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Victoria to fund cladding rectification of privately owned buildings

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Victoria will fund the rectification of privately owned buildings with combustible cladding, a move that could cost billions of dollars and makes it the first state to take a step industry commentators said was inevitable.

The state government on Tuesday will announce the plan to enable rectification upfront and then seek damages from responsible parties.

A new body, Cladding Safety Victoria, will oversee the process, rather than the Victorian Building Authority building industry regulator. Further details were not immediately clear late on Monday. A spokeswoman for Planning Minister Richard Wynne declined to comment.

The decision follows comments by Premier Daniel Andrews last month that the state would put taxpayers' money into funding the replacement of flammable panels, in an admission that an earlier bid to let apartment owners fix their cladding and pay it off through their local rates had failed.

While the combustible panels, now the subject of two separate class actions against manufacturers and suppliers, have been used across the country since the 1990s, Victoria has the largest number of known private buildings with them. Mr Wynne last month told a state parliamentary committee the number of affected buildings was more than 900.

The state government itself, through agency Places Victoria, was developer of at least one residential building with combustible cladding, a 199-unit tower in Melbourne's inner-northern suburb of Coburg.

The crisis that is making apartments unsaleable and poses a direct threat to property values is a consequence of the failure of state governments to warn builders and their consultants about the dangers of aluminium composite panels, which sparked fires at Melbourne's Lacrosse and Neo200 residential towers as well as London's Grenfell Tower tragedy, despite being warned about them as early as 2010.

Documents *The Australian Financial Review* obtained under freedom of information rules and from court records showed the concerns of ACT fire authorities and their NSW counterparts that the panels were combustible were discussed as long as nine years ago at meetings of state and territory building regulators and the Australian Building Code Board.

However, regulators did not act, and 100 per cent polyethylene core panels remained on sale with no caution at least until 2013.

Victoria's move suggests other states will eventually follow in paying for rectification. In May, after Britain said it would fund cladding rectification of privately owned apartments, Australian construction lawyer Bronwyn Weir called a similar move in this country "inevitable".

The Victorian decision comes days ahead of a crucial meeting between state and territory building industry ministers and their federal counterpart, Industry Minister Karen Andrews.

At Thursday's meeting Ms Andrews will repeat the offer she made in February – and [which state ministers rejected](#) – to set up a federally funded body to help them implement 24 key changes they have agreed in principle to adopt, but which vary widely in practice.



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