



Kristina Keneally MP

Monday, 21st March 2011

Mr Tony Harris *2/3 11am*
Acting Parliamentary Budget Officer
NSW Parliament
Macquarie Street
SYDNEY NSW 2000

Dear Mr Harris

I am writing to you to formally request, under Part 4 (Election policy costings) of the Parliamentary Budget Officer Act 2010, an official costing for the *Strengthening consumer protection* policy, publicly announced on 14 March 2011.

This policy document includes commitments under Section 18(2) of the Act, specifically:

- Improved online purchase protections, naming and shaming international traders who abuse the trust of NSW consumers
- Develop new media applications for smart phones for product warnings, product recalls, urgent public warnings and urgent scam warnings.
- Expand the community engagement program about consumer rights through social media tools to provide services and information in new ways
- Roll out video link facilities for Consumer, Trader and Tenancy Tribunal matters to provide justice across the State. We recognise the need to provide easy access to the CTTT for those affected by a disability, those who live in remote locations or are otherwise unable to personally attend the CTTT
- Transfer the Agricultural Tenancies Act to the Fair Trading portfolio and transfer the dispute resolution role to the Consumer, Trader and Tenancy Tribunal. This will allow universal access to the Tribunal's registry offices and permit hearings to be conducted across NSW
- Facilitate agreements between residential park owners and residents. Provide free dispute resolution services. Maintain a register of all parks. Uniform rights for all long term park residents. Support park ownership by residents' co-operatives.
- Provide free dispute resolution services within Fair Trading for residential tenancy and strata disputes as a first option to resolve conflict

Please find attached a copy of this policy outlining the purpose of the policy and relevant details required to complete the costing as per the requirements of the Act.



A copy of the NSW Treasury costing and budget impact statement for the policy has also been included for your reference.

Should you require any further information on this request, please contact my office on (02) 9228-5239.

Yours sincerely

A handwritten signature in black ink, reading "Kristina Keneally". The signature is written in a cursive style with a large, sweeping initial 'K'.

Kristina Keneally
Premier of NSW
Leader of NSW Labor Party



Strengthening consumer protection

March 2011



Strengthening consumer protection

Protecting consumers in countless daily transactions is essential to the lives of people throughout NSW. These include activities such as renting, buying and renovating a home, managing strata living, purchasing everyday goods and services and buying a car as well as product safety.

The NSW Labor Government has ensured the regulatory framework in NSW protects consumers and promotes fair competition within the market.

We have been working hard to achieve a balanced framework with fair outcomes and efficient processes for all.

With a focus on promoting awareness and education across all sectors of the community, we are protecting consumer interests and setting higher ethical standards for traders.

We are supporting small business by streamlining regulatory processes and increasing the use of online systems.

We are providing an efficient and accessible service to all consumers so that they are informed about their rights and obligations.

Our laws provide a safety net protecting people when they are making the biggest purchasing decisions in their life. Our Fair Trading policy looks to respond to the market failures that occur from time to time.

We have been working through the Council of Australian Governments (COAG) to implement its national reform agenda to create a seamless national economy.

In 2010, numerous milestones were achieved including the new Australian Consumer Law, the National Occupational Licensing System and the national consumer product safety framework.

With a strong commitment to education and enforcement action to prevent unfair practices we are providing the people of New South Wales with fair, safe and transparent trading policies.



Kristina Leneally

What this policy means for you

- More security and increased transparency in residential park contracts to encourage better dialogue between owners and residents.
- More streamlined dispute resolution strategies so that consumers and small businesses do not need to use courts as their first recourse.
- Greater clarity for home owners who are building or renovating.
- Fair Trading safeguards and protections reaching more consumers through improved education, promoting greater understanding of consumer rights and responsibilities when transacting in the marketplace.
- Promotion of, and education about, co-operative structures to assist small business and community ventures.
- Enhanced protection for consumers who purchase goods and services online.
- Strengthening protection against unsafe products through various measures such as product safety recalls and other consumer warnings.

ACTIONS:

Improved protection for online shopping as well as maintaining traditional role of consumer product safety

- Improved online purchase protections, naming and shaming international traders who abuse the trust of NSW consumers
- Continue to identify, name, shame and prosecute offenders engaging in unfair, illegal and unsavoury business practices

Promote consumer rights using social media tools

- Develop new media applications for smart phones for product warnings, product recalls, urgent public warnings and urgent scam warnings
- Expand the community engagement program about consumer rights through social media tools to provide services and information in new ways

A better deal for residential park residents

- Facilitate agreements between residential park owners and residents
- Provide free dispute resolution services
- Maintain a register of all parks
- Uniform rights for all long term park residents
- Support park ownership by residents' co-operatives

Improving dispute resolution for residential tenancy and strata disputes

- Provide free dispute resolution services within Fair Trading for residential tenancy and strata disputes as a first option to resolve conflict

Inform and support retirement village residents

- Support retirement village living by providing prospective residents with a standard general inquiry document and prescribe standard provisions for retirement village contracts

Deliver a new Home Building Act

- A new Home Building Act with reduced red-tape and stronger disciplinary and enforcement powers for builders, tradespeople and consumers

Promoting and supporting co-operatives

- Produce both online and printed publications to promote co-operatives as a vehicle for trading and non-trading ventures and develop mentoring and training programs

Improving access to the Consumer, Trader and Tenancy Tribunal

- Roll out video link facilities for Consumer, Trader and Tenancy Tribunal matters to provide justice across the State. We recognise the need to provide easy access to the CTTT for those affected by a disability, those who live in remote locations or are otherwise unable to personally attend the CTTT

Consolidate agricultural tenancies to increase regional access

- Transfer the Agricultural Tenancies Act to the Fair Trading portfolio and transfer the dispute resolution role to the Consumer, Trader and Tenancy Tribunal. This will allow universal access to the Tribunal's registry offices and permit hearings to be conducted across NSW

Forge partnerships with ethnic communities through increased access to services

- Provide improved support to communities where English may be a second language to access consumer protection through targeted information programs and partnerships

Provide new powers to strata owners and residents to better manage their living arrangements

- Allow strata owners and residents to have a greater say in relation to issues such as noise insulation and approval of strata managers

Labor and Fair Trading

NSW Labor recognises the balance between providing consumer protection and a workable regulatory framework which is not unduly onerous to business.

