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**SUBMISSION TO THE  
TRANSPORT AND LOCAL GOVERNMENT  
COMMITTEE**

on the

SUSTAINABLE PLANNING AND OTHER LEGISLATION AMENDMENT BILL 2011

25 November 2011



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## **1. Background**

The objective of the *Plumbing and Drainage Act 2002* (the Act) and associated regulations is to ensure that plumbing and drainage installations meet a standard that helps protect public health and safety. At the State level, the Department of Local Government and Planning (DLGP) has responsibility for the legislation, which focuses on on-site water, sewerage, sewerage treatment options and drainage reticulation matters. The Plumbing Industry Council (PIC), an independent statutory body, is responsible for the licensing of more than 15,000 plumbers and drainers. Local Governments hold much of the day-to-day responsibility for implementing the legislation, principally via checks on all plumbing and drainage work done.

The Master Plumbers' Association of Queensland (the Association) through its membership effectively provides advocacy and membership services for over 7,000 operating plumbers and drainers and is well placed to provide expert advice on issues facing the industry today.

The Association notes that there is scope to take a different view on the relative importance of the costs and benefits of the various restrictions to competition. A decision on a certain specific option is dependent on obtaining and assessing further specific information. This applies particularly to the appropriate system for checking plumbing work. Sadly, this view has not been applied to the current reform process. In fact, the Association believes that there has been no public benefit test applied to any other government intervention in addressing approval and inspection times taken by Local Governments.

It is reasonable to conclude that there is a clear rationale for at least some regulation of plumbing and drainage work. There are information problems in the market that would prevent buyers making sound decisions in the absence of some form of government intervention. In addition, there are third party effects that mean the decisions of one party can adversely affect another, third party, and there is a clear rationale for government intervention to protect these third parties.

However, the appropriate form of government intervention is not so clear. The current regulatory regime can be thought of as providing three layers of checks. Firstly there are checks on the material inputs used by the industry. Secondly, there are checks on who does the work via licensing. And thirdly there are checks on the output of the industry via Local Government inspections of all notified work.

## **2. Proposed Audit Program**

The main disadvantage of this option is that it may, if the audit program was not adequate, put the quality of plumbing and drainage work at risk. Self-assessment may be impractical in some remote rural areas. Consequently, a two-tiered system may need to be considered where the system in such areas is different to that generally applying in the State.

An issue that would be highlighted by a system of self-assessment is the varying technical standards and rules between Local Governments. At present, a licensee's lack of knowledge of the area-specific standards is picked up by the Local Government inspector. But an audit process may not do this as effectively, unless the audit was specifically designed to do so

(e.g. by satisfying the sample of the audit such that a representative audit was done of work in the Local Government area, as opposed to the industry as a whole). This is an implementation issue that would warrant further consideration in designing a system of self-assessment.

The choice between the current system and self-assessment largely rests on an assessment of the higher cost of independently checking all work, versus the risk to quality standards of replacing this with a system of audits. It is reasonable to expect that if a successful audit program could be established, a system of self-assessment would lower overall costs for the community (e.g. by providing for speedier inspections and lower inspection costs). But if the audit program is not very effective, it could raise overall costs for the community by lowering work standards and creating additional costs in implementing the regulatory system (e.g. via additional court action).

## **2.1 Powers under the audit program**

It is not disputed that self-assessment of work by plumbers and drainers, with an audit system to provide random checks on a percentage of work, could preserve quality work while lowering overall costs (through speedier inspections and lower inspection costs). However to ensure standards are maintained, it would be critical to have an effective audit system. An ineffective audit system could raise overall costs by lowering work standards and creating additional costs through failure of works and the disciplinary processes for failed audits (e.g. additional court action). The proposed amendments are flawed in this respect because there is no head of power within the Act which provides Local Government with inspection powers on self-assessed work and powers to ensure corrective action.

