



**12.1** VICTORIAN CLADDING TASKFORCE PILOT AUDIT UPDATE

**EXECUTIVE MEMBER:** CLAIRE FERRES MILES, GENERAL MANAGER, PLACE STRATEGY AND DEVELOPMENT

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**1. PURPOSE**

1.1 To inform the community about Council's involvement with two initiatives of the Victorian Cladding Taskforce that are currently underway to respond to the issue of non-compliant external wall cladding on buildings in Victoria, namely:

- Pilot cladding audit program; and
- Response to the Taskforce Interim Report and state-wide audit.

**2. EXECUTIVE SUMMARY**

2.1 On 1 December 2017 the 'Victorian Cladding Taskforce Interim Report – November 2017' was released, outlining its findings on the use of non-compliant external wall cladding on buildings. The Taskforce found:

*'systems failures have led to major safety risks and widespread non-compliant use of combustible cladding across the State.'*

2.2 The Taskforce concluded that the problem of widespread non-compliant cladding can be attributed to three factors:

1. The supply and marketing of inappropriate building materials
2. A poor culture of compliance in the industry, (and)
3. Failure of the regulatory system to deal with these issues.

2.3 The City of Port Phillip is one of six councils (Port Phillip, Melbourne, Moreland, Monash, Greater Dandenong and Whittlesea) enlisted by the Victorian Cladding Taskforce to undertake a pilot audit program to investigate buildings in their respective municipalities.

2.4 Visual external inspections are complete and comprehensive risk audits are now underway using audit tools developed by the Taskforce. No building assessed to date has required use of Council's Municipal Building Surveyor's emergency evacuation powers.

2.5 In parallel, the City of Port Phillip is also working in partnership with the Victorian Building Authority (VBA) to assess all buildings in our municipality identified in the state-wide audit. We have completed all work requested to date and will quickly respond if action is required.

2.6 Given the dynamic nature of both audit programs, the number of buildings located in the City of Port Phillip currently being assessed is constantly changing as more information becomes available and issues are resolved. Therefore, at this time and in partnership with the Victorian Government, the Cladding Taskforce and the Victorian Building



Authority it would be inappropriate for Council to release building data that could quickly become out of date, causing unnecessary anxiety for our community.

- 2.7 Demonstrating Council's commitment to pro-actively respond to this high-risk issue for our municipality, four key actions are currently being actively pursued:
- 2.7.1 Officers are meeting regularly with Ms Sue Eddy, CEO VBA to discuss a partnership approach between Council and the Victorian Government to ensure our obligations to ensure public safety in our municipality are met, and our response is both timely, purposeful, adaptive and effective to respond to this challenging issue.
  - 2.7.2 Council's Municipal Building Surveyor is actively working in partnership with the Victorian Government pilot audit and state-wide audit programs to respond to all matters arising.
  - 2.7.3 As part of both audit programs, officers are conducting both Stage 1 external inspections and Stage 2 comprehensive audits of all nominated buildings in our municipality.
  - 2.7.4 On 18 October 2017 as part of the 2017/18 Quarter 1 Budget Review, \$250,000 was allocated to engage additional resources to respond to this issue. Given the multi-year nature of this issue, the 2018/19 Draft Council Budget also includes an allocation of \$250,000. A funding agreement is currently being negotiated with the Victorian Government to reimburse these costs.

### 3. RECOMMENDATION

That Council:

- 3.1 Notes its role as a proactive partner with the Victorian Government to respond to all requests arising from the Victorian Cladding Taskforce, including all actions as determined by Council's Municipal Building Surveyor to fulfil Council's statutory responsibilities.

### 4. KEY POINTS/ISSUES

- 4.1 On 1 December 2017 the 'Victorian Cladding Taskforce Interim Report – November 2017' was released, outlining its findings on the use of non-compliant external wall cladding on buildings. The Taskforce found:  
  
*'systems failures have led to major safety risks and widespread non-compliant use of combustible cladding across the State.'*
- 4.2 Failings identified by the Victorian Building Authority (VBA) in 2015 were not merely administrative or paper-based, but were significant public safety issues – symptomatic of broader non-compliance across a range of areas within the building industry.



- 4.3 The Taskforce concluded that the problem of widespread non-compliant cladding can be attributed to three factors:
1. The supply and marketing of inappropriate building materials
  2. A poor culture of compliance in the industry, (and)
  3. Failure of the regulatory system to deal with these issues.
- 4.4 The Taskforce made 27 recommendations to the Minister for Planning which can be read in detail in its report. (Attachment 1)
- 4.5 The following Taskforce recommendations have a potential impact on the City of Port Phillip:
- *'The Taskforce to oversee the completion of **pilot audits in six councils** to inform final inspection and assessment processes, including finalisation of the Taskforce's Risk Assessment Tool';*
  - *'The VBA to lead a **state-wide audit** overseen by the Taskforce of privately-owned, residential, multi-unit dwellings, three storeys and above and all public use buildings two storeys and above';*
  - *'The VBA develop a resourcing model for the audit, including consideration of inspection workforce options and likely budget impacts to ensure that the work is properly funded' and*
  - *'The Taskforce complete development of a **rectification standard**, to be used by the VBA in its audit as well as fire safety engineers and private building surveyors. The rectification standard will set out appropriate action for rectifying buildings with non-compliant external wall cladding based on a safety risk assessment, with stakeholders to be asked to promote it as part of the voluntary activation of the private sector.'*

