

Agreement in Principle

Ms VIRGINIA JUDGE (Strathfield—Minister for Fair Trading, Minister for the Arts) [1.25 p.m.]: I move:

That this bill be now agreed to in principle.

I am pleased to introduce the Plumbing Bill 2010. At present, there are more than 100 separate bodies responsible for regulating on-site plumbing and drainage work in New South Wales under seven separate legislative frameworks, each requiring compliance with different standards. These bodies include Sydney Water Corporation, Hunter Water Corporation and more than 100 councils, county councils, and local water utilities. Over time each of these regulators has imposed multiple requirements for plumbing and drainage work on top of the New South Wales Code of Practice for Plumbing and Drainage, the current standard to which plumbing and drainage work must comply. In short, the system is complex and fragmented, creating confusion and adding to costs for plumbers, builders, homeowners and others.

This Government is committed to reducing red tape for businesses and the community while ensuring the health and safety of all through targeted and effective regulation. That is why in June 2009 the Government endorsed the findings of the Better Regulation Office's review of the State's plumbing regulatory framework. This review recommended that NSW Fair Trading become the single regulator in New South Wales for both the on-site regulation of plumbing and drainage work and the licensing of plumbers. The review also recommended that New South Wales adopt the performance-based Plumbing Code of Australia as a single and consistent plumbing standard across the State.

The reforms in the Plumbing Bill 2010 will streamline and enhance the regulation of on-site plumbing and drainage in New South Wales and will apply nationally consistent standards across the State. New South Wales Fair Trading, which already licenses plumbers under the Home Building Act 1989, will become the single regulator for onsite plumbing and drainage work in New South Wales. This will improve compliance and enforcement by linking plumbers' licences directly to the work they perform. Separating the role of regulator from the water utility operators also has the advantage of ensuring competitive neutrality in situations where there is a potential for the entry of further competitors in the provision of water, sewerage or recycled water services.

The New South Wales Code of Practice for Plumbing and Drainage and the many local variations to that code will no longer be the standard for plumbing and drainage work in New South Wales. Instead, work will need to comply with the nationally consistent Plumbing Code of Australia—that is, the existing Australian Standard 3500 Plumbing and Drainage—or an alternative solution that meets the code's performance requirements. As well as providing a single standard for plumbing work across the State, adopting the code will allow for innovative new plumbing approaches and solutions, provided that they meet the necessary performance outcomes, including for health and safety. It will also directly position New South Wales to adopt easily the proposed National Construction Code being developed by the Council of Australian Governments, which will combine both the Building Code of Australia and the Plumbing Code of Australia into a single consistent national code.

The good news for plumbers is that adopting the Plumbing Code of Australia in New South Wales will not mean significant changes in practice, given that the vast majority of their work already complies with Australian Standard 3500 Plumbing and Drainage. What this change to technical standards means for plumbers on the ground is greater flexibility and the chance to implement innovative, technologically advanced and environmentally sustainable plumbing solutions. Such flexibility is increasingly important in the context of global warming and greater environmental awareness, when industry and consumers demand smarter, more efficient plumbing and drainage work. The New South Wales Government does not want outdated, narrow regulation to stand in the way of people doing things better, more effectively and in an environmentally sound way. In summary, this is a sensible and necessary package of reforms, which is supported by key stakeholders.

I will now detail the reforms. Specifically, the bill provides for the following: the transfer of responsibility for regulation of onsite plumbing and drainage work from water utilities, including the Sydney Water Corporation and the Hunter Water Corporation, and councils to New South Wales Fair Trading; compliance with prescribed standards for plumbing and drainage work; and a risk-based inspection regime allowing the regulator to target compliance efforts at the plumbing activities that pose the greatest risk to consumers and public health and safety. Under the new framework, New South Wales Fair Trading will be responsible for regulating plumbing work from the point of connection to a water supply—generally the mains, a recycled water device or other water system—through to the discharge points; that is, the taps. Fair Trading will also be responsible for regulating drainage installations from fixtures—toilets and drains—to the point of connection to a sewerage system provided by a water utility, common effluent system or onsite wastewater management system. The changes will not give New South Wales Fair Trading any new regulatory responsibilities for stormwater drainage or onsite wastewater management. These functions will appropriately remain with councils and network utility operators.

Historically, the point of connection has varied across different areas of New South Wales and different water

supply authorities. Sometimes it is at the mains, sometimes at the meter and sometimes at the property boundary. The Plumbing Bill does not attempt to change these arrangements but has been drafted to allow for consistent interpretation and definition of what constitutes plumbing and drainage work. Under the bill, the point of connection will be the point where the home or building owners' plumbing installation meets the water utilities infrastructure. This ensures that any work on the consumer's installation is to be done by a licensed plumber and will be subject to the requirements and oversight of Fair Trading as the regulator.

New South Wales Fair Trading will regulate onsite plumbing and drainage work through various mechanisms, including requirements for plumbers to lodge a Notice of Work, replacing the old Permit to Work system, and to provide the homeowner and regulator with a certificate of compliance certifying that the work complies with the relevant standard. Importantly, the bill provides for a risk-based inspection scheme, where New South Wales Fair Trading will inspect plumbing and drainage work to ensure that it has been completed in accordance with the notice of work and does not pose a health or safety risk. Where necessary, New South Wales Fair Trading will issue rectification notices for defective work and ensure that work underway does not continue until the defects have been rectified and, in particular, health or safety risks have been addressed.

