

## **In the News                    2007-2008**

Including comment by OCV, a feature Domain article in The Age Sat 21 July 2007 “*The greening of glass houses*” wrote that developers are responding to consumer demand for green apartment buildings, often beyond what they need to.

“Of course, a building’s sustainability doesn’t end with its design. The daily function of its residents is also key.

Rob Beck, general manager of the Institute of Body Corporate Managers Victoria, says growing numbers of body corporates are dealing with the issue and considering possibilities such as retrofitting rainwater tanks or solar hot water and installing more energy-efficient lights in common areas.

“It’s certainly something that body corporates are becoming more aware of and owners are bringing these issues up at meetings,” he says.”



Not only focussed on suburban papers and radio, an OCV release “urgent call to plan for unit maintenance: Owners urged to plan for future repairs”, received coverage in August 2007 regional papers. Shown here is the Cobram Courier article of 08/08/2007 “*Body Corporate Changes*”. A similar article ‘*Repair issues for managers*’ was also ran in the larger regional city of Bendigo in the Bendigo Weekly 10/08/2007

“Unit and apartment owners across Victoria are sitting on financial time bombs by failing to plan for current and future maintenance, according to the Institute of Body Corporate Managers Victoria...

The proposed definition of a prescribed owners corporation, which will have much higher compliance burdens, will capture strat properties with annual fees in excess of \$200,000 or more than 100 lots and will affect about 27 per cent of all lots, and 1.2 per cent of all owners corporations.

Mr. Beck said many of these prescribed owners corporations were newer and usually had professional managers well aware of the need for well-thought out maintenance plans and funds.”

An article in the Chelsea, Mordialloc, Mentone Independent, on 28 August 2007, “*New body corporate laws ‘miss the mark*”, included extensive comment by OCV regarding the new laws – issues such as chairperson / secretary, and prescribed maintenance plans/funds. Another similar article in the Mail, 19 September 2007, “*Corporate laws deal body blow*”, also had widespread comment by OCV about these same issues.

“One body not happy with some of the changes is the Institute of Body Corporate Managers of Victoria, particularly in relation to the new requirements for the make-up of owners corporations (OCs)...

Mr Beck says the new legislation did not recognise that it was not the newer, bigger owners corporations that had the biggest problems with maintenance problems.

“It’s the smaller owners corporation that often have maintenance issues, but little provision to replace major items and protect owners’ assets”.

“Over time, this neglect can lead to other issues, such as slips, trips and falls and subsequent liability claims”.



Radio – Following the OCV Media Release 27/11/2007 “*New Body Corporate Laws Late and Flawed*” Rob Beck was interviewed 28/11/07 on ABC Vic Radio with Dave Lennon, broadcast to half of Victoria.

The Australian Financial Review article 07 Jan 2008 "*Updated contortions for bodies corporate*" wrote that sweeping changes to the management of multi-lot properties have come into effect in Victoria, but there is still confusion about the transition from the old laws to the new. The Owners Corporations Act started on New Year's Day,

signifying the first updating of legislation governing multi-lot properties, including high-rise apartments, since the late-1980s. This included extensive comment by OCV on the new laws from an interview in December 2007:

"But the organisation that represents professional owners' corporation managers has been critical of the lead-up to the commencement of the new framework.

The Institute of Body Corporate Managers (Victoria) said the new Act began without proper recognition of some of the roles of professional managers, and without the format of approved forms for invoices and complaints being finalised. The Institute's general manager, Rob Beck, said the failure to pass amendments to the Act (which was passed in September 2006) covering those two gaps meant that property managers could be operating in the dark for the first few months of next year.

"There will be a period of time during which there will be misunderstanding about what can and can't be done," Mr Beck said.

He said the new legislation was welcomed by the IBCMV (which on January 1 changed its name to Owners Corporations Victoria), but there was frustration at a lack of consultation about elements of the regulations.

The state government had belatedly recognised flaws in the Act where it failed to recognise the role of professional managers in running meetings and votes of owners.

