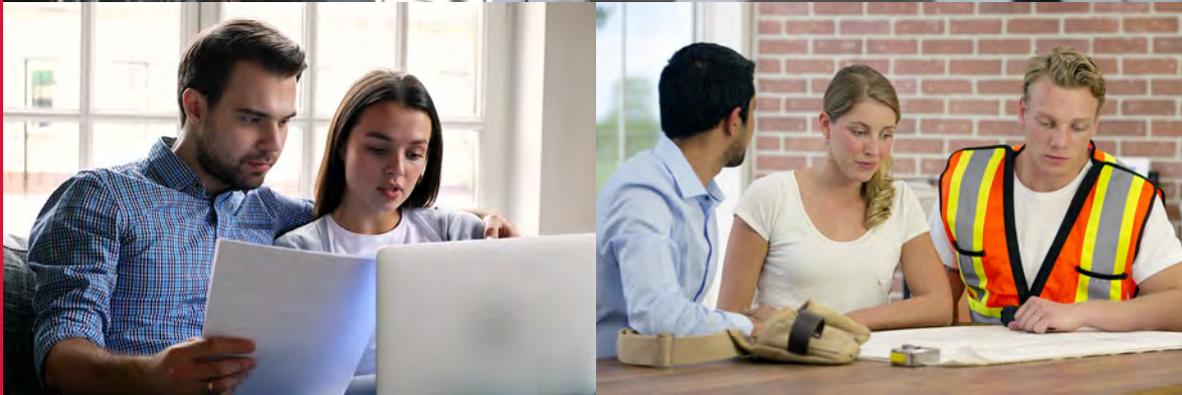




Apartment owners guide to Project Remediate

Information for strata managers, strata committees
and lot owners



June 2021

Background

The NSW Government is committed to addressing the issue of combustible cladding on high-risk, residential apartment buildings.

In 2017, the NSW Cladding Taskforce was established to identify and assess potentially affected buildings and improve fire preparedness, following the tragic Grenfell Tower fire in London.

On behalf of the Taskforce, Fire and Rescue NSW (FRNSW) assessed over 4,000 buildings to identify those with potentially combustible cladding, and shared their findings with apartment owners, residents, local councils and consent authorities.

The Taskforce supported FRNSW's efforts by working with local councils to address the use of non-compliant cladding materials.

While many buildings have been cleared, approximately 225 high-risk residential apartment buildings either require remediation or are being investigated.

For affected residential apartment owners, it presents a difficult problem they could not have anticipated when purchasing a property.

What is combustible cladding?

Some types of wall coverings (cladding) can burn rapidly when set alight and are not permitted for use on external walls of certain multi-storey residential buildings.

Put simply, combustible cladding is a material that will burn and spread flame in the event of a fire.

Apartment buildings are designed with compartmentation to minimise the spread of fire between individual units and between storeys of the building.

If fire is able to spread via the external walls, this undermines fire compartmentation and poses a serious risk of overwhelming the building's fire safety systems and the ability of firefighters to control the spread of fire.

There are provisions in the Building Code of Australia and Australian Standards that define when cladding is considered combustible and when it can and can't be used.

An assessment of the risk posed by the cladding on a particular building may be carried out by the local council or consent authority, FRNSW or a fire safety consultant.

[Read more about combustible cladding.](#)

Project Remediate is a program to remediate combustible cladding

Project Remediate was created to support affected strata communities to remediate combustible cladding on high-risk residential apartment buildings.

This guide is for lot owners, strata committees and managers of residential apartment buildings. It explains what Project Remediate is about, how to join, and what you can expect.

The information contained in this guide may be updated as details of the program are settled.

Visit nsw.gov.au/project-remediate for more information and to register.

Registrations close on 30 September 2021.

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1.

About the program
and how it works



What is Project Remediate?

Project Remediate is a three-year program to help remove combustible cladding on an estimated 225 eligible high-risk residential apartment buildings known to the [NSW Cladding Taskforce](#).

The program is under the sponsorship of the NSW Building Commissioner.

The program supports building owners through:

- 10-year interest-free loans for building owners corporations to fund the cost of remediation work
- quality assurance and project management services delivered by experienced professionals
- industry-leading quality, value, safety and service throughout the remediation process
- providing a remediation outcome that is insurable, and a Project Remediate Assurance Certificate once work is complete.

Project Remediate is a voluntary program to remediate only combustible cladding.

Why join?

Remediating combustible cladding is a complex and challenging issue for strata communities and building residents to manage themselves. It requires a significant investment of time, energy and resources to oversee all elements of the work.

Joining Project Remediate is a unique opportunity to work with industry experts in remediation solutions who will support owners and residents throughout the process.

Project Remediate offers a best practice solution to replace combustible cladding that will allow insurer confidence.

What building owners can expect when they join

<p>Interest free loan</p> <ul style="list-style-type: none">• a 10-year, interest-free loan to fund the cost of the remediation work, with repayments commencing after the work is completed.	<p>Value and certainty</p> <ul style="list-style-type: none">• certainty on the cost of remediation work through lump-sum pricing• up front investment in investigation and detailed design to reduce unexpected costs and delays• program-wide sourcing of designs, expertise and services for value and efficiency.
<p>Project management and quality assurance services</p> <ul style="list-style-type: none">• project management, design, building, assurance and certification work delivered by qualified, reputable, experienced experts• a thorough investigation and assessment of your building to identify any issues before the work starts.	<p>A safe, compliant and insurable solution</p> <ul style="list-style-type: none">• a solution to suit your building's requirements, designed by an expert design team• safe cladding products and systems endorsed by the Cladding Product Safety Panel• a building that qualifies for full insurance without cladding-related exclusions or premium increases.

