous times since then. I assume that that wording is not from 1939, but the range of building services that might be able to be complained about is of concern to the HIA. I seek some definitional guidance from the minister in that regard.

The Housing Industry Association letter also says that clause 6(1) of the Building Services (Complaint Resolution and Administration) Bill maintains the current six-year limit on making a building service complaint. This is intended to reflect current common law and the existing statutory time limit. HIA indicates that some case law is unclear, and that this legislation therefore represents an opportunity to reduce the confusion by clarifying exactly when the six-year period commences. Obviously there is case law about limitation periods, and extensive case law in a range of areas about exactly when limitation periods should commence. It is a difficult question to resolve. The Housing Industry Association seeks guidance from the minister about exactly what the definition means. It is a fair question. Does it mean that a complaint can be made six years, full stop, from the time of the building work or does it mean it is six years from the point at which the fault as a consequence of the building work was identified, which technically could mean 12 years? The Housing Industry Association seeks answers to those sorts of questions.

The enforcement powers to be made available to the Building Commission inspectors are disproportionate to the conduct being targeted, particularly the search and seizure powers contained in clause 67 of the bill. These are broad powers, and the Housing Industry Association suggests that there is no demonstrated need for them. I am also interested in what these search and seizure powers mean, to whom they might be given, and what they entail. Do they mean that officers may go into people's houses, properties or businesses and grab information without a warrant and the like? That is a fair question and some answers should be given to the Housing Industry Association.

The association also says that clause 53 of the bill creates an offence for failing to comply with an order from the Building Commissioner or SAT. This appears to provide for absolute liability. Given that builders are generally given only 28 days to comply with an order, which is not sufficient, HIA believes that creating an offence in that circumstance of not complying with an order within 28 days might seem overly harsh. If that is the case, this concern is legitimate as well.

I assume that the Minister for Housing has this correspondence from the Housing Industry Association. I assume his advisers have it. The correspondence I received appears to be a broad discussion paper released by HIA and I

am sure the minister has it. Clause 53 of the bill creates that offence and it might be quite onerous on some builders to expect them to comply within 28 days.

The correspondence also indicates that some of the fines might be excessive—for instance, a $100 000 fine for failing to comply with the audit of the Building Commission. Those fines, of course, are maximum penalties, so that may not be as valid a concern as some of the others raised by the Housing Industry Association. On the other hand, the Consumers' Association of Western Australia has also indicated its concerns with the legislation in a letter from Genette Keating, the president of the Consumers' Association. It received a briefing on the Building Services (Complaint Resolution and Administration) Bill. It has some concerns, which I will go over. These are the sorts of issues that we will seek answers to. We may even seek the minister's guidance on some of these issues during the consideration in detail stage. The Consumers' Association has indicated that the cost structure of the new system to support dispute resolution will be more expensive. Currently, there is a flat fee of $70 on all building licences, including commercial properties. But under the new act, it will be set at 0.125 per cent of domestic licence fees. Thus, the fee is effectively indexed according to the cost of the home. Building a $300 000 home would equate to paying a $375 fee towards the dispute resolution process. That fee will be offset by a reduction in the local government permit fee, which will be reduced to between one-half and two-thirds. The levy will effectively become a tax on wealthier home builders, who will subsidise consumers who are building at the lower end of the market, which is where most disputes arise. My concern is how the cost of the new system will compare with the cost of the old system for ordinary mum and dad home builders. We will seek some clarification on that matter. The Consumers' Association obviously has a concern about the system being more expensive for some people.

Mr T.R. Buswell: Have you met with the consumers' group?

Mr M. McGOWAN: No.

Mr T.R. Buswell: I think you'll find that a lot of members of that group are members of the soon-to-be-abolished Building Disputes Tribunal. That is just an interesting bit of background.

Mr M. McGOWAN: Has the minister met with the group?

Mr T.R. Buswell: I did when I was the minister.

Mr M. McGOWAN: He is the minister. Sorry; of course.

Mr T.R. Buswell: I did in a previous life.

Mr M.P. Whitely: It's hard to keep up!

Mr M. McGOWAN: We do lose track. It is hard to keep track of all the minister's comings and goings.

Mr T.R. Buswell: I am here now, so you can get over your excitement and move on with it.

Ms R. Saffioti: You need a flow chart.

Mr T.R. Buswell: You need a bus stop.

Mr M. McGOWAN: Them's fighting words! We will not give the minister a hard time if he gives the member a bus stop.

An opposition member: Wait till Mabel hears about that!

Mr M. McGOWAN: Mabel is going to be very upset.

Several members interjected.

The ACTING SPEAKER: Members!

Mr M. McGOWAN: Everyone was getting along nicely until the minister had to get nasty. He had to have a crack at Mabel. Poor old Mabel!

Several members interjected.

The ACTING SPEAKER: Members!

Mr M. McGOWAN: The new system, according to the Consumers' Association, which I have not met and which the minister just blackguarded in this place —

Mr M.P. Whitely: There's a word you don't hear every day.

Mr M. McGOWAN: No; members do not often hear "blackguarded". It is the same with "Mabel". Members do not hear "Mabel" very often either.

The new system will be less just. The proposed model is a breach of both the common law right of parties to be heard and the duty of decision makers to provide a fair hearing in accordance with the rules of natural justice and procedural fairness. The Building Commissioner's decisions will simply be administrative decisions. When complaints are made to the Building Commissioner, they will be determined by the Building Commission's staff on the basis of written information presented by the parties without the opportunity for a face-to-face hearing before an experienced and properly constituted panel, as has been the practice with the Building Disputes Tribunal.

Mr T.R. Buswell: Just out of interest, you got more complaints about the Building Disputes Tribunal than you got about buildings. It was interesting.

Mr M. McGOWAN: Is that back in the days when you were the minister?

Mr T.R. Buswell: Back in the old days. That is why it is being changed. All your members would have complaints about the performance of the Building Disputes Tribunal, perhaps not in a go-ahead place such as Rockingham, but in a lot of other places.

Mr M. McGOWAN: In Rockingham we just get on and make it happen. We make decisions in Rockingham. There have been 21 years of complete and utter inactivity in Cottesloe.

Several members interjected.

