

Submission
No 43

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

Organisation: Residential Strata Committee

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Why are Strata Committee's, working on behalf of an Owners Corporation, finding themselves in a situation they've inherited from the builder/developer who when faced with defect claims, are allowed to absolve themselves of any accountability or responsibility?

- Had the certification been done differently; would the Owners Corporation be in the same predicament?
 - Should Council be the only certifying body?
- The current trend for apartment buildings over 4 stories seems to require a commercial component. Is this to allow Councils to set two separate rate structures, the commercial being more expensive than the residential. This also has an impact on insurance premiums.
- How often are inspections done, should there be more?
 - When asked for information on inspection dates etc, the building certifiers supplied a letter stating: *'all mandatory critical stage inspections required under the Act were undertaken by the PCA/Accredited Certifiers employed by the Building Certifiers and were found to be satisfactory'*.
 - The Owners Corporation should be given dates, times, length of time on each inspection and by whom. They should also be provided with copies of the qualifications held by the person/s conducting the inspections.
- The Owners Corporation sought the building plans, particularly the structural plans from Council and the Private Certifier.
 - Neither the Council nor the Private Certifier were either able to, or willing to assist, with the request.
 - How many times did the plans change? If changed, the altered plans should be made available.
 - There should be a comprehensive folder handed to the Owners Corporation or Strata Manager containing the building plans, building certificates and any other relevant information.
- Why is the Developer/Builder allowed to wind up their company without any personal guarantees to anyone should the company go into liquidation? If the develop/builder goes

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bankrupt they should not be allowed to Phoenix or sell the company or join another developer or building company without settling prior claims.

- Why is there no insurance to cover the builder and developer going into liquidation?
 - Previous insurance was available to owners; however, this is now only available to properties less than 4 stories in height.
- Why aren't there more protections for owners when the process does go wrong?
 - For contracts signed after 1 January 2018 for buildings over 4 story's there is proposed to be a bond of 2% of the contract price.
 - The Owners Corporation should hold a copy of their building contract to ensure the proposed bond is sufficient to fully resolve issues.
 - If a building has a construction cost of say \$30 million, 2% would equate to \$600,000, should the bond percentage be more than 2%?
- Some of the frustrations currently faced by Residential Strata Committees in addressing the defects and/or poor workmanship issues requiring follow-up rectification work :
 - Lack of qualified supervision of on-site specialist trades?
 - Most building work is conducted without supervisory oversight.
 - Mandatory inspections are limited in their ability to detect non-compliance.
 - Some of the most important safety elements are hidden from view and a point-in-time inspection cannot assess essential construction processes.
 - Incorrect building methods not being picked up by the on-site project manager/supervisor e.g. Galvanic corrosion of the embedded portion of balustrade posts where aluminium has come into direct contact with the cementitious grout or concrete.
 - Whenever trades come on site the site supervisor requires Work Health Safety licensing/qualifications, it is less likely they will see evidence of the sub-contracted workers qualifications and experience level. This is especially important in areas that are exposed to weather events and possible water ingress.
 - There needs to be a more collaborative approach with those who have a responsibility for regulatory oversight, e.g. State and Local Government and they need a broad suite of powers to monitor buildings and building work so that, as necessary, they can take strong compliance and enforcement action.
 - Those developers who are subject to compliance and enforcement action should be publicly identified.

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- Self-Certifying? There needs to be 'Independent' Inspectors not involved with the plans, developers and/or builders.
- The sunset clause identifying the timeline for defect action by the builder under his/her home warranty insurance requires reviewing. At present builders send in unskilled workers to do patch-up work and delay the required rectification work until the warranty timeline has lapsed. When an Owners Corporation challenges or takes legal action against the developer/builder/certifier, responsibility for the timeline inaction seems to fall on the Owners Corporation for not identifying the defect in a timelier manner.
- The building timeline for multi-story apartments. There seems to be little more than a week between cement pours for each floor. Green concrete takes approximately one month to cure and continues to harden over time, meanwhile construction continues during this drying process. This may be a contributing factor in the recent high-rise defect reports.