

STRATA VOICE

Issue One | June - July 2010

FINDING THE
RIGHT CLEANER

DISPUTE
RESOLUTIONS

SICK
BUILDINGS

SECURITY

PREPARING
YOUR UNIT FOR SALE

KEEPING PETS IN
STRATA SCHEMES
YOUR QUESTIONS ANSWERED



Commercial and residential strata insurance are now under the one roof.

There's now an easier way to look after all your strata insurance requirements. With WFI, you will receive personal on-site service from your local Area Manager and a prompt and fair claims process. WFI, good people to know for strata insurance.

Call WFI, part of the Wesfarmers group, on **1300 934 934** or visit www.wfi.com.au/undertheoneroof to find out how we can help you.

Good people to know.





STRATA VOICE

WELCOME

Welcome to the first issue of Strata Voice, an important industry quarterly. Strata Voice will present issues facing the unit owner, Strata Manager and the body corporate with cutting edge articles from industry specific bodies such as Fair Trading NSW, the Green Building Council of Australia and the Urban Development Institute of Australia to name just a few. We'll also be featuring the Unit Owners' Forum where problems and issues involving owners, strata management and bodies corporate are analysed and discussed. Fair-trading NSW will respond to these issues via their column Strataman.

Readers with problems, case studies and examples can send them to **bob@stratavoice.com.au**

Enjoy this first issue as we go from strength to strength as the voice for NSW strata. I would like also to thank the advertisers in our inaugural issue - they are some of the best in the strata business.

Best Regards

Bob Loizou
Publisher

Cities Worth Living In	4
Preparing Your Unit For Sale	5
Governing The Compact City: The Challenges Of Apartment Living In Sydney, Australia	6
Managing Major Repairs In Residential Strata Developments In New South Wales	7
Tales From The City: Top 10 Complaints About Strata Living	9
Climate Change	10
Kids Belong In High Rises (And Everywhere Else)	10
What security systems are really doing for today's Stratas	11
Strata Reform- Unlocking The Sustainable Future Of Our Cities	12
Strata Unit Owners Forum	13
Keeping Pets In Strata Schemes. Your Questions Answered	14
Welcome To A Choice In Strata Insurance	15
Lower Power Prices If Red Tape For Local Generation Removed	17
Green Stars For Residential Buildings	18
Finding The Right Cleaner	19
How To Choose A Removalist Advice From An Industry Expert	20
Urban Growth and its Implications for the Strata Sector	22

INDEX

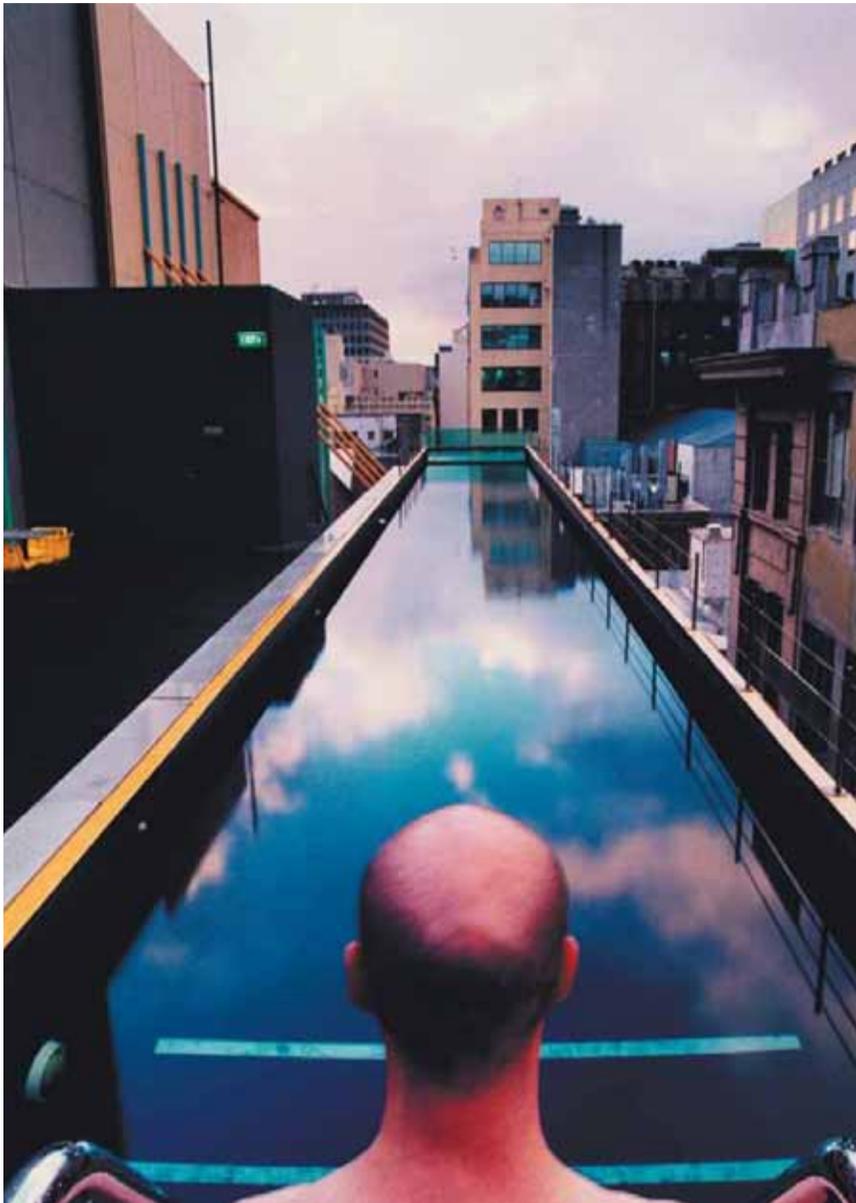


Published quarterly and freely available Sydney wide. Published by Vizcom. While every effort is made to ensure the accuracy of content, Strata Voice takes no responsibility for inadvertent errors or omissions. ABN 75 862 064 732

Publisher: Bob Loizou
Advertising: bob@stratavoice.com.au
Contact: PO Box 665 Broadway shopping centre, Broadway NSW 2007
Phone: (02) 8078 69 66
Design: Mariau Graphics

CITIES WORTH LIVING IN

A bipartisan report calls for action to create sustainable cities.
By: Andrew Dawson



Millions of Australians living in our cities are facing a bleak future. But they won't need to if concerted national action is taken soon to alleviate a multitude of looming problems in our cities.

That is the stark message coming from a new bipartisan parliamentary report Sustainable cities by the House of Representatives Environment and Heritage Committee. The 187-page report details a litany of environmental statistics that paint a damning picture of extensive unsustainable practices in many of our cities.

On average each Australian creates 620kg of waste annually, second only to the United States. Australians are using 1,540 kilolitres of water per person, the most in the world—even more than those traditional champions of excess the US at 1,510kl or Europe's 665kl.

The burgeoning new suburbs on our city fringes also mean that many Australians are driving 60 per cent

further than they were in 1980. And Australians are getting fatter and less active, with obesity costing the economy up to \$1.2 billion per year.

The report makes 32 recommendations including the scrapping of tax breaks for company or leased cars; lowering tariff concessions on imported four-wheel-drives; boosting Commonwealth funding for state public transport systems, especially city rail networks; federal funding for cycle paths; increasing the first home owners grant to \$10,000 for people buying greener homes; and establishing a new Australian Sustainability Commission to oversee these changes nationally.

Committee Chair, Mal Washer (Member for Moore, WA), stresses a national approach is needed by Australians living beyond their means, before it's too late.

"Australia, as one of the most urbanised countries in the world, faces enormous challenges, with water

shortages, transport congestion and high energy demands," Dr Washer says.

"Healthy living cities are a community issue—it's about our health, our well-being, our future and our children. We have to engage the community and not just at a government level."

Deputy Chair Jennie George (Member for Throsby, NSW) says sustainability

goes way beyond environmental issues. "Sustainability is not just a feel good issue, but also a very important economic imperative," Ms George says.

"We see the sustainability agenda as being a really important driver of economic and productivity growth into the future. As important as the environmental outcomes are, there is also economic imperative that goes with it."

Australian Conservation Foundation executive director Don Henry praises the raft of measures outlined in the Sustainable cities report.

"It's encouraging to see bipartisan support for the initiatives outlined in this report, some of which have the potential to make a big difference to the sustainability of Australian cities," Mr Henry says. "If implemented, these recommendations could significantly cut energy and water wastage in our cities and improve the efficiency and liveability of urban environments."

As city temperatures appear to soar to new heights with every summer, concerns are also growing about the dwindling supplies of fresh water for Australia's expanding cities.

"There is no doubt a number of Australian cities are in imminent danger of running out of water," Dr Washer says. "We urgently need to substantially increase the amount of wastewater that is recycled."

As anyone driving to work in Australia's major cities can attest, more and more cars, trucks and buses are clogging up roads during peak hour.

"We need more funding for public transport," Dr Washer says. "The committee heard evidence that if all the people who do travel by train to the Sydney CBD every day were to drive, Sydney would need to build another 65 lanes of freeway and more than 780 hectares of additional car parking."

These concerns about the nation's biggest cities are echoed by Sydney MP, Malcolm Turnbull. The Member for Wentworth has been vocal on a number of issues, especially Sydney's water supplies.

"It is important to bear in mind that the neglect of sustainability in our major cities impacts on the whole

of Australia," Mr Turnbull says. "In my own city of Sydney, which is the largest single engine room of the Australian economy, the neglect of water and of mass public transport is putting significant strains on the city and its sustainability.

"Every Australian has an interest in the sustainability of all of our cities. We can't put it off and say that it's just a concern for NSW, or that's just a concern for Queensland."

While most of the areas covered are traditionally the preserve of the states and territories, the committee believes it is time for the federal government to take more of a leadership role.

To oversee Australia's move towards sustainability, the committee recommends the establishment of an

Australian Sustainability Commission and an Australian Sustainability Charter. The committee wants the proposed commission to explore the concept of incentive payments to the states and territories for sustainability outcomes, along the lines of the National Competition Council model.

"There is a lot happening on the ground, and the committee was heartened to see that, but what is missing is coordinated action," Dr Washer says. "The message of the report is that sustainability is the responsibility of every Australian, but mechanisms need to be put in place for the Commonwealth, together with the state and territory governments, to promote a 'blueprint' for our cities of the future."

Harry Jenkins (Member for Scullin, Vic) says the inquiry wasn't "just about the environment but economic and social issues—that's what cities are really about".

"A leadership role for the Commonwealth became obvious early in the inquiry," Mr Jenkins recalls. "It's also about partnership and cooperation because there are many authorities out there such as state governments, councils and local communities themselves trying to come to grips with a host of issues that this report highlights."

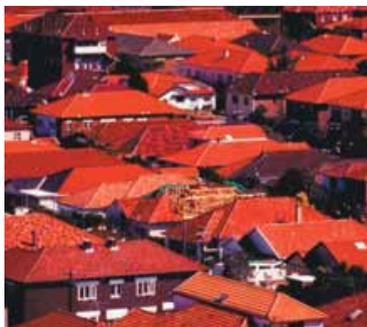
Mr Jenkins notes the spiralling cost of petrol is already forcing people to seek alternative ways of getting to work. "We see people worrying about whether they can afford to get to work or take their family places, which means issues such as public transport ring even louder," he says.

"We see a great opportunity for the Australian government to enter into agreements with other levels of government, with local communities and industry to ensure that cities around Australia are more sustainable and are truly more liveable."

The Member for McMillan (Vic), Russell Broadbent, is hopeful this report and its recommendations will prove a catalyst for change.

"People's actions don't change by rules, regulations or by force, but by desire and I hope this report is about the desire of the Australian people to do something together," Mr Broadbent says.

"This is a great opportunity for us as a young nation to turn these cities around to become more sustainable cities in the future." ■



PREPARING YOUR UNIT FOR SALE

Tim Mckibbin CEO
Real Estate Institute of NSW
www.reinsw.com.au

Want to get the edge in ensuring that your unit sells faster and for thousands more than expected? It's important to understand the role emotion plays in any sale and have the right know-how to create the right look and the right feel to truly engage buyers.

First impressions count

You really only get one chance to make your first and lasting impression on a potential buyer and persuade them to take an interest in your unit.

Usually that first impression is made through the photographic images that appear in the advertising and marketing material promoting your unit. It's important to ensure that the images of your unit are as professional looking as possible:

- Capture strong and bold colours – potential buyers are generally attracted to bright and colourful images
- De-clutter your unit by removing large and bulky furniture
- Switch on lights and lamps inside the unit to add warmth
- Take photos in good weather and light – bright blue skies and sunshine streaming in the windows are a must

A great image starts things off on the right foot – giving potential buyers a positive attitude from the get-go. As they say, a picture can speak a thousand words.

But before you even get to the point of taking photographs, it's essential to ensure that your home is well presented.

Presentation is everything

When preparing your unit for sale, presentation is everything!

It's the little things that count and excellent presentation – inside and outside – can make a huge difference in how your unit is accepted by the buyers.

Here's how to prepare your unit and turn it into an irresistible and marketable home.

1. Disassociate yourself

Say to yourself "This is not my home. It is an unit – a product to be sold". Make the mental decision to 'let go' of your emotions and focus on the fact that soon the unit will no longer be yours. Picture yourself handing over the key to the new owners. Doing this allows you to take an objective view of your unit and assess what needs to be done in order to present it in the best way.

2. De-personalise

Pack up those personal photographs and family heirlooms. Buyers want to imagine their own photos on the walls and they can't do that if



yours are there! You want buyers to say "I can see myself living here".

3. De-clutter

We all collect an amazing amount of stuff! Make your property look spacious and show off its best features by de-cluttering. Keep in mind that a prospective buyer needs to imagine their belongings in the property.

4. Rearrange bedroom cupboards and kitchen cabinets.

Buyers love to snoop and will open bedroom cupboards and kitchen cabinets. Think of the message it sends if things fall out. Now imagine what a buyer will think if they see everything is organised. It says that you take good care of the rest of the unit as well.

5. Rent a storage unit

Every unit shows better with less furniture. Remove pieces of furniture that block walkways and put them in storage. Leave just enough furniture in each room to showcase the room's purpose and plenty of room to move around.

6. Remove or replace favourite items

If you are going to take window coverings, built-in appliances or fixtures with you, remove them now. If a buyer never sees it, they won't want it. Once you tell a buyer they can't have an item they will covet it – and it could blow the deal.

