

---

# Cladding debacle: Josh Frydenberg dismisses Victoria's call for help on \$600m bill

---

By **RACHEL BAXENDALE**, VICTORIAN POLITICAL REPORTER

7:24PM JULY 16, 2019 •  547 COMMENTS

Josh Frydenberg has dismissed Daniel Andrews's request for a "national partnership" to pay for rectification of dangerous flammable cladding, declaring the federal government will not be "picking up the bill for what is a state responsibility".

The Victorian government today announced a \$600 million package to fix buildings with dangerous flammable cladding, but called on the Morrison government to fund half of the cost.

Premier Andrews said the issue was not merely national, but international.

Mr Andrews has written to Prime Minister Scott Morrison to ask the Federal Coalition government to pitch in the other \$300 million to fix the problem.

If it doesn't, the state government plans changes to the building permit levy to help raise that amount over the next five years.

Mr Frydenberg said the Morrison government would not be providing funding.

"The problems in relation to cladding have been a product of failure of compliance and enforcement at a state level," the Treasurer said.

"It's a fundamental business of state governments to ensure the safety of their buildings, and the Australian people would expect, that being a state responsibility, it's carried out appropriately by state governments.

"What we have offered to do at the federal level, through, (Industry Minister) Karen Andrews as the relevant minister, is to set up a task force to see through the recommendations from that report that has been discussed by building industry ministers.

“That offer is on the table. It was offered in February and it will be offered again when the ministers next meet (on Thursday).”

Victoria's \$600 million package, which will be administered by new agency Cladding Safety Victoria, will fund rectification works on hundreds of buildings found to have high-risk, non-compliant cladding.

The new agency and package were key recommendations from a final report from the Victorian Cladding Taskforce released today.

Following England's deadly Grenfell Tower fire in 2017, and a 2014 blaze which saw fire race up 13 storeys of the Docklands Lacrosse building in 10 minutes, the Andrews government appointed the bipartisan cladding taskforce led by former Liberal premier Ted Baillieu and former Labor deputy premier John Thwaites.

Daniel Andrews said his government was considering all 35 of the taskforce's recommendations and acting immediately on the “most important” of them.

## **Crisis talks**

The announcement comes ahead of a [crisis meeting of state and federal building ministers this Thursday in Canberra](#) which will discuss the inability of construction certifiers to obtain insurance, an issue the industry warns could cause a collapse in activity.

Industry groups have urged Industry Minister Karen Andrews to intervene to solve the crisis — which has seen rises of up ten times in the public liability insurance premiums paid by certifiers — sparked by issues around flammable cladding and structure defects in several unit towers in Sydney.

Ms Andrews told *The Australian* yesterday that she was prepared to establish a task force to address building industry regulation but has indicated that the states must take responsibility for fixing the crisis.

The building certifier behind Perth's \$1.6bn Optus Stadium has warned Scott Morrison that his firm will be forced out of business and the construction industry will “collapse” without settlement of the compulsory indemnity insurance crisis.

JMG Building Surveyors chief executive John Massey said in the letter, obtained by *The Australian*, that the current trend of insurance companies offering coverage to private building certifiers with exclusions for dangerous materials such as cladding would break his firm's contracts.

Premier Andrews said his government would review the state's building act to identify what legislative change is needed to strengthen the system and better protect consumers.

"This is the largest investigation into cladding that has ever been undertaken," Mr Andrews said.

"More than 2200 buildings have been assessed by experts. We believe that there are around 500 of those buildings that are in the most dangerous categories."

"We believe that \$600m will rectify and make as safe as possible, those 500 buildings."

The Andrews government set aside \$165m in its May budget for work which will begin in coming weeks on the 15 Victorian buildings identified as posing the highest risk.

Mr Andrews wants a "national partnership" on combustible cladding and for the issue be put on the Council of Australian Governments agenda at its next meeting in August.

"This is not about politics. It's simply a recognition that this is a national issue and there needs to be a true national partnership to put community safety first, to rectify these most dangerous buildings," Mr Andrews said.

### **Funding 'inadequate'**

Victorian opposition planning spokesman Tim Smith said Labor's funding commitment was "manifestly inadequate" and had come too late.

"The Andrews government has known about this crisis for almost 5 years and until now has done absolutely nothing to address it," Mr Smith said.

"As a result of Labor's reckless spending and inability to save for this eventuality, future homeowners will pay the price for the failure of this government and its building regulator the Victorian Building Authority.

“By increasing the cost of building permits for new homes Daniel Andrews will be putting further pressure on Victorians already struggling to balance the family budget with skyrocketing power bills and new and increased taxes under his government.”

**RACHEL BAXENDALE, VICTORIAN POLITICAL REPORTER**

Rachel Baxendale writes on state and federal politics from The Australian's Melbourne and Victorian press gallery bureaux. During her time working for the paper in the Canberra press gallery she covered the 201... [Read more](#)

