

STRATA COMMUNITY LIVING

The hub for strata information



Autumn 2023

Cleaning, cleaning and more cleaning

As Autumn arrives and the jumpers come out, it brings with it important considerations for homeowners, particularly when it comes to the care and maintenance of their roofs. As part of our ongoing series following the seasons, here are the key things to consider keeping your property problem free as the leaves begin to fall.

There's no way around it, as the trees start to lose their leaves in the autumn months, it's important to keep an eye on your roof and gutters and remove the excess. The falling leaves will clog your gutters and downpipes, leading to water damage to your roof and building, as well as damage to your gutters and downpipes. To prevent these problems, you need to be a routine gutter clean schedule.

In addition to removing leaves and debris from gutters, keep your roof clean in the autumn months to prevent other types of debris from accumulating. This can include twigs, branches, leaves, and dirt that quickly build up. If necessary, it can be worth trimming any overhanging branches to better manage the amount of falling debris. To ensure all of this is done correctly and safely, we recommend hiring a professional, particularly at this time of year. Last year, AGC conducted over 2,000 roof and gutter cleans, along with a further 1600 leak requests, of which 26% were the result of clogged gutters and downpipes.

A key reason why we always suggest a professional cleaning service are the harder to clean, but just as problematic, downpipes. Clogging here can lead to water overflowing from your gutters and causing damage to your eaves, external areas, roof, and



walls, as well as damage to your gutters and downpipes. To prevent this problem, it's important your downpipes are checked and cleaned with the appropriate equipment to ensure that they are in good condition and functioning properly.

Ultimately, Autumn brings necessary attention to the ongoing requirements of your building. For property owners and strata complexes, good maintenance goes a long way in protecting your asset for the long term. Your building is unique, so it is important to receive tailored advice and servicing of your property.

Contact agcroof.com.au for expert advice





If you just stand by and watch the NCAT Proceedings - you can't appeal later on

The Appeal Panel in the matter of *The Owners – Strata Plan 2010 v Kahn* [2022] NSWCATAP 9 considered an appeal regarding an order made to appoint a strata managing agent to exercise the functions of the owners corporation. The effect of this appointment is that neither the previous members of the owners corporation, nor individual lot owners in the strata scheme can purport to represent the owners corporation of make decisions for it.

Under section 80 of the Civil and Administrative Tribunal Act 2013 (NSW), internal appeals from Tribunal's decisions may only be made "by a party to the proceedings in which the decision is made". Thus, lot owners are unable to lodge an appeal against the decision to appoint a strata managing agent if they have not been joined as a party to the original proceedings.

The Appeal Panel in *The Owners – Strata Plan 2010 v Kahn* [2022] NSWCATAP 9 explained the four courses of action that lot owners may take after the appointment of a managing agent in the following list;

They may:

1. seek to be joined as a party to the proceedings in which the appointment is being considered, to preserve a right of appeal;
2. seek to have the owners corporation ask the Tribunal, if it is to make an order for the appointment of a managing agent, to carve out the functions of instituting and conducting an appeal from the order and, if it deems it appropriate, that of calling and conducting a general meeting of the

owners corporation to approve legal services to advise or represent the owners corporation in the appeal, as required by s 103 of the Strata Schemes Management Act 2015 (NSW); or thereafter;

3. apply to the Tribunal's Consumer and Commercial Division to vary the order for a plenary appointment of a manager to carve out the functions set out in (2) (Strata Schemes Management Act 2015 (NSW), s 237(7)) and then, if successful, decide in a meeting of the owners corporation to institute an internal appeal to this Appeal Panel and instruct legal representation; or
4. seek leave from the Supreme Court to institute an appeal in the name of the owners corporation, relying on what is commonly described as the fifth exception to the rule in *Foss v Harbottle* (1843) 2 Hare 461; 67 ER 189; see for example *Carre v Owners Corporation - SP 53020* [2003] NSWSC 397; *Tan v The Owners Strata Plan 22014* (No 2) NSWSC 1920.