Providing for a risk-based inspection regime allows the regulator to target its compliance efforts at those plumbing activities that pose the most risk to consumers or public health and safety without imposing unnecessary compliance costs on low-risk work. For example, water reuse activities, such as grey water reuse or water recycling systems, can pose a genuine risk to public health. Any plumbing work related to these systems will be inspected. Plumbing and drainage work in areas subject to high risk of flooding or sewer surcharging will also be inspected to ensure the appropriate containment devices are in place because this can also pose a genuine risk to health, consumers and the environment. A higher level of inspections will be carried out on work by new plumbers, or plumbers who have a history of substandard workmanship, to ensure their level of competence. Again, bringing both licensing and onsite regulation under the single regulator presents clear advantages in compliance and enforcement by linking the plumber's licence to the quality of their work.

The bill also establishes a framework for Fair Trading to delegate its plumbing inspection role to councils or others with the appropriate skills in areas where it is not practical for Fair Trading to have one of its own inspectors. As well as allowing for the most efficient use of Fair Trading resources, this will allow the regulator to capture the local knowledge and on-the-ground experience of council staff in country areas around the State. Of course, as delegates of Fair Trading, these inspectors will need to interpret and apply the regulatory requirements consistently. To this end, Fair Trading will be providing extensive support and guidance for councils, including through a phone-in technical advice service for council plumbing inspectors. The rollout of the reforms to areas outside of the Sydney metropolitan area will be done in a staged process and in close consultation with plumbers, councils and water utilities. This will ensure a smooth transition to the new arrangements, and allow councils the time to put the necessary arrangements in place to support the reforms. It is anticipated that this process will be completed by late 2011.

The Better Regulation Office review of plumbing regulation also found that there was overwhelming support for the adoption of consistent technical standards across the State, including through the performance-based Plumbing Code of Australia. The current NSW Plumbing and Drainage Code was found to be inflexible and unnecessarily complex and prescriptive for industry and its users. The current New South Wales code includes more than 100 variations and additions to the Australian Standard. Some variations apply only to plumbing work in a single area of the State. Moving to the Plumbing Code of Australia should not be a difficult transition for plumbers because it is based on the same underlying technical standard as the New South Wales code—that is Australian Standard 3500. The vast majority of day-to-day plumbing work will continue to be performed to that basic standard. As is currently the case, plumbers will be required to only use authorised fittings; generally those that carry the Watermark certification.

However, the additional benefit of adopting the Plumbing Code of Australia is its in-built flexibility; which allows for new and innovative alternative plumbing solutions where they can be demonstrated to achieve the same performance, including health and safety outcomes, as the prescriptive standards. It will also be open to the regulator to authorise the use of any specific fittings required as part of an alternative solution. Again, it will be necessary to demonstrate that the fittings meet the required performance standards in that application, including for maintenance of public health and safety. This is expected to contribute to significant environmental benefits as new processes and plumbing technologies contribute to more efficient use and effective reuse of water.

Continuing with the New South Wales Plumbing and Drainage Code would leave New South Wales out of step with other jurisdictions that have adopted the Plumbing Code of Australia. The adoption of the new standards in the bill will also ensure New South Wales is ready to align with the national direction for plumbing and drainage regulation under the proposed National Construction Code, which will incorporate both the Building Code of Australia and the Plumbing Code of Australia. With the commencement of the new arrangements, there will be some small procedural changes for plumbers in some areas. For plumbers working in what is currently Sydney Water's coverage area—that is Sydney, the Illawarra and Blue Mountains—there will be minor changes to the administrative process for organising an inspection.

Instead of lodging an application for a permit, the plumber will submit a notice of work to Fair Trading. They will

continue to use the current systems for submitting online notices through quick check agents or a paper-based notice directly to Fair Trading. The booking of an inspection will continue to follow the current procedure, by calling Fair Trading to book the inspection time. On completion of work, plumbers will still need to provide a certificate of compliance to the property owner and the regulator. Administrative processes in areas currently regulated by local councils vary considerably depending upon the council and local approval policies in place for that area. The bill will establish a single, simple process and make this consistent across the State. Outside of the areas covered by Sydney Water, a plumber will need to notify the local council before commencing any proposed work, and make arrangements with the council for any inspections required. In the areas covered by Sydney Water, the plumber will deal directly with Fair Trading. This does not replace the role of the local water utilities in approving any connections to, or work on, their assets. It will remain the responsibility of the plumber to seek the permission of the infrastructure owner to connect to its facility, and to comply with any connection requirements imposed by the utility.

I propose that these reforms commence early in 2011 with New South Wales Fair Trading formally taking regulatory responsibility for plumbing and drainage work in the areas covered by Sydney Water. At the same time, the Plumbing Code of Australia will apply to all new plumbing work across the State. The next stage of the reform process will then commence, with Fair Trading working closely with councils and local water utilities across the State to roll out the new regulatory arrangements by late 2011. These reforms are very important for the State of New South Wales. This bill provides the framework for New South Wales Fair Trading to be the single regulator of plumbing and drainage work in this State under a single set of nationally consistent technical standards. It is clear that this will bring obvious benefits in reduced costs, less red tape, and increased flexibility for plumbers, builders, homeowners and others across the State. I commend the bill to the House.