

FINANCIAL REVIEW



Real Estate

Residential

Combustible cladding crisis

Replace the cladding on that building? Only if it's in Queensland

Michael Bleby Senior Reporter



May 22, 2019 — 7.17pm



Owners of some of Brisbane's largest buildings – along with potentially hundreds of residential apartments – are replacing cladding deemed safe in Victoria and NSW because Queensland takes a stricter line on interpreting fire safety requirements of the building code.

The HSBC/Trinkaus-owned 34-level 400 George Street and Growthpoint Properties' 12-storey 100 Skyring Terrace are currently tendering to replace about 4000 square metres of cladding – at an estimated cost of about \$4 million – that would be allowed in NSW and Victoria.





The 34-level 400 George Street tower in Brisbane is tendering to replace cladding that Queensland does not allow, but would be acceptable in NSW and Victoria. **Attila Csaszar**

The problem symbolises the disjointed responses across Australia's states and territories to a national crisis. The lack of uniform rules both between states and within states creates confusion for building and apartment owners and prevents the development of clear policies needed to restore confidence in the construction industry and avoid damaging property values.

While the two large southern states have issued guidelines that effectively allow aluminium composite panels with 30 per cent or less polyethylene cores, legislation passed in Queensland last year relies on a section of the National Construction Code that narrowly defines combustibility by a specific test that any panel with any PE content fails.

Industry experts say reliance on that specific test – which assesses the combustibility of an individual material and not the fire safety of a facade as it would perform in a real-life situation, is misleading. It also loads Queensland building owners with costs they would not face for the same material in the southern states.

"In Victoria and NSW they introduced specific changes that allow the 30 per cent threshold to continue," said independent consultant Stuart Rickerby.

"They've made concessions recognising the fire resistant products don't propagate flame. They're not relying on [building code section] 1530.1 as the basis for determining combustibility. Using 1530.1 is misleading in that regard."



The BoQ headquarters at 100 Skyring Terrace is also tendering to replace its cladding. **Attila Csaszar**

Representatives for the owners of both buildings did not respond to requests for comment on Wednesday.

A spokeswoman for the QBCC building regulator said the regulator followed the building code.

"The National Construction Code sets out the minimum necessary requirements for new building work throughout Australia, including materials that may be used for the external cladding of a building," she said.

"Queensland laws require building products to be safe, in accordance with regulatory requirements and fit for purpose."

Some public buildings, such as the Queensland Children's Hospital, also have the same material. A spokeswoman for Housing and Public Works Minister Mick de Brenni did not reply to questions about whether the state government would reclad the hospital.



Queensland Children's Hospital is clad in panels with a level of polyethylene content not allowed under state laws. **Christopher Frederick Jones**

While institution-owned commercial towers can bear replacement costs, it is a different situation for individual apartment owners.

John Anderson is chairman of a body corporate for a 99-unit complex in Brisbane's Cannon Hill.

One building in his complex has ACP panels with a core of less than 30 per cent polyethylene. They could keep the current cladding, which would require materials

testing and a building safety assessment totalling about \$35,000, but even then they would be penalised.

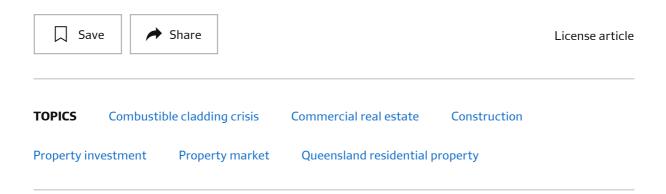
"We would have to have a prominent notice in our foyer that we have cladding which is not compliant under legislation, so that any visitors or anyone who buys in is aware we've got cladding that has PE content," Mr Anderson said. "That will affect our property values."

They might also have to pay more in insurance.

"The insurer has come back to us and said that they're happy with the type of cladding we've got as they insure buildings in NSW and Victoria with it, but until they see that risk assessment they're not going to give an undertaking that they're going to increase our premiums," he said.

And in the state where large numbers of building owners are looking to replace panels, the costs of replacement vary widely.

"The installers who installed it for the [original] builders have given us a quote for \$35,000 plus GST," Mr Anderson said. "We've had two other quotes for \$68,000 plus GST and another for \$74,000 plus GST. It's just absolutely bizarre."



<u>Michael Bleby</u> writes on real estate specialising in construction, infrastructure, architecture based in our Melbourne newsroom. *Connect with Michael on* <u>Instagram</u> and <u>Twitter</u>. Email Michael at <u>mbleby@afr.com.au</u>



- 1 Hold your horses: house prices are not about to take off
- 2 Couple blames \$430,000 loss on Westpac's 'irresponsible lending'
- 3 Mirvac Group seeks to raise \$750 million
- 4 Melbourne to get its first premium timber office tower
- 5 Housing outlook to improve in 2020



Financial Review Magazine

Rich Lister Anthony Pratt's 4 rules of business

The Roche formula for lasting wealth

The secrets of holding onto wealth

What it's really like to own a private island

Patrick Grove builds the Netflix of Asia at a breakneck pace

BOSS

The pragmatic peacemaker in charge at AGL

How Twiggy built an all-star team to sell Australia to the world

10 questions with AGL's Brett Redman

How the bloody hell do you keep them coming?

The lord who wants you to be happy at work

Life & Leisure

Fendi revamps its Baguette for a new audience: men

Can a coffee nap really boost your energy levels?

Why it's time for Australian sangiovese to shine

When in Venice, eat like a local

Mountain as muse: at home with Rosita Missoni

Special Reports

The megatrends shaping our future

Macro factors can act as handbrake

ESG principles increasingly embedded

The social condition of business

Pace of change a factor

