



Australian Institute of Building Submission to the *Victorian Domestic Building Consumer Protection Framework*

Introduction

The Australian Institute of Building (AIB) welcomes the opportunity to respond to the Victorian Domestic Building Consumer Protection Framework. The AIB is keen to see more efficient and thorough building consumer protection, and welcomes this review.

Vision

The vision of the AIB in regards to this review is to ensure that:

- The building sector in Victoria is improved through higher educational standards;
- The building industry is a viable and growing sector for the benefit of the state, consumers and builders; and
- Builders and consumers are informed, educated and provided with adequate legislative protection and support, to reduce building disputes.

Position

The financial importance of the residential building sector cannot be under estimated for the state of Victoria, its community, and the building industry. It contributed 17.4 per cent to the Victorian State Product for the 2010/11 financial year, and the value of building activity in Victoria in 2011 was a record \$24.2 billion. Employment in the building sector in Victoria is approximately 177,000 people, with three times this number employed in associated areas, such as materials, furnishing, white goods and landscaping.

It is important to stress the economic benefits to the state of a thriving building industry, as it affects consumers, suppliers, producers and assists to maintain the balance of the supply (builders) and demand (consumers) equation. In particular, consumers need to be confident that they will get the product at an agreed quality, cost and delivered on time. Otherwise, there will be constant complaints to the government authorities, because a person's home will always be an emotive issue.

Consequently, expectation alignment between the builder and the consumer is of critical importance. Put simply, the consumer buys their dream home, and the builder provides a product. Therefore, clear definition of the outcomes between the parties is of critical importance to minimise building disputes.

A home, unlike other purchases acquired by consumers, cannot be returned. In contrast, a car is finished, tested, verification of warranties are usually honoured and the car can be returned if found to be defective. Costs of rectification of housing defects often exceed the initial construction costs, so

the importance of getting it correct in the first instance will avoid disputes, and is the best form of risk management for all stakeholders in the industry.

Opportunities to Improve the Current System

The building standards relating to trade areas are becoming more precise and detailed, with the move towards the introduction of more Australian Standards in the building codes to provide minimum technical requirements. To achieve compliance with the building regulations, regular inspections by a properly qualified building inspector will improve compliance. However, there are many non-building regulation-type building work that form part of the building contract e.g. doors (except toilet doors) skirting and architraves, painting, wall tiling (not in wet areas) and kitchen cupboards. A building inspector does not inspect these areas, which contribute to many of the complaints received.

The AIB is supportive of a well-defined and enforced building inspection regime.

Governance

Early intervention is the key to reducing costly building disputes, as rectification work can be achieved at minimal cost in the early stages. However, after the building is completed the cost of rectification escalates, as the demolition of satisfactory work generally needs to occur before the rectification can begin on the unacceptable work. Consequently, early inspection, both building and quality inspection based on standards and tolerances, by a properly qualified independent building inspector can reduce costly and ongoing disputes.

To protect consumers and builders from long protracted building disputes, thorough front-end controls, such as properly qualified and experienced building practitioners with regular audits, are critical.

Builders' Qualifications for Minimum Standards

The AIB is also keen to see the minimum qualification standard for builder licences improved, and is concerned that some courses currently on offer are less than what is needed to produce the best outcomes for Victorian consumers. In short, AIB would like to see 'the bar raised' in regards to building qualifications, at least to the diploma level (AQF 6) for residential and degree level (AQF 7-8) for open licenses.

Further Information

For further information, please contact the AIB Chief Executive Officer or Policy & Advocacy Manager on (02) 6247 7433 or ceo@aib.org.au or policy@aib.org.au

Appendix 1

About the AIB

Founded in 1951, the AIB is the peak body for building and construction professionals, acknowledged for its ability to bring individuals together who share a common interest in improving the standing of the building profession and their career within Australia and overseas.

The AIB is incorporated by Royal Charter and is the pre-eminent professional body for building professionals in Australia and the Asia-Pacific region.

Recognised as the accrediting body for building and construction degrees at educational institutions, the AIB has a long and proud history of supporting and servicing the building profession. For more than sixty years, the Institute has worked with the building and construction industry, government, universities and allied stakeholders to promote the building profession, support the development of university courses in building and construction whilst promoting the use of innovative building techniques and a best-practice regulatory environment.

AIB is proud of its role in promoting the exchange of information amongst individuals and accomplishes this through publications including the *Construct* magazine and the Australasian Journal of Construction Economics & Building (AJCEB).

The AIB also has an extensive continuing professional development program in Australia and overseas and facilitates the annual AIB Professional Excellence in Building Awards Program.

For further information please go to www.aib.org.au