

# ANNUAL REPORT 2006



**BRB** BUILDERS'  
REGISTRATION  
BOARD  
OF WESTERN AUSTRALIA

30 September 2006

Hon M H Roberts, BA DipEd MLA  
Minister for Consumer Protection  
13<sup>th</sup> Floor Dumas House  
2 Havelock Street  
WEST PERTH WA 6005

Dear Minister

On behalf of the Board I hereby submit the Annual Report for the period ending 30 June 2006.

The report, incorporating the Board's annual financial statements, is submitted in accordance with Section 23B of the *Builders' Registration Act 1939* and Section 96 of the *Freedom of Information Act 1992*.

The Audit has been prepared in accordance with Section 23A of the *Builders' Registration Act 1939*.

Yours sincerely



Mark Cuomo  
CHAIRPERSON

## TABLE OF CONTENTS

<b>THE REGISTRAR'S REPORT</b>	5
<b>THE BUILDERS' REGISTRATION BOARD</b>	7
• Mission	7
• Functions and Powers	7
• Area of Jurisdiction	7
• Strategic Objectives	7
• Board Composition and Profile	8
• Meetings	9
• Staffing	9
<b>CORPORATE INFORMATION</b>	10
• Codes of Conduct and Ethics	10
• Equal Employment Opportunity	10
• Public Sector Standards for Human Resource Management	10
• Corruption Prevention	10
• Electoral Act 1907	10
• Public Interest Disclosure Act 2003	11
• State Records Act 2000	11
• Ombudsman	11
• Ministerial Directions	12
• Occupational Health and Safety	12
• Disability Services	12
• Recycling	12
• Freedom of Information	12
<b>REGISTRATIONS</b>	16
• The Register of Builders	16
• Applications for Registration	16
• Applications for Annulment of Cancellation or Suspension	17
• Right of Review of a Board Decision	17
<b>OWNER-BUILDERS</b>	18
<b>COMPLIANCE</b>	20
• Investigations, Prosecutions and Referrals to the SAT	20
<b>EDUCATION AND AWARENESS</b>	23
• Awareness	23
• Sponsorships and Awards	24
• Publications	24
• Re-accreditation of the Diploma of Builders' Registration	24
• General Enquiry Service	25

---

<b>THE BUILDING DISPUTES TRIBUNAL</b>	26
• Tribunal Members	26
• Complaints Lodged with the Disputes Tribunal	26
• Orders Made by the Disputes Tribunal	27
• Value of the Orders Made by the Disputes Tribunal	28
• Reasons for Decision	28
• Sittings	28
• Funding of the Disputes Tribunal	28
• Income and Expenditure	29
• Complaints Referred for Assessment by Board Inspectors	29
• Nature of Complaint Items Assessed by Board Inspectors	29
• Ratio of Complaints to Building Licence Applications	30
<b>CORPORATE PLAN</b>	31
<b>FINANCIAL REPORT</b>	32
<b>APPENDICES</b>	46
A Organisations Structure	
B Information Statement: Freedom of Information Index	
C Ineligible Persons	
D Prosecutions	
E Corporate Plan 2005/06	

---

# THE REGISTRAR'S REPORT

## THE YEAR 2005/06 IN REVIEW

This reporting period was a year characterised by continuing high levels of building activity throughout the state. The flow-on effects of this increase in activity saw significant demands placed on the Builders' Registration Board (the Board) and the Building Disputes Tribunal (the Tribunal).

In 2005/06 the Board met on 48 occasions, received 424 applications for registration, 3812 statutory declarations from owner-builders, completed 128 investigations, undertook 39 prosecutions, and referred 12 matters to the State Administrative Tribunal (the SAT). The Tribunal received 888 complaints and issued a total of 703 Orders.

### The Industry

Dwelling investment continued to grow in 2005/06 period, boosted by low unemployment, high consumer confidence and income growth. These factors when combined with a backlog of building work caused by labour and materials shortages, led to a high and sustained level of activity in the industry.

Western Australia experienced a 7.2 % rise in total dwelling approvals. House construction led the charge with an increase of 12.1% from the previous period. The gross turnover of building licence applications in Western Australia increased by 16.6% to \$7.47 billion, compared to \$6.24 billion in the previous period.

The fact that the industry is operating at close to full capacity can be seen as a likely cause of the 20.7% increase in the number of applications by persons seeking to owner-build. In addition to demand exceeding the supply of registered builders and trades people, issues such as interest rate increases and land availability, both of which impact negatively on housing affordability, will potentially provide challenges for the industry.

### Legislation Review

The Department of Consumer and Employment Protection (DOCEP) commenced a review of the *Home Building Contracts Act 1991* (HBC Act), with the release of an Issues Paper seeking submissions from stakeholders on the extent to which the existing legislation meets the needs of the building industry, while providing an appropriate level of consumer protection.

Comments to the Issues Paper closed on 14 April 2006, to which the Board made a comprehensive submission.

The recommendations made by the Board included the following:

- The inclusion of Preparation of Plans Agreements and/or Preliminary Work Contracts.
- Increasing the upper monetary limit on the value of building contracts to which the HBC Act applies to more accurately reflect the contemporary cost of building.
- Increasing the maximum allowable deposit of 6.5% to 10% for building work less than \$20,000, and decreased to 5% for work greater than \$20,000.
- Increasing the cover provided by Home Indemnity Insurance to allow for claims of up to \$200 000.

## **The Board**

In June 2006 Mr Mark Cuomo was appointed as the new Chairperson of the Board and Tribunal. The former Chairperson, Mr Paul Marsh, contributed 14 years of invaluable service to the Board and the Tribunal. Mr Marsh's depth of knowledge and strong commitment to the objectives of the Board has made an enduring mark on the organisation.

The proposed amalgamation of Board staff into DOCEP in 2006/07 is being considered by the Minister for Consumer Protection, and the Board anticipates to be advised of a decision within the next quarter.

## **Review of the Efficiency and Effectiveness of the Board**

During the period a review was commissioned by DOCEP at the request of the Minister for Consumer and Employment Protection to examine the efficiency and effectiveness of the processes and procedures of the Board and its staff.

The review was carried out by Dr Gordon Robertson, who produced a report on 27 April 2006. The report examined a number of key areas including; Accountability Requirements; Financial Controls; Licensing Activities and Compliance Activities.

The review found that the Board was adequately accountable and is effective with respect to its core responsibilities regarding the registration of builders. It also found that the Board had a well founded history in the investigation of the more serious matters that come to its attention. The report did however highlight the need for the Board to develop a strategic approach to the challenge of ensuring that it has adequate resources available to continue its objectives of maintaining the highest possible standards in the Western Australian building industry and compliance with the Acts under its administration.

The Board is considering the recommendations for implementation in 2006/07.



Kim Fare  
**ACTING REGISTRAR**

---

# THE BUILDERS' REGISTRATION BOARD

## MISSION

FOI/2

It is the Mission of the Builders' Registration Board of WA to ensure the highest possible standards in the building industry by the maintenance of appropriate levels of entry skills for builders, the fostering of continuous professional development and the provision of a cost efficient and impartial building dispute resolution service to the community.

## FUNCTIONS AND POWERS

FOI/2

The Board is established under the *Builders' Registration Act 1939* (the BR Act), and it administers the BR Act and the *Home Building Contracts Act 1991* (the HBC Act).

The Board's statutory functions are to:

FOI/5

- determine the course of training for a builder to be registered;
- maintain a register of registered builders;
- issue certificates of registration;
- take proceedings for offences against the BR Act and the HBC Act;
- carry out the provisions of the BR Act; and
- carry out building information and educational activities.

In addition, the Board is required under section 34 of the BR Act to provide administrative support to the Building Disputes Tribunal (the Tribunal). This includes meeting the expenditure necessary for the functioning of, and collecting any fees payable to, the Tribunal.

## AREA OF JURISDICTION

FOI/3

The Board's area of jurisdiction is specified in Schedule 3 of the BR Act. It encompasses 125 of the 144 Local Governments in the State, albeit in some instances only major town sites.

## STRATEGIC OBJECTIVES

FOI/2

The Board's strategic objectives are to:

- maintain the highest possible standards in the building industry;
- ensure that those undertaking building in Western Australia comply with the provisions of the BR Act and the HBC Act; and
- resolve building disputes efficiently, cost effectively and according to law.

**BOARD COMPOSITION AND PROFILE**
**FOI/6**

Section 5A of the BR Act provides for a Chairperson who is a legal practitioner and six members to be appointed by the Governor of Western Australia. Members of the Board are nominated by the Minister for Consumer Protection.

	<i>Name</i>	<i>Section of BR Act Appointment was made</i>	<i>Date Appointed</i>	<i>Term Expires</i>
Chairperson	Mark Cuomo Deputy: Darryll Retallack  Paul Marsh (Chairperson to March 06)	5A(2): a Chairperson who is a practitioner as defined by the <i>Legal Practitioners Act 1893</i>	June 06	May 08
Deputy Chairperson & Member	Darryll Retallack Deputy: Bill Marcolina	5A(3)(b)(ii): nominated by the Master Builders Association	Dec. 91	Dec. 07
Member	Genevieve Cleary Deputy: Miriam Sauley  Miriam Sauley (Member to March 06)	5A(3)(a): to represent the interests of consumers	Apr. 06	Mar. 08
Member	Ronald Slobe Deputy: Carlo Baggetta	5A(3)(aa): to represent registered builders, other than those in the metropolitan area	Dec. 02	Dec. 07
Member	Patrick Pinder Deputy: Janine Marsh	5A(3)(b)(i): nominated by the Royal Australian Institute of Architects	Dec. 01	Mar. 08
Member	Fred Smith Deputy: Kevin Reynolds	5A(3)(b)(iii): nominated by the Building Trades Association of Unions of Western Australia (Association of Workers)	Aug. 00	Mar. 08
Member	Neville Harrison Deputy: Suzanne Churn	5A(3)(b)(iv): nominated by the Housing Industry Association	May 01	Dec. 07



**Builders' Registration Board Members** (left to right)  
*Back Row: Ronald Slobe, Patrick Pinder, Neville Harrison and Fred Smith.*  
*Front Row: Darryll Retallack, Paul Marsh (Chairperson) and Miriam Sauley.*



Mr Mark Cuomo was appointed by the Minister for Consumer Protection on 6 June 2006 for a 2 year term as the Chairperson of the Board and Tribunal. Mr Cuomo is a legal practitioner and has also served as a Deputy Chairperson member on the Building Disputes Tribunal.

