

Publication Date: 30 July 2019
YSP Podcast Transcript: Episode 172. Exposing Australia's Building Defects Crisis,
with Dr Nicole Johnston

Listen to this podcast episode [here](#).

Intro: Welcome to Your Strata Property. The podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source. To access previous episodes and useful strata tips, go to www.yourstrataproperty.com.au.

Amanda Farmer: Hello, and welcome, I'm Amanda Farmer and this is Your Strata Property. Dr. Nicole Johnston is an admitted legal practitioner, currently working as a senior lecturer and researcher at Deakin University's business school. She is a co-leader of Deakin's Home Research Group, and interdisciplinary research network. Nicole researches strata related topics from a socio-legal perspective. Her work focuses on strata governance, conflicts of interest, purchaser knowledge acquisition, and building defects in residential schemes.

She is the chair of the international research forum on multi-owned properties. With a multi disciplinary research conference held annually. Today I am delighted to welcome Dr. Nicole Johnston. Welcome Nicole.

Nicole Johnston: Thanks very much for having me, Amanda.

Amanda Farmer: It is a pleasure to have you on the show, Nicole. This is actually your second time appearing as our guest on this podcast. I have chatted to you previously about the importance of purchasers doing their due diligence when they're buying strata property. It was a really popular episode. And it's lovely to have you back.

Now some of our listeners may be very familiar with your name at this point in time, because you have recently published an incredibly important report. It is titled, An Examination of Building Defect In Residential Multi-owned Properties. Now you are the lead researcher on the report, and it was co-authored with Dr. Sacha Reid, of Griffith University. And I think, Nicole, this report was released, was it a few days before Mascot Towers then evacuated?

Nicole Johnston: Yes, that's right. It's sort of been a bit of a unfortunate but fortunate coincidence that the report that really flagged some of these concerns that we're seeing in some of the issues that were arising particularly at the moment in relation to Sidney. But are obviously much broader in relation to the impacts it's having across the country. But it just happened to, yes, coincidentally the report came out around the same time as Mascot Towers we saw the unfortunate incidents with people having to evacuate from their homes.

Amanda Farmer: Yes. And you have been a busy lady since then. I know you've had lots of media commitments. You've been on the 7:30 report, you've been on ABC Radio, interviewed for newspapers, for other radio stations. And so we are really privileged to have you with us here on the podcast today. And we are going to talk about the findings of your report, and the research, the very good incredibly important research that you've done.

It is an incredibly comprehensive report. You're focusing on building defects arising during the early years. The period when the buildings still have some protection under our legislation. You looked particularly at New South Wales, Queensland and Victoria and the protections that we have in those states. You are defining the defects, looking at types of defects, their causes, their severity and their impact. Looking at the regulatory environment. I'm going to put a link to this report in the show notes for this episode, and I really strongly recommend that everyone goes and has a read of it.

It's about 60 pages, but I can tell you, I flew through it because it's just fascinating stuff. The methodology that you used, you had an industry reference group. You analysed defects reports, you had stakeholder interviews. And that's really what I want to get into in the chat with you today, Nicole, if that's okay? The interviews that you held, the questions that you asked, and what you heard on the ground talking face-to-face with people experiencing building defects in residential strata properties.

Nicole Johnston: Yes, that's great because it's really important that this project was not only about looking at the quantitative type



Publication Date: 30 July 2019
YSP Podcast Transcript: Episode 172. Exposing Australia's Building Defects Crisis,
with Dr Nicole Johnston

of data, like the hard data about what we're actually seeing in relation to defects in buildings. But it was also to have conversations with people and give them a voice to talk about what their experiences are and what their opinions are about in relation to the defects that are actually impacting so many building in this country.

Amanda Farmer: Incredibly important work. Why did you, and maybe how did you, make the decision to research in this area and to put together this particular report at this point in time?