7. Make minor repairs

Replace cracked floor tiles, repair leaking taps, fix doors that don't close properly and kitchen doors that jam. You don't want potential buyers to feel that there will be a list of repairs waiting for them the moment they move in.

8. Make the house sparkle

A unit that sparkles always sells for a higher price. Don't spend a fortune on home improvements that a potential buyer may or

may not want. Rather, spend your energy on making the unit sparkle – start scrubbing, then stand back with pride and look at what the buyers will see when they arrive.

9. Scrutinise

Linger in the doorway of every single room and imagine how your unit will look to a potential buyer. Carefully examine how furniture is arranged and move pieces around until it makes sense. Tune into the room's statement and its emotional pull. Does it have impact?

10. Check curb appeal

If a potential buyer won't get out of their car because they don't like the exterior of the building, you'll never get them inside your unit. You need potential buyers to be sufficiently impressed from the street to stop the car, get out and take a closer look. Remember, many buyers will be busily checking out up to a dozen different properties in one day. Try it yourself – drive up the street and view your building through the buyer's eyes. Is the lawn mowed? Are the gardens tidy? Are the common areas free from clutter and well maintained? These things count. If a potential buyer is not impressed with the outside of your building, there is little chance they will make the effort to come inside.

Romancing the buyers

When preparing your unit for sale, think about your buyers. They don't just want a home. They are buying a dream – a lifestyle. It's your job to romance the buyers.

Make your buyers envisage and believe what it would be like to read a book in your sunroom, cook a meal in your kitchen or go to sleep at night in your bedroom.

Help paint a picture in the mind of the buyer to allow them to become emotional about your unit. This is the key to selling your unit.

If the buyer loves your unit, your chances of getting a higher price will soar.

Open for inspection

Remember that buyers will usually be visiting a number of units on the same day, and yours will be in competition with others on the market at the same time.

So how can you make your unit stand out from the crowd on open day?

- Have some soft music playing to create a relaxed atmosphere
- Add vases of fresh flowers around the unit
- Make sure the beds are made, dishes are washed and toys are stored away
- Freshly brew some coffee to create an inviting aroma
- Open curtains and windows to allow the sunshine in and fresh air to circulate
- Make sure the kitchen is gleaming and smells fresh

Results speak for themselves

You never get a second chance to make a first impression! Remember, you are trying to sell your unit to someone else. Your unit must stand out above all the others in the minds of your prospective buyers. Yours mustn't be just another that they tick off their "to see" list.

You must give it your all in displaying your unit. It must clearly override all other units, so that buyers don't remember it merely by looking at the brochures or viewing it online – but instead have it etched in their minds.

You want them to be talking about your unit long after they leave it. ■

GOVERNING THE COMPACT CITY: THE CHALLENGES OF APARTMENT LIVING IN SYDNEY, AUSTRALIA

By: Dr Hazel Easthope & Prof Bill Randolph
City Futures Research Centre, University of NSW

Strata living is increasingly becoming the norm in Australia's major cities. In greater metropolitan Sydney, more than a quarter of the population already live in strata titled dwellings. This is set to increase significantly as the State and Federal governments pursue higher density development as a key strategy to address population growth and urban sprawl.

There has been much debate about the desirability of increasing higher density development. While discussion about the pros and cons of higher density housing as opposed to low density suburban development is important, it is essential that this does not overshadow discussion about how to get higher density development right. What do we mean by this? In this article we look at just two of the fundamental issues that need to be addressed when considering the effective governance of strata schemes – regulation and representation. It's important to consider how we might deal with the problems relating to regulation and representation that can plague strata developments and impact upon the lives of the people living, working, and investing, in them.

Regulation

In NSW, each strata development is managed by the strata owners of the building through an elected executive committee. The owners corporation, made up of all owners in a strata scheme, is formally constituted as the legal entity that manages the property in the interests of all the strata lot owners in the scheme. It therefore acts as a mini-council, with powers to set by-laws for the building, fix services charges and other levies, manage the maintenance and repair requirements for the building, and enforce compliance. Governance through small associations like owners corporations is legitimised through a market-based approach to governance with a focus on public choice and local autonomy, which is at the same time managed under a legislative framework controlled by the States.

However, owners corporations are only one of many stakeholder groups involved in strata developments – strata managers, building managers, real estate agents, maintenance and repairs companies, developers, local and state governments and many more are also involved, not to mention the tenants who live in strata properties. Negotiating relationships between all of these stakeholders is complex as they all have different needs and interests. For example, investor owners and owner occupiers often have different priorities regarding building maintenance and upgrades, leading to disputes. If informal methods of dispute resolution (e.g. talking with neighbours

about the problem) fail, there are formal regulations and processes in place at the state government level to mediate and conciliate such disputes (e.g. through the Strata Schemes Management Act and through the CTTT).

The issues that can arise in strata schemes are compounded by the fact that the members of an executive committee who are responsible for running a strata scheme are all volunteers and often have limited skills and few resources with which to manage their strata development. The competence of the owners corporations' officers is therefore a major issue, especially as schemes get progressively larger and more complex, often including commercial elements. But even owners corporations that include specialists or hire strata managers and building managers can run into problems. For example, despite the fact that strata managers in NSW are required to be licensed, the returns on this business can sometimes be low and not all strata managers have the professional skills needed to perform their duties.

A significant amount of control over the governance of strata schemes is placed in the hands of private individuals and organisations and the networks between them, while still being regulated by legislation. However, it is difficult for the legislation to keep up with the pace of change in that is occurring in the strata sector, and to adapt accordingly to ensure that there are regulations in place to protect the interests of those individuals and organisations who may not hold the balance of power in a market-dominated environment. Furthermore, the interactions and negotiations that have taken place between the government and other stakeholders in strata title developments have resulted in a multitude of necessary amendments to the strata title legislation, which have complicated the legislation and have made governance more difficult.

Representation

The day to day administration of a strata scheme is carried out by the executive committee of the owners corporation (often liaising with a professional strata managing agent). This executive committee is made up of representatives of the owners corporation who are elected at each annual general meeting (AGM). All strata owners have a vote at the AGM. However, not all strata owners have equal weight within the owners corporation. The measure of their weight is called their 'unit entitlement' and is based upon the relative value of their strata lot. The unit entitlement regulates both the voting rights of each unit owner and the levies that they must pay to the owners corporation for insuring, maintaining, repairing and managing the common

property. In other words, the extent to which individuals are represented in their strata scheme is dependent upon their market share in the strata 'club'.

However, it is questionable to what extent the organisations created to govern strata title developments are actually participatory in any real sense of the term, even within their own structures. The issue of representation within strata developments is beginning to receive increasing attention in Sydney. While it could be argued that the governance of strata schemes should be a negotiated governance within a 'club' – and this certainly seems to be what the NSW strata title legislation is trying to achieve – the reality in many schemes is that because their governance is based on market principles, the stakeholders within a strata title scheme do not have equal rights to participate. Sometimes they do not even have rights proportional to their market share of a scheme because of the practice of forfeiting proxy votes.

Furthermore, while owners in a strata scheme usually hold some power based on their market share, renters living within a strata scheme have no right to participate in the representative structures in place in their scheme (they have no vote) and have power only to the extent that they are able to influence the position of the owner of their unit (or in the rare occasion that the owner has given them their proxy vote). Given that the majority of renters rent through a real estate agent, the potential to influence decisions affecting their building is small.

What does this mean for the future?

The implications of existing governance arrangements in strata schemes are unique when compared to private corporations or other club realms because people live in strata developments.

Strata schemes in NSW are governed in large part through negotiation between multiple stakeholders. Power is distributed unevenly among the different stakeholders and depends in part on their relative market power (how many unit entitlements they hold) as well as the power vested in representative government to legislate strata.

The potential for significant social conflict exists at the local scale within blocks and deteriorating and poorly managed blocks can be a problem. In the future we are likely to see an escalation of problems surrounding the governance of strata schemes, especially if regulation around major repairs remains ineffective and as more blocks age and incentives to maintain properties are not improved.

Less apparent, but of even greater importance, is the consequence that as the strata sector grows, an increasing

proportion of players in the strata system (e.g. strata owners) may be new entrants who would not only lack the knowledge required to be successful lobbyists in a system based on governance through negotiation, but also the wealth required to have influence in a system where 'citizenship' is based on purchasing power. Indeed, the drive for urban consolidation will mean not only that a large proportion of the population may face problems associated with the governance of strata schemes, but also that the growth in the sector itself might aggravate these problems by increasing the proportion of entrants who have little knowledge of the system. If the supply of skilled strata professionals (e.g. strata managing agents, building managers) does not keep pace with demand, problems relating to regulation and representation in strata schemes are likely to increase. Similarly, if effective legislative protections for new entrants are not implemented in tandem with these changes, inequity within the sector may well intensify.

This article has so far painted a gloomy picture of the future. It is not our intent to criticise strata developments or the strata system, but rather to draw attention to some of the underlying issues facing the governance of strata schemes and to warn of some serious consequences for the future if these issues are not properly addressed.

There are good examples of the development of good practice and collaborative arrangements to address the lack of knowledge among stakeholders in NSW currently. For example, the Owners Corporation Network and Institute of Strata Title Management run education programs and seminars for executive committee members and owners, NSW Fair Trading provides excellent information for residents and owners of strata properties, and legislative reform has continued to respond to the rapid changes in this sector. There are also many examples of well run strata schemes and highly professional strata managing agents as well as increasing professionalization in the strata management sector. Such good practice must be encouraged.

It's especially important to get this right in Sydney. In Sydney alone, this issue affects the daily lives of over a million people. But around the world, tens, if not hundreds of millions more are living and working in strata developments governed by legislation based on that of NSW. The NSW Conveyancing (Strata Titles) Act (1961) has formed the basis of the strata title legislation in many other countries, including Canada, Singapore, South Africa, New Zealand, Indonesia, Malaysia and Brunei. The Australian experience of urban consolidation, within the framework of relatively advanced legislation and management practices for strata living, is also likely to be informative for those countries that have (or are planning) extensive higher-density developments, but less developed legislative and management structures, such as China and India. Indeed, **it's not an over-exaggeration to say that the eyes of the world are on NSW when it comes to strata legislation, industry practice and resident experience.**

The City Futures Research Centre has recently commenced a two-year research project on the governance and management of strata titled buildings. As part of the project, executive committee members and strata managing agents are being surveyed. If you would like to participate in this survey, please visit www.cityfutures.net.au and follow the links.

*The full paper on which this article is based first appeared in the journal *Housing Studies*. Reference: Easthope, H. & Randolph, B. (2009) "Governing the Compact City: The challenges of Apartment Living in Sydney, Australia, *Housing Studies*, 24(2), pp. 243-259*

MANAGING MAJOR REPAIRS IN RESIDENTIAL STRATA DEVELOPMENTS IN NEW SOUTH WALES

By: Dr Hazel Easthope
Prof Bill Randolph
Ms Sarah Judd.

This article is an extract of the summary report "Managing Major Repairs in Residential Strata Developments in New South Wales" by Dr Hazel Easthope
Prof Bill Randolph Ms Sarah Judd. Pages 4-10. A study by the City Futures Research Centre at UNSW provided with the assistance of the NSW Office of Fair Trading.

Please visit to find a copy of this article. http://www.fbe.unsw.edu.au/cf/research/cityfuturesprojects/managingmajorrepairs/ManagingMajorRepairs_Summary.pdf.

Visit http://www.fbe.unsw.edu.au/cf/research/cityfuturesprojects/managingmajorrepairs/ManagingMajorRepairs_FinalReport.pdf to find the complete report.

COMMON REPAIRS & MAINTENANCE PROBLEMS

Almost two-thirds of survey respondents considered the overall condition of their building to be either good or excellent, while just over one in ten respondents considered it to be poor. The most common problems with building condition identified in the survey were non-rectified defects, and structural problems.

Routine maintenance and major capital works

Common problems due to age or lack of maintenance in residential strata schemes in NSW include: water ingress; water leaks in internal wet areas; failure of services; outdated balcony balustrades; blocked guttering; electrical faults; and concrete cancer.

Emergency major repairs

The emergency major repairs most commonly identified by survey respondents also related to water ingress, as well as plumbing problems.

Building defects

Common building defects in residential strata schemes in NSW include: water ingress; water leaks in internal areas; defective services (e.g. broken lifts or air-conditioning units); defective or inappropriate design of balconies or balustrades; guttering faults; electrical faults; building movement; cracking to internal and external structures; tiling problems; various defects caused by the use of inappropriate building materials; and poor fire and safety compliance.

Of the respondents who owned a property that was built since 1997, almost two-thirds owned a lot in a scheme with ongoing defects in the building. The defects most commonly identified by survey respondents related to water ingress.

RESPONSIBILITY

There was confusion on the part of many survey respondents about who was responsible for the management of major repairs and maintenance in their strata schemes.

The owners corporation is ultimately both legally and financially responsible for the management of major repairs and maintenance in their strata scheme. Should the reserves and insurances of the owners corporation not cover the full costs or any compensation awarded against them as a result of poor management of major repairs and maintenance, each owner is financially responsible for the remaining costs (proportional to their unit entitlements).

Where a strata managing agent has been employed and delegated duties by the owners corporation, that managing agent has a legal duty of care to ensure that the actions, omissions and statements they make in the course of their duties do not injure or cause harm or loss to another. Should they be



negligent in their duties, they may be liable for damages.

It is the responsibility of the owners corporation to ensure appropriate people are hired to carry out the major repairs and maintenance on their property. The owners corporation should be aware that when hiring uninsured tradesmen, they may be financially liable for any injury experienced by that tradesman.

PLANNING FOR MAJOR REPAIRS & MAINTENANCE AND MANAGEMENT OF FUNDS

• There are six main sources of funds that can be used for major repairs and maintenance in residential strata. These are: the administrative fund; the sinking fund; special levies; loans taken out by

the owners corporation; insurances; and moneys (or other rectification) received as a result of legal action.

• Estimates of future spending required in a strata scheme can be made by specialist consultants, strata managing agents, building managers and the owners corporations themselves. There were examples of all of these amongst the survey respondents. However, some survey respondents said that no estimates had been made. Levels of dissatisfaction with the way funds were collected were high.