Under section 86 of the Act, Local Government can assess and inspect the work for compliance. This means that they approve the work before the plumber or drainer commences the job (issuing a compliance permit or a compliance certificate) and then inspects the work for compliance when the job is finished. If the work does not comply a Local Government can issue a defect notice to the plumber or drainer. The person who is issued this notice must rectify the defects and then have the work reinspected, paying a fee for the reinspection. This provides the surety for the consumer that the work complies with the plumbing laws.

However, section 87 of the Act, which deals with notifiable work, only contains a provision for the local government to assess the work. This means that they can only review the Form 4 (the approved form) supplied by the plumber or drainer for the work completed. There are no other inspection powers. There are no powers to issue a defect notice. There are no consumer protections in place. Again this is a significant flaw in the proposed laws. It is disappointing that this has previously been raised with the Department and has not been addressed. There is no point in legislating an audit program which is simply a desk top review. This oversight needs to be addressed.

## **3. Funding impact on the regulator and Local Governments**

Under the proposed amendments, the PIC will become the central point for the proposed self-assessment model. This is similar to the approaches being undertaken in other

jurisdictions and begs the question, is Queensland moving towards an industry commission model similar to Victoria and Western Australia? If so, under this approach, what becomes of the Building Services Authority (BSA)?

It is noted that the regulator (PIC) has acknowledged that there will be an increased workload dealing with complaints made regarding self-assessment by licensees and increased administration costs (e.g. in overseeing a state-wide audit program or in legal costs). However, it needs to be kept in mind that self-assessment may reduce fault rates in the industry (as it appears to have done in Victoria), and reduce the overall cost of operating the regulator.

Under the proposed amendments, it is certain that some Local Government inspectors would be required to find alternative forms of work. They may enter the private sector or find alternative work in Local Government, such as an auditor of self-assessment. Local Governments may face a funding problem if they need to retrench any of the 300 or so plumbing inspectors currently employed (remember that Local Governments would probably need to retain some staff to perform the audit function and set policy guidelines, etc). It may also be that current inspection charges exceed the cost of supply and provide a contribution to general revenue, so the loss of this revenue has broader implications.

The Committee should note that with regard to the Victorian approach, there were difficulties in applying this self-assessment model. This was because it was based on central control by a strong State Government agency in a geographically small state. These problems could be magnified in Queensland, as it is a large State with great diversity in population densities and areas. In addition, the Queensland current system places responsibility for day to day controls over plumbing and drainage to Local Governments. In these circumstances, savings from self-assessment would be considerably less than found in Victoria.

In addition, the Association receives a number of industry complaints concerning the system of local government inspections. It could be concluded that the current proposals for change appear to be directed at those local governments with inefficient or overly rigid approaches to inspection and approval of plumbing and drainage works. From our experience, it is also apparent that lack of consistency between Local Government inspectorates can increase unnecessary costs in compliance for the industry.

However, the industry also takes advantage of the considerable free advisory services provided by inspectors either on site while inspecting or by phone, (i.e. advice that is not related to the matter being inspected). This important function is lost under the proposed amendments and requires immediate government intervention to bring in a continuing professional development program.

Is it recommended that the Committee further consider the impacts of moving to a graduated approach to self-assessment. This graduated approach is based on an assessment of the relative risk of failure of works on infrastructure, the environment and public health and safety. It also allows for Queensland's geography and settlement patterns, Local Government ownership of water and sewerage infrastructure, a Local Government based audit system with a limited central government role to assist with consistency and quality control.

The Association maintains that by introducing a graduated system of self-assessment requires an effective audit system to prevent a decline in industry standards and adverse impacts on Local Government infrastructure, the environment and public health and safety.

#### **4. Mandatory continuing professional development**

A self-assessment regime would also require resources and an effective State Government agency to drive a program to retrain plumbers and drainers to accept responsibility for assessing their own work against standards. Similarly resources would be needed to establish a central system for receipt and referral of notifications by plumbers that work had been completed, for electronic exchange of data between State and Local Governments, and for a more rational approach to licensing with a central agency sufficiently resourced to undertake effective disciplinary action where audits or complaints indicated the need. These two suggestions go hand in hand, unfortunately only one has been captured under the proposed reforms.

