



STRATA SENSE

ALSO IN THIS EDITION

Project Intervene:
Tackling Building Defects

Innovation Technology

Renovations and Your
Apartment

STRATA SPEAK

DEC 2022



LETTER FROM THE LICENSEE DANIEL HOLT

The run up to Christmas is on and, with it, that sense of urgency to wrap things up before the end of the year.

For those of us working in strata management, that sense of urgency is never far away, particularly in recent years as the pace of change in the sector has continued unabated.

SO WHAT'S NEW IN THE WORLD OF STRATA?

Well, like the rest of the country (indeed, the world), the economic turmoil and inflation is having an effect on owners corporation's budgets. Inflation in the economy generally is reaching levels not seen since the early 90s, but it is not evenly distributed. Energy costs are expected to continue to grow at rates well above inflation.

Building, construction, and repair costs are also moving upward higher than inflation. Unfortunately, those two items often consume a large part of an apartment building's budget. In cases of buildings with elevators, air conditioning, and underground carparking, energy costs can be more than 20% of the building's outgoings, so a doubling of the cost of electricity will hit building's budgets.

HOW YOU CAN MAKE SAVINGS?

Savvy owners corporations can look to make savings on their energy consumption with some sensible capital investments. Whilst major changes like retrofitting solar panels to existing buildings can be cost prohibitive, putting lights on timers and switching from fluro tubes to LEDs can make tangible differences to power bills. In one instance, one of our larger buildings was able to reduce its power bills by in excess of \$20k per annum by undertaking an overhaul of all its fluro lights to LEDs (on timers) in its four levels of carparks and fire stairs at a capital investment of about \$100k. These sorts of savings won't always be available, but it's worth looking at with your strata manager and building manager.

WHAT ABOUT INSURANCE PREMIUMS?

Insurance premiums are also, sadly, going up substantially. Ever since the Grenfell Tower fire in London in 2017, insurers have been looking to reduce their exposure to building insurance claims, which means that they have been increasing their premiums, declining to quote on new buildings, and increasing excesses. Unfortunately, with every new building disaster (whether it be a collapsed building in Miami or a cladding fire in Dubai), the situation is getting tougher and competitive insurance quotes are getting harder to come by. Strata Sense is doing what it can to help by rebating insurance commissions and working proactively with professional insurance brokers as far ahead of renewal time as possible. For strata owners, although large (in some cases greater than 20% per annum) premium increases are becoming common, your risk can be mitigated by making sure that any repair and maintenance items are closed out as quickly as possible so as to not give insurers any reason to decline to provide a competitive quote.

By the time of our next newsletter, there will surely be more changes in the world of strata to report on again. In the meantime, we wish all our clients a happy and safe Christmas and New Year!

ABOUT DANIEL HOLT

Daniel Holt joined Strata Sense nearly seven years ago after a career as a lawyer practicing in the area of strata law for a number of years.

Today, Daniel is our Licensee In Charge with a bright future ahead. Daniel's career trajectory from strata manager to heading up our strata management to ultimately being our Licensee in Charge is a testament to Strata Sense's dedication to ongoing training and internal development.

In addition to the relevant strata management qualifications, Daniel also holds a Bachelor of Arts, Bachelor of Laws, and Diploma of Legal Practice, all obtained from the University of Newcastle. Today, in addition to oversight of our team of talented strata managers and overall operational responsibility for service delivery to our clients, Daniel continues to service a small portfolio of key clients on behalf of our company.

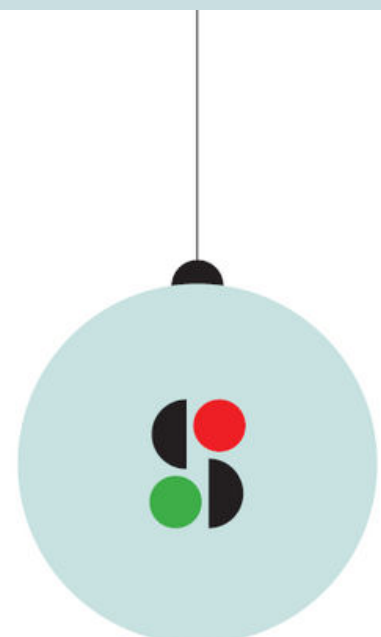
Outside of work, Daniel loves to spend time with his wife and infant daughter, as well as squeezing in the odd mountain bike ride or two when the opportunity arises.