• Levels of dissatisfaction with the way in which funds were collected in their strata schemes were high amongst survey respondents. The most common concern related to owners' unwillingness

to pay higher levies, resulting in insufficient funds in the budget and the consequent collection of special levies. Indeed, almost a third of survey respondents indicated that major repairs and maintenance was funded by special levies in their scheme. The second most common concern related to a lack of, or poor, planning regarding major repairs and maintenance funding and a lack of information provided to owners about these issues by the executive committee and/or managing agent.

• The majority of the survey respondents had participated in management decisions regarding major repairs and maintenance in their strata schemes. The most common difficulty noted by survey respondents in making such decisions was agreement from owners



Services

- ALL BRICK REPAIRS
- ARCH BARS & LINTELS
- POINTING
- SPALLING CONCRETE
- INSURANCE WORK

Visit www.dapcor.com.au and view past jobs in our new feature section 'Dapcor in focus' including before and after photos

Sydney wide free quotations

Established in 1974

**Specialising in Quality Craftsmanship from
Minor Domestic Work to Large Strata and
Government Tenders**

Member of MBA of NSW

With 33 years experience in the Sydney building industry we have the answers for straight forward and professional results.



(1) Picture showing reinforcement beyond repair. (2 & 3) These photos document new reinforcement being installed and preparation of form work. (4) The lintel is finished

Phone: (02) 9316 7866

email: sales@dapcor.com.au

Fax: (02) 9316 9669

www.dapcor.com.au

over major repairs and maintenance expenditure.

The next most common difficulty noted was in accurately estimating costs of future works.

- Just over half of survey respondents considered that their owners corporation or managing agent had budgeted adequately for routine maintenance. A quarter did not think that budgeting for routine maintenance had been adequate in their scheme.

The most common reason given for being dissatisfied with the budgeting undertaken for routine maintenance was that there was little pro-active planning undertaken and that their schemes operated on a 'crisis management' model.

- One third of survey respondents considered their owners corporation or managing agent had not budgeted adequately for major capital works. The major concern was the striking of special levies to cover the costs of major capital works. Indeed, a third of all respondents noted that major capital works were often funded by special levies.

- Approximately one third of the 80 respondents who answered the question regarding the adequacy of their sinking funds responded positively. The most common reason given for considering their sinking fund adequate was that a good sinking fund plan was in place. There was, however, also a common concern over the inadequacy of some sinking funds, particularly when they did not fully cover major capital works costs.

- There are a number of channels through which the rectification of defects in a strata scheme can be funded. These include: the owners corporation covering the costs out of the administrative or sinking funds or through a special levy (or loan); the builder or developer covering the costs (or the costs being covered under home warranty insurance); taking one of a number of parties (most commonly the builder or developer) to court and suing for breach of contract or negligence; and insurances held by the owners corporation. There were examples of all these methods currently being used by survey respondents. A further five respondents said that the defects would not be fixed.

PUTTING THE PLANNING INTO PRACTICE

Routine maintenance

- Approximately half the survey respondents had some concerns regarding the way in which routine maintenance was managed in their schemes. Common concerns included a lack of planning and of proactive leaders; the visibly poor standard of the common property, in some cases leading to safety concerns; and a poor standard of work and lack of quality control in regard to completed works.

- Those survey respondents who were satisfied with the way in which routine maintenance was managed in their schemes pointed to active executive committees, contactable and responsive strata managers and/or building managers, the existence of a regular maintenance schedule, good financial planning and the availability of funds; and good reporting practices and the availability of information regarding routine maintenance.

Major capital works

- Approximately half of the survey respondents had some concerns about the way in which major capital works were managed in their schemes. Common concerns included inadequate assessments of the nature and costs of required works, insufficient funds available to cover these costs and a poor standard of work where it was undertaken.

- Those survey respondents who were satisfied with the way in which major capital works were managed in their schemes pointed to effective budget planning resulting in sufficient funds available to cover major capital works; an active executive committee, including a good relationship with an active strata managing agent and/or building manager; and the fact that expert advice had been sought and acted upon.

Emergency major repairs

- Just over a third of respondents were dissatisfied with the way in which emergency major repairs had been dealt with in their scheme. Common concerns included the length of time it took to undertake repairs, a lack of information provided to owners, a lack of consultation with owners; the effectiveness of both the strata manager and the executive committee; and the poor standard of repairs.

Stakeholders

- There are a number of stakeholders involved in the management of major repairs and maintenance in residential strata schemes in NSW. These include (but are not limited to): builders, developers, real estate agents, (resident and investor) owners, the owners corporation and its executive committee, tenants, strata managing agents, (resident and non-resident) building managers and caretakers, contractors, and professional consultants (such as quantity surveyors, engineers, lawyers).

- A number of survey respondents noted their concern with the continued involvement of the original owner (builder or developer) in their strata scheme. In particular, concern was raised that the original owner was maintaining control of the executive committee and influencing the actions of various stakeholders, including strata managers. It is possible that changes under the Strata Scheme Legislation Amendment Act 2008 (NSW) will lead to a reduction in such concerns in the future.

- Almost half of the survey respondents who owned a lot in a scheme with a strata manager said that they were dissatisfied with their strata manager's treatment of major repairs and maintenance issues. The most common complaint was that the strata manager did not provide the executive committee and/or the owners with sufficient information and that the agent did not respond to requests from owners and/or the executive committee for that information.

- The most common concern amongst those survey respondents who were dissatisfied with their owners corporation's treatment of major repairs and maintenance issues was the amount of time taken to reach an agreement.

Other concerns included harassment and inappropriate and non-essential spending.



- Almost half of the survey respondents said that they were aware of disputes between individual owners and the owners corporation related to the management of major repairs and maintenance. Some disputes resulted from the failure of the executive committee to meet its obligations with regard to documentation, communication, obtaining quotes for needed works and the overseeing of repair works. Other disputes were of a more personal nature, including accusations of harassment.

- Problems in the conduct of particular owners were also identified. These included owners interfering with hired contractors and attempting to claim moneys to improve their individual lots. Some respondents noted that some owners had taken (or threatened to take) legal action against each other and/or against the executive committee regarding this issue. On the other hand, concern was also raised about the lack of action on the part of owners.

- A number of survey respondents noted disagreements in their schemes about whether certain repair or maintenance projects were necessary. In some cases, delays due to such disagreements (or general inaction) led to further damage to property. Disagreements often occurred when different types of owners within a scheme (such as occupiers and investors; newer and older owners; shorter-term and longer-term owners) had conflicting attitudes regarding costs and standards.

AVAILABILITY & COMPARABILITY OF REPAIRS & MAINTENANCE DATA

Executive committees in NSW keep a number of records relating to repairs and maintenance, including details of cash flow, levies and expenditures. The lack of a universal database and standardised formats for this information precluded the possibility of obtaining a representative sample of relevant financial data.

One potential source of information on, at the very least, 'typical' repairs and maintenance costs and issues at block level are strata management firms. The researchers received detailed data on major repairs and maintenance funding in confidence from three strata management companies of different sizes in NSW.

While producing only a small data set, they clearly demonstrated the divergent collection and reporting practices across strata schemes managed by different

agents. The researchers found that availability of data on maintenance and major repairs at block level – while often recorded in detail – is difficult to access due to issues of confidentiality and consent from individual owners corporations; a lack of standardisation in accounting codes; and the range of software packages used by different firms to record the data. This means that automated comparisons between the data held by different strata managing agents is impracticable, at least without extensive retrospective re-coding of accounting codes. Three possible approaches for the collation of major repairs and maintenance data are outlined in Section 5 of the main report.

DISCUSSION

This section discusses some concerns which are beyond the scope of this research but which will require

further consideration in any coordinated approach aimed at improving the condition of the strata stock in the

longer-term. While the need for major repairs is strongly related to the level of maintenance that a building has

received throughout its life, it is also related to the design and construction process of a building. This issue was made apparent by the comments of survey respondents regarding defects in their buildings that had existed since the time of construction.

There are a number of factors that can contribute to defects in a building. These include certification of component parts, training and management of contractors and subcontractors and the potential knock-on effects of cost-cutting imperatives during development.

CONCLUSIONS

The standard of the management of major repairs and maintenance in residential strata in NSW influences tens of thousands of people living and investing in strata and underpins the success of the NSW Government's urban consolidation strategy. It is therefore important to understand what is actually going on in terms of the interpersonal and organisational relationships that influence current practices, attitudes and knowledge regarding planning for major repairs and maintenance. It is also important to know what the condition of the strata stock is across the state and to get an idea of the typical costs associated with maintaining and repairing particular types of strata properties.



TALES FROM THE CITY: TOP 10 COMPLAINTS ABOUT STRATA LIVING

Virginia Judge MP

A bedroom-based trout farm, a horse kept in an apartment, and an owners' corporation deadlocked over taking action against a nudist neighbour – these are just a few of the strangest complaints received by the Office of Fair Trading about strata living in NSW.

Releasing a list of the Top 10 complaints from NSW strata title residents, Minister for Fair Trading Virginia Judge said disputes ranged from car parking to animal keeping.

"On the whole, the reasons for most disagreements between neighbours, owners and owners' corporations are what people might reasonably expect," Ms Judge said.

The survey responses indicate that common causes of concern regarding the management of major repairs and maintenance in residential strata in NSW are:

1. Ongoing building defects since construction.
2. Lack of planning and of pro-active leaders.
3. Inadequate assessments of required works and associated costs leading to budget shortfalls.
4. A poor standard of work and of quality control where works are undertaken.

The survey responses indicate that the following conditions were important for satisfaction amongst owners regarding the management of major repairs and maintenance in their schemes:

1. An acknowledgement by all owners of their responsibilities as members of an owners corporation, and as joint owners of common property.
2. An active and responsive executive committee and (where applicable) strata managing agent.
3. A good relationship (and flow of information) between the executive committee, managing agent (where applicable), building manager (where applicable), owners and tenants regarding plans for major repairs and maintenance.
4. A regular maintenance schedule and a plan for major capital works, based on expert advice.
5. Effective budget planning resulting in sufficient funds to fund required works.
6. Repairs and maintenance works that are undertaken are properly funded and multiple quotes are received for works before a contractor is chosen.

The report also concludes that the effective management of a strata scheme is strongly influenced by the relationships between owners, between owners and the executive committee, the original owner (the builder or developer), strata managers and building managers. However, the roles of the multiple other stakeholder groups involved in the management of strata properties (e.g. lawyers, engineers, the NSW Office of Fair Trading and the Consumer, Trader and Tenancy Tribunal) will also need to be taken into account when considering ways in which

to improve the quality of residential strata stock in NSW.

While the legislation covering the sector is incredibly important in governing the actions of all those involved in the management of major repairs and maintenance in residential strata buildings, our findings suggest that in practice, there are gaps in owners understanding of the implications of the existing legislation. There are also large discrepancies between owners in terms of their knowledge regarding best practice in the sector (such as the importance of receiving professional advice, hiring licensed contractors and drawing up regular maintenance schedules), as well as their willingness to act in response to this advice. Part of the solution will be to improve the information available to strata owners.

Much information is already available on best practice in this area. NSW Office of Fair Trading, the Owners corporation Network and the Institute of Strata Title Managers are some of the agencies that provide such information. However, more detailed information, such as a dataset of typical costs for different property types, would be beneficial in helping owners to make informed decisions about budgeting for major repairs and maintenance. Three possible avenues for further consideration for the collection of such information are suggested in the report.

The other part of the solution will be to provide information to those owners who are not actively seeking it, so that owners have this information before a problem occurs. For example, consideration could be given to the development of a toolkit compulsorily distributed to every strata owner at the time of purchase which clearly outlines their rights and responsibilities regarding the upkeep of the common property in their scheme.

Deliberation on how best to inform owners of their rights and responsibilities regarding the management of major repairs and maintenance will need to be ongoing and will of course be dependent on the resources available to those agencies who will provide such services. However, it is essential that this issue remain at the forefront of government consideration as poor management of major repairs and maintenance in strata properties has implications for the quality of life of tens of thousands of people in NSW and billions of dollars worth of assets. ■

The Top 10 Strata Complaints are:

- 1 Noisy neighbours
- 2 Water penetration repairs taking too long
- 3 People keeping pets without permission
- 4 Owners removing carpet which leads to noise disturbance
- 5 People being refused permission to keep pets
- 6 Owners complaining about majority decisions that allegedly victimise them
- 7 The owners corporation complaining of harassment by an owner who refuses to accept majority decisions
- 8 Car parking disputes
- 9 Owners objecting to increases in levies
- 10 People renovating common property without permission



NSW introduced strata laws in 1961 – the first jurisdiction to do so in the world. Under these laws, residents, owners and owners' corporations must attempt mediation to settle disputes.

"Fair Trading receives approximately 1,300 mediation applications from NSW's 65,000 strata schemes each year," Ms Judge said.

"I'm pleased to say that while applications increased by 10 per cent in 2008, Fair Trading successfully mediated 70 per cent of those cases, with the remainder adjudicated by the Consumer, Trader and Tenancy Tribunal based on documentation provided by the parties.

"However, some complaints Fair Trading investigates defy belief.

"Can you imagine discovering that the reason water was leaking into your property from the unit above was that your neighbour was breeding trout in an above-ground swimming pool?"

"Keeping pets without permission is the third most-complained about issue – but using a small inner-city strata block as a

horse stable is not only thoughtless, it's cruel."

Ms Judge said on occasion, Fair Trading had to intervene when strata communities could not settle group disputes.

"In one case, an owners' meeting was divided along gender lines over whether to take action against a female resident who watered the garden naked," she said.

"After heated discussions, the men were overruled in the interests of community harmony, and action was taken against the woman to ensure she remained clothed while at all times on common property.

"Strata schemes are very popular in NSW, and suit many people. However, I urge people to visit Fair Trading's website at www.fairtrading.nsw.gov.au and read the handy brochure, Buying into a strata scheme? before they sign on the dotted line." ■



CLIMATE CHANGE

By: Ross Young
Executive Director
Water Services Association

Climate change and population growth are the two key factors that are driving rapid change in the Australian urban water industry

Over the last 10 to 15 years rainfall patterns over the catchments that provide urban Australia with their water resources have proven to be more unpredictable and fickle than has historically been the case. Surface runoff from catchments into dams is very sensitive not only to the amount of rain but also rainfall patterns. For instance, in Perth rainfall volumes have dropped by 25 percent over the last decade yet inflows into dams have decreased by well over 60 percent. This is due to the fact that there has been an absence of large rainfall events and follow-up rains have been rare which means that rainfall is always falling on dry soils that need to be saturated before they will shed runoff.