Managers sending out hundreds of thousands of invoices to owners after January 1 will be doing so without knowing the final approved format for such documents."

**The Melbourne Times** Inner city Melbourne Fairfax papers ran a series of feature articles in March 2008. The first one was "*New law sparks fears of rise in rents and fees*" wrote that new State Government legislation to regulate body corporates will mean increased fees and rents but more accountability. Including extensive OCV comment, this was published in Melbourne Times, Emerald Hill Times, Heidelberg Weekly, etc.

"The main changes to the law include increased transparency and accountability for the new "owners corporations", a new dispute resolution process and more regulation of managers.

But the Owners Corporation Victoria (OCV), which represents 75 per cent of the state's owners corporations, says the new law means more work, cost and complexity for owners.

"With the increase accountability and transparency there is more to do, so there will inherently be an increased cost to owners," OCV general manager Rob Beck said.

"Obviously there is a flow-on effect, so yes, an increase in rents is a factor."

The OCV estimates that more than a million Victorian renters and owners remain in the dark about the new requirements."

The Whittlesea Leader article 15 April 2008, "*New subdivided property laws a concern*" wrote that hundreds of thousands of owners and tenants have been left in the dark.

"The changes have been described by peak industry group Owners Corporations Victoria as complex and onerous... Owners Corporations Victoria general manager Rob Beck said the state government changed the law without alerting those affected."



The Age article of Saturday 3 May 2008, "*High-rise digital set for snowy reception*", wrote that it will be costly to upgrade apartment buildings to digital TV and included extensive comment by OCV.

"... pricing estimates are backed by the Owners Corporation of Victoria, which represents bodies corporate.

Rob Beck, OCV's general manager, says the cost of \$300 to \$400 a unit is "realistic, and could be much higher ... depending on the situation".

"The costs will be directly passed on to the owner-occupier because that's the (type of) levies they would be paying, but indirectly, certainly all these things have an effect

on your rental rate," he said.

Beck highlighted two factors that could slow the digital upgrade in apartments. Firstly, that many owners' corporations would "wait until the death knock before deciding to do anything", in the hope of getting upgrade subsidies from the Government, and, secondly, because of problems in getting all apartment owners to agree to pay for digital upgrades.

"The very nature of an owners' corporation is that there's a very lengthy approval process as well (from the individual owners)," Beck said.

"If people don't, on an orderly scale, start to convert (now), then the technicians aren't going to be able to cope at the point of time when it comes closer and people all of a sudden want to switch over ... they're going to have difficulty coping with the demand."

**Herald Sun**  
Australia's biggest-selling daily newspaper

*"My say' – Building a tall order"* ran OCV's letter to the Editor 9 May 2008 in response to Bernard Salt's "Long live the suburban dream" in the Herald Sun 6 May 2008. This appeared in the main editorial page

under 'Voteline' and is very well read.

"Bernard Salt (Long Live the suburban dream, May 6) may be at odds with the Government's planning imperatives, but his argument is also at odds with the changing demands of Melbournians.

Many people are choosing to live in medium and high-density housing.

For some, it's a matter of convenience over size as strata blocks are often close to services and where people work.

Young people are increasingly choosing the CBD and Docklands over the suburbs, while our older people embrace community living, recognising advantages such as greater security and more social interaction.

Many developments in inner areas, as well as retirement villages, include amenities such as pools, tennis courts and gymnasiums that would be out of reach to most people.

While living the traditional suburban life is attractive to many, Mr Salt's assertion that middle Melbourne will not be converted to 'vertical living' is not supported by the evidence."

*"Fence Posts"* was an opinion-editorial by OCV in the Herald Sun on Saturday 10 May 2008. This is among the most closely read section of any newspaper and presents an expert's authoritative point of view.

#### **"Owners Corporations Victoria general manager Rob Beck**

Demand for units, townhouses and apartments to rent and buy continues to grow at an unprecedented rate, coinciding with the introduction of more onerous responsibilities for unit and apartment owners and occupiers.

