

Replacement of Combustible Cladding

Tuesday, 5 July 2022

The Committee - Pre-Council
Discussion Forum

Strategic Alignment - Enabling Priorities

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EXECUTIVE SUMMARY

This report is in response to the Council decision of 10 May 2022.

The City of Adelaide Building Fire Safety Committee (BFSC) have identified 127 buildings with material on their facades that appears to be Aluminium Composite Panels (ACP). Following the Building Cladding Audit in 2017, there were no buildings identified with an 'Extreme' risk rating, and all six buildings with a 'High' rating are now rated as either 'Moderate' or 'Low'.

As such, all buildings with ACP within City of Adelaide are currently rated as having either a 'Low' or 'Moderate' life safety risk, meaning they present a 'Minimal Safety Risk', or that the 'Fire Safety provisions are sufficient to allow safe exit from a building in a fire event'. There is no formal requirement for owners of buildings with 'Low' or 'Moderate' risk ratings to undertake action within a specific timeframe. It is however important for building owners to maintain their buildings' Essential Safety Provisions, which is a focus area for the BFSC.

Building owners can address fire safety relating to ACP in many ways, including but not limited to removal. The overall objective is not necessarily the removal of all ACP, but rather the achievement of a low level of risk as evidenced by a 'Low' South Australian Life Safety Analysis (SALSA) rating. A 'Low' rating indicates the building's fire safety and egress systems are of a standard that provides a high level of life safety for occupants of the building.

The BFSC continues to work with each building owner to reduce the life safety risk for each building. The requirement for confidentiality on the details of these properties remains in place.

Planning fees are dependent on the costs of the development. Each building and the levels of ACP differ, and each building owner may seek to undertake ACP rectification works in a different way. This makes it difficult to estimate the cost of works and therefore the cost of related planning fees. Examples of total development costs and the related planning fees for buildings which have rectified ACP in previous years are provided in the report for context.

Currently Council or State Government do not offer a loan or funding scheme to support replacement or rectification of cladding. Given the high cost of some of the works required, it is considered that should such a scheme be developed, the focus would be on buildings rated as 'High' or 'Extreme' risk, noting buildings in these categories within the City of Adelaide have all been addressed. Should Council wish to pursue such a scheme further, further engagement internally and with the State Government is possible.

The following recommendation will be presented to Council on 12 July 2022 for consideration

That Council:

1. Notes the report.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities
Policy	The function and role of the Building Fire Safety Committee is legislated, with the Committee's approach to managing issues and risks delivered in accordance with those powers and agreed risk assessment tools.
Consultation	Not as a result of this report
Resource	The Building Fire Safety Committee is a resourced function within our existing operations
Risk / Legal / Legislative	The Building Fire Safety Committee manage the approach and response to issues in accordance with legislation, and using relevant risk assessment tools and methodologies
Opportunities	Not as a result of this report
21/22 Budget Allocation	Not as a result of this report
Proposed 22/23 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Council's Building Fire Safety Committee is a legislated function that is ongoing.
21/22 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Background

1. This report is in response to the Council decision of 10 May 2022:

That Council:

Requests the Administration to provide a report to the June scheduled meeting of Council on the number of buildings within the Council's boundaries identified by the City of Adelaide and by the State Government as requiring the replacement of combustible cladding, together with the timetable for the replacement of such cladding and:

1. *An estimate of the cost of waiving all City Council planning fees to encourage replacement of combustible cladding and,*
 2. *The possibility of either Council or the State Government or both establishing a concessional loans scheme to help owner corporations to remove combustible cladding.'*
2. South Australian Building Fire Safety Committees (BFSC) were established as a result of Coronial recommendations after seven people lost their lives in a fire in 1975.
 3. The recommendations resulted in legislative change to provide for the establishment of an 'appropriate authority' (the Building Fire Safety Committee) in each council area.
 4. The *Planning, Development and Infrastructure Act 2016* (the Act) enacted in March 2021 requires Council establish a BFSC and appoint the required members. The City of Adelaide delegated the powers of establishment and the appointment of the members (under Section 157 of the Act) to the Chief Executive Officer.
 5. The current City of Adelaide BFSC was established under section 157(17) of the *Planning, Development and Infrastructure Act 2016* on 9 Sept 2021
 6. Following the Lacrosse building fire in Melbourne (2014) and the Grenfell Tower fire in London (2017), the State Government required councils across the State to undertake a Building Cladding Audit in response to concerns regarding the use of Aluminum Composite Panels (ACPs) on building facades. The BFSC has led City of Adelaide's response.
 7. ACPs are frequently used as external cladding and signage on buildings, and can be produced in a range of finishes. They usually consist of two thin aluminium sheets bonded to a combustible or non-combustible core. The material is not unsafe or dangerous if it is non-combustible and installed in accordance with the National Construction Code (NCC).
 8. The buildings that have ACP on their façade have valid Development Approvals, however the material used may have a combustible core that may compromise the fire safety adequacy of the building, which may pose an occupant life safety risk in the event of a fire.
 9. The Building Cladding Audit (the Audit) has been actioned over three phases, with phases one and two being delivered in collaboration with the State Government and the South Australian Metropolitan Fire Service.
 10. Phase One – Identification:
 - 10.1. This required the BFSC to identify and report to the State any buildings that have or may have ACP present
 - 10.2. Priority buildings in Phase One included residential buildings over two storeys (including hotels, motels, apartments and aged care facilities), hospitals, schools and assembly buildings
 - 10.3. This part of the audit was completed in July 2017.
 11. Phase Two – Investigation:
 - 11.1. This required an analysis of each building to identify the types of ACPs, the installation methods, the existing egress provisions, and the active fire protection installed such as sprinkler systems, hydrants, hose reels and occupant warning systems used, to determine the life safety risk to occupants in a façade fire event. This included a review of building plans and approvals, site visits or comprehensive inspections if required
 - 11.2. Work on this Phase commenced in late 2017.

12. Phase Three – Response:
 - 12.1. The current and ongoing Phase Three involves building owners being required to respond to Council, acknowledging the risk and the potential actions proportionate to the level of risk
 - 12.2. Life safety risk analysis results and recommendations have been distributed to building owners and the BFSC are now working with individual building owners to address matters as required.
13. The Audit used the evidence-based South Australian Life Safety Assessment (SALSA) tool, which assesses the life safety risk category.
14. The SALSA Risk Assessment Rating table (Link 1 view [here](#)) defines the risk categories from 'Extreme' to 'Low', and summarises the immediate and ongoing actions relevant to the risk rating.

City of Adelaide's BFSC Audit

15. City of Adelaide's BFSC identified 127 buildings with material on their facades that appears to be ACP. This number includes all buildings required in Phase One of the Audit (residential, schools, hospitals and assembly buildings) and the addition of commercial buildings which were not prioritised in Phase One of the Audit:
 - 15.1. 71 of these buildings have had life safety analyses completed and building owners have been advised of the risk rating:
 - 15.1.1. Of the 71 buildings assessed, there were initially no buildings with an 'Extreme' life safety risk rating, and six buildings with a 'High' rating.
 - 15.1.2. Since the 2017 audit, all buildings rated 'High' have had their rating reduced to either 'Moderate' or 'Low', after the provision of more relevant and up-to-date building information.
 - 15.1.3. As a result, there are now no buildings with a 'High' or 'Extreme' life safety risk rating within the City of Adelaide.
 - 15.1.4. 26 buildings have a 'Moderate' risk rating, and 45 buildings have a 'Low' risk rating.
 - 15.1.5. Link 1 (view [here](#)), outlines the recommended actions associated with the SALSA risk ratings.
 - 15.2. 56 buildings remain under assessment and are due to be completed by the end of 2022:
 - 15.2.1. These include commercial properties not part of the initial Audit.
 - 15.2.2. Preliminary risk assessments undertaken by the BFSC indicate none of these properties will be in the 'High' or 'Extreme' risk categories.
16. It is important to note as per the Audit assessment tool, buildings with 'Low' or 'Moderate' risk ratings are defined as either having 'Minimal Safety Risk', or 'Fire Safety provisions are sufficient to allow safe exit from a building in a fire event'.
17. Owners of buildings with 'Low' or 'Moderate' risk ratings are required to ensure the maintenance of their buildings Essential Safety Provisions which is a focus area of the BFSC, however are not required to undertake specific removal or rectification works related to ACP within any certain timeframe.