Nicole Johnston: Yes, so this has been in the works for several years this particular project, but it's been something that has been discussed in the strata industry for many many years. I've been a researcher in this area for nearly 12 years, and it's a topic that being discussed by a lot of people involved in the strata sector, different strata conferences that I've been involved in for really that whole period of time, and I know it's been something that a lot of people in the profession have been jumping up and down, tearing their hair out really about why there hasn't been change affected in relation to building defects.

And so I had done some previous work where I looked at different aspects in relation to developers and their responsibilities when they are creating these schemes. And a lot of the research that came out of that was in relation to building defects. And some of the concerns around dealing with or rectifying defects, and how difficult it is for owners in new buildings, or them as the committee, an owners corporation or a body corporate, how difficult it is for them to go through the process of having to deal with faulty buildings. Or buildings that have certain failures in different types of construction systems.

And so it was something that had been discussed a lot and there was just very little research both internationally and in this country that really looked at, well what are we talking about? What types of defects are we talking about? Why is it so difficult to construct quality buildings in this country? And why has it been so difficult for people to go through the process of rectification?

But also more importantly is that my focus with my research is always on the people that live or reside in these buildings. And so I often see, and I have seen for many years, and had lots of conversation with strata owners and their concerns about what they have to go through in relation to dealing with some of these very complex defects. And everything that sort of flows from that, so there's a lot of issues that flow from the fact that you've got a building with defects and how you go around the process of rectification.

So it was time really, and I think amid the issues in relation to the combustible cladding crisis, it was time to really dig in because my position had always been that the combustible cladding issues were just really the tip of the iceberg. And we knew that in conversations that were going on for years before this came to the fore, was that there were some real concerns around other types of building defects. And so it was really timing to start to dig down and find out and expose what's going on in these strata schemes.

Amanda Farmer: And indeed you have. I know there will be many listeners who have experienced first-hand the trauma that is building defects in their homes, strata managers who are managing properties with defects, working with committees, working with owners, professionals who are assisting those buildings to resolve these issues. And I know with your stakeholder interviews you really spoke to a representative, I think from each of those groups. Tell us how many you spoke to, who they were, where they were? And then we'll just into some results from those interviews.

Nicole Johnston: Yes, sure. So we had 21 stakeholder or end-user interviews. So this was a fairly small scale project. It was a pilot study. And so we were just trying to look at capturing the voices of people that were really impacted or were dealing with defects and defect rectification. So we spoke to stakeholders and end-users from those 3 states, from Queensland, New South Wales and Victoria. Many committee members were included in that stakeholder group, or end-user group. And a number of managers also from each of those different states were included in the research project.

Amanda Farmer: Okay, excellent. And you asked them all a number of questions, and I'm going to get into just a few of those in today's podcast. But as I said, I do recommend that listeners go and read the full report. Because we're not going to be able to cover everything, and so much of this is really important for many of us to understand. Now I know one of the things, Nicole, that

Publication Date: 30 July 2019
YSP Podcast Transcript: Episode 172. Exposing Australia's Building Defects Crisis,
with Dr Nicole Johnston

you asked these stakeholders was about the type of building defects that they were observing. And you also did some hard data research around that. What were the most common building defects being observed?

Nicole Johnston: When we did an analysis of a number of building order reports across those 3 states, there was fairly consistent data coming out of those 3 states. And what we did was, it's quite difficult when you're talking about defects because there's some issues around how you define a defect. And also then how you classify defects. So are you classifying them in relation to their causal links, so that there's an installation value, for example. Or do you classify them in a different way. And so that was one of the complexities of this research project.

And what we did over a period of time is decided that we would classify these defects in relation to where they were located within the building. So we were looking at specific construction systems. So we've got all different construction systems within a building, and we were looking at the defects that were impacting upon those different systems. And so from the data that we collected and analysed from the order reports we found that building fabric and cladding, so this is basically the skin of the building and also the skin of your apartment, for example. So all those internal walls and ceilings and so forth, was the number one system that was impacted by defects.