#### **5. Roles of various agencies**

Generally regulatory and policy functions are the responsibility of government, while the private sector is better at performing commercial functions. Furthermore, it is accepted that there is a need for the separation of policy, regulatory and commercial functions to provide clarity, avoid conflicting objectives and conflicts of interest and help ensure effective accountability.

There is a need to consider the respective roles of Local Governments, DLGP, PIC, and the BSA.

At present Local Governments are responsible for inspecting and testing completed plumbing and drainage work. They are also responsible for the ongoing approval and inspection of prescribed water supply and sanitary drainage work by local government plumbing inspectors. Local Governments can prosecute unlicensed persons performing work in their area and issue on-the-spot fines.

DLGP is responsible for the adoption of technical standards for onsite materials and work, and through the Plumbing Industry Council, the licensing, disciplining and prosecution of plumbers and drainers. It also has the power to investigate complaints and to discipline licence holders found guilty during the complaints investigation.

Licensing of plumbing or drainage contractors and supervisors is the responsibility of the BSA. Plumbers and drainers who wish to perform supervising or contracting functions, are required to hold separate licences, one from the PIC and one from the BSA.

Ideally, DLGP should be responsible for policy matters and the overall performance of the regulatory regime for plumbing services. In relation to regulatory matters, this means that it can have responsibility for establishing the broad regulatory regime and assessing its performance, but should not be responsible for day-to-day regulatory matters that should be the responsibility of a separate regulatory entity. It is considered that to achieve clarity and

consistency in decisions and avoid conflicts in decision making that regulatory, mediation and disciplinary functions should be effectively separated from the policy functions.

In this respect the independence and effectiveness of the PIC and its authority and reporting arrangements need to be assessed.

The options for the appropriate regulatory authority need to consider such issues as whether the responsibility should be at the State or Local Government level and where best to place occupational licensing of plumbers and drainers from a regulatory/administrative perspective.

In considering this option there is also a need to consider whether such an entity should have business licensing responsibilities as is currently the case for electricians. This then raises the issue of the role of the Building Services Authority (BSA) and whether it should be the entity with responsibility for both occupational and business licensing for the entities that are currently required to have business licenses. There could be cost savings by combining duplicated activities (e.g. duplicate computer, accounting and reporting systems), and a potential improvement in effectiveness under such a model. For example, the greater regional coverage offered by the BSA may improve the control of poor performers.

However, in view of comments received continually from members, it is unlikely that most plumbers and drainers would be in favour of shifting all responsibility to the BSA.

An alternative approach for realising the benefits of a single regulatory body for the occupation would be to exclude plumbers and drainers from the coverage of the BSA and for an occupational licensing board to adopt responsibility for business licensing. One of the main weaknesses of such an approach is that it puts at risk consumer protection and has the potential to weaken an important accountability measure facing the industry. However, this weakness is magnified under the proposed amendments to the current plumbing laws, and this needs to be addressed.

Currently, the BSA only concerns itself with work undertaken by plumbers and drainers where the value of the work exceeds \$3,300. When this occurs, the licensed contractor must pay an insurance premium to the BSA to provide warranty protection insurance on their work for a period of 6 years and 6 months. This provides protection to the home owner on defective work, as they are able to claim against the insurance to have the work rectified if found faulty.

Under the proposed amendments for self-assessment, work between the value of \$0 and less than \$3,300 will have no such warranty protection insurance. This provides no protection to the home owner if the work is found to be defective. In this instance the only avenue available to homeowners is to make a complaint to the PIC and wait for the complaint to be investigated. The PIC could then direct the plumber or drainer to rectify the work. Another option available to the home owner is to seek compensation through the courts by making an application to the Queensland Civil and Administrative Tribunal. Again, this issue was raised with the Department as a potential area for concern and has not been addressed. It could simply be addressed by legislating that plumbers and drainers must hold

warranty protection insurance as an ongoing business concern. However, it is noted that under this option, it could cost industry up to \$15 million to comply annually.