Project Remediate is a package

Owners corporations that join Project Remediate must agree to:

- the interest-free loan
- the arrangements for building assessment/investigation, design, remediation and a superintendent and assurance consultant.

If the owners corporation joins the program:

A portion of these costs will be charged to the owners corporation's loan if they decide to participate, with the remainder paid for by the government.

If the owners corporation does not proceed:

They will not be charged for any of these costs, and need to fund their own remediation work in consultation and compliance with the local council or other consent authority.

After considering what is involved, it is up to the owners corporation to join the program if they meet the eligibility criteria.

Interest-free loans

Ten-year interest-free loans will be provided to building owners corporations to fund the cladding remediation work. The loan program is designed with the building owners' interests at the centre.

The NSW Government will pay for the interest on loans on behalf of apartment owners, with loan repayments commencing after the building work has been completed.

Repayments will be made quarterly to align with the typical schedule of strata levies.

Provisions to support owners who may experience financial hardship will be included in the loan scheme. You can read more about these provisions in *Section 3 - special provisions and other details*.

Quality assurance and project management

The NSW Government is funding a package of quality assurance measures to support and deliver the remediation work.

A managing contractor appointed by the NSW Government will guide owners through the process of remediation from start to finish.

They will coordinate all activities necessary to deliver a safe, compliant and durable solution for each building, and appoint qualified, expert service providers and contractors to perform the design, construction and assurance work.

Other assurance measures include:

- advice from the Cladding Product Safety Panel (CPSP) to inform the selection of products and system design choices to deliver a safe and insurable result
- a global façade consultant will provide program-wide design guidelines, incorporating the CPSP’s advice and produce a master or pattern book of common designs that every designer can use for a specific building
- verification by a qualified professional to confirm that the work and documentation is compliant with standards under the program
- oversight of building assurers by Fire and Rescue NSW
- regulatory powers held by the Office of the Building Commissioner to obtain building documentation, investigate building work and defects and issue orders for rectification.

Who is involved in Project Remediate

	<p>Office of Project Remediate</p> <p>NSW Building Commissioner</p> <p>NSW Fair Trading</p> <p>Fire and Rescue NSW</p>	<ul style="list-style-type: none"> • Oversees the program for the NSW Government • Sponsors the program • Assists with investigation of defects or misconduct by building practitioners • Provides oversight of assurance certification processes and assists with risk assessment of buildings
	<p>Managing Contractor</p>	<ul style="list-style-type: none"> • Oversees all aspects of the work logistics and quality assurance • Supports building owners and residents • Schedules projects based on risk, scale and readiness • Appoints and deploys panels of building assessors/investigators, design teams, remediation contractors, superintendents and assurance consultants
	<p>Cladding Product Safety Panel</p>	<ul style="list-style-type: none"> • Independently advises Government on products and systems suitable for use in remediating buildings under the program • Includes representation by the Insurance Council of Australia to ensure recommendations can be fully insured
	<p>Global Façade Consultant</p>	<ul style="list-style-type: none"> • Oversees program-wide design requirements for replacement cladding products and systems • Maintains a ‘pattern book’ of designs

	Building assessors Investigators	<ul style="list-style-type: none"> Assess, inspect and report on the condition of the existing cladding and external wall build-up, including testing
	Design teams	<ul style="list-style-type: none"> Designers, architects and estimators create and document remediation plans for each building, following guidance from the global facade consultant
	Remediation contractors	<ul style="list-style-type: none"> Carries out remediation work including coordinating any trade contractors using tendered building contracts
	Assurers	<ul style="list-style-type: none"> Provides compliance assurance Certifies that remediation work has been carried out in accordance with any Fire Safety Orders or conditions of approval
	Building owners corporation / strata managing agent	<ul style="list-style-type: none"> The lot owners within a strata property, who decide collectively to enter into the loan and remediation contracts Most owners corporations also appoint a strata managing agent to manage their strata scheme

The managing contractor

The managing contractor will coordinate all the activities necessary to deliver a remediation solution. Their role, along with the building owners corporation, is vital to the delivery of Project Remediate.

The managing contractor is fully funded by the NSW Government.

They will not provide any building remediation services.

The managing contractor will:

Be your main point of contact and focus on good customer service

They will guide owners' through the process of remediation from start to finish, and keep them informed of the progress of the works.

Owners' will be consulted on decisions affecting the building including design preferences, safety, works scheduling, building access and amenity.

The managing contractor will support owners corporations through the process of:

- considering the loan offer
- convening the required meetings
- passing the necessary resolutions to enable them to enter into the loan agreement
- setting up the special levies to repay the loan.

The strata manager will assist the managing contractor and owners corporations during this time, and complete a training course specifically designed to give them the details they need to support owners through this process.

Establish panels of pre-qualified service providers

The managing contractor will arrange procurement processes to select pre-qualified service providers to deliver the remediation work and other services.

The five panels are made up of:

- building assessment and investigation contractors
- designers
- remediation contractors
- superintendents
- assurers.