However, 33% of those defects really relate to water ingress, so it's their resulting what I've termed resulting defects. So they're defects due to something that has impacted another type of impacted upon that building fabric and cladding system. So for example, if there is a water membrane failure, or if there's a problem in relation to the roof, so if a skylight, for example, hasn't been installed correctly, and therefore water is ingressing or penetrating through the building, then oftentimes you'll get damage in relation to the skin of the building or the skin of your apartment. So those walls and those sorts of things.

So that's why we saw quite a lot of defects that could be classified in that way. The second most prevalent construction system that we found that was impacted was fire protection. So the fire protection safety system. And again it's very difficult to be in relation to the particular numbers, and I don't want people to focus too much on the actual numbers that are being reported because we really truly believe that fire protection systems and the failures in relation to those systems are much higher than reported. Because a lot of them are what we call latent defects, so they hide behind things and it's very difficult when you're just doing an observation to determine how defective those types of systems are.

Nicole Johnston: Stepping back from all that, really what we're seeing is probably the 3 main areas that are really problematic is in relation to water, water penetrating through the building, fire protection systems and then structural issues.

Amanda Farmer: And were you able to make an assessment of how much of the problem can be attributed to design issues? Are these problems with planning, or are these problems that are arising during the actual construction phase?

Nicole Johnston: That is a difficult question, and it's really hard to get data to determine that. And that wasn't really the objective of the project. However, previous research, you know globally that have looked in relation to this have usually found that it's about a 50/50 mix in relation to whether it's a design or a construction based defect.

Amanda Farmer: And I imagine speaking to stakeholders, talking to them about the impact that, for example, water penetration had on committee members when you're talking to people who are owning these properties and living in these properties, the damage that water can do not only to property, but to health and well-being. What were the observations there?

Nicole Johnston: Yes, so water can be a very insidious thing. It gets into any sort of crack or opening within a building. And so if you've got issues with it where you've got the flashings are missing around doors, you've got problems with your membranes, problems with skylights and so forth, the water will trickle into anywhere. It gets into every cavity and it moves through buildings. And that's the problem. It gets everywhere and then it causes disruption. So it's not just simply that water is coming through and it's a nuisance, it's also the impacts of that. So you get property damage in relation to that. You get weakening of the structures internally within a building. And of course what we're seeing, and what I'm really concerned about and I think more people need to be concerned about it, is the impact that mold has in buildings and on people's health.

Publication Date: 30 July 2019
YSP Podcast Transcript: Episode 172. Exposing Australia's Building Defects Crisis,
with Dr Nicole Johnston

Nicole Johnston: And so this is something that I think we need to do more research on. I know of, and I've been given numerous photos of rooms and apartments that are basically covered in mold. It's extraordinary to see the nature and the movement of mold when you've got water sort of laying in different aspects of a property, and then a number of people said to me, people are living there with basically mushrooms coming out of their carpets. And the health impacts. And I think there hasn't been enough research to look at how the health impacts in relation to mold there has been. But I think it's something that we should be very concerned about, especially in relation to our respiratory system and how mold can impact upon that.

And so the amount of mold that I have seen in the photos that have been shown to me, are about how much mold there are is just absolutely extraordinary. And I think one of the main concerns is then how do trades or people that are doing rectification works deal with this type of thing, deal with mold? Because from the conversations that we had with a number of stakeholders, especially people that deal with rectification, is that not enough care is taken when people are removing flooring and the internal lightweight cladding, and those areas that are impacted by mold when they're being removed through the rectification process, there's not a lot of care being taken. And of course the spores then can imbed in other aspects, or in other parts of the apartment, and then you've still got the same problem.

So you have basically a second generation of mold issues after your apartment, for example, has been rectified.

Amanda Farmer: Wow, so not only are we getting it wrong at the stage of construction and the water is able to penetrate first of all. Then we're getting it wrong when we're trying to fix it as well.