Mr M. McGOWAN: The conservative bastion of old relics, led by the Premier, has failed to achieve anything for Cottesloe. I feel sorry for the poor people of Cottesloe.

Mr T.R. Buswell: The Premier had the pylon re-erected. The pylon fell over.

Mr M. McGOWAN: A lump of cement in the ocean is his sole contribution in 21 years of representing the electorate!

Mr D.A. Templeman: There was even a height restriction on that!

Mr M. McGOWAN: The Premier gets very sensitive when people talk about his height.

Mr D.A. Templeman: Don't make the pylon too tall!

Mr M. McGOWAN: He gets very sensitive when people talk about his height issues, just as the member for Mandurah might be.

An opposition member: Look who's talking!

Mr B.S. Wyatt: He's not exactly Ken Travers.

Mr M. McGOWAN: Come on team; we are all on the same side. Poor old Cottesloe has suffered under the yoke of the conservative administration of the member for all these years. I reckon that if I went around there, I would have a good shot. If I ran for election in Cottesloe, admittedly it might be a bit of a risk, but I will never know until I try. Once the people of Cottesloe are given a proper choice, they might recognise quality!

Mr T.R. Buswell: I'm sure they will!

Mr M. McGOWAN: I know what we could do. The Premier could run in Rockingham and I could run in Cottesloe and we could see what happens.

Mr C.J. Barnett: I might actually have a crack at Rockingham—have one last fling.

Mr M. McGOWAN: Please do. We will make a pact: we will run for each other's seat—someone may not deliver on the commitment—and we will see what happens at the end.

As I have said, according to the Consumers' Association, the new system will be less just, it will be a more administrative process, there will be fewer opportunities for face-to-face meetings and so forth. Those are concerns. I will appreciate hearing from the minister what the outcome of that will be. The new system will be more legalistic. I understand that under the new procedures, consumers will be required to fill in a schedule when lodging a complaint. Although the department thinks that that can be done with the help of departmental customer service staff, the experience is that consumers are frequently required to employ lawyers to do this type of documentation. I will be interested in the minister's response to that matter. The dispute resolution process might take longer under the new system. The dispute resolution process will effectively involve two separate organisations—that is, obviously, the Building Commission and the State Administrative Tribunal—each with their own built-in time frames. The Consumers' Association of Western Australia has a different perspective on the legislation from that of the Housing Industry Association. It has a range of concerns and I will be interested to hear what the minister has to say about those concerns.

The second of the three bills we are dealing with cognately is the Building Services (Registration) Bill 2010. According to the explanatory memorandum this legislation will provide a flexible system of regulation and control of building service providers; provide a system for the approval and control of owner–builders in Western Australia; replace the Builders' Registration Board of WA, the Painters' Registration Board and the Building Surveyors Qualifications Committee with a new Building Services Board; replace the Builders' Registration Act 1931 and Painters' Registration Act 1961; and support streamlined approvals proposed by the new building act. Building service providers, whether they are individuals, partnerships or companies, who carry out prescribed building services, will be required to be registered with the relevant class. The initial classes of registration will be builders, painters and building surveyors. Instead of a multitude of systems we will have a single system with a multitude of factions under it. Those factions will be the new registration classes contained under the new registration system for builders in Western Australia. As I said, there will be a range of categories depending on whether a person is an individual builder, painter or building surveyor, or whether a person is a contractor or practitioner. Prescribed building services will be under this new umbrella. Only contractors who are registered in the appropriate class can carry out prescribed building services for another person. For builders, the prescribed building service will be linked to being named as a builder on a building permit or to contracting for work that requires a building permit under the Building Bill. For painters, the prescribed building service will be the contracting out for painting work over a threshold value prescribed in the regulations. For building surveyors, the prescribed building service will be for the issuing of certificates of design compliance, construction compliance and building compliance under the Building Bill.

The Building Services Board will replace the two current boards and one committee. I am not sure what the current boards are but I think they are to do with the Painters' Registration Act and the Builders' Registration Act. Those acts will be replaced with a single act. The BSB will receive administrative support from the Building Commission and will decide on applications for registration or approval as an owner–builder and on disciplinary matters. Serious disciplinary matters will be referred to the State Administrative Tribunal. The board will be appointed by the Minister for Housing and comprise an independent chairperson, two consumer representatives and two experienced persons for each registered occupation.

The registration will move from an annual renewal to a triennial renewal and there will be supervision requirements. Owner–builders will have a different arrangement. They will need to get approval by the board to be named as a builder on a building permit. Owners must demonstrate they have sufficient knowledge of their duties and responsibilities as a builder before approval is granted. One way of doing this will be to complete an approved owner–builder course. Owner–builder approval is available for a new property after six years. I am not sure what that means. No doubt the minister will be able to explain what the owner–builder requirements mean.

Ms R. Saffioti interjected.

Mr M. McGOWAN: That is probably the same for other builders. Disciplinary action can be taken by the board against registered practitioners if they are charged with an indictable offence or offences under the registration legislation or if they breach their registration requirements or are negligent in the carrying out of building services or make false representation or act fraudulently. Registration requirements for builders and painters will apply to the whole of the state for the first time. Obviously there was a different arrangement for regional parts of the state. However, there will be some flexibility and the transitional arrangements will cater for regional Western Australia to ensure that any current skills shortage in those areas is not exacerbated.

Builders and painters who are currently registered individuals will be directly transferred to an equivalent class of both practitioner and contractor registration. Partnerships and companies will be automatically transferred to an equivalent class of contractor. That should save some confusion. The national licensing law will not apply to building occupations until July 2013. There is a range of changes in the legislation to do with the registration of builders. I am sure that builders around Western Australia have followed this closely. I have received some correspondence from builders around the state saying that they support these changes. A letter-writing campaign has been going on in support of these changes to the law.

The Housing Industry Association has identified some concerns about the registration bill, which I will read so that people are aware of them and the minister can answer the concerns of the association. The HIA discussion paper states —

> The Bill provides for a triennial licensing regime. The shift from an annual to triennial regime is a positive one, and likely to reduce the administrative burden on the industry. However, section 14 of the Bill gives the Board a broad power to request any further information from the applicant which it considers is relevant. This has the potential to create further red tape and impose a large administrative burden on the industry, which would undermine the benefits of moving to a triennial regime.