**MEETINGS**

Builders' Registration Regulation 4 requires the Board to formally meet at least once a month. During the reporting period the Board met on 48 occasions. Attendance was as follows:

TYPE OF MEETING				
	Monthly	Inquiries & Special Purpose	Registrations	Deputy Attended
Paul Marsh (Chairperson)	9	22	9	12
Darryll Retallack (Deputy Chairperson)	10	24	10	
Miriam Sauley	3	3	4	10
Ronald Slobe	12	21	12	
Patrick Pinder	9	21	10	
Fred Smith	12	24	10	
Neville Harrison	10	14	9	
Genevieve Cleary	2	5	2	

**STAFFING**

FOI/4

As at 30 June 2006, the Board had 55 established positions, of which 11 were vacant. The Organisational Chart is at Appendix A.

---

# CORPORATE INFORMATION

## CODES OF CONDUCT AND ETHICS

The Board and its officers are required under the *Public Sector Management Act 1994* to adhere to the West Australian Public Sector Code of Ethics, which sets out the values and behaviour expected of individuals. The Board observes this Code of Ethics and its own Code of Conduct, which was adopted by the Board in 1999.

In addition, the Board has a Code of Conduct for its staff, to more clearly relate the broad principles and values outlined in the Code of Ethics to the everyday behaviour of Board officers.

## EQUAL EMPLOYMENT OPPORTUNITY

The Board maintains its commitment to the promotion of equal employment opportunities (EEO) for all its employees, provides staff development opportunities, maintains staff awareness, and provides general information on EEO principles as part of its staff induction program.

## PUBLIC SECTOR STANDARDS FOR HUMAN RESOURCE MANAGEMENT

In 2005/06 the Board complied with the Public Sector Standards in Human Resource Management. The processes carried out in relation to the Standards were for Recruitment, Selection and Appointment, Secondment and Performance Management. There were no processes carried out in relation to the other Standards for Transfer, Redeployment, Termination, Discipline, Temporary Deployment and Grievance Resolution.

There were no claims for breach of standards in relation to the processes carried out.

## CORRUPTION PREVENTION

To prevent corruption and misconduct the Board maintains the Board Members' and Staff Code of Conduct; a gifts and benefits register; and the internet and email usage policy.

## ELECTORAL ACT 1907

The *Electoral Act 1907* regulates Parliamentary elections and requires all public agencies to report on its expenditure in relation to advertising agencies; market research organisations; polling organisations; direct mail organisations and media organisations. In accordance with section 175ZE of the *Electoral Act 1907*, the Board reports that it did not incur such expenditure in 2005/06.

## **PUBLIC INTEREST DISCLOSURE ACT 2003**

The *Public Interest Disclosure Act 2003*, which facilitates the disclosure of public interest information, requires:

- the designation of the occupant of a specified position as the person responsible for receiving disclosures of public interest information;
- the preparation and publication of internal procedures relating to the Board's obligations under this Act; and
- an obligation to report to the Commissioner for Public Sector Standards annually on the:
  - number of disclosures made to the public authority under the Act;
  - outcome of investigations conducted as a result of disclosures; and
  - action taken as a result of the investigation, and other matters prescribed.

The Board continues to meet all requirements under the *Public Interest Disclosure Act 2003* and reports that no disclosures were received in 2005/06.

## **STATE RECORDS ACT 2000**

The Board's recordkeeping plan, which was approved for a period of five years by the State Records Commission on 22 April 2004, has been established throughout the organisation, and forms part of the induction for new staff. The Board will evaluate the efficiency and effectiveness of its recordkeeping system not less than once every five years, and its recordkeeping training program from time to time.

As part of its review of records management procedures, the Board had envisaged to develop a records management procedure manual in 2005/06. However, in view of the pending amalgamation with DOCEP, the Board did not allocate the necessary resources to progress the manual but determined to await the amalgamation into DOCEP. Upon amalgamation, the Board will adopt all of DOCEP's existing policies and procedures, including those relating to records management.

The Board anticipates receiving advice as to the timing of the amalgamation in early 2006/07, upon which it will reconsider its allocation of resources towards records management.

## **OMBUDSMAN**

The State Ombudsman has the jurisdiction to investigate complaints that are made in relation to administrative actions or omissions by the Board or the Tribunal.

Three complaints were received and investigated by the State Ombudsman during the reporting period.

## **MINISTERIAL DIRECTIONS**

Section 23C of the BR Act provides certain circumstances in which the Minister may give directions to the Board. Any direction given shall be included in the Annual Report. There were no such directions given during the reporting period.

## **OCCUPATIONAL HEALTH AND SAFETY**

The Board and its staff continued to maintain a safe working environment during 2005/06. The Board has elected two Occupational Health and Safety Officers during the reporting period. They will undertake advanced training in 2006/07 to build on their existing skills and knowledge.

## **DISABILITY SERVICES**

The Board continues to work within the constraints of the present accommodation at 18 Harvest Terrace, West Perth. A reception area is located on the ground floor, as are the Tribunal hearing rooms, and temporary parking can be provided directly in front of the building to enable wheelchair access.

A General Enquiries Officer is available to answer questions and provide information via the telephone. Pamphlets and other written material are provided on request. A range of consumer and industry specific information is available on the Board's website.

## **RECYCLING**

The Board actively encourages all staff to recycle paper and other material. Paper collection bins have been strategically located throughout the building. A local contractor from the City of Perth provides a free service for most of the organisation's recycling needs.

## **FREEDOM OF INFORMATION**

**FOI/1**

In 2005/06 the Board complied with the *Freedom of Information Act 1992* (FOI Act). Persons seeking information held by the Board were provided with guidance regarding the application process. Board staff will ensure that information is provided promptly and at the least possible cost to all persons so entitled.

Those seeking information that is not routinely available are advised of the provisions of the FOI Act, the application process, and all associated costs. Applications are acknowledged in writing and the parties are notified of a decision within 45 days. Further FOI information is attached at Appendix B.

Applications and enquiries are directed to:  
 The Senior Legal Officer  
 Builders' Registration Board of WA  
 Suite 10, 18 Harvest Terrace  
 WEST PERTH WA 6005  
 Tel: (08) 9476 1200; Fax (08) 9476 1299

## Charges

FOI/7a

The Board's scale of fees and charges for eligible information is set under the FOI Regulations. Apart from the application fee for non-personal information, charges are discretionary and are as follows:

Personal information about the applicant	No fee
Application fee (for non personal information)	\$30.00
Charge for time dealing with the application (hour/pro rata)	\$30.00
Access time supervised by staff (per hour, or pro rata)	\$30.00
Photocopying staff time (per hour, or pro rata)	\$30.00
Per photocopy	.20
Transcribing from tape, film or computer	Actual Cost
Duplicating a tape, film or computer information	Actual Cost
Delivery, packaging and postage	Actual Cost

*Note: For financially disadvantaged applicants or those issued with prescribed pensioner concession cards, the charge payable is reduced by 25%.*

## Deposits

Advance deposits may be required based on the estimated charges (25% of cost) and further advance deposit may be required to meet the charges for dealing with the application (75% of cost).

## Access Arrangements

FOI/8

Access to documents is granted through inspection, by providing a copy of a document, an audio or video tape, computer disk, transcript of a recorded hearing, shorthand or an encoded document from which words can be reproduced. Where the tape is of a hearing or inquiry, a transcription only is provided.

## Viewing Documents

Documents are available to be viewed at the Board's office during business hours, with a fee charged for the supervised viewing of non-personal documents.

---

**Notice of Decision**

FOI/7a

As soon as possible, but no later than 45 days after the application is received, the applicant is provided with a notice of decision, which includes the following details:

- the date when the decision was made;
- the name and position of the officer who made the decision;
- if the document was an exempt document, the reasons for classifying the matter exempt; or the fact that access was given to an edited document; and
- information on the right to review, and the procedures to be followed.

**Refusal of Access**

Applicants who are dissatisfied with a decision of the Board's officer are entitled to ask for an internal review by the Registrar. Applications have to be received in writing within 30 days of receiving the notice of decision.

All applicants are notified of the outcome of the review within 15 days.

Applicants who disagree with the result can also apply to the Information Commissioner for an external review, the details of which will be passed on to applicants when the internal review decision is issued.

**Freedom of Information Applications Received in 2005/06**

The Board received one FOI application in 2005/06, which is pending.

**Client Information**

FOI/7a

The Board has a number of publications that can be accessed. These include:

- Prescribed forms used to apply for:
  - Registration as a builder
  - Owner-builder applications
  - FOI requests
- The Board's publications, such as the newsletter 'Building WA' and the Annual Report.
- Pamphlets (at no charge) including:
  - So You Want to be a Builder
  - Thinking of Building Your Own Home
  - Resolving Building Disputes
  - Site Investigations Before Buying a Block of Land
  - *The Home Building Contracts Act: A guide for those undertaking home building and associated work for others*
- Internal documents available on written request include:
  - Policy statements
  - Minutes of Board meetings (in an edited form)

- Reasons for Decision (Board and Tribunal matters).
- The Board's Rulings Manual
- Information including policies, application forms, reports and the register of builders can be downloaded from the Board's internet site at [www.builders.wa.gov.au](http://www.builders.wa.gov.au)

The Board will be launching a new website in 2006/07, which will provide a greater source of information.