Triage and schedule remediation projects

The managing contractor will schedule all eligible remediation projects into approximately six groups over three years to ensure the timely completion of remediation work.

The timing will be based on the risk, complexity and readiness of each building project, so that service providers and contractors are deployed efficiently.

The assessment of and scheduling of projects will be done in consultation with the Office of Project Remediate, the NSW Cladding Taskforce, Fire and Rescue NSW and the Cladding Product Safety Panel.

Ensure compliance with industry best practice and program requirements

The managing contractor will ensure that all compliance and regulatory obligations are met, including site management, safety, and compliance with consent authority orders and development conditions.

They must ensure that work on each site complies with the industry-leading standards set by the Office of Project Remediate including the:

- amenity of residents
- successful completion of mandatory training and working with children checks for all workers accessing the work site
- safety measures under the 'everyone home safe' provisions of the program.

Ensure your building is a safe place to work and live (Everyone home safe)

Safety of residents, visitors and workers on all Project Remediate sites is crucial.

All contractors on-site have responsibilities under the *NSW Work Health and Safety Act 2011*, and they must complete targeted online training before commencing work on-site.

To ensure that all possible steps are taken to minimise the impact on resident amenity and safety, the managing contractor will:

- provide clear communication with residents and remediation service providers about all matters relating to the works, including the scheduling, hours, and access
- establish a channel to communicate with owners and residents and respond to their enquiries in a timely manner
- notify building insurers ahead of time, before any work commences
- ensure emergency and evacuation access is maintained and plans are in place to protect all residents including any vulnerable residents
- implement appropriate site induction processes
- ensure that tamper proof scaffolding ties are used.

Recycling of waste cladding materials

The managing contractor will arrange for program-wide collection, safe disposal and/or recycling of waste cladding materials removed from buildings to minimise the amount of waste sent to landfill.

Cladding Product Safety Panel

The Cladding Product Safety Panel (CPSP) is an independent expert panel established by the NSW Government to provide advice on suitable cladding products and systems for use in cladding remediation work.

It has been tasked specifically with providing advice for Project Remediate, and remediation systems implemented under the program will strictly follow their recommendations.

The CPSP has developed criteria for identifying cladding products and systems that can contribute to a wall system that is safe, compliant and retains or improves the building's other performance elements as far as possible.

The CPSP also includes representation by the Insurance Council of Australia in order to provide recommendations that enable the remediated façade to be insured without cladding-related premium increases or exclusions.

The Global Façade Consultant will incorporate the CPSP's recommendations in its guidance to the project designers engaged under Project Remediate. The CPSP will assess products and systems in consultation with the global façade consultant and will require additional component and system testing if it is not satisfied with information provided by vendors.

[Read more about the role of the CPSP.](#)

Global Façade Consultant

A reputable industry expert in façade engineering and design will oversee program-wide design requirements for replacement cladding products and systems, in close consultation with the CPSP. Their services are funded by the NSW Government.

Their role involves:

- translating the advice of the CPSP into design requirements, and working with the CPSP to agree product/component suitability and arrange testing of products and remediation systems as required
- setting program-wide requirements for the designers involved in producing the remediation designs for each building
- maintaining a 'pattern book' of designs, to ensure designers are not "reinventing the wheel", as there will be many common design scenarios for walls, balconies etc.

This approach will result in financial savings for owners corporations and consistent quality and safety standards.

Panels of service providers

The managing contractor will set up five panels of pre-qualified licensed and experienced contractors and suppliers.

These arrangements will deliver value for money and a consistent approach to remediation projects. Only suppliers from these panels will be engaged to provide services for Project Remediate.

The Office of Project Remediate will oversee the panel procurement process managed by the managing contractor to ensure it aligns with the goals of the program and NSW Government standards and objectives.

All service providers will be inducted by the Office of Project Remediate to ensure this is a customer-facing program that puts strata building owners at the centre of the activity.

Panel	Their role
Building assessment and investigation contractors	Fire safety assessments, review building documentation, carry out inspections and investigate the condition of each building's cladding and wall systems, including any necessary non-destructive or destructive testing.
Design teams	Building designer teams (to include architects or specialist façade designers, engineers and estimator) will create the individual design and documentation for each project. They will design remediation solutions drawing on the expertise and guidance of the global façade consultant and the 'pattern book' or remediation designs. They will refer back individual designs to the global façade consultant for endorsement and to add to the program's design repository.
Remediation contractors	Carry out the remediation work. They have expertise in remediation work and will be responsible for engaging any necessary subcontractors to complete the remediation project. Remediation contracts will provide for direct payment of sub-contractors with contracts above \$50,000 (in accordance with superintendent view) to help mitigate any solvency risk during the contract period.

Panel	Their role
Superintendents	<p>Oversees building works, verifies that work is completed in accordance with the contract, designs and plans and provides advice on progress payment claims and practical completion.</p> <p>The superintendent will also assist in dealing with lower value issues between contracting parties.</p>
Assurers	<p>Provide compliance assurance or certification that the remediation work has been carried out on each project in accordance with any Fire Safety Order or conditions of approval.</p> <p>The assurers will provide any necessary certificates of completion required by local councils or consent authorities at the conclusion of remediation work, to satisfy that any Fire Safety Orders or development conditions relating to the remediation work have been met.</p> <p>Project Remediate will use a single digital platform known as the Building Assurance Solution to store compliance documentation gathered by the assurers.</p>

Assurance oversight by Fire and Rescue NSW (FRNSW)

Fire and Rescue NSW plays a key role in the selection of qualified consultants under the panel of assurers, and will provide guidance to ensure a consistent approach to the assurance and verification of remediation work.