The HIA is suggesting that clause 14 be deleted. Obviously I can see why someone might want additional information from some people. If the provision were used sparingly, I can see how it would not be as

administratively burdensome as the Housing Industry Association is suggesting. I will seek advice from the minister about how regular the use of this provision, seeking from an applicant further information that it considers relevant, is expected to be. Will it be a commonplace or a fairly rare occurrence? The answer to that question might allay some of the fears of the Housing Industry Association. According to the Housing Industry Association —

> The penalties for offences under this Bill are excessive. There does not appear to be any justification for this. For example, there is a $10,000 fine for failing to notify the Board of a change in business address.

The penalty for a similar offence in the commonwealth Corporations Act 2001 attracts a penalty of just $647. The association is suggesting that the $10 000 fine might be a bit extreme for failing to notify the board of a change of business address. Even though it is the maximum penalty, a fine of $10 000 does sound a bit extreme for failing to notify the board of a change of address. It is not as though the offender was on parole at the time. I suspect that there could be some justification for changing that section. The Housing Industry Association paper also states —

> Builders are required to notify the Board if they are charged (rather than convicted) with a serious offence.

I said before that that is part of the legislation. The HIA also states —

> This undermines the presumption of innocence and is grossly unfair. It is difficult to see how this clause can be justified.

I am not sure what is defined as a "serious offence", but I think it is irrelevant. Whether someone must inform a body that he has been either charged or convicted is always a very tricky area. Sometimes the standards as to whether a person can or cannot carry out certain activities are based on different levels of proof. Obviously beyond reasonable doubt is a higher standard of proof than on the balance of probabilities. A person might be charged with an offence that is relevant to the person's ability to continue to act as a builder, particularly if it involves him entering certain locations when acting as a builder. The circumstance I can think of is that of a builder who might be engaged in building schools who has been charged with offences against children. The fact that that person has been charged might be relevant rather than the fact that that person was charged prior to having been convicted. I seek some advice on how that provision might be implemented, if and when the legislation is passed, to perhaps allay the concerns of the building industry about people in that particular circumstance.

The Housing Industry Association suggests that the Building Services (Registration) Bill does not provide sufficient regulation of owner–builders. For example, it says that clause 45(2) requires owners to occupy the building for six years to account for defects that may arise, as occurred in Ballajura. There may need to be greater regulation of that issue. I have a couple of questions about that. According to the HIA, an owner–builder is required to occupy the premises for six years to account for defects. It sounds a little unusual that an owner–builder would be required to live in the premises for six years to account for defects. I am not sure if that is what it means or how owner–builders might be regulated on that. I would be interested in any answers on that. The HIA also indicates that individual directors will be automatically held liable for any offences that their company is convicted of. This represents a departure from the usual principles of Corporations Law, which provides that company officers are a separate legal entity from the company itself. Strict liability is something that we would not want to put in place in every circumstance. The HIA is suggesting that under national Corporations Law there is not strict liability for directors and it is asking why there is a different circumstance in this bill registering builders. Is there a higher standard for builders or are builders being treated unfairly? That is the question asked by the Housing Industry Association. There is a lot of food for thought there from the Housing Industry Association on how this legislation might work as it relates to builders in Western Australia.

The last piece of legislation is the Building Services Levy Bill, which is to be used for funding the Building Commission as a strong central auditor and regulator to ensure that registered practitioners behave professionally, to implement the new complaints system, to monitor the building industry for compliance with building laws and standards, to build capacity of registered building surveyors and specialist certifiers to deliver services to the private market, to develop electronic approval processes and to educate industry, local government and the community about the new laws. The levy will replace the existing Builders' Registration Board levy. I am interested in how that might work. The levy legislation is very short. I understand that it allows the levy to be prescribed in regulations under clause 94 of the Building Services (Complaint Resolution and Administration) Bill. It is intended to apply the levy at a double rate for occupancy permits and building approval certificates used to retrospectively authorise building work to act as a further disincentive for undertaking work without a building permit. The levy will be collected by the relevant permit authority and local governments and remitted to the Building Commission. From memory, the Western Australian Local Government Association had some difficulties with a range of issues, and I suspect this is one. It is not

particularly keen on collecting levies for other levels of government. I think that is something that happened with the fire and emergency services legislation passed by the former Labor government in which local government was required to levy that instead of it being applied by building insurance policies. I do not think local government is particularly keen on levying that. This levy will be implemented by local government. This bill is a stand-alone bill setting up the levy, as Parliament requires that taxing provisions be included in separate bills. This allows the levy to be collected as a tax, although I do not know whether it includes those exact words. I suppose if there was any legal challenge, that provides some certainty.

That is an overview of these three pieces of legislation. I suppose it does raise some questions. First and foremost is that a new levy is being introduced. We have had some experience with levies with this government. We had the experience of the waste levy in particular. That was expensive for families in Western Australia. It is being used to partly fund the Department of Environment and Conservation. Once again, the department was not treated well. That was a new levy on families to fund the ordinary operations of that department. We have had some increase in the cost of living for ordinary families under the Barnett government. I will not go over the plethora of increases relating to the cost of living under this government but here is a new levy. The real key is whether the levy is more affordable for home builders than the existing system. That is something we want to drill down and find the exact answer to. Is it more affordable than the existing system? Will it be less expensive to build a house or a business or a commercial property under this new system than it was under the old system? If it is not, which particular builder—which particular parties—will suffer the increased costs?

Mr T.R. Buswell: Do you think we should apply that rationale across a range of government policy matters on the cost of the building?

Mr M. McGOWAN: The minister is heading somewhere. I cannot quite pick where it is. I ask him to please explain a little further so I can work out where he is going.

Mr T.R. Buswell: At the moment the building industry is running a fairly vigorous campaign on the capital cost impact on building property of six-star scheme, and some of the estimates I've seen are quite dramatic. I am just interested.