The lot owners in *The Owners – Strata Plan 2010 v Kahn* [2022] NSWCATAP 9 attempted to appeal against the decision to appoint a managing agent for the scheme, but as they had not been joined as parties to the original proceedings, the appeal had been irregularly commenced and was subsequently dismissed. The Appeal Panel held that they lacked the authority to make an order for joinder affecting the original proceedings. The Tribunal further refused to accept other arguments from the lot owners under sections 43, 38 and 36 of the Civil and Administrative Tribunal Act 2013 (NSW) or 237 of the Strata Schemes Management Act 2015 (NSW), as there was an avenue to seek relief in the Supreme Court.

***The information contained in this article is general information only and not legal advice. The currency, accuracy and completeness of this article (and its contents) should be checked by obtaining independent legal advice before you take any action or otherwise rely upon its contents in any way.



How to protect your strata property from underinsurance

Across Australia, strata insurance is mandatory for nearly all strata buildings, so while the risk of being uninsured is usually not a concern, there is a rising concern of underinsurance.

Underinsured is different to 'uninsured'. It occurs when your insurance policy does not adequately cover the full value of your property.

With rising inflation, rising costs of repair or replacement of your strata property, labour shortages, supply chain issues and the increase in frequency and severity of catastrophic weather events – CHU is urging their customers and owners of residential strata properties to take the necessary steps to ensure their property is adequately covered.

Underinsurance occurs when the sum insured on your present policy does not cover the full value to repair or replace what you have covered. This relates to both the value of your property increasing (asset creep) as well as how long since you have updated your sum insured on your policy and when the last time you conducted a valuation.

External factors have also impacted the strata industry as mentioned above, the rising cost of building materials, labour shortages, supply chain issues and lack of available resources for repairs and remediation of buildings.

The graph opposite shows how quickly the cost of construction materials has risen and how it is well outpacing CPI over the past years. When overlaid with CHU's actual sum insured changes across the portfolio, it is clear that the gap is growing.

The best way for strata property owners to avoid underinsurance is;

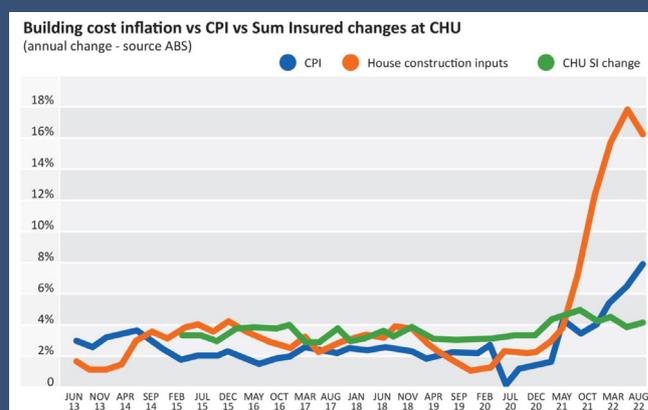
- Review the building sum insured amount annually and consider taking up the insurers suggested indexation because events and factors like material

costs could impact your building and repair costs.

- Obtain an up-to-date valuation every 2-3 years to assess and value your building's full replacement cost.
- Ensure the building maintenance issues are resolved quickly – in many cases, prevention is better than cure, if the building is adequately maintained it may help to mitigate major damage.
- Factor in additional costs such as removal of debris, professional fees and taxes, and the escalation of costs during the rebuild.

In most states and territories, there is a requirement to obtain a valuation at least once every five years. But with the sharp increase in costs, along with increase in the value of most property across Australia, owners who have not had a valuation in the last 12 months are likely to find that their sum insured is insufficient and could leave them out of pocket should an unexpected event occur.

Learn more about [CHU's residential strata policy](#) and how to ensure you have the right level of cover for your strata property.



Source: Australian Bureau of Statistics and CHU data to June 2022.

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Easy window maintenance tips from the experts

1. Why do windows need maintenance?

Consider the environment in which windows function. They're subject to extreme weather temperatures from extreme dry to wet and humid conditions, not to mention wind, hail, ultraviolet light and more. Then there's the regular openings and closings which overtime cause excessive wear and tear.

