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# Construction industry faces 'screeching halt' over cladding risk

By **James Fernyhough**

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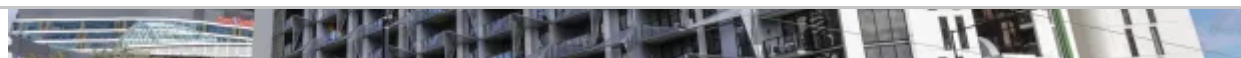
The [combustible cladding crisis](#) has left Australian building surveyors struggling to find compliant professional indemnity insurance, a development that industry sources warn could bring the construction industry to a "screeching halt".

If left unresolved, they say the [withdrawal of insurers from the market](#) could leave surveyors non-compliant with the law and therefore unable to practise. A lack of surveyors would bring the construction industry to a standstill.

"If surveyors are unable to get unfettered cover, that's going to throw up huge problems for the construction industry," said Hubert Wajszel, principal at law firm Barry Nilsson.



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Cladding: Wayne Taylor

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"If you don't have surveyors, you can't get building permits and occupancy permits. You can't start a project and you can't sign off on a project. That could actually mean the construction industry comes to a screeching halt," he said, adding the problem had worsened in the past six months.

The warning comes 18 months after the Grenfell Tower fire in London left 72 people dead, and brought the crisis to a head. Following the tragedy, it emerged the highly flammable aluminium composite panels used in the Grenfell Tower had been widely used in construction around the world, including in Australia. The Lacrosse tower in Melbourne's Docklands, which caught fire in 2014, was covered in such cladding.

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Greg Hansen, a Melbourne-based insurance broker with Austbroker, told *The*

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## 'The problem will grow'

Mr Hansen said insurance policies generally last 12 months, so many surveyors would not yet have encountered the problem.

"The problem will grow, as more surveyors hit renewal and their insurance broker struggles to find the appropriate cover. We know this crisis is looming," he said. "I won't say it's impossible to buy cover, but it's probable that they won't be able to buy."

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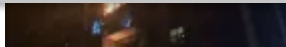
Mr Wajszel said one big class action could wipe out the entire PI insurance pool, which in Victoria amounts to only about \$5 million a year. "That's perhaps why insurers would be unwilling to jump back in. One claim, and everything they've made will go out the window."

In Victoria, surveyors were required to have "unfettered" PI cover, which meant they insured against being sued for any amount, he said.

"On one view, by having an exclusion of this nature, surveyors are falling foul of that order, which means the Victorian Building Authority may not be able to re-register a



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Mr Hansen and Mr Wajszel agreed the VBA had to rethink its requirement that surveyors have full cover for such claims or it would see the long-term viability of the building industry in jeopardy.

However, Mr Hansen said relaxing this requirement would leave surveyors without cover, which in the case of a cladding-related claim would be likely to send them bankrupt.

The situation is [just as serious in NSW](#), according to the Association of Accredited Certifiers, which found in a recent survey that 60 per cent of surveyors had difficulty securing fully complying cover and almost 66 per cent had considered leaving the industry over issues with professional indemnity insurance.

ACA chief executive Jill Brookfield said: "If certifiers cannot get compliant insurance there is a significant risk that they will leave the industry, which will have a real impact on NSW's infrastructure programs, any assessment of cladding and the issue of building approvals for housing and general building development."

London's Grenfell Tower caught fire in June 2017, killing 72 people and bringing the cladding issue to international attention. **FRANK AUGSTEIN**



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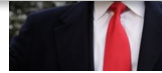
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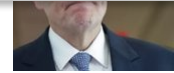
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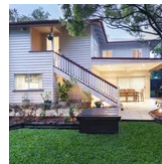


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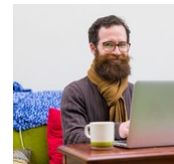
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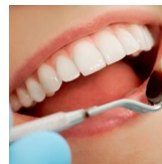


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