

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

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Attention Queensland Media

### **PEAK STRATA BODY CALLS FOR 'SAFETY NET' MEASURE TO PROTECT QUEENSLANDERS FROM MULTI-MILLION DOLLAR DEFECTS**

### **2% BUILDERS BOND NEEDED TO STOP PUTTING OWNERS OF DEFECTIVE BUILDINGS ON THE PATH TO BANKRUPTCY**

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The Queensland State Government is being urged to consider introducing a critical 'safety net' measure to save apartment owners hit by defects from going down the path to bankruptcy.

A 2% builders bond is the proposal being put forward, and it would follow in the footsteps of an identical plan, being introduced in New South Wales this July.

Australia's building defects crisis is far from solved, and with countless unsafe materials like cladding, hazardous electric cabling, asbestos and faulty gas pipes still being heavily used throughout construction, the peak body for Queensland's \$100 billion strata sector says owners need financial safe guards.

Strata leaders say a reclaimable 2% bond will work to create some real financial incentive for the construction industry to 'lift its game' and safe, defect free communities whilst simultaneously working to financially protect owners.

Strata Community Australia (QLD) says the financial hardship of defects is best highlighted by an Owners Corporation in Melbourne, who was just served a \$15 million defects bill to rectify unsafe cladding which caused a 13 storey blaze. (Editors – see attached).

And President Simon Barnard says similar instances are entirely possible in Queensland's biggest cities, as the extent of unsafe material still remains unknown.

"There is no guarantee that Queenslanders are exempt from the dangers posed by unsafe materials similar to the one responsible for the blaze in Melbourne."

"So, in order to ensure defects don't have the same lasting effect, we want the State Government to urgently consider the value of a builders bond."

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An identical bond will be introduced in New South Wales on July 1 this year, and Mr Barnard says he shares the fears of Victorian counterparts, that building defects is a national issue.

“To name a few, there are still major quantities of unsafe materials such as flammable cladding, hazardous electric cabling and faulty gas pipes within the Australian construction supply chain.”

“And failing a comprehensive overhaul of this space, which would take years to execute, we want to see a common sense bond considered by the State Government.”

“The mechanics of this plan would see developers putting aside funds to the value of 2% of the project cost for owners to make use of if defects are found after settlement.”

“The reward inherent is that developers who build safe buildings get that 2% back, but otherwise, owners have funds immediately made to rectify whatever defects are found, so that life can carry on without years of disputes and legal recourse.”

But, efforts to protect owners must not affect housing affordability.

Mr Barnard says valid points have been raised about how housing affordability will be affected by the 2% bond set to be introduced in New South Wales Government, due to developers costs going up.

“It’s important the Queensland State Government in considering this critical measure also looks at how inspections of properties would run.”

“With the costs of these inspections bearing significant impact on developers, there’s the expectation that the final cost of the product would rise.”

“Placing a cap on inspection report costs is just one of the ideas being put forward by leading industry groups at the moment that work to address this, and it’s the type of well thought out consideration we urge the State Government to embrace.”

“Bottom line, development is happening now, and we implore State Government decision makers to consider the value of providing a financial safety net for owners simply looking to live in their dream home.”

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“The alternative is something no one wants to see on their watch.”

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