

Resolution of Council

19 August 2019

Item 3.4

The Crisis in the Building and Construction Sector

Minute by the Lord Mayor

To Council:

The building defects crisis is undermining confidence in the multi-storey residential construction industry and causing heartbreak and financial difficulty for owners and dwellers in multi-storey buildings across the state.

A number of apartment buildings in the City of Sydney have recently made the news due to defects that, in some cases, left them unfit for occupation. These faults which have occurred after the design and approval process, include structural cracks, faulty water proofing, inadequate fire safety and soil contamination.

There are also high-profile examples of building defects occurring across metropolitan Sydney and elsewhere. As the scale of the situation becomes apparent, it is eroding confidence in the building and construction industry, threatening to undermine investment in the sector and harming purchasers and occupiers.

This crisis must be urgently addressed as it is having significant impacts for home owners and occupants, particularly those in multi-storey apartment buildings with seventy-five percent of households living in strata apartments in our city today.

The situation has emerged as a result of the breathtaking irresponsibility of successive NSW governments that has weakened regulation of the sector by removing independent certification and supervision of construction sites.

It is welcomed that the Premier has recently acknowledged that self-regulation of building industry has not worked and in July 2019 the NSW Government established a Public Accountability Inquiry into the regulation of building standards, building quality and building disputes.

The City's submission to the inquiry calls for:

- A return to quality control during the construction phase, which means experienced, independent professionals bound by a code of conduct will put public interest first.
- A complete overhaul of private certification to include clear regulations to eliminate conflicts of interest and monitoring to better prevent building failures as well as the need via an audit trail in order to hold failures to account.
- A long-term plan to ensure buildings of adequate quality are constructed in the first place. Amendments to *Environmental Planning and Assessment Act 1979* to be expedited, including removing the ability for private certifiers to issue 'interim occupation certificates' allowing residents to move into incomplete developments.

In 1997, as Member for Bligh in State Parliament, I was one of two MPs who opposed changes to the *Environmental Planning and Assessment Act 1979* that handed over authority to private certifiers to approve certain categories of development.

I told Parliament that self-regulation would not work, and that public interest would be put at risk by time and cost saving pressures put on private building certifiers to keep the person who pays their wages happy.

The NSW Government must now act urgently to reinstate independent onsite construction inspectors, and ensure engineers and similar industry professionals are adequately accredited.

It is essential that certification of multi-storey buildings is carried out by a third party independent of the builder to ensure that there are proper checks and balances to protect amenity and the environment and to overcome the conflict of interest that currently exists when private certifiers are paid by the building contractor.

These changes to address the systemic issues causing the building defects in multi-storey residential towers will also serve to ensure that flammable cladding is not installed on buildings in the future, and that fire-safety standards are adhered to, in order to prevent a tragedy similar to the one that occurred at the Grenfell Tower in London.

The media recently reported that there are over 300 buildings in the City of Sydney that have been identified for further investigation and may contain flammable cladding to some degree. This is a clear failure of successive NSW Governments, and the risk to the community is unacceptable.

This Council has deployed increased resources to inspect each of these buildings, and to provide guidance to owners on actions they must take to make them fire safe.

But the length of time required to investigate each individual building and the lack of financial support to owners to remediate buildings to ensure they are compliant with fire safety standards, means that the community is exposed to unacceptable fire risk.

Recently the Victorian Government committed \$600 million dollars to support the investigation and rectification of flammable cladding across the state.

The NSW Government must act to immediately release emergency funding to expedite the investigation of buildings with flammable cladding and similar defects to support urgent rectification works.

Recommendation

It is resolved that:

- (A) Council note that:
 - (i) the building defects crisis is undermining confidence in the construction industry and causing heartbreak and financial difficulty for owners and dwellers in our city;
 - (ii) these faults have occurred after the design and approval process, resulting in structural cracks, faulty water proofing, inadequate fire safety and soil contamination;
 - (iii) successive NSW Governments have eroded regulation of the building and construction sector by removing independent certification and supervision of construction sites; and
 - (iv) insufficient resources allocated by the NSW Government to investigate and rectify buildings with defects is exposing the city community to unacceptable risk;
- (B) Council endorse the recommendations of the City's submission to the Public Accountability Inquiry into the regulation of building standards, building quality and building disputes; and
- (C) the Lord Mayor write to the Premier:
 - (i) commending the NSW Government for establishment of the Public Accountability Inquiry into the regulation of buildings standards, building quality and building disputes; and
 - (ii) calling on the NSW Government to fund the accelerated investigation and rectification of buildings with defects emerging from the failures of private certification and the lack of independent supervision on construction sites.

COUNCILLOR CLOVER MOORE

Lord Mayor

Moved by the Chair (the Lord Mayor), seconded by Councillor Thalís –

That the minute by the Lord Mayor be endorsed and adopted.

Variation. At the request of Councillor Scott and by consent, the Lord Mayor varied the Minute, such that it read as follows –

It is resolved that:

(A) Council note that:

- (i) the building defects crisis is undermining confidence in the construction industry and causing heartbreak and financial difficulty for owners and dwellers in our city;
- (ii) these faults have occurred after the design and approval process, resulting in structural cracks, faulty water proofing, inadequate fire safety and soil contamination;
- (iii) successive NSW Governments have eroded regulation of the building and construction sector by removing independent certification and supervision of construction sites; and
- (iv) insufficient resources allocated by the NSW Government to investigate and rectify buildings with defects is exposing the city community to unacceptable risk;

(B) Council endorse the recommendations of the City's submission to the Public Accountability Inquiry into the regulation of building standards, building quality and building disputes; and

(C) the Lord Mayor write to the Premier:

- (i) commending the NSW Government for establishment of the Public Accountability Inquiry into the regulation of buildings standards, building quality and building disputes;
- (ii) calling on the NSW Government to fund the accelerated investigation and rectification of buildings with defects emerging from the failures of private certification and the lack of independent supervision on construction sites;
- (iii) welcoming the appointment of a Building Commissioner and calling for adequate resourcing for the agency;
- (iv) calling for the NSW Government to provide support for strata that at a minimum matches the Victorian Governments support package of \$600million; and
- (v) encouraging the NSW Government to lobby the Federal Government to match state funding on this matter.

The Minute, as varied by consent, was carried unanimously.

S051491