2. What happens when there's no maintenance?

- Finishes fail
- Sealants lose flexibility
- Components rot or corrode
- Insects bore into wood and movable parts can deflect
- Window glass becomes loose, dangerous and cracks/shatters

Unfortunately, without window maintenance the damage becomes cumulative and eventually replacement may become the only economical option, so it's best to attend to any damaged windows immediately.

3. How do I arrange window maintenance?

Simply contact 'Express Glass Window Maintenance' on 1300 666 234 or [book here now](#) and we'll coordinate a time to fix your damaged windows.

All our inspections are tailored to the type of window and the symptoms specific to those windows so, whether your window type be:

- Aluminum
- Metal
- Wood
- Vinyl
- Fiberglass

We'll look at wear and tear such as:

- Sash repairs
- Window film
- Corrosion and rust
- Glass damage
- Rot and decay
- Seals
- Install window locks

And much more!

4. What can I do in the meantime?

- Clean the tracks of your windows (and doors) and remove any dirt
- Check the sealant around the edge of your windows, it should be nice and tight
- Trim any low over hanging and overgrown branches away from your windows
- Secure or put away any loose items on your balcony, in the event of a storm you don't want them flying around
- [Book in](#) with the Window Maintenance team to fix your windows.

For expert 'Glass Window Maintenance' team contact expressglass.com.au/online-services



Building business value as operational costs rise



Australia's strata industry is flourishing. The last two decades of growth is equivalent to the previous 40 years, with cumulative rather than cyclical growth, as each release of lots adds to dwelling stock.

Yet despite industry growth, the 2023 Macquarie Strata Management benchmarking study uncovered that average profit margins have declined steadily from 33% in 2005, to 23% in 2022.

So, what's driving this, against a backdrop of consistent revenue growth? Could it be due to increased sophistication of schemes? Rising operational costs? The competitive environment? Or is it an imbalance between value provided to clients and cost to serve, with management fees per lot not keeping pace with inflation?

Investing to drive growth and profit

Businesses that outperform their peers recognise that high staff turnover impacts profits – and affects customer relationships. Our analysis showed that 33% of strata managers changed employers in 2022, compared to just 14% in 2018. The impact of losing customer-facing staff on lot owners, other employees, and business owners cannot be overstated. In addition, salaries have trended upward from 29% of total revenue in 2005 to 49% in 2022.

To combat this, higher performers offer competitive remuneration packages to strata managers, linking business performance to total remuneration, made up of equity, performance incentives, and additional benefits. Higher performers also invest more in technology, including customer portals and platforms, collaboration tools, and system integration software.

As average profit margins decline, high performers have fewer lots per plan

The strata sector has remained resilient through the difficult trading conditions of the past three years. This is due in large part to residential construction industry tailwinds, with 76% of businesses enjoying revenue increases year-on-year. However, revenue growth per lot has significantly slowed to about 1% per year, not keeping pace with inflation and increasing operational costs, putting further pressure on margins.

So, what factors are contributing to this? Over the last decade, larger developments have increased in sophistication. They offer a variety of exciting services, such as concierges, security, cinemas, gyms and pools, and even retail. However, as schemes become more complex and diverse in their offering to residents, they're also becoming more costly to manage. The upshot is that rather than improving efficiency, lot growth is now increasing costs and making it harder for some strata businesses to achieve scale.

Higher performing businesses have focused on smaller plans. This gives them greater control over costs and risks and enables them to earn more revenue per lot.

In our view, the outlook for the strata sector remains strong. However, our analysis also reveals that shrinking profit margins are a persistent challenge.

Macquarie Business Banking's [2023 Strata Benchmarking report](#) details the above key findings and how your business can put these data points and insights to work now.

If you'd like to discuss the results, please contact your Macquarie Business Banking relationship manager, or [request a call](#).

Read the full 2023 Strata Benchmarking report [here](#)

This information has been prepared by Macquarie Bank Limited ABN 46 008 583 542 AFSL and Australian Credit Licence 237502 ('Macquarie') for general information purposes only and is based on statistics and information sourced from the Macquarie Business Banking Strata Benchmarking Survey conducted by Fiftyfives in late 2022 ('the Survey'). This information does not constitute advice. Before acting on this information, you must consider its appropriateness having regard to your own objectives, financial situation and needs. You should obtain financial, legal and taxation advice before making any decision regarding this information.