# REGISTRATIONS

## THE REGISTER OF BUILDERS

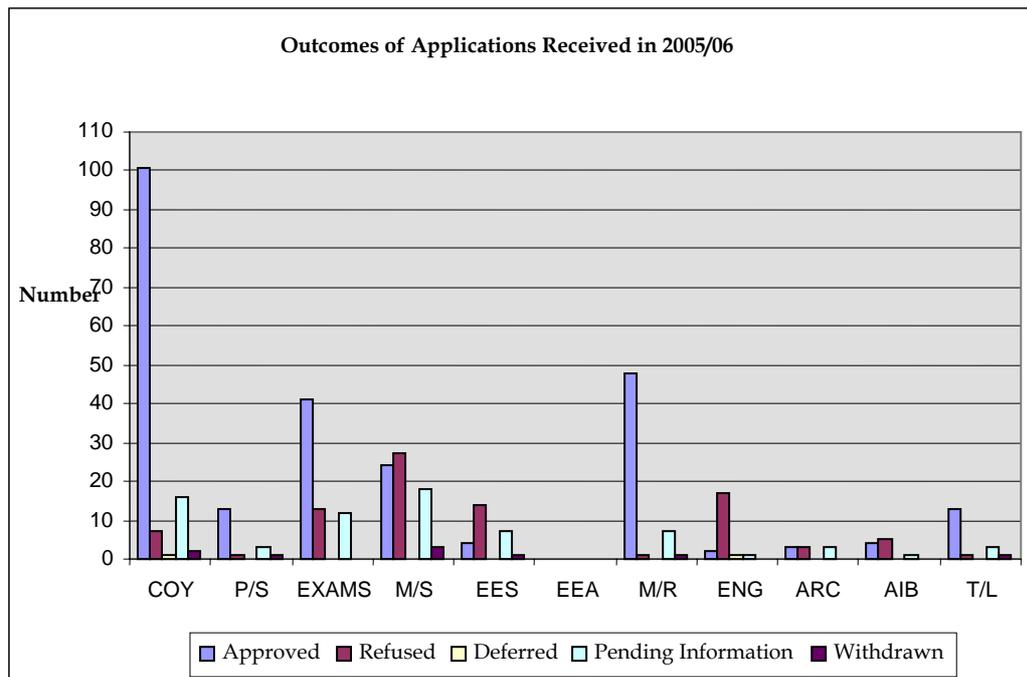
FOI/7A

Section 8(1)(b) of the BR Act requires the Board to compile and keep a register of builders containing the names, addresses and qualifications of builders admitted to the register. The register is open for inspection by any person without fee during the Board's ordinary hours of business, is available for purchase in a printed format, and is available for downloading on the Board's internet site.

At 30 June 2006, there were 5570 builders registered with the Board, comprising 3964 individuals, 1253 companies and 353 partnerships.

## APPLICATIONS FOR REGISTRATION

In 2005/06 the Board received 424 applications for registration. Of those, 253 were approved, 89 were refused, 2 were deferred by the Board, 71 are awaiting referral to the Board pending additional information, and 9 were withdrawn by the applicant.



### LEGEND

Company	COY	Mutual Recognition	M/R
Partnership	P/S	Engineer	ENG
Examinations	EXAMS	Architect	ARC
Manager or Supervisor	M/S	Australian Institute of Building	AIB
Experience Elsewhere than the State	EES	Temporary Licence	T/L
Experience Elsewhere than the area of the Act	EEA		

---

## **APPLICATIONS FOR TERMINATION OF SUSPENSION OR REINSTATEMENT OF CANCELLED REGISTRATION**

Section 13(2) of the BR Act enabled the Board to annul the cancellation or suspension of a registration until January 2005, following which that power transferred to the SAT. However towards the end of 2005 the SAT determined that it only had the power to annul the cancellation of a registration where it had made the decision to cancel or suspend the registration in the first instance.

The Board has subsequently retained this power where the decision to cancel or suspend the registration was made by the Board.

In 2005/06 the Board received 8 applications for the annulment of cancelled or suspended registration. Of these 3 were annulled unconditionally, 3 were annulled with conditions, 1 was adjourned and 1 is pending.

The SAT received 3 applications, of which 2 were annulled and 1 had the annulment conditions amended.

## **RIGHT OF REVIEW OF A BOARD DECISION**

Until 1 January 2005, a person who was aggrieved by a decision of the Board to refuse, cancel or suspend their registration; or for granting registration on a condition or conditions, could appeal to the District Court. Since 1 January 2005, a person may apply to the SAT for a review of the decision under section 14 of the BR Act.

In 2005/06 there were 4 appeals lodged in the District Court against disciplinary decisions of the Board made under section 13 of the BR Act. All of these matters are pending.

One action was commenced in the Supreme Court of Western Australia for declaratory relief. This action is also pending.

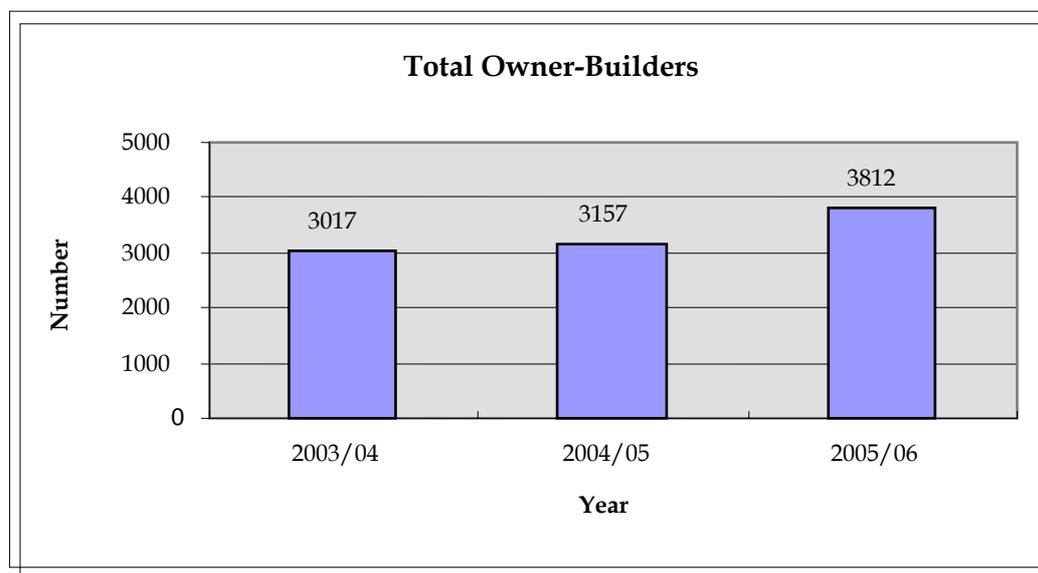
The SAT received 21 applications for the review of decisions made by the Board to refuse registration, or grant registration with conditions. Outcomes of these applications are as follows:

- 2 were granted
- 1 was granted without a condition
- 2 were withdrawn
- 3 were dismissed
- 13 are pending

## OWNER-BUILDERS

Section 4(1)(A)(a) and 4(1)(A)(aa) of the BR Act combine to make it lawful for a person who is not registered under the BR Act to construct for their self a dwelling house or a building comprising two dwellings on ground level (commonly referred to as a duplex). Such a person is known as an "owner-builder", although that term is not used in the BR Act.

In 2005/06 the Board processed 3812 owner-builder statutory declarations. This represents an increase of 20.7% from the previous reporting period, a steady increase from 3157 reported in 2004/05; and 3017 reported in 2003/04.

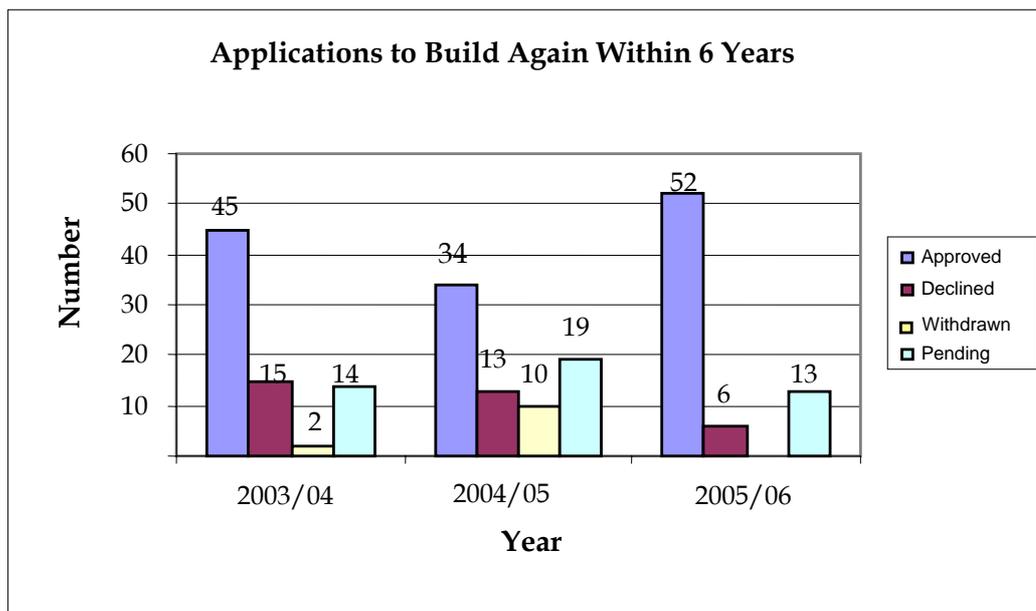
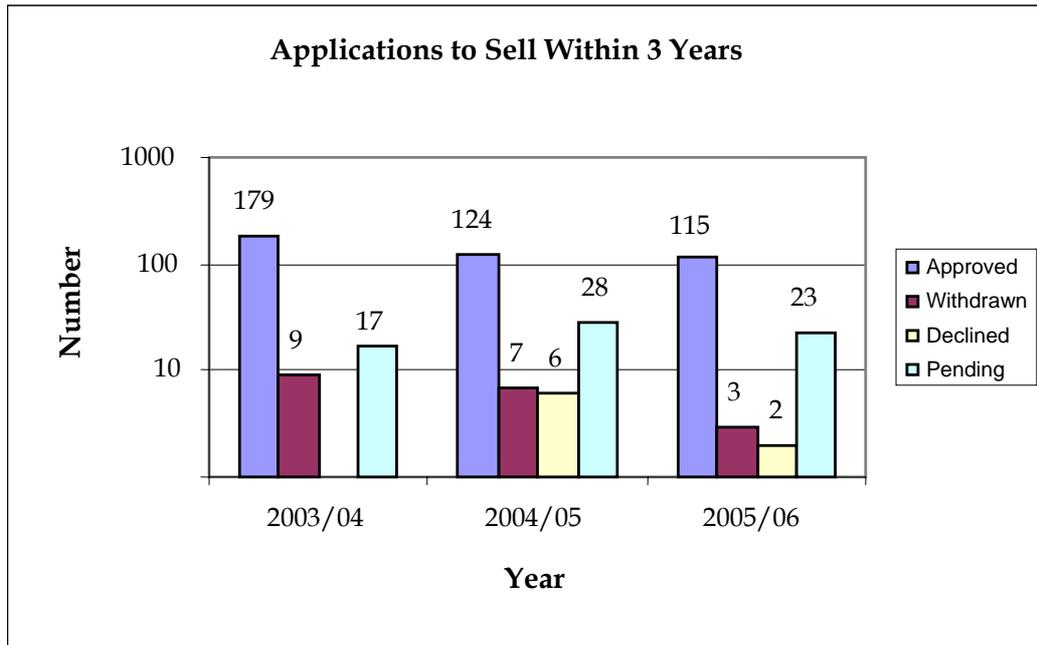


The restrictions imposed on owner-builders by the BR Act are:

- the land on which the building is constructed shall not be sold or otherwise disposed of within three years of the date of when the building licence was issued; and
- the person applying for the building licence must furnish the Board with a Statutory Declaration verifying that no other building licence has been obtained from any local authority within the preceding six years.