It will also conduct quality-assurance reviews of the work done by assurers under the program.

Regulatory powers to benefit building owners

To help secure fair and beneficial outcomes for owners corporations, authorised officers of the Office of the NSW Building Commissioner can exercise investigatory powers under the *Residential Apartment Buildings (Compliance and Enforcement Powers) Act 2020* (RAB Act).

These powers allow them to:

- direct a person (such as owners an corporation, developer, builder and other practitioner) to give information or records
- direct a person suspected of having knowledge of required information to answer questions with respect to those matters
- enter any premises (with or without a search warrant, although entry to residential premises will require a search warrant or permission of the occupier)
- direct a developer to carry out building work at a specified time or in a specified manner.

The power to obtain information or records (which may not ordinarily be held by building owners) allows for a thorough investigation into the building.

It may also inform the remediation design, and assist in identifying whether any other serious defects exist.

What happens when an authorised officer enters a premises?

Once an authorised officer has entered the premises, they can take necessary action to identify serious defects and ascertain the combustibility and installation methods associated with the cladding, including destructive inspection and testing.

What if serious defects are identified?

If serious defects (other than the combustible cladding) are identified, they will be referred to the local council and/or building regulator for investigation where available or required.

A Building Work Rectification Order (BWRO) may then be ordered requiring the ‘developer’ to cause building work to be carried out to eliminate or remediate the serious defect.

What is the definition of a developer?

The scope of the definition of ‘developer’ within the RAB Act is broad. It includes any person who contracted or arranged for, or facilitated or otherwise caused, (directly or indirectly), the building work to be carried out.

If any other serious defects are identified, the building regulator is able to issue a BWRO on a responsible person to avoid further costs to the current owners.

The *Design and Building Practitioners Act 2021* – what it means for the building industry

In addition to the RAB Act, the *Design and Building Practitioners Act* (DBP Act), part 2 of which is in effect from 1 July 2021, introduces wide-ranging regulatory changes to the building industry including the concept of ‘regulated designs’ for building work likely to affect the safety and quality of buildings.

Regulated designs must be prepared by a registered design practitioner who must also provide a compliance declaration for those designs.

How does the Act support Project Remediate?

As the cladding remediation work will be carried out after the commencement of the DBP Act, the design practitioners, engineers and remediation contractors as building practitioners must be registered in accordance with the DBP Act.

Then, a compliance declaration must be made about the designs by the design practitioners, engineers and building practitioners.

At the end of the works, the remediation contractor must declare that the works have been completed in compliance with the declared designs, and that declaration will be uploaded to the NSW Planning Portal.

The owners corporation will have access to the declared designs and the declaration by the remediation contractor.

This means owners (and their insurers) can be assured that the cladding remediation work was undertaken in accordance with a ‘regulated design’.

2.

Eligibility, joining and what to expect



Eligibility

To join Project Remediate, your building must:

- be a residential apartment building (Class 2) in NSW. These include multi-use buildings, for example part commercial/part residential, and
- have been confirmed by the Cladding Taskforce to have a high-risk combustible cladding façade that requires remediation.

The owners corporation will also be asked to provide documents such as strata records, audited accounts, building replacement valuations, insurance details, details of the building's condition, and any notices, orders or correspondence from the local council or consent authority.

What is considered high-risk?

The Cladding Taskforce identifies buildings as high-risk if they have combustible cladding of a type, amount and configuration that increases the risk of fire spread and the risk to occupants and/or firefighters in the event of a fire.

The Cladding Taskforce has worked to identify and assess over 4,000 buildings that may be affected by combustible cladding over several years. Unit owners and residents may have received letters from the Cladding Taskforce recommending a fire safety assessment be carried out, or correspondence from their local council or consent authority requiring the owners corporation to take action.

The Cladding Taskforce referred all potentially identified high-risk buildings to the council or consent authority for investigation. The Cladding Taskforce also communicates with the Office of Project Remediate to advise which residential buildings are eligible for the program.

Eligibility of other buildings

Buildings with combustible cladding not considered a high-risk by the Cladding Taskforce are not eligible for the program.

If you have not been contacted or are not sure if the cladding on your building is high-risk, you should:

- contact the local council or consent authority for your building to discuss your building's status
- refer to any fire safety assessment reports that may have been obtained for your building
- consider having an authorised representative of the owners corporation register interest in Project Remediate.

Owners corporations that register can expect the Office of Project Remediate to determine their eligibility for the program.

The Office will consult the relevant consent authority and Cladding Taskforce, and as required, obtain further information about the building including documentation, or request access to buildings for inspections, and/or testing of the cladding.

If you have already commissioned building investigation reports and/or remediation plans

Some owners corporations have started proactively organising fire safety assessments and remediation plans for their building, or have complied with requests, notices or orders from the local council or consent authority to carry out these steps.

If this applies to your building and the owners corporation registers for Project Remediate, the owners corporation will be asked to provide reports, plans and other documentation as part of validating the building's eligibility for the program.

The interest-free loans and the quality assurance and project management services are a package. A building will be eligible for an interest-free loan only if the owners corporation also agrees for the building to be remediated in accordance with the program's standards.