2023 STRATA BENCHMARKING REPORT LINK

<https://www.macquarie.com.au/assets/bfs/documents/business-banking/bb-strata-industry/2023-macquarie-strata-benchmarking-report.pdf>



Risk and reputation

In this article we will look at my four main areas of risks associated with running a body corporate (including owners corporations, company titles schemes and community schemes) from both the Committee/Directors and the manager's viewpoint. The topics below highlight some of the issues that arise and give tips in dealing with them.



THE APPROVAL PROCESS

In all situations there is a process of approval for doing anything in a body corporate. These approval processes can be at a general meeting, strata committee meeting, directors meeting or by delegated authority to the manager.

The first risk is that the process has not been followed correctly. In all jurisdictions the relevant Courts and Tribunals have power to review (and overturn) any decisions made, so it is important to ensure that the process is followed strictly:

- Ensure that the motions are drafted properly
- Ensure that all documents, contracts, quotes etc are sent or available (where relevant)
- Ensure legislative timeframes are adhered to (notice etc)
- Decisions are documented properly

CONTRACTS

Contracts are legally binding, so you need to make sure that all the terms are acceptable and that what you think you are getting is **what** you are getting. For larger projects it is worthwhile to have a project manager/superintendent who is independent from the contractor to ensure that the work is completed to the proper standard and that each payment claim is approved.

Things to consider in contracts:

- Ask around – check their credentials
- Be clear in the work that is to be undertaken (ie “fix pipe or manage our building” isn't good enough)
- Make sure that the contractor is properly licensed and insured (including warranty insurance if relevant)
- Have specific and detailed specifications
- Discuss and finalise warranties and conditions – document everything
- Obtain the proper permits and approvals (Councils etc)
- Ensure there is a process for certifying the work (or agreeing it has been finished to the relevant standard)
- Ensure there is a system if anything goes wrong into the future



LICENSING/LEGISLATIVE RESPONSIBILITIES

In all areas there are various licensing and legislative regimes. Bodies Corporate must ensure that they follow these otherwise run the risk of prosecution and/or being forced to undo what has been done. These are some areas to consider:

- Council requirements (planning laws and fire risks)
- Using non licensed persons may void Body Corporate insurances
- Incorrect decisions may lead to prosecution for noncompliance



EXCEEDING AUTHORITY OR NOT FOLLOWING INSTRUCTIONS

One of the biggest risks for Committees/Directors and managers is exceeding their authority. Whilst the main purpose is to protect, beautify or manage the complex properly, by acting outside of your authority can lead to liability (and in some areas like Work Health and Safety – personal liability).

So, Committees/Directors and managers should ensure that they are fully conversant with their legislative and contractual obligations. Things to consider:

- Any limits on spending? (legislative or by meeting restriction)
- Any contractual limits? (what does the contract actually state)
- What was the decision of the general meeting? (follow it)
- What does the legislation say? (is it only a general meeting decision)

CONCLUSIONS

The following are some tips to get you through:

1. Be clear in what is required (get proper specifications/plans)
2. Ensure that contractors are properly licensed and insured (ask them for currency)
3. Have a proper contract (with terms)
4. Get proper approvals (Councils etc)
5. Ensure that work is checked before final payments (superintendent/supervisor)
6. Get a good team together if required (engineers, lawyers and specialists)



paynter
dixon

Take control of combustible cladding

Combustible cladding can cast a long shadow over the strata community when the path to remediation is unclear.

Stata managers and body corporates can face the 'triple threat': uncertainty in the solution and associated cost, an exponential rise in insurance premiums, and the resulting risk of a building valuation decrease.

Where should you start? Partnering with established construction expertise is the best strategy for managing a compliant and assured outcome. Look carefully at the credentials of the service provider.

In our case, Paynter Dixon is an Australian-owned design and construction business with almost 110 years of continuous project delivery. Within the strata sector, we are well known for removing and replacing combustible cladding – led by our specialist Remedial division.

