

Supplementary  
Submission  
No 15a

**INQUIRY INTO INQUIRY INTO THE OPERATIONS OF  
THE HOME BUILDING SERVICE**

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**Date received:** 7/11/2007

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7 November 2007



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The Hon Robyn Parker, MLC  
Chairperson  
Legislative Council General Purpose Standing Committee No. 2  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Madam Chair,

### **Supplementary Submission to the Inquiry into the operations of the Home Building Service**

The Housing Industry Association Ltd (HIA) wishes to thank the committee for the opportunity to make a supplementary submission to the Inquiry into the operations of the Home Building Service.

HIA understands that material called for through this supplementary submission only applies to any new developments since November 2006 that are relevant to the terms of reference and which are not covered in the original submission.

HIA understands that the material outlined in this supplementary submission will be considered in conjunction with, and in light of, HIA's initial submission.

HIA considers that since November 2006, the following three new developments are relevant:

1. Changes to the continuing professional development (CPD) program;
2. The auditing of builders; and
3. The role of the Office of Fair Trading (OFT) in regional New South Wales.

#### **Changes to the CPD program**

HIA acknowledges that should a CPD program be mandated then the program should be a robust and flexible CPD program that provides continuing professional development to an individual builder. HIA recognises the OFT's philosophy that<sup>1</sup>:

*CPD should provide an incentive to keep up to date with technical advances and other regulated requirements. Importantly, CPD will increase the confidence of both consumers and builders.*

Continuing Professional Development was introduced to the home building industry (1 March 2004) to facilitate builders and swimming pool builders retain and update their skills and knowledge in relation to some specialty aspects of the building industry and the industry more generally. Currently, builders and

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<sup>1</sup> New South Wales through the Office of Fair Trading,  
<http://www.fairtrading.nsw.gov.au/building/builderstradespeople/continuingprofessionaldevelopmentprogram.html>

swimming pool builders have to earn 25 points per year and 100 points over three years as a requirement of licence renewal.

During the second half of 2007, the OFT sort to engage with stakeholders regarding how best to amend the current CPD so that it meets the needs of all participants. HIA provided input in relation to OFT's engagement, with HIA recommending:

- *A model that promotes activities related to identifiable learning outcomes;*
- *A model that accounts for structured learning's that are linked to either a university degree or national training package and are delivered by an Registered Training Organisation;*
- *A model that recognises the mentoring and/or training of apprentices.* HIA maintains that whilst an apprentice gains learning and development from the builder, a builders role in mentoring an apprentice has many desirable outcomes, specifically, the ongoing improvement of a builder's knowledge, competence and business management. Moreover, the broader issues relating to the support of vocational education and training (of the apprentice) and industry regeneration should be encouraged and rewarded; and
- *A model that accounts for the learning and development of a builder's associate, i.e. a builder's full time business partner.* HIA maintains that many builders' business partners play a critical role in the operation of the business. Therefore, the targeting of these business partners (on business related topics) is advantageous to the builder, the business and the industry.

HIA understands that a more beneficial and simpler version of the current CPD program will be introduced and transitioned from 1 January 2008.

### **The auditing of builders**

HIA notes that during the 2006-2007 financial year, the Home Building Service:

- Undertook 646 investigations;
- Conducted 3391 Industry Field Audit Inspections;
- Finalised 63 "Notices to Show Cause" which resulted in 16 licence disqualifications and \$116,250 in fines;
- Issued 893 Penalty Notices to the value of \$601,900;
- Prosecuted 36 defendants for a total of 166 offences totalling \$356,608.30; and
- 257 Licences cancelled due to Licensing Branch compliance actions.

HIA supports a building industry that is professional and compliant with respect to the regulatory framework in which it operates. HIA maintains that should the auditing of builders occur, then the auditing of builders be implemented such that all New South Wales builders are subjected equally to a random process that is fair and transparent with appropriate mechanisms in place to enable the builder to appeal any outcome of the review process.

### **The role of the OFT in regional NSW**

The volume of HIA's membership in New South Wales is approximately 15,000 members, half of whom (approximately) operate outside Sydney. HIA considers the servicing of non-Sydney members, by government instrumentalities, equally and critically important as that offered to Sydney members.

In relation to dispute resolution, HIA notes that the OFT employs 26 building inspectors located at Fair Trading Centres across the state (Penrith, Newcastle, Port Macquarie, Gosford, Lismore, Coffs Harbour,

Wollongong, Wagga Wagga, Queanbeyan and Dubbo), with the ability for complaints to be lodged at any of the 22 Fair Trading Centres throughout NSW.

HIA understands that approximately 90% of disputes handled by inspectors have been resolved at the mediation stage and that this mediation stage has resulted in a 30% reduction in disputes before the Consumer Trader & Tenancy Tribunal (CTTT). Additionally, HIA is encouraged by OFT claims that the average time taken by an inspector to resolve disputes in 2007 is currently 31.6 days, a 14.6% improvement over 2006.

In relation to compliance, HIA supports disciplinary action by the OFT against those builders and/or contractors who are found to have breached the Home Building Act. HIA maintains that any disciplinary actions should be in proportion to offence. These disciplinary actions includes: warnings, the issuing of penalty notices, Supreme Court injunctions and public warnings.

In relation to information and education, HIA supports the provision of information and education to both the public and building industry. HIA regards the involvement of the OFT in forums such as regional outreach programs, community events and industry conferences as a critical mechanism in educating the industry and the public as to their respective rights and responsibilities for matters relating to the building industry and a means of proactive enforcement.

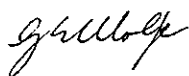
HIA will continue to advocate for the extension and provision of the same facilities and opportunities to Sydney and non-Sydney members.

In conclusion, HIA contends that by adopting the recommendations outlined within our initial submission and supplementary submission there now exists an opportunity to make improvements to the building industry in New South Wales.

HIA would welcome the opportunity to discuss both the initial submission and the supplementary submission and their contents in relation to the Inquiry into the operations of the Home Building Service.

I would be pleased to come before the Committee and provide further comments to assist the Committee in determining its position and can be contacted on (02) 9978 3333.

Yours sincerely  
HOUSING INDUSTRY ASSOCIATION



Graham Wolfe  
Executive Director  
Housing Industry Association Ltd.