The principles of fairness, equity and access guide our policy development.

We have engaged with stakeholders and consumers at all levels to achieve fair and workable solutions to our numerous reforms in the Fair Trading portfolio.

Our Record

LABOR

- Made important changes to the Retirement Villages Act and Regulation came into effect in 2010 that provide transparency and greater clarity for residents and operators. Residents benefit from reduced charges after vacating, lower contract costs, 90 day settling in period for new residents, annual meetings and incentives for operators to keep recurrent charges at or below the rate of inflation. An extensive education campaign was rolled out across NSW following the introduction of these new laws.
- Residential Tenancies Act 2010 – this is the biggest reform to tenancy laws in NSW in 20 years. The new legislation provides for more balanced tenancy laws with greater certainty and clarity for landlords and more than 1.6 million tenants across NSW. Key reforms include increased notice periods for tenants, faster process for landlords for rent arrears eviction and removal of goods left behind, tenants must be provided with one free method to pay their rent, water efficiency measures and new mechanisms to save tenancies if a tenant catches up with rent arrears or agrees to a repayment plan with the landlord.
- Australian Consumer Law – strengthening consumer protection with uniform laws across Australia.
- National Occupational Licensing – legislation was passed in 2010 to pave the way for the new national licensing regime for specified occupations. The National Licensing Authority will provides consistent skill requirements for industry qualifications, this will benefit individual traders and businesses, it will reduce red tape and licences will be recognised across all Australian States and Territories
- Product safety – a new national product safety regime commenced on 1 January 2011 which will greatly simplify the operation of product safety laws for suppliers, retailers and consumers across Australia. The NSW government has been a leader in the development of product safety laws improving safety standards in NSW for bunk beds, children's toys and aquatic toys, flotation aids, child restraints, exercise cycles and magnetic toys.

OPPOSITION

- The Liberal/National Opposition disallowed the proposed definition of capital maintenance in the Retirement Villages Regulation. This definition would have provided guidance on the interpretation of capital maintenance, often an area of dispute between residents on owners, making it easier for residents to determine whether a charge should be borne by the village operator rather than the residents.

- Financial Counselling Services - \$5.5 million per year allocated to fund free financial counselling, by accredited counsellors, and legal casework. This program provides financial counselling and training to people in financial difficulty with unmanageable debt. With many clients of this service renting, counselling helps clients manage their debt to prevent them losing their homes.
- No Interest Loans Scheme – The NSW government provides \$1.5 million per year towards this scheme which provides loans to low income earners for essential household items. The scheme helps families buy essential items and service to support family stability and success.
- The new guaranteed home warranty insurance scheme was introduced in 2010. The scheme is underwritten and capitalised by the NSW government, funded by premiums and regulated by NSW Fair Trading. The premium structure under the scheme is fairer and more transparent for both builders and homeowners. The scheme provides a safety net for consumers when a builder does not honour its fundamental responsibilities.
- Introduction of lifetime licenses and improvements to online licence renewal processes. Online renewal is a quick and convenient way for traders to renew their licences. In 2010 'lifetime' licence numbers were introduced. This improves efficiency and provides continuity for builders and tradespeople as well as improved consumer protection.
- Money Stuff – engaging students through competitions to research consumer issues and develop messages that communicate to young people in creative ways.
- Think Smart – education program for Culturally and Linguistically Diverse communities raising awareness of fair trading issues and services.
- Developed tool kits and “how to” guides for strata owners to help improve environmental sustainability. Introduced new environmentally friendly model by-laws allowing strata residents to hang washing on the balcony if not visible from the street and service of documents via email.
- The home building service within NSW Fair Trading was established in 2003 to raise industry standards and increase consumer protection. Industry is regulated through licensing, the investigation of complaints, dispute resolution services and the operation of regional compliance programs.
- The building contractor advisory service commenced in 2009. It provides free information, advice and assistance to builders and contractors experiencing difficulty aimed at reducing the number of building company collapses.

Enhance protection for online shopping

An increasing number of consumers purchase goods and services online. NSW Fair Trading receives an increasing number of complaints from individuals who have received defective goods or substandard services or nothing at all from international online traders.

Australia has comprehensive consumer protection legislation, but this does not extend beyond our borders.

We aim to give consumers the highest level of protection possible. To do this, we will investigate consumer complaints arising from online purchases with companies overseas. If there is evidence that products supplied are substandard or not as advertised, we will name and shame those international traders who do not deal with customers in NSW fairly. NSW Fair Trading will continue to assist consumers through telephone advice and materials on its website.

We will also work with the Commonwealth Government to develop an international protocol where member nations agree that their domestic consumer protection framework applies to people buying products online from other member nations.

ACTION:

- Enhance online purchase protections, naming and shaming international traders who abuse the trust of NSW consumers

Promote consumer rights using social media tools

We will continue to use the systems within NSW Fair Trading to be vigilant about product safety.

To strengthen consumer awareness of product safety we will develop applications for smart phones to regularly provide timely and current product warnings, product recalls, urgent public warnings and urgent scam warnings to consumers.