Mr M. McGOWAN: Obviously, we would have to be very careful about whether the change we are making increases the cost and whether it is worth it. It is a dual question. Do we never, ever increase costs? If that was the case, we never would have had a gun levy and we never would have bought back the guns. That is the most obvious example that springs to mind. Was it worth it? I think 95 per cent of Australians would say it was worth it. I am one of them. It is a dual question. The six-star question is probably more appropriate under the other piece of legislation relating to the building act, or is it perhaps a separate debate in itself? Has there been an increase in the sustainability of houses in the past 10 years through building changes? Yes. Has that impacted on affordability? It probably has to a degree. Has there been a corresponding decrease in overhead costs on householders; that is, the cost of electricity and water? If householders use their house correctly, probably yes. These are all questions for which it is difficult to come up with a precise answer. Do I think the world in general is heading towards more sustainable houses? Yes. Do we need to work towards more sustainable houses over time? Yes. I think it is more a question of timing these things to allow them to happen because that is one of the key issues.

The affordability of housing has been an issue for some time. The first house I bought in this state was in Victoria Park about 17 years ago. It cost $100 000. I wish I still had it; I do not. It would have been a wise move to have kept it. Nowadays, that house in Victoria Park would probably be worth in excess of $500 000, $600 000—maybe $700 000—so affordability has changed. Householders are quite happy that the value of their asset has increased, but a lot of people who are trying to get into the market are not so happy. It is not an easy argument to handle. It is quite a good thing for people who have houses that have increased in value, and who, when they downsize, make a lot of money and gain the resources to support themselves in their retirement—hundreds of thousands of Western Australians would probably be happy with that. Do we need to monitor all these things? Yes, we need to monitor this legislation to see whether there is an increase in the cost; and, if so, is it worthwhile. That is one of the questions I will be asking the minister as part of the consideration in detail of these pieces of legislation.

I am also interested in the whole issue of home indemnity insurance, although I do not think it is quite relevant to any of these bills. The minister might want to touch on home indemnity insurance in his response. I think only one or two insurers provide it these days in Western Australia, and the minister is of the view, perhaps, that it should not be compulsory. In the Minister for Housing's first incarnation as a minister, when he had responsibility for these areas, he was of the view that home indemnity insurance should maybe not be compulsory, so I am interested as to where that issue is at. I am sure the minister's advisers will be able to inform him.

Mr T.R. Buswell: The government's view is that home indemnity insurance is compulsory; it has not changed. I was keen, and that was explored, and the decision was made to keep the current regime in place.

Mr M. McGOWAN: I recall hearing the minister saying on the radio that it was not, perhaps, necessary to have it anymore, and that people should just factor in a price reduction as to whether they take it or not. I suspect that the decision to keep the existing system was wise.

Mr T.R. Buswell: Tasmania doesn't have it, as an example. They have a voluntary system. So, yes, that's been dealt with.

Mr M. McGOWAN: Is that issue over then as far as the minister is concerned?

Mr T.R. Buswell: Provided the insurers stay in the market.

Mr M. McGOWAN: My understanding is that there are only one or two insurers left in the market.

Mr T.R. Buswell: Correct.

Mr M. McGOWAN: I think Vero pulled out, and there might be one or two left. I suppose problems will come if we do not have any competitive pressure—what will happen there—and when we see what the cost implications might be on people. Broadly speaking, I think it is probably wise for the government to keep compulsory home indemnity insurance in place, but I would be interested if the minister could provide any further details in relation to that issue.

MR C.J. TALLENTIRE (Gosnells) [12.03 pm]: I am very pleased to rise to support these pieces of legislation related to the Western Australian building industry—a sector that provides employment for many Western Australians and a sector of great importance to all of us because we all have dwellings that we all go home to at night. Making sure that the quality of those dwellings is of the highest standard is very important to us all.

One of the bills being dealt with cognately covers the complaint resolution administration area. It is vital that we have a Building Commission that is empowered and adequately resourced to investigate complaints. When I occasionally watch those 6.30 pm–type current affairs programs, I see stories about problems in the building industry, and quite often the conclusion is that, unfortunately, the shonky builder has somehow slipped through the system and is getting away with ripping off a poor unsuspecting homebuyer, and there is a general dissatisfaction in the community with the building industry because of those few bad apples.

The reality is that we have many responsible people in the building industry, but we need to have the mechanisms in place to pick out those people who are not capable, able or willing to do the right thing. We have a need for a Building Commission that is well empowered to perform a good regulatory function here. We cannot just leave regulation of the construction of buildings to the market; it just would not work. Unfortunately, in a very competitive marketplace there will always be problems; there be will people who will try to undercut one another, and there will be people who claim that they use better techniques and can do a job more cheaply, when in fact they perhaps do not even have the skills to do the job at all. That is why we need a good complaint resolution process.

I have heard the minister say that there have been more complaints about the complaint resolution board and process than there have been about the construction of buildings. That, as much as anything, is an indication of the confusion that exists in the community about where people should go when they have a complaint about a building. The first port of call for constituents in the Gosnells electorate with complaints about poor building construction tends to be the City of Gosnells—the local government. Yet again, people go to their local government with great expectations of the policing role that a local government can fulfil, but they are invariably disappointed to find that the local government process was not designed to accommodate their complaint. I support the proposed new process that will be implemented with the passing of the Building Services (Complaint Resolution and Administration) Bill 2010. I also note that other checks and balances will be in place by way of the State Administrative Tribunal final determination process if a builder feels unnecessarily targeted or aggrieved by a complaint. I think the system outlined looks robust, and will, along with the other components to this suite of legislation, move us towards what is really vital—a better quality standard of housing in Western Australia.

I have said that many builders really try to do the right thing, but we need systems in place to keep improving the standard. I note that the minister was keen to get on to discussion about the six-star energy rating, and I will touch on that. I am midway through my remarks on the Building Bill 2010 that I began on our last sitting day of last year, so I will touch on some aspects of six-star rating later as well.

I turn now to the Building Services (Registration) Bill 2010. Comments have been well made by the member for Rockingham that this registration act will streamline things; at the moment, multiple acts deal with different trades in the building industry. That will now be compacted down to registration under the Building Services

(Registration) Bill. Some technical details may need to be examined during the consideration in detail phase around the duration of registration and the mechanisms and penalties for failing to honour registration, and I am happy to deal with those later.

The building services levy, of course, is critical to this, because that will be the mechanism by which our Building Commission is properly funded. From what I have seen, the proposed mechanisms for the collection of the levy make sense, although the member for Rockingham indicated that there are concerns about the amount that will be charged to people having construction work done and getting homes built, but I think the concept seems sound.

