

**Second Reading**

**The Hon. MATTHEW MASON-COX** (Parliamentary Secretary) [12.31 p.m.], on behalf of the Hon. Greg Pearce: I move:

That this bill be now read a second time.

I am pleased to introduce the Plumbing and Drainage Bill 2011. Members may be aware that the former Government introduced a similar bill in the Legislative Assembly at the end of last year. While Labor's previous bill was no doubt well intentioned and had merit, it was introduced in some haste and without adequate industry consultation. The Liberal-Nationals Government, as a first priority, re-examined the plumbing reforms proposed and ensured that further consultation took place with industry. As a result, the bill has been substantially improved. The intent of the bill is to simplify what is currently a complex and fragmented system that is confusing and costly for industry.

At present there are more than 100 separate bodies responsible for regulating on-site plumbing and drainage work in New South Wales and each of those regulators requires compliance with their own local standards. The bill will establish a new regulatory framework, with a single regulator and a single set of nationally consistent technical standards. That is to be applauded. This will be achieved through the following key reforms: responsibility for regulation of on-site plumbing and drainage work will be transferred from water utilities and local councils to NSW Fair Trading; compliance with prescribed standards for plumbing and drainage works as set out in the Plumbing Code of Australia will be required; and a risk-based inspection regime will be introduced across the State allowing the regulator to target compliance efforts at the plumbing activities that pose the greatest risk to consumers and public health and safety

A considerable amount of stakeholder consultation was undertaken through the development of the bill. This consultation began in 2008, when the Better Regulation Office called for public submissions as part of its review of the plumbing regulatory framework. In that process 16 submissions were received, including submissions from water utilities, TAFE NSW, the Local Government and Shires Associations of New South Wales and the Master Plumbers Association of New South Wales. In 2009 the Better Regulation Office released its final report, which called for the establishment of a single agency to take on the functions of standard setting, on-site regulation and licensing for plumbing and drainage work in New South Wales. The report also recommended the adoption of the Plumbing Code of Australia as the single technical standard in New South Wales.

Following further consultation with key stakeholders on how to best implement these recommendations, the Keneally Labor Government introduced a bill in the Legislative Assembly in late 2010. As I stated earlier, that bill was introduced in a rush—as many were at that time of the year—and stakeholders did not receive adequate time to provide input into the bill. This year my colleague the Minister for Fair Trading, Mr Anthony Roberts, who is doing a magnificent job in this difficult and complex area—

**The Hon. Dr Peter Phelps:** Robbo the reformer, I call him.

**The Hon. MATTHEW MASON-COX:** I acknowledge the interjection of the Hon. Dr Peter Phelps. The Minister has undertaken further extensive consultation as part of developing a new and revised bill. Key stakeholders were given four weeks to consider the draft bill and to

provide comment. Stakeholders were also offered the opportunity to meet with NSW Fair Trading to discuss aspects of the bill in further detail. In addition, a number of stakeholders met with the Minister's office to discuss matters relating to the bill. Many stakeholder suggestions were reflected in reviewing and revising the bill. The diligence shown by the Minister, the Minister's office and officials has been well received by the industry. Key stakeholders were provided with ample opportunity to have their say about the bill and their expressed views and concerns were carefully considered in the process of finalising the bill.

I am pleased to inform members that following further consultation with one key stakeholder and the Opposition over the last few days, the Minister for Fair Trading has agreed to establish a Ministerial Advisory Council to provide advice on issues surrounding the regulation of plumbing in New South Wales. This has been agreed with both the Opposition and the Master Plumbers Association of New South Wales. The council will have broad cross-sectoral representation from industry, and the Minister for Fair Trading has undertaken to work with stakeholders to develop terms of reference for the council.

The Minister for Fair Trading has also agreed to hold a roundtable with key stakeholders six months after commencement of the bill to discuss any issues or problems being experienced with its implementation. This will give interested parties the opportunity to provide important insights into their experiences with the implementation. It will also allow for the early detection of any issues that plumbers are having with the new regulatory framework to be raised and dealt with quickly. This is yet another demonstration of the New South Wales Government working in good faith with stakeholders, and of its commitment to ensure that there is proper consultation with all interested parties.

The reforms proposed in this bill are based on sound policy and are long overdue. I call on all key stakeholders and members to get behind this bill and to not stand in the way of positive progress. The bill proposes commonsense changes that will not result in major changes for plumbers on the ground. Rather, it will result in a less complex and more straightforward system of regulation of plumbing and drainage work in New South Wales. Instead of a proliferation of regulators, there will be just one. One regulator instead of 100 regulators can only be a good thing. For some time now the Government has been committed to reducing the regulation on small business and to delivering a more commonsense regulatory system for this and many other industries. Instead of a convoluted technical standard that is applied inconsistently across the State, there will also be one national standard that has the same effect in Bourke as it does in Burwood, that has the same effect in Queanbeyan as it does in—

**The Hon. Marie Ficarra:** Quakers Hill.

**The Hon. MATTHEW MASON-COX:** Quakers Hill—I was looking for a "Q".

**The PRESIDENT:** Quandialla.

**The Hon. MATTHEW MASON-COX:** Quandialla. It proposes no change to the current licensing framework for plumbers and other tradespeople. The bill merely seeks to implement the recommendations of the Better Regulation Office's review. I now outline the elements of each part of the bill. Part 1 establishes the new regulatory regime defining the plumbing regulator as the Commissioner of NSW Fair Trading. NSW Fair Trading is part of the Department of Finance and Services and it will be responsible for the implementation and administration of the Act. The types of work that are defined as plumbing and drainage work are set out in the bill, ensuring that work on drinking water and sanitary drainage systems that

has a particular risk to public health is regulated while work that does not pose a high public health risk, such as stormwater drainage, fire suppression systems and roof plumbing, continues to be excluded.