Nicole Johnston: Yes that's right and there's a number of really ... I spoke to a number of great people that deal with rectification and they said one of the problems for them is that there's not a lot of guidance in relation to the regulatory framework in assisting them how to rectify a building that is defective. And so a lot of them, they're just trying to determine some guidelines as they go. So we've got some concerns over, well do we see second generation issues with defects like we have seen in New Zealand with the leaky building crisis?

Spoken to a lot of people there that say they are often at their now third generation of leaks in buildings across that country. So we need to get this right now. We've got the defects, we need to make sure that we're rectifying these buildings correctly so that people don't have to go through this again.

Amanda Farmer: Better yet, let's construct them properly in the first place. And I know, getting back to the findings in your interviews you were asking stakeholders what they thought the cause of these problems were. You asked them about the regulatory environment, are our laws good enough, in short? You asked them about whether the private certification system is flawed. Tell us a bit about the stakeholder's views on our laws and private certification in particular.

Nicole Johnston: Yes, so this is the difficult thing about now going ahead and trying to fix, what I would say is a broken system is that the causal parts of it are complex and varied. And so what we've got to be careful of that we don't take a band aid type of approach to try and fix what's happened with this system. There are a number of different issues that we need to not only research further to get a better understanding, but we need to have a look at this all holistically to be able to solve the problem. And so in relation to the regulatory system, so again, many stakeholders had concerns in relation to the over arching regulatory system.

There are a lot of laws that regulate different aspects of construction. We have a national construction code, which sets minimum technical standards in relation to our construction environment. And there are concerns about having minimum standards. Shouldn't we be looking at best practice, was what a number of people spoke to me about. They also spoke to me about the difference between the Australian standards, that is a reference document that sits within the national construction code. And Australian standards actually cost money, people have to buy these standards. And so the question is in a regulatory environment, why do trades that need these standards in order to provide guidance when they're constructing, why do they need to pay for these particular standards?

And there's also from the interview data, suggestions that there is an inconsistency, or a disconnection really between the

Publication Date: 30 July 2019
YSP Podcast Transcript: Episode 172. Exposing Australia's Building Defects Crisis,
with Dr Nicole Johnston

Australian standards and the national construction code. So we definitely need to have a little look at that. We need to do more research on this type of regulatory system, which is called a performance-based code. So it's very different to a lot of our other laws in this country. It's a different type of regulatory environment that has been created to enable flexibility when we're constructing these sorts of buildings.

So we have some concerns in relation to that, and then of course each state has its own legislation in relation to things like registering and licensing systems. And we're seeing this also in relation to the combustible cladding crisis about what to do with that particular product. So there's lots of variation, lots of different approaches that are being used. And so there are concerns about the haphazard manner in which reform is taking place in relation to this particular area.

In relation to the private certification system, yes, most people that we spoke to were very clear that it's a flawed or broken system. But many commentators said to me that there is a real disconnect between what we as the public believe the certification system is about, what we believe the role of a certifier is, and what their actual statutory function is. And so we as individual private citizens that move into these buildings that are being provided with an occupancy certificate, we're moving in on the belief that there has been some really good oversight, and those buildings are actually constructed in a manner that is of high quality.

And so the disconnect comes with we believe that a private certifier is there to oversee the construction of that building. That there is an independence there. And the fact is that under each of the legislation in the various jurisdictions, that there are a number of times, a small number of times that a private certifier is required to go on site and have a look at these particular construction systems. They're not looking at every particular element, or every particular product that's installed on a building. And so they are highly reliant on other trades, other people that are there, and the builder, to ensure that anyone that's coming onto site that is installing or constructing. Including any type of building element, is doing it in accordance with the relevant legislation and that it's being compliantly done.

And so basically what a lot of certifiers are doing is they're gathering different documents and they're going through those documents and really they're highly reliant on other people. And so there's really that disconnect between that.