Subject to section 4A of the BR Act, the Minister or the Minister's delegate may, on receipt of a written application, give consent to vary either of these restrictions.

Applications by owner-builders under section 4A of the BR Act in 2005/06 resulted in the following decisions:



---

# COMPLIANCE

## INVESTIGATIONS, PROSECUTIONS AND REFERRALS TO THE SAT

The Board performs its investigative role by conducting investigations into builders, and may refer matters to the SAT in cases which may warrant the suspension or cancellation of a builder's registration. In addition, the Registrar may initiate prosecution action through the courts in accordance with the Board's prosecution policy.

In 2005/06 Board staff conducted 378 interviews to assist with investigations, issued 345 infringement notices, undertook 11 proactive audits, and completed 122 investigations.

Compliance audits, which are undertaken to help maintain community confidence in the building industry and to reduce the number and cost of complaints for builders and owners, were resumed in May 2006. Of the 11 builders audited, one was found to be fully compliant with the legislation and 10 had minor breaches identified. One builder will undergo a follow-up audit.

In 2005/06 Compliance Officers visited a number of country towns in the mid-west, great southern and goldfields areas. In addition, targeted industry campaigns aimed at addressing issue of particular relevance to regional consumers were undertaken, including an increased focus on residential project builders in the greater Bunbury, Mandurah and Rockingham areas.

### Investigations

In 2005/06 the Board completed 128 investigations. Of these, 12 were referred to the SAT, 39 were prosecuted, and the remainder were discontinued in accordance with the Board's prosecution policy, with no further action being taken for reasons such as:

- formal warning issued
- out of time to prosecute
- insufficient evidence
- charges withdrawn
- unable to locate defendant

At 30 June 2006, there were 154 active investigations and 199 matters awaiting investigation.

<b>Investigations Undertaken</b>		
<b>No.</b>	<b>Nature *</b>	
6		No breach identified
16	BR Act 4	Prohibition against unregistered persons carrying on business
1	BR Act 9AA	Failure to notify Board of change of address
2	BR Act 10(4)	Incorrect or no builders sign on building site
6	BR Act 12A(4)	Failure to fulfil the Tribunal order to remedy/ pay
6	BR Act 13(1)(ba)	Insufficient material and financial resources
16	BR Act 13(1)(c)	Negligence and incompetence and/or convicted of a BR Act offence
8	BR Act 13(1)(ca)	Inadequate management and supervision
10	BR Act 13(1)(d)	Fraudulent conduct
14	BR Act 13(1)(da)	Misleading conduct
1	BR Act 13(1)(db)	Failure to comply with an order of the Tribunal
2	BR Act 16	Disobedience of order of Board or breach of regulations
31	HBC Act 4	Contracts and statutory notice
1	HBC Act 7(3)	Variation of contract
3	HBC Act 10	Deposits and progress payments
1	HBC Act 14	Cost plus contracts
1	HBC Act 25C	No Home Indemnity Insurance supplied by builder
2	HBC Act 25F	No Home Indemnity Insurance supplied by owner-builder

\* *Primary allegation*

<b>Investigations In Progress</b>		
<b>No.</b>	<b>Nature*</b>	
41	BR Act 4	Prohibition against unregistered persons carrying on business
1	BR Act 10(4)	Incorrect or no builders sign on building site
6	BR Act 12A(4)	Failure to fulfil a Tribunal order to remedy/ pay
1	BR Act 13(1)(a)	Registration obtained by fraud or misrepresentation
1	BR Act 13(1)(b)	Builder convicted of crime or misdemeanour not under BR Act or HBC Act
3	BR Act 13(1)(ba)	Insufficient material and financial resources
33	BR Act 13(1)(c)	Negligence and incompetence and/or convicted of BR Act offence
4	BR Act 13(1)(ca)	Inadequate management and supervision
15	BR Act 13(1)(d)	Fraudulent conduct
11	BR Act 13(1)(da)	Misleading conduct
2	BR Act 16(1)	Disobedience of order of Board or breach of regulations
27	HBC Act 4	Contracts and statutory notice
4	HBC Act 10	Deposits and progress payments
4	HBC Act 25	No Home Indemnity Insurance
1	HBC Act 28(3)	Contracting out to evade the HBC Act

\* *Primary allegation being investigated*

## Board Referrals to the SAT

Of the 12 matters referred by the Board to the SAT in 2005/06 for disciplinary action under section 12D of the BR Act, one was cancelled, 3 were fined, 1 was withdrawn and 7 are pending. Details are set out in the following table.

<b>Matters Referred to SAT</b>		
<i>Month Lodged</i>	<i>Section of BR Act</i>	<i>Result</i>
March 2006	12D	pending
May 2006	12D	pending
March 2006	12D	fined \$2000
May 2006	12D	cancelled
May 2006	12D	pending
April 2006	12D	fined \$2000. Cancellation annulled on condition of completion of Diploma of Builders' Registration Course
July 2005	12D	fined \$3000 and part of costs of \$1000.
May 2006	12D	pending
May 2006	12D	pending
May 2006	12D	withdrawn
March 2006	12D	pending
May 2006	12D	pending

## Prosecutions

Section 21 of the BR Act and section 31 of the HBC Act authorise the Registrar of the Board to prosecute for offences carried out against those Acts. In 2005/06 the Board initiated 39 prosecutions for offences against the BR and HBC Acts, details of which are provided in Appendix D.

---

## EDUCATION AND AWARENESS

In 2005/06 the Board continued to promote the requirements of the *Builders Registration Act 1939* (the BR Act) and the *Home Building Contracts Act 1991* (the HBC Act), and create a greater understanding of the issues impacting on builders and consumers. The Board also developed strategies to increase awareness and expand promotional activities in regional areas.

### AWARENESS

Community and industry awareness relating to the Board's activities included presence in the media, participating at industry and consumer expos and providing guest speakers for industry meetings in metropolitan and regional areas of Western Australia.

- The Board placed advertisements in the West Australian and regional papers to inform consumers that building work valued over \$12,000 must be carried out by a Registered Builder.
- The Registrar was interviewed on radio and television, on topics such as dispute resolution and delays in construction.
- Board staff participated in the following industry/consumer exhibitions:
  - . Spring Home Show 2005
  - . Ideal Home Show 2006
  - . Master Builders Homestyle Show 2006
- The Board conducted seminars/forums and presented information to the following stakeholders:
  - . Builders' Licensing Australasia
  - . Housing Industry Association
  - . Master Builders' Association
  - . Local Government Building Surveyors
  - . Kitchen Designers Association
  - . Cabinet Makers Association of WA
  - . Real Estate Institute of WA
  - . Regional builders on 'Compliance Issues in the Industry'

The Board will continue with and expand on these activities in 2006/07. This will include:

- The launch of the Board's website
- The launch of the Tribunal's website
- Regular press releases raising awareness of the rights and responsibilities of builders and consumers.
- Targeted advertising utilizing the home improvement sections of metropolitan and regional newspapers and magazines.
- Metropolitan and Regional expos.
- Industry information sessions targeted at persons involved in smaller scale building work whom may not be aware of their obligations under the HBC Act.

## **SPONSORSHIPS AND AWARDS**

In 2005/06 the Board sponsored the following Awards:

- Central TAFE Award for Best Graduating Student in the Diploma of Builders' Registration.
- Master Builders Association Excellence in Building Practice Awards.
- Housing Industry Association Housing Excellence Awards.
- Australian Institute of Building Surveyors State Conference 2005.
- HomeBase Expo Owner-Builder Seminars.

The sponsorship of awards gives the Board an opportunity to raise further awareness of the BR and HBC Acts and Board will sponsor these events again during 2006/07 in support of 'Building Excellence'.

## **PUBLICATIONS**

The Board reviewed its existing publications in 2005/06 and also contributed to the following publications by other organisations:

- The Starting Point *The complete guide to building your home.*
- Newsletter of the Consumer Association of WA.
- Buying and Building Survival Guide, City of Wanneroo.

The Board produced a new brochure entitled "Home Building Contracts Act - A guide for those undertaking home building and associated work for others" to raise the awareness of persons performing smaller scale building work, such as sheds and patios, whom may be unaware of their obligations under the HBC Act.

Publications and pamphlets are available from the Board's office and can be downloaded from the website. They are also distributed to stakeholders via post and e-mail, made available at exhibitions, local government offices and the Small Business Development Corporation.

In 2006/07 the Board will focus on the launch and continuous development of its new website to give consumers and stakeholders a broad range of up-to-date and informative content.

## **DIPLOMA OF BUILDERS' REGISTRATION**

The Board's prescribed course, the Diploma of Builders' Registration, was reviewed in 2005/06 to align it with national competency standards and ensure it meets industry requirements. All units in the revised Diploma are now written in competency based format, with a view to being implemented by TAFE and other training providers by January 2007.

## **GENERAL ENQUIRIES**

The Board's General Enquiries Officer provided builders and consumers with telephone assistance during the period on an average of 400 calls per month. This is consistent with the previous reporting period.

The most frequent type of enquiry related to contractual dispute resolution and the process for lodging a complaint with the Tribunal. General enquiries are expected to become somewhat reduced, with the launch of the Tribunal's new website in early 2006/07.

# THE BUILDING DISPUTES TRIBUNAL

FOI/5

FOI/3

The Building Disputes Tribunal (the Tribunal) is established under Section 26 of the *Builders' Registration Act 1939* (the BR Act). Its jurisdiction is that conferred on it by section 12A of the BR Act and by the *Home Building Contracts Act 1991* (the HBC Act), which covers the entire State of Western Australia.

The role of the Tribunal is to provide a straightforward, inexpensive forum for adjudicating building disputes within its jurisdiction.

While the Builders' Registration Board (the Board) is required under section 34 of the BR Act to meet all expenditure necessary for the functioning of, and collecting any fees payable to the Tribunal, it is an independent quasi-judicial body separate from the Board.

