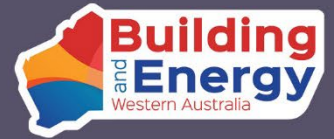




Government of Western Australia
Department of Mines, Industry Regulation and Safety



Management and Supervision Policy

A General Inspection (Snap Shot) Report Nine

August 2023

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1. Executive summary

On 1 July 2020 a new policy for the assessment of whether an applicant for a registered building contractor demonstrates the requirements for proficient management and supervision of the building service came into effect: the Building Services Board – Management and Supervision Policy (Policy). From this date, applicants have been required to complete a comprehensive questionnaire regarding the arrangements they have in place to manage and supervise the building service: the Building Services Board – Management and Supervision Questionnaire (Questionnaire).

The Policy and Questionnaire were developed after extensive consultation with the building industry and the Questionnaire is pre-populated with the most common practices being used in industry today, making it quick to complete for applicants and a reliable tool for the Building Services Board (BSB) to assess whether the appropriate arrangements are in place.

This General Inspection (Snapshot) Report Nine (GIR9) was undertaken to assess how well the Policy and Questionnaire are working in practice. The objective of GIR9 was to assess whether claims being made by applicants could be supported by evidence to ensure the policy is an effective tool for assessing these important registration requirements.

GIR9 details the findings of Building and Energy's general inspection into whether the objectives of the Policy are being met.

GIR9 was undertaken as a desktop review, it examined 23 submissions from 24 randomly selected building contractors and was carried out between January and February 2022.

2. Inspection scope

The sample size for GIR9 was determined using Building and Energy's statistical verification model. In this case, the absence of any historical data meant an 80 per cent precision target was desirable to be satisfied the results are an accurate indication of current practices. This was calculated to equate to 24 builders randomly chosen across a number of registered building contractors located in both the metropolitan and regional areas of Western Australia.

Two of the builders selected did not respond to GIR9, citing their imminent retirement from the building industry. These claims were verified via Building and Energy's building permit database that confirmed no building permits have been issued to these builders in recent times. Further monitoring with respect to the builders' registrations which are due to expire on 1 September 2023 will also occur. For the purpose of the GIR9 these builders did not demonstrate any of the evidence required to support their management and supervision arrangement claims and were recorded as such.

One other builder selected for GIR9 is an individual contractor and is also the director of a company contractor that was randomly selected as part of this general inspection. To avoid over-burdening this individual it was decided to remove the individual contractor from GIR9.

The removal of one builder from GIR9 meant that an 80 per cent precision could not be achieved. As the purpose of GIR9 was to assess the effectiveness of the Policy rather than compliance with the Policy. Building and Energy decided to accept a precision rate slightly lower than was desired to enable the completion of GIR9.

3. Methodology

The Questionnaire relates to the arrangements the builder has in place to manage and supervise the building service.

The Questionnaire seeks responses in relation to 13 areas of management responsibilities and seven areas of supervision responsibilities. Each area is probed using a question to illicit information from the builder as to how it satisfies that particular responsibility.

To assist applicants, the Questionnaire provides a set of pre-populated responses with a total of 110 possible responses to 20 questions. To ensure the Policy remained flexible, in addition to providing pre-populated options, applicants are also invited to provide an alternative response using the 'other' field. The 'other' option enables free text information to support the questionnaire.

Applicants are able to provide multiple responses to each area of responsibility if applicable.

[Table One](#) provides a summary of all the responses provided to each of the 20 questions in the Questionnaire.

As GIR9 was intended to assess the effectiveness of the Policy it was decided to limit the inspection to nine of the 20 questions, recognising not all evidence in support of the questionnaire was suitable for a desk-top analysis. Eighteen pre-populated responses within those nine questions were selected to determine whether the applicant could provide supporting evidence to verify the claims made in the Questionnaire.

On 3 December 2021 all registered building contractors were notified via an e-letter of the upcoming general inspection into management and supervision arrangements, with Notices of General Inspection sent out to each of the 24 builders selected for GIR9 in January 2022.