When looking for a tradesperson consumers want to know who they are dealing with.

Some questions include: Are they licensed? Will their work meet the required standards? Do they have any outstanding grievances against them?

We will make this information more widely available and user-friendly by developing social media tools and including smart phone applications. Consumers will be able to search the Fair Trading licence database for:

- Licence searches, which serve to find out whether the licence holder has any outstanding orders against them
- Register of encumbered vehicles (REVS)
- Business names and registration details
- "Know Your Rights" – including information relating to consumer guarantees and refund policies

ACTION:

- Develop new media applications for product warnings, product recalls, urgent public warnings and urgent scam warnings
- Engage with the community about their consumer rights by using social media tools to provide services and information in new ways

A better deal for residential park residents

Residential parks are home to a variety of families and individuals, including those who are elderly and on low incomes. Many residents choose to live in the park for the pleasant location and sense of community, while others are attracted because accommodation in these villages is more affordable for their needs.

Although residents may own their mobile home, it is located on the park owner's land, and therefore their only property right rests in their lease with the park owner.

NSW Labor recognises the special nature of park tenancies and has implemented the most comprehensive residential park legislation in Australia with wide reaching protections for residents not found in other kinds of tenancy arrangements.

The most recent changes strengthened residents' rights in relation to park closures and introduced measures to encourage owners to keep rent increases below inflation.

Many residents in these parks do not have equal bargaining rights and our aim is to assist them and park owners to arrive at a fair and workable agreement.

Pre-contractual protections

At the first possible opportunity, we aim to inform people interested in buying a manufactured home.

We will give incoming residents a plain English information statement on first enquiry which outlines the key terms and nature of this type of agreement.

Standard form contract

When an interested purchaser is ready to commit to purchasing a manufactured home on a leased site we will provide a standard form contract for the sale of mobile homes and require lawyers and conveyancers acting for these purchasers to use this contract. This document will work like the standard form contract for the sale of residential land. It will encapsulate and inform both practitioners and consumers of the various forms this type of agreement can take.

Maintain a register of all residential parks in NSW

A re-elected Keneally Government will maintain a register of all residential parks within NSW. The register will contain the name and contact details of the owner and/or operator and the number of sites. It will assist prospective residents as well as NSW Fair Trading in running information and compliance programs and generally monitoring the parks.

Grant uniform rights to all long term occupants in residential parks

NSW Labor will guarantee that long term residents living in caravans (with a moveable dwelling agreement) will have the same rights as residents with a residential site agreement.

Free mobile conciliation services

Currently, when a dispute arises, residents and park owners have access to dispute resolution through the Consumer, Trader & Tenancy Tribunal (CTTT).

To intervene in a dispute before it is sent to the CTTT we will continue to pilot free mediation services for residential parks and expand them according to the feedback we receive.

We will also provide a free mobile conciliation service through NSW Fair Trading that will attend the park at the request of residents or owners and assist in resolving disputes within the parameters of relevant laws.

The conciliation specialist will look for alternative outcomes and encourage early settlement to avoid the cost and time involved in an application to the CTTT.

Using mediation as a means to facilitate a negotiated solution has many advantages, in particular, maintaining relationships within the park and empowering residents to raise their concerns in this measured and controlled environment.

Cooperative housing ownership for residential parks

A major area of concern for residents is security of tenure. Although they are “permanent residents” their rights are limited by their lease. They often own their home but not the land it sits on. To overcome this issue we will provide assistance to residents to take control of their own parks and acquire an affordable home.

We are proposing a new model for groups of like-minded residents to develop their own housing co-operative for their manufactured homes. These cooperatives would incorporate resident-operated services, for example, food, pharmaceutical and health that would generate income, provide an activity hub and reduce reliance on expensive locations near existing services.

A co-operative offers a cost effective solution so that members achieve security of tenure within a democratically run, jointly owned development.

NSW Fair Trading will mentor, advise and forge partnerships to facilitate these co-operatives to acquire skills, business plans and finance so they are able to create these neighbourhoods.

The co-operative development fund will provide funding for feasibility studies and, where appropriate, NSW Fair Trading will facilitate access to available resources. These resources may include the public housing fund, Crown and council land and government guaranteed loans.

We will reform the law so that existing park residents through this co-operative structure will have a first right of refusal to buy their park if the owner sells.

Revision of existing laws

We will remake the Residential Parks Regulation 2006 after broad consultation with residents, park owners and the community to reflect an equitable balance between stakeholders in the current context.

ACTION:

- Facilitate agreements between residential park owners and residents
- Provide free dispute resolution services
- Maintain a register of all parks
- Uniform rights for all long term park residents
- Support park ownership by residents' co-operatives

Improving dispute resolution for residential tenancy and strata disputes

We will provide a comprehensive conciliation service through NSW Fair Trading to help tenants, landlords and strata owners resolve disagreements at an early stage.

In many cases NSW Fair Trading is the first point of contact when a problem arises. We will promote early resolution by using trained officers within NSW Fair Trading to assist disputing parties reach a workable solution. In this process, we will help the parties understand their rights and obligations and canvass the possible solutions open to them. Where appropriate, specialist conciliators will visit sites to facilitate resolution between disputing landlords and tenants as well as neighbours in strata developments.

As the parties will often have an ongoing relationship, be it as neighbours in a strata scheme or as landlord and tenant, it is in everyone's interest to avoid an adversarial forum and reach a solution as soon as possible.

ACTION:

- Provide free dispute resolution services within NSW Fair Trading for residential tenancy and strata disputes as a first option to resolve conflict

Inform and support retirement village residents

Australians have the longest life expectancy in the English speaking world.