## TRIBUNAL MEMBERS

FOI/4

The Chairperson and all Tribunal members are appointed by the Minister for Consumer Protection under Sections 27 and 28 of the BR Act, with their selection based on an ability to bring a broad range of skills and experience to the group and the ability to represent the interests of builders and consumers.

The Chairperson is Mr Mark Cuomo (who is also Chairperson of the Board) and was appointed in June 2006. The former Chairperson, Mr Paul Marsh, did not seek reappointment and stood down at the end of March 2006.

There are 10 Deputy Chairpersons who are also legal practitioners, 12 consumer representatives, 10 nominees from the Housing Industry Association and 10 nominees from the Master Builders Association.

## COMPLAINTS LODGED WITH THE TRIBUNAL

There were 888 complaints lodged with the Tribunal in 2005/06, consisting of the following:

<i>Category of Complaint</i>	<i>Number 2004/05</i>	<i>Number 2005/06</i>	<i>Percentage Change</i>
Workmanship	485	609	+25%
Contractual	155	140	-1%
Workmanship & Contractual	145	139	-4%
<b>TOTAL</b>	<b>785</b>	<b>888</b>	<b>+13%</b>

Total complaints received in 2005/06 increased by 13% from the previous period. Complaints rose from 577 in 2002/03; to 649 in 2003/04; to 785 in 2004/05. This represents a total growth in the number of complaints of 54% in 4 years, which can be attributed to the high level of building activity that has been experienced across the State. Indications are that this trend will continue well into the next reporting period.

The most common contractual issue in the last two reporting periods was a failure by the builder to comply with completion dates set out in the contract. The general response from builders was that the delays were caused by circumstances beyond their control resulting from difficulties in securing labour and materials.

The respondent to a Tribunal complaint may come from a number of sources, indicated by the following table.

<i>Respondent</i>	<i>2004/05</i>	<i>2005/06</i>
Registered Builders	617	719
Unregistered Persons	137	139
Owners	25	19
Owner-Builders	6	11
<b>TOTAL</b>	<b>785</b>	<b>888</b>

The type of work giving rise to complaints in 2005/06 is set out in the table below.

<i>Type of Building Work Complaints</i>	<i>Number 2004/05</i>	<i>Number 2005/06</i>
New Home	554	630
Additions	55	60
Commercial	5	1
Renovations/Trades	86	80
Landscaping	5	8
Patios & Pergolas	30	49
Swimming Pools & Spas	21	19
Other	29	41
<b>TOTAL</b>	<b>785</b>	<b>888</b>

## **ORDERS MADE BY THE TRIBUNAL**

**FOI/5**

Section 12A of the BR Act and section 17 of the HBC Act provide the Tribunal with the power to make Orders to Remedy, meaning that the builder must rectify faulty or unsatisfactory work, or Orders to Pay, which may be made against either the builder or the home owner, in relation to compensation or money owed under the contract from home building work. Under section 33A of the BR Act, the Tribunal may delegate its jurisdiction to the Registrar and Deputy Registrar where the amount of the order does not exceed \$5000.

The Tribunal made 703 orders in 2005/06. Of these, 411 matters were determined under delegation, details of all the orders made are provided in the following table.

	2004/05	2005/06
Orders to Remedy (Tribunal)	70	95
Orders to Remedy (under delegation)	386	403
Orders to Pay (Tribunal)	184	197
Orders to Pay (under delegation)	18	8
<b>TOTAL</b>	<b>658</b>	<b>703</b>

## VALUE OF THE ORDERS MADE BY THE TRIBUNAL

The values of the orders made by the Tribunal were as follows:

	2004/05 \$	2005/06 \$
Issued by Disputes Tribunal	1,301,951	1,200,752
Issued under Delegation	23,414	12,877
<b>Allocation</b>		
Owners to Pay Builder	174,913	222,597
Builders to Pay Owner	1,150,452	991,032

## REASONS FOR DECISION

FOI/7a

Pursuant to section 40 of the BR Act, within 14 days of the decision being made, a party to a dispute may request the Tribunal to provide written Reasons for Decision. In 2005/06 the Tribunal was requested to provide written Reasons for Decision in 80 matters, compared to 78 in 2004/05 and 52 in 2003/04.

## SITTINGS

FOI/5

In 2005/06 the Tribunal sat for 223 days and heard 716 matters. These included 145 preliminary/direction/jurisdiction hearings and 179 part-heard matters. Five matters were referred for mediation.

## FUNDING OF THE DISPUTES TRIBUNAL

As required under section 34 of the BR Act, the Board funds the Tribunal and provides staff and administrative support to assist it to carry out its day to day functions. In 2005/06, \$833,994 was spent on the dispute resolution process. The full cost, including inspections, was \$1,446,172. The Board did not impose any restriction on the operations of the Tribunal during the year.

## INCOME AND EXPENDITURE

The financial statement of the cost of managing the dispute resolution process is set out in the following table.

<b>INCOME</b>	<b>\$</b>
Supply of Transcription	12,592
Complaint Fees and Recoveries	18,687
<b>Total</b>	<b>31,279</b>
<b>EXPENDITURE</b>	
Disputes Tribunal Fees/ Superannuation/Reasons for Decision	530,417
Staff Salaries/Superannuation	268,024
Legal and Settlement Costs	7,638
Training	620
Office Support Costs	27,295
<b>Total</b>	<b>833,994</b>

## COMPLAINTS REFERRED FOR ASSESSMENT BY BOARD INSPECTORS

Under section 12B of the BR Act, the Registrar has the discretion to cause an inspection of building work. Building inspections are undertaken free of charge upon request of an owner or builder and are conducted by building inspectors employed by the Board, who also undertake assessments of workmanship complaints lodged with the Tribunal.

In 2005/06 Board inspectors undertook 632 inspections to prepare assessments in relation to complaints lodged with the Tribunal. This represents an increase of 2% from the previous reporting period. In addition, 20 inspections were conducted pursuant to section 12B of the BR Act.

The nature of complaint items assessed by Board inspectors, and comparisons with previous reporting periods are set out below:

## NATURE OF COMPLAINT ITEMS ASSESSED BY BOARD INSPECTORS

<i>Item</i>	<i>2003/04</i> (%)	<i>2004/05</i> (%)	<i>2005/06</i> (%)
Brickwork	7.7	7.8	7.96
Ceiling	6.5	7.3	7.65
Ceiling and roof frame	5.5	6.1	5.18
Concrete paving	2.9	3.9	3.39
Doors and windows	6.0	7.3	6.54
Earth footings	1.4	1.8	1.73
Fixing and joinery	7.8	6.9	6.97
Flashings	5.7	4.9	5.18
House site cleaning	1.6	1.6	1.48
Painting	7.3	8.3	7.22
Plumbing	6.5	5.9	6.79

<i>Item</i>	<i>2003/04</i> <i>(%)</i>	<i>2004/05</i> <i>(%)</i>	<i>2005/06</i> <i>(%)</i>
Roof cover	7.4	6.5	7.03
Slab floor	3.5	3.0	2.71
Solid plastering	9.5	8.4	9.19
Swimming pool	0.9	1.2	1.17
Termites	0.8	0.6	0.68
Timber floor	2.1	1.6	2.04
Wall and floor tiling	6.9	7.5	6.6
Wall frame	1.3	1.1	1.17
Water ingress and egress	8.7	8.3	9.32
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>

### RATIO OF COMPLAINTS TO BUILDING LICENCE APPLICATIONS

In 2005/06 the proportion of complaints lodged with the Tribunal to the number of building licences issued by local governments increased from the previous period. The figures in following table are based on the total number of building licence approvals, irrespective of value.

	<i>2003/04</i>	<i>2004/05</i>	<i>2005/06</i>
Licences *	23,604	21,072	21,755
Complaints	649	785	888
<b>Ratio</b>	<b>1:36</b>	<b>1:27</b>	<b>1:24</b>

*\*New dwellings, extensions and associated work (sourced from Australia Bureau of Statistics).*

---

## **CORPORATE PLAN**

The 2005/06 Corporate Plan (provided in Appendix E) specifies particular developments in the Board's performance and its functions.

The actions taken to achieve those developments are:

### **EDUCATION AND TRAINING**

Programs for the provision of information to building industry, consumers and associated stakeholder groups:

- Review of the Diploma of Builder's Registration.
- Continuous review and development of publications.
- Increased advertising and media presence.
- Developed website material for the Tribunal and the Board.
- Participation at industry and consumer exhibitions.
- Providing guest speakers for industry association meetings.
- Raising awareness of the Building Code of Australia through the Board's newsletter.

### **COMPLIANCE**

The Compliance section filled two vacant full-time positions for compliance officers.

During the 2005/06 period the Compliance section undertook the following:

- 11 proactive audits (since May 2006).
- 378 interviews to assist with investigations.
- 128 investigations into alleged offences against the BR and HBC Acts.
- 39 prosecutions for offences against the BR and HBC Acts.
- 345 infringement notices issued.

### **TECHNICAL SERVICES**

Two additional full-time building inspectors were employed to support the Tribunal in the provision of technical reports and advice on workmanship complaints.

### **BUILDING DISPUTES TRIBUNAL**

The Tribunal provided mediation in 5 cases.

Administrative support for the Tribunal:

- The retention and development of staff consisting of one disputes manager, three case officers and two support officers was continued, including the relocation of responsibilities of a clerical officer from the Technical Services section.
- The development of the computerised complaint files management system was continued.

---

# FINANCIAL REPORT

## FINANCIAL STATEMENTS

Section 23A of the *Builders' Registration Act 1939* (the BR Act) requires that the accounts and financial statements of the Board shall be audited at the expense of the Board by an auditor appointed by the Board with prior approval of the Minister.

Rix Levy Fowler was appointed and approved to audit the 2005/06 accounts.

Section 23B of the BR Act requires that the Board shall on or before 30 September in each year make and submit to the Minister an annual report of its proceedings for the preceding year ending on 30 June together with a copy of the financial statements and the auditor's report.

Section 23B (1a) of the BR Act requires that the annual report is to contain separate reports on the operations of the Board referred to in section 8B(4)(a) and (b). Financial Statements detailing the administrative functions of the Board and the management of dispute resolution procedures are appended to this report.

## BOARD STATEMENT ON ITS FINANCES

The financial outcome for 2005/6 is an operating deficit of \$176,422 against a Budget surplus of \$23,125. This result is a combination of higher income offset by higher expenditure. The continuing high level of building activity in the State has contributed to higher than expected revenue arising from a volume increase in annual registration fees and in owner builder fees. However, expenditure significantly increased in the areas of information technology, provision for long service leave, human resources consultants and a review of the Board's Efficiency and Effectiveness.