In addition, one of the features of the Building Services Authority Act is the generally high level of consumer support provided by the Dispute resolution process. The mediation process rests on a mediation overseen by the BSA with consumers provided the option of taking unresolved disputes to the Queensland Building Tribunal. An in-principle appraisal of the BSA system suggests it is both comprehensive and relatively inexpensive for the consumer to access. There are no such provisions contained in the proposed amendments to deal with mediation issues surrounding self assessment.

These complaints are an important check on the industry as they impose pressures on licensees to perform and signal to the regulators those licensees that are likely to be undertaking sub-standard work. In effect consumers are a cheap 'early warning system' that play an important role in the regulatory system.

Another aspect of the system is that it is designed to inform consumers and builders as to the quality of suppliers so they can make better choices when engaging building contractors. For example, a consumer or builder can conduct a search of the number of directions issued against a licence holder by the BSA, and there is also the potential for the BSA to further improve information flows to users. This is important as better decisions by buyers of services will help lift quality standards in the industry.

## **6. Conclusion**

Our conclusions are based on the application of economic and governance principles and our understanding of the current arrangements and problems associated with those arrangements, based on the consultations we have undertaken and the information we have reviewed.

The Association notes that there is scope to take a different view on the relative importance of the costs and benefits identified and that a decision on certain specific options is dependent on obtaining and assessing further specific information. The key conclusions we have reached at this stage and the associated underlying rationale are outlined below, along with an indication of the key information required to establish a preference for certain options.

The choice between the current system and self-assessment largely rests on an analysis of the higher cost of independently checking all work versus the risk to quality standards of replacing this with a system of audits. It is reasonable to expect that if a successful audit program could be established, a system of self-assessment would lower overall costs for the community (e.g. by providing for speedier inspections and lower inspection costs). But if the audit program was not very effective, it could raise overall costs for the community by lowering work standards and creating additional costs in implementing the regulatory system (e.g. via additional court action).

In May 2002, when a Public Benefit Test was prepared for DLGP on the Queensland Sewerage and Water Supply Act and Associated Regulations, the authors concluded that



the analysis then did not conclusively establish that a system of self-assessment would be clearly superior to an inspection and approval regime, nor that the benefits of removing the Local Government monopoly over inspections would outweigh the costs. Attachment A refers. It found that:

- For the portion of plumbing and drainage work deemed high risk and subject to Local Government inspections, there would be **no change** to the benefits of the inspection regime;
- For the low-medium risk works where self-assessment would apply, provided the system was supported by an effective Local Government based audit and disciplinary regime, the **overall impact** on all stakeholders is likely to be **neutral**; and
- That this assessment is predicated on the development and operation of an effective Local Government based audit system. Without such a system, there is the potential for very significant negative impacts for consumers, the general community, industry and local government.

Today, these findings still apply and it is disappointing that the proposed amendments have not considered how best to address and improve the current system. As mentioned earlier, there are no legislative provisions which provide local governments with the ability to inspect the work and issue defect notices, if the work is non-compliant. In fact, the current proposed amendments protect the substandard worker who performed the work, and force the Local Government to take enforcement action against the homeowner and not the person who did the work. This is poor government intervention.

