

STRATA COMMUNITY LIVING

The hub for strata information



Summer 23/24

Understanding premium increases and protection gaps

Australia has experienced several catastrophic weather events with three consecutive years of La Niña. The 2022 southeast Queensland/Northern NSW flooding and storms resulted in 242,000 claims and nearly \$6bn paid out by insurers. It's now one of the largest "catastrophe" events in Australian history.

The flow-on effect for insurers

Reinsurance is insurance for insurance companies. It helps insurers fund significant losses, such as those from catastrophes, that are beyond their financial capability. With the number of catastrophes increasing in Australia and globally due to climate change and extreme weather patterns, reinsurance costs for insurers have increased dramatically.

Increased costs being passed through to customers via premium increases

Strata insurance premiums with a standard risk profile have increased by an average of 20% nationally (a standard risk is where no or minimal claims have occurred and there are no outstanding building defects or construction issues).

In some regions, where there have been floods and storms, there have been significantly higher increases, averaging around 40%.

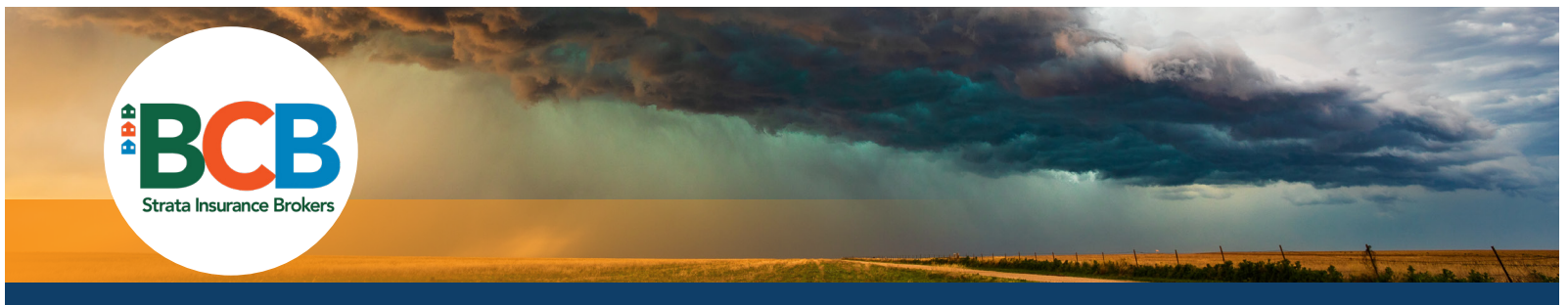
Insurers have also increased policy excesses to try and limit further premium increases and to reduce the administration required for the large number of claims that fall under the excess amount. \$2,000 is now a typical general excess, but properties with large building sums insured will often have even higher excesses.

Protection gap risks for owners

Owners are responsible for insuring their property for its full replacement value. With labour and building material costs increasing dramatically in recent years, there's a serious risk that without a yearly valuation, owners could be significantly underinsured. In the event of a shortfall in a claim payment, they all become jointly and severally responsible for the financial gap. In some states, it's mandatory to have regular property valuations, but this is not the case in NSW.

In addition, insurers are less willing to insure buildings with known defects/cladding and any other notable building issues. In such cases, it's essential to have a plan in place and ensure all outstanding requirements from the insurer are completed before the policy due date to ensure they offer renewal terms.

As a broker, BCB works in the interests of its customers. We work with owners and strata managers to drive competition between insurers and bring new insurers to the market. In these hard market conditions, we leverage and advocate to limit premium increases and negotiate the best outcome for strata plans.





Security Access Control systems and Fobs: what to look out for

The use of security fobs and cards to access strata buildings has significantly increased over the last 10 years. Residents of modern apartment buildings expect to live in a secure environment with keyless access and will often pay premium rates to live in this type of building.