The increased operating expenditure in these areas for 2005/06 is not of a recurring nature and on this basis, the Board is confident that it will have financial resources to carry out its statutory functions in a systematic and orderly manner. The Board remains committed to applying its financial resources to the benefit of the West Australian community and building industry in its current role as an independent statutory authority.



.....  
Mark Cuomo  
CHAIRPERSON



.....  
Kim Fare  
ACTING REGISTRAR

**BUILDERS' REGISTRATION BOARD OF WESTERN AUSTRALIA**

**STATEMENT BY REGISTRAR  
FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

In the opinion of the Board's Acting Registrar, the financial report as set out on pages 35 to 45:

1. Presents fairly the financial position of the Builders' Registration Board of Western Australia as at 30 June 2006 and its performance for the 12 month period ended on that date in accordance with the accounting policies described in Note 1 to the Financial Statements.
2. The report has been properly prepared by a competent person.
3. a) The Board has kept such accounting records as to correctly record and explain the transactions and financial position of the Board.  
  
b) The Board has kept its accounting records in such a manner as would enable true and fair accounts of the Board to be prepared from time to time.

At the date of this statement, there are reasonable grounds to believe that the Board can meet its debts as and when they fall due.



Kim Fare  
ACTING REGISTRAR

Dated this 25<sup>th</sup> day of September 2006.



## **INDEPENDENT AUDIT REPORT TO THE MINISTER FOR CONSUMER PROTECTION FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

### **Scope**

We have audited the financial report, being a special purpose financial report comprising the Cash Flow Statement, Income Statement, Balance Sheet, and notes to and forming part of the Financial Report of the Builders' Registration Board of Western Australia for the financial year ended 30 June 2006. The Members of the Board are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of Section 23(1) of the Builders' Registration Act 1939 (as amended). We have conducted an independent audit of this financial report in order to express an opinion on it to the Minister. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for the purpose of fulfilling the requirements of the Builders' Registration Act 1939 (as amended). We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 so as to present a view which is consistent with our understanding of the Board's financial position, and performance as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

### **Independence**

We are independent of the Builders' Registration Board of Western Australia, and have met the independence requirements of Australian professional ethical pronouncements.

### **Audit Opinion**

In our opinion the financial report presents fairly in accordance with the requirements of section 23(1) of the Builders' Registration Act 1939 (as amended) and the accounting policies described in Note 1 to the financial statements, the financial position of Builders' Registration Board of Western Australia as at 30 June 2006 and the results of its operations for the year then ended.

**RIX LEVY FOWLER**  
Chartered Business Advisors

**RANKO MATIC**  
Partner

DATED at PERTH this 25<sup>th</sup> day of September 2006

**BUILDERS' REGISTRATION BOARD OF W.A.**

**INCOME STATEMENT  
FOR THE PERIOD 1 JUNE 2005 TO 30 JUNE 2006**

	Notes	12 months to 30 June 2006 \$	12 months to 30 June 2005 \$
<b>Income</b>			
Annual registration fees		2,095,474	1,890,444
Administration income	1 (e)	117,000	114,000
Application fees		100,834	93,384
Arrears and penalties		3,700	5,550
Building Disputes Tribunal recoveries		30,868	31,269
Building licence levy		2,548,411	2,210,463
Certificate fees		7,977	5,505
Interest on investments		87,217	87,945
Other income		69,387	23,582
Owner-builder levy		366,872	300,880
Profit on sale of motor vehicles		2,260	2,494
Prosecutions recoveries – Board		72,615	53,601
Prosecutions recoveries – Court		39,851	102,638
Publication and photocopy sale		0	315
Rent received		0	3,985
Secretarial support recoupment		95,143	75,647
		-----	-----
<b>Total Income</b>		<b>5,637,609</b>	<b>5,001,702</b>
		-----	-----
<b>Expenditure</b>			
Advertising/Promotions		20,784	22,681
Annual leave		(8,849)	(17,130)
Annual award and examination expenses		43,346	32,150
Audit expenses		6,950	7,065
Bank charges		16,607	15,765
Board members' fees		226,407	221,680
Building Disputes Tribunal fees		588,649	514,153
Building licence levies-collection costs		391,258	373,523
Computer expenses		177,083	63,537

The accompanying notes form part of this financial report.

**BUILDERS' REGISTRATION BOARD OF W.A.**

**INCOME STATEMENT  
FOR THE PERIOD 1 JUNE 2005 TO 30 JUNE 2006**

	Notes	12 months to 30 June 2006 \$	12 months to 30 June 2005 \$
<b>Expenditure (cont...)</b>			
Consultants' fees		84,063	18,882
Consultant inspectors		182,458	110,413
Depreciation		266,453	217,956
Doubtful debts		24,675	75,469
Education and training expenses		10,395	12,563
Fringe benefits tax		47,154	19,711
Insurance premiums		31,733	38,045
Legal expenses		14,725	30,191
Long service leave		65,552	9,457
Motor vehicle expenses		49,298	42,714
General / Office expenses		102,942	118,914
Payroll tax		121,597	103,574
Photocopier expenses		65,856	54,867
Postage and courier charges		35,938	37,243
Printing and stationery		49,870	46,668
Rates, cleaning and electricity		87,821	81,345
Repairs and maintenance		2,869	4,214
Salaries		2,575,380	2,050,945
Social business expenses		14,959	6,429
Staff training expenses		30,795	20,028
Subscriptions		11,805	10,220
Superannuation contributions		419,849	430,413
Telephone		40,583	43,590
Travelling and accommodation		15,026	16,664
		-----	-----
<b>Total Expenditure</b>		<b>5,814,031</b>	<b>4,833,939</b>
		-----	-----
<b>Operating Surplus/ (Deficit)</b>	5	<b>(176,422)</b>	<b>167,763</b>
		=====	=====

The accompanying notes form part of this financial report.

**BUILDERS' REGISTRATION BOARD OF W.A.**

**BALANCE SHEET  
AS AT 30 JUNE 2006**

	Notes	30 June 2006 \$	30 June 2005 \$
<b>Current assets</b>			
Cash	7a	2,096,263	1,905,708
Receivables	2	515,369	549,823
Prepayments		0	362
		-----	-----
<b>Total current assets</b>		<b>2,611,632</b>	<b>2,455,893</b>
		-----	-----
<b>Non-current assets</b>			
Property, plant & equipment	3	2,917,625	3,024,473
		-----	-----
<b>Total non-current assets</b>		<b>2,917,625</b>	<b>3,024,473</b>
		-----	-----
<b>TOTAL ASSETS</b>		<b>5,529,257</b>	<b>5,480,366</b>
		=====	=====
<b>Current liabilities</b>			
Payables		180,695	72,517
Income in advance		1,037,145	955,123
Accrued expenses		187,583	241,036
Provision for employee entitlements	4	429,609	352,055
Provision for superannuation 2001/2004		17,372	5,838
		-----	-----
<b>Total current liabilities</b>		<b>1,852,404</b>	<b>1,626,569</b>
		-----	-----
<b>TOTAL LIABILITIES</b>		<b>1,852,404</b>	<b>1,626,569</b>
		=====	=====
<b>NET ASSETS</b>		<b>3,676,853</b>	<b>3,853,797</b>
		=====	=====
<b>BOARD FUNDS &amp; RESERVES</b>			
Accumulated funds	5	2,411,801	2,588,745
Asset revaluation reserve	6	1,265,052	1,265,052
		-----	-----
<b>TOTAL BOARD FUNDS &amp; RESERVES</b>		<b>3,676,853</b>	<b>3,853,797</b>
		=====	=====

The accompanying notes form part of this financial report.

**BUILDERS' REGISTRATION BOARD OF WA**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

	Notes	12 months to 30 June 2006	12 months to 30 June 2005
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from Registered Builders		2,103,999	1,916,274
Building licence and owner-builder levies		2,604,579	2,083,761
Payments to suppliers and employees		(4,995,413)	(4,399,644)
Receipts of administration fee income		117,000	114,000
Interest received		87,217	87,945
Prosecution/Inquiry monies received		92,247	149,227
Other receipts		340,342	194,477
		-----	-----
<b>Net cash flow provided by operating activities</b>	7 (b)	<b>349,972</b>	<b>146,040</b>
		-----	-----
<b>Cash flows from investing activities</b>			
Net Payments on purchase of plant and equipment		(159,417)	(468,706)
		-----	-----
<b>Net cash used in investing activities</b>		<b>(159,417)</b>	<b>(468,706)</b>
		-----	-----
Net increase/(decrease) in cash held		190,555	(322,666)
Cash at the beginning of the financial year		1,905,708	2,228,374
		-----	-----
Cash at the end of the financial year	7 (a)	<b>2,096,263</b>	<b>1,905,708</b>
		-----	-----

The accompanying notes form part of this financial report.

## **BUILDERS' REGISTRATION BOARD OF WESTERN AUSTRALIA**

### **NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

#### **NOTE 1 ACCOUNTING METHODS AND POLICIES**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Board under the Builders' Registration Act 1939 (as amended). The Members of the Board have determined that the Board is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Builders Registration Act 1939 (as amended) and the following Australian Accounting Standards:

- AASB 101: Presentation of Financial Statements
- AASB 107: Cash Flow Statements
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110: Events after the Balance Sheet Date
- AASB 1031: Materiality

No other Australian Accounting Standards, Urgent Issues Group Interpretation or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take account of changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which, unless otherwise stated, are consistent with the previous year, have been adopted in the preparation of this financial report:

The Board has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the Board's accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. There were no AIFRS adjustments made to the opening balances.

**BUILDERS' REGISTRATION BOARD OF WESTERN AUSTRALIA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

(a) Depreciation

Depreciation is calculated on the diminishing value basis in order to write the assets off over their useful economic life. The rates of depreciation used for each class of assets are:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Premises	5%
Office furniture, fittings and equipment	15%-20%
Office refurbishment	15%
Motor vehicles	20%

(b) Revaluation of non-current assets

Land and buildings are revalued at three yearly intervals. Independent assessments are obtained of the fair market value of land and buildings based on existing use and such assessments are used as a guide when revaluations are made. Revaluation increments are credited directly to the asset revaluation reserve.

(c) Income tax

No provision for income tax is necessary as the organisation is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) Employee Entitlements

A liability for annual and long service leave is recognised in respect of services provided up to balance date. No material liability exists for personal (sick) leave.