<p><b>CONSUMERS:</b> <b>(a) Persons purchasing plumbing &amp; drainage work<sup>1</sup></b></p>	<p><b>High risk works</b></p> <ul style="list-style-type: none"> <li>For the portion of plumbing and drainage work deemed high risk that would continue to be subject to local government inspections under the proposed alternative, there is <b>no change</b> to benefits of the inspection regime (eg, the high level protection of the health and safety of the purchasing consumer and safeguarding the integrity of buildings owned by consumer).</li> </ul> <p><b>Low-medium risk works</b></p> <ul style="list-style-type: none"> <li>Self-assessment with an effective system of random audit checks on a percentage of work <b>potentially offers positive impacts</b> by preserving quality work while lowering overall costs (through reduced regulatory costs) and providing a clear record of responsibility for works.</li> <li>The <b>level of positive impact would depend</b> on the effectiveness and cost efficiency of the inspection regime that self-assessment replaces.</li> <li>The performance of local governments currently varies significantly in terms of fees, procedures and requirements which impact on turnaround times for approvals and inspections, and whether the local government accepts "as constructed plans" rather than requiring house plans to be received in advance: <ul style="list-style-type: none"> <li>In those areas where local governments are unduly expensive, slow or obstructive, there are likely to be <b>high positive impacts</b> of moving to an effective self-assessment regime;</li> <li>However, available evidence suggests a number of the local governments operate effective inspection and approval regimes with brief turnaround times (although definitive figures are not available for all local governments). For example, Queensland's population and consequent development is concentrated in South East Queensland with over half of the State's building approvals in 1997-98 occurring in the two local governments, Brisbane and Gold Coast City Councils. Information provided by these local governments indicates that there would be a <b>neutral to small positive impact</b> of moving to self-assessment. The current costs of complying with the local government regimes in Brisbane and Gold Coast City Councils are not high relative to the benefits received.</li> </ul> </li> <li>There may be <b>minor negative impacts</b> from the loss of the advisory service provided in practice by many plumbing inspectors to the industry either at inspections or over the phone. This service has helped in the past to produce a better standard of plumbing and drainage works for the consumer.</li> <li>To the extent that some plumbers' skills need to be enhanced to undertake their responsibilities under self-assessment, there may be <b>short term negative impacts</b> covering the period required to upgrade their skills. There would be an increased risk to public health and safety in the short term from poor quality work until plumbers upgrade their skills. The extent to which skills need to be upgraded and the risk to public health and safety and the environment will depend upon how much the current system relies on deficiencies being fixed at the time of inspection</li> </ul>
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	<p>– that is, how much poor quality work is performed by plumbers at the moment that is detected and corrected at inspections.</p> <ul style="list-style-type: none"> <li>• Fees paid for plumbing work under a self-assessment and effective audit regime are likely to be less costly than a local government full inspection system, thereby having a <b>small to medium positive impact</b> for consumers. However, because faults are detected by an audit system after work is completed and a compliance certificate provided by the plumber, restitution is likely to be much more costly for the plumber and pose greater inconvenience to consumers, with a <b>potential negative impact</b>.</li> <li>• Even with an effective audit regime, auditing only a percentage of works carries a greater likelihood of undetected faulty work, thereby increasing health and safety risks and the cost of rectification when faults subsequently become apparent. There would be a <b>negative impact</b> for those consumers required to later rectify problems that would otherwise have been detected and rectified at the time of inspection under current arrangements.</li> <li>• Consumers currently receive some protection from the insurance system provided by the Building Services Authority that provides 6 years consumer protection in relation to new residences constructed (including plumbing and drainage works). A <b>positive impact</b> for consumers would come from the need for plumbers to carry some form of insurance to provide for consumer protection in the event of failure of self-assessed works which would expand on the limited coverage for works under the current BSA scheme. However the cost to the plumbers and drainers of insurance premiums would be passed on to consumers in increased prices that would be a <b>minor negative impact</b>.</li> </ul> <p><b>Overall, there is likely to be a minor positive impact for consumers</b> from moving to a self-assessment regime, providing that an effective audit regime is developed and implemented, keeping in mind the pivotal role local governments play in the delivery of plumbing and drainage services in Queensland. Without an effective audit regime, there are <b>potentially high negative impacts</b> for consumers through a failure to protect work standards, public health and safety and the environment. The most serious impact would be through increased failure rates that would lower industry standards. Government costs incurred through the consequences of the failure of works and court / disciplinary processes for failed audits are in the end borne by the consumer. If a reasonably effective audit system based on local governments cannot be implemented, or is too expensive to operate compared with the benefits, the current system is probably preferable in terms of impacts on the consumer.</p>
<b>(b) General Community</b>	<p><b>High risk works</b></p> <ul style="list-style-type: none"> <li>• For the portion of plumbing and drainage work deemed high risk and subject to local government inspections, there is <b>no change</b> to benefits of the inspection regime.</li> </ul> <p><b>Low-medium risk works</b></p> <ul style="list-style-type: none"> <li>• The impact of moving to a self-assessment regime for low-medium risk works will depend on whether effective audit</li> </ul>

