

# Australia: NSW government tries to minimise political and economic fallout over unsafe apartments

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The New South Wales (NSW) government has responded to the forced evacuation of hundreds of people from Mascot Tower apartment blocks in Sydney with empty promises of future industry legislation.

On June 14, residents of 122 apartments in Mascot Towers, near Sydney Airport, were given two hours' notice to get out of the building after cracks on a structural support in the basement widened significantly following their discovery a week before. Two of the nine commercial properties in Mascot Towers were also evacuated.

Residents have no idea when the building will be repaired or when they will be able to return to their homes. Hundreds of apartment owners face financial ruin, having to bear the cost of repairs or expensive and likely unsuccessful legal action.

The latest crisis follows the evacuation of Opal Towers when structural damage was discovered in the high-rise apartment block in Sydney's inner-west in December.

Mascot Towers apartment owners met for four hours with engineers and strata representatives last Thursday night. They voted for an initial \$1 million levy to fund repairs, which comes on top of \$4.1 million they approved in April for other remediation works, amounting to a total of almost \$42,000 per apartment.

One of the owners has established a gofundme campaign to raise the \$1.1 million. A couple told the media that they are considering filing for bankruptcy if the cost of repairs continue to escalate.

In a separate meeting, tenants were told that an investigation into the cause of the structural damage would take four weeks. Tenants later told the WSW that they were informed that any possibility of

compensation would depend on who was found liable for the damage.

John and Jessica said a lawyer told the meeting that they "should not expect anything [in compensation]" and need to keep paying rent because they might lose "the right to access their goods."

Mary, another tenant, was outraged about earlier suggestions from building management that residents facing financial hardship should contact the Salvation Army's Moneycare Counselling Service. "I'm not going to take money from women who are running away from abusive husbands and have no food or blankets. I was gobsmacked by that. It was disgusting," she said.

In February, the NSW government promised to establish a new office of "Building Commissioner" to audit the credentials of industry professionals.

While the legislation has been tabled in parliament, Premier Gladys Berejiklian made clear it would not be finalised until the end of the year, following "consultations"—with the multi-billionaires who control the industry.

Experts, however, told the media that establishing a Building Commissioner will do nothing to change the unsafe, cost-cutting methods dominating much of the construction industry.

Australian state capitals, especially Sydney, have seen a massive growth in new apartment blocks and multi-million profits for property developers in recent years.

Over 114,000 new apartments have been built in NSW in the past five years with windfall profits for the property industry. In fact, 91 members of Business Review Weekly's 200 Rich List for 2019 were

property developers, up from 51 the previous year. Currently, more than 30 percent of Sydney residents live in apartments. It is estimated that more than 140,000 new Sydney apartments will be built in the next four years.

The underlying problems in Australia's construction industry are well known and in the past four years have resulted in the commissioning of two major reports. The Lambert Report in 2015, following the flammable aluminium cladding fire at the Lacrosse building in Melbourne, made 150 recommendations on building safety and construction practices. Only those relating to fire safety, however, were acted on.

The Shergold-Weir Report in April 2018 was commissioned by the Building Ministers' Forum (BMF), which has representatives of all state and territory governments. It concluded that the "nature and extent of the problems" in the construction sector were "significant and concerning."

In March this year, the BMF released its "Building Confidence Report Implementation Plan," which "called" for implementation of all its 24 recommendations within three years and said eight were "priority."

The recommendations, however, only relate to future construction projects, not the myriad problems appearing in already existing buildings, whose faults will have to be resolved and paid for by current owners and residents. Buildings in NSW currently only have a six-year warranty, four years less than most other Australian states.

Owners and residents attempting to use the courts to force builders to pay for the rectification of unsafe and substandard buildings have had little success. In a 2014 case, the High Court of Australia ruled that a builder owed no duty of care for negligence to either the developer or the owners' corporation under common law, because the contract had specified that defects had to be reported within seven months. The owners had sued the builder when defects were discovered in common areas five years after construction.

University of NSW Professor Bill Randolph from the City Futures Research Centre told Saturday's *Sydney Morning Herald* that residents and owners were victims of "risk shifting," which he said was rampant throughout the construction industry.

"The developer contracts to the builder, the builder

contracts to subbies and subbies contract to [the] next layer down. Everyone tries to blame everybody else, once there is a problem; and there are all sorts of opportunities for people to cut corners," he said.

The cost-cutting, profit-gouging process described by Randolph has been facilitated by federal and state governments across Australia, Liberal and Labor alike.

Yesterday, NSW Minister for Better Regulation Kevin Anderson told a press conference at Mascot Towers that the government would implement "the biggest shake-up of the construction industry this state has ever seen" to "restore confidence." He said there would be an emergency \$3 million "no interest loan" package to help displaced Mascot residents. Anderson's announcements are bogus.

Similar promises of an industry "shakeup" were made by the government after the Opal Tower apartment block evacuation. Nothing has changed and hundreds of Opal residents have still not been able to return home.

Anderson's assistance package for Mascot Tower residence is between \$220 and \$400 a night depending on the number of bedrooms in their apartments. The "no-interest loan" is being funded, however, from interest already earned on Mascot Towers' already existing rental bond account—i.e., tenants existing funds.

Asked by journalists if the state government was concerned about other buildings in the state, Anderson ludicrously declared that there was no "great cause for alarm for other apartment buildings" in Sydney.

Contrary to his claims, the disasters at Opal and Mascot Tower apartments are just the tip of an iceberg of sub-standard and unsafe buildings rapidly erected in recent years, whose repair costs will be imposed on owners and residents.



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