

Your ref: BN-03345-2022

Darren Parker  
Executive Director  
Workers & Compensation Regulation  
**Email:** hbcreform@sira.nsw.gov.au

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**Subject: Comments on Home Building Compensation Reforms**

Dear Mr Parker

Thank you for the opportunity to comment on the Home Building Compensation Reforms being proposed by SIRA.

Comments from my team in the Department's Homes, Property & Development group are listed below for your consideration:

**Land & Housing Corporation (LAHC)**

- LAHC are generally keen to understand the impact, if any, on mixed-tenure projects that it develops in partnership with private sector developers.
- Reform idea 9 - the proposal to automatically exempt work done for the purpose of social and affordable housing, and self-contained specialist disability accommodation requires further consultation before implementation.
- Question 18 – It is agreed that building work should be exempt from insurance if there will be no beneficiary.
- Question 19 - While LAHC will not be affected by this reform, it supports this exemption being made available to Community Housing Providers on the same terms.
- Question 20 - LAHC does not consider it necessary for this to be linked to development restrictions on the land.

**Aboriginal Housing Office (AHO)**

- Projects delivered under the AHO's Capital and Repair & Maintenance programs are subject to an insurance opt-out for work done on behalf of a public sector agency. This opt-out is detailed in all AHO contracts that specify that AHO is relying on the exemption under section 103E of the Home Building Act 1989. AHO would not support any changes to this opt-out.
- AHO generally does not sell homes for profit but instead, holds, properties for their entire lifecycle. Exceptions may however occur where there are strategic justifications for sale, including efforts to increase Aboriginal home ownership. Such exceptional circumstances are very limited in number. AHO considers the ability to dispose of properties for strategic reasons

to be essential. Any requirement to place a restriction on title for AHO-owned properties would not, therefore, be supported.

- Should AHO decide to sell a property within the standard claim periods for both major or structural defects, and minor or non-structural defects, AHO recognises the importance of full disclosure to the buyer through the contract of sale. This risk is substantially mitigated by the assumption that AHO will generally not sell new-build properties or properties that have recently been subject to significant maintenance upgrades.
- For Information on current AHO opt-out: <https://arp.nsw.gov.au/dfsi-2018-07-new-insurance-exemptions-residential-building-work-done-public-sector-agencies>.
- AHO supports the proposed reform of the HBC in particular in developing a set of criteria for an automatic insurance exemption of the sector, for the following reasons:
  1. Generally, the sector has financial constraints and financial viability is a concern without the support from government funding.
  2. The sector does not have the resources nor adequate relevant skills to be able to individually lodge for exemption; proposed criteria such as an NFPO or charitable status, and a social and affordable housing organisation should be pursued.
  3. Cases of home disposal from the standpoint of community owned dwellings are very rare because there's more demand for social and affordable than housing supply.
  4. Annual savings that may arise due to the introduction of an insurance exemption provide the potential for funds to be used to deliver more homes and/or to undertake works to preserve those already in the system.

We trust these responses assist.

Yours sincerely



Deputy Secretary  
Homes, Property & Development