The replacement of the façade wall system must be fully designed, and remediation work must be:

- compliant with planning approval or order issued by the local council
- compliant with CPSP recommendations on suitable products and systems
- carried out by a properly qualified and experienced remediation contractor endorsed under the program
- certified as compliant with relevant requirements by a qualified and authorised assurer/ professional.

The Office of Project Remediate will review any assessments and plans submitted in order to verify if they meet the program's standards. It may also arrange additional assessment, investigation or design work.

We will then advise the owners corporation of its assessment and/or proposed remediation solution(s), and owners will have the option to proceed under the program for other buildings per the normal process.

If remediation work has commenced

If remediation work has already commenced on your building and the owners corporation is interested in joining Project Remediate, an authorised representative should:

- inform us of the status of works completed to date
- provide all documentation about the investigation, design and remediation work.

We will review your registration to determine if the remediation work meets the program's standards.

The Office of Project Remediate will inform you what conditions may apply in order for your building to be eligible to join the program.

If remediation work is complete

Owners corporations that have already completed remediation work and are interested in Project Remediate can register interest online at nsw.gov.au/project-remediate.

At the time you register, you need to inform us that your remediation work has been completed.

We will review your registration to determine if the remediation work meets the program's standards.

The Office of Project Remediate will advise you what conditions the building needs to meet in order to be considered for a loan or other financing arrangement.

How to join

Register your interest

The first step towards joining Project Remediate is for an authorised representative to register interest on behalf of the owners corporation online at:

nsw.gov.au/project-remediate.

Registrations close on 30 September 2021.

Registering interest does not commit the owners corporation to any obligations or charges, but it will begin a process between the owners corporation, the Office of Project Remediate, and the local council or consent authority to validate the building's eligibility.

A strata managing agent, if one is appointed, may need to do extra work, and the owners corporation may be required to pay fees for the calling of additional meetings and other necessary work throughout the scheme's involvement in the program.

The information supplied at the time of registration will be reviewed by the Office of Project Remediate. We may contact the authorised representative, the local council or consent authority, the Cladding Taskforce and Fire and Rescue NSW to validate whether the building is eligible.

Once this information is assessed, the Office of Project Remediate will inform the authorised representative of the building's eligibility or status.

If the building is eligible, the owners corporation will be asked to provide access to the building for inspection, testing, scoping and development of remediation proposals (so that pricing can be as accurate as possible), and to provide information as detailed in the following section.

What we need from you

Upon registration – for validation of eligibility

To help us review your registration and validate your eligibility, we require information about your building that is held by your owners corporation.

This may include:

- any assessment reports, plans or designs relevant to the building's cladding and wall system
- details about the financial position of the owners corporation including any existing special levies, other levies, insurances, any loans and any long term contracts
- documents such as strata records, audited accounts, building replacement valuations, insurance details, details of the building's condition
- any notices, orders, planning approval or correspondence from the local council or consent authority
- details of any maintenance plans that do have or may require a special levy.

Once you've registered - consent to conduct building assessment/investigation

The owners corporation need to provide access to the building or assessment and investigation. Depending on the configuration of the cladding on the building this may require access to some individual lots as well as to common property.

It may also be necessary for some destructive inspection/testing to be done. This may mean taking samples or lifting of cladding or other materials to see how the current cladding is installed in order for the remediation design to be done effectively.

The owners corporation will need to agree to these access and inspection arrangements and enter a written agreement to this effect.

Sign legal documents for the loan and the remediation work

After remediation design work has been done and the owners have selected a remediation proposal, legal documents to establish the interest-free loan, commence remediation work and give effect to the program's assurance provisions will be presented to the owners corporation for signing.

Further documentation may be required at this time and will be explained to the owners corporation prior to this point.

Strata resolutions required

The owners corporation need to formally agree to several things over the course of the program. Some of these include:

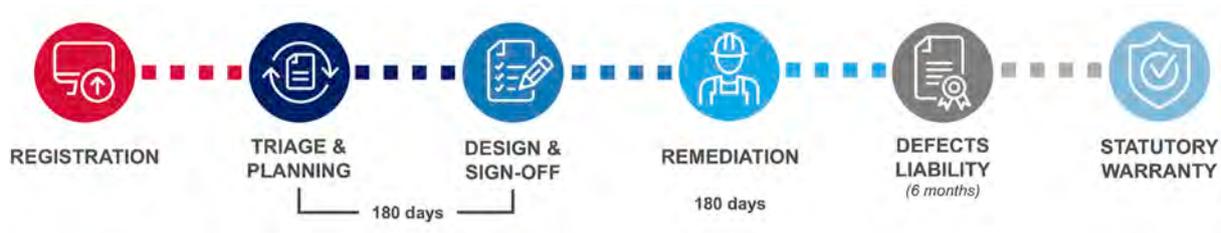
- resolving to register interest in Project Remediate
- engaging contractor(s) to assess the building, conduct testing, and prepare designs and a scope of works
- delegating to the committee or strata manager the function of preparing loan application documentation
- select a preferred option (where more than one remediation option is available) and resolving to undertake the remediation project
- entering into the loan agreement
- raising the necessary levies to repay the loan.

Guidance and information will be available to owners corporations throughout this process.

You can also find examples of motions online at nsw.gov.au/project-remediate.

