

Building Amendment (Registration and Other Matters) Bill 2021

Q&A's

1.1. What does the Bill do?

The Bill makes a number of amendments to the *Building Act 1993* to progress implementation of Victoria's registration and licensing scheme for building trades. These amendments:

- Introduce a new streamlined pathway to registration for subcontractors.
- Correspondingly limit subcontractor functions and responsibilities relative to head contractors.
- Strengthen and improve the registration and licensing process; and
- Add flexibility to the system.

1.2. Why are these amendments necessary?

Since passing legislation in 2018, the government has worked closely with industry and stakeholders to further develop the scheme. During consultation, a number of improvements were identified.

One important recommendation was to introduce a new and proportionate pathway to registration for subcontractors to avoid the overregulation of this practitioner cohort. This Bill responds directly to this recommendation, as well as making other complementary improvements to the scheme.

1.3. Does the building industry support these changes?

Yes. During consultation on the scheme, in response to the Options Paper, industry raised concern about the initial approach of requiring tradespeople who work mostly as subcontractors meeting head contractor registration requirements. The Bill responds to these concerns by creating a new streamlined pathway to registration just for subcontractors.

1.4. What are the objectives of the scheme?

The new registration and licensing scheme for tradespeople is part of broader government reform package to improve the Victorian building system.

Specifically, the introduction of the new registration and licensing scheme is aimed at achieving four key objectives:

- A reduction in the incidence of non-compliant building work in Victoria.
- Greater accountability for this work.
- Incentivising skills formation in the building industry (including completion of apprenticeships); and
- Improving consumer confidence in the tradespeople who perform this work by ensuring they have suitable qualifications, skills and experience to do so.

1.5. Why should registration for subcontractors and head contractors be different?

Head contractors and subcontractors play different roles in the building industry and these distinct roles attract different levels of responsibility. Head contractors are responsible for ensuring the compliance of all building work authorised by a building permit, including building work carried out on that builder's behalf by subcontractors, and by employees of the builder or the subcontractor.

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The new pathway to registration for subcontractors has been developed to recognise these important differences in roles and responsibilities by enabling the creation of a new class of subcontractor registration to which appropriate and proportionate registration requirements can be set.

1.6. What is the new registration pathway for subcontractors?

By establishing a new class of practitioner specifically for subcontractors the Bill enables clear, targeted and proportionate entry requirements to be applied, including personal and financial probity requirements and business competence requirements. This change means a subcontractor will not need to satisfy the same registration criteria as apply to people seeking registration as a domestic or commercial builder.

1.7. How does the Bill strengthen the registration and licensing process?

The Bill makes several improvements to the system to strengthen and improve the registration and licensing process. For example, the Bill enables the Victorian Building Authority to set a training plan as a structured pathway for individual tradespeople to upskill from a provisional to a full registration or licence.

1.8. What else needs to be done before the scheme can commence?

The new scheme will be implemented in stages.

Stage 1 will implement the scheme for carpentry work.

From the scheme's commencement, anyone seeking to perform prescribed carpentry work will be required to obtain a subcontractor registration or employee licence.

The changes in the Bill cannot take effect until complementary regulations are made.

Subject to the passage of the Bill through the Victorian Parliament, a Regulatory Impact Statement (RIS) and a set of draft regulations will be released for public consultation.

- The RIS and draft regulations will set out the detail of the new scheme for carpentry work in terms of a preferred option. A number of feasible alternative options will also be presented for comparison and consultation.
- While the *Building Act 1993* contains the high-level framework of the new scheme, regulation is needed to introduce the detail, including:
 - New classes of practitioner and building employee
 - Types of regulated carpentry work; and
 - Entry requirements for registration and licensing, including qualifications and experience.
- The RIS and draft regulations are expected to be released on passage of the Bill through Parliament.
- A commencement date for the new scheme will be set following public consultation on the RIS and draft regulations. Subject to this consultation, the commencement date is expected to be set for a date in 2022.