That gives me the opportunity now to talk to one critical aspect of the improvement of our housing stock: we will achieve better quality when we make sure that building works are done properly. There are many aspects to that quality and one is obviously the safety aspect. If we do not have good quality constructions and if work done in a home does not respect relevant safety standards, we will leave Western Australians exposed to all kinds of dangers. The community's awareness of deficiencies is quite strong. We saw that with the recent fires in the hills and the problem with some types of air-conditioning units that are prone to ember attack, catching fire and burning down a whole house. That kind of quality check in our system has to be there and is vital for how affairs in the building industry are conducted.

There is another aspect as well; that is, the broader legacy. I am not sure how long the average Perth home stands for. I have a feeling that homes are perhaps being knocked down at a younger age than they were 20 years ago. Although there is a general quiet in the real estate market at the moment, people are still buying a property for block value, knocking down the house and building a new home. I therefore think there is a legacy issue here. There must be good-quality housing that leaves a good-quality building product. Homes built only 30 years ago in the place I grew up have already been knocked down. The new owners deemed that the existing property was under-capitalising on the value of the location.

Mr M. McGowan: Where is that?

Mr C.J. TALLENTIRE: City Beach, where people now buy homes looking for brilliant ocean views. Some houses there are still standing, but the under-capitalising problem became too pressing for some people and they knocked down the homes.

Mr M. McGowan: So you grew up in City Beach.

Mr C.J. TALLENTIRE: For a few years, and then I moved to the hills.

Dr A.D. Buti: He lives in the electorate.

Mr C.J. TALLENTIRE: I live in my electorate now. Indeed in discussions with the member for Scarborough, I realised that she is a Thornlie girl who moved very close to where I used to live, and I moved from City Beach–Scarborough to the Thornlie area; that is, therefore, an interesting reversal of accommodation.

Dr A.D. Buti: How safe is your home?

Mr C.J. TALLENTIRE: That is a topic for another day.

Mrs L.M. Harvey: Thornlie is a wonderful place!

Mr C.J. TALLENTIRE: Thornlie is a wonderful place; I thank the member for Scarborough.

I am talking about the quality of homes and the importance of ensuring that they are of a high standard. I touched on the issue of six-star rating and making sure that energy efficiency is clearly indicated in homes. Western Australia has made commitments to the proposed six-star rating system.

I was very pleased to see that the Premier, Hon Colin Barnett, along with all the other Premiers, signed the National Partnership Agreement on Energy Efficiency on 2 July 2009. He signed our commitment towards the National Partnership Agreement on Energy Efficiency, to which the "National Strategy on Energy Efficiency: July 2009" is appended. Within that document is a commitment to —

> Phase in mandatory disclosure of residential building energy, greenhouse and water performance at the time of sale or lease, commencing with energy efficiency by May 2011.

I was very pleased to see that. It is excellent. It is exactly where we need to be headed. What this means is that when people buy a new home, when they put an existing home on the market, when they rent a home or when they let a home, they will be required to disclose important information about the property's energy efficiency rating. That means people will have information about the property that will help them make informed decisions. It is the same argument we have when it comes to labelling food products. Of course, people buying a packet of cornflakes have nowhere near the financial outlay as someone buying a property, but information on energy efficiency is non-existent at the moment. Thankfully, though, this proposal for a six-star rating and mandatory

disclosure will bring about the production of a document that will indicate the energy efficiency rating of a property. It is a proposal that members of the building industry should be embracing. It is an opportunity for them to show where they are situated and how good their skills are. They should not fear it at all. It will encourage some builders to use it as a competitive advantage, but that will be healthy competition and will lead to a better outcome for our housing stock.

The commitment, therefore, is to have this mandatory disclosure in place by May this year. I have heard that there have been delays in the production of a regulatory impact statement—RIS—which would examine such aspects as a cost–benefit analysis. A number of documents have been produced that have examined the cost–benefit analysis; the member for Rockingham touched on this earlier in his speech. Of course, we do not want to do anything that will make housing more expensive for Western Australians, but we must make sure that we can compare the capital outlay cost with the ongoing cost of running a home. That is where the six-star rating and the mandatory disclosure will make a significant difference. It will expose to people the sorts of costs they will be up for if they rent a particular property; for example, a building which has an orientation problem with a lot of glass facing west and which captures the afternoon sun forcing people to run air conditioners for excessive amounts of time. People can make those decisions if we have mandatory disclosure. All indications are that mandatory disclosure will help improve our housing stock.

The mandatory disclosure system has been in place in the Australian Capital Territory for more than 12 years. That has helped the people in the ACT make an informed choice about their housing, and it has actually provided people selling a home with the opportunity to seek that competitive advantage as well. Real estate agents have embraced it in the ACT as well. They have seen the opportunity to use this system in the marketing of their homes.

There are, therefore, a number of aspects to the broad issue of mandatory disclosure. Then the question arises: how do we go about generating the information that will be disclosed? Presently we are looking at a system built around a disclosure that is more of a tick-box-type arrangement. The term used in the industry is "deemed to satisfy"—DTS. A person with some degree of competency would tick whether there was insulation; the type of water heating service in place; the way the windows are predominantly facing; and whether there are things like security screens on windows so that a home can be aired at night. Those basic aspects assessed through a tick-box system will provide some information. Fortunately, the six-star rating system moves us towards a more sophisticated system based around a number of computer programs. Those programs will enable people to have their property assessed with precise data on the measurements of the home fed into the program. The data includes a number of aspects, such as the way in which windows are facing, the size of the windows, the shading of the windows, the width of the eaves and the building materials used. The initial measurement and assessment is quite an exercise. It could take an hour to an hour and a half for an assessor to gather the information and put it into a computer to develop the energy efficiency rating. That sort of approach, therefore, will help us get the detailed information we need. It has been done in the ACT, as I have said. It has been done in many other countries around the world as well. For Western Australia to not pick up on mandatory disclosure would mean we were way behind, and any claim that the industry might have about our properties being among the most efficient in the world would be without merit.

Mr T.R. Buswell: How much do you think that will add to the capital cost?

Mr C.J. TALLENTIRE: I am coming to that. I have some cost–benefit analysis studies.