Over the next 45 years, the Australian Bureau of Statistics (ABS) in its most aggressive forecast estimates that Australia could grow its population by more than 21 million people. It is likely that the majority of this population will reside in the capital cities and major urban centres around Australia. It is because of this that population growth will have significant implications for urban water resources.

Up until recently, urban Australia was completely reliant on dams as the main source of water. In a drying climate with highly variable rainfall relying on dams completely represents a high risk option. This is the reason that the urban water industry has been investing significantly in new water sources that are not reliant on rainfall. Desalination plants and recycled water schemes have been two of the key responses to the challenges of climate change and population growth. Overall, water utilities in Australia are endeavouring to create a diversified portfolio of water supply options to manage climate change risks.

The type of water supply sources included in these portfolios will vary from city to city depending on a range of climatic and geographic factors. Sources of water included in these portfolios will include dams, desalination plants, recycled water schemes, groundwater, rainwater tanks, stormwater recycling and rural to urban water trading. The latter will become an increasingly important source of water given that urban Australia consumes less than 20 percent of the total water used in Australia every year.

Significant responses have also been implemented on the demand side. Innovative and progressive water conservation programs are

the corner stone of water resource plans for our cities and towns. There have been significant declines in per capita consumption of water across urban Australia over the last decade. Overall, capital city water consumption has reduced by 25 percent since 2003. If water consumption had stayed at the level they were in 2003 an additional 210 gigalitres would have been consumed in 2008. To put the volume of 210 gigalitres into perspective, it is the equivalent of the annual consumption of all households in Melbourne during 2008.

The extent to which urban Australian has embraced a water conservation ethos is one of the great social revolutions to happen in our society. The factors that have contributed to the significant reduction in per capita consumption of water include a large increase in the number of water efficient washing machines being sold, programs to replace showerheads with water efficient showerheads, reducing the volumes of water used in flushing of dual flush toilets, installation of efficient irrigation systems for gardens just to mention a few. Of course, another significant factor over this period was the imposition of quite severe water restrictions which were put in place to ensure that urban Australia did not run out of water. As desalination plants are being completed and rainfall patterns return to something that resembles normal, water restrictions are gradually being lifted in cities such as Sydney, Adelaide and Brisbane. Evidence to date suggests that water consumption is not bouncing back to historical levels following the removal of restrictions. This point demonstrates that our houses now have more water efficient technology installed in them which enables people to minimise their use of water.

Once restrictions are removed, they are generally replaced with a set of water saving rules which really represent good water conservation behaviour such as not sprinkling lawns in the middle of a hot day.

As a result of the last 10 to 15 years of low average rainfall and the community fear that our climate is changing, water has established itself as one of the key talking points in communities around Australia. Even if we return to a wet period I believe that people will still have memories of the recent dry and that people's attitude to water will not change and it will be viewed as the precious resource it really is. ■

KIDS BELONG IN HIGH RISES (AND EVERYWHERE ELSE)

Dr Carolyn Whitzman is Associate Professor of Urban Planning at the University of Melbourne. The report, "Vertical Living Kids", can be downloaded from this site.

Australian capital cities have undergone profound changes in recent years. From Melbourne to Darwin, apartment buildings have sprung up in central cities. These high rises have been planned on the assumption that the residents would comprise a mixture of DINKS (dual income no kids) and empty nesters. High rise living is assumed to be bad for children, despite – or because of – the fact that public housing estates built in the 1960s and 1970s house large numbers of families.

But children do live in these new downtown apartments. In 2006, according to the City of Melbourne, dual or single parents with children comprised 7, 4.7, and 8.6 per cent of households residing in Docklands, downtown Melbourne, and Southbank respectively. By 2021, children aged 14 and younger will comprise 7.7 per cent of the population of those three areas, equating to more than 4000 residents.

I lead a research team that has just completed a study of 40 children aged eight to 12 living in buildings of four storeys or more in central Melbourne. The project, "Vertical Living Kids", was funded by the Victorian Health Promotion Foundation, and was intended to explore these children's ability to explore public spaces – streets, parks, public transport – by themselves. The 40 children were evenly split between those living in public housing (in Carlton, North Melbourne, and Flemington) and new privately owned flats (in Southbank, Docklands, and St Kilda). We spoke to equal numbers of girls and boys. We asked the kids to fill out a travel diary for four days, saying where they went and how they got there. We also gave them disposable cameras and asked them to take photos of places they liked and disliked. We worked with the children to make collages out of their photos.

There have been a number of studies in recent years that look at children living in more traditional suburban homes in Melbourne. All of these studies have found that there has been a precipitous decline in children's independent journeys to school, shops, friends' houses and other destinations. If suburbs were intended to provide safe places for children to explore and travel on their own, they are failing in that regard.



We found that the children in high-rise public housing had more freedom to roam than most suburban children. In our small sample, 62 per cent of journeys were undertaken either alone or with other children. In contrast, only 17 per cent of the journeys by children living in privately owned housing were undertaken without adults. Even that figure is higher than many suburbs: a 1999 Melbourne study found that 81 per cent of all trips made by five-to-nine-year-olds was in the parental car.

The children living in public housing had schools and play spaces immediately adjacent their housing, although there was pretty universal dissatisfaction with those spaces: "boring" and "for little kids" was a constant refrain. In contrast, the children living in privately owned housing covered a wider territory, partly because they have to commute longer distances to school (there are no schools yet downtown), and partly because they like a broader set of places to hang out and play, from shopping centres to Federation Square.

Perhaps the most important finding is that the children we spoke to generally like living in centrally located high rises. One eight-year-old girl living in Southbank says: "I like [Federation Square] because it is fun to jump on the ropes" and "I like the buskers [in front of Flinders Street Station]". One 10-year-old boy who lives on St Kilda Road says "The Kwik-e-mart is just a block away. It is really fun because whenever I pick milk and bread up for mum, I can get a lollie for myself too."

Cities such as Vancouver and Singapore have created high-rise housing guidelines that support family living. Buildings include larger apartment units, have small playgrounds next to apartments that can be overlooked from the units, and there are nearby child-care centres, schools, and parks in new redevelopments. Most of all, these cities recognise that walkable places with lots of interesting destinations – whether they are in the central city or in suburbs – are the kinds of places where people of all ages will enjoy exploring public space.

In this time of concern about sustainability and urban sprawl, when will Melbourne grow up? ■



WHAT SECURITY SYSTEMS ARE REALLY DOING FOR TODAY'S STRATAS

Chris Pearson, Quorum Security System's Managing Director and a respected expert in Strata security, believes that most decision-makers in the Strata industry view security systems as a grudge purchase - something we have to buy, like insurance, but we don't believe there's really much benefit in it. Chris thinks this attitude is a pity, as he believes that modern security systems can do much more for stratas than ever before - and what they can do is often much, much more than just security.

"Ask any strata resident or EC member what their Executive Committee issues are, and security will usually be low on the list. Real management concerns (after budgetary, maintenance and legal issues) are things like illicit dumping of rubbish, misuse of common areas and facilities (gym, pool, rooftop terrace BBQ areas, etc), abuse of car-parking spaces and so on" Chris believes. "The bottom line here is this: most stratas struggle with tenants and residents alike complying with by-laws. When they don't comply, you have a knock-on effect which translates into poorer quality tenants, unhappy owners and residents, and lower resale values for units - particularly as 'good' residents start to move out"

However, hope is at hand, he believes, and he cites some common examples:

- Modern CCTV systems not only provide security for residents by acting as a deterrent to theft and malicious damage - they can also protect stratas from insurance claims (especially false slip-and-fall compensation claims) by showing a forensic trail of actual events and proving that the strata has been diligent.
- Today's access control systems can effectively manage auto-locking of common areas such as gymnasiums or rooftop terraces at night - no more noisy parties after midnight! They can even automatically make a duress call in the event of an emergency in the pool area.
- The latest car-park access systems can 'count' how many cars a specific tenant has let into the garage, and disallow any more than the allocated number, until one of their vehicles has exited - thus dramatically reducing parking problems.
- CCTV cameras covering lobbies, common areas, garbage rooms and car-parks not only record intruders in these areas, they can also ensure tenant's and resident's compliance with strata regulations and by-laws.

Chris also believes that security systems are now playing a major role in the war against over-tenanting. This is where up to a dozen people (called OT's in the industry), illegally tenant an inner-city apartment. "This is a real issue for the authorities, and it's a nightmare scenario for everyone in the building" said Chris. "In some inner-city high-rise stratas where over-tenanting is rife, you can have up to 50% more people really living there than the buildings fire permit allows. To make it worse, if OT's receive notice of a unit inspection, they often simply 'store' their furniture in the fire stairs until the inspection is over. In the event of a real emergency, people's lives are literally at risk".

In the past two years, Quorum has been working with several key Sydney CBD

stratas to create innovative ways of fighting over-tenanting. Some of these methods are as simple as ensuring that the resident's mail-room is secured behind an access-controlled door, this foils the OT's usual modus operandi of leaving an access card in the un-locked mail-box for the next person entering the building. "Because we deal with these issues every day, we have tried and tested solutions" said Chris.

Other successful techniques to deal with overcrowding include electronically securing the fire-stairs (these are then linked to the building's fire systems so that they will open in emergencies etc) to stop their practice of OT's tailgating into a lift, getting off with another resident on a floor near their own, then using the fire-stairs as a rat-run to gain access to their own floor.

"We've used CCTV with people-counting software - intelligent new intercom systems that can report on how many remote door releases each apartment makes in a day or week (a reliable indicator of the presence of OT's) - newer high-security encrypted access cards to stop OT's making illegal copies - we've even used biometrics (fingerprint or retina scanning to prove identity) to stop illegal entry" says Chris. "The idea is to have these technologies prominently on display to any potential tenant, to encourage OT's to try their luck somewhere else. We've had some really solid successes across Sydney, and the word is getting out there"

In relation to a strata's overall attitude towards security, Chris says that the real challenge isn't getting residents and EC members to understand the technology. The challenge is "moving people from the notion that any investment in security is dead money" says Chris. "We always explain that modern security systems often have a good return on investment and can add real value to the overall social harmony in a building. Decision-makers need to take on board such issues as the real cost of insurance premiums or payouts, the real cost of having poor-quality tenants or OT's in the complex - and how that can all translate into lower values for their units".

Chris also emphasizes that today's security products are less expensive and more powerful and robust than ever before. "The average system today is a fraction of the cost of only 5 years ago - it's making stratas re-think their building management strategy. For example, in many older building's we can update their intercom systems to full colour

video handsets without the huge cost of rewiring the building. Another example - today's CCTV cameras are available in low-cost infra-red versions, and come with tremendous image quality. It's great for catching people who think they can't be seen in the dark - residents simply knowing that their antisocial activities can be recorded even in the dark, will ensure compliance" says Chris "and that it also means that you don't need to install and operate expensive lighting in low-traffic or utility areas."

Strata Voice readers and Strata Managers who are members of ISTM can obtain a comprehensive security audit, consultation and written report (from a licensed security consultant) on any of their 'problem' stratas - at no charge - simply by calling Chris, or Paul Seymour (National Sales Manager) at Quorum on 93 94 3000. Please visit Quorum's website at www.quorum.com.au ■





Tim Robertson
UDIA NSW
GENERAL MANAGER, POLICY

STRATA REFORM

UNLOCKING THE SUSTAINABLE FUTURE OF OUR CITIES

The current strata scheme legislation in NSW will be the most significant hurdle to the increased urban consolidation of our major population centres if reform is not delivered. The current framework requires that all

strata owners must consent to the termination of a scheme and this will contribute to the effective sterilisation of strategically important locations from further intensification and more efficient urban outcomes.

UDIA NSW has prepared a legislative reform paper that advocates that when the consent of 75 per cent of owners is received to terminate a scheme, then dissenting voters be afforded the opportunity to be heard in by an independent ombudsman. Below is a summary of the proposal and the rationale for reform.

The rationale for reform Ageing buildings, their risks and financial costs The first strata scheme in New South Wales was registered in 1961 with many existing schemes in buildings older than that. The lifecycle of most buildings is approximately fifty years. Unless maintained, often at significantly more economic cost than redeveloping, ageing strata buildings burden the community with significant social, economic and environmental cost.

Ageing strata buildings, unless well maintained, are generally run down, decaying and of poor visual amenity for the surrounding community. Older buildings often pose an Occupational Health and Safety (OH&S) risk to residents, employees in commercial buildings and the broader public.

The financial cost to the community for the ongoing maintenance of common property in strata buildings, or maintenance necessary to meet existing BCA standards and other regulations, in many cases outweighs the cost of renewal and redevelopment. As a result it is financially irrational for an owners corporation to invest in required maintenance and strata buildings fall into disrepair.

The financial burden for the maintenance of older buildings is also in many cases outside the capacity of individual owners or the means of the owners corporation to finance.

As a result, owners are forced into a cycle of depreciating wealth as the building value deteriorates and are forced to reside or work in an inadequate built environment.

The case study below provides an example of a strata building in a state of disrepair and deemed uninhabitable. The strata scheme for this particular building cannot be terminated, and therefore redeveloped, because of one dissenting owner. The case study also demonstrates that there are compassionate grounds that must be accounted for in any termination proposal.

Compromised Major Policy Initiatives The NSW Government's Metropolitan Strategy requires that between 60 and 70 per cent of all new housing developed to 2031 be provided within Sydney's existing urban footprint. This equates to roughly 450,000 new dwellings based on the forecasts provided in the Metro Strategy in 2006, which will likely be revised upward to account for increased population growth. In terms of current

CASE STUDY – CENTRAL COAST

A five lot strata building on the Central Coast, according to the Office of Fair Trading, is in a severe state of disrepair. The building has major water penetration problems compounded by termite damage. The building has been deemed uninhabitable by an engineer.

However, one resident refuses to leave. She is an 84 year old war widow whose husband fought at Tobruk and Borneo. She refuses to leave because the building is her home.

Engineers have estimated repair at \$850,000 with redevelopment at \$1 million. Interim remedial work cannot be undertaken as the increased weight on the foundations would endanger the building.

All remaining owners wish to terminate the scheme and sell for redevelopment. None of the owners can afford the necessary repair and those in favour of scheme termination cannot afford to appeal to the NSW Supreme Court. As a result, all are forced to live in an uninhabitable building.

