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Rebuilding confidence in construction sector is vital

Buyers are entitled to know about builders' track records

Public confidence about investing and living in high-rise apartments has taken a battering in recent years. After 72 people died in London's Grenfell Tower fire disaster in July 2017, concern about combustible cladding on high-rise buildings quickly spread to Australia. About 500 buildings in Victoria were found to need rectification to remove flammable cladding, and similar numbers were discovered in NSW. Concerns escalated in late 2018 when residents of the 38-storey, 392-apartment Opal Tower in Sydney's Olympic Park were forced to evacuate after cracks appeared on Christmas Eve. Some were unable to return for almost a year. And in June last year, residents of the 132 apartments in Sydney's Mascot Towers had to abandon their homes after engineers became concerned about continued cracking in the building's primary support structure and facade masonry.

The evacuations reinforced the importance of the "caveat emptor" principle to potential owner-occupiers and investors. They also pointed to the need for more effective building regulation. In response, as Yoni Bashan reported on Tuesday, the NSW government has proposed a crackdown on the construction industry. It plans to give regulators the power to block suspect developers from erecting high-rise unit towers. Builders also will be subject to a quality-rating regime based on their histories. Factors such as workplace safety, their track record on customer complaints, the age of businesses, financial credibility and any evidence of phoenixing (creating a new company to continue the business of a

company that has been liquidated deliberately to avoid paying its creditors) will be taken into account in determining ratings. Provided it is transparent and easily accessible, the system should go a long way to informing developers in their choice of builders. Savvy apartment buyers also will appreciate the chance to access such data. The reforms are long overdue. Strata Community Association NSW president Chris Duggan believes they will give "millions of NSW residents" peace of mind.

While responsibility for building safety rests with the states, the problem is a national issue, which is why the NSW measures are likely to form a blueprint for a national shake-up. Building ministers meet next month, when NSW Better Regulation and Innovation Minister Kevin Anderson will push for aspects of the plan to be adopted nationally. Given the need to restore confidence to the sector, industry, in general, is supportive of the reforms. Without firm measures, lack of confidence in the building sector will undercut the economy and jobs. Building accounts for about 7 per cent of GDP. The burden of insurance premiums, which soared by 10 times or more — by hundreds of thousands of dollars per project — after the crises also has become a major problem.

Neither NSW Labor nor the Greens believe the regulations, which are yet to pass the state's upper house, go far enough. They want a building commission, rather a single building commissioner, to police the sector. What matters will be the effectiveness of the scrutiny applied to the sector.