The journey for building owners

Average project timeline



How remediation projects are scheduled

Remediation projects will be scheduled in six groups over three years.

Each group will include approximately 35 buildings.

They will be triaged and scheduled according to their level of complexity, risk and readiness.

Why are we taking this approach?

- buildings at higher risk are prioritised
- projects that are more time-consuming can start earlier
- to ensure the availability of resources e.g. contractors, consultants, scaffolding, etc.
- projects that are ready to commence will be scheduled before those that are still in preparation, where possible.

The timing of each stage for each building will depend on this scheduling.

Stages

1. Registration, validation and information gathering

Owners corporations can register until 30 September 2021.

Project Remediate will review and confirm the eligibility of each registration. If eligibility is uncertain, buildings will be referred to the NSW Cladding Taskforce for assessment.

The NSW Cladding Taskforce will inform Project Remediate if the building is eligible.

Owners corporations will be asked to provide relevant information about the strata scheme and the building, including:

- building designs and documentation
- assessment reports
- council notices
- orders and correspondence
- strata financial and insurance information.

The Office of Project Remediate will request information and records about the building from the local council, developer, builder, designer and others who are identified as holding records.

Some buildings may have already started collecting information. Strata managing agents for potentially eligible buildings were contacted in February 2021 about Project Remediate. They were notified about the type of information needed for remediation, including design and reports.

2. Triage and planning

The managing contractor will engage a building assessment/investigation contractor to review the information and records received about the building.

With the consent of the owners corporation, the contractor will then enter the building, carry out an inspection of the cladding, a full investigation of the building's wall systems and any necessary non-destructive and destructive testing of wall components.

As far as possible the existing information and records about the building will be reviewed to avoid unnecessary destructive testing.

However, if it is required, the destructive testing will be done to ensure that the design prepared for the building is effective and based on correct information.

If the owners corporation decides not to join the program, the destructive testing work will be repaired at the cost of the program and all details provided to the owners corporation.

The building assessment/investigation contractor will produce a report on the building which will be provided to the design team to prepare a fit-for-purpose remediation design.

During this investigation phase, owners corporations will have no obligation to proceed with the program. If the owners corporation joins the program, the building assessment/investigation contracts and the reports produced will be novated to the owners corporation.

3. Design and sign off

The managing contractor will engage a design team from the pre-qualified panel to prepare two concept designs for potential remediation solutions.

The design team will also have the benefit of a master pattern book of designs prepared by the global façade consultant, and will also take into account:

- the building assessment/investigation contractor's report
- the requirements of the local council or consent authority (whether they are under a Fire Safety Order or local planning requirements).

When the concept plans have reached 30 per cent completion, the managing contractor will present the two options to the owners corporation (with estimated costing) to select which is preferred. Only the preferred concept design will be advanced.

The preferred concept design will then be fully documented and a lump sum tender for remediation will be procured using a competitive process to achieve value for money.

The managing contractor will seek bids from remediation contractors to carry out the work based on the complete design prepared for the building.

The owners corporation will be provided a design (based on its preferred option), a recommended remediation contractor and a lump sum price (including a contingency) and the necessary contracts.

During this design phase owners corporations will have no obligation to proceed with the program.

If the owners corporation decides to proceed, the contracts to sign at this point are expected to include:

- the loan agreement and any associated documents
- appointment of the managing contractor as the owners corporation's agent for certain contract matters
- novation of contracts with building assessment contractors
- novation of contracts with designers
- remediation contract
- superintendent contract
- assurance consultant contract.

If the owners corporation joins the program, the design contract and the designs produced will be novated to the owners corporation.

A “deed of novation” has the effect that the owners corporation is inserted as the client for the design work even though originally it did not request that work.

The contracts for remediation work will be lump sum ‘construct only’ contracts based on an industry standard contract (AS 4000 suite).

The benefit of using a construct-only contract as opposed to a design-and-construct contract is that the owners corporation will have more certainty of the remediation works to be done and the cost.

By contrast, under a design-and-construct contract, the same contractor carries out the commissioning of the design of the works and the actual physical build. Project Remediate is not using this delivery model because the potential conflict of interest and lack of certainty in scope of works and design could lead to contract price increases.

4. Remediation

On average, remediation work is estimated to take around 180 days (six months). It will be conducted safely and will be fully coordinated by the managing contractor.

Residents will be kept informed of the works at all times and will have a channel to report any issues to the managing contractor. They can expect the managing contractor to respond and act quickly to rectify issues as they arise.

Access and amenity for residents will be maximised as far as possible.

The remediation work will be supervised by an independent superintendent who will value work and approve claims for payment.

After the work is complete, the designer, remediation contractor and other contractors will have to comply with the new *Design and Building Practitioners Act*.

How the *Design and Building Practitioners Act* will impact the cladding remediation work

1. The designer and engineer must be registered as a design practitioner or engineer as appropriate.
2. When the design is complete, the registered designer will make a declaration that the design complies with the Building Code of Australia, will make sure the design works with the engineer's design and will upload the design and declaration to the NSW Planning Portal (where the owners corporation can access the design).
3. The remediation contractor must be a registered building practitioner which means that they will be licensed and insured.
4. The remediation contractor will carry out the work in accordance with the declared design but if a variation is required, the varied designs will be declared.
5. At the end of the work, the remediation contractor will declare that the work was carried out in accordance with the declared design.

