

Request for Costing an Election Commitment

Name of policy proposal:	Improving building certification
Person requesting costing:	Shane Rattenbury MLA
Date of request:	3 October 2016
Summary of proposal:	The establishment of a Panel of Independent Auditors to conduct mandatory annual audits of building certifiers. The ACT Planning and Land Authority would, at random, allocate an Auditor from the Panel to assess the work of building certifiers. Failure to comply would result in the cancellation of building licence and criminal penalties.
Issue the proposal will address:	A lack of community confidence in the existing building compliance scheme, following an increase in complaints about builders, building work and defects.

What are the key assumptions that have been made in the proposal?

Note: The costing will be developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

Expectation that the ACT Government would work with industry to establish a schedule of additional mandatory assessments that certifiers are required to carry out at various stages during the construction process, particularly at the critical stage of waterproofing and to ensure compliance with Energy Efficiency Ratings (EER).

Proposal assumes that industry would cover the cost of the assessments, with industry making payment to the Auditor as a cost of doing business.

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2016-17	2017-18	2018-19	2019-20	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)	0	0	0	0	0
Expenses^(a)	0	-228	-236	-244	-708
Capital	0	0	0	0	0
Depreciation	0	0	0	0	0

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

No.

Where relevant, is funding for the proposal to be demand driven or a capped amount?

Demand (ongoing)

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements (for example, does an education proposal add to or redirect NERA funding).

No.

Will funding/the cost require indexation?

No.

Who will administer the proposal?

Environment and Planning Directorate.

How will the proposal be administered?

Funding allocated to the Budget of the relevant Directorate to employ additional staff to develop, and manage, the Panel of Independent Auditors.

Is the proposal part of a broader package?

No.

Has an allowance been made for expenses necessary to support the implementation of this proposal?

- If no, will the government agency be expected to absorb expenses associated with this proposal?
- If yes, please specify the key assumptions.

Yes – allowance covers a total of 2 x ASO 6 staff per annum.

Will the proposal generate savings or offsets?

No.

Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?

No.

What are the community impacts associated with the proposal? Who and how many people will be affected?

Improved community confidence in building construction in the ACT.

Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?

No.

What is the intended implementation date of the proposal?

Funding to begin from 1 July 2017

When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc?

Funding to begin from 1 July 2017

Will the proposal cease, and if so, when?

N/A

Is there any additional information relevant to this proposal?

Any additional cost to building purchasers from this initiative would be insignificant compared with the current costs of repairs and maintenance of buildings.