Source expertise from the 'get go'

Cladding can hide a multitude of building issues. It is why we recommend working up front with the contractor, referred to as Early Contractor Involvement (ECI).

Your remedial solution partner should also excel in communication. We deploy a range of strategies to understand the lines of communication on a re-cladding project with the purpose of understanding all key stakeholders.

Likewise, be wary of service providers who lack inhouse capability or are process weak. In contrast, we adhere to an end-to-end process which manages risk and cost from the outset. This includes building investigation and design phases, authority approvals and construction. It can also present opportunities for recycling used building materials.

Our 5-stage solution

- 1. Risk profiling.** a visual assessment of the building and gauging risk factors in re-cladding.
- 2. Detailed investigation.** The involves peeling back a section of the building skin to assess underlying materials and potential sub-structure issues. This avoids nasty – and costly – surprises later in construction.
- 3. Planning.** This seamless 'back of house' coordination spans design and documentation, compliance, cost planning and contractor engagement.
- 4. Authority approvals.** This can include lodging a Development Application, Complying Development Certificate, or meeting the requirements of a Fire Order.
- 5. Construction.** Our site team manages work on site with minimal disruption to building occupants. Accreditation with Federal Safety Commission also underpins safety on site.

To learn more go to paynterdixon.com.au/sectors/remedial/strata

Cost effective methods for painting and maintenance

When it comes to the upkeep and remodelling of a building, a painting project can be costly and time-consuming. Consequently, the painters you engage to paint your building can stay on site for several weeks. Naturally, this can cause disruptions for your tenants as well as being costly.

To reduce the disruption to your tenants as well as the costs, one way to do this is to take a closer look at the methods used by your potential painters. It is highly recommended for large scale painting jobs such as this to opt for spraying over hand painting and rolling.

Why opt for Spraying over Hand Painting and Rolling?

Time: As previously mentioned, the time it takes to hand paint a building is far longer. This incurs further costs for labour, scaffold hire, and the overall inconvenience for tenants in your building. Rough surfaces such as brick or render can be covered much faster due to the efficiency and excellent coverage that spraying allows.

Costs: Painting projects can be cut by approximately 30% when using a spraying machine. While in some instances, more product is required, the labour of a painting crew is often the most expensive. By reducing labour hours and scaffolding hire, the price will be reduced which will directly decrease the financial burden on the building owners. Another bonus is that spraying has shown to provide longer lasting results that require less frequent touch ups and maintenance – a bonus for strata managers.

Result: Spraying a building provides excellent and consistent coverage with maximum impact. The results are seen immediately as large sections of paint work can be achieved each day. Provided the weather conditions are appropriate, minimal product wastage will occur, therefore off-spray is not a concern for professional painters who are skilled at their craft.

If you are overseeing a large painting project for your building, please consider Premier Painting for your interior, exterior, high-rise painting and maintenance needs. Our experienced teams of painters are committed to providing excellent results with minimal impact on occupants and visitors.

Dedicated Project Managers and Supervisors oversee every project to ensure the intricacies are planned out and taken into consideration, with quality, timing and budget always at the forefront.

To get expert advice from a professional painting provider in your area, contact premierpainting.com.au



What is a security maintenance plan – and why your strata

Your strata building's electronic security system is generally comprised of three key elements: **Access Control, CCTV and Intercom.**

Residents and visitors rely on these systems for access to the building and to help manage the common areas when no one is around. A failure in the systems can cause significant inconvenience to residents, such as being locked out of a building, vandalism & untraceable thefts.

WHAT IS A SECURITY MAINTENANCE PLAN?

A security maintenance plan is a series of regular checks and adjustments for your building's security systems, to reduce the risk of failure. Access Control batteries should be replaced every 12 months to ensure maximum backup in the event of a power failure. CCTV camera lenses must be cleaned, and the recorder checked for errors.

WHY DO I NEED A SECURITY MAINTENANCE PLAN?

Maintenance plans reduce equipment downtime, increase reliability, enhance safety and optimise your building's budget. It's common sense to take out building insurance, so why wouldn't you maintain your Security system?

