

QLD BUSINESS

\$100 million worth of Queensland building projects on hold as insurance crisis deepens

Major construction projects worth \$100 million are in a holding pattern in Queensland as the fallout from a building disaster thousands of kilometres away hits home.

Glen Norris, The Courier-Mail

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THE fall out from London’s Grenfell Tower disaster and Sydney’s Opal Tower crisis has placed \$100 million worth of Brisbane building projects in a holding pattern as insurers run scared.

Virginia-based Building Certification Group said it has stopped certification work on 1100 projects around the city - ranging from office blocks to carports - after failing to get public indemnity insurance to cover its work.

[Building certifiers are required to have public indemnity insurance](#) before the Queensland Building and Construction Commission (QBCC) can issue them with a licence.

Building Certification Group director Gareth Martin said major insurers were becoming increasingly nervous about providing such insurance to certifiers following major building disasters such as London's Grenfell Towers fire.



Grenfell Towers on fire.

Flammable cladding was blamed for the 2017 Grenfell tower disaster in west London and has been linked to high-rise fires in Australia. Meanwhile, structural failings in Sydney's Opal Tower has raised other concerns about the industry's quality standards.

[Minister for Housing and Public Works Mick de Brenni](#) warned in June that Queensland's \$50 billion construction industry could come to a standstill if a public indemnity insurance crisis caused by the combustible cladding issue was not resolved.

No insurers in Australia are currently willing to provide blanket public indemnity insurance to certifiers but some provide cover if incidents resulting from flammable cladding are excluded. The QBCC will now issue a licence to certifiers even if cladding is excluded but Mr Martin said his company had still been unable to obtain the required insurance.



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“Our brokers searched for two months but they came back to say no insurer was willing to cover us,” said Mr Martin. “Following Grenfell and other incidents, insurers are nervous they will face major payouts. But without that insurance we can’t do any certification projects and will soon have to make a decision about the future of the business.”



Housing and Public Works Minister Mick de Brenni.

Mr Martin said certifiers who were able to obtain the necessary insurance were finding the premiums too high and were exiting the industry. “One certifier’s premiums went from \$10,000 a year to \$20,000,” he said.

He said insurers were particularly reluctant to write policies for larger certifiers, such as his company, because they worked on projects perceived to be riskier such as high rise buildings.

He said the issue was a national problem that had to be solved if further delays on projects were to be avoided.

Master Builders Queensland deputy chief executive Paul Bidwell warned that if too many private certifiers went to the wall, local councils could be forced to step in as the “certifier of last resort” and take over a function they sold off 20 years ago.

Building Certification Group was previously a Brisbane City Council business that was privatised. Mr Bidwell said councils were unwilling to take on the

role of building certification and were not set up to do so.

GVG Design Construct director of construction Simon Betteridge said action needed to be taken soon to resolve the insurance issue before the industry ground to a halt.

Mr Betteridge, whose company is both a developer and builder, said the construction sector made up 13 per cent of GDP but was now facing a recession.

A QBCC spokesman said Building Certification Group's licence remains current while its licence renewal application was being considered.

QBCC Commissioner, Brett Bassett congratulated the State's building certifiers who were navigating their way through the insurance crisis and increasing their numbers.



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