Whilst the technology is available to provide secure and protected buildings, it's really important that these electronic systems are installed correctly and well managed by the Security Company, Owners Corporation and Strata Manager.

Over the last ten years of installing these systems Jeff from Quatrix has found some common areas of failure which the Owners Corporations should be aware of:

1. No key and fob register for the building.

- a. If your building is located in a high-risk area for overcrowding, illegal parking, or Airbnb, you need an annual audit of active keys and fobs.
- b. Consider upgrading your fobs and card readers to a higher encryption. You can keep the same Access Control system, so it's not that expensive and it will prevent fobs from being copied, which will significantly reduce the number of people with access to your building.

2. Unknown passwords and login to security equipment.

- a. Without these passwords, you are tied to the one security company and you are unable to manage the system yourself. It's your system and you need this information for your Asset Register. We can provide a template Asset Register for you.
- b. Many systems need passwords to access the database. Without the passwords, you need to default the system and start again. New fobs for everyone (unless you have a record).

3. Back-up battery failure.

- a. It is recommended to replace the back-up batteries on the Access Control system every 12 months. This ensures that the system continues to operate during a power failure for the designed length of time before it fails.

4. Obsolete Equipment managing Access into the Building

- a. Most quality Access Control systems are very reliable and work for years without a hiccup but at some point, every system will fail. As components age, so does the risk of failure. I see lots of 25-year-old systems still working well in buildings servicing 50 plus apartments. They are reliable systems and if left untouched they may work for another 25 years. But as they reach the end of their life, the risk of a small power surge affecting them increases. When they are old, the availability of spare parts is reduced which means that the chances of a quick restoration of service decreases. You need to decide what is the acceptable downtime of your system. If your building is in a high-risk area, do you want all of the doors left open for a week whilst you obtain three quotes for a new system?
- b. I recommend that you always have a provision in your sinking fund for a replacement system and an indication of costs so you know what to do if you have issues. Highlight which year the system should be replaced. This may be ten years away and you may only need to save \$1,000 a year, but it's important to set a date so you can include it in your finances.

Quatrix Security has secured Sydney's Strata Community with premium Intercom, Access Control and CCTV services for over 15 years.



Drastically Reduce Energy Costs by up to 77% with Energy Efficient Windows

WINDOWS ARE MORE THAN JUST INTERESTING ELEMENTS OF A BUILDING. NOT ONLY DO THEY FILTER LIGHT INTO A BUILDING AND OFFER VIEWS, BUT THEY CAN ALSO SIGNIFICANTLY HELP WITH THE ENERGY EFFICIENCY OF A BUILDING. WINDOWS CAN BE A MAJOR SOURCE OF UNWANTED HEAT GAIN IN SUMMER AND SIGNIFICANT HEAT LOSS IN WINTER. AN AVERAGE BUILDING HAS 87% HEAT GAIN AND 49% HEAT LOSS THROUGH ITS WINDOW.

Windows are more than just interesting elements of a building. Not only do they filter light into a building and offer views, but they can also significantly help with the energy efficiency of a building.

Windows can be a major source of unwanted heat gain in summer and significant heat loss in Winter. An average building has 87% heat gain and 49% heat loss through its window.

You can prevent up to 77% heat transfer and drastically reduce your footprint and energy costs with the right energy-efficient windows.

How do energy-efficient windows work?

In almost any home or business building, glass type and treatment are the most crucial elements of energy efficiency. Your glass can also improve sound control, and relative greenhouse gas emissions.

There are many different types of glass and frames to choose from. Selecting the right one is critical to improving energy efficiency, controlling noise, maintenance, and security of a building.

Under the Building Code of Australia (BCA), manufacturers are required to supply windows that meet mandatory minimum specifications for structural adequacy and water penetration resistance under Australian Standard AS2047: Windows in buildings, selection, and installation.

At Express Glass, our expert team can assist in finding the right glazing solution, while improving the comfort of your interior environment for your home or business. That's how we ensure that we take the right steps to prevent up to 77 percent heat transfer whilst conserving energy.

