

Submission
No 90

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

Name: Name suppressed

Date Received: 26 July 2019

Partially
Confidential

Regulation of building standards, building quality and building disputes

To the panel:

I wish to disclose upfront the following to assure there are no conflict of interests as I am a current owner of an apartment in Mascot Towers:

1. I have two current investment properties, one in NSW (Mascot Towers) and another in Western Australia (WA). I have owned properties also in Victoria
2. I believe myself to be a semi sophisticated investor due to my corporate experience (CV), education (2 post graduate degrees) and access to many experts in the property field.
3. I do not reside in NSW any more
4. I am a current financial member of the Liberal Party (Victorian Division)

I wish to refer in the terms of reference to the following section:

(b) the adequacy of consumer protections for owners and purchasers of new apartments/dwellings, and limitations on building insurance and compensation schemes, including:

(i) the extent of insurance coverage and limitations of existing statutory protections

(ii) the effectiveness and integrity of insurance provisions under the Home Building Act 1989

(iii) liability for defects in apartment buildings,

Our national demographics are changing, perhaps none more so than in New South Wales. Booming metropolitan population increases on a relatively locked area such as Sydney means that apartments must be built to cater for demand. This has several benefits to the economy and the environment, ranging from more efficient use of public transport through to lower environmental costs per person.

However, the rapid growth of cities in Australia has left legislation trying to catch up. As our living standards change for the future, more people are being lured to apartment dwelling for various reasons. Apartment living will be a modern way of living in Australia with a large percentage of the population residing in these. The current protections of owners and residents in this area is severely lacking. Particularly as the growth of these dwellings is in New Builds.

Insurance is complicated with new builds and there are several gaps in coverage which leave owners and tenants exposed. This has been highlighted in both recent examples of Opal and Mascot Towers. The gap in this insurance has left the State Government no choice but to step in and cover the displaced residents at a cost to the NSW Tax Payer, which I believe to be unfair.

There are several changes I would propose the inquiry to review:

- Property Developers and Directors being personally liable for building defects that are not certified as fixed by relevant authority bodies, for a significant period of time
- Directors of Development Companies are not allowed to proceed on new developments until previous works have been rectified or in the process of rectification
- Specific Building Defect Insurance that is covered by Strata.
- Defect Liability Periods extended to ascertain any issues with the building structurally in case there is movement.
- Protection of residents under these extreme circumstances. Displaced residents have done nothing wrong but have been the victims of poor development and ongoing management of these buildings.
- Strata Insurance covers all aspects of the building, regardless of fault. Therefore protecting residents. As a separate example, workcover protects all workers on a work site regardless of fault.

As an owner of Mascot Towers I have both Strata Insurance, paid through my levies, and Landlord Insurance, protecting myself and the tenant for anything inside the apartment. Neither of these insurances cover the current situation. Therefore, spending thousands of dollars annually I am still exposed to the risk that is front of me currently. There should be no insurance gap which leaves residents exposed who occupy the building. Strata Insurance should cover this and Insurance companies should be allowed to recover costs as needed. Therefore, if a Developer is liable then the insurance company has rights to recover incurred costs.

I thank the submission for their time reviewing this document.