

# NEW RATING SYSTEM FOR NSW BUILDING PRACTITIONERS AND BUILDINGS COMING NEXT YEAR



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The NSW Government is implementing a building reform agenda with the aim of changing the culture and capability of the NSW building industry. The deep, wide-ranging reforms are being implemented in stages from 1 July 2020.

David Chandler, NSW Building Commissioner, says that the planned digitised compliance regime and ratings system will be “game changers” for the NSW building industry. In a construction industry where he estimates 20 per cent of players account for 80 per cent of the problems, these digital tools will flag the riskier projects and allow the regulator to keep an eye on them as they progress.

## Addressing the issues with design

One of the significant developments under the new regime is that design and ‘as built’ drawings must match, creating clear accountability for deviations. The Building Commissioner said it took just three seconds to digitally compare 200 declared designs with 200 as built drawings in a trial of the system.

This enforced compliance should reduce the number of future disputes caused by ‘final’ authoritative design documents and as built constructions departing from the design documents.

## Digital twins

The reform is being driven by the capabilities within the NSW’s new digital platform. It will create “digital twins” of both buildings and practitioners that the Building Commissioner says will “follow [them] forever”.

The NSW Government’s digital platform, which will leverage existing data from the Department of Planning Industry and Environment’s e-planning portal, is comprised of:

- Strata portal – a single source of information for strata schemes
- Single View of Buildings – which will merge data from different inspectors and regulators
- Multi-Party Risk Rating Tools – which will rate builders, certifiers and developers based on the quality of their previous projects, and
- Building Assurance Solution – a multi-jurisdictional, risk mitigation tool that will calculate a trustworthy index for individual buildings.

## Rating system

The rating system, which is being built by data company Equifax, will cover builders, developers, engineers, designers, certifiers and manufacturers. The system awards them an overall score based on a range of metrics, including:

- their financial history
- their record on workplace safety
- handling of customer complaints
- financial credibility
- the age of the business, and
- whether there are any suspicions of phoenixing.

Those with lower scores will be flagged on a database and their projects will be scrutinised by the Building Commissioner. They run the risk of the Building Commissioner blocking the building’s occupation certificate if he thinks

that the project is non-compliant or potentially dangerous. Without an occupation certificate, buyers are not required to settle on a purchase, a building cannot be occupied and a developer could be forced to refund buyer deposits.

The Building Commissioner describes this system this as joining up ‘data silos’ that have never been connected before. He said: “The days of opaque, un-regulated, multiple data sources that do not feed to single sources of truth are rapidly coming to an end.”

For the insurance industry, the ratings system is likely to be a very useful resource in identifying good and bad risks, and pricing them accordingly.

Mr Chandler has stated: “Insurers [will] be able to price building insurance risk based on these ratings. From this, we hope to help facilitate a 10-year first resort insurance product to be available to the most trustworthy building makers. Not a legislated requirement but, market-led.”

## The good news for brokers

These digital initiatives will give insurers a transparent and accessible way to rate buildings, and the design and building professionals who work on them. This information, combined with other reform initiatives, should result in the building and construction industry being a much better insurance risk in the long run.

While the digital platform and rating system are only being implemented in NSW, there is the potential for this technology to be rolled out nationally. This is welcome news for the insurance sector, especially given the projected increase in high rise residential development over the next few decades.

For more W+K commentary on the reforms, visit: [www.wottonkearney.com.au/legislative-reform-of-the-building-and-construction-industry-in-nsw](http://www.wottonkearney.com.au/legislative-reform-of-the-building-and-construction-industry-in-nsw)

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