Approach to addressing ACPs

18. There are many ways owner(s) can address the matter of ACP on a building.
19. Some buildings can retain the ACP if they ensure adequate fire safety measures are in place - removal is not necessarily required.
20. Rectification work may include:
 - 20.1. replacement of the ACPs as part of the general ongoing routine maintenance
 - 20.2. removal of part or all the ACPs
 - 20.3. additional alarms, escape points or sprinklers
 - 20.4. placement of barriers that prevent fire spread, should an ACP catch fire.
21. Even if a building has some ACP cladding on the façade, if the building's active fire safety system will ensure people can safely exit if a façade fire occurred, then the building may be classified as having a 'Low' or 'Moderate' SALSA rating.
22. An 'active fire safety system' includes fire warning or suppression equipment that triggers automatically in the event of a fire, such as:
 - 22.1. sprinklers

- 22.2. fire extinguishers
 - 22.3. smoke alarms
 - 22.4. automatic fire doors
 - 22.5. fire control systems.
23. The BFSC are working with each individual building owner to reduce the life safety risk for each building.
 24. There is a shared understanding around the importance of cladding rectification and the BFSC aims to achieve compliance through a collaborative approach. To date enforcement notices have not been required.
 25. While ongoing maintenance of Essential Safety Provisions occurs in buildings rated 'Low' or 'Moderate', there is minimal risk.
 26. Approximately 10 buildings have commenced replacement of cladding since work in this area began, however as mentioned above buildings with 'Low' and 'Moderate' risk ratings do not require immediate action or action within any specified period of time.
 27. In March 2021 the State Government wrote to all building owners, including strata's, whose buildings have a risk rating of 'Moderate' or above.
 28. A change to the *Land and Business (Sale and Conveyancing) Regulations 2010* occurred in June 2021 requiring these owners to disclose on a Form 1 Vendors Statement that the building façade contains ACP.
 29. The State Government requirement to have full confidentiality on the details of these properties remains in place.

Development Approvals and Fees

30. The scale of works to remove or rectify ACP varies from building to building.
31. Minor alterations which reflect 'like for like' may not require a Planning Consent, however they generally require a Building Consent as the building material has varied.
32. Our experience shows commercial building owners often use the removal of ACPs as an opportunity to provide a fresh new look to buildings, therefore increasing the scope of work from ACP replacement to entire façade upgrades.
33. As Development Approval fees are based upon the costs of the works, and each building has different circumstances along with differing approaches from building owners, providing an accurate estimate of fees to remove ACPs is difficult.
34. Planning Consent fees for a Performance Assessed Development are set at a minimum of \$255 and increase with the costs of the works. Building Consent fees are generally charged by a private building professional, and records of these transactions are not available.
35. To provide some context, Link 2 (view [here](#)) provides details of three previous applications for works associated with cladding replacement:
 - 35.1. The cost breakdown varies significantly as the extent of the work is different for each site.
 - 35.2. Noting a 'straightforward' cladding replacement could cost approximately \$2million as shown in the example, if it were assumed that all 127 buildings required the same level of cladding replacement, and each works cost \$2million to replace, the combined Planning Assessment fees for all buildings would be approximately \$340,000.
 - 35.3. It should be noted this example is for contextual purposes only and is very approximate. This does also not include Building Consent fees, which as mentioned in point 34 is usually undertaken by a private provider.
36. Due to the overall cost of development in comparison to the Council fees, while providing some benefit it is considered that the discounting of application fees would not provide a significant incentive to undertake replacement works.
37. It is also noted that as the buildings within City of Adelaide are rated as having a 'Low' or 'Moderate' life safety risk, there is no formal requirement for building owners to action things through replacement or major works.

Funding Options

38. Council do not currently offer a loan or incentive scheme related to ACPs.

39. Other schemes do exist in the form of the Heritage Incentive Scheme and various Grants programs, however as there is nothing related to ACPs, initiating this would require allocating funding and a specific program or work.
40. The State Government do not currently offer a funding or loan scheme, and to our understanding they are not actively considering one.
41. Should Council seek to do so, Administration can formally request that the State Government investigate this concept.
42. In regard to either Council or the State Government investing in such a scheme, due to the cost of works and the SALSA risk rating recommended actions, it is considered likely that funding for any such scheme would target buildings with 'High' or 'Extreme' risks ratings.
43. Building Upgrade Finance is a unique finance product established by legislation that is available in the City of Adelaide to fund environmental and heritage upgrades to existing non-residential buildings.
44. Building Upgrade Finance is provided by private sector finance providers and enabled by Council. It does not currently apply to the removal and replacement of ACP facades, however there may be an opportunity to advocate to the State Government to explicitly include ACP restoration as eligible works for Building Upgrade Finance.

DATA AND SUPPORTING INFORMATION

Link 1 - Replacement of Combustible Cladding Report to Council 12 July 2022 - SALSA Risk Assessment Rating Table

Link 2 - Replacement of Combustible Cladding Report to Council 12 July 2022 – Cost of Work Associated with Cladding Replacement – Example Case Studies

ATTACHMENTS

Nil

- END OF REPORT -