

STRATA LIFE WINTER 2012



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HOUSING FIGURES AND OCCUPANCY TRENDS SINCE 1995

The Australian Bureau of Statistics has released Housing Occupancy and Costs, 2009-10 (the HOC release), which details the changes in housing occupancy levels, tenure status, dwelling size, housing costs, property values and the demographics of home buyers since 1994-95.

The HOC release shows, among other things, that from 1994-95 to 2009-10:

- the number of households increased by 28% and average occupancy level fell from 2.7 to 2.6 people per household;
- as a proportion of tenure status, home-owners with mortgages increased from 30% to 36% as did the proportion of private renters from 18% to 24%;
- housing costs rose by 42% for home-owners with mortgages and 45% for private renters; and
- the median value of owner-occupied dwellings increased by 111% with reference to consumer price index (CPI) adjusted prices and the median value of outstanding mortgages increased by 114% with reference to CPI adjusted values.

Welcome to Strata Life

Changing lifestyle choices of Victorians and demographic shifts have led to rapid growth in higher density dwellings and the owners corporation (OC) industry.

With **88,475 owners corporations and 747,336 lots in Victoria** and about 1,500,000 Victorians or 1 in 4 people living in or affected by owners corporations, it certainly is a growing sector, and one which Strata Community Australia (Vic) prides itself on representing and developing.

We understand there are complexities to comply with legislative requirements that govern owners corporation living, and continue to educate our Members who are professional owners corporation managers, service providers as well as representatives of owners corporations themselves. We also extend our services to educate the public, so be sure to look out for all these opportunities as they arise or contact us to find out more.

SCA (Vic) also continues to promote the interests of the whole strata sector and is often quoted in the media. Recent articles with our comments include everything from strata management as a career, pets, reduction of car spaces, property jargon referring to terminology, insurance, to ageing building stock.

You can visit our website to view these and find out more about living in an owners corporation and what it means to engage a professional strata manager who is a Member of SCA (Vic).

In this Winter Edition of Strata Life we talk to you about protecting your investment, your rights as a lot owner and keep you updated with sustainability initiatives and opportunities in the high rise sector.

A better informed owners corporation helps you make effective decisions; to maximise your dollars, protect your investment and build community, so why not *grab a cuppa, get comfy inside from the winter cold* and read on to find out more.

Rob Beck,
GENERAL MANAGER



Maintaining Property in an Owners Corporation

Consumer Affairs Victoria

If you are a lot owner within an owners corporation, you are automatically a member of that owners corporation, whether or not you live at the property. This means you are partly responsible for the property's upkeep.

Responsibility for common property

Common property includes driveways, gardens, lifts, foyers, external walls and fences.

Your owners corporation is responsible for the upkeep and improvement of common property - including things associated with it, such as fittings, fixtures and chattels.

Payment for improvements to common property will generally come from your owners corporation fees or the maintenance fund (if your owners corporation has a maintenance plan). Sometimes, the owners corporation may ask lot owners to pay a special levy for necessary maintenance work.

The owners corporation can only make significant changes to the common property if:

- the item is listed in the maintenance plan, or
- a special resolution is passed.

A special resolution is also required if the common property is to be upgraded, renovated or improved and the:

- estimated total cost is at least double the annual total fees, or
- works require a planning building permit.

What is a special resolution?

A special resolution is a decision made by the owners corporation. It may be passed in a number of ways, such as a ballot or show of hands at a meeting. For the resolution to be passed, 75% of lot owners must agree.

If more than 50% of lot owners agree to pass a special resolution and no more than 25% oppose it, it becomes an interim special resolution. The interim resolution takes effect after 29 days unless more than 25% of lot owners object to it.

A special resolution is not required for urgent works to ensure safety or prevent major loss or damage.

Responsibility for individual lots

As a lot owner in an owners corporation, you:

- may renovate or refurbish the interior of your apartment or unit. You must notify your owners corporation if the renovations require a building or planning permit
- must keep the exterior of your lot in 'good and serviceable repair'. Its appearance must not affect other lot owners' use and enjoyment of the property. You must pay for the upkeep of your lot.

If you do not keep the exterior in good condition, your owners corporation can write to you, requesting you to carry out repairs.

If you do not carry out the repairs within 28 days, the owners corporation can arrange for the work to be done without your approval and charge you the cost.

Carrying out repairs promptly will help minimise disputes, longer-term costs, and maintain and increase the value of your property.

Want more information?