HOLIDAY MESSAGE

Strata Sense would like to express our gratitude to our clients for inviting us to share in their journey and community over the past year. Owner's support and our ability to assist you are the best part of our profession, and this year has once again shown us how crucial these ties are, so for that we thank you.

STRATA SENSE WILL BE CLOSED FOR THE HOLIDAYS FROM 12PM, THURSDAY 22 DECEMBER 2022. WE WILL REOPEN ON MONDAY 9 JANUARY 2023.

During this time, in the first instance your building manager should be your point of contact, however we will have an emergency team available by calling 1300 859 044. From all the team at Strata Sense, we wish you a joyous festive season and we look forward to working with you again in 2023.



PROJECT INTERVENE: TACKLING BUILDING DEFECTS

While it's easy to only remember the bad news from the last few years, there have been positives as well. After years of strata managers and strata owners sounding the alarm on building defects, the government has taken tangible action in recent years to provide greater protection to consumers. In the last few years, we have seen the building defect bond regime introduced, the government appointing a building commissioner, government support for the replacement of cladding through "Project Remediate", and the introduction of the Design and Building Practitioners Act NSW. The building commissioner has also recently announced "Project Intervene" to provide an option for buildings to pursue building defect rectification outside of the normal court processes.

For buildings that are still within statutory warranty periods, your strata manager can talk through the specifics of all of these measures and how they might be able to help your building specifically.

Generally speaking, though, the actual efficacy of these individual measures has not always been great. The Design and Building Practitioners Act has not led to too many recoveries for owners corporations that would not have been already available under the Home Building Act warranties, and that Act has also actually increased the cost of repair works in strata buildings given the need for engineers to now be involved in much repair and maintenance works in buildings. Project Remediate has also, from our experience, not quite lived up to the promises made in terms of how efficient and well managed it would be, and likewise while we are keen to explore Project Intervene, we are concerned that it may similarly be subject to some of the usual shortcomings that come with government led programs.

That said, although individually each of the above programs may not be perfect, we hope to see that cumulatively the reforms will lead to a greater culture of responsibility and excellence from builders and developers such that building defects are not as common moving forward. This may be wishful thinking but it is at least heartening to be approaching a state election with a real sense of drive to address concerns around building defects in a meaningful way.



SOME OTHER POINTS OF NOTE:

1. For owners in community associations, the newly overhauled legislation is now in effect and brings many of the sensible reforms that were put in place for strata titled apartment buildings six years ago into place for community associations as well. Whilst consistency of legislation between states is unlikely to occur any time soon, at least having consistency within NSW is on the way;
2. The government's Strata Hub initiative has been delayed and delayed again but is now up and running in a voluntary way. We expect that mandatory reporting through Strata Hub for owners corporations will come into effect in early 2023;
3. The state government undertook a review of the current strata schemes management legislation a year ago now. So far, there have been no great overhauls of the legislation following that review but keep an eye out for more changes in the legislation in the next year.

RESOURCES:

[NSW GOVERNMENT - PROJECT REMEDIATE](#)

[NSW FAIR TRADING - CHANGES TO THE
COMMUNITY LAND MANAGEMENT ACT](#)

[NSW FAIR TRADING - STRATA HUB](#)



RENOVATIONS AND YOUR APARTMENT

WHAT YOU NEED TO KNOW

In apartment living, not all renovations can be done without prior approval. This is because your work may affect the common property and infrastructure, which is owned by the owners corporation, even if it is inside your apartment. To better understand what you own and what is common property owned by the owners corporation this is a quick overview to help guide you.

Installing or replacing hooks, nails or screws for the purpose of hanging paintings, photos and other home décor items, painting the internal walls of your apartment, and laying carpet are just some examples of works that can be done without approval. When you do undertake these types of works, however, you must still exercise due diligence to ensure that any damage caused is rectified and that all works are completed in a competent and proper manner.