Unfortunately, non-conforming, inferior, and shoddy building glass products have been flooding into the Australian market. Dangerous, 'spontaneous breakage' has recently been a large concern for building glass suppliers. An unsuspecting building manager may think they are getting a good deal, when in fact, the window can cost more in the long term through decreased efficiency.

Confirm that your glazier or building glass supplier is an AGWA accredited member. The Australian Glass and Window Association is the peak body representing state association members and individual companies covering glass manufacturers, processors, merchants, glaziers, and suppliers of supporting machinery, services, and materials.

Glazing Performance Audit and Remediation Program

Our highly-qualified, experienced, and accredited project managers and glaziers can determine the right energy efficiency and sound control advice for your building. Our experienced team will ensure every facet of your glass project is managed to the highest standards.

We service every town, far wide and in between, across Australia – from Sydney to Melbourne, Brisbane to the Gold Coast, Adelaide, and Perth.

Express Glass is proudly approved by all major insurers. If required, we'll even look after your building glass insurance claim. We're here to make the entire process seamless for you.

To learn more about energy-efficient windows or to book a free building glass audit with the Express Glass team now or call us on 1300 666 234 – Done!



A reflection on a career – or just navel gazing...

At the recent SCA NSW Annual Conference dinner I was honoured to be awarded life membership. Wow, what do you say except thank you...

After the booze wore off, the hugs and pats on the back done and the obligatory photos snapped, I was asked to put pen to paper or finger to keypad to give some thoughts on what it takes, and it was time to reflect on what had actually happened.

Life membership is awarded to someone for a life of service to an industry, but what did that mean to me and how on earth did a little kid from the Western Suburbs of Sydney actually make something of himself and be awarded something like this. I really am an idiot, just ask my mum or sister.

As anyone who has listened to my boring old story, I left school at 16 after being encouraged by the Principal (and the local Police Detectives!) that it would be better for me to try and get a job than doing more stupid things at school for another 2 years.

So, after a little while I had big choices to make. Either to stay on the Bob Hawke surf team (the dole), stick with my bike mates (naughty boys with funny rules and patches...) or get a job. My mum made that decision for me, and I joined Consumer Affairs (now Fair Trading) because I got 3 job offers and Consumer Affairs sounded the coolest. I had about 8 jobs in the Public Service over 20 years, then into private practice as a lawyer and 20 years ago started Grace Lawyers.

In all this time strata kept coming up. My first job was a records clerk putting pieces of paper on files – yep for 18 months that's all I did. This was in strata, then I went into administration but then as an inspector (youngest ever at 20) – guess where – Strata Titles Office.

Then into major investigations (one of the youngest ever managers at 25) and after a bit here and there, guess where – strata task force... wow. Then investigations unit doing background checks and working with Police (funny how that turned around from my kid days - haha) for who again – strata and real estate licensing.

Finally, into Manager Strata Mediation and Registrar of the Strata Titles Board. Well, the future was set. Strata or die. I left the Public Service and became a strata lawyer and here we are. Throughout it all, I never chased strata, it chased me!

I have been blessed because along that journey I have met the most amazing people (and some a\$%^&'s) and been allowed to share in so many people's lives in one way or another. All I was ever told to do was to be a good person and do a good job (the good old protestant ethic from my Irish redheaded mum). I hope I have made a difference to not only the strata industry (which has been the only constant in my life) but to people's lives for the better.

I have made lifelong friends, helped in a little way to change legislation for the better and been able to share this journey with my business partners and staff. In that regard all we say is that we want each staff member to walk out a better person and lawyer than when they walked into the Grace Lawyers family. A simple goal to state but takes effort to achieve.

So, what have I learned? At a personal level, you have to roll with the punches and never say no to anything unless you research it first. You must be persistent and never stop or let anything stop you from what you want to achieve. But having said that, everything comes with a price, and it will never be all rosy. The difference between those that get somewhere and those that don't is persistence and the power to keep moving forward. At a business level, much the same, but do your sums and numbers. Stick to a budget and don't go crazy.