Another aspect of course is in relation to conflicts of interests that a lot of concerns in relation to who appoints the private certifier, the developer is the one that appoints the private certifier. And anytime where you've got these conflicted interests is problematic because the certifier is getting their future work potentially from that particular developer. And so self interest can come to the fore very easily in relation to these sorts of incidences. And are certainly are of concern.

Amanda Farmer: And I want to dig in a little bit in a moment about that question of the responsibilities of developers. But just going back to being reliant on trades, on the people who are actually doing the work. Is it the case that there is work that is simply not being done properly? That's substandard, done by unqualified people? I know you asked a question about the role that human error plays in contributing to defects. Does it play a significant role?

Nicole Johnston: Yes, so we don't know. We don't have any specific steps, for example, to say what element is contributing more or less to these defects. But certainly from the conversations that we had with a lot of stakeholders in this are that was certainly a concern. That combined with the fact that a lot of buildings over the last probably 12 years or so have been pushed up very quickly because of the demand in relation of higher density living.

And so there's pressure points. So there the more pressure you apply to get a building completed, unfortunately human error then becomes more of an issue in relation to these particular buildings. And so then you get trades sort of over each other as they start to construct. And so the oversight, or the supervision becomes a little bit more lax because there are so many people on site, so many people jumping over each other to try and get this work done. And if one particular trade, for whatever reason, doesn't get their work done in a particular time period and the other trades have to come in, you're getting an environment where of course it's more difficult to have that oversight, or that supervision.

And so I think you have a number of problems there. And I think also some of the trades done have the necessary education

Publication Date: 30 July 2019
YSP Podcast Transcript: Episode 172. Exposing Australia's Building Defects Crisis,
with Dr Nicole Johnston

standards or requirements in relation to qualification to do certain works. And we're certainly seeing that in relation to waterproofing, where the waterproofing industry, and I've spoken to some really amazing people in waterproofing that have been concerned about this for a very long time. Have really come together as a group and made advances to government to say this needs to be fixed and this is what you need to do to fix this.

Nicole Johnston: But unfortunately they've been largely ignored, and so they've been very clear about ensuring that types of specific modules in place in relation to waterproofing, the different types of waterproofing systems that are available. The different products that are available to ensure the right type of waterproofing is put in the right type of areas and those sorts of things. And so they're concerned that you're getting people on site that really do not have those skills or particular qualifications to be able to do those sorts of works. And so those sorts of things are a real concern.

So it's education, it's training, it's time pressures on site, it's the fact that we've got a development industry where a lot of developers may not have building experience as such, it's a different type of role. And so ensuring that they get the right type people, or they engage the right type of builder to ensure that oversight is also being raised as a concern. So there are a number of different elements come together to create what we're seeing in relation to what I would say is a building defect crisis.

Amanda Farmer: It really is the perfect storm of problems, isn't it? And I know that part of your research revealed that it is indeed the less experienced developers who are maybe building a strata property for the first time, that seem to have most of the problems. Which is important for consumers to know.

Nicole Johnston: Yes, so we did actually have a little bit of variation relation to that. It seems that the builders that have been around for a much longer time, that have what we would say as good reputation of capital that they want to safeguard, they are the types of companies that normally come back to try and do what they can to rectify these sort of defects in a fairly timely manner. But we have seen instances, and a number of stakeholders said to us that in some respects you don't see much difference between those sorts of building companies. So we need to do a little bit more work in that area just where those top tee builders are doing a better job.

I suspect in most cases that they are, because of their reputation in the marketplace. And I would suggest that probably those builders or developers that haven't been in the market for very long or are doing small scale sorts of things, especially if they've got time pressures, may be the ones that are becoming more problematic. But I think we've seen it across all different types of builders and developers.