Information submitted by builders was provided in varying forms ranging from very comprehensive, well compiled dossiers, to the use of more simple documentation. This was observed to be consistent with the size and scale of the builders' operations.

The information was assessed by a team of appropriately qualified Building and Energy staff who formed a view as to whether the information provided satisfied the claims made in the Questionnaire.

4. Limitations

The intent of GIR9 was to assess how well the Policy and Questionnaire are operating and the inspection findings do not mean building contractors failed to demonstrate that proficient arrangements are in place for the management and supervision of the building service. The Policy enables a building contractor to select one *or more* of the pre-populated responses in the Questionnaire and in most instances, builders did select more than one pre-populated response. As GIR9 did not include an assessment of *all* responses provided in connection with a question, the building contractor may have been able to verify its claims in relation to unassessed areas of a particular question.

The statistical model used for this 'snapshot' general inspection means any findings are indicative only and it cannot be stated or assumed that the results are representative of an industry-wide practice.

5. Findings

Overall, GIR9 found that evidence to support building contractors' claims about the management and supervision arrangements selected for assessment could be verified in 67 per cent of cases.

Areas with high verification rates were:

- **Question 1.3 – The arrangements in place to ensure that project costs are correctly estimated and monitored.**

All builders advised they had arrangements in place and 20 (or 87 per cent) were able to support those claims with evidence.

- **Question 1.4 – The arrangements in place to develop budgets and ensure payments are made with financial and administrative diligence.**

Twenty one builders advised they undertake internal reviews to ensure staff compliance and 17 (or 81 per cent) were able to support those claims with evidence.

- **Question 1.7 – Arrangements are in place to ensure compliance with the relevant occupational health and safety, environmental, and/or other regulatory requirements.**

Twenty two builders advised they have a process to check workers' construction induction cards or high-risk work licences and 18 (or 82 per cent) were able to support those claims with evidence.

- **Question 1.13 – The following customer liaison arrangements are in place.**

Twenty one builders advised they have a policy describing the intervals at which customers will be contacted during the building services and 17 (or 85 per cent) were able to support those claims with evidence.

Areas with low verification rates were:

- **Question 1.5 – Arrangements in place to ensure National Construction Code performance requirements and other regulatory requirements are met.**

Twenty one building contractors advised they carried out internal audits and reviews of systems to ensure up-to-date knowledge of the requirements whereas only 8 or 38 per cent were able to support those claims with evidence.

The evidence provided for both training and software tools to ensure ongoing compliance is achieved shows that NCC training is generally ad-hoc and done in-house. There was also limited evidence of appropriate continual development programs. However, building contractors who carry out large projects tended to have programs in place.

- **Question 1.6 – Arrangements in place to ensure completed works comply with plans, drawings, specifications and reports.**

Twenty two building contractors advised they had policies and checklists to ensure building work complies with approved plans whereas only 8 or 36 per cent were able to support those claims with evidence.

It should be noted that having policies and checklists do not, in themselves, guarantee a compliant building. However, they are regarded as a good quality control measure and it is expected that the building contractor will have these arrangements in place.

None of the 23 building contractors assessed during GIR9 had used the 'other' field in their responses. This was a pleasing result and indicated the pre-populated questions are relevant.

[Table Two](#) provides a summary of the responses selected for GIR9 and Building and Energy's findings as to whether the evidence provided by the building contractor supported the claims made in the Questionnaire.

6. Where to next?

The *Building Services (Registration) Act 2011* requires that for registration building contractors must demonstrate to the BSB that it has arrangements in place for the proficient management and supervision of the building service. This is an important registration requirement because it strengthens consumer and community protection ensuring buildings are constructed in accordance with the approval plans, that projects are appropriately costed, risks are effectively mitigated and customers are fairly treated.