The safety of all lot owners and the public is at risk, for the benefit of one dissenting owner. Although this is a highly emotive case, social equity necessitates the need to terminate this scheme and redevelop. This is particularly so if a fair and equitable scheme termination review process is implemented for the benefit of all lot owners.

housing production, over the last two years nearly 90 per cent of all new stock has been from existing areas. These figures account for record low production on the urban fringe, but also the utilisation of large scale renewal sites such as Victoria Park and in Alexandria.

The challenge for the future is that Sydney does not have an endless supply of what the Government calls, 'major sites', which are suitable for urban renewal. In fact, estimates from the Government indicate that while these major sites are currently contributing around 50 per cent of the overall infill housing production, there is only around ten years of supply left from these sites.

Sydney will therefore be increasingly reliant on fragmented holdings and the renewal of strata schemes to provide its housing needs and to satisfy the Government's strategy policy objectives.

The Strata Schemes Management Act 1996 (SSM Act) requires a 100 per cent voting threshold of the owners corporation to terminate existing schemes. This threshold, for a variety of reasons, is one of the most significant obstacles to the renewal of strata buildings. Fundamental reform of the current requirement for unanimity to terminate strata schemes is fundamental to the NSW Government's strategic objectives and renewal of the urban fabric.

The Metro Strategy itself identifies that, "Existing blocks of flats are unlikely to be redeveloped because of...the provisions of the Strata Scheme Management Act 1996 which make them difficult to secure as a whole block to redevelop." The Metro Strategy continues, 'Strata Title reform will be investigated to determine whether it can create opportunities for housing redevelopment that will add to the mix of housing.'

Without strata reform there will be limited capacity to meet the housing requirements within the existing urban

footprint as defined by the Metro Strategy.

The UDIA NSW Strata and Community Development Committee has undertaken some desktop analysis of existing strata schemes in strategic locations to identify their potential dwelling yield if redeveloped.

This analysis is provided in the below case study. Further analysis of this nature will be undertaken by UDIA NSW in 2010 to highlight the potential dwelling yield potential that is effectively being quarantined by existing strata schemes.

Environmental, Economic, and Community Expectations

The environmental impacts and ecological footprint of older strata

buildings are, in a majority of cases, outside acceptable community standards and do not correspond with the concept of what would be considered as sustainable development. The inability to terminate existing strata schemes consistent with the will of a significant majority of owners, and therefore redevelop a site, is one of the principle constraints on new development which would otherwise meet community expectations for good environmental practice.

The degraded nature of ageing strata buildings, both individually and combined, reduces the amenity of particular areas. As a result, these buildings reduce the livability of the surrounding community. There is a clear policy nexus between strata reform and enhancing the social and urban fabric.

Economic growth and employment generating development projects correspond with strata reform. Without the capacity and legislative framework to realise the increased lot yield and investment potential, of sites with existing schemes, the economic potential of the State is limited. The existing framework requiring 100 per cent unanimity to terminate schemes is a key limiting factor to redevelopment in the Case Study.

The way forward A Reduced Threshold for Strata Scheme Termination

Currently a 100 per cent threshold vote is required by the owners corporation within a strata scheme to terminate that scheme.

This is an unrealistic threshold to obtain in larger schemes in instances where a

STRATA PLAN 2049 WESTERN HIGHWAY, PARRAMATTA

This is a feature site on the corner of the Great Western Highway and O'Connell Streets, Parramatta. It consists of 19 units in a strata scheme registered in 1966. The site comprises 1909sq m.

It has since been zoned 'City Edge' and has a floor space ratio of 3:5:1. This provides for a developable area of 6681sq m. The average two bedroom strata unit in Parramatta is approximately 80sq m, which indicates a redevelopment potential of 83 units with a possible 108 units as a result of a larger footprint that Council would permit.

Strata Plan 16744 - Harris Park

This is a feature site next to the park and the existing building is of poor visual aesthetics. It consists of eight units in a strata scheme registered in 1981 and is 593.7sq m.

Note: The dates included reflect only the age of schemes. The buildings may be older.

The site is zoned 'City Edge' and has a floor space ratio of 3:5:1. This provides for a developable area of 2077sq m, which indicates a redevelopment potential of 26 units.

Strata Plan 5628 – Harris Park

This site consists of 15 units in a strata scheme registered in 1971. Zoned 'City Edge', it comprises 1170sq m with a floor space ratio that provides for 4095sq m of developable area. This indicates a redevelopment potential of 51 units.

Strata Plan 18249 – Harris Park

This site consists of 12 units in a strata scheme registered in 1982. Zoned 'City Edge', it comprises 1756sq m with a floor space ratio that permits 6146sq m of developable area. This indicates a redevelopment potential of 76 units.

CASE STUDY – 10 LOT SCHEME IN EAST SYDNEY

A majority owner has purchased nine of 10 lots in an existing scheme in East Sydney with the intention of redevelopment. Despite owning 90 per cent of lots, and the owner with the vast majority at stake financially, scheme termination cannot proceed.

The majority owner, requiring 100 per cent of votes prior to scheme termination, is unable to realise the redevelopment potential of this site. The remaining owner is demanding an exorbitant and unrealistic sale price for opportunistic purposes to sell the remaining unit to the majority owner. This is an example of a prohibitive stalemate preventing the redevelopment of a site.

minority of owners or a single dissenter can prevent necessary redevelopment.

A 75 per cent threshold is required to ensure that termination of a substantial proportion of strata schemes for the purpose of redevelopment is realistically viable. A 75 per cent threshold is also consistent with the existing framework for a special resolution and the threshold required to terminate a company.

It is recommended that the threshold vote for scheme owners be based on unit entitlements in an existing scheme. As discussed above, a 75 per cent threshold (of total unit entitlements) would be the preferred threshold for scheme termination.

An important consideration in the approval process is how an approval mechanism deals with the rights of additional stakeholders, in particular the rights of mortgagees, tenants and developers.

The onus is on the proponent to assess the risks of existing contractual arrangements between stakeholders prior to triggering scheme termination. Following the approval of scheme termination by the 75 per cent threshold of unit entitlements and the correct facilitation process with scheme owners, it is proposed that an administrator such as a licensed strata manager carry out any statutory obligations on behalf of the coowners.

An Independent Review Process for Dissenting Voters

Following a resolution to terminate an existing scheme by 75 per cent of owners, a review process must be afforded to dissenting scheme owners. The appeal process would be integrated with just compensation and compulsorily acquisition mechanisms in

instances where an appeal is held in the proponents favour.

It is proposed that an independent Ombudsman with the authority to engage in mediation and decision making processes would provide the preferred mechanism to determine any appeals. The compulsorily acquisition process would be supported by and correlate with the provision of just compensation for the dissenting voter.

The Ombudsman does not have the power to reverse the decision of an owners corporation unless he is of the view that just compensation cannot be provided to dissenting voters. The Ombudsman maintains the power to determine appropriate compensation for dissenting voters. The definition of just compensation must be clearly outlined to provide certainty to a proponent early in the process whether to proceed with a proposal.

Implementation of Scheme Termination

Stakeholders or scheme owners who wish to remain part of the new scheme in a redevelopment, as may have been agreed with a proponent or determined by the Ombudsman, require guaranteed rights to realise agreed participation in redevelopment. This could include a registered development contract with tradable rights to part title of the land.



To provide certainty to stakeholders who wish to remain in a new scheme, the proponent must demonstrate to the Ombudsman a financial capacity and commitment to redevelop a site. It is recommended that this commitment be guaranteed and implemented within a prescribed and reasonable timeframe for the benefit of remaining stakeholders in a redevelopment. ■

STRATA UNIT OWNERS FORUM

“Someone recently bought the large street-front unit in our scheme and they’ve told us they want to open a fitness centre. It used to be an accountant’s office. We are talking to them about potential noise problems, but are wondering whether their business could affect our insurance cover?”

In matters like this, the owners corporation should seek advice from its insurer. It would be unfortunate for an insurance claim to be denied because of something as simple as failing to advise the insurer of a change of use of a lot within the scheme. The “duty of disclosure” usually requires the insured to notify the insurer of events or changes that may affect the insurance cover. Failure to do so may affect any claim.

It would be best practice to contact the insurer to clarify whether they consider the change to be significant enough to affect the premium. They may even consider that a gym does carry more risk than an accountancy practice, but not enough to impact on the insurance policy.

If the insurer does decide that the changed use of the lot will require an increased premium, the strata legislation provides that an owners corporation can seek to have the lot owner pay the additional amount. This is on the basis that the gym owner is the one who has caused the extra cost to the scheme.

Also, the strata legislation specifically provides that levies can be adjusted to charge this extra amount to an owner. Normally levies can only be paid on a unit entitlement basis which would not allow for such an adjustment.

If the new owner refuses to accept this cost, the owners corporation can take them to mediation and if necessary, seek an order from the Consumer,

Trader and Tenancy Tribunal to adjust the levies to make the owner pay the increase in premium.

“One of the owners in our scheme was recently told we could cut back on insurance costs by reducing our public risk insurance. Is that right?”

The strata legislation under section 87 states that an owners corporation must take out insurance to cover damage to property, death or bodily injury for which the owners corporation could become liable in damages. The cover must be for at least \$10 million for each event for which a claim can be made.

It is not unusual for owners to have differing views on the amount of money they spend on their strata scheme. However, insurance is an area that can have adverse consequences if not properly maintained.

It should be kept in mind that this is mandatory insurance. The strata legislation states every owners corporation must have this cover, along with building, voluntary workers insurance and, if appropriate, workers compensation insurance. They may also choose to have additional cover for anything else they consider necessary.

It is advisable to check the strata scheme’s insurance policies, because many insurers bundle this cover in with the building cover, so it is already included in the one premium.

This cover is often mistakenly referred to as “public risk insurance”, but it is intended to be more than that. The

strata legislation intends for owners and occupiers to be insured, as well as the public. This is because owners or occupiers may be more likely to be injured in an event than a member of the public. Many policies only cover the public.

For instance, if a common property tree falls on an owner and her car, and also lands on the public footpath hitting a man walking his dog, the intention is that the owners corporation is insured for liability arising from any of these injuries or damages.

It is also important for the owners corporation to be clear on whether they have cover to a limit of \$10 million for one or more events arising from one incident (many strata policies have this clause), or \$10 million for each event. The first one provides a maximum total payout of \$10 million, not \$10 million per person. If a balcony in the strata scheme was to collapse and 15 people were killed and injured, the owners corporation could easily be faced with claims mounting to well over \$10 million. The owners do not want to find themselves liable for a bankrupting damages claim.

“There has been a spate of robberies in our area recently. The thieves have been targeting large household items like outdoor tables and chairs, indoor lounge suites and even blinds and bedding. I live in a ten lot scheme and we all decided recently to build a common property cabana next to our swimming pool. We had it fitted out with

cooking facilities, plates and cutlery, blinds and chairs. Would these contents be covered under our strata building insurance if anything was stolen?”

The owners corporation needs to check its insurance policy and if in any doubt, call its insurer. Most building policies outline the type of contents that will be covered for theft, but there is a duty of disclosure that makes it the responsibility of the insured to advise the insurer of any changes to common property that may impact on the policy.

Whether the new cabana and its contents require disclosure is something the owners corporation should discuss with its insurer. If there is a failure to disclose, the insurer may deny the claim.

One would not normally expect a newly fitted out cabana to be raided and stripped of all its fittings. However, stranger things have happened. NSW Fair Trading has heard of an instance in a large scheme where, on one bright sunny mid-week morning, workmen arrived and began work on the common property copper gutters and downpipes. A couple of people noticed and thought some maintenance was underway. That afternoon an owner returned home to find the entire plumbing fitout removed. Every single copper gutter, downpipe and fitting had been stolen. A couple of pvc fixtures were untouched. Fortunately, the insurer did come to the party, but it is an example of how things can unexpectedly go very wrong indeed. ■

KEEPING PETS IN STRATA SCHEMES. YOUR QUESTIONS ANSWERED.

In many Australian homes, family pets are important members of the household. In fact, more than two-thirds of Australian households include pets and Australia has the highest incidence of pet ownership per household of any country in the world. It is estimated that one in five people in New South Wales live in a strata scheme. A strata scheme can comprise one building of units or several separate buildings of units or a development comprising two or more townhouses. It is important to note that some

buildings of units are company title schemes and this brochure does not apply to those types of schemes. Keeping animals in residential areas, particularly in a strata scheme, can raise issues such as cleanliness, noise, and unsociable behaviour. This guide has been designed to help tenants, agents and owners understand the laws that apply in NSW for keeping pets in strata schemes. You do not need Owners corporation consent to keep a guide dog or hearing dog in a strata scheme.



CAN I KEEP MY PET IN A STRATA SCHEME?

Whether you can keep your pet in the strata scheme depends on the terms of the by-laws which apply to the scheme.

Which by laws apply? An owners corporation may make its own by-laws, or can adopt the by-laws for residential strata schemes in the Strata Schemes Management Act and regulations. In relation to the keeping of pets, the by-law is different depending on whether the strata scheme was registered before or after 1 July 1997.

The following notes refer to the by-law for schemes registered before 1 July 1997 and the by-law for schemes registered after 1 July 1997. Regardless of whether the scheme was registered before or after 1 July 1997, the owners corporation has the power to amend the by-laws for the strata scheme. It is therefore very important to obtain a copy of the by-laws for your strata scheme when considering whether you can keep your pet in the scheme. You should not rely upon the date of registration of the strata scheme when considering this issue.

The Schedule 1 by-laws for schemes registered before 1 July 1997, permit you to keep an animal, provided that you have obtained the prior written approval of the Owners corporation. The approval of the Owners corporation cannot be unreasonably withheld.

By-law 16 of the Model by-laws for schemes registered on or after 1 July 1997 contains three possible options in relation to the keeping of animals:

Option A: You must obtain the prior written approval of the Owners corporation, before keeping any animal, except fish in a secure aquarium, on a Lot or the Common Property. The approval of the Owners corporation cannot be unreasonably withheld.

Option B: You must obtain the written approval of the owners corporation, to keep any animal (except a cat, a small dog or a small caged bird, or fish kept in a secure aquarium) on the Lot or the Common Property. If you keep a cat, small dog or small caged bird on the Lot then you must:

- (a) notify the Owners corporation that the animal is being kept on the Lot;
- (b) keep the animal within the Lot;
- (c) carry the animal when it is on the Common Property; and
- (d) take such action as may be necessary to clean all areas of the Lot or the Common Property that are soiled by the animal.