And as the Australian population ages, increasing numbers are choosing to live in retirement villages resulting in a rapidly expanding sector.

Choosing which retirement village suits your needs and budget is a daunting and sometimes complicated experience given the range of ownership and management structures and services available in this sector. We aim to make this easier and fairer.

In 2010, NSW Labor made important changes to the State's retirement village laws that came into effect in the latter part of the year.

These reforms strengthen residents' rights and improve up-front disclosure requirements. The reforms also provide greater transparency and give owners and operators more certainty.

To build upon the current disclosure requirements and further assist prospective purchasers, we will prescribe a standard pre-contractual disclosure document that must be provided to them at the initial inquiry stage. The disclosure document will provide a basic explanation of the type of village, the facilities, the number of residents, any rules and restrictions and also financial information. By using a standard format, prospective purchasers will be more easily able to compare villages.

By amending the Retirement Villages Regulation 2009 we will prescribe the wording of the compulsory 'core' contract terms to be included in retirement village contracts.

We recognise that due to the many different types of villages, making a standard contract across the board would be inappropriate, as it would restrict choice and flexibility for village residents. The proposed 'core' contract terms would not create any new rights or obligations but would use standardised, plain English wording to incorporate the requirements of the Act into the terms of the contract.

Operators would be able to include additional terms to adapt the contract to suit the particular type of village, but the 'core' terms would enable residents to compare villages and decide which one best meets their needs.

Furthermore, we will offer free of charge conciliators within Fair Trading to help retirement village residents and owners resolve any conflicts in a quick and informal manner. These specialists will visit retirement villages if required.

ACTION:

- Support retirement village living by providing prospective residents with a standard general inquiry document and prescribe standard provisions for retirement village contracts

Deliver a new Home Building Act

We recognise the important contribution the home building sector makes to the NSW state economy.

We also recognise that building or renovating a home is likely to be one of the most significant investments an individual will make and one where an individual is unlikely to have extensive knowledge of the variety of processes involved.

Therefore, it is important that the home building industry is appropriately regulated to prevent consumer loss while also allowing for competition in the marketplace and minimising red tape for industry.

A consultation paper on the rewriting of the Home Building Act was released in early 2010. Extensive feedback was received including more than 50 submissions.

The NSW Labor Government has rewritten the Act and will introduce a Bill into Parliament with the following objectives:

- Make the Act clearer and more accessible;
- Reduce red-tape for both licensed contractors and consumers;
- Strengthen disciplinary and enforcement powers;
- Provide greater certainty and transparency for both consumers and licensed contractors; and
- Clarify and improve home warranty insurance arrangements.

We will make key reforms to four areas: statutory warranties; home warranty insurance; owner builder permits; and dispute resolution.

Statutory warranties

- Our legislation will improve statutory warranty provisions by aligning the statutory warranty periods under home building with those under the home warranty insurance scheme.
- It will clarify the point at which the statutory warranty period commences.

Home warranty insurance

- Our new legislation will increase the mandatory threshold for home warranty insurance from \$12,000 to \$15,000 to reflect the increase in building costs.
- It raises the mandatory level of cover for dwellings from \$300,000 to \$340,000 to reflect the increase in building costs.
- It removes the \$500 excess for non-completion claims and clarifies that only one \$500 excess can be charged in certain common property strata scheme claims.
- It expands the definition of parties "related" to a builder or developer to include common directors, spouses and relatives.

Owner builders

- The threshold for obtaining a permit will be increased from \$5,000 to \$7,000 to allow home owners to do minor work around their own home without needing a permit.
- The Act will clarify that licensed builders do not need to complete mandatory owner-builder training and education requirements.
- We will amend the definition of “completion” to eliminate ambiguity about the date from which home warranty insurance is required. Presently, home warranty insurance is necessary if the owner builder sells the property within six years of completing the work.

Dispute resolution

- We will strengthen the compliance regime under the new Act.
- Monetary fines can be imposed if contractors do not comply with rectification orders issued by building inspectors.
- Contractors will not be able to demand or receive payments, other than initial deposits, ahead of the agreed payment milestones under the contract.
- Home building contracts must contain an agreed payment schedule, including a termination clause.
- Contractors can approach NSW Fair Trading to help resolve a dispute.
- All disputes above a threshold amount of \$150,000 must be referred to an expert conclave in the Consumer, Trader & Tenancy Tribunal.

ACTION:

- A new Home Building Act with reduced red-tape and stronger disciplinary and enforcement powers for builders, tradespeople and consumers

Promoting and supporting co-operatives

Co-operatives are democratically run organisations with a community focus. Co-operatives are owned and controlled by their members with a set of values which include equality, self help and social responsibility. These values can play an important role in empowering community groups.

Co-operatives are increasingly being used to invigorate local communities, especially in outlying metropolitan and rural areas.

Often there are opportunities for communities to purchase viable businesses to run themselves and use the profits for community development work. This can be a huge benefit to local areas by retaining jobs and providing economic stability.

The co-operative model is not limited to remote and rural areas, for example co-operatives currently exist for industry sector supplies, green energy and organic food which can deliver significant economic, environmental and social benefits to local communities.

Recognising that research into the co-operatives sector in Australia is limited, we have committed support to a major research project aimed at mapping co-operatives throughout Australia and investigating the impact co-operatives have on regional communities. This research will also look at what factors make a co-operative successful. The results of this research will be taken into account in developing valuable resource material.

NSW is leading the national project to establish uniform laws for co-operatives across Australia, with the new Co-operatives National Law due to be passed in 2011. This new law will enable co-operatives to more easily engage in interstate transactions.