Why am I telling you all of this? Well, not to gloat or big note myself. It is to show that all you must do in life is keep going, never give up, never say no to a proposal (unless you have heard it all out) and whatever happens to you in your life, pick yourself up, dust yourself off and move forward – onwards and upwards.

Colin Grace
SCA NSW Life Member



Play safe with strata repairs

Working at height is key to remedial building work in a strata scheme, especially in multi-storey buildings. This high-risk environment emphasises the importance of safety to all stakeholders, from lot owners and building occupants, to contracted businesses and workers on site.

With more than 15 years of industry experience, Tim Kurniadi heads up Paynter Dixon's Remedial division. He draws attention to the level of safety awareness across the sector.

“The majority of operators have the best of intentions, but I’m concerned by those who view safety through their own risk matrix or bias,” says Tim. “They may believe their work practices are safe, but do they comply with Safe Work Australia?”

Look for inhouse expertise

Strata committees and decision makers should be thorough in their appointment of remedial builders.

“Look closely at the structure of the business. Is there a dedicated resource or professional overseeing safety? This inhouse capability enables the business to keep pace with safety requirements as determined by regulatory bodies, and to drive best practice within the business.”

As a commercial construction company, Paynter Dixon has a dedicated HSEQ Manager with oversight of safety.

Weigh up accreditation

Accreditation with a reputable safety scheme can demonstrate excellence – but take note of the detail.

“The auditing process and resulting benchmark for accreditation can vary,” says Tim. “Certain schemes confine their assessment to a specific project or point in time, which can appeal to businesses seeking a more convenient option. Think of a driver who only conforms to the speed limit when the speed camera is sign-posted.”

In comparison, to be accredited by the Federal Safety Commissioner (FSC), builders must have rigorous safety management systems in place and demonstrate that they are being implemented and followed on-site. To this end, Paynter Dixon undergoes rigorous auditing to maintain accreditation with the FSC.

“However, most remedial building companies are unlikely to achieve FSC accreditation. Scrutinise the company before signing on the dotted line. How will they meet their legal obligations under the WHS Act? What systems are in place to manage safety on site? How will they ensure sub-contractors are compliant?”

What you don't see

Behind-the-scenes planning is largely invisible to the observer. Hence, be wary of making positive judgements and assumptions based purely on what you see on site, advises Tim.

“A rope technician in a harness may appear safe, but have the multitude of requirements for working at height been correctly followed? How is that worker safely tethered? What is the rescue plan in event of an emergency? Is there a rope technician assigned for rescue?”

This ‘invisible’ groundwork is comprehensive, from risk assessments, safe work method statements and construction methodologies, to hazard control measures, monitoring systems and compliance checks.

TO LEARN MORE, CONTACT:

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Drips and Disputes: Unraveling the Responsibility for Upstairs Water Leaks

It is not always clear whether water ingress results from defective common property, or whether it is originating from another lot, usually being the lot directly above. Generally, where water ingress is being caused by another lot owner, it is due to renovation works being carried out in that other lot.

For a lot owner or owners corporation suffering from water ingress suspected to be coming from another lot, the correct course of action will depend on the specific circumstances in each instance of water ingress. However, below are some potential scenarios that may be applicable.

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Claim against lot owner where there is a by-law for renovation works

If a lot owner is carrying out works that are authorised by a by-law and those works are causing water ingress in another lot, the by-law will transfer the repair and maintenance responsibilities for the parts of the common property affected by the renovation onto that lot owner. An owners corporation may therefore seek orders in the NSW Civil and Administrative Tribunal ("Tribunal") pursuant to section 132 of the Strata Schemes Management Act ("SSMA") that the lot owner performs work to repair the damage, or seek orders to

enforce the by-law and establish that the lot owner causing the damage is liable for any associated damage to lot or common property.