Consumer Affairs Victoria administers the *Owners Corporations Act 2006*, provides information on the rights and obligations of lot owners, and can help settle disputes between owners corporations and their members.

You can contact CAV on 1300 55 81 81,

W: consumer.vic.gov.au

F: [facebook.com/consumeraffairsvictoria](https://www.facebook.com/consumeraffairsvictoria)

T: twitter.com/consumervic



SUVEYORS & OWNERS CORPORATIONS

SCA (Vic) presented to an Association of Consulting Surveyors Victoria [ACSV] event on a whole range of OC issues to 200 surveyor delegates. In this way, SCA (Vic) is trying to help achieve better outcomes for all involved in the strata sector – developers, surveyors, the owners corporations, lot owners, and owners corporation managers.



Going with the Flow

Martin Stuart, PL Plumbing

Extreme rain events will test even the best stormwater system but the right design is the one that manages the flow not captures it.

Calculating the volume of rain water that needs to be channelled by guttering and downpipes is a science and not every building has got it right. The ability of the system to perform at its best is also affected by blockages downstream. Poor roof installations are another problem.

To be prepared for severe rain storms there are a few things that can save a property from expensive water damage...

1 Overflow outlets in rain heads add protection during extreme weather.

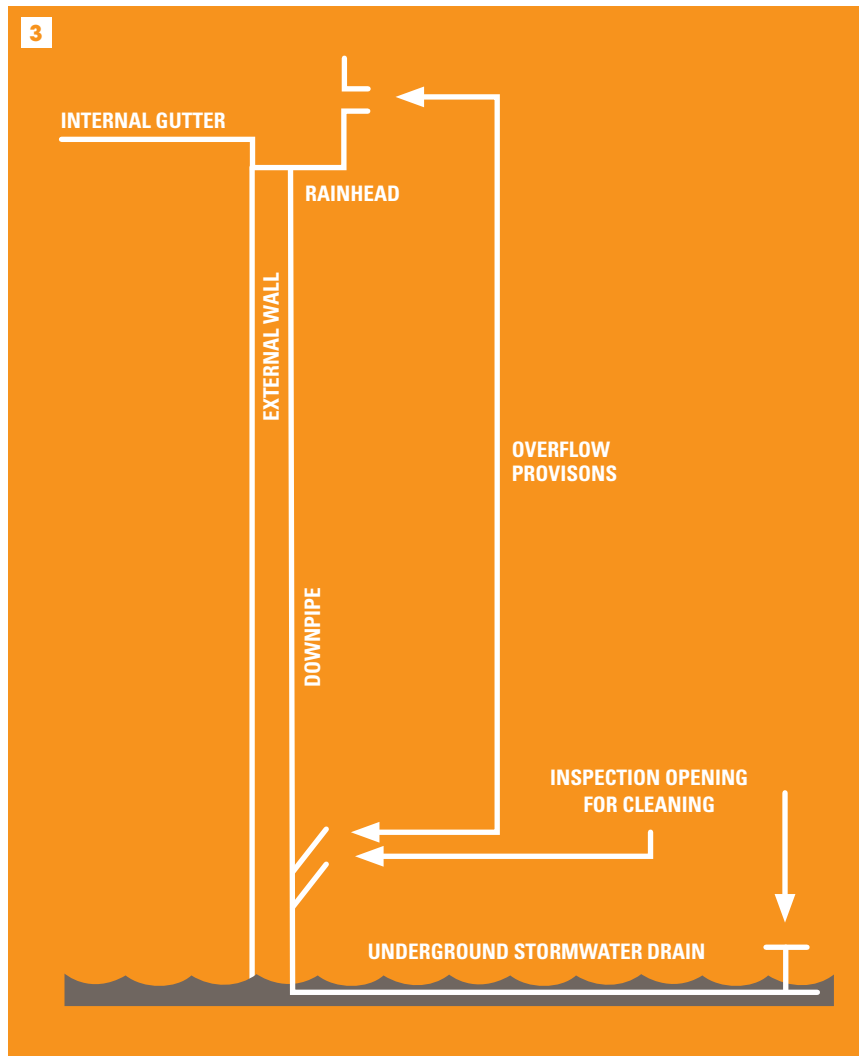
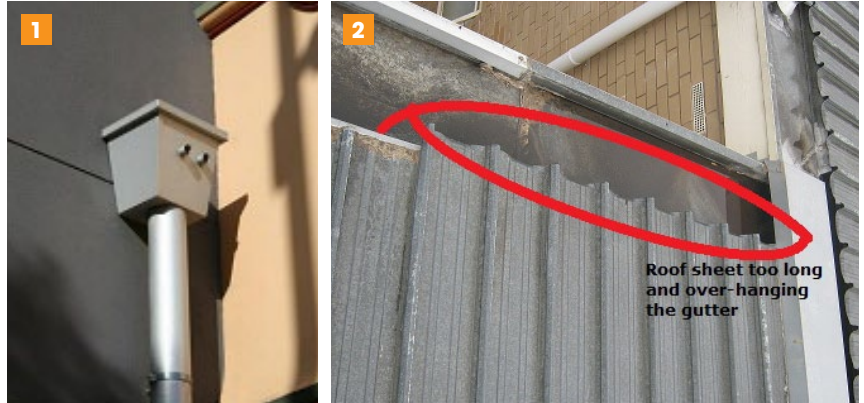
Height access costs for gutter maintenance are a hard pill for owners to swallow but, if avoidable water damage occurs, these costs can seem like gravy in comparison.

