

POLITICS VICTORIA **COMBUSTIBLE CLADDING CRISIS**

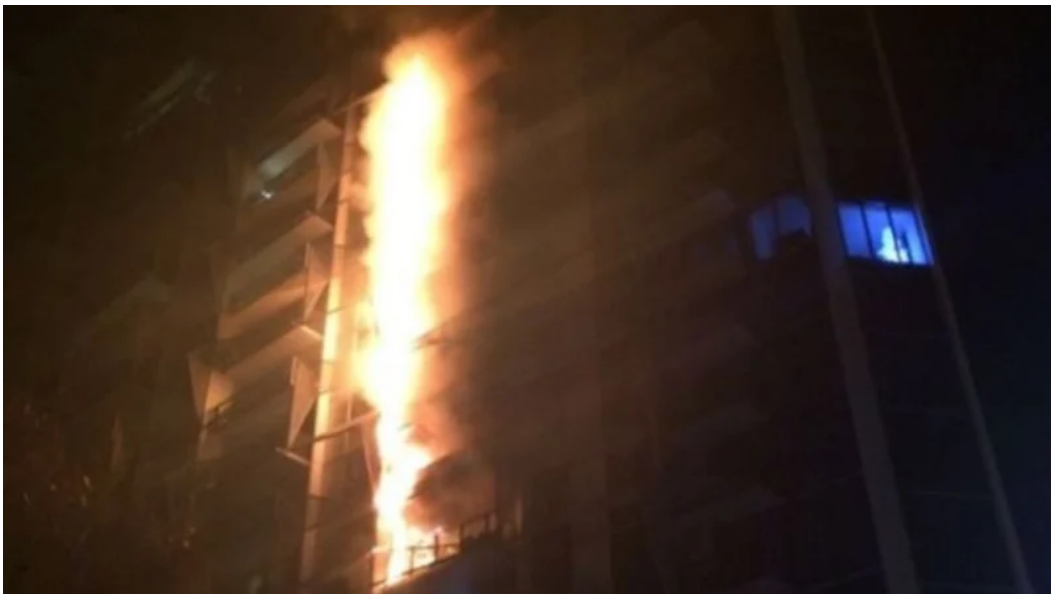
# Flammable cladding: State to pay to fix building industry's shoddy work

By **Clay Lucas** and **Adam Carey**

July 16, 2019 – 10.07am

The bill to fix hundreds of private buildings around Victoria covered in highly flammable cladding will be in part picked up by the state government, Premier Daniel Andrews announced on Tuesday.

The move will cost \$600 million initially, to rectify works approved and completed by the largely deregulated surveying, fire engineering and construction industry.



Fire raced up Dockland's Lacrosse tower in 2014 in just 15 minutes, as flammable aluminium cladding caught alight. MFB

Premier Daniel Andrews has written to Prime Minister Scott Morrison asking for the Commonwealth to chip in \$300 million to the package, but said the Victorian government would look to increase the building permit levy if the answer was no.

Mr Andrews also said it was possible the cost of the cladding rectification task would eventually exceed \$600 million.

"I wouldn't rule out potentially having to invest more," he said.

"Ultimately every dollar that's spent removing this lethal, combustible cladding and making these buildings safe on a unique basis I think is money well spent, because I'd much rather be defending that expenditure than spending the next two or three or five years pointing fingers and admiring the problem."