(e) Administration income

Administration income relates to recouped charges from the Painters' Registration Board for the use of premises, staff and equipment provided and financed by the Builders' Registration Board of WA, and consists of the following:

	\$
Accommodation	14,500
Consultants	2,800
Vehicles and travel	1,800
Office equipment	2,800
Office expenses	11,500
Salaries	66,000
Superannuation	14,300
Training	3,300
	-----
	<b>117,000</b>

**BUILDERS' REGISTRATION BOARD OF WESTERN AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

**NOTE 2      RECEIVABLES**

	<b>30 June 2006</b>	<b>30 June 2005</b>
	<b>\$</b>	<b>\$</b>
Registration fees	4,443	17,968
Prosecutions/Inquiries	207,916	168,797
Infringements	4,348	9,973
Building licence levy	288,248	383,500
Other	109,030	43,069
	-----	-----
	613,985	623,307
Less: Provision for doubtful debts	(136,055)	(116,380)
	-----	-----
	477,930	506,927
Net GST refundable	37,439	42,896
	-----	-----
	<b><u>515,369</u></b>	<b><u>549,823</u></b>

**BUILDERS' REGISTRATION BOARD OF WESTERN AUSTRALIA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

**NOTE 3      PROPERTY, PLANT & EQUIPMENT**

	<b>30 June 2006</b>	<b>30 June 2005</b>
	\$	\$
Premises at independent valuation	2,330,000	2,330,000
Less: Accumulated depreciation	(116,500)	(0)
	-----	-----
	<b>2,213,500</b>	<b>2,330,000</b>
	-----	-----
Office furniture, fittings and equipment –	682,217	497,517
Less: Accumulated depreciation	(282,319)	(206,185)
	-----	-----
	<b>399,898</b>	<b>291,332</b>
	-----	-----
Office refurbishment – Cost	515,024	463,664
Less: Accumulated depreciation	(343,139)	(319,010)
	-----	-----
	<b>171,885</b>	<b>144,654</b>
	-----	-----
Motor vehicles – Cost	170,981	310,737
Less: Accumulated depreciation	(38,639)	(52,250)
	-----	-----
	<b>132,342</b>	<b>258,487</b>
	-----	-----
<b>Total property, plant and equipment</b>	-----	-----
	<b>2,917,625</b>	<b>3,024,473</b>
	-----	-----

Licensed valuers performed the independent valuation of the premises as at 12 August 2005 using a direct comparison method, which analysed the best available market evidence on a rate per square metre of strata building area.

---

**BUILDERS' REGISTRATION BOARD OF WESTERN AUSTRALIA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

**NOTE 4 PROVISION FOR EMPLOYEE ENTITLEMENTS**

	<b>30 June 2006</b>	<b>30 June 2005</b>
	\$	\$
Annual leave	167,207	176,056
Long service leave	262,402	175,999
	-----	-----
	<b>429,609</b>	<b>352,055</b>
	-----	-----

**NOTE 5 ACCUMULATED FUNDS**

	<b>30 June 2006</b>	<b>30 June 2005</b>
	\$	\$
Balance at the beginning of the period	2,588,223	2,420,460
Operating surplus (deficit) for the period	(176,422)	167,763
	-----	-----
<b>Balance at the end of the period</b>	<b>2,411,801</b>	<b>2,588,223</b>
	-----	-----

**BUILDERS' REGISTRATION BOARD OF WESTERN AUSTRALIA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

**NOTE 6 ASSET REVALUATION RESERVE**

	<b>30 June 2006</b>	<b>30 June 2005</b>
	\$	\$
Balance at the beginning of the period	1,265,052	602,474
Movement for the period	0	662,578
	-----	-----
<b>Balance at the end of the period</b>	<b>1,265,052</b>	<b>1,265,052</b>
	-----	-----

**NOTE 7 NOTES TO THE STATEMENT OF CASH FLOWS**

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts, and short term money market balances. Cash at the end of the financial year is reconciled to the related items in the balance sheet as follows:

	<b>30 June 2006</b>	<b>30 June 2005</b>
	\$	\$
Cash on hand	1,650	1,100
Cash at bank	2,094,613	1,904,608
	-----	-----
	<b>2,096,263</b>	<b>1,905,708</b>
	-----	-----

**BUILDERS' REGISTRATION BOARD OF WESTERN AUSTRALIA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006**

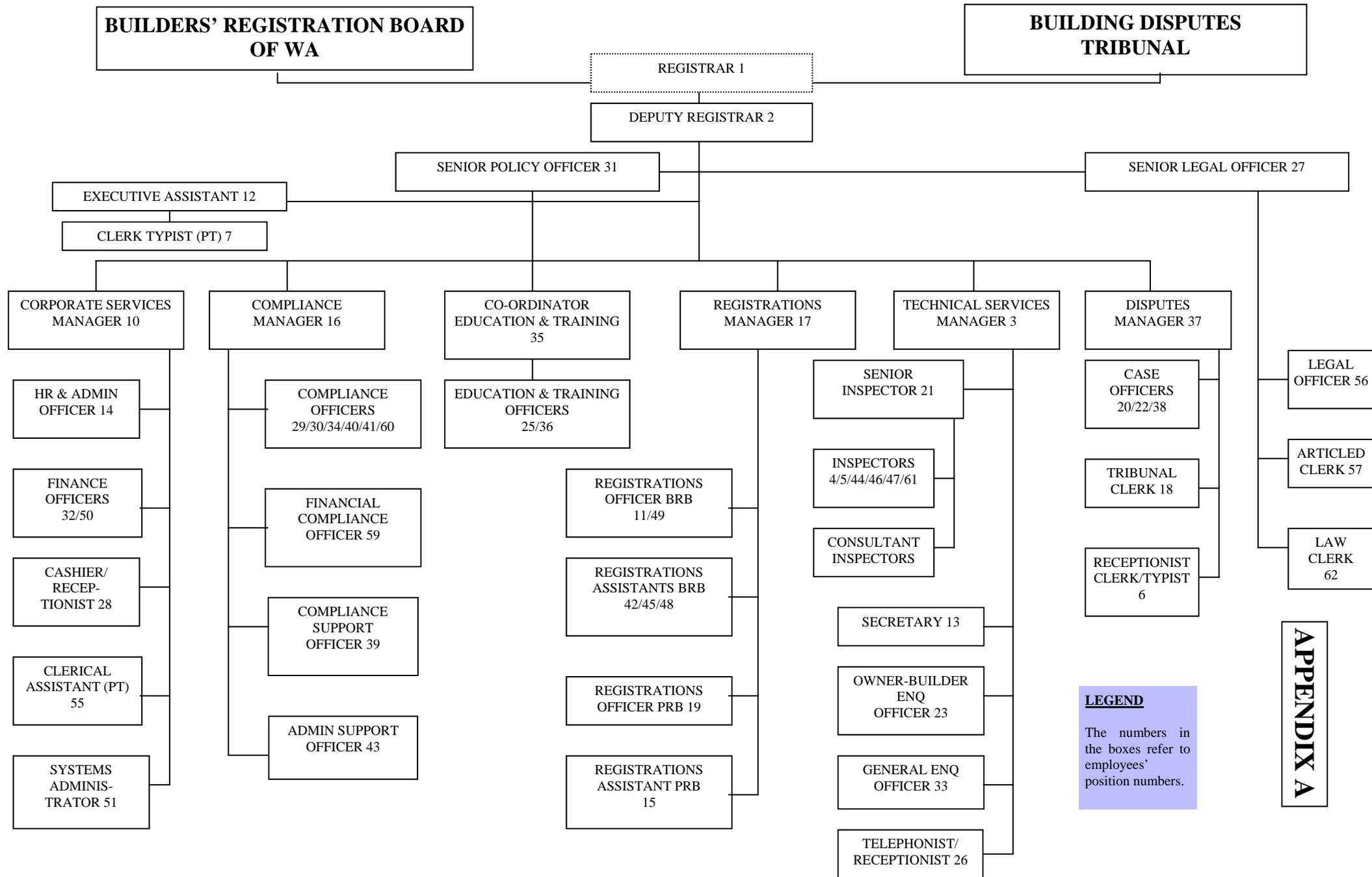
(b) Reconciliation of net cash flow from operating activities to operating surplus

	<b>30 June 2006</b>	<b>30 June 2005</b>
	<b>\$</b>	<b>\$</b>
Operating surplus (deficit) for the period	(176,422)	167,763
Non cash flows in operating surplus:		
- profit on sale of motor vehicle	(2,260)	(2,494)
- depreciation	266,453	217,956
- doubtful debts	19,675	40,469
Net movement in assets and liabilities:		
- decrease in receivables	35,629	(181,673)
- decrease in prepayments	363	(363)
- increase in undeposited funds	5,557	0
- increase in sundry creditors	104,170	(131,710)
- (decrease) in accrued expenses	(53,453)	126,488
- increase in income in advance	82,022	52,239
- increase in provision for employee entitlements	56,704	(7,673)
- increase in provision for superannuation for Board and BDT members	11,534	(134,962)
<b>Net cash provided by operating activities</b>	<b>----- 349,972 -----</b>	<b>----- 146,040 -----</b>

**NOTE 8 BUILDING DISPUTES TRIBUNAL – TRUST ACCOUNTS**

Trust Account deposits are held on behalf of disputing parties in relation to building disputes. These monies are held in a separate trust account and do not reflect as part of the Board's Financial Statements. These accounts have also been audited.

# ORGANISATION STRUCTURE



**LEGEND**  
The numbers in the boxes refer to employees' position numbers.

**APPENDIX A**

## APPENDIX B

INFORMATION STATEMENT: FREEDOM OF INFORMATION INDEX		
	Page/s	FOI
Index	12	FOI/1
Mission and Objectives	7,	FOI/2
Legislation administered	7, 27	FOI/3
Organisational structure	27	FOI/4
Decision making process	7, 27, 29	FOI/5
Public participation in the formulation of policy and performance of the Board's functions through consumer and industry representatives	8	FOI/6
Documents held No charge - available outside FOI For purchase	12, 13, 17, 29	FOI/7a
Operation of FOI: How applications are dealt with	13	FOI/8

## APPENDIX C

### INELIGIBLE PERSONS

Until 1 January 2005, the Board could declare a person ineligible upon making an adverse finding against them. Where a diverse finding is made against a company or partnership after an inquiry is held under section 13 of the BR Act, the Board may also declare a person who is a director in a company, or otherwise involved in the management of the entity to be an 'ineligible person' for a period not exceeding three years [section 13(1ba)].