Under this framework, NSW 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 point, the taps. NSW Fair Trading will also be responsible for regulating drainage installations from fixtures such as toilets and drains to the point of connection to a sewerage system provided by a water utility, common effluent system or on-site wastewater management system. The new regulatory framework will not create any new regulatory responsibilities for stormwater drainage or on-site wastewater management. These will continue to be managed by local councils and network utility operators, as is appropriate.

Part 1 of the Act also identifies the person responsible for complying with the regulatory requirements as the plumber who does the work, not the person or company that contracts for the work. This means that NSW Fair Trading will be able to link the work to the licence number of the plumber. Again, that is entirely appropriate. If an apprentice does the work the plumber who is overseeing the apprentice will be responsible for making sure that the work is done in accordance with the regulatory requirements. Part 2 of the Act sets out the general requirements of the regulatory regime. This includes replacing the New South Wales Code of Practice for Plumbing and Drainage with the performance-based Plumbing Code of Australia as the technical standard in New South Wales. The Plumbing Code of Australia provides a more flexible, outcomes-based approach and allows for new and innovative alternative plumbing solutions.

By adopting the code, nationally consistent technical standards will apply across the State. This will also position New South Wales to easily adopt the Council of Australian Governments' National Construction Code in late 2012. It is important to note that while there are these differences between the Australian and New South Wales codes, both codes are based on the Australian Standard for Plumbing and Drainage. The practical impact on industry of changing the technical standards will be minimal but it will remove the conflicting local variations that currently exist. Adopting the Plumbing Code of Australia will also ensure that New South Wales is ready to align with the national direction for plumbing and drainage regulation under the National Construction Code, which will incorporate both the Building Code of Australia and the Plumbing Code of Australia.

Part 2 of the Act also sets out the pre-notification, inspection and certification procedures that will apply under the new regulatory regime. These procedures are based on those currently used by major water utilities such as Sydney Water Corporation and Hunter Water Corporation but they will be streamlined and made consistent across the State. This section also provides a requirement for the owner or occupier of land to take all reasonable steps to ensure that water and sewerage installations on their property do not threaten public health or safety. The functions of the plumbing regulator are set out in Part 3 of the Act. These functions include monitoring compliance with the Act, ensuring that plumbing and sanitary drainage installations and systems do not threaten public health or safety, and authorising fittings for use in plumbing and drainage work.

Under this part of the Act, the plumbing regulator may delegate these functions to a local council. As delegates of NSW Fair Trading, local council inspectors will need to interpret and apply the regulatory requirements consistently. To ensure that this occurs, the rollout of the reforms to areas outside the Sydney metropolitan area will be done in close consultation with

local councils, water utilities and plumbers. This will allow NSW Fair Trading to capture the local knowledge and on-the-ground experience of local council staff in country areas around the State and allow for the most efficient use of resources. NSW Fair Trading will provide extensive support and guidance for local councils both during and after this transition phase.

Part 4 of the Act sets out the powers conferred upon authorised persons—that is, NSW Fair Trading or local council officers—and the purposes for which those powers can be used. These powers relate primarily to entry to property and land for the purpose of inspecting plumbing and drainage works. The Act allows for some inspection activities to be delegated to external contractors, but it does not allow for any enforcement activities, such as use of force or investigation of suspected offences, to be undertaken by anyone who is not a member of the government service or an officer or employee of a local council. Part 5 of the Act establishes an appeal process through the Land and Environment Court and sets out penalty notice provisions.

Under the current regulatory regime, no forum is available for individuals to appeal decisions made by plumbing regulators. This provision provides a new formal review mechanism utilising the existing expertise of the Land and Environment Court in building code and related matters. These appeals will come under section 38 of the Land and Environment Court Act, which will enable them to be dealt with swiftly and in a less formal way than other matters. Part 6 of the Act includes a regulation-making power which will be used to provide further detail on administrative issues and to set out exemptions to the requirements of the Act where appropriate. It is intended that formal exemptions should apply to minor works such as changing tap washers and to work undertaken on water utility assets by their employees.

This part of the Act also establishes protocols for disclosure of information by the plumbing regulator, local councils, network utility operators and the Department of Health to each other. The reforms outlined in this bill are significant; and to ensure that there are no adverse affects on industry or consumers, the Act will be monitored and reviewed after two years of operation. I place on record that the drafting of this bill's regulations will involve a full four weeks of public consultation so that we make sure that we get the details right. Industry stakeholders have been consulted on these reforms as part of the Better Regulation Office review process last year when the bill was initially drafted and again this year when we reviewed and refined the bill. The Master Builders Association, the Housing Industry Association and the major water utilities all support these reforms.

These reforms will bring obvious benefits in reduced costs, less red tape and increased flexibility for plumbers, builders and homeowners across the State. I congratulate the Minister for Fair Trading in the other place on his comprehensive treatment of the issues contemplated by this bill, his exhaustive consultation process with regard to those issues and his ongoing commitment to ensure that the matters contained in this bill are settled in the drainage and plumbing industries over time and indeed that consultation process will continue over the coming years, which will be of great benefit to the industry and, indeed, the community they serve. I commend the bill to the House.