Mr T.R. Buswell: When we have a look at the six-star regulatory impact statement by the commonwealth, in WA it is negative, as in, no advantage.

Mr C.J. TALLENTIRE: Yes, I will come to it. I have it with me.

[Member's time extended.]

Mr C.J. TALLENTIRE: When we look at the issues around the six-star rating, one of the most significant issues we see is good design. The minister asked what sort of cost impacts the six-star rating will have in Western Australia. Let us take the case of new homes. There is no price difference between putting a home that is suited to a block and putting a home that is not suited to a block; it is a matter of choice and design. The orientation of the building chosen is critical to pulling that off. If we talk to people who do the drafting for any of the major developers—Satterley Property Group, Peet & Company, Australand, Stockland—and do the drawing up of the lots, the dividing up of the land and the creation of the subdivisions, they will say, "No problems, we can design 80 per cent of our lots to be correctly orientated."

Mr T.R. Buswell: Who says "no problems"?

Mr C.J. TALLENTIRE: The people who do the drafting.

Mr T.R. Buswell: All the people I talk to say there are big problems.

Mr C.J. TALLENTIRE: No, they do not. It is a computer exercise to make 80 per cent of the lots correctly orientated. Other design constraints are also built in; there may also be view and topographical factors. All those constraints can be factored in, while correctly orientating the lots. The frustration of the developers arises when they see project home builders come along and not do anything about making sure that the lots are compatible with the home that the new homebuyer chooses. That is where the system is falling down, but that problem is remedied by the introduction of six-star. All the information on six-star efficiency rating states that building orientation will be a major component. There is no cost difference at all. Anyone who tells the minister that it costs more is being inaccurate.

Mr T.R. Buswell: Just for the record, your advice is that house prices will not increase because of the introduction of six star?

Mr C.J. TALLENTIRE: I have said that one of the key components of the six-star rating system is about getting building orientation right. There does not need to be any change in the price at all, because it is about good design and choosing the right design. Instead of a person having a home with all the windows facing in a way that means the house cops all the afternoon sun, they can choose another home—that might be just as good for their family's needs—that is orientated in the correct way.

Mr T.R. Buswell: How much will house prices go up because of the introduction of six star?

Mr C.J. TALLENTIRE: I will get to other aspects. I thank the minister for giving me the opportunity to emphasise my point that energy efficiency is about orientation and design choice and that does not need to cost anything. Other things can be done as well with materials and other more tangible things, but the biggest difference between five star and six star is orientation. It is not something that needs to cost more. It means that the sales representatives for the major project home builders—Dale Alcock Homes, the Buckeridge Group of Companies, Webb & Brown-Neaves; any of those companies—need to make sure their sales representatives are providing extra information to new homebuyers so that when they go and choose a home, they are guided towards the home that best suits the block. If the minister reckons that it will cost something for the sales representatives to do that extra little bit of work, I suppose I have to concede there is an additional cost in moving from five star to six star. However, I do not think that really needs to be a cost; it is a very good thing for those sales reps to be working on. It would make a big difference to the quality of our housing and the satisfaction of people. Journals put out by the Housing Industry Association show that there are clearly differing views within the housing industry on this issue. In *WA BuildingNEWS* May 2010, James Skouros, assistant director technical services, is very categorical about it in the technical feature. He analytically goes through and says, "Well, six star is on its way, get used to it, guys. This is what it will do for us. There will be some benefits. There will be the potential for some extra costs in some areas." I will try to pick out which areas.

Mr T.R. BUSWELL: Who is that, sorry?

Mr C.J. TALLENTIRE: James Skouros in *WA BuildingNEWS* May 2010. We need to bear in mind, however, that the building industry did not want the WA BASIX system to come into effect in 2007 when Hon Alannah MacTiernan was the minister responsible for this area. She was very keen to bring in WA BASIX, a system that would have looked at something that six star does not—that is, the actual size of the dwelling. The size of a dwelling, of course, makes a huge difference to an energy efficiency rating. However, the building industry did not want it; it wanted the star rating system and we have gone with it. To now hear that some elements in the industry are questioning six star makes me wonder.

Mr T.R. Buswell: With six star when you have a look at the RIS that was done —

Mr C.J. TALLENTIRE: I am coming to that.

Mr T.R. Buswell: Yes, but I want to point out that the regulatory impact statement specifically for WA is different to the other states.

Mr C.J. TALLENTIRE: I have the Australian Building Codes Board six-star cost–benefit analysis. This document was produced by BMT and Associates Pty Ltd quantity surveyors in September 2009, and is titled "Consultation Regulation Impact Statement". The document does not go through state by state, because that would not make sense because of differing climatic regions within states. For Perth, we have —

> Present value of net impact of thermal and lighting provisions on dwellings

This is one of those elements that the minister says potentially will add costs. They have said here for a house it is a negative 338 figure. I do not know which cost–benefit analysis the minister is looking at. I am very happy to show the minister this document and we can go through it, or perhaps the minister's adviser would be interested in it. For a townhouse the figure is negative 208. If we compare that with Sydney, it is true that in Sydney it is more dramatic. It is a negative 840 for a house, and a townhouse, negative 551. Darwin is the other way; there is

much more of a cost there. It is 2 180 for a house and 1 219 for a townhouse. I think there are people who are looking at figures. I know the housing industry's off-the-cuff answer is that it is going to cost between zero and $4 120. I think I have the figure here somewhere. The HIA's *BuildingNEWS* of May 2010 reads —

> **The main issues in the BCA 2010 – Cost** Initial estimates for moving from 5 to 6 Star for Climate Zone 5 is about $0 to $4500.

That is the housing industry. Does the minister have other information from the HIA?

Mr T.R. Buswell: I would have to go and get it, but I am sure if you spoke to the HIA, it would probably have a slightly different view.

Mr C.J. TALLENTIRE: We must realise that some very conservative elements are in the industry who debate those who are more progressive in the industry. I am sure there are all sorts of internal debates. I was about to reflect on that, because the president's column, in the same journal as the article I quoted by James Skouros, is all about how this will be the law of diminishing returns; we will not get benefit from it and it will lead to a decline in building approvals. It is a piece without any detail really; it is just a rant. But that is the way it goes sometimes. The president's column might be couched in those terms, but the more technical piece in the same journal says we are talking about price increases of $0 to $4 500. When we look at that in comparison with the energy cost saving—the Barnett government has imposed on Western Australians a 46 per cent increase on electricity prices—the Liberal government should embrace this as an opportunity.

