

17 May 2017

Peter Gow
Building Commissioner
Building Commission
303 Sevenoaks Street
Cannington
PERTH WA 6107

Dear Mr Gow,

Full Private Certification for Building Permits - a key reform

The Property Council is pushing forward with our campaign for Full Private Certification for Building Permits. There is a renewed interest, brought about by the need for new reform and the State's current economic climate.

We seek the opportunity to meet with you to discuss the potential for a pilot across local governments for full private certification for building permit applications to apply to Class 1 – 10 buildings.

I have attached an issues and solutions background paper on this key reform which we put forward in April to the Hon. Bill Johnston, Minister for Mines and Petroleum, Commerce and Industrial Relations, Electoral Affairs and Asian Engagement and the Hon. David Templeman, the Minister for Local Government, Heritage, Culture and The Arts.

Please contact me at liacomella@propertycouncil.com.au or 0417 501 974 to set up a time for a briefing at your convenience.

Yours sincerely,



Lino Iacomella
WA Executive Director

Encs. Full Private Certification of Building Permits Issues and Solutions Paper

Full Private Certification for Building Permits

RECOMMENDATION

Introduce full private certification for building permit applications to apply to Class 2-9 commercial buildings.

ISSUE

The State government, through the Building Commission, introduced partial private certification of building permit applications in 2011. Unlike other states however, the Western Australian model still involves local government in this process which is a duplication of the private certifiers service and cost; as well as adding time delays in the issuing building permits, particularly for commercial buildings.

VALUE FOR MONEY

Since the introduction of the 2011 Building Act, the cost of certification has escalated under the current partial certification model. The \$40 fee to the State regulator has been replaced with a 0.137% Building Commission Services Levy and the private certifiers fee is duplicated by the council fee of 0.09% to issue a building permit.

Example: Fee changes based on a \$200 million construction project

	Building Act 2011	Building Regulations 1998	Federal Airports	Victorian Building Authority	QLD	NSW
Project Value	\$200M	\$200M	\$200M	\$200M	\$200M	\$200M
Council Fee (0.09%)	\$180K	\$163K	N/A		\$40	\$40
BCTIF (0.2%)	\$400K	\$400K	Donation			
Building Commission Services Levy (0.137%)	\$274K	\$0.04K	\$210K	\$128K (0.064%)	\$200K (0.1%)	
Total	\$854K	\$563K	\$210K	\$128K	\$200K	\$40

In addition to council and Building Commission fees and levies, industry pays an uncapped fee to a private certifier who is a licensed building surveyor. It is unreasonable for councils to be able to justify their current fee structure where applications have been privately certified.

In 2016 industry contributed nearly \$30M in Building Commission and council fees and levies:

Value of commercial class 2 – 9 construction in WA in 2016	\$7.01 B
Council fees	\$6.3M
Building Commission	
BCTIF	\$14.02M
Building Commission Services Levy	\$9.6M
TOTAL	\$29.92M

SOLUTION

Property Council is calling for a private certifier to issue a building permit for Class 2 – 9 commercial buildings with no need for council’s to duplicate this process. This will bring WA into line with other states and result in a significant red-tape reduction for the construction sector. This change is particularly relevant for WA commercial building projects which incur significantly higher costs and time delays in the application process for building permits. These costs escalations can be many thousands of dollars in comparison to other states that do not require local governments to double check the privately certified building application.

These fees, levies and time is an unnecessary additional cost of compliance at a time when the state government should be incentivising the property industry to grow the economy.

WA MODEL OF FULL PRIVATE CERTIFICATION

- | | |
|-----------------------------------------------|---------------------|
| ➤ Engage Design Team | Developer |
| ➤ Guidance BCA compliance | Private Certifier |
| ➤ Consider alternate solutions (optional) | Private Certifier |
| ➤ Engage fire engineer (optional) | Developer |
| ➤ DFES Review | Independent Auditor |
| ➤ Prepare Certificate Design Compliance | Private Certifier |
| ➤ Building Permit | Private Certifier |
| ➤ Oversee construction | Private Certifier |
| ➤ Prepare Certificate Construction Compliance | Private Certifier |
| ➤ Occupancy Permit | Private Certifier |

The Building Commission would continue to regulate private certifiers who ensure compliance.

BENEFITS

- **Cost** – Significantly less cost resulting in more investment in our State economy.
- **Time** – Dramatically reducing the amount of time it takes to get developments underway.
- **Less red tape** – Removal of a duplication in the current partial certification process will result in increased value for money from a full private certification process.