

## **Media Release – INTERVIEW OPPORTUNITY AVAILABLE**

**Attention Editors/Chiefs of Staff**

**Wednesday February 17<sup>th</sup>, 2016**

### **STRATA SECTOR FEARS DANGEROUS FLAMMABLE CLADDING NOW WIDESPREAD IN VICTORIA**

### **SECTOR BOSSES CONSIDERING LEGAL ADVICE AS AN OPTION**

### **BUILDING MINISTERS URGED TO ACT TO AVOID THE TOWERING INFERNOS SEEN IN VICTORIA THROUGHOUT AUSTRALIA**

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Australia's multi-billion dollar strata sector says it is shocked and alarmed by reports that dangerous flammable building materials now appear to have been used widely in major inner city commercial and apartment buildings over the last decade.

A new audit report by the Victorian Building Authority shows that over 50% of 170 CBD buildings in Melbourne contain highly flammable cladding.

Strata Community Australia (SCA) fears this percentage may also be indicative in other parts of Victoria.

SCA says it is considering seeking legal advice as to potential liability regarding the use of dangerous and faulty building materials.

It is calling for the formulation of an immediate action plan when Building Ministers meet on Friday on the Gold Coast.

The audit report comes off the back of the widely reported blaze that ravaged the Lacrosse Apartments complex in Docklands where non compliant aluminium cladding on the building's exterior was found to have acted as a catalyst.

Strata Community Australia is the peak industry body for Strata and Community Title Management.

Strata Community Australia (Vic) General Manager Rob Beck says this issue resembles a systemic failure regarding building defects, an issue which has been estimated to have caused greater financial losses than notoriously destructive natural disasters like the Queensland floods and Victorian bushfires.

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**Strata Community Australia (Vic)**

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“This year will be big for the Victorian strata property sector, as the State Government moves to review our biggest piece of legislation, and we're adamant that a comprehensive review of the laws around building defects, and the protection offered to owners, residents and investors must be a priority.”

“The review of the Owners Corporations Act (2006) is a big step in allowing our sector to grow and flourish, but perhaps our biggest need is to look after the people who are driving that forward momentum, the property owners.”

“Victorians have seen this issue grow over the last 12 months without any real protection offered for their properties, livelihoods and investments, and we hope the review of the Owners Corporations Act sees a dedicated approach to not only bring in new safety and building standards, but a financial safety net for owners to not get left to pick up the bill.”

Already, owners have been asked to “pick up the tab” for a rectification bill totalling \$20 million, which averages out to \$40,000 per apartment, and for the 1.5 million Victorians living in the apartments, units and townhouses of the sector, that comes as a harsh reality check.

Mr Beck says the \$20 million rectification bill that was left with owners of the Lacrosse Apartments complex was an unfair scenario, but one that was the only option for local council to take.

“The process for rectification as it currently stands, is that local council must seek owners to rectify the damage, and then the owners can pursue damages from the builders, architects and construction professionals.”

“It's an unnecessary step that typically involves owners corporations seeking legal consultation, and we're of the opinion that it should be cut out completely.”

“It's simply unreasonable that those not involved in the construction phase of this building can be held accountable for the very mistakes made in this process, and the review must address this.”

Mr Beck says the impact that building defects has had on Victorian property owners is best measured in the financial losses totalled.

“The last publicly reported statistics regarding the financial losses to Victorians was \$3.8 billion for 2010.”

“Based on the high level of development since that time across the Melbourne CBD and other regions, we'd estimate that the total losses over the last five years would be at least 10 times greater than that, up to a figure near the \$40 billion mark.”

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“When put in perspective with natural disasters like the Queensland floods of 2011, which caused a financial loss of \$16 billion, and the 2009 Victoria bushfires (\$4.4 billion), the severity of this failure becomes clear.”

Mr Beck says just like the response given to these disasters, Victorian strata property owners in crisis need a swift action plan to deal with the fallout.

“One of the key deliverables of the reform will be vast urban renewal for Victoria's biggest regions, and we're adamant that strata property owners need assurance that this construction and development growth will be underpinned by a system that rightfully protects them.”

“We can't accelerate strata sector growth without first protecting our stakeholders, so we'll be making ourselves available to brief the State Government on a plan to mitigate the risks of building defects and the financial hurt inflicted by this issue.”

**Editor Note: Mr Beck is General Manager of Strata Community Australia (Vic)**

### **About Strata Community Australia (Vic)**

Strata Community Australia (Vic) is the peak industry body for Strata and Community Title Management in Victoria. Supporting more than 80% of all owners corporation management firms, it is the only organisation solely focused upon representing this increasingly significant industry, and reaches and represents more than 530 owners corporation professionals who manage approximately 375,000 lots. It also represents industry suppliers and owners corporations, making it the voice of all with an interest in the management of owners corporations. Members benefit from representation, promotion, establishment of professional practice guidelines and ethical standards, and professional development through education seminars, conferences and regularly publishing bulletins on items of professional interest. Website: <http://www.vic.stratacommunity.org.au/>

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