The results of GIR9 indicate that claims made in the Questionnaire may not be supported in practice and the area of least verification is arguably one of the highest areas of risk to consumers as it relates to the building contractors' arrangements to ensure compliance with the National Construction Code and that completed works comply with building approvals.

6.1 Actions

To address the observations of GIR9, Building and Energy has:

- Issued information for builders – [Industry Bulletin 153 – Management and Supervision](#) to ensure a greater understanding of the systems and controls that need to be in place before declaring to the BSB that an arrangement exists.
- Continued its work with industry and industry associations to improve the systems and controls that support compliance with the National Construction Code, plans, drawings, specifications and reports.
- Referred its concerns to the BSB recommending no changes to the existing Policy at this time. However, the Policy may be reviewed pending the outcome of further actions. The BSB has accepted this recommendation.

Further actions will be undertaken to improve the Policy including:

- Undertake further audits of Questionnaires submitted by builders to assess whether the Policy objectives are being met.
- Referral of any unsubstantiated claims made in future Questionnaires to its enforcement branch for consideration of disciplinary action.

7. Additional resources

Under the Policy, applicants are required to complete the Questionnaire and are requested to answer a number of questions about their operations: 'Business Profile'. This information provides Building and Energy a greater understanding of the size and scale of the applicants' operations and the nature of the building works to be undertaken. As part of GIR9 Building and Energy summarised the Business Profile responses received by 403 applicants following the introduction of the Policy in 2020. The detailed results are set out in [Table Three](#).

8. Feedback

Readers are invited to provide feedback on this report via email to be.info@dmirs.wa.gov.au.

Table One – Overall responses to the Management and Supervision Questionnaire

Management arrangements	
Q 1.1 – The party responsible for ensuring compliance with planning and building approvals:	Responses
nominated the nominated supervisor	20
nominated the company director	18
nominated the sole proprietor	4
nominated both the nominated supervisor and the company director (who could be the same person)	16
Q 1.2 – The systems in place for ensuring building work is diligently monitored and proficiently executed:	
use software or processes to schedule and track the progress of works	22
use off the shelf software solutions	16
use customized software solutions	12
use project, excel, word or similar applications	21
use paper-based applications	15
Q 1.3 – The arrangements in place to ensure that project costs are correctly estimated and monitored:	
use software or processes to schedule and track progress of project costs	23
use off the shelf software	19
use customized software solutions	16
use project, excel, word or similar applications	20
use paper-based applications	15

Q 1.4 – The arrangements in place to develop budgets and ensure payments are made with financial and administrative diligence:	
train staff in these obligations	22
provide staff with relevant information	19
provide staff with access to relevant information if they need it	22
undertake internal reviews to ensure staff compliance	21
Q 1.5 – Arrangements in place to ensure National Construction Code performance requirements and other regulatory requirements are met:	
provide access to the NCC	23
provide access to Australian Standards	23
subscribe to Building and Energy’s Industry Bulletins	20
undertake internal audits for compliance	21
engage experts when needed	23
have a learning and training program for staff and contractors	19
have software that staff and contractors can access to support compliance	18
Q 1.6 – Arrangements in place to ensure completed works comply with plans, drawings, specifications and reports:	
publish policies and checklists to ensure building work complies with approved plans, drawings and specifications	22
undertake regular internal operational audits to ensure compliance with policies	23
obtain expert independent reports and obtain consents where necessary prior to building work being carried out which will affect other land	22

Q 1.7 – Arrangements are in place to ensure compliance with the relevant occupational health and safety, environmental, and/or other regulatory requirements:

have an injury management plan in place	22
have a process to check any workers' construction induction cards or high-risk work licences	22
use site-specific safety instructions (JSAs) and processes for the development and implementation of site-specific safety inductions	22
correctly manage asbestos and other hazardous material risk	23
correctly manage obligations towards wastage disposal and environmental risk	23

Q 1.8 – Where applicable, arrangements are in place to ensure that the building services provided comply with the following regulatory and contractual requirements:

bushfire performance requirements	22
contaminated sites	23
European house borer	19
noise restrictions	22
sediment control	21
site security	22
traffic management	22
verge permits	21
rainwater containment and disposal	21
waste management and recycling	22
wind ratings	23

