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**ATTORNEY GENERAL; MINISTER FOR COMMERCE**

Our Ref: 44-24444

Mr Mark Warner  
Committee Clerk  
Estimates and Financial Operations Committee  
Legislative Council  
Parliament House  
PERTH WA 6000

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Dear Mr Warner

**2015-16 ANNUAL REPORT HEARINGS**

Thank you for your letter dated 1 November 2016 regarding the Department of Commerce appearance at the Estimates and Financial Operations Committee 2015-16 Annual Report hearings on Thursday, 27 October 2016.

Please find enclosed a copy of the answers to the additional questions taken on notice from the Hon Alanna Clohesy MLC during the 2015-16 Annual Report hearing and the additional questions raised by Committee members following the hearing. The delay in responding was due to an administrative oversight.

Yours sincerely

Hon. Michael Mischin MLC  
**ATTORNEY GENERAL; MINISTER FOR COMMERCE**

*Attach: 2015-16 Annual Report hearings – Additional Questions taken on notice and additional questions.*

## **ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE**

### **ADDITIONAL QUESTIONS**

#### **Department of Department of Commerce, Building Commission Division**

#### **Hon Alanna Clohesy MLC asked:**

- 1) When did the Building Commission become aware that Collier Homes was at risk of insolvency?

Answer: The Building Commission became aware on 19 January 2016 as a consequence of QBE Insurance (Australia) Ltd (QBE) placing Collier Homes on their 'watchlist'.

- 2) What steps did the BC take to inform consumers of Collier Homes risk of insolvency and when?

Answer: The Building Commission published a statement on 17 October 2016 following the announcement by McGrathNicol, the appointed liquidator that Collier Homes was in external administration. Prior to this the Building Commission closely monitored the situation in consultation with QBE and other state authorities to assess the risk to consumers and the State of Western Australia as the reinsurer of the home indemnity insurance scheme. The monitoring arrangement included a regular review of any complaints lodged with the Building Commission to ensure the builder was not displaying the characteristic signs of financial distress, including improper contract management and defective building work. Social media was also monitored along with daily updates from Dun & Bradstreet credit rating agency. As an additional measure, on 1 September 2016 the Building Commission undertook an audit of Collier Homes in relation to completed building projects. The audit found no significant breaches of the building services Acts in relation to regulatory and contractual responsibilities and no significant issues with standards of workmanship. Nationally, at this time, the parent company of Collier Homes, Home Australia Pty Ltd, developed a turn-around strategy which involved appointing new management teams, central financial controls and an improved management reporting structure. Based on all the available information it was decided the public interest was better served to allow the company the opportunity to trade on through its financial difficulties. This took into account the interests of consumers, sub-contractors and suppliers, and the State of Western Australia.

- 3) Will the new builders licensing system interface with the complaints data base of the BC?

Answer: Complaints are recorded in the Department of Commerce's comprehensive licensing and registration database CALS. The new on-line licensing system for the Department of Commerce will interface with CALS. The current scope of work for online registration of builders includes an alert for disciplinary complaints. The Building Commission is about to scope a new project for a compliance management system and this may include a more direct interface.

- a) Will it interface with the 'list' of builders at risk of insolvency?

Answer: As above. The current process for dealing with builders at risk of insolvency interfaces directly with the renewal process.

- 4) What training do BC investigators receive?

Answer: Investigators are recruited on the basis of investigation experience, including currently police, border force and labour relations experience. All investigators have attained the Certificate IV in Government Compliance with one senior member recently commencing the Diploma in Government Compliance offered through the Public Sector Commission. In addition, the Building Commission provides in-house training to its investigators along with mentoring and on-the-job coaching. In-house training covers cognitive interviewing techniques, investigation planning, case file management, statute interpretation, preparation of briefs of evidence and board referrals. In the past year investigators have participated in a number of workshops provided by lawyers attached to the Building Commission Legal Services Branch, where issues associated with evidence gathering are discussed and cases are debriefed.

- 5) Does the BC and Building Registration Board take into account prior complaints (including those investigated but not actioned) into account in its investigation and recommendations?

Answer: Yes. The Building Commission triages disciplinary complaints and statutory allegations to determine whether the public interest test to commence an investigation has been attained. This includes consideration of the respondent's history, including any prior and current building service, home building work contract and disciplinary complaints. The Building Services Board (the Board) is informed about any previous disciplinary matters involving the respondent when a disciplinary matter is referred to the Board for its consideration.

- 6) How many proactive audits did the BC take in 2014/2015 and 2015/2016?

Answer: The Building Commission undertakes audits of registered building contractors and general inspections of building work assessing how well building standards are being applied. An audit of a builder involves both an administrative check and a technical inspection of building work (up to 9 buildings per builder). During 2014/2015 the Building Commission carried out 314 technical inspections of building work in connection with builder audits and a general inspection program. In 2015/2016 the Building Commission carried out a total of 278 inspections consistent with its audit and general inspection programs.

- 7) What steps have been / are planned take to prepare for the Legislative Review in 2017?

Answer: The Building Commission will liaise with the Minister for Commerce in the first half of 2017 on the priority and scope of the required statutory reviews.

8) How many complaints about Building works were received in 2015/2016 by type of complaint, status of complaint and outcome?

Answer: A total of 912 complaints were received in 2015/16.

- 431 building service complaints about the work of registered building service providers.
- 280 building service complaints about the work of non-registered building service providers.
- 59 home building work contract complaints about registered building service providers.
- 39 home building work contract complaints about non-registered building service providers.
- 56 complaints were received about a registered building service provider involving both a building service and home building work contract complaint.
- 27 complaints were received about a non-registered building service provider involving both a building service and home building work contract complaint.
- The remaining 20 complaints were lodged by the building service provider in respect to a home building work contract complaint against the home owner.

As at 30 June 2016, 778 of the complaints received in 2015/2016 had been finalised with the following outcomes:

- 65 complaints refused;
- 284 building remedy orders being issued;
- 46 orders by consent being issued;
- 147 complaints referred to the State Administrative Tribunal;
- 193 complaints withdrawn (72 of which were resolutions reached by the parties with the assistance of the Building Commission); and
- 43 complaints dismissed