5. Post-completion: verification of the building work and assurance certification

At the completion of the remediation work, the owners corporation and/or strata managing agent will receive a compliance certificate from an assurance consultant. The assurance *consult* may also provide this certificate to the local council or consent authority.

This will take account of the initial Fire Safety Order or approval and the requirements of Fire and Rescue NSW.

A defects liability period of six months will apply.

Once this step is completed, the loan repayments will commence.

Defects that are not cladding – what happens?

During the assessment phase, the managing contractor will undertake a physical examination of the building and review all available documentation to inform the remediation design and scope of work required.

As this program will only remediate combustible cladding, other building defects identified may be assessed to determine if other action is appropriate to assist the building owners.

If other defects caused by the original developer are identified, these may be referred to NSW Fair Trading, which will take action in accordance with the residential building legislation.

Pre-existing building defects

Management process within Project Remediate



3.

Special provisions and other details



Planning approval considerations

All cladding remediation work undertaken as part of Project Remediate requires approval by the local council or consent authority.

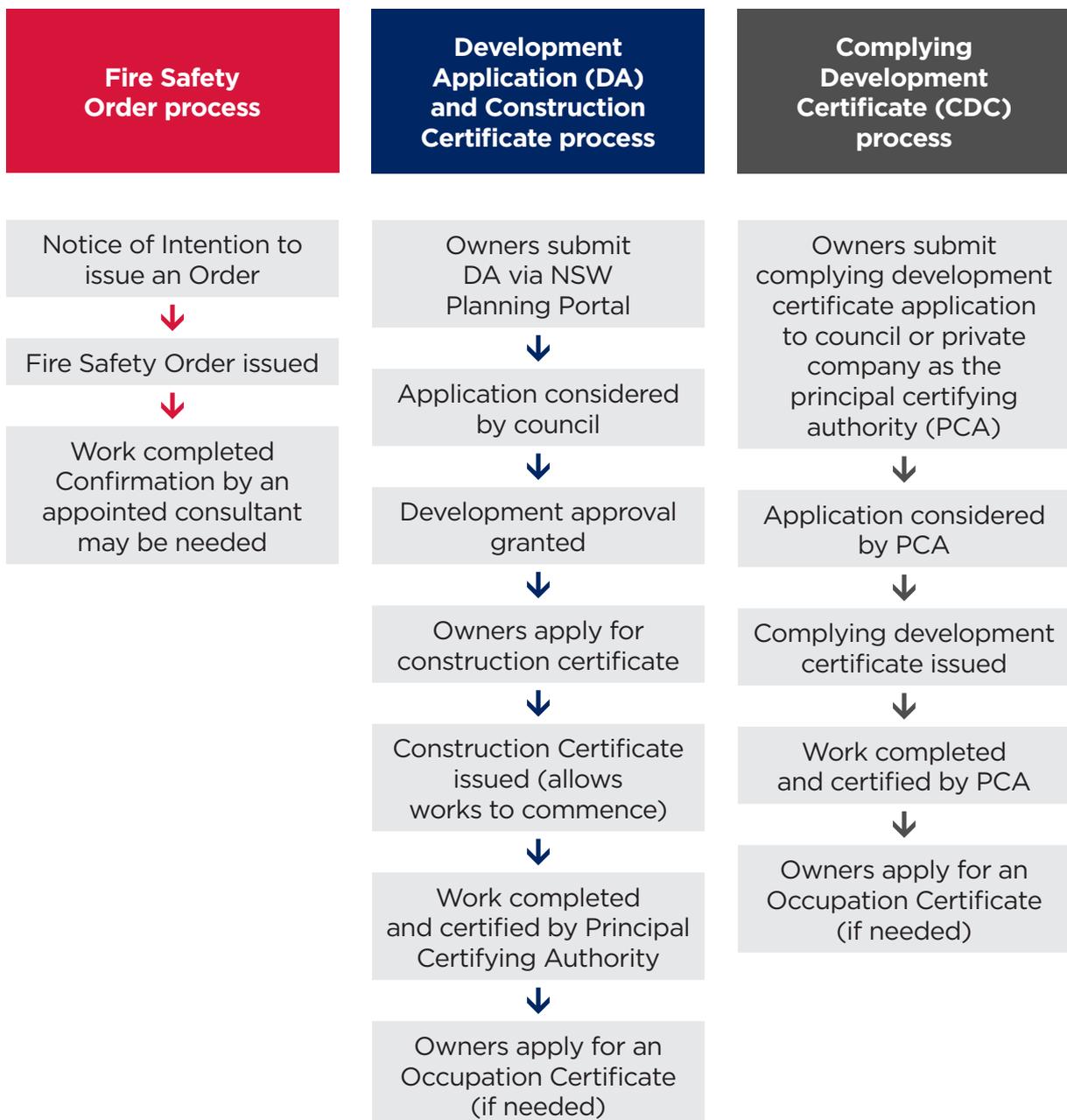
It can be done through one of two ways:

- a Fire Safety Order, which authorises the work covered under the Order
- a Development Application and Construction Certificate.

It is anticipated that most projects will be done under Fire Safety Orders.

Whichever pathway applies, the managing contractor will be responsible for ensuring there is appropriate planning approval for the remediation work.

Since the remediation work under Project Remediate will be limited to cladding, Project Remediate will liaise with consent authorities to request that any other work the authority may require is included in a separate order or approval document.