Q 1.9 – Arrangements are in place to use one or more of the following commercial contract types to meet regulatory and legislative requirements:	
use industry association contracts	23
use contracts that are prepared by a lawyer or legal advocate	14
use other standard form or commercial contracts	9
Q 1.10 – The following insurance policies are in place:	
workers' compensation insurance	23
contract or construction works insurance	23
home indemnity insurance	20
respective professional indemnity insurance	17
public liability	23
Q 1.11 – The following arrangements are in place with regards to employee and building subcontractor entitlements:	
have policies and processes in place for paying employees	22
have policies and processes in place for paying building sub-contractors	23
have a nominated superannuation default fund for employees	18
permit employees to choose their own superannuation fund	21

Q 1.12 – The following risk management arrangements are in place for factors impacting the building contractor’s ability to proficiently manage the provision of building services:

have a risk management plan in place that covers all the essential requirements in managing risk as a building contractor	23
update the risk management plan periodically	21
employees and contractors have access to the risk management plan policies	22
notify employees and contractors when they do not follow the risk management policies	23

Q 1.13 – The following customer liaison arrangements are in place:

share relevant information with customers	23
have a policy describing the intervals at which customers will be contacted during the building services	20
have a policy describing how and who will contact the customer	22
have a process for the practical completion and handover of the completed construction	23
have a policy for construction variations, repairs and warranty claims to the building during and post construction	23
have a procedure for how complaints and disputes will be dealt with	22

Supervision arrangements

Q 2.1 – Based on the anticipated estimated construction activity and proposed construction locations and classes of buildings, the number of nominated supervisors employed is:

one	23
more than one	0
have defined measures and policies in place that determine the work load of each site supervisor to proficiently carry out their duties	21
are only able to determine the number of site supervisors required for building services by assessing overall work load	11
rely upon the site supervisor to advise the nominated supervisor if the site supervisors' work load(s) exceed(s) an amount necessary to carry out their duties in a proficient manner	13

Q 2.3 – The nominated supervisor(s) has/have arrangements in place to monitor, verify and record adherence to correct work practices, processes, building materials and procedures in accordance to the following cycles:

daily; i.e. call forward sheets	13
weekly	12
routinely as and when the completion of the stages of work require it	20
use all three cycles	9
use only one cycle	10

Q 2.4 – Other than the nominated supervisor(s), the following arrangements are in place for the following parties to be authorised to conduct building site audits and/or inspections during the building works:

use site supervisors	21
use the director (who could also be the nominated supervisor)	19
use the construction manager	11

use the production manager	3
use a specialist contractor; i.e. building inspector, architect or engineer	18
use other designated employees who are qualified to conduct site audits and inspections	11
Q 2.5 – In relation to the delivery, storage and installation of materials and equipment, arrangements are in place for verifying:	
that the delivery, storage and installation of materials and equipment will be carried out correctly	23
that the materials match the description in the approved documentation	23
that the materials are stored in accordance with manufacturers' recommendations	23
that the materials are stored in accordance with both State and National legislation and regulations	23
that the storage of materials, delivery and placement of equipment will not interfere with the rights of adjoining property owners and any public property	23
Q 2.6 – The nominated supervisor(s) will have arrangements in place to coordinate and install temporary structures, safe working systems and facilities for building work by:	
supervising and coordinating the temporary structures and facilities for building work	23
ensuring that the installation of temporary structures (e.g. scaffolding, site sheds, toilet blocks) and facilities for building work will not interfere with the rights of adjoining property owners and any public property	23
planning, developing and overseeing the safe working systems for both on-site and adjacent areas in accordance with State and National regulatory requirements	23
Q 2.7 – In relation to contingency planning to allow for emergencies or unexpected events that may arise over the course of the building works, the nominated supervisor(s) will have arrangements in place to:	
allow for emergencies or unexpected events that may arise over the course of the building work.	23
ensure that contingency planning meets all necessary State and National legislative requirements.	22
ensure that the contingency planning is reviewed periodically or after each unexpected event.	21