Mr T.R. Buswell: What does the Conservation Council say about this?

Mr C.J. TALLENTIRE: Hang on, minister. The minister is confused. I am saying that given that the government has imposed on Western Australians this dramatic price hike, it should use the introduction of mandatory disclosure as an opportunity to say to Western Australians, "Okay, we have hiked up the prices dramatically, but here is a thing that can help us mitigate that price rise." The government should be embracing everything to do with mandatory disclosure and the six-star rating system. The government has to be able to say, "Okay, we've put up the prices but we're going to soften the blow."

Mr T.R. Buswell: The issue is not whether we should be embracing it or telling people about it, it is whether we should be making people do it or encouraging people to make their own decisions. But anyway, that is not my portfolio.

Mr C.J. TALLENTIRE: Minister, let us not lose sight of the fact that mandatory disclosure does not force people to do a thing. It just means that buyers of new homes, or people about to rent a new home, have information on the energy efficiency of that home. They then make their decision based on that. There is nothing compulsory. This is just like when the minister enters a supermarket and looks at a product's information. At the moment we do not have that level of information for people's homes.

Mr T.R. Buswell: That is only part of the six-star package.

Mr C.J. TALLENTIRE: But it is a major part of it. That is the mandatory disclosure part of it. That is the essential thing. I am enthusiastic about that side of this debate. It really could lead to some dramatic improvements in the quality of housing stock.

Looking at the situation in the Australian Capital Territory, we can see very clearly that people's homes are more sellable and they sell for more when they have an energy efficiency rating; because of course consumers can then make the choice. This is about making sure that our market system works better by giving people the information they need to make informed choices.

I am very happy to support the three bills currently before the house. I will speak again when we return to the Building Bill. At that time I shall give a little more detail on the nature of the amendment that stands in my name on the notice paper.

MRS L.M. HARVEY (Scarborough — Parliamentary Secretary) [12.31 pm]: I, too, rise this afternoon to speak in support of the three bills before the house. Part of the reason I am so keen to see this legislation before the house—legislation that will create the ability for this state to have a Building Commissioner instated—is in response to a number of quite vexing issues that have confronted my constituents. I previously brought one issue to this house; I believe it was in a grievance to a former Minister for Commerce. Sadly for that constituent, the only outcome and the only avenue available to her for any redress with the situation she found herself in was very costly and expensive litigation. This young lady, who is a fine, upstanding citizen, came home from her shift work position—which is in the community services sector—to discover that the back room of her house had subsided due to works on the neighbouring property. She went to the local government, the City of Stirling. She received no assistance from them in looking after her situation. In fact, quite the contrary—the compliance officer from the City of Stirling approached her, put a work order on her house and said she had to fix the

situation caused to her home by a third party with some immediacy or they would issue a demolition order on her property! That was particularly unhelpful. From there, she received legal advice, triggering a mad flurry of activity between the four parties engaged in the construction next door. Those four parties argued the toss and finally agreed upon whose insurer would cover this lady's costs. That was two and a half years ago. My constituent, completely innocent in all of this activity, had, incidentally, gone to the Builders' Registration Board of WA. The Builders' Registration Board said it could not assist her in any way, shape or form because she had no contract with the builder. At the time the builder in this case was Harvey Home Builders. I would like to put on record that that company has absolutely no relation to me. Perhaps if I was related to it, I might have had some kind of leverage in trying to have it act honourably in redressing the damage it caused to my constituent's house. As is the case with many builders when they get into trouble, they changed their name and restructured. They are now known as the Helix Group. They are busy going forward with many other developments within the City of Stirling and other local government authorities, no doubt, with impunity, while my constituent's house is almost too damaged to live in. She has been gagged. I cannot mention my constituent's name in here because her agreement, which has so far cost her $20 000, compels her to silence. She is not allowed to talk about this in any way in the public arena. While she is unable to rent out the room in her house or get anyone to help share the costs in her building, or indeed even live in part of her house, this Harvey Home Builders–Helix Group are out there making money, enjoying a very fine lifestyle.

The member for Wanneroo brought to this house a number of times the activities of another group, DevGroup, and the notorious director of that organisation, Mr Brett Gibbings. Some rogue builders can irresponsibly go about their business with impunity. They rely on the inadequacies of the existing regime to deny and basically abscond from their responsibilities when they cause damage to people's properties or when they fail to complete construction, as I believe was the case with DevGroup. What I am particularly pleased about with this legislation is that the Building Commissioner will have powers to investigate third party complaints. For my constituent who is in this terrible situation at the moment, the Building Commissioner, under the powers that will be given to him or her as part of this legislation, will be able to issue an interim building service order or a remedy order on properties that have been damaged as a result of builders' activities. As I understand it, they can be ordered to do that with some immediacy and will have to prioritise those remediation works above other works they are contracted to perform. I think that this is a very, very positive move in the right direction, particularly for some of the people I have been dealing with.

Another constituent in my electorate, a wonderful lady named Robyn Faulkner, came home from work one day to find her fence had been stolen. The next door neighbour had removed her fence, a brick wall with a construction on it; a picket fence. She came home from work and there was nothing there! Her entire house was exposed. Her dog and cat had gone AWOL. She went to the police and reported her fence stolen, as you do.

Mr T.R. Buswell: Like the member for West Swan's bus stop! Her name is not Mabel, is it?

Mrs L.M. HARVEY: No; her name is Robyn. She is a wonderful, wonderful lady.

Mr T.R. Buswell: She has not got a mother called Mabel?