2 Roof sheets that over-hang can compromise the guttering system by trapping debris that can lead to blockages and acceleration of rust

3 Blockages below ground convert a downpipe into a tank. Overflow points provide an escape while an inspection opening (I/O) provides non-destructive access for cleaning. Including an I/O at safe ladder height for taller buildings could also save money down the track.

Any solution needs to be designed so as not to create a safety hazard or impact private property.

A general roof and guttering inspection should be scheduled following any major storm event to ensure wind or rain has not carried obstructions into the system.



To be prepared for severe rain storms there are a few things that can save a property from expensive water damage...

THE CARBON TAX: HOW IT WILL AFFECT APARTMENT OWNERS

Danielle King, Director/Sustainability Advisor, Green Moves Australia

With the Carbon Tax coming into effect on 1st July this year, it's time to seriously look at and prepare for the impact it will have on you at home and your business.

The 'carbon price' will only directly apply to the biggest polluters, however indirectly it will have an effect on increasing end user costs in the following areas.

- Energy (electricity and gas)
- Water (depending on providers carbon output)
- Waste (disposal to landfill)
- Transport (air and public transport)
- Construction materials (cement, steel, aluminium, glass)
- Industrial chemicals (refrigerants, fire retardants)
- Air travel

Exemptions currently include Agriculture, Fisheries and Forestry. Light road vehicles (4.5 tonnes or less) are exempt for the first 2 years but will be impacted from 1st July 2014.

The impact

For small businesses and apartment owners it will be very much business and living as usual; however there is exposure to higher costs. The Treasury Modelling Overview document states an expected increase of 10% for electricity and 9% for gas during the first year. This is going to affect running costs for your business and private residence. Strata fees may also increase to cover increased running costs of common areas.

Household assistance packages are available that are well published (ref: Clean Energy Future website below). Also, the Federal Government are offering assistance packages during 2012-13 for small businesses (those with an aggregated turnover of under \$2m per year). Those of particular relevance are:



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- **Asset Tax Write-off:** For investment in energy efficient equipment, small businesses will be able to instantly write off any eligible equipment/asset up to \$6,500. This could be used for replacing old inefficient lighting, put towards upgrading heating/cooling systems, replacing refrigerators or computers and so on.
- **Information Sessions:** Keep an eye out in your local area for the small business sessions.
- The Australian Competition and Consumer Commission (ACCC) have legal budget to investigate complaints where consumers feel an organisation is charging too much 'carbon tax'.

What can you do?

There is always something you can do to mitigate the risk of higher costs, here are some suggestions.

- Read, understand and reduce your energy bills
- Review your business, identify areas likely to be impacted (eg electricity costs)
- Look at ways to reduce your exposure (minimising use of impacted goods)

- Use the \$6,500 tax write off if you have a small business
- Minimise air transport

If you'd like some help, ask a qualified Energy Auditor or Carbon Accountant to review your home or business to ensure reliable, non-biased advice.

Other places for free help:

- Carbon Tax information at www.cleanenergyfuture.gov.au
- Living Greener at <http://www.livinggreener.gov.au/>
- Small business support at www.business.gov.au
- An excellent (free) resource is the book by Jon Dee and Sensis called Sustainable Growth. Download it from this link <http://about.sensis.com.au/small-business/free-sustainable-growth-book/>

The bottom line is, yes carbon tax will have an impact, to what extent really depends on what you do and how you do it.



