

HIA Submission

Registration of Building Inspectors Discussion Paper

Consumer and Business Services

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Introduction

The Housing Industry Association (HIA) takes this opportunity to respond to the Building and Construction Industry Review: Registration of Building Inspector Discussion Paper (Discussion Paper).

Challenges with the lack of oversight and accountability in the provision of building inspection services was first broached towards the end of 2024, as a part of the Building and Construction Industry Review (BCI Review). HIA made a comprehensive submission in response to the BCI Review in January 2025, and called for improvements in this space including the introduction of a licensing or registration scheme for building inspectors in South Australia.

We note the Discussion Paper sets out a proposed model for the scheme, including the appropriate scope, standards, licensing approach, and minimum requirements.

Executive summary

HIA reiterates its support for improvements in the regulation of building inspectors engaged by consumers to provide pre-purchase, progress and defects inspections for residential building work in South Australia. Additional oversight of these services would contribute to the improvement of housing affordability and productivity in the residential building sector, as well as providing consumer protection for homeowners. In accordance with government's approach to regulation making and to demonstrate the positive net benefits, a Regulatory Impact Statement (RIS) must be undertaken.

The scope or services is to include both Class 1 and 10 work, but further consideration is necessary to determine the appropriate approach for residential-like work, including Class 3 and 9c, due to its specialised nature. For similar reasons, we do not support the inclusion of Class 2 work in the scope of services for residential building inspectors. Further thought must also be given to provision of specialised inspection services, such as structural, mechanical, plumbing and electrical work, and pest inspections.

Residential building inspector licensing should be limited to individuals, and not available to companies, to ensure the integrity of the service is upheld and avoid inexperienced or unqualified inspectors operating under overarching business licences.

However, greater detail and further consultation is required on proposed minimum criteria, qualifications, and any ongoing requirements to ensure the approach is cohesive and considered in a holistic manner. Additionally, the role title must be linked to the scope of work and if associated with an existing licensing or registration framework, existing terminology is to be utilised to ensure consistency.

Building inspection businesses must be supported in the transition to a licensing or registration scheme by education, information, and effective communications, by Consumer and Business Services (CBS), the Small Business Commissioner and industry bodies such as HIA. Similarly, those who may no longer be eligible for provide building inspection services should be assisted in working towards registration or otherwise transitioning their business. This will also ensure there is a sufficient cohort of licensed building inspectors to meet ongoing demand for these services.

Residential building industry

Productivity and housing affordability

The residential building industry has been through significant changes and challenges over recent years. The impact of a continual cascade of new and amended regulations, complex building codes and work

health and safety changes, employment rules and business compliance obligations are all acting as significant barriers to the delivery of more housing.

Introducing any changes to current legislative frameworks at this stage has real potential to influence the industry's ability to respond to the current critical shortfall in housing and to push up the cost of delivering a home, including excessive taxation on housing as outlined in the March 2025 Centre for International Economics Report on Taxation of the housing sector. In Adelaide, an extraordinary 37% of the cost of a house and land package is attributable to statutory taxes and regulatory costs.

It is essential government takes into consideration the potential impact of any legislative amendments on housing affordability, weighed up against the benefit to stakeholders. The Productivity Commission's Interim report on creating a more dynamic and resilient economy backs HIA's calls for a pivot in government's current approach to regulation and the rate of regulatory change.

To this end, improved accountability and oversight of building inspectors is more important than ever.

Impacts on home building

There may be benefits to having a competent, independent building inspector assisting with a home building project. Ensuring inspectors are appropriately qualified, accountable, and consistent in their application of building standards can help to foster trust between the contracting parties and allows any issues to be addressed progressively throughout the build.

By contrast, building inspectors who are not suitably qualified or experienced can cause disruption to the progress of building work, add layers of administration and costs, obstruct proper payment protocols and cash flow, cause or exacerbate disputes, and can delay the handover of homes. The impact of unqualified, inconsistent building inspectors is felt most acutely by small businesses who must balance the demands of on-site work during the day with the growing weight of compliance and paperwork at night.

