

MEDIA RELEASE

Reforms in the wake of Pindan collapse also need to protect apartment buyers and owners: peak WA property body.

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- * New laws are needed to protect strata buyers and owners.
- * Effective home warranty insurance is needed for complexes above three stories.
- * Defects in buildings can currently leave owners with crippling bills.

Proposed legal reforms in Western Australia in the wake of the collapse of construction company Pindan did not go far enough and protection was also needed for apartment buyers and owners, WA peak property industry body, Strata Community Association WA said today.

SCA WA President Catherine Lezer said home warranty insurance for apartment complexes four storeys and above needed to be reintroduced to give apartment buyers the same protections as house buyers.

“Pindan and similar collapses cause a high degree of financial and emotional distress for all involved,” Ms Lezer said.

“The focus is often on the contractors and tradesman not paid for their work and indeed this is important. I commend the WA government for their efforts in State Parliament this week to introduce the Building and Construction Industry (Security of Payment) Bill 2021.

“But the effects have often ongoing consequences for apartment owners who have purchased in such complexes. Any defects are not able to be fixed as there is no company to fix them.”

Ms Lezer said defects in buildings was a huge issue.

“The practice of ‘Pheonixing’ companies, where a company is closed up the minute the development is finished, means the new owner has no-one to hold accountable for any defects,” she said.

“We know of a building in the city where none of the balustrades were built to code.

“Additionally, the lack of home owners warranty for complexes four floors and above means the vast majority of apartments have no insurance protection.”

Ms Lezer said apartment owners could be left with big bills to rectify faults.

“The stress of living in an apartment that has substantial defects is enormous,” she said.

“I am not talking about a missing powerpoint cover. I am talking about leaking windows, flooding coming in from the balcony. These are stressful and sometimes damage health. Mould is especially dangerous.

“Raising the funds to fix these problems can take years. Pursuing action against any builder or developer becomes so expensive that buildings often don't even bother. They prefer to spend the money fixing the problems than funding lawyers.

“The answer to most of the issues is to bring back home warranty insurance for apartment complexes and afford apartment buyers the same protections as house buyers.

"Then if one of these unfortunate situations — builder or developer going bankrupt, deliberate Pheonixing or shoddy workmanship — occurs the insurance company will fix the issue and pursue the appropriate person or entity."

Ms Lezer said apartment buyers and owners needed to feel confident and strata companies, which are made up of owners, needed to be protected when dealing with defects in existing buildings.

She said further protections that should be examined include:

- * Changes to the laws to ensure builders have a duty of care to strata owners.
- * The removal of legal barriers to negligence claims, including a clear cut and streamlined path to recover losses or damages incurred as a result of building defects.

The WA government's Building and Construction Industry (Security of Payment) Bill 2021, introduced to State Parliament on Tuesday, introduces a mandatory retention trust scheme to protect subcontractor's retention money from being misappropriated or lost in insolvency.

Media inquiries:

SCA WA Media Officer Wendy Caccetta. E: wendy.caccetta@strata.community. Tel: 0428 424497 (Tues-Thurs).

SCA National Policy Manager Shaun Brockman:

E: shaun.brockman@strata.community. Tel: 0468 334277.

About Strata Community Association (WA)

The Strata Titles Institute of WA (STIWA) now known as Strata Community Association WA (SCA WA), was born in 1989 due to some passionate individuals who determined the need for a unified industry body to bring about understanding, awareness and uniformity in the Strata Industry. The 'Industry Body' should also when necessary provide representation to Government on whatever amendments may be required to the Strata Titles Act.

The aim of SCA WA is to:

- provide a structure and forum for better communication between regions
- enhance the responsibilities of industry members in a nationally consistent manner
- enable representation at a national level to the Department of Education, Science and Training and other statutory bodies.