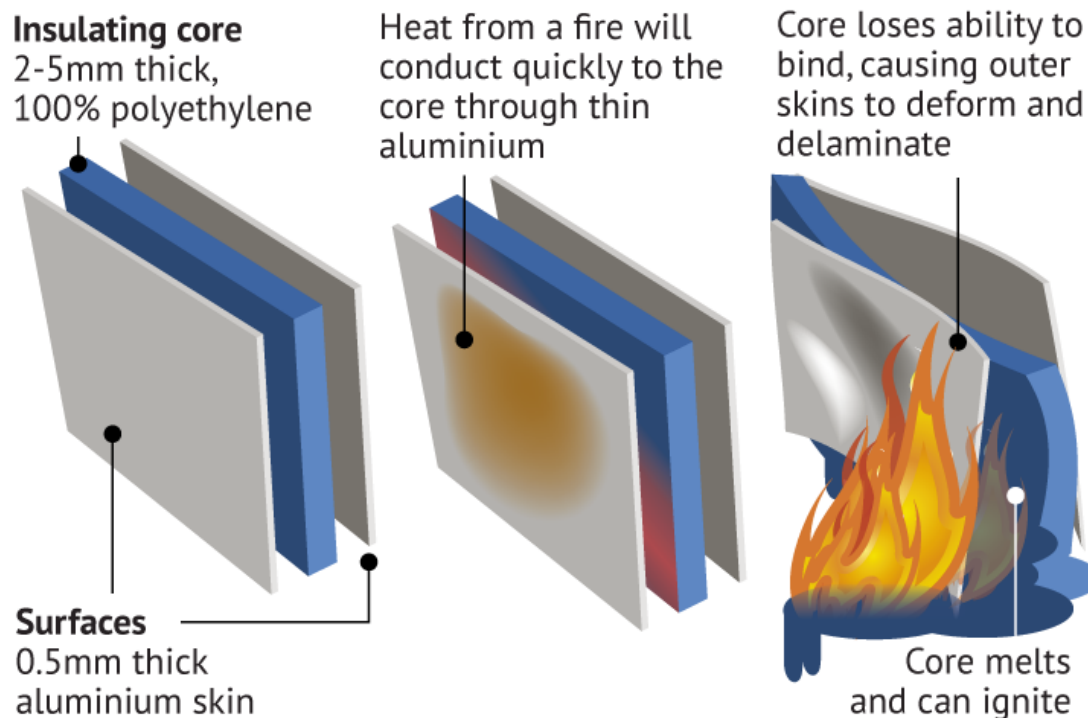
An estimate by planners at RMIT University earlier this year found the repair bill for all of Victoria's apartments covered in flammable cladding would be up to \$1.6 billion.

Until now, home owners who discovered their apartment was covered in flammable cladding have been told it is their job to pay for it to be fixed.

But Victoria has asked the Morrison government to help pay the bill to fix flammable cladding on private buildings.

"Combustible cladding is a national problem and we want the federal government to be part of the solution here in Victoria," Mr Andrews said.

## Aluminium composite cladding panel Flammable core



Graphic: Jamie Brown

Consumers will still help foot the bill for the repairs to buildings with flammable cladding.

The state government will directly fund the first half of the rectification works from general revenue. But to raise the next \$300 million, it will consider introducing new charges on building permits for five years.

The government said this was its second preference, if the Morrison government does not contribute.

The government's Victorian Cladding Taskforce also released a report on Tuesday with 37 recommendations.

Former Liberal premier Ted Baillieu, who is co-chair of the taskforce, said the rectification task would be complex, expensive and time-consuming.

"Public safety has driven this report, and along the way we have discovered this is an incredibly complex task," Mr Baillieu said.

Mr Baillieu said the dangers of combustible cladding were an international issue and Victoria was ahead of other jurisdictions in dealing with the problem, because it had gone out and identified affected buildings, instead of asking building owners to declare themselves.

"In the higher [risk] categories of buildings there are probably 500 buildings that need a rectification job," he said.

Fifteen of the highest risk buildings will be rectified first, beginning within the next few weeks.

Mr Andrews last month conceded that Victoria's cladding crisis had left thousands of apartment owners with "assets that are basically stranded" because they were covered in flammable materials.

"There will be some certainty brought to this market," Mr Andrews promised in June. "I know, from talking to plenty of people in real estate, that these are stranded assets. It's very difficult to sell an apartment that is under a cladding cloud."

Victoria's decision to pay a large part of the repair bill for private apartments makes it the first Australian state to move towards footing the bill to solve the cladding crisis. It follows a similar move by the British government in May.

Mr Andrews and Planning Minister Richard Wynne also released the details of the government's new body, Cladding Safety Victoria, which will work with homeowners to help them repair their buildings if they are covered in flammable cladding.

Details of Cladding Safety Victoria's work were accidentally released last month when a website for the agency was published and then retracted - but not before its key functions were revealed by radio station 3AW.

The move to partly fund repairs of private buildings follows the state government's change of rules last week on insurance coverage for building surveyors.

Almost no insurers were willing to offer coverage to surveyors in Victoria because of issues around cladding - meaning most surveyors stood to lose everything in

the event of one of their buildings catching on fire or needing significant repairs.

Building surveyors and inspectors in Victoria had needed professional indemnity insurance without any exclusions, but the government created provisions allowing them to be covered by indemnity insurance with an exclusion for non-compliant and high-risk cladding.

Some planners questioned the wisdom of allowing such an exclusion.

A scheme introduced last year, allowing building owners to pay to fix flammable cladding via a loan paid off through their council rates remains in place, although it is understood nobody has taken it up.



**Clay Lucas**



Clay Lucas is a senior reporter for The Age. Clay has worked at The Age since 2005, covering urban affairs, transport, state politics, local government and workplace relations for The Age and Sunday Age.



**Adam Carey**



State Political Correspondent for The Age

---