The approval of the Owners corporation cannot be unreasonably withheld.

Option C: No animals are permitted, with the exception of a guide dog or hearing dog.

If no option is selected, then Option A applies by default.

Some Owners corporations also make "house rules" to be followed by owners and occupiers. These are not enforceable unless they are registered as by-laws for the scheme with Land & Property Information New South Wales which is part of the Department of Lands or the scheme with the Land and Property Management Authority (formerly the Department of Lands)

What if I plan to rent a Lot in a strata scheme?

Tenants renting in a strata scheme are covered by the provisions of both the Residential Tenancies Act and the Strata Schemes Management Act.

If you plan to rent in a strata scheme, your landlord or the landlord's real estate agent should provide you with a copy of the lease and the by-laws pertaining to the strata scheme. That way, you can familiarise yourself with the rules that relate to keeping a pet in the scheme. It is a good idea to obtain a copy of the by-laws before you sign the lease.

Once you have reviewed the by-laws, you should ask the real estate agent to speak to the landlord of the property on your behalf with regard to keeping your pet.

Depending on the by-laws for the scheme, your landlord may have to obtain the consent of the owners corporation, even if your landlord agrees that you may keep your pet in the rented premises.

You will need to seek your landlord's consent first and ensure that your

lease allows you to keep your pet as a written condition. You should not sign the lease until you have been informed by your landlord or the landlord's agent that consent has been granted by both the landlord and the owners corporation.

If it is not possible to obtain the written consent of the Owners corporation prior to signing the lease and taking possession of the strata scheme premises, you should ensure that your lease is made conditional upon the Owners corporation consent being granted and that you will be permitted to terminate the lease and vacate the premises within a reasonable amount of time, without penalty, if the consent of the Owners corporation is refused.

In seeking the consent of the landlord, you may also like to:

- invite your landlord to meet your pet; offer to pay for any unexpected damage caused by your pet; (note: landlords are not allowed to ask for an additional "pet bond" from a tenant in NSW); invite your landlord to inspect the property with the real estate agent every 6 months to ensure your landlord is satisfied the property is being well cared for.

It is important to note that it remains the landlord's right to refuse the keeping of an animal on their property, despite what the by-laws may state.

What if I plan to buy a strata lot?

If you intend to buy into a strata scheme, and wish to keep a pet, you should check with the Owners corporation as to the terms of the by-laws in regards to the keeping of pets in the scheme. You should check any information you receive from the Owners corporation with your solicitor. If keeping your pet is an important consideration for you, it is very important to make these enquiries before you enter into a contract for sale.

OBTAINING Owners corporation CONSENT

Whether you are intending to rent or purchase in a strata scheme, you may need to obtain prior written consent from the owners corporation in order to keep your pet in the scheme, depending upon the by-laws which apply. Consent

GLOSSARY

The following is an explanation of some of the common terms used in the Strata Schemes Management Act 1996 (the "Act"), which is the legislation governing strata schemes in NSW:

By-laws mean the rules governing the day-to-day "housekeeping" of the strata scheme in relation to the behaviour of residents of the scheme and the use of Common Property, for example, parking, garbage disposal and the keeping of pets. Every owner and occupier must comply with the by-laws.

A Lot means the individual residence, consisting of the air space within the four walls of what is commonly thought of as an apartment or unit and, if applicable, the car space, garage or storage area. The Lot includes all contents and internal fittings such as carpets, light fittings, blinds, curtains & built-in wardrobes.

Common Property is that part of the land and any building which is not included in any Lot. The external walls, the floors between Lots, the windows and any area which is used by all owners comprise the Common Property. It includes areas such as entrance foyers, stairwells, the roof, any gardens, the swimming pool (if the strata scheme has one), visitors' parking bays and driveways.

Owners corporation is a legal entity established under the Act. It comprises all the owners of Lots in the strata scheme and is responsible for the management of the scheme. An Owners corporation was referred to as a Body Corporate under previous strata titles legislation.

may be sought by writing a letter to the Secretary of the owners corporation.

When preparing the letter, the following hints can be useful:

describe your pet, including his or her size, age, and appearance; give details of your pet's disposition – if your pet is docile or friendly, remember to say so; if your pet has undergone obedience or other behavioural training, provide details; show that you are a responsible pet owner by having proof of registration/micro chipping, desexing and all necessary vaccinations; and if you have kept your pet in a strata scheme or other residence previously, include references from your former landlords or neighbours that specifically mention the behaviour of your pet.

(These hints may also be useful in obtaining consent from a proposed landlord).

You can also search the strata records for the property and see if there are other owners or occupiers of the building (current or past) who have kept pets in the scheme. This can provide a persuasive precedent for your request to keep your pet in the scheme.

You should be notified of the decision made by the owners corporation within a reasonable period of time.

Once the consent of the owners corporation has been obtained, you should request a copy of the resolution and a letter from the Owners corporation.

What If Consent Is Refused?

If you have told the owners corporation everything they need to know, and there should be no possible objection to your keeping a pet, then generally the by-laws of a strata scheme will have the effect that the Owners corporation must not unreasonably withhold its consent (except for Option C of the Model by-laws).

You should use common sense in deciding whether consent has been unreasonably withheld by the owners corporation. For example, it would be reasonable for consent to be withheld by the owners corporation if you asked to keep a large dog or several animals in a small apartment.

If you believe that an owners corporation has unreasonably withheld its consent to the keeping of your pet, and you have been unable to talk through the issue with members of the owners corporation on an informal basis, you may wish to use one of the dispute resolution mechanisms provided for in the Strata Schemes Management legislation, which are set out below.

Mediation

If you become involved in a dispute with the Owners corporation, you must first attempt to resolve it by mediation. A mediation is a structured negotiation process in which the mediator, as a neutral and independent party, assists the parties to a dispute, to achieve their own resolution. All parties must agree to the mediation taking place. They may have legal representation or they can appear in person.

The outcome of the mediation is binding on both parties.

The Strata Mediation Services Branch of the Office of Fair Trading provides mediation for a fee which is set by regulation under the Act, although other private mediators are also allowed.

Adjudication

If mediation fails, either party can seek orders from an Adjudicator.

The parties do not appear in person before an Adjudicator. The Adjudicator considers written submissions made by the parties, and makes a decision based on these submissions. All parties will receive a written copy of the decision.

The Adjudicator may, by order, allow you to keep your pet on a Lot or Common Property subject to certain conditions. Before an Adjudicator makes such an order, the Adjudicator must be satisfied that:

The owners corporation has unreasonably withheld its consent to the keeping of the animal; and the application to keep the animal is made with the consent of the owner of the Lot (if the applicant is not the owner)

The Adjudicator's order is binding on the owner and any occupier of the Lot.

An Adjudicator may make orders to give effect to any agreement or arrangement arising out of a mediation session.

Appeal to Consumer, Trader and Tenancy Tribunal If you think that the Adjudicator's decision is unreasonable, you may appeal to the Consumer, Trader and Tenancy Tribunal. The appeal should be made within 21 days of the date of the Adjudicator's order.

The Consumer, Trader and Tenancy Tribunal may confirm, vary or revoke the Adjudicator's order or may substitute its own order. When lodging an appeal, you may also request that the order appealed against be stayed.

This means that the order will not come into effect until the appeal has been determined.

The Consumer, Trader and Tenancy Tribunal may dismiss the appeal

if it believes the matter has been appropriately dealt with by the Adjudicator.

Application forms for mediation, an order from an Adjudicator, or a hearing before the Consumer, Trader and Tenancy Tribunal can be obtained from the NSW Fairtrading website or Fairtrading Centre

An order from the Consumer, Trader and Tenancy Tribunal may also be appealed to the District Court of NSW, but only in relation to a question of law.

Costs

The Consumer, Trader and Tenancy Tribunal can make an order as to costs. The imposition of a penalty and costs order operate as a judgment under the Local Courts (Civil Procedure Act 2005). This means that if you do not pay by the required time, the Court may enable judgment to be enforced by ordering that money owing to you (e.g. wages) be applied to the fine, or it may order that your property be seized. After 21 days of the due date, interest on the fine is payable.

What Will Happen If I Keep A Pet In A Strata Building Without Consent?

If the Owners corporation thinks that you are keeping a pet in your Lot without consent, it may serve a notice on you, requiring you to comply with the relevant By-law regarding the keeping of pets. If you fail to comply with the notice, the Owners corporation can apply for an order from the Consumer, Trader and Tenancy Tribunal for a fine of up to \$550 to be paid by the owner or occupier of the Lot.

If you do not comply with an order made by an Adjudicator or the Consumer, Trader and Tenancy Tribunal, a penalty of up to \$5,500 may be imposed.

The matter may be referred to the Consumer, Trader and Tenancy Tribunal to impose the penalty and award costs to the applicant.

You should remember that Owners corporation (or its managing agent) can not evict a tenant. Only a landlord or the landlord's agent can end a tenancy, and only with an order from the Residential Tenancies Tribunal.

If consent is granted, what are my responsibilities when keeping a pet in a strata building?

You must ensure that the presence of your pet does not become a nuisance for other residents in the strata scheme. Even though you may have the consent of the landlord and the Owners corporation, any owner or occupier within the scheme can apply for an order to remove a pet on the grounds that it is causing a

nuisance. To minimise the chances of this occurring, you should ensure your pet is house trained, that a dog is kept on a leash when necessary and that all animals are taught appropriate behaviour.

If your pet is a dog, excessive barking is an issue that must be addressed.

If regularly walking or behavioural training of your dog does not remedy this situation, you may need to reconsider the suitability of living in a strata scheme altogether.

If it is considered that your pet is either causing a nuisance or at worst, causing injury to persons or damage to Common Property, then the Owners corporation, the Strata Managing Agent or your Landlord (if you do not own your Lot), may apply to a Strata Schemes Adjudicator for an order that you address the problem or that your pet be removed from the strata scheme. Of course such a situation may also give persons other rights against you and your pet, under NSW Companion Animals laws. If you are not aware of your obligations under those laws, you should contact your local vet or your local Council for further information. ■

FURTHER INFORMATION

Application forms to resolve disputes and publications containing information may be obtained from the NSW Fair Trading NSW; website www.fairtrading.nsw.gov.au

Community Justice Centres can assist parties in reaching an agreement to resolve a dispute. The NSW Government section of the telephone book contains details of these centres.

The NSW Department of Housing Home Purchase Advisory Service provides information on buying a strata unit – Phone 1800 806 653.

The Tenants Union of NSW is a specialist Community Legal Centre that aims to represent the interests of all tenants in NSW. Its website is located at <http://www.tenants.org.au/> telephone (02) 9251 6590

The Community Relations Commission For a multicultural NSW, provides translation and interpreting services phone 1300 651 500.



nsw
Young
LAWYERS

This article has been prepared for information purposes only. It should not be taken or relied upon as legal advice. Nor is it intended as a substitute for legal advice from a qualified lawyer who is familiar with the facts of your particular case. NSW Young Lawyers cannot provide legal advice to groups or individuals and cannot provide legal representation or appear in Court. If you require legal advice, please contact your lawyer, or the Law Society of New South Wales. If you have any inquiries, you may also wish to contact the Strata Mediation Services Branch of the NSW Office of Fair Trading on 9338 7900 or 1800 451 431 (outside Sydney)..
A PROJECT OF THE NSW YOUNG LAWYERS ANIMAL RIGHTS COMMITTEE

New South Wales Young Lawyers (<http://www.younglawyers.com.au>) is a professional organisation and division of the Law Society of New South Wales. It represents lawyers who are under 36 years of age or who have been admitted to practice for less than five years, and law students. All lawyers in New South Wales fitting this description are automatically members of New South Wales Young Lawyers. This guide is available at <http://arc.younglawyers.com.au>

WELCOME TO A CHOICE IN STRATA INSURANCE

There's nothing better than being spoiled for choice. Having the option to make a well considered purchase of any product or service allows you to feel confident that you have made the best decision in the end.

Think about the last big purchase you made, say your car, and try to remember the number of cars you considered before finally choosing the one you are driving now. How many did you test drive? How much research did you do? Isn't it comforting to know you have invested in the car that meets more of your needs than the others on your list? This is the beauty of choice.

Purchasing strata insurance shouldn't be any different, but until now your options of strata insurance providers have been limited.

WFI can now provide you with that choice.

WFI, part of the Wesfarmers group, now offer insurance for both commercial and residential schemes. Adding to our existing range of rural, business and home and car insurance, we are pleased to provide you with a choice when it comes to such a specialised form of insurance.

Each insurance plan consists of a range of individual policies from which you can choose to meet the requirements of your strata complex. This approach provides flexibility; meaning if your circumstances change and broader insurance cover is required, it is easy for you to integrate additional policies to your plan.

At WFI, we understand that choosing the right insurance cover is as important to you as is finding an insurance specialist you can trust.

Why should you choose WFI?

You can trust and rely on WFI. We are good people to know for strata insurance because:

- We are a member of the Wesfarmers group.
- We have a long and proud history of providing insurance cover for homes, businesses and personal property.
- We have been serving the Australian community since 1919.
- We have over 150 local Area Managers across Australia offering personal face-to-face service.
- We offer a high standard of claims and service.
- You deal directly with WFI, from enquiry to claim.
- We are just one phone call away.

Contact WFI today.

For more information or an obligation-free quote for your strata insurance, call 1300 934 934 or visit wfi.com.au today.

WFI is a trading name of Wesfarmers General Insurance Limited ABN 24 000 036 279 AFSL 241461, the issuer of our policies. Any advice we provide is of a general nature only and does not take into consideration your objectives, financial situation and needs. Before acting on any advice you should consider its appropriateness. Contact WFI for a PDS to help decide if our policies are right for you. ■



LOWER POWER PRICES IF RED TAPE FOR LOCAL GENERATION REMOVED

Electricity could be cheaper and cleaner if regulations blocking local, efficient energy systems in Australia were removed, according to a City of Sydney submission to the Prime Minister's energy efficiency task group.

City of Sydney's energy expert Allan Jones, said decentralised networks of 'trigeneration' plants could solve the peak power demand problems more cheaply and efficiently than upgrading electricity networks and building new, remote, coal or gas fired power stations.