Amanda Farmer: Now, Nicole, in your report you cite some previous research which I know includes your own PhD thesis, to the point that the rectification process for our strata buildings is often made more difficult because of what you call "common practices undertaken by developers to attempt to stifle the ability of owners corporations to seek legal recourse" when it comes to rectifying defects. What are you talking about there? And how does this happen?

Nicole Johnston: Yes, so there's probably 2 main points in relation to that. The first thing is that developers and builders, anyone that's going to be responsible in relation to building defects, they're very aware of the time limitation periods that are set out in each of the relevant legislation in each of the states. So they know of they can get past that limitation period then they're basically off the hook.

And so they're very aware of that, and so of course especially if there are large defects that are starting to occur that are really going to be very problematic and going to really impact upon their bottom line, there is a common practice of trying to push out any issues in relation to those defects as much as they possibly can. Oftentimes what we're seeing and has come out of the interviews is that smaller minor type of defects will be fixed in an orderly fashion, so the communication will continue between the owners corporation, usually through their manager to the developer to come back and fix and have the builder come back and fix those minor sorts of defects.

Anything that's larger, what we're seeing is those conversations continue, but the conversations get to a point where they're stifled.

Publication Date: 30 July 2019

YSP Podcast Transcript: Episode 172. Exposing Australia's Building Defects Crisis,
with Dr Nicole Johnston

Because it may become very clear that they've got some major issues here that they need to deal with, and they'll try and delay anything, delay communications, delay taking any steps to rectify in order to get past that particular limitation period. And so it's really if you've engaged a manager, it is going to probably fall back on the manager to ensure that they are not necessarily advising, but they're the conduit between those 2 parties and to ensure that perhaps a lawyer gets involved to give some legal advice and some legal instructions around how to deal with that particular process early on.

Nicole Johnston: So that's one part is trying to push out those dates is a real problem. The other problem, as I have spoken about this before, is the relationship between the manager, the strata manager, and the developer in new schemes. And so we've been speaking about this now for a number of years and the practice will, it seem, will continue until there is some sort of regulatory prohibition. And there is in New South Wales, but there's still some ways to get around that from my understanding.

And so what you see there is you've got really the manager becomes a bit of the piggy in the middle because they get their work from developers as well, so there is a conflict of interest issue there. So they are obviously always looking for new schemes to include into their management business. And so there's that relationship. And the relationships usually start with a structuring arrangement early on in the planning of a new scheme. And so the manager often does work for little or no fee in relation to setting up the original ... You know there's some documentation, getting the first annual general meeting, getting the levies and the budgets sorted and those sorts of things.

And they do that because they usually get better contract for a period of time with the owners corporation to manager that particular scheme. And so my argument has always been, there is a real problem in relation to that type of relationship. And of course when you're getting your future work from a developer, oftentimes there's that sort of positive relationship that you want to keep going forward. So if a building then has a lot of defects and if the developer or the builder is reluctant to deal with some of those more complex defects, well then it does become a very difficult relationship because the manager has duties, they owe duties to their client, which is the owners corporation. And they need to work in their best interest when dealing with these.

So it does become a bit of a concern, and I have seen instances where managers just simply don't bring these conversations to the fore in relation to general meetings, don't take active steps in relation to ensuring that an audit report is undertaken early on in the scheme's life. And so there has been major issues in relation to that. And I think we have to put some more education around ensuring that managers managing this process much better.

And I'm not against ... I think managers play one of the most fundamental roles in relation to dealing with defects, it's some real complexities to it, understanding how defects arise, what type of defects they're seeing. You need to have a bit of an understanding of buildings and how they're constructed. And so it's something that the managers don't often have those sort of experiences, if they haven't been involved in the building game before. And there's legal complications about these limitation periods, what is a defect, and what's a minor and major defect, and what process that a building needs to go through an owners corporation needs to go through to deal with these sorts of rectifications. It's a really complex process and I think we certainly need to get more guidance for managers in dealing with that process more.