DOCKLANDS REPORT – TARGET 3008 PROJECT

Emily Ballantyne-Brodie, Director / Sustainable Designer Urban Reforestation

Please see links below to reports by Urban Reforestation regarding our project Target 3008 in the Docklands, Melbourne, supported by the Victorian Government's Sustainability Fund and a large amount of in-kind support.

2009/2010 were the years Urban Reforestation engaged the Docklands community, built the demonstration Social Garden for Docklands and began our sustainable lifestyles program with support from the EPA and a large amount of in-kind support.

2010/2011 were the years Urban Reforestation carried out the Target 3008 project which involved conducting waste audits for two apartment blocks near the garden, Dock 5 and Victoria Point. You can read the results in the Waste Audit Report linked below. UR ran a sustainable lifestyles program to activate Docklands and the garden such as local food dinners, an eco-market and sustainable lifestyles education such as balcony garden workshops. UR created a film 'Seeds of Change' and over 40 informative sustainability education focused episodes of Urban Goes Green with Docklands TV. To see all of our work please read the Sustainable Everyday Design Report linked below.

2012 it is wonderful to see the new and permanent community garden being built for the Docklands which opened in March. There is also a garden coordinator role being funded to activate the garden with sustainable lifestyles events and community activities.

There are wonderful sustainable community outcomes for the Docklands over the past four years. Urban Reforestation hopes to see many more into the future!

Sustainable Everyday Design Report, Docklands, Melbourne

http://issuu.com/ellieschroeder/docs/urban_reforestation_sustainable_everyday_design?mode=window&viewMode=doublePage

Waste Audit Report, Docklands, Melbourne

http://issuu.com/ellieschroeder/docs/target3008_waste_audit?mode=window&viewMode=doublePage

Thank you to all of those people who have been involved throughout the Docklands project. Urban Reforestation and I are very grateful to people who have been supporters throughout this challenging, but rewarding chapter! We thank you at the back of the reports.



Domestic building consumer protection framework

On Tuesday 24 April 2012, the Minister for Finance Robert Clark, in conjunction with the Minister for Planning and the Minister for Consumer Affairs, announced the release of the Domestic Building Consumer Protection consultation paper.

The current Victorian domestic building consumer protection system has been in place since 2002. There are a range of issues and concerns regarding the current framework for consumer protection.

This consultation process gives Victorians the opportunity to provide feedback on the current consumer protection system and the options for the design and implementation of improvements to the system.

An open and transparent consultation process will help to inform the Government's consideration of the domestic building consumer protection issues and will provide the foundation for the development of a future reform strategy.

You can access the Domestic Building Consumer Protection Framework consultation paper here.

Domestic Building Consumer Protection Framework consultation paper (901 KB PDF)

Factsheet (111 KB PDF)

SCA (Vic) will make a submission on a number of different aspects of building laws relating both to the 'front end' and 'back end' components of the framework. Also, if you wish to make a submission, they are due by COB 29 June 2012. Submissions can be emailed to dbcproject@dtf.vic.gov.au

Understanding the needs of Apartment Owners – City of Melbourne and Swinburne University find the answers

Tom Quinn, Sustainability Officer, City Planning and Infrastructure

A study commissioned by the City of Melbourne has shed light on the barriers and opportunities for sustainability in the high density residential sector.

The research, undertaken by Swinburne University on behalf of the municipality, found that almost four out of five people rated sustainable retrofits as important for their buildings, with owner occupiers the most supportive.

Despite the strong support for sustainable retrofits, the research also found the majority of the 176 apartment owners surveyed thought it was unlikely that their building would undertake one.

The most common reason stated was the difficulty in finding good information, with 63 per cent saying their Owners Corporation needed to provide more information on sustainability for owners. Other common requests from respondents included the need for practical case studies of retrofits, comparisons of upgrade options, and calculators to determine payback periods and savings.

The City of Melbourne would like to thank all Strata Life readers who took the time to fill in the survey. The data and research will be used to develop tools that will help the community increase the uptake of sustainability in the strata sector.

For more information about the City of Melbourne's sustainability programs visit melbourne.vic.gov.au/environment.

**Want to find out more about sustainability within owners corporations?
Contact SCA (Vic) for upcoming opportunities.**



Q&A Corner

After legal advice? This SCA (Vic) publication includes articles written by industry experts to assist you understand the complexities of owning and/or living in owners corporations. The Q&A Corner will provide you with simple answers to your most commonly asked questions. This edition the query is Voting Rights.