We want to encourage and support the development of co-operatives. To do this we will create resource material which includes a number of "how to" guides and basic tool kits for setting up different types of co-operatives.

A separate range of publications will aim to support co-operative office holders and business advisors with a focus on effective management. We will develop a mentoring program to assist directors and managers of new co-operatives by linking them with successful experienced co-operatives.

Like any other business, community development using a co-operative structure requires, business plans, financial projections and access to start up capital to ensure its future success. Communities all over the world have used co-operative structures to develop their communities – economically, socially and culturally.

The use of co-operatives as a community development mechanism is a tried and tested method in many countries in Europe and around the world. Once we had a strong and vibrant co-operative sector, and we need one again. To achieve this, we will produce educational material and deliver mentoring and training programs to promote the growth of these much needed community grounded organisations.

ACTION:

- Produce both online and printed publications to promote co-operatives as a vehicle for trading and non-trading ventures and provide mentoring and training programs

Improving access to the Consumer, Trader and Tenancy Tribunal (CTTT)

We recognise the need to provide easy access to the CTTT for those affected by a disability, those who live in remote locations or are otherwise unable to personally attend the CTTT.

The Government has been developing a program to enable hearings via video conferencing to achieve this goal.

We will be rolling out this capability across NSW in 2011. This will enable residents of NSW to attend the CTTT via video link from their chosen location. We will be supporting this process at NSW Fair Trading offices and CTTT registries across the State.

ACTION:

- Roll out video link facilities for CTTT matters across NSW

Consolidate agricultural tenancies to increase regional access

To provide increased services to remote and regional areas, we will transfer the dispute resolution procedures under the Agricultural Tenancies Act 1990 to the CTTT.

The Agricultural Tenancies Act 1990 regulates the rights of agricultural land owners, tenants and sharefarmers regarding tenancy agreements over farming lands.

This will benefit rural communities by providing access to the CTTT and NSW Fair Trading offices which have a presence in regional centres. The CTTT is facilitating greater access to regional and remote areas by implementing new video conferencing, adding to its teleconferencing service and online lodgement facilities.

ACTION:

- Provide enhanced services for remote and regional communities by transferring dispute resolution under the Agricultural Tenancies Act to the Consumer, Trader and Tenancy Tribunal

Forge partnerships with ethnic communities through increased access to services

A re-elected Keneally Government will expand upon our commitment to provide ongoing support to culturally and linguistically diverse communities.

Since 2002 we have operated the Think Smart education program for these communities. This program delivers information and education about fair trading issues, consumer protection and services through a network of community organisations and multilingual media partners.

Working with our Think Smart partners, we will continue to provide these services and expand the multilingual services provided by NSW Fair Trading for these communities. This will be provided in the form of translated publications, DVDs, web based information, and our network of Think Smart community organisations.

Further we will develop a needs-based approach to allocation of funding under the Financial Counselling Services Program to take account of the distribution and needs of these communities.

ACTION:

- Provide improved support to where English may be a second language communities to access consumer protection through targeted information programs and partnerships

Provide new powers to strata owners and residents to better manage their living arrangements.

More than 65,000 strata schemes are registered across the State and NSW Labor is committed to providing a regulatory framework to allow lot owners to effectively manage their own living environments.

The Strata Schemes Management Regulation 2010 ("Regulation") introduced a number of changes including new model by-laws to help owners make environmentally friendly changes.

We will introduce new provisions to address the following issues commonly raised in strata schemes:

- Noise insulation has become an increasingly significant issue for strata schemes when carpets are replaced by floorboards. We will introduce a new model by-law that can be adopted by owners' corporations to address this issue. Under this by-law, strata residents would need to seek owners' corporation approval for the removal of carpet and installation of floorboards.
- Schedule 6 of the Property, Stock and Business Agents Regulation 2003 contains the rules of conduct for strata and property agents. Rule 2 requires that where an agent intends to act, or has offered to act for a client, they must disclose this information to the current agent. For example, if an agent offers to act as a strata manager for a strata scheme they must disclose this to the current strata managing agent. This rule has the potential to stifle competition between agents. As the rules of conduct are not intended to shield agents from competition, we will delete rule 2 from Schedule 6.
- We will introduce a new rule in the Regulation to require strata and property agents to respond within 7 days to correspondence or enquiries from both owners' corporations and lot owners.
- The Regulation will be amended to provide that the prescribed fees under Schedule 1 which are payable to owners corporations are GST inclusive.
- Living in a strata scheme is about living in a community where each lot owner can participate in decisions affecting their building. An area of complaint has been the ability of some lot owners to control owners' corporation meetings by collecting proxies from other lot owners. To address this problem, we will introduce measures to limit the number of proxies an individual lot owner can hold at a meeting.

ACTION:

- Provide increased options for strata owners and residents in managing their living arrangements



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Costing of Proposal

Title/Subject:	Consumer Protection, strata owners, retirement villages, Home Building Act, CTTT and links with ethnic communities.
Pink/Physical ID:	EA1645477
Proposal by:	Government
Agency:	Department of Services, Technology and Administration
Cluster:	Services, Technology and Administration
Detailed description:	The Government will: improve protection for customers who purchase goods and services online; provide new powers to strata owners and residents; inform and support retirement village residents; deliver a new Home Building Act; roll out video conferencing links for the Consumer, Trader and Tenancy Tribunal in regional areas; and forge partnerships with ethnic communities.
FIS No: 235	
Classification: GGB	