Amanda Farmer: And we certainly have had some legislative reform in New South Wales that attempts to deal with these problems of having what might be a developer friendly strata manager appointed to manage the scheme. But I do agree with you, Nicole, I don't believe that those changes are solving these problems. And my guidance for new buildings is to make sure that they, the owners who have purchased, are aware of the relationship that the developer and the strata manager may have. Which might not be an obvious commercial connection, but certainly understanding if the strata manager has been there holding the hand, if you like, of the developer for a few years helping them to set up their by-laws and to understand how strata schemes operate.

And then that is the same manager who is then recommended for appointment by the scheme at the first AGM to understand who that manager is, and whether they are in fact the best person to be managing your building. And I think always ensuring that short appointment terms in those early years are what's in the contract. And we do have limits on that in New South Wales, but one year is certainly different to 3 years when you're stuck with a strata manager who you might think is not progressing the rectification of your building defects and the clock is ticking.

Publication Date: 30 July 2019
YSP Podcast Transcript: Episode 172. Exposing Australia's Building Defects Crisis,
with Dr Nicole Johnston

Amanda Farmer: So just being aware of these issues so that you can go and seek more information and understand that your rights are is really important.

Nicole Johnston: Yes, because in other states that we have longer time periods, or even in New South Wales where inertia is something that keeps things going. So oftentimes new people into a scheme aren't really aware about how the owners corporation or the body corporate works, and so that first AGM comes around very very quickly. And it does even in schemes and if you're still just trying to understand how this all works, oftentimes it's just easy to appoint the person who's there in front of you.

They obviously want to keep your work, of course they've got a commercial interest here. So it's often easy just to then sign the next 3 contract, or sign whatever contract to keep it going because the work that it takes to go out and look at other managers and interview other managers and see whether they're going to be a natural fit is a lot of work for volunteer people on an owners corporation. Sort of that inertia happens. And then you're still in that limitation period. So what we see often is these defects, especially in relation to water will arise after a big major storm event, which often happens in that 3 or 4 year period. And then people are going to have to deal with that. And deal with the manager that has been appointed in that period of time.

Amanda Farmer: And very often people have bought off the plan, they may be first time buyers, it's their first experience of not only owning an apartment, but property ownership. And this is certainly not the kind of thing that they expected to be faced with, and it can be very easy to put your head in the sand, so to speak. Or to think, oh others are looking after me. The builder is still around, the strata manager's looking after me. But being aware that may not necessarily be the case. And it is in the best interest of your investment that you pay attention to these issues.

Nicole Johnston: Absolutely. And that's the difficult thing here because there should be a reasonable expectation that when you buy into a strata scheme that everything is being done compliantly and in accordance with the different regulations and that people are open and transparent and accountable for their actions. And that really what it is, is its just then setting up the scheme for it to be a functional viable scheme moving forward. So all of these issues, especially with building defects because the problem with that is that they are systemic, and dealing with them usually takes quite a long time to deal with them. So it's not something that doesn't get fixed very quickly.

And so unfortunately people go into these buildings hoping that they bought into something that should be safe and secure, and being built to a fairly good quality. And then they're faced with dealing with the reality of a building that may have failures. And so it becomes a much more difficult task for people and they can't shy away from it. They can't bury their heads in the sand. They do have to deal with it. And it is very unfortunate that this is the situation, but this is what we've got at the moment until we start to deal better with the quality of construction in this building. This is what more owners are going to have to be faced with.

Amanda Farmer: Well let's talk about the future. What were your conclusions and your recommendations for change arising out of your research?

Nicole Johnston: Some of the conclusions were that there's real complexities here. There are many issues that need to be dealt with, and I think taking a more holistic approach is what is really needed here. I think we can't just start looking at things in isolation, we do need to have a look at what's going on much more broadly. I think as far as clear solutions and recommendations, it's really hard. And that really wasn't the whole point of the project. The project was really just to identify what was going on in the marketplace. But I do believe that we've got some very talented and skilled people in this country that are very very concerned in relation to the quality of buildings.