Alternatively, if an owners corporation is not assisting a lot owner suffering damage as a result of renovation works being carried out in another lot, a lot owner may file an application seeking orders pursuant to sections 232 and 241 of the SSMA that the owners corporation must take steps to enforce the by-law pursuant to sections 146 and 147 of the SSMA.

Claim against lot owner where renovation works are unauthorised

If a lot owner is carrying out renovation works that are causing water ingress in another lot, and these have not been authorised by special resolution of the owners corporation at a general meeting, the owners corporation can seek orders pursuant to section 132 of the SSMA that the works be removed and the damage rectified, or that the costs of repairs of the damage and any associated costs, including insurance and legal costs, be paid to the lot owner suffering the water ingress.



Claim against lot owner in nuisance

Alternatively, a lot owner or owners corporation suffering from water ingress arising from within another lot may consider bringing a claim against that lot owner in private nuisance, or pursuant to section 153 of the SSMA. Section 153 provides that a lot owner must not use or enjoy a lot which causes a nuisance or hazard to the occupier of another lot in the scheme. This duty is interpreted by reference to general principles of common law nuisance, the most significant of which being that the nuisance must be both substantial and unreasonable, pursuant to *Hargrave v Goldman* [1963] HCA 56. In the context of nuisance occasioned by damage to property, it must be reasonably foreseeable that there is a risk of damage to property if the use of the wrongdoer's land which amounts to the nuisance is continued. Further, pursuant to the Supreme Court's decision in *Melaleuca Estate Pty Ltd v Port Stephens Council* [2006] NSWCA 31, it was found that water discharge could be defined as a nuisance, and each instance of water discharge could be a separate legal wrong.

Claim against owners corporation to repair and maintain common property

Please note that in any of the above three scenarios the applicant would need to provide compelling expert evidence that the water ingress was actually being caused by renovation works or otherwise defective lot property. This is because the assumption in each case would be that there would have to be some defective element of the common property to be letting the

unknowns of Strata Projects. Make sure you're aware of your risk, you are not tied down with unnecessary complexities, and you know the true cost of how you're funding your strata project.

Insurance claim for burst water pipes

Generally speaking, the owners corporation's insurer will not cover insurance claims arising from faulty workmanship associated with renovations in the lot above. Similarly, water ingress from the lot above that arises as a result of normal wear and tear will also not be covered by the owners corporation's insurer. This leaves the owners corporation exposed to bearing the costs of dealing with any potential damage to common property caused by water ingress arising from within a lot. To read more about insurance claims for burst pipes, check out our article [Burst Pipes and Strata Insurance](#).

In summary, water ingress will only be found to be the responsibility of another lot owner if the leak arose from within the other lot, and usually will only be another lot owner's responsibility if renovation works are being carried out in that other lot. Otherwise, the claim should usually be made against the owners corporation for its failure to repair and maintain common property in the scheme.

If you find yourself in such a strata dispute, feel free to reach out for some advice and assistance from our North Sydney Strata lawyers.

***The information contained in this article is general information only and not legal advice.

DBPA Fast Fact Sheet: Balcony Doors

We have had many conversations within the strata community to address some of the misconceptions around the impacts of the Design and Building Practitioners Act on window and door replacement projects. Below is the second in a series of FAQs that Windowline are sharing with our network. If you have any questions around changes to remedial projects and the steps to ensure project compliance, get in touch with our team.

FAST FACT 1

When can a balcony door be replaced without adhering to the DBPA?

A balcony door can be replaced without being governed by the DBPA if it's installed onto a substrate that's fit for purpose. This means that the doors should be positioned with an appropriate set-down, often referred to as having the right termination height. The quality and condition of existing weatherproofing or waterproofing are vital considerations. They play a pivotal role in determining the correct installation details for the balcony door.