Works that you must gain prior approvals for are things like; renovating your kitchen, installing or replacing wood or other hard flooring, removing carpet or soft floor to expose wood or other hard flooring, installing reverse cycle split system air conditioning unit, and more. In some instances, these works will be able to be approved by the strata committee. In the cases of more major renovations, the works will need to go to a general meeting of owners, often accompanied by a by-law.

If you are interested in undertaking renovations within your unit, please do reach out to your strata manager to understand the level of approval required and the likely timeframes for the convening of meetings to approve the renovations.

WHO OWNS WHAT?

COMMON PROPERTY VS LOT PROPERTY

Living in an apartment is quite different to living in a typical house. When you buy your apartment, you are effectively purchasing two things. Firstly, you will be buying the air space within your unit that you will own in your own right. Secondly, you will be purchasing an interest in the owners corporation, which owns the physical structure of the building and everything outside of the units (collectively known as “common property”). Assisting the owners corporation is our role as the strata managing agent!

The owners corporation own and are responsible for the common property so must ensure that those areas are maintained and repaired, and that any changes to the common property, or changes within their apartment that affect the common property, are done with due care and skill. We’ve suggested a few examples earlier in this article, but please ensure you check with the strata manager if you are ever unsure of something.

It is also important to note that even if something is your lot property you may still need to obtain consent from the owners corporation before making changes to it, due to the impact it has on the common property.

Fortunately, there are plenty of resources available to help owners which we have listed below for your convenience.

If you have any questions, you can always contact your strata manager who can give you further assistance.

RESOURCES:

[NSW FAIR TRADING – STRATA REPAIRS AND MAINTENANCE](#)

[NSW FAIR TRADING – LIVING IN STRATA](#)

[SCA NSW “WHO IS RESPONSIBLE GUIDE”](#)



INNOVATION AND TECHNOLOGY

RHYS SPRAGG
OPERATIONS & PROJECTS

Strata Sense has a continuing focus on providing the highest level of support, advice and responsiveness in working with owner corporations and other partners. Technology is a great way to enhance the experience for the communities we care for but also to ensure processes and information flow are robust and sustainable.

An example of this approach are the tools we use to support our global email addresses – info@stratasense.com.au, accounts@stratasense.com.au and compliance@stratasense.com.au which are utilised across different strata agent activities and correspondence. These tools are not immediately obvious to our customers, but they ensure that we continue to maintain visibility, accountability and work-flow management. We utilise a tool that auto-assigns emails to the relevant departments; accounts, compliance and, client experience team – so that continuity and ownership are maintained and with the use of tags and reporting, Strata Sense works to always deliver the highest level of support and responsiveness.

Finally, data protection and data privacy has been in the news lately with examples of organisations coming under ransomware attacks. These types of threats have been, and will continue to be a primary area of focus at Strata Sense. We are continuously working to stay up to date in relation to our policies, virus protection software, firewalls, and staff training to ensure we have a 'best practice' approach to external threats.

OUR TIPS: FOR MAINTAINING SECURITY THIS HOLIDAY SEASON

As the holiday season draws nearer it is important to keep security in mind with travel increasing during this time. Here are some simple steps to assist in increasing security for yourself and for those around you:

1. Be aware of your surroundings, including who is following you into the building either through entry doors or garage doors.
2. Make sure security doors, and garage doors, close fully behind you. Do not prop doors open for easier access.
3. Do not let people in if you do not know them. It helps to get to know your neighbours to help keep everyone in your building safer.
4. Properly dispose of all rubbish, as large boxes could indicate newly obtained valuables are inside your home or in your storage space.
5. If you're going away for more than a few days, consider putting a hold or redirect on your mail so that it doesn't become so full that it's obvious that you are not at home.
6. Consider leaving a key to your apartment with someone you trust and let your building manager know in case access is required in an emergency.
7. Don't leave items stored loosely in your car space. Aside from probably being a breach of your by-laws, during the holiday period with people going away it's more likely to attract theft in the garage.
8. At the end of the day if something looks or feels suspicious, report it, and call the police.



CONTACT US

1300 859 044

info@stratasense.com.au

www.stratasense.com.au