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	<p>and disciplinary systems can be developed and implemented. If such systems can be put in place, then there is likely to be <b>no change</b> to the impact on the community through protecting work standards, public health and safety, and the environment through the quality of the water supply and sewerage systems.</p> <ul style="list-style-type: none"> <li>• However, without an effective audit regime there are <b>potentially high negative impacts</b> on the community through increased failure rates that would lower industry standards. Increased failure rates are also likely to produce significant environmental damage as well as damage to local government infrastructure. Government costs incurred through dealing with environmental damage or the consequences of the failure of works and court / disciplinary processes for failed audits are in the end borne by the consumer through rates and taxes. If a reasonably effective audit system based on local governments cannot be implemented, the current system is probably preferable in terms of impacts on the general community.</li> </ul>
<b>INDUSTRY</b>	<p><b>High risk works</b></p> <ul style="list-style-type: none"> <li>• For the portion of plumbing and drainage work deemed high risk and subject to local government inspections, there is <b>no change</b> to benefits of the inspection regime.</li> </ul> <p><b>Low-medium risk works</b></p> <ul style="list-style-type: none"> <li>• There would be <b>potentially positive impacts</b> for the building and construction industry, including plumbers, by reducing compliance costs through speedier inspections and reduced fees. However, as noted under Consumers above, there is evidence that a number of the local governments operate effective inspection and approval regimes with brief turnaround times, although definitive figures are not available for all local governments. The extent of the savings from moving to self-assessment is not clear.</li> <li>• There would be a <b>minor positive impact</b> for industry in moving from complying with the variety of systems and procedures for inspections and approvals across local governments. However it is noted that some local government systems currently offer savings to the industry in that area (eg, the use of "as constructed plans by Brisbane City Council and Gold Coast City Council) so the positive impact would vary. In addition, this would be balanced by a <b>minor negative impact</b> for industry from the varying approaches to auditing by local governments.</li> <li>• There would be a <b>minor negative impact</b> from the potential loss of the advisory service provided in practice by many plumbing inspectors. There would be a <b>minor positive impact</b> from an expected decrease in unapproved works. Some industry spokespeople have stated there is a significant level of unapproved works under the current system. Unapproved works may be carried out in accordance with standards but can be offered to consumers at a lower cost because no fees are paid and no delays for inspections incurred. Price savings may also be due to unapproved works using non-standard materials and installation methods. It is alleged that the price competition offered by unapproved works is sufficient to place pressure on other operators to avoid the inspection process to keep costs low and thus reduces the standard of practice in the industry. There is no solid evidence of the extent of unapproved works, making</li> </ul>