General Government Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Expenses (incl. depreciation)	0	0	0	0	0	0
Less Agency Offsets (1)	0	0	0	0	0	0
Less Agency Revenue	0	0	0	0	0	0
Less Crown Provisions	0	0	0	0	0	0
Budget Result Impact	0	0	0	0	0	0
						Residual
Capital Expenditure	0	226	0	0	0	0
Less Capital Offsets (1)	0	0	0	0	0	0
Net Capital Cost	0	-226	0	0	0	0
Depreciation	0	0	0	0	0	0
Net Lending (2)	0	-226	0	0	0	0

Public Trading Enterprises Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Revenues	0	0	0	0	0	0
Expenses	0	0	0	0	0	0
Operating Result	0	0	0	0	0	0
						Residual
Capital Expenditure	0	0	0	0	0	0
Less Capital Offsets (1)	0	0	0	0	0	0
Net Capital Cost	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0
Net Lending (2)	0	0	0	0	0	0

Accumulated Net Financial Liabilities as at 30 June (3)


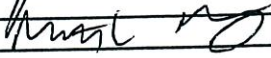
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
General Government Sector	0	226	226	226	226
Total State Sector	0	226	226	226	226

(1) Includes items such as available funding within existing estimates, expenditure offsets, recurrent savings associated with capital projects, linked assets sales.

(2) Equal to Budget Result or Operating Result Impact plus Net Capital Cost.

(3) Equals cumulative Net Lending Impact. Total State Sector equals sum of General Government and PTE (and PFE) sectors.

Key costing assumptions
Treasury has determined with DSTA that all elements of this proposal can be performed within DSTA's existing resources except for two aspects: 1. "provide new powers to strata owners and residents". There is insufficient information to cost this component of the policy initiative as it implies a revision to existing regulations. The scope and details of any legislative changes are unclear. 2. DSTA has informed Treasury that \$225,500 of the capital costs for videoconferencing is not currently budgeted.
Key data
The capital costs for the video conferencing component of the policy has been provisionally estimated at total of \$300,000. Ten (10) sites are to be established with videoconferencing facilities at a unit cost of \$30,000 each. Capital funding of \$80,000 has already been allocated to the CTTT in 2010-11 and the assumption is that this roll-out will continue into 2011-12. The additional capital costs (escalated at 2.5%) is assumed to be unbudgeted.
Caveats or qualifications
It is assumed that all but two aspects of this proposal, (new powers to strata owners and the remaining \$225,500 capital cost of the videoconferencing initiative) can be performed within DSTA's existing resources. It is assumed that the depreciation component of the videoconferencing capital expense which is not material can be absorbed within the DSTA budget.
Implementation issues (including how Treasury can assist in speedy implementation and any potential difficulties and how these might be overcome)
There is insufficient information to identify potential difficulties with the implementation of the legislative changes relating to new powers to strata owners.
Other comments (including explanation where Treasury costing differs from agency or PBO estimates)
DSTA was consulted in the preparation of this advice.

Position	Name and extension	Signature	Date
Analyst(s)	Peter Laslett		15/3/11
in consultation with	John Healey		
Director	Michael Clark-Lewis		15/3/11
Deputy Secretary	Matt Roberts		

Costing of Proposal

Title/Subject:	Promoting consumer rights using social media tools
Pink/Physical ID:	EA1645483
Proposal by:	Government
Agency:	Department of Services, Technology and Administration
Cluster:	Services, Technology and Administration
Detailed description:	The Government will develop applications for smart phones to provide product warnings, product recalls, urgent public warnings and urgent scam warnings.
FIS No: 235	
Classification: GGB	Consumers will be able to search the Fair Trading licence database for: Licence searches; Register of Encumbered Vehicles (REVS); Business names and registration details; "Know Your Rights", consumer guarantees, refund policies etc.

General Government Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Expenses (incl. depreciation)	0	150	0	0	0	0
Less Agency Offsets (1)	0	0	0	0	0	0
Less Agency Revenue	0	0	0	0	0	0
Less Crown Provisions	0	0	0	0	0	0
Budget Result Impact	0	-150	0	0	0	0
						Residual
Capital Expenditure	0	0	0	0	0	0
Less Capital Offsets (1)	0	0	0	0	0	0
Net Capital Cost	0	0	0	0	0	0
Depreciation	0	0	0	0	0	
Net Lending (2)	0	-150	0	0	0	

Public Trading Enterprises Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Revenues	0	0	0	0	0	0
Expenses	0	0	0	0	0	0
Operating Result	0	0	0	0	0	0
						Residual
Capital Expenditure	0	0	0	0	0	0
Less Capital Offsets (1)	0	0	0	0	0	0
Net Capital Cost	0	0	0	0	0	0
Depreciation	0	0	0	0	0	
Net Lending (2)	0	0	0	0	0	

Accumulated Net Financial Liabilities as at 30 June (3)





	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
General Government Sector	0	150	150	150	150
Total State Sector	0	150	150	150	150

(1) Includes items such as available funding within existing estimates, expenditure offsets, recurrent savings associated with capital projects, linked assets sales.

(2) Equal to Budget Result or Operating Result Impact plus Net Capital Cost.

(3) Equals cumulative Net Lending Impact. Total State Sector equals sum of General Government and PTE (and PFE) sectors.

