

**INQUIRY INTO FURTHER INQUIRY INTO THE  
REGULATION OF BUILDING STANDARDS**

**Organisation:** Urban Development Institute of Australia - NSW Division  
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Mr David Shoebridge  
Chair - Public Accountability Committee  
Legislative Council  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Via email: [Public.Accountability@parliament.nsw.gov.au](mailto:Public.Accountability@parliament.nsw.gov.au)

**Submission to Further inquiry into the regulation of building standards**

Dear Public Accountability Committee,

The Urban Development Institute of Australia NSW (UDIA) is the leading industry body representing the interests of the urban development sector and has over 500 member companies in NSW. UDIA NSW advocates for the creation of liveable, affordable, and connected smart cities. Our members have been involved in all major urban renewal projects in Sydney and includes developers, builders, strata managers engineers and Council's.

UDIA has been at the forefront of advocacy to restore confidence to our industry, having appeared before this committee twice before as part of the previous Inquiry into Regulation of building standards, building quality and building disputes. In our initial appearance, UDIA reiterated our support for the NSW Building Commissioner – David Chandler OAM to remove the rogue operators who constitute a small percentage of the market, but who are responsible for the majority of the decline in consumer confidence. UDIA also highlighted that accountability must be at the centre of the reforms, advocating for a chain of responsibility extending throughout the whole integrated chain of contractors, suppliers and consultants involved in development.

In response, UDIA moved to form a Building Industry Advisory Panel comprised of 15 practitioners, who met early with the Building Commissioner and supported the initial OC Audit trial by volunteering for the initial trial Occupational Certificate (OC) audit process. This has assisted with refinements to the process and focus of these audits that the Building Commissioner has been undertaking for about the past year. UDIA has continually sought to highlight the excellence that lies within our industry, particularly the small and medium sized developers who deliver more than 50% of apartment projects in NSW. UDIA NSW CEO is part of the Construct NSW Steering Committee Working Group and UDIA also has representatives on the 6 Pillar Working Groups.

UDIA wishes to acknowledge the energy and commitment of the Building Commissioner to the reforms that have been instituted, and his willingness to engage widely and bring stakeholders together. Throughout UDIA's work with the Building Commissioner, we have had the shared objective of making sure buildings are safe for occupation and defects are minimised and managed efficiently. There is no doubt that this work is having a significant impact on our industry and is shining a light in some difficult places, but at the same time Mr Chandler is working with industry to find pathways to build a stronger industry of Trustworthy Apartment Developers.

UDIA and the Building Commissioner regularly communicate about the challenges we are experiencing with the decline in the apartments sector and the need to rebuild purchaser confidence. Over the last year this focus has shifted towards developing his vision for improving the future of the apartments industry, through

initiatives for training, research and efforts towards Decennial Liability Insurance (DLI). UDIA supports the various initiatives progressed by the Building Commissioner to provide effective regulation to the various sectors of the industry, summarised as:

- Off-Plan Apartment Purchases - Residential Apartment Buildings (Compliance and Enforcement Powers) Act
- Use of SPVs – Ratings Tools, e.g., iCIRT
- Private Certifiers - Building and Development Certifiers Act
- Design & Construct Contracts – Design & Building Practitioners Act
- Strata Managers – Strata Titles Act

UDIA has long advocated for a chain of responsibility for Construction and Occupation Certificates, which has been affected by the Design & Building Practitioners Act. An important step was to include the contractors, suppliers, and specialist installers who are best placed to certify their work is in accordance with the standards and whose certifications are relied upon by the registered practitioners. This initiative sought to amend a lack of accountability that had been a core challenge in the existing building regulatory regime, particularly through subcontractors on whom builders, developers, and certifiers rely.

The proposed classes of Design Practitioners capture the key influences and agents involved in design and construct of Class 2 Buildings. UDIA believes further consideration and emphasis needs to remain on waterproofing, which is responsible for many defects.

UDIA has engaged with the providers of the ratings tools and supports the Building Commissioners vision that these tools shift the focus from reactive interception partway through the process, to a more proactive footing, intervening before issues materialise. UDIA understands that Fair Trading has commenced utilising rating tools in a predictive capacity to identify potential risky sites and operators, and UDIA supports this approach paired with the approach of continuous improvement through the OC Audit traffic light process. The vision for the ratings tool system is to bring more and more of industry through the process, with the aim of attaining 'rated' status, which will give the consumer confidence when purchasing off the plan apartments.

UDIA supports the view of the Building Commissioner that Special Purpose Vehicles (SPVs) are a valid mechanism for business transactions, and are not inherently good or bad, rather it is the governance structures in place that discern if the contracting entities backing of the SPV. The use of the ratings tool to identify trustworthiness of the SPVs is welcome and important to ensure consumer confidence.

In closing, UDIA values the collaborative relationship built with the NSW Building Commissioner, and the reform program that has been implemented over the past two years. The reform agenda has been forward focused on utilising contemporary technology while understanding and appreciating the business mechanisms in place to enable development. The forward reform agenda of the NSW Building Commissioner will raise industry standards, highlight the excellence in our industry while offering the riskier operators a chance to rise and meet the standards expected. Overall, these initiatives will provide much greater protection to consumers, restore confidence to the apartment market and make NSW the leader in Building Regulation and quality in Australia.

Yours sincerely,

Steve Mann  
**Chief Executive**  
**UDIA NSW**