FAST FACT 2

What are the requirements if the balcony doors fall under the DBPA?

If balcony door replacements fall under the DBPA, a regulated design is mandatory. This design must be provided by a certified Design Practitioner. Moreover, all related work must be then performed by an authorized Building Practitioner.

FAST FACT 3

What is a termination height?

A termination height is the difference in level between the internal and external finished floors and is important for preventing water ingress into the property, this is often achieved with a concrete hob. Termination heights are primarily influenced by the wind loads that the doors may be exposed to. An engineer provides this specification after completing a wind load analysis on the building. If an appropriate termination height is not present this may need to be achieved with the construction of a new concrete hob, which offers a distinct step from the interior to the exterior of a home.

FAST FACT 4

What tasks might be needed when replacing balcony doors as under the DBPA?

The necessary tasks under the Act depend on the defined scope from the Regulated Design given by the Design Practitioner. Potential tasks can encompass constructing a new concrete hob, waterproofing the balcony, installing cavity flashings, setting up new balustrades, and retiling the balcony. The specific tasks will vary based on the type of construction and the condition of the current substrates.

Windowline is not only a registered building practitioner with strong connections to accredited design practitioners but is also fully capable of undertaking the works required under the Design and Building Practitioners Act. By choosing Windowline, you gain access to expert advice, and you can rely on us to efficiently manage and execute your project, ensuring professionalism and compliance every step of the way.

PREMIER PAINTING COMPANY

LEADERS IN PAINTING SERVICES SINCE 1997

How to Choose the Right Painting Company for Your Strata Building

When it comes time to paint your strata building, choosing the right painting company is essential. A well-executed paint job can greatly enhance the appearance of your building, while a poor job can be a major setback. To ensure you hire the right painting company, it's important to consider the following factors.

Experience & Expertise

Look for a painting company that has extensive experience painting strata buildings. Your chosen provider should be licenced, knowledgeable and skilled in painting techniques and materials.

For a superior painting service, you may like to consider a company with a vast amount of experience painting of strata projects. Typically, they are painting professionals with extensive expertise in a variety of painting systems and methods and will be able to provide a complete Scope of Works as well as a Written Product Specification.

Furthermore, you may wish to seek industry associated companies, such as Master Painters NSW or Manufacturers Reps from Dulux, Taubmans or Wattyl.

Scope of Works

Look for a painting company that communicates openly and listens to your needs. They should take the time to understand your expectations and address all areas of the project with a highly detailed Scope of Works. The Scope of Works is critical for understanding which areas, and substrates are included in the project quote as well as those which are excluded from the project quote.

Written Specification

This will cover preparation of all areas to be painted, products that will be used for various surface types, including undercoats and primers, as well as how many coats are required to obtain a manufacturer's warranty. For small strata projects, a painting company can supply both a Scope of Works as well

as a Written Specification. For larger strata projects, an architect, engineer or paint consultant can supply these.

Quality of Products & Equipment

Ensure that the painting company uses high-quality paints and painting products. They should also have the necessary equipment and tools to complete the job efficiently. For example, the company should have high-quality brushes, sprayers, as well as scaffolding and the necessary abseiling apparatus to paint multi-storey buildings.

Timeline & Deadlines

Choose a painting company that prioritises meeting deadlines. They should have a clear understanding of the project timeline and be able to accommodate your schedule. Additionally, the company should be flexible and willing to adjust their schedule to reduce the impact of the project on tenants.

Where to start?

Visit the Strata Community Australia NSW website (SCA) and check out the Trades Directory for all strata specialists. The list is full of companies specialising in strata construction and maintenance across a variety of projects. Companies with Strata Service Specialists certification have completed the course and are extremely knowledgeable about all strata projects.

Here at Premier Painting, we are licenced and qualified to work on large scale strata painting and maintenance projects. To learn more about our strata building painting and maintenance services please visit our website www.premierpainting.com.au

STRATA COMMUNITY LIVING



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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.