Table Two - Management and Supervision Focused Questions and Responses

Management arrangements	Responses	Demonstrated	%
Q 1.3 – The arrangements in place to ensure that project costs are correctly estimated and monitored:			
use software or processes to schedule and track progress of project costs	23	20	87
Q 1.4 – The arrangements in place to develop budgets and ensure payments are made with financial and administrative diligence:			
train staff in these obligations	22	16	73
undertake internal reviews to ensure staff compliance	21	17	81
Q 1.5 – Arrangements in place to ensure National Construction Code performance requirements and other regulatory requirements are met:			
undertake internal audits for compliance	21	8	38
have a learning and training program for staff and contractors	19	10	53
have software that staff and contractors can access to support compliance	18	11	61
Q 1.6 – Arrangements in place to ensure completed works comply with plans, drawings, specifications and reports			
publish policies and checklists to ensure building work complies with approved plans, drawings and specifications	22	8	36
undertake regular internal operational audits to ensure compliance with policies	23	14	61

Q 1.7 – Arrangements are in place to ensure compliance with the relevant occupational health and safety, environmental, and/or other regulatory requirements:			
have an injury management plan in place	22	16	73
have a process to check any workers' construction induction cards or high-risk work licences	22	18	82
use site-specific safety instructions (JSAs) and processes for the development and implementation of site-specific safety inductions	22	15	68
Q 1.12 – The following risk management arrangements are in place for factors impacting the building contractor's ability to proficiently manage the provision of building services:			
have a risk management plan in place that covers all the essential requirements in managing risk as a building contractor	23	15	65
update the risk management plan periodically	21	15	71
Q 1.13 – The following customer liaison arrangements are in place:			
have a policy describing the intervals at which customers will be contacted during the building services	20	17	85

Supervision arrangements	Responses	Demonstrated	%
Q 2.3 – The nominated supervisor(s) has/have arrangements in place to monitor, verify and record adherence to correct work practices, processes, building materials and procedures in accordance to the following cycles:			
daily; i.e. call forward sheets	13	16	70
weekly	12		
routinely as and when the completion of the stages of work require it	20		
Q 2.7 – In relation to contingency planning to allow for emergencies or unexpected events that may arise over the course of the building works, the nominated supervisor(s) will have arrangements in place to:			
Allow for emergencies or unexpected events that may arise over the course of the building work	23	16	70

Table Three – Business Profile Questionnaire

1.1 Type of entity					
Sole Trader		Partnership		Company	
186		19		253	
As Trustee					
45					
1.2 Types of construction class activity (multiple classes can be included)					
Class 1		Class 2		Class 3	
462		282		188	
Class 4		Class 5		Class 6	
190		238		240	
Class 7		Class 8		Class 9	
234		234		197	
Class 10					
355					
1.3 Location of building work					
		Mostly		Occasionally	
		Never			
CBD		136		190	
Perth metro		288		136	
Regional		117		251	
				79	
1.4 Estimated number of construction projects completed per financial year					
1-5		6-20		21-50	
342		121		22	
51-100		102-200		Over 200	
8		3		8	
1.5 Estimated total value of construction projects intended to be completed in any one financial year					
Value of work		Year 1		Year 2	
		Year 3			
\$1 -\$1,000,000		294		191	
\$1,000,001 - \$2,500,000		121		169	
\$2,500,001 - \$5,000,000		31		54	
\$5,000,001 - \$10,000,000		25		26	
\$10,000,001 - \$20,000,000		7		11	
\$20,000,001 - \$25,000,000		6		6	
Over \$25,000,000		17		16	
				18	
1.6 Number of full-time, part-time and casual employees					
1-10		11-50		51-100	
446		34		10	
Over 100					
2					

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