Key costing assumptions
The Fair Trading website will require additional funding to extend the functionality to include home building licence checks. The work will be undertaken in 2011-12. DSTA confirm that the remainder of the proposal can be delivered within existing resources.
Key data
DSTA have estimated the cost of providing the building licence check functionality will be up to \$150,000. Treasury have used the upper cost estimate for conservative reasons given that ICT projects are generally high risk.
Caveats or qualifications
Fair Trading allocated \$245,000 in capital funding in 2010-11 to improve the website, which included using the features and capability of smart phone technology to deliver information and services. The project is due for completion by June 2011. The project and ongoing improvements will improve functionality for smart phones, but additional funding will be required to provide a home building licence check.
Implementation issues (including how Treasury can assist in speedy implementation and any potential difficulties and how these might be overcome)
No implementation issues have been identified by DSTA.
Other comments (including explanation where Treasury costing differs from agency or PBO estimates)
n/a

Position	Name and extension	Signature	Date
Analyst(s)	Peter Laslett		
in consultation with	John Healey		15/3/11
Director	Michael Clark-Lewis		
Deputy Secretary	Matt Roberts		15/3/11

Costing of Proposal

Title/Subject:	Greater regional services for agricultural tenancies
Pink/Physical ID:	EA1645471
Proposal by:	Government
Agency:	Department of Services, Technology and Administration
Cluster:	Services, Technology and Administration
Detailed description:	The Government will provide enhanced services for remote and regional communities by transferring dispute resolution under the Agricultural Tenancies Act to the Consumer, Trader and Tenancy Tribunal (CTTT).
FIS No: 235	
Classification: GGB	

General Government Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Expenses (incl. depreciation)	0	0	0	0	0	0
Less Agency Offsets (1)	0	0	0	0	0	0
Less Agency Revenue	0	0	0	0	0	0
Less Crown Provisions	0	0	0	0	0	0
Budget Result Impact	0	0	0	0	0	0
						Residual
Capital Expenditure	0	0	0	0	0	0
Less Capital Offsets (1)	0	0	0	0	0	0
Net Capital Cost	0	0	0	0	0	0
Depreciation	0	0	0	0	0	
Net Lending (2)	0	0	0	0	0	

Public Trading Enterprises Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Revenues	0	0	0	0	0	0
Expenses	0	0	0	0	0	0
Operating Result	0	0	0	0	0	0
						Residual
Capital Expenditure	0	0	0	0	0	0
Less Capital Offsets (1)	0	0	0	0	0	0
Net Capital Cost	0	0	0	0	0	0
Depreciation	0	0	0	0	0	
Net Lending (2)	0	0	0	0	0	

Accumulated Net Financial Liabilities as at 30 June (3)

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
General Government Sector	0	0	0	0	0
Total State Sector	0	0	0	0	0

(1) Includes items such as available funding within existing estimates, expenditure offsets, recurrent savings associated with capital projects, linked assets sales.

(2) Equal to Budget Result or Operating Result Impact plus Net Capital Cost.

(3) Equals cumulative Net Lending Impact. Total State Sector equals sum of General Government and PTE (and PFE) sectors.

Key costing assumptions

1. There will be some set-up costs for both NSW Fair Trading and the CTTT, including changes to systems, staff training, preparation of forms and brochures, and publication of information on their websites. DSTA has advised that these costs will be absorbed within its existing operational budget. 2. Industry & Investment NSW (I&I) will provide initial training for CTTT and Fair Trading staff, at no additional cost to DSTA. These I&I costs will be met from within its existing budget. 3. I&I will provide expert advice on individual matters for two years from its existing operational budget and at no cost to the CTTT or parties.

Key data

There is no key data for this commitment.

Caveats or qualifications



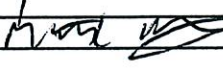
A key costing assumption is that some of the costs of transferring responsibility to the CTTT will be borne by I&I. I&I has agreed to absorb the costs of this proposal within its existing operational budget. I&I has also offered to provide advice on individual matters for a period of up to two years if required. This costing assumes that no material resources would be required from I&I after the conclusion of two years, hence no additional budget impact.

Implementation issues (including how Treasury can assist in speedy implementation and any potential difficulties and how these might be overcome)

No specific implementation issues have been identified.

Other comments (including explanation where Treasury costing differs from agency or PBO estimates)

DSTA has assisted with the preparation of this brief.

Position	Name and extension	Signature	Date
Analyst(s)	Peter Laslett		
in consultation with	John Healey		15/3/11
Director	Michael Clark-Lewis		
Deputy Secretary	Matt Roberts		15/3/11

Costing of Proposal

Title/Subject:	A better deal for residential park residents
Pink/Physical ID:	EA1645479
Proposal by:	Government
Agency:	Department of Services, Technology and Administration
Cluster:	Services, Technology and Administration
Detailed description:	The Government will provide incoming residents a plain English information statement on their first enquiry about buying a manufactured home, develop standard contracts for purchasing a home and require lawyers and conveyancers acting for the seller to use the contracts, maintain a register of parks, review the existing legislation to strike a more equitable balance and support park ownership by resident's co-operatives.
FIS No: 235	
Classification: GGB	

General Government Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Expenses (incl. depreciation)	108	103	106	108	111	114
Less Agency Offsets (1)	0	0	0	0	0	0
Less Agency Revenue	0	0	0	0	0	0
Less Crown Provisions	0	0	0	0	0	0
Budget Result Impact	-108	-103	-106	-108	-111	-114
						Residual
Capital Expenditure	0	0	0	0	0	0
Less Capital Offsets (1)	0	0	0	0	0	0
Net Capital Cost	0	0	0	0	0	0
Depreciation	0	0	0	0	0	
Net Lending (2)	-108	-103	-106	-108	-111	

Public Trading Enterprises Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Revenues						
Expenses						
Operating Result	0	0	0	0	0	0
						Residual
Capital Expenditure						
Less Capital Offsets (1)						
Net Capital Cost	0	0	0	0	0	0
Depreciation						
Net Lending (2)	0	0	0	0	0	

Accumulated Net Financial Liabilities as at 30 June (3)

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
General Government Sector	108	211	317	425	536
Total State Sector	108	211	317	425	536

(1) Includes items such as available funding within existing estimates, expenditure offsets, recurrent savings associated with capital projects, linked assets sales.

