

2 March 2020

Mr Tim Pallas MP
Treasurer of Victoria
Level 4, 1 Treasury Place
EAST MELBOURNE VIC 3002

The Hon Richard Wynne MP
Minister for Planning
Level 16, 8 Nicholson Street
EAST MELBOURNE VIC 3002

Dear Treasurer and Minister,

Cladding Rectification Levy: key principles

The Property Council of Australia (Victorian Division) (**Property Council**) commends the Victorian Government for its proactive approach to the complex issues associated with cladding, making a concerted effort to reduce the risk of harm to people and property.

Although the Property Council welcomes the Victorian Government's plan for the rectification of cladding affected buildings, we remain concerned that a proposed 700 per cent increase in building levies would add significant costs to new construction projects in the state. It is critical, in establishing the rectification fund and the mechanisms by which rectification is to occur, that the following principles are a key focus:

1. Public safety is paramount and the law should be actively enforced to maintain and enhance safety.
2. Those who have not installed combustible cladding should not be required to subsidise through future payments the past actions of a small minority.
3. A number of Property Council members have initiated independent safety audits and responded accordingly with private funding. It is essential that appropriate consideration is afforded to these parties, preferably with a mechanism to account for existing investment in rectification works, as part of the revised Cladding Rectification Levy framework.
4. The Government needs to transparently account for what it raises through any increase to the Levy and set out with clarity the extent of rectification works that will be required (which should be commensurate to any risk to safety).

The Property Council of Australia

The Property Council is the leading advocate for Australia's property industry — the economy's largest sector and employer.

In Victoria, the property industry contributes \$45.1 billion to Gross State Product (12.4 per cent), employs more than 331,000 people and supports more than 400,000 workers in related fields. It pays more than \$21 billion in total wages and salaries per year, employs one in four of the state's workers either directly or indirectly, and accounts for 57.5 per cent of Victorian tax revenue.

In Victoria, the Property Council has more than 500 members. They are architects, urban designers, town planners, builders, investors and developers. These members conceive of, invest in, design, build and manage the places that matter most — our homes, shopping centres, office buildings, education, research and health precincts, tourism and hospitality venues.

Next Steps

If you require further information or clarification, please contact me on (03) 9650 8300 or cwall@propertycouncil.com.au.

Yours sincerely,

Cressida Wall
Executive Director, Victoria