As house prices rise and the cost of living going through the roof, many people are opting to live in more affordable units and apartments. With access to common-property amenities and shared maintenance costs, buying lots in owners corporations - formerly known as bodies corporate - can represent the best of both worlds.

Unfortunately, as many of the one million Victorian strata property owners and occupiers are beginning to discover, the new Owners Corporations Act and regulatory regime has increased the responsibilities for unit and apartment owners to such an extent that just getting a grip on the requirements is challenging.

Despite having almost 18 months between passing the new laws and their implementation, the Victorian Government has done little to educate consumers and stakeholders about this fundamental shift in property law.

Not only large owners corporations are affected by these new laws. With the exception of two lot subdivisions, which are exempt from some requirements, all property owners need to understand their legal, financial reporting, record keeping and insurance obligations.

The committee elected by the owners corporation members needs to know how to administer the day to day running of the property, chair meetings, establish and administer dispute resolution procedures, organise valuations and insurance, comply with stringent financial reporting requirements and plan for continuing, periodic, routine and urgent maintenance management. As a result of the complexity of the new laws, many owners corporations are moving away from self management and turning to professional managers for help, who are experts in the administration of all aspects of owners corporations.

Owners Corporations Victoria, the pre-eminent peak body for specialist, professional property managers provides additional peace of mind."

*"Laws Challenge"* was an article about OCV published around 12 May 2008 in various Leader newspapers – such as Dandenong, Hobsons Bay, Frankston Standard, Moonee Valley, Moreland, Brimbank, Caulfield Glen Eira, Mornington Peninsula, Northcote, Whittlesea, Wyndham & Pakenham Leaders.

"The growing demand for units and apartments has put the spotlight on new laws for owners and occupiers. Owners Corporations Victoria general manager Rob Beck said the new Owners Corporations Act had increased the responsibilities

for unit and apartment owners to such an extent that just getting a grip on the requirements was challenging. 'Self-managed owners corporations are expected to perform the role of a property manager with the expertise of a lawyer, valuer, insurance broker, and accountant on tap just to ensure they comply with the laws,' Mr Beck said. 'Owners need to understand the legal, financial reporting, record-keeping, and insurance requirements. In addition, all owners corporations are well advised to make short- and long-term plans for ongoing, periodic, routine and urgent maintenance management.'

Another "Fence Posts" op-ed by OCV appeared in the Herald Sun on Saturday 31 May 2008 – "Digital TV a challenge for strata properties".

**"Owners Corporations Victoria general manager Rob Beck**

The digital TV revolution is heralded as a new era, but the death of analogue transmission will have wide-ranging consequences for strata property owners and occupiers.

The Federal Government is following the global trend towards digital transmission, which will markedly improve picture and sound and provide greater program choice. The digital switchover is being likened to the introduction of decimal currency in 1966.

From 1 January 2010, analogue TV signals will end in metropolitan areas and from 1 January 2014, throughout Australia.

The Australian Communications and Media Authority says only two in five Australian households (42 per cent) are watching free-to-air digital television. Digital-capable TVs account for only a quarter of overall stock.

Most Australians will buy a new TV or digital receiver to be ready for the switchover.

But for those living in strata units and apartments, analogue antennas and cabling won't suit the digital TVs.

Time is running out for these multi-dwelling buildings to upgrade signal and amplification equipment and be digital ready.

This may be as simple as replacing the antenna, but a problem looms for buildings built before the simulcast of analog and digital signals in 2001. For them, being digital-ready may require complete recabling at significant cost to owners and owners corporations.

Some estimate the costs at \$300 - \$400 for each unit. Other properties will incur significantly greater costs.

For example, a pilot study on the Gold Coast found a third of apartment buildings required an upgrade costing \$10,000 - \$20,000 to pick up digital transmission.

With 18 months to go, about half of the Owners Corporations in metropolitan areas are not ready for digital.

To make the deadline, hundreds of properties a week will need to replace the antenna, head end [amplifier] and/or cabling to ensure digital signals can be received and transmitted to residents.

Specialist technicians are in high demand, and many in the industry warn of long delays."