The Board's role has changed to investigate and refer these matters to the SAT for ineligibility.

The consequences of being declared an ineligible person under section 13 of the BR Act are as follows:

1. If the ineligible person is involved in the management of any partnership, company, or body corporate that is registered as a builder, or becomes involved, that builder may be cancelled or suspended under section 13(1)(g) of the Act.
2. If a person who is ineligible applies to the Board for registration as a builder, the Board is entitled to refuse to register that person [sections 9A, 10(2b)].
3. A partnership, company or body corporate applying to the Board for registration as a builder may be required by the Board to satisfy it that no person who is a partner, director, member of the board of management, or otherwise involved in the management of the application is an ineligible person, and the Board may refuse to register the applicant if it is not satisfied [section 10(2c)].

No persons were declared ineligible in 2005/06.

<b>PERSONS DECLARED INELIGIBLE FOR THE PURPOSE OF SECTION 9A &amp; 10 OF THE BUILDERS' REGISTRATION ACT</b>			
<b>Name</b>	<b>Address</b>	<b>Date Declared Ineligible</b>	<b>Period of Ineligibility</b>
Giles Anthony Harden-Jones	P O Box 442 NEDLANDS	14/04/2003	3 years as of 14/04/2003
Fernando Giaimo	6 The Quarterdeck BALLAJURA	04/06/2003	3 years as of 04/06/2003
Colin Archibald McGill	P O Box 1323 BIBRA LAKE	23/06/2004	3 years as of 23/06/2004

## APPENDIX D

### PROSECUTIONS

The Board undertook the following prosecutions for offences under the *Home Building Contracts Act 1991* (HBC Act) and the *Builders' Registration Act 1939* (BR Act) during 2005/06.

Name	ACT	Section	Comment	Fine	Costs
Enviro Vision Pty Ltd	BR Act	4(1)(A)(b)	guilty	\$1000	\$118.23
Enviro Vision Pty Ltd	HBC Act	10(1)(a)(i)	guilty	\$1000	\$118.23
Enviro Vision Pty Ltd	HBC Act	4(4)	guilty	\$200	\$118.23
Foster, R	HBC Act	25F(1)(a)	guilty	\$500	\$235.80
Foster, L	HBC Act	25F(1)(a)	guilty	\$500	\$235.80
Hancock, D	HBC Act	10(1)(a)(i)	guilty	\$500	\$75.56
Hancock, D	HBC Act	4(4)	guilty	\$100	\$75.56
Hancock, D	HBC Act	4(4)	guilty	\$100	\$75.56
Hancock, T	HBC Act	10(1)(a)(i)	guilty	\$500	\$75.56
Hancock, T	HBC Act	4(4)	guilty	\$100	\$75.56
Hancock, T	HBC Act	4(4)	guilty	\$100	\$75.56
Interstyle Building Pty Ltd	HBC Act	4(4)	guilty	\$200	\$52.49
Interstyle Building Pty Ltd	HBC Act	4(4)	guilty	\$200	\$52.49
Interstyle Building Pty Ltd	HBC Act	10(1)(a)(i)	guilty	\$500	\$52.49
Interstyle Building Pty Ltd	HBC Act	7(3)	guilty	\$50	\$52.49
Interstyle Building Pty Ltd	HBC Act	7(3)	guilty	\$50	\$52.49
Interstyle Building Pty Ltd	HBC Act	4(4)	guilty	\$200	\$52.49
Interstyle Building Pty Ltd	HBC Act	4(4)	guilty	\$200	\$52.49
Jacob, G	BR Act	4(1)(B)	guilty	\$1000	\$43.19
Jacob, G	BR Act	4(1)(B)	guilty	\$1000	\$43.19
Jacob, G	BR Act	4(1)(A)(b)	guilty	\$1000	\$43.19
Jacob, G	BR Act	4(1)(A)(b)	guilty	\$1000	\$43.19
Jacob, G	HBC Act	4(4)	guilty	\$1000	\$43.19
Jacob, G	HBC Act	10(1)(a)(i)	guilty	\$1000	\$43.19
Jacob, G	HBC Act	25C(2)	guilty	\$1000	\$43.19
Jacob, G	HBC Act	10(1)(a)(i)	guilty	\$1000	\$43.19
Jacob, G	HBC Act	4(4)	guilty	\$1000	\$43.19

Marsh Outdoor Pty Ltd	HBC Act	10(1)(a)(i)	guilty	\$625	\$79.30
Marsh Outdoor Pty Ltd	HBC Act	4(4)	guilty	\$625	\$79.30
Marsh Outdoor Pty Ltd	HBC Act	10(1)(a)(i)	guilty	\$625	\$79.30
Marsh Outdoor Pty Ltd	HBC Act	4(4)	guilty	\$625	\$79.30
Mayers, J	BR Act	12A(4)	guilty	\$1500	\$100.24
Mayers, J	HBC Act	4(4)	guilty	\$1500	\$100.24
Mayers, J	HBC Act	4(4)	guilty	\$1500	\$100.24
Mayers, J	HBC Act	10(1)(a)(i)	guilty	\$1500	\$100.24
Shipway, W	BR Act	4(1)(B)	guilty	\$3000	\$97.53
Shipway, W	BR Act	4(1)(B)	guilty	\$3000	\$97.53
Shipway, W	HBC Act	4(4)	guilty	\$500	\$97.53
Shipway, W	HBC Act	4(4)	guilty	\$500	\$97.53

## APPENDIX E

# CORPORATE PLAN

*Builders' Registration Board*

*of*

*Western Australia*

*2005-2006*

---

# CORPORATE PLAN

## 2005-2006

### INTRODUCTION

The Board has prepared this Plan having regard to the changes to some of its functions arising out of the establishment of the State Administrative Tribunal (SAT). The Plan is the final stage of the Board's implementation of the expansion of its role consequent upon the increased sources of funding established by the Government early in its previous term.

The Board's income will reduce due to the SAT receiving the fines and costs from Section 13 inquiries. The Board also anticipates an increase in costs in the Building Disputes Tribunal due to the current high levels of activity and delays in the building industry.

The overall strategy of the Board is to emphasise its compliance, education and training activities to achieve better consumer satisfaction with the performance of the industry generally and to reduce disputation.

The Board does not anticipate the present high levels of activity in the industry are likely to fall in the medium term. This is reflected in the Board's estimate of its income for the year.

At this stage it is not possible to be definite that the expansion of the Board's role is sufficient to ensure general compliance with legislated standards. The audit program instituted by the Board last year has demonstrated a substantial need to improve standards.

The industry faces critical skill shortages and recruiting problems. The Board intends to explore the possibility of better integration of its training of registered builders so that a "career path" is open to persons recruited into the industry. In the event sufficient funding becomes available the Board would also seek to use its power to establish a scholarship to assist in appropriate situations.

---

## STATEMENT OF OBJECTIVES

As a fundamental declaration of the Board's purpose, the Statement of Objectives are:

1. To maintain the highest possible standards in the building industry.
2. To ensure those undertaking building in Western Australia comply with the provisions of the *Builders' Registration Act 1939* and the *Home Building Contracts Act 1991*.
3. To resolve building disputes efficiently, cost effectively and according to law.

## STATEMENT OF POLICIES AND STRATEGIES

The Board anticipates a financial surplus for 2004-2005, which will be sufficient in conjunction with its accumulated funds to provide for contingencies and non-recurring capital items. The Board has planned so that its increased operating funding will be sufficient for the proposed level of activity for 2005/2006.

For 2005-2006 activities will continue:

- Education and Training
- Compliance
- Building Disputes Tribunal
- Technical Services

## EDUCATION & TRAINING

The Board is developing programmes for the information of consumers and other participants in the building industry. The Board will continue to broaden industry education, promotion and sponsorship such as industry awards for Excellence in 2005-2006 with a particular emphasis on awareness of and compliance with statutory and other requirements in particular the Building Code of Australia (BCA).

---

## COMPLIANCE

The audits program has run for about twelve months. Results demonstrate substantial areas of non-compliance and the need for better industry training. The Board assesses the audit process as efficient and effective and desires to increase this activity in the long term.

The present staffing of the Compliance section is eight full-time positions, of which six positions are key, in that they are full-time compliance officers. It is necessary to recruit an additional two compliance officers to develop investigations of possible misconduct and to perform audits of compliance practices by builders.

The increased workload generated by the Board's activities generally, coupled with additional matters through the SAT has necessitated the need of a second Legal Officer.

The additional costs of these positions are:

Two Compliance Officers - \$116,600

One Legal Officer - \$57,200

## BUILDING DISPUTES TRIBUNAL

The Building Disputes Tribunal is currently working at maximum capacity only constrained by its accommodation and resources. As a result of re-allocation of responsibilities a clerical officer has been transferred from Technical Services to the Building Disputes Tribunal.

The Tribunal will continue to develop its processes through:

- Meetings between the Chairperson and deputies of the Tribunal, which identify and address issues in the decision-making process.
- Expediting hearings particularly in matters which may be potentially dangerous or where alleged faults might be built over.
- Continuing to provide mediation in suitable cases.

The administrative support for the Tribunal will be continued through:

- The retention and development of staff of one disputes manager, three case officers and two support officers.
- The continual development of the new computerised complaint file management system.

The Construction Contracts Act has the potential to interfere with, and perhaps disrupt, the operation of the Tribunal resulting in an unknown factor affecting the Tribunal operation for the period in consideration.

## **TECHNICAL SERVICES**

The Tribunal is supported by the Technical Services Section by the provision of technical reports and advice. The Board continues to develop its role in this area and also in the surveillance of technical standards throughout the building industry.

It is necessary to support this development with two additional positions of building inspector that will replace the use of consultant inspectors.

The additional cost of these positions is: \$122,800

## **BUDGET & NOTES**

Key features of the 2005-2006 Budget are:

- Since 2001 the Board has increased its level of compliance and education activity. The Board considers the present level is still not sufficient to ensure acceptable compliance with legislated standards. The projected increase in the level of income on the attached schedule will produce additional funds for the Board to address immediate concerns about compliance with legislated standards.
- Salaries have been estimated on the basis of rates as at 26 February 2005 from the General Agreement 2004 (Government Officers Salaries, Allowances and Conditions Award). A 3.0% increase has been estimated with a part-year effect from February 2006.