I've been contacted by hundreds of people that have raised these concerns, have shown me documentation about raising these concerns over many many many years, and have been largely ignored. And so it's time now to have those people at the table. These people understand construction, they understand quality construction, they understand what needs to happen in relation to their area of expertise. And it's time that they come to the table and for governments to really understand what's going on.

I think some of the states are becoming much more aware that there's a real issue, and I think the New South Wales government

Publication Date: 30 July 2019
YSP Podcast Transcript: Episode 172. Exposing Australia's Building Defects Crisis,
with Dr Nicole Johnston

has come out and been very clear that they can see that there's a problem, that this is a crisis point in relation to building defects more broadly. And then other states are really just putting their head in the sand in relation to this, and I think it's really irresponsible, to be quite frank, to ignore what is happening in relation to building defects. And so I think this is not just about combustible cladding as I've said before, this is bigger than that. And just ignoring it's not going to make these problems go away. And they don't stop at any border.

Nicole Johnston: The cracking issues that we're seeing in New South Wales, they don't just stop at the border. What we've seen is these same issues are played out in all the different states. No state is particularly unique in this respect, and so I think we just need to have a bigger conversation about this and get people that are really good at this area to come together and start formulating some solutions.

Amanda Farmer: And I know that your report is going to be a key piece of that conversation. And I'm sure you will, if of course you don't already, Nicole, have a seat at that table, being a big part of that discussion is going to be very helpful. And I think this industry owes a great debt to you for doing the hard work that you have done, and for being so candid and open discussing these real problems. Which, as you've said, have been around for a long time, people have been talking about them. But we haven't had the right people listening. So now's the time.

Nicole Johnston: That's okay, yes. I think we can't shy away from this issue. I think it's important and it's impacting upon people's lives. Their financial future. The value of property. The list goes on and on. And so the impact and the damage that these building defects can cause, again, are widespread and we can't afford to have another year or 2 years go by where people aren't concentrating on finding solutions in relation to this crisis.

Amanda Farmer: For sure. Now we're about to wrap up, unfortunately. Thank you so much Nicole for sharing your time with us. Is there anything that you want to add before we close out the conversation? And certainly let our listeners know where they can find out more about you.

Nicole Johnston: Yes, you're welcome too, I've got a LinkedIn page for those that are on LinkedIn. I'm pretty easy to find on LinkedIn, so you're welcome to Link In with me. And I put up the report is on LinkedIn. And also some of the conversations around that are also on LinkedIn, so please I encourage you to do that. I'm also available, I've got a Deakin, you can go into Deakin University website, there's a profile in relation to me and how to contact me if you like. And of course a lot of our research in relation to strata is on a publicly open website, which is the Multi-owned Properties Research Hub. If you Google that you can go and see a lot of research that not only myself, but a number of academics, not only in this country but in a world we openly put up our research so people can read that as well.

So there's a couple of different options to see what's going on in this space. But I think, thank you very much for your time, Amanda, to allow me to have a chat about this research. And hopefully, we'll continue to get funded and to be able to look into these issues in much more detail.

Amanda Farmer: I will make sure that there are links in the show notes to the report, An Examination of Building Defects In Residential Multi-owned Properties. And also to the Multi-owned Properties Research Hub. I really look forward to the continued work that I know you're doing, Nicole, and that you plan to do in this space. And the impact that this research is going to have. I'm sure we'll have you back on the show very soon.

Nicole Johnston: Great. Thanks very much.

Amanda Farmer: Thanks Nicole.

Outro: Thank you for listening to Your Strata Property, the podcast which consistently delivers to property owners reliable and accurate information about their strata property. You can access all the information below this episode via the show notes at www.yourstrataproperty.com.au. You can also ask questions in the comments section, which Amanda will answer in her upcoming episodes. How can Amanda help you today?