(2) Equal to Budget Result or Operating Result Impact plus Net Capital Cost.

(3) Equals cumulative Net Lending Impact. Total State Sector equals sum of General Government and PTE (and PFE) sectors.

Key costing assumptions

Information statements which must be given to potential owners will be printed and delivered to 900 residential parks owners. A consultative committee of experts will be set up to develop the standard contracts. A free mobile conciliation service will be developed, modelled on a similar proposal for residential tenants. Developing a register of residential parks, granting uniform rights to long term occupants, remaking the Residential Parks Regulation and passing legislation to require use of the standard contracts will be delivered within existing budget. Support to residential park co-operatives will be delivered using the existing Co-operative Development Fund.

Key data

Cost of printing and delivering 15,000 plain English information statements to the 900 residential parks is \$3,000. Sitting fees and travel costs of an advisory committee for the standard contracts is \$5,000. Cost of free mobile conciliation services is \$100,000 per annum based on 40,000 residents in parks (this is based on a proposal for residential tenants, which was costed at approximately \$2 million for 800,000 residents). Costings are provided on the basis of nominal dollars of the year (escalated at 2.5 per cent).

Caveats or qualifications


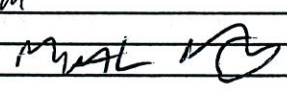
The costs are a best estimate at fulfilling the commitment as set out by the Government.

Implementation issues (including how Treasury can assist in speedy implementation and any potential difficulties and how these might be overcome)

No specific implementation issues have been identified.

Other comments (including explanation where Treasury costing differs from agency or PBO estimates)

n/a

Position	Name and extension	Signature	Date
Analyst(s)	Peter Laslett		
in consultation with	John Healey		15/3/11
Director	Michael Clark-Lewis		
Deputy Secretary	Matt Roberts		15/3/11

Costing of Proposal

Title/Subject:	Free dispute resolution services for residential tenancy and strata disputes
Pink/Physical ID:	EA1645485
Proposal by:	Government
Agency:	Department of Services, Technology and Administration
Cluster:	Services, Technology and Administration
Detailed description:	The Government will provide a comprehensive facilitation service through NSW Fair Trading and promote early resolution by using trained officers to assist disputing parties reach a workable solution. Where appropriate, specialist conciliators will visit sites to facilitate resolution.
FIS No: 235	
Classification: GGB	

General Government Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Expenses (incl. depreciation)	3,000	3,075	3,152	3,231	3,312	3,395
Less Agency Offsets (1)						
Less Agency Revenue	-73	-73	-73	-73	-73	-73
Less Crown Provisions						
Budget Result Impact	-3,073	-3,148	-3,225	-3,304	-3,385	-3,468
						Residual
Capital Expenditure						
Less Capital Offsets (1)						
Net Capital Cost	0	0	0	0	0	0
Depreciation						
Net Lending (2)	-3,073	-3,148	-3,225	-3,304	-3,385	

Public Trading Enterprises Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Revenues						
Expenses						
Operating Result	0	0	0	0	0	0
						Residual
Capital Expenditure						
Less Capital Offsets (1)						
Net Capital Cost	0	0	0	0	0	0
Depreciation						
Net Lending (2)	0	0	0	0	0	0

Accumulated Net Financial Liabilities as at 30 June (3)

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
General Government Sector	3,073	6,221	9,446	12,750	16,135
Total State Sector	3,073	6,221	9,446	12,750	16,135

(1) Includes items such as available funding within existing estimates, expenditure offsets, recurrent savings associated with capital projects, linked assets sales.

(2) Equal to Budget Result or Operating Result Impact plus Net Capital Cost.

(3) Equals cumulative Net Lending Impact. Total State Sector equals sum of General Government and PTE (and PFE) sectors.

Key costing assumptions

To provide a free dispute resolution service within Fair Trading, approximately 35 additional staff will be required. The revenue from the current fee-for-mediation services will be lost.

Key data

The cost of an additional 35 staff (29 FTE) is estimated at \$3 million per annum (plus escalation at 2.5 per cent). FTE numbers are as follows and salary assumptions are based on: Manager Dispute Resolution & Inspection (x 1); Senior Technical Investigator (x 1); Coordinator Building Disputes (x 1); Principal Building Inspector (x 2); Senior Building Inspector (x 9); Building Inspector (x 14); Administrative Clerk (x 1); Fair Trading received 1,284 applications for strata mediation. A fee of \$72 is charged per mediation (this is not a full cost recovery service), with revenue of \$73,000 received in 2009/10.

Caveats or qualifications


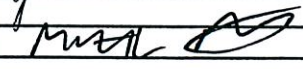
Fair Trading currently provides a free over-the-phone dispute resolution service for tenancy disputes. Unresolved disputes are referred to the Consumer, Trader and Tenancy Tribunal (CTTT). There may be some off-setting savings from reduced disputes being heard by the CTTT, but this has not been quantified. Costs for the additional staff are based on highest grade / pay level and include an additional provision of 25 per cent for all other on-costs such as corporate service costs, superannuation. It is assumed that these staff can be accommodated within existing facilities across New South Wales at no additional cost.

Implementation issues (including how Treasury can assist in speedy implementation and any potential difficulties and how these might be overcome)

No implementation issues have been raised by DSTA.

Other comments (including explanation where Treasury costing differs from agency or PBO estimates)

n/a

Position	Name and extension	Signature	Date
Analyst(s)	Peter Laslett		
in consultation with	John Healey		15/3/11
Director	Michael Clark-Lewis		
Deputy Secretary	Matt Roberts		15/3/11