Question: Can a lot owner vote if fees are unpaid?

Answer: Section 94 of the Owners Corporations Act 2006 has been recently amended to clarify when a lot owner in arrears can vote. The amendments are as follows:

- 1) Subject to subsection (2), a lot owner who is in arrears for any amount owed to the owners corporation is not entitled to vote, either in person, by ballot or by proxy, unless the amount in arrears is paid in full.*
- 2) A lot owner who is in arrears for any amount owed to the owners corporation is always entitled to vote in a case where a special resolution or unanimous resolution is required.*
- 3) For the purposes of subsection (1), except in the case of a payment in cash, an amount is only taken to be paid in full if it is paid not less than four business days before the vote in question.*

Response courtesy of Andrew Whitelaw, TressCox Lawyers

Disclaimer: TressCox's answer does not constitute legal advice. The information contained in the answer (the answer) has been produced by TressCox Lawyers (TressCox) and has been prepared as general information about TressCox and its services. It is not intended to provide legal advice and, as such, it does not constitute legal advice. Use of the information contained in the answer does not create any solicitor-client relationship between the user and TressCox. Copyright The answer may not be copied, reproduced, republished, uploaded, posted, transmitted or distributed in whole or part for any purpose other than individual viewing of the answer without the express prior permission of TressCox. Unless otherwise indicated, copyright of the answer is owned by TressCox. Modification of the answer or use of the answer for any purpose will constitute a violation of the copyrights and other rights of TressCox. Jurisdiction The answer is the property of TressCox. Legal content is based on laws applicable in the States and Territories in Australia in which we practise. TressCox does not represent that it is authorised to provide legal advice in all the jurisdictions from which this answer can be viewed. Limitation of liability To the extent permitted by the law, TressCox will not be liable for any damage, including loss of business or profits, in relation to usage of this answer. Where any law implies a liability which cannot be excluded, any such liability is limited and provided for by the Competition and Consumer Act 2010. If you have a question about strata, send it to SCA (Vic). We can't guarantee your answer will be published although we will respond to your query. Please note this is not legal advice but general.

 **TressCox**
LAWYERS

Don't forget to send your strata question to SCA (Vic). We can't guarantee your answer will be published, although we will respond to your query with general advice.





STRATA COOKING

Winter Warmer Strata - Smoked Salmon

INGREDIENTS

- 4 cups cubed ciabatta bread
- 2 tablespoons butter, melted
- 2 tablespoons olive oil
- 2 cups (8 oz) shredded Gruyere or Swiss cheese
- 2 cups (8 oz) shredded White Cheddar Cheese
- 10 green onions, sliced
- ½ lb. smoked salmon, coarsely chopped
- 8 eggs
- 4 cups 2% milk
- 4 teaspoons dijon mustard
- ¼ teaspoon salt
- ¼ teaspoon pepper

DIRECTIONS

Toss the bread cubes with the butter and oil. Place in a greased 9 x 13 inch baking pan. Sprinkle bread with cheese, onions and salmon. In another bowl, whisk the eggs, milk, mustard, salt and pepper; pour over the top of the bread, fish and cheese. Cover and refrigerate overnight. Remove from the refrigerator 30 minutes before baking. Keep covered and bake at 350 degrees for 30 minutes. Uncover; bake an additional 25-30 minutes or until a knife inserted near the centre comes out clean. Let it stand for 10 minutes before serving.

SCA awarded energy efficiency grant

As part of its Energy Efficiency Information Grants*, the Federal Government has awarded SCA with over \$1 million to develop an educational program to reduce the carbon footprint of strata communities. It will include an educational website and public forums for the public, owners corporations, and strata managers.

SCA's application had direct in-kind support from a number of major institutions including the Cities of Sydney, Melbourne and Brisbane, the Owners Corporation Network, Green Strata and Ausgrid — operator of Australia's largest electricity distribution network. Further institutional and commercial support to leverage the project as it progresses is anticipated. This is a tremendous endorsement of SCA's role as the strata industry's peak body, and we couldn't be more excited at the task ahead.

*The Energy Efficiency Information Grants Program is established by the Commonwealth Government to assist industry associations and non profits provide practical, tailored energy efficiency information to small and medium enterprises and community organisations. The program is part of the government's plan for a **Clean Energy Future**.

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Questions? Comments? Articles?

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