



## Premier of Western Australia

Our Reference: 59-231907/CI

Mr Peter Hobbs  
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Dear Mr Hobbs

Thank you for your letter dated 26 November 2020 regarding the Australian Institute of Architects' (AIA) concern about the increases in premiums for professional indemnity insurance (PII) for building surveyors in Western Australia.

I acknowledge your concern regarding the difficulty that building certifiers are experiencing in regards to PII. This is an issue that affected the building and construction industry across Australia for some time.

The Attorney General and Minister for Commerce, the Hon. John Quigley MLA, is an active member of the Building Ministers' Meeting (BMM) and has been working with his colleagues in other jurisdictions to address the challenges of the availability, affordability and sustainability of PII for building surveyors in Australia.

I am advised the BMM (formerly the Building Ministers' Forum) met several times in 2019 and 2020 with the Insurance Council of Australia (ICA) to examine several measures to address the issue. I understand the ICA advised governments that the best means to address the issue is to rebuild confidence in the industry.

The Western Australian Government is committed to implementing the 24 recommendations of the *Building Confidence - Improving the effectiveness of compliance and enforcement systems for the building and construction industry across Australia* report (the Building Confidence Report).

I am advised that the Department of Mines Industry Regulations and Safety – Building and Energy Division undertook consultation on several reform proposals during 2020. It is expected that these reforms will help in bring confidence back in the sector which, in turn, will help ease the pressure on premiums for building practitioners.

The BMM has also encouraged industry to establish a professional standards scheme for building surveyors and other professions to assist with improving the insurance sector's confidence.

I am advised that there is some recent evidence to suggest that restrictions in the market for PII are easing. I note on 6 October 2020, the Royal Institute of Chartered Surveyors issued a media release advising its members that PII cover without cladding exclusions is now available.

In regard to your comments that the Department's State Wide Cladding Audit may have been the cause of building certifiers becoming uninsurable, I am advised that the market for PII started to contract in 2017, following the Grenfell Tower fire, well before the conclusion of the Audit.

The Department's risk assessment methodology and its Cladding Risk Assessment Tool are consistent with the ones used in Victoria and in other Australian states and territories.


The Audit identified the buildings that required remediation and referred them to the relevant local government permit authority for further fire engineering investigations. It did not identify the building practitioners involved in the design or construction of the affected buildings, nor did it specify the remedial measures that should be applied to these buildings.

In regards to providing support for remedial work on buildings with combustible cladding, I can advise that the WA Government has, unlike many other jurisdictions, funded the assessment of cladding on buildings. It is not, however, considering funding the costs of remedial work. To date, Victoria is the only jurisdiction to have announced financial support for owners of buildings impacted by combustible cladding. I am advised, to fund such an initiative, the Victorian Government has introduced a new levy on new building work which commenced on or after 1 January 2020. The WA Government is not considering levying new building work to assist with funding the remedial works on building with combustible cladding.

There are several pathways for owners to recover the costs associated with remediation work. Several of the buildings requiring remedial work are within the six-year statutory warranty period and, as such, an avenue exists for owners to lodge a building service complaint with the Department to recover the associated costs.

Thank you for raising these matters.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mark McGowan', with a long horizontal flourish at the end.

Mark McGowan MLA  
**PREMIER**

28 JAN 2021