The justification of inspection fees with unnecessarily bulky and burdensome reporting not only harms legitimate businesses but is also misleading consumers and damaging industry reputation. It causes homeowners to incur additional costs, can erode their relationship with the builder, detracts from a positive home building experience, and can adversely impact their enjoyment of their new home or prevent them from undertaking future building projects.

Collectively these impacts cut across efforts by government to improve industry productivity and housing affordability, pushing the goal of home ownership further out of reach for South Australians.

A RIS is required

We commend government's approach to consultation and targeted engagement with stakeholders and industry representatives on this issue to date. This will assist in ensuring reforms are practical, proportionate, and responsive to the needs of those most affected.

As with any additional regulatory requirements there will be some additional costs to businesses. For mandatory compliance requirements, such as workplace health and safety and meeting the National Construction Code, the additional costs to business are ultimately added to the cost of a home. However, as the engagement of a building inspector is at the homeowner's discretion, the additional costs associated with the proposed changes will not have a direct adverse impact on housing affordability.

Further, we expect the additional costs to businesses in obtaining the necessary licence or registration to perform building inspection services to be relatively low. At an industry level, they will be offset by a considerable reduction in the time and administrative costs associated with navigating unqualified advice.

Nevertheless, the preparation of a RIS is an important part of the process to determine a comprehensive understanding and demonstrate the benefits of the proposed changes, in alignment with the principles on regulation setting as set out in the Interim Productivity Report.

Education and information

Currently, there is a number of building inspection businesses operating in SA. If mandatory licensing or registration requirements are introduced, it will be important to ensure adequate support mechanisms are established to assist building inspectors, particularly small businesses, to meet the new requirements. Clear guidance, training and seminars, communications across various media, and accessible avenues for verifying registration requirements will bolster levels of awareness and understanding across industry and will support awareness and compliance.

There may be some businesses that are no longer able to operate as building inspectors in their current form and individuals may require upskilling to become eligible for registration. Some may benefit from assistance to transition their businesses to an alternative service area or model to allow them to continue to operate outside of the licensing scheme.

Additionally, education and information for those engaging and interacting with building inspectors, such as guidance documents, short videos and potentially a “Homeowners 101” short course on key building topics will assist them in understanding their rights and obligations in relation to engaging registered building inspectors and to avoid pitfalls in engaging rogue operators.

External resources, such as industry bodies and the Small Business Commissioner should be leveraged, backed by government funding and CBS resourcing. HIA is well-positioned to support government with these efforts in relation to both initial and ongoing education and training.

Scope of work

Question 1

Is the inspection of class 1 and some class 10 buildings, where they form part of a residential property, a suitable scope of work to be undertaken by a residential building inspector? Should this be extended to include, for example class 2 buildings?

Service types

The *Building Work Contractors Act 1995* (SA) provides a definition for ‘building consultant’ under section 20, being a person who carries on the business of giving advice or furnishing reports in respect of domestic building work, whether being work already performed, work in progress or work that may be required in the future.

Importantly this definition captures the main points at which a homeowner or their agent engages a building inspector:

- to act as the homeowner’s representative in inspecting progress stage completions;
- to provide an inspection and defects report at practical completion;
- when purchasing an existing home, to carry out a pre-purchase inspection and report; and
- inspection of significant defects and the provision of recommendations for potentially costly remedial work.

The report and advice provided by the inspector at these key points has a major influence on the next steps to be taken by the homeowner and can lead to considerable consequences for the homeowner and the builder. Examples of outcomes from a building inspection report may include delayed payment and the risk of suspension of building works, or to enter a prolonged and costly dispute resolution process with the builder, to finalise the sale of property, or to embark on structural rectification.

Notably, the scope of services to be provided appears to be for generalised, multi-disciplinary home building work. This is appropriate and necessary.

Further consideration must be given by government to the approach for specialised issues, such as major structural defects or plumbing or electrical work, and how the inspection and reporting on major, yet discrete, specialist issues can be facilitated within the proposed framework.

