

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Mr Maley to the Minister for Infrastructure, Planning and Logistics:

Demolition of defective homes in Bellamack

- 1. Were all of the 18 defective homes built by George Milatos' company, SAN Industries Pty Ltd? If not, who built the other defective homes?**

The homes were built by George Milatos under his building contractor registration which expired on 18 January 2021.

- 2. What investigations were undertaken by the NT Government in determining why some of these homes should be demolished and others not demolished?**

The NT Government received independent professional advice that while there is no immediate safety risk with the homes, the structural building system used has been determined to be non-compliant with the requirements of the Building Code of Australia which was in force at the time of construction, while also being structurally inadequate in its design.

The NT Government has provided advice to property owners following the results of the engineering assessment.

Ten of the Bellamack Homes were covered under the Department of Infrastructure, Planning & Logistics' administered Home Building Certification Fund (HBCF), whilst eight homes were covered under the Residential Building Cover Scheme (RBC), administered through the Department of the Attorney-General and Justice.

- 3. How were certificates of occupancy ever issued for these 18 homes when they were first constructed back in 2012/2013?**

The *Building Act 1993*, passed by the Perron CLP government, privatised building certification in the Northern Territory and the role of certification is undertaken by building certifiers. The structural system used in the construction was unique and complex and the non-compliance was identified by a structural engineering assessment that was undertaken.

- 4. Who is responsible for issuing these certificates of occupancy?**

Private building certifiers.

5. What action has been taken as a result of this?

Ten of the Bellamack Homes were covered by the Home Building Certification Fund (HBCF), including one home owned by the developers. HBCF provides cover where original practitioners of the building work will not or cannot fix identified non-compliant work. New HBCF certificates were no longer issued after 31 December 2012.

Of these ten homes, the owners of six homes opted to have their properties acquired by the NT Government. The remaining three owners opted to have their homes rebuilt, and two of these have been completed.

Eight of the Bellamack Homes were covered by the Residential Building Cover (RBC) Scheme, which is administered through the Department of the Attorney-General and Justice, and provides a dispute resolution process where disputes are registered for building contracts which came into force on or after 1 January 2013. Five of the homes covered under RBC have current applications with the Commissioner for Residential Building Disputes.

Claims with the RBC are currently progressing and are subject to legal provisions, and the Government is not able to comment on the specifics of these RBC claims.

6. How many homes have been demolished?

The Department of Infrastructure, Planning and Logistics (DIPL) engaged a contractor for the demolition of nine homes covered by the HBCF.

7. Why was it decided to demolish these particular homes?

Demolition was decided as part of rebuilding and preparing the land for disposal. Refer to response to Q2.

8. Why was it decided not to demolish the other homes?

See response to Q5 concerning the Bellamack Homes covered under RBC.

One home is owned by the developers and is currently vacant.

9. Of the homes that were demolished, how were home owners compensated? Who paid for this compensation?

The details of the compensation are confidential. However, the settlement of the HBCF claims was funded through the HBCF.

10. Have any legal proceedings been launched in relation to these homes?

In November 2020, DIPL commenced an investigation into alleged breaches committed by the builder in relation to HBCF Bellamack Homes that underwent technical assessment.

On 15 January 2021, the builder involved was referred to the Building Practitioners Board (BPB) for alleged professional misconduct for various breaches of the *Building Act 1993* in relation to the construction of the two Bellamack Homes. The builder's practitioner registration lapsed on 18 January 2021.

On 4 March 2021, the BPB held a Directions Hearing in relation to the referral of the builder and determined that the allegations are to be withdrawn because the builder's registration is lapsed and the allegations fall outside of the three year limitation under the *Building Act 1993*.

The builder is no longer registered.

The Territory Labor Government has since strengthened civil penalties against practitioners found guilty of professional misconduct, as well as provided extended powers to the BPB to allow them to inquire into the previous seven years of work of a building practitioner whose registration has ceased, up from three years previously.

11. Other home owners whose defective homes have not been demolished have been directed by your Department not to stay in their homes should a cyclone be imminent. If their homes are unsafe why won't they be demolished or repaired?

In April 2021, DIPL wrote to all owners of Bellamack Homes with RBC cover, regarding the independent engineering assessment advice and recommending to seek alternative accommodation in the event of a cyclone. In November 2021, DIPL wrote to all owners of these homes again, reaffirming the recommendation for occupants of the homes to evacuate in a cyclone.

DIPL's advice is consistent with the recommendations of the engineering assessment and some of these homes are the subject of applications to the Commissioner for Residential Building Disputes (Department of the Attorney-General and Justice) - refer to Q5 above.