"At a time when consumers are bracing themselves for the first part of the NSW Government's 40 per cent electricity price rises – people must be asking if there's an alternative," Jones says.

"More than \$5 billion is proposed to be spent in the next five years upgrading the network of cables, wires and transformers to meet primarily increased peak electricity demand such as mid-summer when air conditioning use is at its highest.

"These costs could be significantly reduced or delayed if cities and other urban areas were supplied from a local network of trigeneration plants."

Tri-generation plants burn natural, renewable or other low carbon gases to produce electricity. The waste heat is captured and used for heating and, through heat-fired absorption chillers, cooling of buildings. They are nearly three times more energy efficient than a coal-fired power station.

"Trigeneration is currently restricted to small scale plants within individual buildings as proponents avoid exporting electricity into the grid due to regulatory barriers."

Jones, who took the English city of Woking off the grid and implemented London Council's greenhouse gas reduction strategy, said a far greater scale of energy generation and emissions reductions could be achieved by city-wide trigeneration systems, maximising the local export of electricity.

The City of Sydney is about to seek tenders for the installation of a network of large-scale tri-generation systems that will supply electricity, heating and cooling to its buildings with the potential to connect other nearby premises.

The first phase will see the installation of trigeneration plants at least seven

sites in central Sydney. These systems are expected to have a capacity of up to 25 Megawatts by 2015, increasing to at least 330 MW by 2030. This will supply 70 percent of the City's energy needs, with the remainder coming from renewable sources and energy efficiency measures.

The City is currently working with Energy Australia to obtain exemption to transfer surplus power to other Council buildings across the electricity network.

Lord Mayor Clover Moore MP said the City of Sydney's work will be watched closely by Australia's other capital cities.

"Australian cities could halve their greenhouse gas emissions over the next 20 years if they implemented a plan similar to ours," Ms Moore said.

"This was the finding of a study by the Centre for International Economics Australia which said national emissions could be slashed by a cumulative 540 million tonnes between 2010 and 2030, roughly equivalent to the total of Australia's 2008 emissions.

"Expanding NSW's centralised electricity grid infrastructure and building more remote coal fired power stations is economically irresponsible and environmentally dangerous.

"This outdated, inefficient and polluting energy system must be replaced with low carbon, local energy production if we are to fulfil our commitments to avoid dangerous climate change," Ms Moore said.

The Prime Minister's task group on energy efficiency has been asked to examine the most economically, environmentally effective and socially inclusive energy efficiency mechanisms to deliver 'step change improvement' in Australia's energy efficiency by 2020 and place Australia at the forefront of OECD energy efficiency improvement. The group is considering submissions and is expected to report options to the Federal Government by June.

For more information and interviews contact:

Jon Walter,
City of Sydney,
Phone: (02) 9265 9130
mobile: 0406 868 359

For more City of Sydney media releases go to
www.sydneymedia.com.au ■





GREEN STARS FOR RESIDENTIAL BUILDINGS

By: Romilly Madew,
Chief Executive
Green Building Council of
Australia

Residential buildings in Australia are responsible for 13 per cent of the nation's greenhouse gas emissions.

In fact, Australia is one of the largest emitters of residential greenhouse gas emissions in the world.

And the news gets worse when we examine emissions predictions. If we ignore the dire warnings from the international scientific community and continue to take a 'business as usual' (BAU) approach to development, greenhouse gas emissions in the residential sector are expected to rise by 1.3 per cent per annum - or 78 per cent between 2005 and 2050.

Clearly, without changes in the way that buildings are designed and used, the residential sector will be a major contributor to climate change.

Recognising the urgency of greening our building stock, the Green Building Council of Australia (GBCA) launched the Green Star environmental rating system for buildings in 2003. Green Star evaluates the green attributes of building projects based on nine criteria,

including energy and water efficiency, indoor environment quality and resource conservation.

The GBCA now has a suite of Green Star tools for a range of building types – from commercial offices and retail centres through to hospitals, schools and multi-unit residential facilities.

The Green Star – Multi Unit Residential rating tool v1 enables building owners and developers to minimise the environmental impacts of their developments, reduce Australia's greenhouse gas emissions and deliver health benefits and financial savings for building occupants.

In the residential sector, emissions reductions can be achieved through energy efficient lighting, refrigeration, heating and cooling and through greater use of natural light. In addition, adoption of more efficient hot water appliances with solar where possible, installing better insulation and selecting appliances with a low standby energy use can make a significant impact on energy consumption.

The first Green Star rating in the residential sector was awarded in May 2009 to "The Summer" in Western Australia, for its 4 Star Green Star development. Leading the way in sustainable residential design, this 36-unit project on South Beach Promenade in South Fremantle demonstrates that residential developments can achieve high environmental outcomes without sacrificing occupant comfort. This is achieved through simple design features that utilise the ocean breeze and regulate heat generated by the sun. Eliminating air conditioning is expected to reduce greenhouse gas emissions by 88 per cent alone.

Through passive design strategy, over 90 per cent of units have open floor plans and provide dual aspect to allow for natural cross-ventilation, recirculating air throughout the units and common spaces. The building also incorporates moveable screens on balconies to provide solar shading in the warmer months.

Upon completion, The Summer will include energy efficient appliances as well as rainwater storage. These initiatives will lead to significantly reduced operating costs for both the building owners and the tenants within each apartment. Energy consumption in The Summer is predicted to be 52mj a square metre for the whole building – less than half that of standard apartments which meet the minimum BCA code.

Buildings don't have to be new to be green. Green features are a smart investment in any residential building, with a fast payback time ensuring owners save money in the long-term. The Green and Save website (www.greenandsave.com/homeremodeling) provides return on investment (ROI) calculations which clearly demonstrate the payback of green developments:

- A green 'tune up' has a payback time of around 1.2 years. Simple measures such as installing compact fluorescent lighting and water efficient shower heads, sealing duct leaks and purchasing an energy efficient dishwasher can provide a 96.5 per cent return on investment over ten years.
- A 'green remodelling' project – such as improving insulation and window treatments, replacing inefficient water heaters and installing a greywater system - will cost more but the return

on investment will be 26.8 per cent over ten years, with a 4.2 year payback.

- An advanced green renovation program which embraces leading edge technology and green design will still have a payback period of just 8.7 years – and will provide a 11.8 per cent return on investment over twenty years.

So, what can strata managers do right now to green their buildings?

The first step is to conduct an audit of your building. You have no idea of how your building is performing until you measure it, so track your building's energy consumption. Review your building's management system and look at where you can make improvements. Consider a retro-commissioning of the building's systems which can address a variety of inefficiencies.

Replace inefficient incandescent light globes with compact fluorescent lighting, consider installing lighting zoning to ensure that only occupied areas of the building are lit, and examine the lighting density and lighting levels to ensure spaces are not over-lit. Remember that the 'greenest' energy of all is the energy that doesn't get used in the first place.

Also, examine your air conditioning. While many buildings maintain an all-year-round temperature of 22.5°C, adjustments to 24°C in summer and 21°C in winter can yield significant energy savings.

Perhaps most importantly, communicate with your tenants. Explain to your tenants why you're making adjustments to the way your building performs and what it may mean for them. You'll find the vast majority of people want to be part of the solution to climate change. ■



FINDING THE RIGHT CLEANER

By: Rodney Barnes
National President of the BSCAAs

The Cleaning Professional

The days of the mop and bucket cleaner have long gone. Sure, there will always be someone who offers to do the job for “the best price”, however a ‘price only’ approach will most likely not deliver a satisfactory arrangement in

the long term. A good place to start is ensuring your potential contractor has some affiliation with an industry body such as the Building Service Contractors Association of Australia (BSCAA).

Cleaning and security contractors who are BSCAA members subscribe to a code of ethics and have access to the latest information on staff training, building management, risk and liability issues. They care about their business reputation, their clients, training and the safety of their staff.

Michael Cassimaty of First Call Cleaning & Property Maintenance said typical issues faced by strata owners include the transient nature of tenants, rubbish deposited following parties and the potential of having to deal with heavy dirt and rubbish deposits. Litter and graffiti in gardens, car parks and common areas can also require special attention.

Detailed Site Inspection Critical

“When looking for a reliable cleaner, it’s best to take potential suppliers on a detailed inspection of the property. This gives both parties the opportunity to clearly understand the requirements and issues such as agreement as to the time to complete different tasks.

Inspection as part of a briefing will go a long way to eliminating any misunderstanding on the scope of work to be carried out within the contract pricing. Full inspection of premises with the strata manager enables the bidding contractor to ensure the quoted price covers everything and can allow both parties to ask questions to clarify specific points.

Ask the cleaner about their scope of their experience and how long they have been carrying out strata cleaning maintenance. Enquire about the typical site size and how they treat the different challenges. Are they positive, focused and answer your questions decisively? Do they present professionally and in a manner that reflects their concern for cleanliness and attention to detail?

If your body corporate has environmental concerns, ask questions about the chemicals and cleaning methods used. Does the cleaning contractor insist on the latest genuine “green” materials? Above all, an open and frank communication between the cleaning contractor and the building or body corporate manager is essential”, Michael said.

While there are many different types of strata properties, they all have one thing in common – a need for clean and well maintained shared access areas.

A diligent contract cleaner is a valuable asset to a strata manager or body corporate. As well as safeguarding building hygiene and clean appearance, their presence throughout the building can also help to identify potential safety risks due to maintenance issues.

Suppliers of cleaning services with a genuine interest in satisfying the needs of strata owners and building managers can be integral to a well managed property. Today’s cleaning professional is well trained in the latest materials and techniques that ensure correct cleaning management.

So how do you find a cleaner that’s right for your building? How do you know the job will be done properly and correct hygiene is maintained?



Michael Cassimaty of First Call Cleaning & Property Maintenance Pty Ltd.
(Photo: Courtesy BSCAA)

“A reputable cleaning company will take into account the needs and wants of both parties and adhere to agreed budgets, while focusing on the quality of service delivery” said Cristian Haute of the FCE Group.

“The main issues revolve around communication and expectations. Liaison between the strata owner, body corporate manager and the cleaning company is very important, as well as clear specifications that define frequencies and reduce unrealistic expectations.

Track Record a Good Indicator

How can strata owners make the right choice of a cleaner? For a start, look at their track record – you are only as good as the job you did yesterday. Often there is a fine line between good performance and sub standard work. If you are dealing with a cleaning company for the first time, there are a number of factors that need to be taken into account.

A cleaning contractor’s experience is a real indicator of quality and reliability. Ask them for details about how long they have been in business. Are their key people and management easy to contact? This is very important in emergencies and gives strata owners comfort to know their cleaner can respond to these situations.

Good cleaning companies won’t wait for problems. They will keep in regular

GCS Property Services

ABN: 53 526 600 935

Compliance & documents available upon request

- ➔ Public Liability - QBE \$20,000,000.00
- ➔ Occupational Health and Safety (OH&S) policy document.
 - ➔ Safe Work Method Statements (SWMS)
 - ➔ Electrical Equipment Register
 - ➔ Hazard Identification and Risk Management
 - ➔ Material Safety Data Sheets (MSDS)
- ➔ Incident / Accident Investigation Report Sheets



www.gcspropertyservices.com.au



M - 0432 791 825 | E - admin@gcspropertyservices.com.au

contact with strata owners to ensure they are happy with the work.

Your cleaner should always be giving advice about anything they notice that is not working – broken lights, pavement and railing fixtures. Strata managers appreciate a cleaner who is proactive and involved with the property.

Check insurance credentials. Does the contractor have public liability insurance? How frequently do managers carry out site inspections – weekly, monthly or fortnightly?

A good cleaning firm will be flexible. Sometimes there will be a need to address other tasks that are not part of their core business, for example dealing with a burst water main. While this type of work represents an “extra”, an attentive cleaner who knows how to take action can be a real asset helping minimise disruption to other tenants.

Environmental issues are now very important, so cleaning companies need to have sustainable practices when it comes to materials, chemicals and methods. A strata owner should also question cleaning contractors and ask for evidence of their sustainable approaches.

It’s also very important to check that your cleaner has a training program to ensure their staff are up with the latest technology and management techniques”, said Cristian. ■



Statewide Quality Services P/L

Security Master Licence Number 409964577



Statewide Quality Services provides services to a variety of clients, anywhere from shopping centres to offices. Statewide has been in business from 1998 and during these years we have had clients from the day my company started business until present. Statewide also provide services beyond the contract’s request such as full strip and seal and high pressure with hot water system. Statewide Quality has over ten years experience in providing Cleaning, Security & Maintenance services to various Commercial, Industrial and Domestic Properties.

**Our services: Specialty - Strip & Seal
Specialty - Shopping Centres, Supermarkets
Initial & Final Cleaning (Construction Sites)
Car Parks and Garden Maintenance
Specialized in cleaning of Clubs and Hotel
Cleaning High Glass & Dusting for High Buildings
Childcare Centres, Before and After school
Centres and Neighbourhood Centres**



Statewide Quality Services P/L | Ph : (02) 9723 8822 | Fax : (02) 9723 8811 | Mob : 0418 442 421

HOW TO CHOOSE A REMOVALIST ADVICE FROM AN INDUSTRY EXPERT

By: Viv Hanley
Executive Director
Australian Furniture
Removers Association

Moving house is for many one of life's most stressful experiences and most people will have at least one disaster story in their lifetime.

In my 50 years experience in the furniture removal industry I have heard every horror story in the book – most concerning lost or damaged belongings or being overcharged on the day.

As Executive Director of the Australian Furniture Removers Association (AFRA), a key industry body that audits and accredits removalists, I have discovered that one of the main contributors to stressful moves is choosing an unreliable removalist.

People will often just book the first mover they find in the phone book. They don't research whether or not the company is reputable or if the removalists they have booked have the appropriate qualifications.

Many movers seem to be under the impression that removalists are required to be officially accredited and qualified.

Unfortunately this is not the case. In Australia, anyone who has a truck and a friend can set themselves up in business claiming to be a removalist.

This can leave you open to all sorts of problems. A common complaint we receive from people moving house is that they didn't sign a contract, and simply left instructions for a removalist to pack and deliver. Their belongings don't arrive at the scheduled time, and can take up to several weeks to be delivered.

Disputes over cost are also common - where a removalist provides a verbal quote that is different from their invoice on the day. It's surprising how many people don't know what they are paying for when they book a removalist.

My advice is to do your background research and know the right questions to ask. Be thorough about how much you have to pack when you request a quote and always ensure you have the right insurance and documentation.