Building classes

Classes 1 and 10

HIA supports the registration of residential building inspectors for Class 1a and 1b, and relevant Class 10 structures, where they are engaged by consumers to provide inspections, advice and reporting on home building work.

Other building classes

It will be important to consider whether coverage for residential-like work, such as Class 3, Class 4 parts and Class 9c buildings is appropriate and necessary at this stage. These building classes commonly utilise similar building methods for developments such as specialist care and supported living arrangements and at face value may appear comparable. However, these building classes have an additional level of complexity both in their construction and the level of compliance necessary, and specialist expertise would be required to carry out a proper inspection.

For example, a licensed residential builder typically carrying out residential work would not be required to have the necessary expertise to perform an inspection of fire sprinkler systems, pumps and tanks on a Class 3 building. These are specialist functions of other licensees.

Class 2 buildings often utilise different construction techniques, many of which do not adopt Deemed-to-Satisfy standards for issues like water shedding. They also include common areas and sit within multi-classified buildings of classes 5 through 9 which are complicated systems with shared services that require significant resources, access to construction documentation, understanding energy modelling and fire related strategies and more often Performance Solutions.

Presuming the licence could adequately select for professionals with the requisite skills outside of Class 2 or Class 4 part sole-occupancy units, it would be appropriate to consider these and other issues more deliberately, separately to this consultation, should the case exist to do so.

There is unlikely to be a large pool of single professionals that hold the requisite experience in Class 2, 3 and 9c buildings, that could not already be engaged on a needs basis by owners' corporations, businesses such as property developers or service/care providers.

These parties are not traditional consumers and do not require the same protective measures. As businesses they tend to be more commercially aware and resilient (to varying degrees) than a homeowner. There are also additional inspections and work audits that are undertaken during the performance of this type of work. However, where applicable, there are suitable protections provided under other legislative

frameworks, such as the *Competition and Consumer Act 2010* (Cth) and the *Fair Trading Act 1987* (SA), as well as via contractual and common law avenues.

Pest control

Consideration must also be given to termite and other pest inspections, including the existing licensing requirements for pest control and their transferable utility with respect to pest-related building inspections, particularly for pre-purchase pest inspections. Duplication between existing frameworks should be avoided where possible to ensure regulatory burden and additional costs to businesses and homeowners is minimised.

Question 2

Should there be any additional inclusions to the scope of work? e.g., to refer to the relevant Australian Standards?

Inspection standards

With respect to nominated standards for reporting, HIA supports an obligation to use AS 4349.1, as is the case in Queensland, as the standards used for inspection. Other standards in this suite, for example Part 0 General Requirements, are likely not appropriate for referencing as they describe and assign best addressed to the extent necessary in legislation.

The use of Part 3 is specific to timber pest inspection. Given the issues discussed under subsequent sections with respect to experience and knowledge or relevant standards, its adoption would require a separate endorsement and limitations if pursued in future.

Other Standards would be applicable as appropriate and adopted by regulations such as the NCC would be applied where specific knowledge can be demonstrated by the inspector as addressed by other recommendations in this response. For example, a swimming pool inspection would require both specific knowledge and application of one or more of the AS 1926 suite, yet a licensee would be both obligated to have experience and understanding in its application and refer to the relevant standard the structure was constructed to.

Emerging technology and inspection techniques

Consideration will also be necessary regarding the use of emerging technologies for inspection purposes, including where technology may or will soon enable remote inspections. This will be particularly important for regional and remote inspections, and re-inspection of rectification work.

Reporting standards

AS 4349.1 contains a list of elements a report should contain and informative sections exclusions. When defects are identified by a residential building inspector during an inspection, they are as a result of visual inspection and reports reflect opinion. Substantiation by reference to relevant supporting documentation and evidence would be an enhancement.

A common issue with unlicensed building inspectors is the assessment of building work against irrelevant standards, which despite being incorrect, can appear correct to a consumer.