Loan conditions, repayments and levies

Loans will be issued for a period of 10 years. The interest free loan will fund the following costs:

- the proportion of investigation and design services payable by the owners corporation
- all of the remediation contractor services
- all of the superintendent services
- all of the “assurer” services.

Project Remediate will fund the following costs:

- all of the Cladding Product Safety Panel and Façade Practitioner Services
- all of the managing contractor services
- all of the program-level costs of the assurance services including the principal facade designer
- a portion of design services with the balance funded by the owners corporation if it proceeds with remediation work under the program.

If the owners corporation does not proceed to be a part of the program, the cost of the investigation and design services are not recovered from the owners corporation.

Repayments

Repayments are expected to be quarterly, in line with typical strata levy payments.

Repayment will start 30 days after completion of the remediation work and the issue of relevant certificates by the ‘assurer’.

The strata manager to remit to the loan originator and servicer (LOS) agreed repayment amount quarterly as agreed in the Deed.

The LOS will send loan statement to the strata manager quarterly.

The precise loan arrangements are subject to the procurement process to appoint a capital funder and (LOS), which is expected to conclude by around June 2021.

Levies

Each lot owner will bear their unit entitlement share of any levies raised by the owners corporation in order to repay the loan.

The building assessment/investigation and design will be undertaken after the owners corporation registers their interest, and while they are considering whether to enter into a binding agreement.

If the owners corporation agrees to proceed, the assessment/investigation services and design will be transferred by deed of novation to the owners corporation and, the owners corporation will make a contribution to the cost of investigation and triage in due course.

This approach gives the owners corporation:

- the benefits of the insurance and contractual promises made by the designer to do the design in a compliant way, and
- ensure that the design work can get started and done so that, by the time the owners corporation has decided whether to proceed or not, there will be a design and a lump sum price by a remediation contractor (based on that design) for the owners corporation to consider.

If the owners corporation does not proceed, then the project will absorb the cost of the investigation and design, and the owners corporation will have no liability for these costs.

If the owners corporation requires legal advice about any of these documents then it must arrange this at its own cost.

Draft drawdown process

It is expected that the drawdown process will be as follows, but this is subject to the appointment of the Loan originator and servicer (“LOS”):

Initial

- An initial drawdown will be made at the point the loan is established, to cover the portion of the investigation and design services payable by the owners corporation.

Monthly

- when works have commenced, each month the superintendent will confirm that relevant remediation works have been completed, and send a drawdown request to the strata manager (for example on the 14th day of the month)
- the strata manager or Treasurer of the owners corporation processes the drawdown request and sends it to the LOS
- LOS collates all drawdown requests and draws on capital provider for funds
- LOS receives drawdown funds from capital provider
- LOS sends payment sheet to the strata manager to effect payments next business day
- the owners corporation will make payments to the remediation contractor and also directly to subcontractors to the remediation contractor where the total value of the subcontract is over \$50,000
- the owners corporation sends copies of payment advices to LOS.

Loan originator and servicer – credit control

The strata manager to send to LOS the following documents six-monthly:

- financial statements
- copies of any minutes of General Meetings
- Account Dissection Report (shows levy arrears at granular level)
- statement of Strata Schemes Management Act compliance (Insurance, annual fire safety statement etc.).

Hardship

Provisions to support lot owner-occupiers who experience hardship due to increased strata levies needed to repay the loan are included in the loan agreement.

An independent hardship assessor will be appointed by the program to assess individuals' financial circumstances and determine if they are eligible for the program's hardship provisions.

Owner-occupiers can apply to access hardship provisions within a fixed period from when the owners corporation enters into the loan agreement.

Eligible lot owners will be able to defer payment of their levied contributions to loan repayments for cladding remediation until either the end of the ten-year loan period or the sale of the lot, whichever occurs first.

A low interest rate will be charged on the levies deferred in this way.

Full details of the hardship provisions will be settled and provided to owners corporations once the financial providers and hardship assessor have been appointed by the Office of Project Remediate.

Insurances

If the owners corporation joins Project Remediate, the managing contractor will arrange insurance on the best terms available for the building work and the cost will be included in the cost of the remediation contract.

In addition, strata building insurers require the owners corporation to advise them of any works over \$500,000 so they can identify an associated risks. If this does not occur, an insurer could nullify their entire building cover. The owners corporation must also notify its own building insurer about the work.

Contractors will have their own public liability insurance.

The registered designer must have insurance in relation to the design of the remediation solution.

After remediation, the strata manager should assist the owners corporation in negotiating a new premium and excesses if appropriate. The premium should factor in the lower risk following removal of the cladding, relying on the compliance certificate that is provided at the end of the work.

Work on an occupied building

As the building work will be undertaken on an occupied building, the safety of residents, visitors and workers is important.

The managing contractor will:

- communicate regularly with the owners corporation about all activities. They will share information using various channels including notices posted in the building, sent by email and post, and through the strata manager
- notify Fire and Rescue NSW and the local council about the work and timing
- arrange access to walls (including on roads and neighbouring sites) when required
- establish and oversee formal onsite protocols for remediation contractors
- establish a communication channel to allow residents (tenants or owners) to raise issues relating to the works
- induct contractors through a targeted training course that all workers must pass before commencing work on site.

Remediation contractors and subcontractors are required to attend a training course before starting work to ensure they are skilled and prepared to do works in an occupied building.

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