

Combustible cladding: Residents' insurance costs quadruple after fire probe finds non-compliant coating

By James Oaten

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PHOTO: Dangerous, combustible cladding could be a risk on 1,400 Victorian buildings. (ABC News: Margaret Burin)

Juggling university study and a young child, Allister Hill is a busy man.

But as the chairman of an owners corporation, the 42-year-old has had to deal with a lot more than usual since a fire broke out at his Brunswick apartment complex in March.

"There's just a lot of uncertainty at the moment," Mr Hill said.

"It has been pretty stressful and for me particularly because I've been trying to balance it all."

A faulty air conditioning unit sparked the blaze at the property in Melbourne's north, which quickly spread to the apartment above.

Fire investigators have since confirmed that combustible cladding unsuitable for tall apartment buildings had been installed.

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PHOTO: Allister Hill said the cladding issues had created stress and uncertainty. (ABC News)

As a result of the fire and the subsequent investigation, the apartment's insurance premiums have more than quadrupled.

"We're thankful for [the insurance] but it's a bit scary how much they want," Mr Hill said.

Neighbour Andy White expressed concern when he was told about the insurance hike.

"The cost of living's so high these days as it is," he said.

"To have your insurance go through the roof as well ... what do you choose — the food on your table or your insurance?"

Legal action has been launched against the builder, Hickory Group, and the matter is now before the Victorian Civil and Administrative Tribunal (VCAT).

The builder declined to comment.

Buildings to get ratings

The Victorian Government announced another cladding audit would take place over the next year after the Victorian Cladding Taskforce revealed 1,369 buildings "likely" had combustible cladding.

Each building will be given a danger rating from low to extreme.

The taskforce will also announce a "rectification tool" to help residents address the problem.

"We will go out and we will have physical inspections of buildings," Planning Minister Richard Wynne said.

"If rectification work needs to be undertaken, it will be undertaken."

But many residents remain sceptical their cladding will be fixed in a timely manner, and legal experts predict delays will lead to a surge in expensive, drawn-out legal action.

"There is always a reluctance from builders to hold out their hands to rectify defects," lawyer Andrew Whitelaw from TressCox Lawyers said.

"Some builders of course may take some responsibility up front while others are much more reluctant to step into the fray."

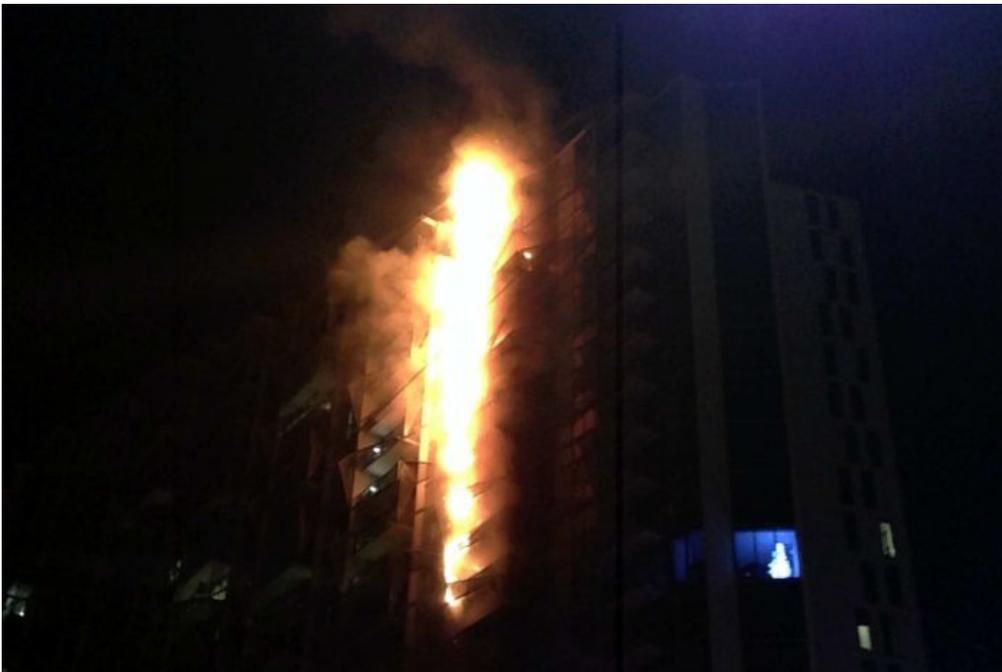


PHOTO: The Lacrosse apartment building in Melbourne's Docklands caught on fire in November, 2014. (Audience submitted: Wade Savage)

It took three years for builder LU Simon to agree to replace the cladding at the Lacrosse building in Melbourne's Docklands after fire tore up the side of the apartment complex.

The costs associated with replacing the cladding are still a matter of contention before VCAT.

Claims could bankrupt builders

Building companies have also agreed to replace cladding, at no cost to residents, at the Trilogi apartments in Prahran, Exo apartments in Docklands and Harvest apartments in Southbank.

However, Hickory Group would not confirm if they would replace the cladding at Elm apartments at Southbank.

The apartment buildings are among 10 identified by the Metropolitan Fire Brigade as requiring a heightened response due to their combustible cladding.

Mr Whitelaw represents eight owners corporations that are considering or commencing legal action, and he expects more to follow suit.

He said the Victorian legal system was "bogged down in applications" and reaching a resolution for each legal case could take years.

"The issue surrounding the cladding and how it's got to be on these buildings is a complicated one," he said.

It's also an expensive one.

Building inspection company Roscon told the ABC it cost, on average, between \$3 million and \$10 million to replace the cladding on most apartments blocks.

"This could lead to large builders going into liquidation in 2018," Roscon general manager Sahil Bhasin said.

"The reason for that is before they were used to \$500,000 or \$1 million defect claims.

"Having claims or counter claims of \$3 million to \$10 million against you, and then [multiplying] that by 10 buildings ... may send some of these bigger builders into liquidation."

For now, residents at the Brunswick apartments want government intervention.

On Friday Moreland City Council announced they had ordered immediate safety works on the building



PHOTO: Roscon general manager Sahil Bhasin said replacing cladding was a huge expense to builders. (ABC News)

"There's been such a boom of apartments in the last 10 years and I think a level of under-regulation," Mr Hill said.

"[The Government] have a lot of responsibility because they've made decisions along the way that's led us to where we are."

Topics: fires, building-and-construction, urban-development-and-planning, government-and-politics, brunswick-3056, melbourne-3000, vic

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