There are around 250,000 owners corporations comprising two million lots Australia wide.

It is imperative that owners and owners corporations plan for the digital switchover now, allowing for their sometimes lengthy approval process and to ensure adequate funds are available to pay for the conversion work.

Failure to address this issue now will leave strata property residents literally 'off the air' when the plug is pulled on analogue.

In late March 2008 the Australian Government announced \$1 million funding over two years for research into digital reception problems in multi-unit dwellings with a shared TV antenna system as part of its strategy to ensure that Australia is ready in time for the digital switchover. Communications Minister Senator Stephen Conroy has said that the ability of people in multi-unit dwellings to pick up digital signals was a critical issue to be examined by a taskforce on the digital switchover reporting to him. He has invited a representative from the National Community Titles Institute, of which OCV is a member, to join the taskforce to ensure the challenges faced by strata properties are taken into account.

A further "Fence Posts" op-ed by OCV appeared in the Herald Sun on Saturday 5 July 2008, about issues and opportunities for apartment and unit buildings to harvest water and potentially sell it.

**"Owners Corporations Victoria general manager Rob Beck**

Water is a topic at the tips of everyone's tongue. Whether it's the lack of rain or dawn watering on designated days, water has overtaken weather as a talking point.

Australia is having a water crisis and we all need to do our bit. Residents of traditional detached suburban houses have their greywater systems and water tanks subsidized by State and Federal governments, but those living in units and apartments find it more challenging to harvest water and more expensive to install water-saving devices.

About 300,000 megalitres of water annually are used by strata properties across the nation. A community property obviously uses more water than a suburban house - there are more residents to each property, and such properties often have large grounds and some have pools. But these larger properties have greater opportunities to harvest and conserve water.

In May, Owners Corporations Victoria and its national counterpart, the National Community Titles Institute, held a forum to examine ways to encourage and require strata properties to do their bit to save and share water. This formed part of a series of workshops to be held in the eastern states supported by the National Water Commission, NCTI, Queensland Development Research Institute and Griffith University.

The *Community title subdivision: a vehicle to facilitate the development of decentralised urban water management systems?* was well attended by property developers, owners corporations, property managers, water corporations, academics, lawyers and decision makers in all tiers of government. Also discussed were recent changes to the management of water security in Victoria.

Findings will be summarised and submitted to the commission later this year.

Significant reductions in water use and misuse can be made in multi-dwelling properties and this is a positive step in devising manageable and sustainable water-management schemes for privatised urban water resources.

Under the new Act, owners corporations in Victoria can make rules, set levies, recover debts and even become utilities retailers. The potential to 'sell' excess harvested water is an added incentive for owners corporations to invest in tanks and recycle greywater."



The media profile continued to lift in the strata section of this monthly national Australian Property Investor magazine, aimed at homebuyers, investors and

property professionals. An August 2007 article "*Bodybuilding fees*" outlined how knowing and understanding your body corporate fees is an essential tool in calculating the merits of a community title investment and included comment about OCV, the new laws & increased fees. Another article in September 2007 "*Making every drop count*" discussed the anomalies of strata water billing that exist throughout Australia that needs addressing, and included comment by OCV.



OCV continued to be a regular contributor to the ANSTAT monthly e-newsletter API Inform. This is distributed to thousands of professionals in the property industry - solicitors, conveyancers and law clerks; also various government departments and

agencies, valuers, building designers, property developers, estate agents, body corporate managers; and also some clients from other business categories who use their on-line service for ASIC company and business searches, rather than property searches.



The largest Australian real estate web site, with 17 web sites in 12 countries and

5-10 million monthly unique visitors, it is aimed at property/land/homes/apartments for sale / lease / rent, both residential / commercial. Following an agreement in March 2008 OCV provided monthly content for the industry and consumers.



OCV has been since January 2008 a regular monthly contributor to two journals devoted to accommodation managers: Resort News and Accommodation Managers Guide. With a distinct focus on strata title, OCV members are offered a special deal on subscriptions.