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MEDIA RELEASE

Bond Scheme for Buildings Not the Answer

The proposal for a NSW style bond on buildings is not the answer for ACT apartments, according to the Housing Industry Association.

Reports in today's *Canberra Times* suggest that the ACT government are considering mirroring a NSW scheme that requires developers to contribute a bond of 2% of the value of the project to be held in trust for potential defects.

"The ACT should be wary of copying an interstate scheme that has not even been proven to be effective," said Greg Weller, HIA Executive Director for the ACT/Southern NSW.

"The NSW bond scheme only commenced in 2018, so there are yet to be any buildings completed under the arrangements as the scheme is triggered on completion, so no-one knows if it is even going to work."

"Not only that, but details regarding who determines liability for defects remain unclear."

"The one thing that can be said for certain is that it will increase the cost of a unit in the ACT by 2% immediately. Every developer will be charged the same percentage, so it will go straight onto the cost of the apartment, regardless of the state of the market."

"If there are serious defects, a 2% bond may not go very far anyway. So it would be preferable to have a good look how our current dispute resolution mechanisms work, and see if they can be improved to ensure that building quality issues of all degrees can be settled quicker."

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