

NSW cladding fund put in too-hard basket

EXCLUSIVE

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A NSW government proposal to fund the removal of flammable cladding from hundreds of buildings has stalled due to concerns from Treasury officials about the cost of the venture, and a belief by some that the government should not have to pay for mistakes made by builders and other third parties.

The Australian understands the proposed financial assistance has been sitting idle with NSW Treasury officials for months pending a decision on whether it can progress.

It offers two strategies for dealing with the cladding — one option is to give money to building owners or to builders so they can pay for the replacement of the hazardous material.

The second option is to loan the money for the same purpose, allowing it to be repaid to the government.

The combustible cladding issue has been ongoing since 2017 when the Grenfell Tower fire in London left 72 people dead.

A subsequent cladding audit in Australia found about 500 buildings in Victoria need rectification work. In NSW, there are 417 buildings so far identified as high risk.

The Victorian government announced on Tuesday it would fast-track its cladding replacement work in up to 400 buildings within the next two years, an effort that it has costed at \$600m.

In NSW, the efforts to assess the number of buildings covered in dangerous cladding remain ongoing; assessments have not been completed on more than 250 buildings, and there is tension within government over whether financial assistance should be provided at all.

While it is acknowledged that there is a need to remove the cladding due to safety risks, some officials believe it is not the responsibility of government to pay for errors made by those along the construction chain.

An interim solution offered to apartment owners has been to seek compensation through the government's signature building reform legislation, the Design and Building Practitioners Bill, which took effect this month.

Contained in the bill is a legislated "duty of care" provision between builders and apartment owners, allowing them to pursue negligence claims in court for past building defects. The

provision overturned a precedent set by the High Court in 2014 that made such claims harder to pursue.

“The legislation gives homeowners in properties built in the last 10 years new legal rights to recover the cost of repairing defects like combustible cladding from responsible third parties through the courts,” said a spokeswoman for NSW Better Regulation Minister Kevin Anderson.

The pursuit of such legal claims, however, could take many months and the need to remove the cladding remained vital, said NSW deputy Labor leader Yasmin Catley.

At a time when the government is pursuing shovel-and-screwdriver-ready infrastructure to promote jobs growth, especially in regional NSW, removal of cladding would provide an obvious source of economic stimulus, Ms Catley said.

“With so many people working from home, it is absolutely vital we get this deadly building material off our residential apartment buildings as soon as possible,” said Ms Catley, who described the problem as a “potential life and death” matter.

NSW Treasurer Dominic Perrottet did not respond to questions.

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