#### Role of Council – Public Safety

- 4.6 Council's statutory responsibility as outlined in the Local Government Act is to ensure public safety for all residents, workers and visitors in our municipality. A responsibility that is at the forefront of all Council services and initiatives.
- 4.7 Consistent with this obligation and in response to the Victorian Cladding Taskforce Interim Report, the role of Council's Municipal Building Surveyor (MBS) is to determine if all buildings identified in both audit programs in our municipality are 'deemed safe to occupy'.
- 4.8 The determination by the MBS is based on:
- An assessment of each building using the Taskforce's Risk Assessment Audit tool; and
  - Advice provided by the Taskforce expert panel.



- 4.9 Council's MBS also has statutory powers to issue emergency and/or building orders when necessary to require work to be carried out to ensure the building is safe to occupy.

Role of Victorian Government – Compliance

- 4.10 The Taskforce has provided the building lists, reporting criteria audit and risk assessment tools for both audit programs.
- 4.11 The VBA has responsibility for:
- compliance and regulation of the Victorian Building sector; and
  - ensuring all buildings identified are brought to a low level of risk in accordance with the rectification standard.

Pilot Audit Program

- 4.12 Visual external inspections are complete and comprehensive risk audits are now underway using audit tools developed by the Taskforce.
- 4.13 No building assessed to date has required use of the MBS's emergency evacuation powers.
- 4.14 It is estimated that the pilot audit program (based on the current list of properties) will be completed by 30 June 2018, excluding any potential enforcement action required to mitigate safety risks to any High or Extreme rated buildings.

State-Wide Audit

- 4.15 The Victorian Building Authority (VBA) has commenced its statewide audit of prioritised buildings. The City of Port Phillip is working in partnership with the VBA to assess all buildings in our municipality identified in the state-wide audit.

Rectification Standard

- 4.16 Officers understand this work is underway.

**5. CONSULTATION AND STAKEHOLDERS**

- 5.1 The Cladding Taskforce has sent out a standard letter to the relevant Owners Corporation (OC) informing them that their building has been identified by the Taskforce as meeting their audit criteria and requiring investigation.
- 5.2 Council's Municipal Building Surveyor has then served written notice of an inspection and coordinated the date and time of inspections with the Owners Corporation of each building. Council's 'notice of entry' is as outlined under the Building Act 1993.
- 5.3 Similarly, the VBA has sent out communications to owners of buildings identified in its priority list of 1,369 buildings, as identified in the state-wide audit.



- 5.4 Property owners are aware of the gravity of the audit and officers have experienced complete co-operation from both Owners Corporations and unit owners regarding access to undertake the audits.
- 5.5 Preparation of this Council Report is to further improve communication and transparency with our community, to ensure our residents are fully informed about Council's response to this issue.

## **6. LEGAL AND RISK IMPLICATIONS**

- 6.1 While actively participating in the Cladding Taskforce audit program arguably increases Council exposure to risk, this risk is mitigated through the enforcement powers of the Municipal Building Surveyor under the Building Act and follow up procedures to reduce any high-risk buildings to an appropriate and acceptable level of safety.

## **7. FINANCIAL IMPACT**

- 7.1 The audit program poses a substantial increased financial and resource burden on Council.
- 7.2 On 18 October 2017 as part of the 2017/18 Quarter 1 Budget Review, \$250,000 was allocated to engage additional resources to respond to this issue. Given the multi-year nature of this issue, the 2018/19 Draft Council Budget also includes an allocation of \$250,000.
- 7.3 A funding agreement is currently being negotiated with the Victorian Government to reimburse these costs.

## **8. COMMUNITY IMPACT**

- 8.1 Owners and occupiers of hi-rise apartments are becoming increasingly aware of the potential impacts of the identification of combustible wall cladding on their building. Council is cognisant of these concerns and approaches this matter sensitively and responsibly.

## **9. ENVIRONMENTAL IMPACT**

- 9.1 Nil

## **10. SOCIAL IMPACT**

- 10.1 Nil

## **11. ECONOMIC IMPACT**

- 11.1 Possible devaluation of property values and increased insurance premiums for property owners, where combustible cladding has been identified during the audit process.



## ORDINARY MEETING OF COUNCIL 18 APRIL 2018

### **12. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY**

- 12.1 We are growing and keeping our character by improving liveability in a high density City.

### **13. OFFICER DIRECT OR INDIRECT INTEREST**

- 13.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

**TRIM FILE NO:** 08/02/12

**ATTACHMENTS** 1. Victorian Cladding Taskforce Interim Report - November 2017