

Election Costing Request Form

Details of request	
Party:	Australian Labor Party (NSW Branch)
Name of Policy:	Building Better, Safer Homes
Date of request:	10 March 2019

Description of policy	
Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve):	See <u>Attachment 1</u> .
Has the policy been publicly released yet?	

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	Total \$'000
Impact on GGS expenses					
Impact on GGS revenue					
Impact on General Government Sector (GGS) net operating result ¹					
Impact on GGS capital expenditure ²					
Impact on GGS net lending/borrowing					

Note: Has the policy been costed by a third party?
If yes, can you provide a copy of this costing and its assumptions?

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	

¹ Negative for a saving that reduces expenditure

² Negative for a reduction in capital expenditure.

<p>What assumptions have been made in deriving the financial impacts in your estimated costing? (See checklist)</p>	<p>Policy and assumptions outlined in <u>Attachment 1</u>.</p> <p>The policy includes five components.</p> <p>Four expense components are to be met entirely from within existing resources:</p> <ul style="list-style-type: none"> • #1 <i>Introduce a new Building Act</i> • #2 <i>Establish a NSW Building Authority</i> • #3 <i>Establish a Building Regulation Advisory Committee</i> • #4 <i>Review the efficacy and impacts of the strata building defects scheme</i> • #5 <i>Introduce principle of chain of responsibility when it comes to building products</i> <p>#2 would be a machinery of government change.</p>
<p>Is there a range for the costing or any sensitivity analysis that you have undertaken?</p>	<p>No.</p>
<p>Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details.</p>	<p>See <u>Assumptions</u>.</p>
<p>Are there significant costs or savings outside the forward estimates period which should be considered in costing this policy?³</p>	<p>No.</p>

Administration of policy	
<p>Intended date of implementation:</p>	<p>1 July 2019</p>
<p>Intended duration of policy⁴:</p>	<p>Ongoing.</p>
<p>Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?</p>	<p>Department of Planning and Environment</p>
<p>Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)?</p>	<p>Changes to legislation would be required.</p>
<p>Are there transitional arrangements associated with policy implementation?</p>	<p>No.</p>

³ Particularly important for large projects with long lead times, policies with a delayed timetable for implementation, or policies where up-front investment is required to achieve long term savings.

⁴ Where a policy is intended to be ongoing, please indicate “ongoing” in the space to the right

If the policy is mainly an expenditure⁵ commitment	
Demand driven or a capped amount:	Uncapped.
Eligibility criteria or thresholds:	N/a.

⁵ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

ATTACHMENT 1: Building Better, Safer Homes – policy and assumptions

Expenses

- 1. Introduce a new Building Act in the first term** – In its first term, a Daley Labor Government will introduce a principles-based, plain English piece of legislation under one Minister and one agency that would strengthen integrity of building regulations, improve consumer protections, raise professional standards and transparency, and strengthen duty of care between builders and end users – home buyers.

COSTING: Absorb relevant departmental expenses within existing resources.

- 2. Establish a NSW Building Authority (within the Property Division of the Department of Finance, Services and Innovation)** – The Authority will combine existing resources within Fair Trading (Building Professionals Board, Home Building Services Unit, Policy) and Planning (BASIX, Assessment Policy and Systems and Strategy Unit and Building Policy Unit). It will have similarities with the Victoria (Victorian Building Authority) and Queensland (Queensland Building and Construction Commission). The Authority will be tasked to deliver key recommendations of the Lambert Review.

COSTING: Absorb within existing resources – machinery of government change.

- 3. Establish a Building Regulation Advisory Committee to work with the Authority to oversee and deliver the reforms** – this will comprise key representatives of industry and government

COSTING: Absorb within existing resources

- 4. Review the efficacy and impacts of the strata building defects scheme** – the Government reduced the time period for minor defects from 6 to 2 years, and imposed a 2% bond to cover defects. There are concerns from all stakeholders over the impacts of the changes on construction costs, insurance premiums for certifiers and impact of home owners.

COSTING: Absorb within existing resources

- 5. Introduce principle of chain of responsibility when it comes to building products**
The NSW Government watered down principles in the *Building Products (Safety) Act 2017* to remove a key principle of “chain of responsibility”. The changes, which removed the principle from a draft Bill, was condemned by a broad range of stakeholders in the industry, including Housing Industry Association and Building Products Council

Among the deleted clauses are provisions for:

- issuing product recalls
- banning the supply of non-conforming or non-compliant products
- making it an offence to use non-conforming products
- powers to issue directions for building inspections or audits
- duties for all parties in the supply chain to provide evidence of product conformance and suitability
- consumer protections.

COSTING: Regulatory requirements to be met by private sector, any small costs to government to be absorbed.