

for Sydney Morning Herald

Owners in high rise 'not told of fire risk'

Urban Affairs Editor

The owners of apartments in a city building were not told for five months that a fire order had been placed on their units, because the owners' corporation voted against telling them, it was claimed yesterday.

The Regis Towers owners' corporation had voted "to put property values ahead of life and safety", lawyer Stephen Goddard told a parliamentary committee investigating building certification in NSW.

Mr Goddard, who owns an office suite in the Pitt Street building, was a member of the corporation and pushed for disclosure. But the developer, Meriton, controlled 60 per cent of votes at the time and he was outvoted, he told the committee.

"Meriton is an unusual developer. It offers vendor finance, a term of which is that the lender gets a proxy to vote at the owners' corporation," he said.

"I ask you to consider the conflict of interest that arises when the builder has 60 per cent of the

pleted but this had been steadily diluted to 15 per cent. He said Meriton only used its proxies at the annual general meeting, and all other decisions were taken by the seven-member executive committee, on which Meriton had only one representative.

The adequacy of the building certification system is being investigated by the NSW parliamentary committee as a result of a Herald investigation last year.

The system, introduced in 1998, allowed developers to use private certifiers instead of requiring councils to inspect work.

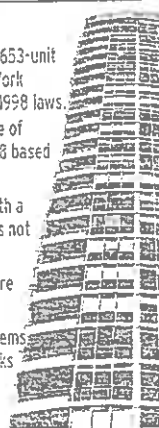
Mr Goddard told the committee yesterday that the man who did the work on Regis Towers issued the certificate saying that the work complied.

"He gave it to Meriton and Meriton gave the bundle of certificates to the City of Sydney, who issued a certificate of occupancy based on those pieces of paper," Mr Goddard said. "Now there's an obvious hole in the system. No-one went and looked."

Mr Goddard said the system was inadequate because there was no proper accreditation process and there were no penalties for certifiers who lied.

He said government had to take responsibility for protecting the public interest.

Mr Goddard's concerns about the system were echoed by Rex Wood from the Owners' Corporation Network. He said it was clear who was responsible if a car was faulty, but it seemed nobody was responsible or



THE STORY SO FAR

1998-2000: Developer Meriton builds the 653-unit Regis Towers development in Pitt Street. Work certified by private firm, as allowed under 1998 laws. First of three towers issued with certificate of occupancy by City of Sydney Council in 1998 based on private certifiers' certificates.

April 2001: Owners' corporation issued with a fire order by council after discovering units not properly isolated from one another.

September 2001: Owners find out about fire order.

December 2001: The Herald reveals problems in several Sydney high rise apartment blocks and with private certification system.

March 2002: Inquiry announced.

voting rights. I stress that Meriton has done nothing illegal."

The City of Sydney Council has now taken Meriton to court to compel it to fix defects in Regis Towers and two other large city apartment buildings.

In the case of Regis Towers, the council alleges the building fails to meet the building codes because walls between units do not join the slab above and fire collars are missing. These defects would allow fire to spread between units.

Meriton is counter-suing, alleging that it is being singled out by the council.

A spokesman for Meriton last night confirmed the company held 60 per cent of the proxies when Regis Towers was com-

liable when there were faults in a building.

The committee also heard of other problems encountered by Regis Towers' owners, because Meriton had sold the building management rights to a company called Regis Towers Management, for \$2.2 million.

He said this gave rise to further conflicts of interest because the building manager was trying to recoup his investment.

The owners are now suing the building manager for failure to meet performance standards.

Mr Goddard said the Strata Titles Act should be overhauled to take account of modern developments, some of which had become "vertical villages".

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