



## PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

**Referred by:** Australian Labor Party      **Proposal No:** C1355  
**Date Referred:** 7/02/2023      **Date Published:** 20/03/2023  
**Proposal Title:** Labor's Plan for Building Reform  
**Cluster:** Cross-Cluster

### General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation					-
Less: Offsets					-
Revenue					-
<b>Net Operating Balance:</b>	-	-	-	-	-

Capital Expenditure	-	-	-	-	-
Capital Offsets					
<b>Net Capital Expenditure:</b>	-	-	-	-	-

<b>Net Lending/(Borrowing):</b>	-	-	-	-	-
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### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	-	-	-	-
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### Notes and costing assumptions:

As part of a Building Reform, the policy proposes to

1. establish a NSW Building Commission to oversee regulation and licensing, and provide oversight of the NSW building industry
2. create a Minister for Building responsible for the NSW Building industry and a Strata Commissioner to oversee strata governance and policy across government
3. create a single, plain English Building Act to consolidate existing legislation and reduce red tape and duplication
4. introduce new, stricter requirements on building certifiers
5. require standardised certifications from licensed tradespeople to be lodged on the e-planning portal
6. review the Home Building Compensation Fund.

The policy states that costs should be met from existing resources. The Parliamentary Budget Office (PBO) considers this assumption feasible given that the first two listed above constitute a Machinery of Government (MoG) change, while the last four are considered part of normal agency operations.

## Notes and costing assumptions continued:

When government functions are moved between entities, a MoG occurs. The [NSW Machinery of Government Changes guide](#) (NSW Government, November 2022) indicates on page 50 that “unless outlined as part of the MoG change, the implementation of changes will be cost neutral from a budget perspective”. This means that unless a special provision is made, MoG changes generally do not affect the budget bottom line.

The PBO has not identified an apparent reason why the MoG change resulting from the proposed policy would differ. We therefore estimate the net cost of the policy at zero.

### **Risks and uncertainties**

The PBO notes that where there are new programs associated with the Minister for Building, Strata Commissioner or NSW Building Commission, there would be additional future costs.

### **Background**

The Department of Planning and Environment (DPE) has broad responsibilities for planning and development, including building regulation and certification.

NSW Fair Trading within the Department of Customer Service (DCS) regulates building licenses in NSW.

Both DPE and NSW Fair Trading develop and implement building industry reforms.

Insurance and Care NSW (iCare) administers the Home Building Compensation Fund (HBCF). HBCF compensates homeowners for losses arising from defective and incomplete work by the builder. A review of the efficiency and effectiveness of HBCF was conducted by the Independent Pricing and Regulatory Tribunal (also within DCS) in December 2020.