Ensuring relevant experience (discussed below), opinions based on adequate knowledge and supported by proper documentation and evidence would include:

- the specific National Construction Code and referenced Australian Standards clauses applicable to the building approval at the time (including a review of any approved Performance Solutions);
- manufacturer's instructions or specifications to the extent non-adherence contributes to a defect;
- government or industry guides to standards and tolerances, including definitions; and
- the specifications nominated in contract documentation.

Suitable Qualifications and Requirements

Question 3

Should the ability to conduct building inspections be incorporated into existing suitable licences and registrations?

Yes. Incorporating the ability to conduct building inspections into existing suitable licences and registrations appears to be the least onerous and most practical option for establishing a licensing system.

Where individuals are already licensed for a specific type of building work or service, it is reasonable to expect that they possess the necessary qualifications and expertise to inspect the same work. This approach recognises existing competencies, avoids duplication, reduces unnecessary regulatory burden and is likely to minimise additional costs for businesses, individuals, and government. Suitable examples of existing licences include those held by builders, building supervisors and building certifiers.

Despite the efficiencies, care must also be taken to ensure only suitable licensees qualify for registration as an inspector. Clear criteria must be established to determine which licences can appropriately incorporate inspection functions, and which licences may be considered in conjunction with further criteria. This must be backed by a robust set of implementation and regulatory protocols.

Further information is included in our response to question 9.

Question 4

Should additional alternate pathways exist to meet the registration criteria?

Yes. There will be instances where an individual may meet the criteria necessary to competently perform work as a residential building inspector based on experience rather than a pre-existing licence or registration.

Additionally, a separate entry pathway could be established for individuals who wish to enter the industry exclusively as a building inspector. This may include individuals from diverse professional backgrounds that may be eligible provided they meet other minimum competency requirements. This approach would increase participation, mitigate potential skill shortages, and may reduce the impact on businesses providing inspection services where they can demonstrate competency, experience, and/or alternative relevant qualifications.

Company licensing

Question 5

Would it be appropriate for employees to perform the role of a residential building inspector under a company licence?

No.

HIA supports the proposed model in the Discussion Paper, requiring individuals to be licensed or registered rather than allowing companies to hold a parent licence that extends to their employees. However, for administrative and limited liability reasons they should be able to contract to provide building inspection services under an incorporated entity.

Individual registration ensures that building inspectors are suitably qualified and directly accountable for their work creating a clear line of responsibility and supporting continuity where applicable.

By contrast, relying solely on company-based licences creates considerable risk that the employees undertaking inspections may not have the requisite expertise and training.

If company licences were to be introduced it should only be on the basis that the employees carrying out building inspection services are also licensed. However, justification would also be necessary for the introduction of duplication, additional red tape and extra costs within the licensing framework.

Role Title

Question 6

Is 'Registered Residential Building Inspector' a suitable title for this role?

Whether or not the title is appropriate for the role will be subject to the scope of services delivered, as outlined above. Depending on the scope, the title should properly reflect the services provided as a mechanism for consumer information and protection.

Subject to the above, HIA supports the use of the term, 'residential building inspector' for parties licensed to provide residential building inspection services. We also note that it is a term that is commonly utilised in other licensing authorities creating consistency across jurisdictions.

Alternatively, utilising the terminology 'building consultant' may also be appropriate, subject to a full assessment of any further impacts on the use of this existing defined term.

Additionally, we caution against the use of mixed terminology across existing licensing and registration frameworks. For example, if building inspection services will be permitted where provided by an individual with a building work contractor licence, the term 'licence' should be used consistently throughout the legislation with respect to the existing licensing scheme.

Minimum Requirements

Question 7

Are the proposed minimum requirements for residential building inspectors suitable?

The Discussion Paper proposes a list of minimum requirements taken from the building inspector registration framework in Queensland, which relates to the regulation of pre-purchase inspections, including:

- five years of experience in certain specified building roles;
- proof of formal technical qualifications;
- financial solvency requirements;
- relevant insurance; and
- a National Police Clearance, in line with other registrations managed by CBS.

These categories are broad, and further detail is necessary to determine whether the criteria will be adequate to address the current issues with unregulated building inspection services in SA.

