



UPDATE: Consumers to benefit from new Building Bill

Introduction

As part of the government’s revamp of the current building legislative framework, the Department of Customer Service has undergone a thorough consultation process in the rolling out of its new Building Bill 2023 (Building Bill). The Department has released its finalised proposed outcomes (Confirmed Changes), along with further proposals which are still under consultation (Proposed Changes).

The Key Confirmed Changes to the licensing regime

1. Extending licensing to all classes of buildings under the National Construction Code: If a person is carrying out specialist, engineering or building work (excluding civil construction i.e. public infrastructure), licensing requirements **will apply to class 1-10 buildings**;

2. Reducing the threshold value of licenses for building to \$3000 and expanding the risk-based approach to licensing: Previously, a license was not required if building work was below \$5000, except in circumstances where it was specialist work (which requires a license regardless of value). The forthcoming changes will provide greater protection to consumers through a reduction of the value

threshold – a license will be required for **building work over \$3000**; additionally, **work which is high-risk** will require a license regardless of its value (i.e. not limited to specialist work such as gas fitting);

3. Pre-purchase and defect building inspectors, along with pre-purchase pest inspectors must be registered with NSW Fair Trading and minimum standards for inspections will apply: This will be a **limited registration process** by removing certain requirements such as financial and background checks, and increasing the number of inspectors working in the market (provided they still meet the reporting outcomes). Minimum educational standards are also being developed regarding defect reports;

4. Waterproofing will be a new class of specialist work, which will require licensing.

The Key Proposed Changes to the licensing regime

1. Several low-risk license classes may be retired

including swimming pool repairs and scaffolding, along with minor trade work such as paving and kitchen bench installation;

2. The department is considering implementing four license classes for builder licenses, including Builder A '**Unrestricted**' (work on any class of building), Builder B '**Medium-rise**' (work on any class of building up to 3 storeys), Builder C '**Low-rise**' (work on Class 1 and Class 10 buildings) and Builder D '**Internal fit-outs**' (non-structural building work and fit-outs and any class of building e.g. kitchen and bathroom renovations);

3. The department is considering imposing licensing requirements on 'general building design work' unregulated by the DBP Act given this work does not relate to a building element or involves a performance solution (e.g. non-structural partition walls). The Department has confirmed that this will **not apply to architects** but **building designers**, and is undergoing further consultation on whether this should apply to interior **designers** and **landscape architects**.

Timeframe

While the Confirmed Changes are likely to take place once the Building Bill comes into force, the Department is proposing a gradual approach to implementing the Proposed Changes, noting that the commencement of the builder licensing framework (should stakeholder feedback be favourable) would take place two years after the Bill is introduced into parliament.

Key takeaways

Consumers are set to benefit from a stricter license regime under the Building Bill 2023, with a number of favourable changes to the value threshold and defects inspections.

Builders should be aware of the Proposed Changes to their licensing requirements.

Developers should also be aware of the changes to the licensing and registration requirements when engaging with contractors and subcontractors.

More information

For further information on the new Building Bill contact the team at [Construction Legal](#).