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	<p>an estimate of the extent of the negative impact extremely difficult.</p> <ul style="list-style-type: none"> <li>• Whatever the level of unapproved work under the current system, it is reasonably certain that any plumbing occurring in conjunction with at least one area of activity (ie, new residences or major building work) is now subject to application and inspection procedures. This ensures all plumbers and drainers comply with standards of materials and workmanship, which prevents the negative impacts of price competition from unapproved works in respect of new residences and major building works. There is likely to be a decrease in compliance levels for new building, at least while the self-assessment system is bedding down, with <b>negative impacts</b> on quality of work – which would continue to impact adversely on competitors.</li> <li>• Industry would face a <b>minor negative impact</b> from the cost of purchasing training provided through a State Government or other program to upgrade the skill of plumbers, particularly if some training is mandatory.</li> <li>• The BSA insurance scheme protects Queensland consumers by providing insurance cover for new residential work (which would include plumbing and drainage works in a new house) where there are defects in construction or where the contractor goes bankrupt. In addition, the BSA provides a mediation and dispute resolution system for consumers and contractors. A critical part of a self-assessment regime is to provide for increased consumer protection in the event of failure of all works (not just new residential works) by requiring plumbers and drainers to take up some form of insurance cover (NB. In the Victorian system, licensed plumbers and drainers must carry insurance cover for 10 years which is the period of the guarantee of workmanship and materials they provide to consumers). The cost of insurance premiums would be a <b>moderate negative impact</b> for plumbers, particularly as the cost of any insurance cover is increasing.</li> <li>• A new system which focuses more on consumer rights and the responsibilities of the industry (eg, as in the 10 year guarantee offered in the Victorian system) has the potential to increase <b>negative impacts</b> for plumbers and drainers due to an increase in the incidence of claims against them.</li> </ul> <p><b>Overall, there would be a minor positive impact on the building and construction industry</b> from moving to a self-assessment system providing there are effective audit and disciplinary systems to ensure maintenance of work standards. However, without effective systems, there is serious potential for a decline in work standards, through competition from operators making savings through work that does not comply with standards. Such unfair competition has the potential to impose a <b>significant negative impact</b> on persons complying with standards, who can be driven out of the industry. It would also serve over time to bring the industry into disrepute in the eyes of the public.</p>
<b>GOVERNMENT</b> <b>(a) Local Government</b>	<p><b>High risk works</b></p> <p>For the portion of plumbing and drainage work deemed high risk and subject to local government inspections, there is <b>no change</b> to benefits of <b>Low-medium risk works</b></p> <ul style="list-style-type: none"> <li>• Local governments currently benefit from the protection offered by the inspection system in maintaining standards of plumbing and drainage work and the materials used and thus protecting local government infrastructure, the</li> </ul>

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	<p>environment and community health and safety. The inspection system also fosters local government awareness of work being carried out in its area. The risks inherent in moving to self-assessment with random audits of a percentage of work have potentially a high negative impact. However, this would be offset to a large degree by the ability under the self-assessment proposal, for each local government to protect its infrastructure by determining the level of auditing for work that involves connections to its infrastructure. As a result, there would be <b>potentially small to medium negative impact</b> on local governments in relation to protecting their infrastructure.</p> <ul style="list-style-type: none"> <li>• There would be <b>minor to moderate negative impacts</b> for local governments facing increased costs in dealing with displaced inspectors (from the approximately 300 currently employed). These costs could relate to re-training and associated costs of absorbing these officers into other areas of local government administration. Local governments would also face increased costs from officers ceasing employment.</li> <li>• There would be small short term negative impacts for local governments in setting up electronic connections to the State Government "post box" for receipt and referral of notifications of self-assessment.</li> <li>• Under the current system, there is a perception by some in the community and even by some plumbers that local governments are liable for plumbing and drainage works once they have certified them as complying with relevant standards. Therefore complaints have tended to be addressed to local governments rather than the responsible plumber and dealing with complaints has consumed local government administrative resources. Provided the self-assessment system is publicised, there should be a drop in complaints directed to local governments, which would be an <b>minor positive impact</b> on local governments.</li> </ul> <p><b>Overall, there is likely to be a neutral to minor negative impact on local governments of moving to a self-assessment system with effective auditing and disciplinary systems. However, without effective systems there are potential high negative impacts on local governments through adverse impacts on their water and sewerage infrastructure and the environment and public health and safety generally.</b></p>
(b)State Government	<p><b>High risk works</b> For the portion of plumbing and drainage work deemed high risk and subject to local government inspections, there is <b>no change</b> to benefits of the inspection regime.</p> <p><b>Low-medium risk works</b></p> <ul style="list-style-type: none"> <li>• Under the current inspection system the State Government has few costs because local governments inspect and approve works on a cost recovery basis.</li> <li>• There would be a negative impact on the State Government by increased costs through moving to a self assessment system. These costs would include providing training and upgrading the skills of plumbers to accept their responsibilities under self assessment (even on basis of partial cost recovery). Under a centralised system as applies</li> </ul>