Mrs L.M. HARVEY: I can name Robyn because she has not been bound and gagged by insurance lawyers, as yet. In Robyn's scenario, she reported the fence stolen. About three weeks later she came back to her house, after working, to find a retaining wall had been illegally constructed on her property. The neighbour who was developing the site next door had constructed the retaining wall on her property without a permit. She immediately marched down to the local government authority, the City of Stirling, and the city said it was taking her to court because she had an unauthorised retaining wall on her property! She had not built it; she did not want it there. Her original fence was illegally removed so that this builder could basically put a retaining wall in on her property and thereby increase the square meterage of the development they were choosing to do on their own land. These sorts of situations could immediately be brought to the attention of the Building Commissioner. The Building Commissioner could immediately order remediation works, conciliation or some kind of compensation in situations like that. Both Robyn and my other constituent went to the Builders' Registration Board. Each time they were told, "We can't deal with you because you have no contract with the builder who has caused your problem." This is very good legislation. It will really make a tremendous difference in lots of areas around Perth, but I say particularly in my area where we have in train a very active and aggressive infill program. There are lots and lots of older buildings built on sand dunes in my electorate that are being knocked down and new developments put up. As always happens with any construction on sand, as soon as any kind of retaining or pile-driving work is started to try to stabilise the block being built on, there is always subsidence. This problem is becoming more and more apparent, and my office is getting more and more complaints as this infill and redevelopment agenda continues.

I will conclude my remarks by once again reinforcing my support for this legislation. The Building Bill 2010 is also very good legislation that will move this state forward and raise the standard of our building industry to the

standard that I believe the Western Australian community has grown to expect and also desire. I commend this legislation.

MS R. SAFFIOTI (West Swan) [12.40 pm]: This very complex legislation comprises three bills, and together with the Building Bill 2010, will make very significant changes in the building industry. Many members have discussed the fact that this will change things quite significantly. The Labor Party supports this legislation and thinks it will change things for the better. Of course, during the consideration in detail stage we will ask specific questions about particular areas. There are a number of questions in my mind that will hopefully be answered by the minister in his response to the second reading debate and also during the consideration in detail stage.

Like the member for Scarborough, I am also aware of an incident that occurred in my electorate. I am talking about the collapse of a balcony in Ballajura on Halloween in 2009. Members will recall from the debate in this place that a number of people were injured. It was a very big balcony. All the processes were gone through. Some changes in procedures have been made by the government since then, including the production of a pamphlet that has been issued to local governments. I understand that the Building Bill will address some of those issues, but this legislation touches on the issue of owner–builders, which I will go through.

First, I turn to the streamlining of the registration boards, which seems to be very sensible. I note, as do my colleagues, that we have a Painters' Registration Board, but I do not think we have a bricklayers' registration board. In that sense, if something does not look good, it cannot cause any damage, but if a wall falls on someone, the damage is far more significant. I understand that these boards will be streamlined into the Building Commission.

One of the key issues is builders who get into financial trouble and cannot finish jobs. As the member for Scarborough outlined, builders get into trouble and then they rename themselves and move onto other projects. Clause 18 of the Building Services (Registration) Bill requires building service contractors to meet any financial requirements prescribed in the regulations. It also allows the board to limit the size and/or number of contracts undertaken according to the financial capacity of the contractor. That aspect is very interesting. I would not mind hearing in more detail exactly how that will work. I do not understand exactly what the situation is now, but I would like to understand how that clause will work. How will that be undertaken? How will the Building Commission estimate the financial capacity of builders? I think it is a positive improvement. Again, we do not want builders to collapse financially and be unable to finish the homes of prospective homeowners. Did the minister want to ask a question?

Mr T.R. Buswell: No, I am just listening.

Ms R. SAFFIOTI: I understand that the clause provides for an assessment to be done of the financial capacity of a contractor and of the number of contracts being undertaken by that contractor.

Mr T.R. Buswell: I also point out that people need to have home indemnity insurance. My understanding is that the financial requirements of the insurance companies in issuing that insurance are significant and that, historically, the building registration authorities have sought a subset. I do not know whether that has changed, but generally it is picked up by the insurer in that relationship, because ultimately they carry the risk of the financial failure of the builder.

Ms R. SAFFIOTI: Yes, but the legislation provides that the board will be able to limit the size and/or number of contracts undertaken according to the financial capacity of the contractor. I think that is quite an interesting aspect, particularly because of the issues that are generally raised with members of Parliament.

Mr W.J. Johnston: Did you know about the provision that the member just referred to?

Mr T.R. Buswell: I was generally aware of it.

Ms R. SAFFIOTI: As I have said, we can get a bit more detail about this aspect during the consideration in detail stage. I believe it will be a huge improvement in how things are being run.

The legislation also goes into a lot of detail on owner–builders. That is a very significant issue in the building market in Western Australia. I support owner–builders, because I believe we need competition in the industry. I believe this will bring an element of competition to the building industry, and that is a good thing. Of course, there are issues with owner–builders. I understand that the home in Ballajura where the balcony collapsed was constructed by an owner–builder. The balcony was not built correctly and ultimately it fell down. In some correspondence that I have seen from the Housing Industry Association, it indicates that if a house has been built by an owner–builder, there should be a memorial on the title. I believe that goes a bit too far, and that we should just ensure that there is knowledge by the owner–builder and that the appropriate checks are undertaken. I understand that the bill will require an owner–builder to undertake a course before they get their licence, which is a new requirement. I am not sure whether it will be a course or a check list, but the owner–builder must have

some understanding of their responsibilities. I believe that owner–builders should be supported. Although I believe we should have these requirements, owner–builders should also have access to information to manage the process and to ensure that the building complies with building standards. That is a very important point. As I have said, owner–builders provide an element of competition in the marketplace. A number of people undertake a project as owner–builders so that they have complete control over the project. Although there will be more requirements, we must ensure that they have appropriate information and access to building surveyors and building controllers who can assess the work. Even owner–builders who have done a quick course on their rights and responsibilities would not have the experience or knowledge to understand whether that balcony in Ballajura was constructed with the right bolts and the right planks or concrete structure.

There is also a requirement for a six-month time limit between becoming an owner–builder and submitting a permit for construction. I am glad that the time limit is just for submitting the permit, not receiving it, because councils take a lot longer than six months in most instances. Again, that is a good thing.

The only other general issue I want to raise relates to the relationship between the Building Commission and local governments. I understand that local governments will continue to issue building licences, that disputes and issues will be raised with the Building Commission, and that building surveyors will no longer be required to be local government building surveyors. Again, I believe that is a good thing. How will that work practically?

Debate interrupted, pursuant to standing orders.

[Continued on page 1655.]