

Submission
No 20

**INQUIRY INTO REGULATION OF BUILDING
STANDARDS, BUILDING QUALITY AND BUILDING
DISPUTES**

Name: Name suppressed
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Partially
Confidential

Submission to the *Regulation of building standards, building quality and building disputes inquiry* in the NSW Legislative Council

Dear Members,

While I am happy to make a submission to this overdue inquiry, I do request that my details be redacted as I am concerned that publication of my name and address may harm the value of my property and the property of others in my block.

My partner purchased the apartment in 2009. He quickly joined the owners' corporation as, like many Sydney buildings, the majority of owners were absent or landlords. Defects have been numerous and, as is common, the developer had liquidated the company and phoenixed so that there was no restitution. There have been many issues around drainage, pumps not working, and a lift that never worked as the motor was under water since the completion of the building meaning no accessibility for those with movement impairments, but I wish to concentrate on some major issues.

Firstly, the more universal issue of building-wide work. As with many recent developments, waterproofing was poorly done on balconies and common areas such as planter boxes. This has led to movement and cracking of the rendered-brick balcony walls, water seeping through concrete balconies leading to mild concrete cancer, and excess water entering the garage and causing flow-on problems with pumps and retention basins. These basins are also poorly waterproofed, which has led to leakage and electrical faults. When the owners' corporation executive first looked at the problem five years ago it was quoted at around \$600,000 to rectify, however it was voted down when put to a resolution at the AGM. At the time, the Sydney property market was booming and people would buy anything, so many owners saw no need and were in a poor financial position to pursue the work. A recent quote now has the cost at \$1,100,000. That is spread across 48 lots. Due to the weakening market, owners this time agreed to the work. And this raises another issue of apartment dwellers – the strata manager. Despite having both a strata manager and having engaged an engineering company to project manage this, my partner was contacted this week by a builder he'd never heard of, let alone met, to inform him that work would begin on Monday. This requires all air-conditioning units to be disconnected and all balconies to be cleared, and access around the building – none of this had been communicated to any owner or tenant.

Secondly, the more personal building disaster. Three years ago, we had some odd issues with plumbing. There were strange fluctuations in water levels in the toilet, odd gurglings and occasional large gas bubbles coming up. This was reported to the strata manager multiple times but no response was forthcoming. My partner returned home one day to find human effluent flowing under the front door and down the stairs to the carpark. The sewer was completely blocked, causing sewage to come up through the floor sumps and shower drain, and flowed through the entire apartment. It turned out to be the result of yet more shoddy building work. Rather than correctly seating the pipes in blue metal, the builders had just backfilled with rubble, and over time a large chunk of concrete had slowly compressed and then totally collapsed the sewer pipe. That was \$20,000 of plumbing work to fix. That corrected one pipe and there are many more. From our experience of digging in the garden (we have a ground floor courtyard apartment), the entire property consists of builder's rubble with a thin screed of soil over it. This issue is likely to occur elsewhere in the block.

While both the building and our contents were insured, we still took heavy losses as both insurance companies did what insurance companies do best and sought to screw over the policy holders. The

strata insurance even contracted to a private loss adjuster who adjusted their loss down and ours up. Every porous item had to be destroyed and we were not comfortable keeping many other things we considered contaminated. The built-in wardrobes, vanity and kitchen had to be repaired – it would have been far better for us if these were simply replaced, but they insisted on only replacing uprights etc. that touched the floor, and reusing all other pieces. These repairs were of varying quality and we ended up making trips to Bunnings in an attempt to have useable wardrobes where the draws didn't randomly collapse. The total damage to our apartment, outside the plumbing repairs, would have been tens of thousands.

The emotional toll was heavier. As we have dogs, we couldn't stay in a hotel and ended up at my father-in-law's house on the Upper North Shore, quite distant to where we live, for several months. As nothing was in my name, my partner had to do all the work of liaising with insurance, builders etc. leaving him burdened and me frustrated. I also am self-employed and have no paid leave. Dealing with this created anxiety, depression and relationship strain. We had no personal space and it was very hard to relax. We drank too much, stacked on weight and it has taken years to get that back off.

Problems and solutions as we see them:

No official oversight of building standards. Private certification has proven a disaster and must be reversed. Government needs to do its job. As more people are forced to live in apartments, this must be addressed to stave off future problems and developers creating the slums of tomorrow. Surely the obscene amount this government has collected from stamp duty on these shoddy apartments must cover the running of inspectors.

Buildings are currently linked to companies that can be formed and dissolved at the stroke of a pen. Individual builder's licenses must be attached to developments so that any substandard work is linked back to the builder, with fines and penalties addressed to the individual, rather than a company that can be liquidated. Builders declaring bankruptcy must be barred from re-entering the industry for a minimum period to prevent them using bankruptcy as a way of avoiding reparations and penalties. There must be a mechanism by which builders can be barred from performing any further building work until faulty work has been rectified. This must be overseen by an independent ombudsman with real powers. Anyone who thinks NCAT is an efficient mechanism has clearly never dealt with NCAT.

Similarly, the ombudsman should have powers to oversee complaints and rectification of current issues. And since it was the actions of government that have contributed to this situation arising, the state government should also fund rectification.

Strata management. Any building with than about 4-6 apartment really requires a strata manager. Unfortunately, in our experience, strata managers range from useless to fraudulent. Since so many now live in apartments and there seems to be absolutely no regulation of the strata managing industry that I can see, it is basically a licence to print money. Sign people up, take their money and do as little as humanly possible, or take on too many buildings so that you can't cope and by the time you address an email or phone call it's a moot point. There needs to government oversight of this industry, preferable also with an ombudsman so that people aren't forced to endure NCAT. Many of our problems were due to the nonfeasance of a strata manager.

Imposing minimum levels for sinking funds. We have had the issue that every attempt to increase strata levies has been voted down, to the point where we now have a debt recovery levy as the sinking fund went into the red. If it was legislated that all buildings must have at least x% of the

value of the building in the sinking fund, it would prevent owners and landlords of a more frugal nature voting down increases. I would think even 1% of the building value would be a good start.

Banning all donations from developers, builders, their subsidiaries and families to politicians and political parties. I cannot see that anyone who isn't connected to the building industry would have thought that self-certification was a good idea. Similarly, I can't see that anyone without a vested interest would have thought that reducing the amount of time in which aggrieved owners could make claims as Mike Baird did was a good idea. There must either be a total ban on donations or an incredibly small limit set, to stop corruption of elected officials. Similarly, all candidates for election must declare any relationship, whether business or private, with developers and builders. Failure to declare must come with real world penalties. The Sydney Morning Herald exposed examples of failure to declare this interest before the last council elections, but I saw no action taken on it.

Thank you for your time.