## ATTACHMENT A – Summary of Public Benefit Test 2002

	<p>in Victoria, the Government would need to resource its additional functions of coordinating the system for registering notifications of self assessment of works (including electronically receiving and forwarding notifications to local governments, receiving advice from local governments of the locations of connections to infrastructure, and maintaining records), and forwarding these electronically to the relevant local governments. In a local government based system, the State Government would need to maintain only a small program to track information on notifications of self assessment, to assist local government auditors to maintain a consistent approach across local governments inspectorates and to provide auditors with technical advice.</p> <p>Relative to the costs currently incurred by local governments and the potential impacts on consumers, the community and industry, the State Government would incur <b>small to medium negative impacts</b> as some costs were transferred from local government to State Government, but this would be offset by increased revenue from State Government fees to replace those currently imposed by local governments. There would be a <b>very minor negative impact</b> through State Government costs of introducing legislation to implement self assessment.</p> <p><b>Overall, there is likely to be a small to medium negative impact on the State Government of moving to a self-assessment regime for low to medium risk plumbing and drainage works.</b></p>
<b>OVERALL ASSESSMENT</b>	<p><b>High risk works</b></p> <ul style="list-style-type: none"> <li>• For the portion of plumbing and drainage work deemed high risk and subject to local government inspections, there is <b>no change</b> to benefits of the inspection regime.</li> </ul> <p><b>Low-medium risk works</b></p> <p>In summary, the impacts of self-assessment for low risk work supported by an effective audit and disciplinary regime are</p> <ul style="list-style-type: none"> <li>○ Consumers purchasing plumbing and drainage works – minor positive impact</li> <li>○ General Community – no change</li> <li>○ Industry – minor positive impact</li> <li>○ Local Government – neutral to minor negative impact</li> <li>○ State Government – <b>small to medium negative impacts</b></li> </ul> <p>Overall the impact on all stakeholders combined of moving to a self-assessment system with an effective local government-based audit system is likely to be <b>neutral</b>.</p> <p>However, this assessment is predicated on the development and operation of an effective local government based audit system. Without such a system, there is the potential for <b>very significant negative impacts</b> for consumers, the general community, industry and local government.</p>

[REDACTED]

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**From:** Michael McGuinness [REDACTED]  
**Sent:** Friday, 25 November 2011 5:31 PM  
**To:** Transport and Local Government Committee  
**Cc:** Lyndel Bates  
**Subject:** Submission to Transport and Local Government Committee on the Sustainable Planning and Other Legislation Amendment Bill 2011  
**Importance:** High  
**Attachments:** 111125 Submission to the Transport and Local Government Committee - MPAQ.pdf

Dear Lyndel

Thank you for your letter dated 26 October 2011, on behalf of the Transport and Local Government Committee inviting submissions on an inquiry into the Sustainable Planning and Other Legislation Amendment Bill 2011.

Please find attached the submission from the Master Plumbers' Association of Queensland (MPAQ).

It is important to note though, that there has been no published position (provided by the Government) on what will constitute the expanded scope of work, except for a limited expansion which was discussed at the Plumbing Industry Consultative Group hosted by the Department of Local Government and Planning. MPAQ is a member of this group.

Until such time that the Government releases the regulations which sets out the actual scope of work, MPAQ's position is that it supports the role undertaken by local government in assessing and inspecting work, and that there should be a sensible expansion of the current notifiable minor work process to allow more repair, maintenance and some renovation work.

Should the Committee wish, I am available to attend as an invited witness to speak to the submission and take questions from the Committee members.

If you have any further questions please do not hesitate to contact me on 07 3273 0800.

Regards

Michael

**Michael McGuinness**  
Chief Executive Officer  
Master Plumbers' Association of Queensland

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