26 March 2008

Mr Joseph Genco
City of Melbourne
By email

Dear Joseph

Re: Deciduous Architecture-Façade Integrity Inspections

Thank you for the opportunity to provide comment on the above review.

A substantial part of the Property Council’s membership base comprises owners and managers of CBD buildings as well as engineers and other building maintenance providers. We have sought comment from our members on this important issue.

The Property Council certainly recognises the importance of protecting the public from falling objects from buildings and welcomes the City of Melbourne’s investigation into the matter. We would like to have active input in this issue and would welcome further opportunities to provide feedback and advice from building owners.

Our overarching position is that education, industry cooperation, stronger data collection and monitoring by the Council are the best approaches to managing this issue. We would not support regulation at a local government or state level. To ensure national harmony and to reduce compliance burdens on business, building regulations should be applied at a national level through the Building Code of Australia.

The attached document refers specifically to items raised in the discussion paper. If you would like further information, please contact Senior Policy Analyst Linda Allison on 9664 4220.

Yours sincerely

Jennifer Cunich
Executive Director
Option 1: Approach BRAC
The Property Council does not support approaching BRAC with a proposal to introduce façade inspections through building regulations. There has not been adequate consideration of non-regulatory options. At this stage of the process consultation with industry has been limited. The Property Council does not believe Melbourne City Council could adequately address the criteria associated with a regulatory proposal. The Property Council believes regulation should only be introduced if there has been a clear market failure to address the problem or issue. This is currently untested.

Option 2: Façade inspection requirements as part of transfer of land agreements
The Property Council agrees with the discussion paper that requiring inspection as part of the transfer of land process would not adequately capture the properties at risk of façade failure and therefore should not be considered as a viable option.

Option 3: Insurance requirements for façade inspections
The Property Council opposes this approach. It is too complex, is not transparent and may not capture all intended properties.

Option 4: Develop educational information prompting voluntary uptake of inspections
The Property Council supports the use of an education program to increase awareness of the issue, and to prompt appropriate risk management processes. The Property Council suggests this concept be augmented to include partnerships with industry groups such as the Property Council, Engineers Australia, the Facilities Management Association and other relevant groups to specifically target those responsible for this area.

The Property Council believes that potential negative perceptions of Council being overbearing can be managed effectively.

While we acknowledge that property owners cannot be compelled to attend education sessions, and that some high risk properties (such as those vacant or dilapidated) may not be reached, an effective education campaign would make a significant impact.

Option 5: Refine Council’s current processes
The Property Council supports a review of the Council’s current processes. In addition to the metrics discussed to measure high risk properties (age, setback, height etc), consideration should be given to the ownership structure: public or private, local or overseas, is the building an owners corporation, is the property professionally managed. The Property Council asserts that a property that is capitalised
(that is, owned by a public or private company, a real estate investment trust or other investment vehicle) is more than likely to have formal risk management and building maintenance procedures which would render additional requirements unnecessary and costly.

Further analysis of the ownership structure of high risk buildings may give Council a more informed understanding of the risks.

**Option 6: Façade inspection program under the Activities Local Law 1999**

The Property Council does not support the use of local laws to promote building regulation. The Property Council opposes this option on the grounds that it creates a potential for each municipality to introduce regulations that are not consistent. The end result could be 76 different local laws on façade inspections. Given Sydney, Brisbane, Gold Cost, Adelaide and no other local council in Victoria currently undertake blanket proactive inspections, the Property Council questions whether a case exists for Melbourne City Council to be out of step with the rest of the country.

**Models for façade inspections and their application within the City of Melbourne**

The Property Council does not support blanket regulation that requires inspections on all properties on a regular basis. There are a number of inherent difficulties associated with compulsory inspections:

- Developing a framework that reduces the risk of incidents versus being overly prescriptive (how to define criteria, inspection periods, method of inspection)
- The cost on business to undertake the work and ensure compliance
- New requirements could be in conflict with the Victorian Government’s position of reducing red tape
- In the current skills shortage environment, finding appropriately qualified workers to undertake inspections on such a large scale would be difficult and costly
- Ensuring reports are meaningful and accessible
- With whom the information should reside
- Ensuring compliance and determining appropriate penalties for infringements

The Property Council also notes the United Kingdom does not appear to have a process for proactive façade inspections. The Property Council also questions the relevance of the American cities referred to in the discussion paper. These cities do not have similar climatic conditions to Melbourne and may therefore require more frequent inspections.

The Property Council suggests alternative processes should be explored. For example as part of the issuing of Certificate of Occupancy process, Council could undertake random inspections of a percentage of the properties in the municipality. This would require additional resources, but only a fraction of what would be required if Council introduced mandatory inspections, reporting and enforcement of every building.
Conclusion

The Property Council supports the City of Melbourne’s proactive approach in investigating this important issue. While the Property Council does not support blanket regulation that requires inspections on all properties on a regular basis, we would like to work closely with Council to properly ascertain the extent of the problem, identify the major risk areas and develop the best framework to maintain the integrity of building facades.