Maintenance plans will:

- Reduce the chance of emergencies relating to your security systems. A well-maintained system is less likely to have major failures, and help reduce the unnecessary stress and spending associated with unplanned breakdowns.
- Increase equipment lifespan and efficiency. Your building relies on its security systems being fully functional. Performing routine upkeep on systems allows technicians to repair small issues before they cause major breakdowns. Therefore allowing the systems to run efficiently, saving the building money and giving residents peace of mind.

REMOTE VS ONSITE MAINTENANCE

Security maintenance can include onsite maintenance for physical equipment checks, and remote maintenance for software & performance checks.

- Onsite maintenance is important for physical checks to detect issues such as power loss, water damage and corrosion. It's also important to physically clean equipment, and replace backup batteries.
- Remote maintenance uses an internet connection to allow authorised users to login to a security systems remotely. This allows users and managers to detect issues such as; unauthorised attempts to access the system, access devices (database & readers) failing, network or system errors, offline cameras and tampering, without having to attend site.

building should have one



[Click here](#) to download your Strata Security guide from Quatrix Security

WHAT'S INCLUDED IN A MAINTENANCE PLAN

A maintenance plan is individually tailored for each property to cover all relevant services installed. Examples of what are commonly included are;

CCTV Maintenance:

- Physical inspection of cameras and lens cleaning. Spiders love warm cameras.
- Camera realignment and refocusing.
- Database and application checks such as system alarms, camera record time, and hard drive errors.
- Update firmware.
- Checking that cameras are recording well at various times of day and in differing lighting conditions.

Access Control Maintenance:

- Battery backup replacement.
- Hardware cable connection check.
- Card reader and door strike tests.
- Check system alarms and event logs.
- Update firmware.
- Asset register and recommendations.
- System report and future maintenance forecast required for sinking fund plans.

REMOTE ACCESS AND MANAGEMENT

Remote access is the act of connecting your security systems to the internet to allow users to login from their phone or computer.

Establishing remote access to your security systems significantly increases the security of your building and works hand in hand with a maintenance plan.

The benefits include:

- Fob administration including deactivating or deleting fobs.
- Remote unlocking of doors.
- CCTV footage retrieval.
- System alarm checking.
- Email alerts to advise of system errors before they affect access.
- Configuration changes.
- Reduction in onsite service time.

A New Way of Reporting for Strata Schemes – NSW Strata Hub

The NSW Strata Hub is a recent NSW Government initiative that mandates online reporting for all strata complexes in NSW. The goal of the initiative is to promote greater levels of accountability, transparency, regulation, and increased engagement for owners and residents living in strata schemes.

Under the Strata Schemes Management Amendment Regulation 2021, strata schemes are required to report relevant information to Strata Hub to ensure compliance with housing legislation. For security reasons, private information stored in Strata Hub is unavailable for public access and can only be used by regulators to examine data related to strata schemes.

SCA (NSW) has actively been involved in the development of Strata Hub by working with the NSW government to ensure that they can strengthen the consumer complaints system and promote industry standards in the property sector. The association has involved over 1,000 members of the public via polls, submissions, and online meetings as part of the development process.

Additionally, SCA (NSW) has a [dedicated page on its website](#) to provide regular updates to its members about the progress of Strata Hub through electronic direct mail and webinars. These webinars have been hosted by SCA (NSW) President Stephen Brell and the Board of Directors along with the Director of the Office of the Building Commissioner and Acting Director of Real Estate and Housing Policy.

SCA (NSW) supports the practicality of Strata Hub to improve accessibility to important information about strata schemes for service providers and the NSW Government. Such information includes contact details of emergency services and NABERS ratings to ensure a strata scheme is efficiently managed. A bulk uploading system is also in the works allowing important messages to be delivered to strata schemes from emergency services, councils, and regulators in a fast and efficient way.

SCA (NSW) continues to work with the NSW Government to create an immersive online platform that will transform the way strata schemes are managed for the strata community.



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All members of our Strata Manager Chapter are 'PROFESSIONAL Strata Managers'. SCA (NSW) strives to ensure that all strata manager members are able to deliver services to the public that are of the highest professional and ethical standard.