For example, a building inspector who provides inspection services for progressive residential building work should have qualifications and experience that is directly applicable to the performance of this type of work.

In our January 2025 submission, we set out the following criteria as a starting point:

- experience appropriate to the type of work they are inspecting;
- qualifications and competency appropriate to the type of work they are inspecting;
- appropriate Professional Indemnity (PI) insurance;
- be able to be held accountable for the observations, conclusions and recommendations outlined in their reports;
- be required to maintain knowledge of current building codes and standards; and
- comply with all regulatory standards.

This list goes beyond the list provided in the Discussion Paper.

Further information and consultation is required to properly determine the appropriate minimum requirements for residential building inspectors, taking into account the scope of work, range of licence-holders and other individuals that may be eligible.

Question 8

Should any of the proposed minimum requirements be removed or altered?

As identified above, further information is required prior to determining whether any proposed minimum requirements should be removed or altered from the list provided in the Discussion Paper.

Additionally, where a relevant licence is already held by a prospective residential building inspector, the registration or renewal criteria for that licence should be considered. For example, if the minimum qualifications for a licensed builder are the same or higher than those required for a residential building inspector, the licensed builder should not be required to demonstrate compliance with such criteria if they apply for registration as a residential building inspector. A similar arrangement should apply for the professional indemnity insurance requirements for accredited building certifiers.

Question 9

What specified building roles would be suitable for the experience requirement?

Again, this question is subject to consideration of the scope of work for residential building inspectors, as well as further details on the matters considered under questions 3, 4 and 6 through 8.

Given the complexity involved with building structures and broad understanding of building processes necessary to effectively coordinate building works, residential building inspectors ought to be properly equipped to perform this service. Inspections are not a simple administrative exercise. They demand technical expertise, practical experience and sound judgement to identify risks, ensure compliance, and support quality outcomes.

Building inspectors should ideally come from backgrounds that provide them with direct, hands-on knowledge of building practices, such as licensed builders, site supervisors, and accredited building certifiers. These licence-holders already possess the practical knowledge needed to understand how

building works are carried out and they are best placed to assess whether building works meet the required standards.

Additionally, it may be appropriate to consider other professionals or licence-holders on a case-by-case basis, subject to further criteria to ensure they are equipped to provide building inspection services.

Another approach may be to allow restricted residential building inspector registrations for particular specialised issues, such as structural matters by structural engineers, or electrical issues by licensed electricians. These services may be permitted within the remit of existing licences or accreditations, and care must be taken to ensure the provision of specialist advice is not undermined by the introduction of a registration framework for residential building inspectors.

Ongoing requirements

Question 10

Should registered inspectors be subject to continuing professional development requirements?

Residential building inspectors play a vital role in ensuring the quality and compliance of residential building work. Their services directly impact homeowners, builders and contractors and indirectly impact other sectors such as government, finance, and insurance. To perform their services proficiently, residential building inspectors should remain current with the applicable building codes and regulations, as well as professional conduct and reporting standards. While their role is not to assess or determine workplace health and safety (WHS) standards, they must also understand and comply with WHS requirements in the performance of their services.

HIA supports continuing improvement and professional development to achieve acceptable standards of building quality delivered by a competent workforce. In relation to residential building inspectors professional development may strengthen accountability, professional standards, and confidence in the inspection process.

Any approach to professional development should be designed and operated by industry, for industry, to allow for a flexible, relevant, and responsive system. Not only does this provide embedded agility to address key development areas, but it instils industry confidence, increases buy-in, and ultimately improves the potential impact of the scheme.

We have provided further commentary on our position on professional development in our January 2025 submission.

Other considerations

Question 11

Are there any other elements relevant to the scope of this paper that CBS should consider?

Consideration must be given to the availability and affordability of professional indemnity insurance, otherwise this may become a barrier to the provision of building inspection services. Professional indemnity insurance is already an issue for building surveyors and design professionals across all jurisdictions, and it will be necessary to further discuss the type and level of coverage required for licensing purposes.