Also consider choosing an accredited removalist to avoid some of the potential pitfalls. Accredited removalists have completed a registered training course and must adhere to an industry code of conduct.



I have the following tips for a stress free move:

- Take out insurance – it is unlikely your belongings will be covered by home and contents insurance when you are moving, as the risk of damage is greater when goods are being relocated. Transit insurance, is in most instances the most economical way to cover your goods in transit.
- Ensure you been given the proper paperwork including Terms & Conditions, a quotation and a signed contract –

Every time you buy goods from a retailer, you will be given a bill of sale, a receipt, a tax invoice or other recognition of your contract. Why then would you give all your worldly possessions to a removalist who doesn't give you so much as a receipt to say he has your belongings?

Your removalist should offer you an AFRA or industry approved contract with your insurance forms. It is unwise to proceed with any removal if you do not have a contract.

■ Make an inventory of your belongings - if you are asking for a quote over the phone, take a thorough inventory of your belongings to ensure you are given an accurate quote – or even better have the removalist visit your home to assess its contents before they prepare their quote.

It is not usual practice for a removalist to provide an inventory unless you are moving interstate. If you are moving interstate or into storage, you should make sure the removalist completes an inventory that is signed by both parties at pick up and at delivery.

■ What if your goods are damaged? If you are insured, the insurance will cover any damage. If you are not insured, you may have no recourse to any compensation. If you believe the removalist was at fault in causing the damage, you should immediately contact the removal company and discuss any issues you may have.

■ What to do if you have a dispute with your removalist? If you do have an issue with an accredited removalist such as damaged furniture or a dispute over a quote, you can approach AFRA for assistance in resolving the claim. Accredited removalists have agreed to abide by a code of conduct. If this is not successful, an independent disputes tribunal will adjudicate.

If your removalist is not accredited with AFRA, you will need to contact Fair Trading over any disputes.

To search for an accredited removalist, or to find further tips and advice on moving house, visit www.afra.com.au



ABN: 45 124 070 006

APARTMENT STORAGE SYSTEMS

Storage solutions for every application.

- Garage & Car space systems
- Pool Pump covers
- Tool Boxes

If you need more space, we have the solution.

THE
BOX
THING

1800 017 247

www.apartmentstorage.com.au

APARTMENT OWNERS AT RISK OF UNDERINSURANCE

Apartment owners in NSW are being reminded to check that their building insurance covers the total cost of rebuilding should a disaster occur. The Institute of Strata Title Management (ISTM) and CHU, Australia's leading strata insurance company, warned that most policy holders won't find out they are underinsured until it's too late.

ISTM President, David Ferguson, said that while building insurance is compulsory for all apartments in NSW, underinsurance rather than non insurance was a major issue and potentially a costly oversight.

"Many people won't realise they are underinsured until they have to face a total loss situation and by then there is nothing they can do other than pay for the shortfall," Mr Ferguson said.

"One contributor to the problem of underinsurance is the ever increasing costs of rebuilding."

According to Cordell's, Housing Price Index (CHIP), construction costs in NSW increase at almost twice the rate of Consumer Price Index (CPI).

For apartment owners who haven't reviewed their policy and updated their valuations for some time, restoring their apartments after a disaster could quickly turn into a nightmare.

"Following the aftermath of a catastrophe, high demand for skilled tradesmen will result in a labour shortage with construction costs spiking well above the norm," said Mr Ferguson.

Another factor to consider is the failure by many apartment owners to notify their Owners corporation of major renovations such as new kitchens or bathrooms. They then can end up in the situation where the strata insurance falls short of the real 'full replacement value'."

John McGregor, NSW Manager, CHU said that the legal obligation to have insurance is only half the story.

"Having adequate insurance means peace of mind. Every Owners corporation is responsible for covering the cost of rebuilding their apartment block. If the cost of rebuilding is not completely covered by insurance, lot owners must make up this shortfall from their personal assets," he said.

Media Release

"The law requires that buildings are insured for their full replacement value and for at least the amount of the last valuation. These amounts are not always the same because hidden costs and assumptions used in valuations can

vary. For instance, it is not uncommon to see an allowance of 18 months in valuations to cover the rise and fall in building costs. Experience shows to fully reinstate a building back to a fully functional state can be nearer two or three years."

Mr Ferguson said that apartment owners who aren't sure when their policy was last reviewed should ask their strata manager to check and if it has been at least two years they should get a new valuation done.

"Apartment owners should always let their strata managers or insurers know

of any improvements and any other factors that may affect their levels of insurance," he said.

"In times of crisis the last thing you need is to find out that your ten story apartment building is only insured for the cost of rebuilding eight floors." ■



Institute of Strata Title Management Ltd

ABOUT THE ISTM

The Institute of Strata Title Management (ISTM) is the peak industry body for strata title management in New South Wales; promoting the role of the professional strata team and the value such a team adds to owners corporations in managing risk and a creating a harmonious strata living experience.

For further information please contact:

Jennifer Ross

Address: 1st Avenue Communications

Email: Jennifer@1stavenue.com.au

Telephone: 02 8078 6925

Mobile: 0402 996 750



Austbrokers ABS Strata offer Strata Managers and unit owners a competitive alternative to their current insurance solution. As a specialised Strata Insurance Broker and a long-standing member of the Institute of Strata Title Management Ltd. Austbrokers ABS have access to over 10 strata insurance markets in Australia and do not limit their alliance to one insurance provider, ensuring that you receive the most competitive & comprehensive insurance programme at each renewal.

Austbrokers ABS Strata specialise in tailoring insurance solutions for:

- Residential Strata
- Commercial & Industrial Strata
- Stratum Developments
- Neighbourhood & Community Associations
- Residential & Commercial Landlords
- Strata Managers Office, Motor Fleet & Professional Indemnity
- Referral Remuneration for Strata Managers

For a free review and alternative to your current programme, contact us today on **02 9570 8355**

Michael Wilbers

t. 02 8567 3126

m. 0411 328 541

e. michael.wilbers@absyd.com.au

Adam Fawcett

t. 02 8567 3102

m. 0421 614 569

e. adam.fawcett@absyd.com.au

AUSTBROKERS ABS STRATA a trading name of
AUSTBROKERS SYDNEY PTY LTD
ABN 14 061 968 090 AFS Licence Number 244244

p. (02) 9570 8355 **f.** (02) 9586 1467

9 Gloucester Road, Hurstville NSW 2220. PO Box 103 Hurstville NSW 1481

URBAN GROWTH AND ITS IMPLICATIONS FOR THE STRATA SECTOR

By: Professor Peter Phibbs
Co-ordinator of Academic programs
Urban Research Centre
University of Western Sydney

Co-ordinator of Academic Programs: Urban Research Centre, University of Western Sydney
Australia is facing a new era of significant population growth. After experiencing reasonably low levels of population growth over most of the last ten years, much higher levels of international migration and increasing fertility rates has seen Australian population growth surge in recent years.

Up to the 12 months ending 31st December 2009, Australia's population grew by 2.0 percent to 22,155,000 people. This was slightly lower than the 2.2% in the year to December 31st 2008 but still considerably higher than the figures recorded earlier in the decade. The surge in population growth is the result of an increase in the birth rate as well as a substantial increase in the rate of net overseas migration, which to the year ended December 31 2009 was about 280,000 persons.

NSW had the largest population growth (119,500 people) of all Australian states and territories in 2008-09. In 2008-09, nine of the ten fastest-growing Local Government Areas in New South Wales were in Sydney, including the adjacent LGAs of Canada Bay (4.7%) and Strathfield (3.4%) in the inner west, and Auburn (3.7%) in central western Sydney.

A large proportion of the growth in NSW was the result of net overseas migration (about 70%). An interesting feature of the demography of NSW is that more people left NSW to move to other States than moved from other States to live in NSW. This is in stark comparison to Queensland where an almost opposite pattern appears.

When you get down to the level of the metropolitan area, the NSW Department of Planning is predicting that this turnaround in population will also impact on Sydney's future growth. Sydney's population is now expected to be 5.7 million by 2031, and 6 million by 2036.

The South West Subregion is expected to experience the highest level of growth, with other high growth subregions being North West and West Central. This population growth will be the result of Sydney's major growth areas located in these subregions. By 2036 almost half (49%) of Sydney's population, or almost 3 million people, will call Western Sydney home, compared to 43% or 1.85 million people now.

Age changes in the age profile of the population will be felt most strongly from 2011, when the first 'baby boomers' (those born between 1946 and 1965) celebrate their 65th birthday and reach retirement age. This will have an impact on the way we need to design and plan our cities to make sure that they work for people of all ages.

This will be a particular issue for the design of housing which should be built to ensure that it is accessible for people of all ages. This will be a particular challenge for the strata sector - strata properties built for the 21st century will look different than our older strata stock. It is likely that lifts will become more common as well as much better designed apartments with wider doorways and better designed bathrooms.



There will also be a need to create a range of affordable dwellings. As housing costs continue to rise we run the risk of pricing essential workers out of the city boundaries. Key workers such as teachers, police, nurses etc are finding it increasingly difficult to be able to afford to live in Sydney. A range of different strategies are needed to ensure that affordable alternatives are available for lower paid workers.

The Department of Planning in its current residential strategy plans for 30% of new housing to be in greenfield areas (mostly in the northwest and southwest growth areas) and 70% in existing areas. A large proportion of the stock in existing areas is likely to be strata stock. We have seen recently Hornsby and Canada Bay Council support plans for high rise development in their LGAs to try to concentrate development in particular parts of their LGAs.

However it is clear that in order to meet these population and housing targets we will need to deliver considerable more housing development than has occurred in the last ten years in Sydney. One strategy discussed in the recent State Government discussion paper about revising the Metropolitan Strategy was the formation of a Metropolitan Development Authority. It was suggested that Authority may have the power to compulsorily acquire land in order to facilitate development in strategic locations such as land near railway stations and existing centres. If this Authority does eventuate then perhaps it may have the ability to compulsorily acquire existing strata properties in order to re-develop them at higher densities.

It is likely that a lot of growth in strata properties will occur close to railway stations and areas with good public transport access. These sorts of developments are sometimes called transport oriented developments (TODs) where development is encouraged where public transport access is good. The characteristics of TODs include:

- Access to a good public transport service;
- a mix of residential, retail, commercial and community uses
- high-quality public spaces and streets which are pedestrian and cyclist friendly
- medium to high density development within 800 metres of a the public transport station
- reduced rates of private car parking.

Part of the reason that strata is likely to become more popular is the shrinking size of Australian households.

The Australian Bureau of Statistics makes the following comments about their new household



projections which were released in June 2010. (ABS 3236.0 - Household and Family Projections, Australia, 2006 to 2031).

- Couple only families are projected to increase the most rapidly of all types of families over the next 25 years. If recent trends continue, couple only families will overtake the number of couple families with children, in either 2013 or 2014. This is mainly related to the ageing of the population, with baby boomers becoming 'empty nesters'.
- The number of Australians living alone is projected to have the most rapid increase of all household types, increasing by up to 91% over the next 25 years to 3.6 million by 2031. The rapid increase of people living alone is mainly related to the ageing of the population.

One of the challenges for maintaining the required levels of growth will be the obtaining planning approvals for strata properties with densities higher than the surrounding neighbourhood. We have seen that there are often neighbourhood concerns when development density increases in an area. There have been substantial changes in NSW in the planning system in recent years. As a result of reforms to the planning system, large developments are no longer approved by individual councils but instead are handled by a regional planning panels. This new system is only about twelve months old so it is difficult to tell whether it will improve outcomes for Sydney.

The future is likely to see an increase in strata properties as Australian cities continue to grow and attempt to concentrate development in particular parts of their city. As this occurs we must all work hard to try to prevent the mistakes of the past. ■

LIFTRONIC

passionate about lifts for
25 *Years*

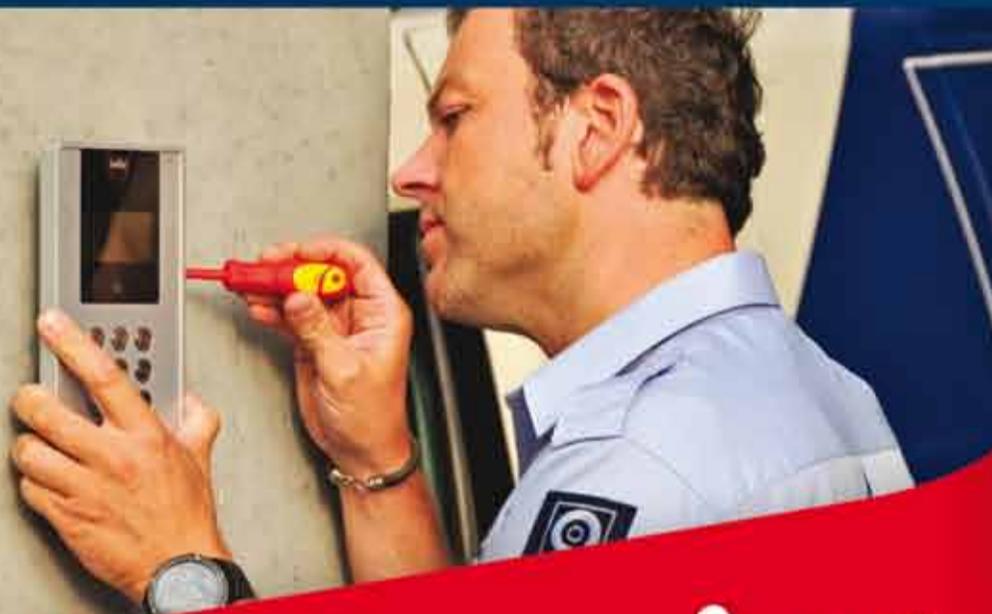
1800 663922
www.liftronic.com.au

ATTENTION!

Strata Managers & Executive Committees

Intercoms ■ Access control ■ CCTV ■ Security systems

- FAST
- RELIABLE
- PROFESSIONAL
- COURTEOUS



**Same Day Service
GUARANTEE**

10 mobile service vehicles on Sydney roads
Highly trained, uniformed, professional staff
24/7 emergency services also available
All brands serviced
Spare parts for popular brands stocked in vehicles



1300 302 293

*Book your service call before 10am for attendance on that day – or receive 25% off the bill (excluding parts).

SECURITY THROUGH TECHNOLOGY