



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 10/03/2019

Proposal No: A213
Date Published: 18/03/2019

Proposal Title: Building Better, Safer Homes

Cluster: Finance, Services and Innovation

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	-	-	-	-

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	-	-	-	-
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Total State Sector Impacts

Net Lending/(Borrowing):	-	-	-	-	-
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Notes and costing assumptions

The proposal has five policy components:

- 1) Introduce a new Building Act
- 2) Establish a NSW Building Authority
- 3) Establish a Building Regulation Advisory Committee
- 4) Review the efficacy and impacts of the strata building defects scheme
- 5) Introduce a principle of chain of responsibility for building products

Policies 1, 3, 4, and 5, are regulatory in nature and part of the normal business of government, and therefore have no net budget impact. The proposal assumes these policy costs can be met from within existing agency resources, which the PBO considers is reasonable.

Policy 2 reorganises existing resources across departments into a single Building Authority. The costing assumes this reallocation is a machinery of government change which can be absorbed within existing agency resources, which the PBO considers is feasible.

Hence, in aggregate, the PBO estimates these policies to have no net cost.

Each of the five policies are discussed in turn overleaf.

Notes and costing assumptions continued:

Policy 1: Introduce a new Building Act

The policy proposes the new Act would strengthen the integrity of building regulations, improve consumer protections, raise professional standards and transparency, and strengthen the duty of care between builders and end users.

The policy assumes this cost can be absorbed by the relevant departments, which the PBO considers is feasible. Introducing new legislation is standard business for government agencies, and standard practice is for costs associated with such work to be met from within existing agency resources.

Policy 2: Establish a NSW Building Authority (NBA)

The policy states that the NBA would be located within the Property Division of the Department of Finance, Services and Innovation (DFSI). It would combine existing resources in DFSI's home building area within the Department of Fair Trading with resources in the Department of Planning and Environment (DPE) undertaking a building regulation function. This idea was proposed by the Lambert Review (*Independent Review of the Building Professionals Act 2005*, Final Report October 2015, p 285).

The policy states the NBA would have similarities with the Victorian Building Authority and the Queensland Building and Construction Commission. It would also be tasked to deliver key recommendations of the Lambert Review to the extent possible within existing resources.

The policy proposes no net increase in staff. It assumes a reallocation of existing resources into a single authority is a machinery of government of change that can be absorbed within existing resources. The PBO considers it is feasible that reallocating staff between agencies can be absorbed within existing budgets.

The PBO notes:

- The Lambert Review estimated NSW had less expenditure and staffing for the Building Regulation and Certification function compared to Queensland and Victoria (p 285)
- DFSI has advised the information contained in the Lambert Review does not reflect current full time equivalent positions for building related functions within DFSI, and the staffing structure and number of relevant staff has changed significantly since the Review was released in 2015.

Policy 3: Establish a Building Regulation Advisory Committee (BRAC)

The policy states that the BRAC would work with the NBA to oversee and deliver reforms, and would comprise key representatives of industry and government. The policy proposes the costs of the BRAC to be met from within existing department resources.

DPE has an existing BRAC that is run on a volunteer basis, with none of its members being paid. Members include representatives from DPE, councils, NSW Fire & Rescue NSW, the City of Sydney, the Housing Industry Association, and private certifiers. The committee meets approximately once every two months. Running costs of the committee, such as catering, are minimal.

Assuming the proposed BRAC is operated on a similar basis, the PBO considers it is reasonable to assume the costs of running the BRAC and convening meetings could be absorbed within the new Building Authority's proposed budget.

Policy 4: Review the efficacy and impacts of the strata building defects scheme

Reviewing the efficacy and impacts of existing public sector schemes is a normal function of government. The policy assumes that the costs of a review can be met from existing agency resources, which the PBO considers is reasonable.

Policy 5: Introduce a principle of chain of responsibility for building products

The policy proposes to amend current building legislation to introduce a "chain of responsibility" principle. Additional regulatory costs in complying with the principle would be met by the private sector. The policy assumes that minor costs associated with amending legislation can be met from within existing agency resources. The PBO considers this assumption to be reasonable.