

## STRATA LIFE AUTUMN 2014

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### Welcome to Strata Life

Does your OC make these common mistakes when managing your strata complex’s issues?

In the collective decision making process amongst strata owners, it helps you greatly to afford the time to understand the issue, explore the options available to you, and the possible outcomes ...before taking the deciding vote. All too often, in our always busy day, it’s easy to make decisions quickly without all the facts, or even to free up more of your time, by letting others make the decisions for you.

You may ask; Just how and when do we let others make decisions for us about our home, our investment? The simple answer is, by not turning up to meetings and/or responding to ballots.

SCA (Vic) is dedicated to education, ensuring our Members, your OC Managers are up to date with all the latest legislation and have the ability to acquire skills and knowledge to support efficient management practices. This Strata Life publication is our free gift to you; to extend the reach of information shared and help you understand your obligations and what it really means to own/live in an OC environment. We include articles that address issues you do, and may face as an OC, and that provide you with experts’ advice to enable you to make informed decisions and protect your investment.

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Rob Beck,  
GENERAL  
MANAGER



## NATIONAL LICENSING DUMPED

To the disappointment of SCA (Vic) and our Members, the Council of Australian Governments (COAG) decided 13th December 2013 to disestablish the National Occupational Licensing Authority from early 2014.

### Excerpt of Communique -

COAG noted that, following the outcome of extensive State-based consultation, the majority of States decided not to pursue the proposed National Occupational Licensing Scheme reform. Most jurisdictions identified a number of concerns with the proposed NOLS model and potential costs. States instead decided to investigate approaches that would increase labour mobility and deliver net benefits for businesses and governments.

To this end, States agreed to work together via the Council for the Australian Federation (CAF) to develop alternative options for minimising licensing impediments to improving labour mobility and to manage the orderly disestablishment of the National Occupation Licensing Authority from early 2014.

To you, this means that your Strata Manager here in Victoria, is not required to hold a license to practise strata management. The current minimal requirement remains, which is, registration with the Business Licensing Authority. To this extent, we trust knowing that your OC Manager is a Member of SCA (Vic), will continue to offer you peace of mind. Central to the prerequisite of membership is our Members’ acceptance and adherence to the SCA (Vic) Code of Conduct, aimed at maintaining high ethical standards. SCA (Vic) is also dedicated to the professional development of our Members. Why not ask your OC Manager about their SCA (Vic) Post Nominal, which assures you of their commitment to continued learning. You can find out more about what it means to have an OC Manager who is a Member of SCA (Vic), by visiting our website.

[www.vic.stratacommunity.org.au](http://www.vic.stratacommunity.org.au)

# False Economies when it comes to repairs

Terry O'Donoghue, Buildcheck



Just getting a water leak fixed can result in excessive costs if the actual cause of the problem is not first identified.

One of the most frequent questions we are asked at Buildcheck is "We have this problem at our building – we need to get it fixed - but where do we start?"

Well, we start with what are perhaps the real questions to be asked:

1. What's causing the problem?
2. What is the extent of the problem?
3. How do we fix it?
4. Do we have any trades which are able to help?
5. What contract form should be used?
6. Who will supervise the works?

### What's causing the problem?

The only way to truly determine the cause of a problem is to test – especially if it's a water leak.

Water leaks can be incredibly hard to find and repairs are sometimes based on the most likely cause rather than the known facts. There is nothing more disheartening for owners than having repairs carried out only to find the problem still exists!

### How big is the problem?

If your building needs external coating – there may be areas of drummy concrete not visible from ground level. A survey, using access equipment, will accurately identify all areas requiring repair and give contractors certainty in tendering for the works.

Yes, a survey will cost money.... maybe \$5,000 to \$30,000, but it is guaranteed to save you money!

In a recent project, repair prices fell from \$2 to \$1 million after the owners corporation engaged a building inspector to conduct a survey and scope the works only costing \$25k.

### How do we fix it?

Whether a manager uses Buildcheck or another engineering firm to scope the works, independent advice is always recommended – you would be wise not to rely on those who sell their own product and may have a biased reason for offering advice.

### What trades should we use?

To ensure compliance with the Building Regulations, a Registered builder is required to carry out any Building Works over \$5000.

Unfortunately all too often, non-registered builders offering cheaper rates are employed, even though they lack the required skills and qualifications to adequately carry out the work.

It is the role of a building engineer, such as Buildcheck, to source builders and tender work against the prepared scope.

### Which contract form?

A valid Contract is required before building works are carried out.

In Victoria, under the Domestic Building Contract Act (DBCA), a Domestic Building Contract is required in many cases along with Home Owners Insurance. However the Building Act and DBCA exclude many classes of work from this requirement. Advice should be sought from an engineer lawyer.

### Who will supervise the works?

Sorting out the numerous problems that occur in a building project is the work of a professional building consultant who will manage payment claims, variations and technical changes that may be necessary along the way.

Buildcheck Engineering Consultants act for Owner Corporations to do just this; providing the answers to cost effective resolutions

1. Identifying the cause
2. Identifying the extent of repairs required
3. Scoping the works (identifying how the problem can be fixed)
4. Putting to tender with reputable companies
5. Preparing works contracts; between OC and contractor
6. Supervising works and administering the contract

Find out more at  
[www.buildcheck.com.au](http://www.buildcheck.com.au)

## Amendment to the Owners Corporations Act 2006

An amendment to the *Owners Corporations Act 2006* will clarify the issue around the application of special fees within owners corporations.

The Owners Corporations Amendment Act 2013 clarifies how the 'benefit principle' should be applied when calculating what portion of extraordinary or unexpected expenditure lot owners should pay.

Generally, lot owners are charged special fees according to their lot liability, unless the works being undertaken will only benefit one, or some (but not all) lots. In these cases, special fees are charged using the 'benefit principle' – simply meaning those who benefit more, pay more.

In a recent ruling, the Supreme Court found that the way the benefit principle is applied does not need to be exact, if it is not practical to do so – the assessment only needs to be considered reasonable.

Consumer Affairs Victoria has published information online about this amendment. For further details and examples, visit the [Legislation update page on the Consumer Affairs Victoria website](#).

[www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)



## Ensuring contractors have safety systems in place

*Marc Steen, Ebix Trades Monitor*

In an article published last year in this publication, Ebix Trades Monitor covered off the potential legal liability and risks for owners when tradespeople do work on their building. So that article really covered off the "Why" question – "Why do we need to verify that tradespeople know how to work safely?"

In this article, Ebix Trades Monitor focuses in on the "What" question.

What should be checked?

### Licences

Almost all tradespeople will need to be licensed to perform their work. Often multiple licences will be required. Which licenses are required depends on the type of work they undertake, as well as their business structure (sole trader, partnership, company or trust).

### Insurances

There are a number of insurances that may be required to be held by contractors including Public Liability, Professional Indemnity.

Also Workers compensation insurance may be required. In the case of a sole trader or partnership, this is required where wages to external employees (other than the sole trader or partners themselves) is greater than \$7,500. In the case of a company it is required where wages to anyone (including directors) is greater than \$7,500.

### Personal Protective Equipment (PPE)

PPE is equipment (including clothing affording protection against the weather) which is intended to be worn or held by a person at work and which protects them against one or more risks to their health or safety; e.g. safety helmets, gloves, eye protection, high-visibility clothing, safety footwear and safety harnesses.

PPE should be

- properly assessed before use to ensure it is suitable;
- maintained and stored properly;
- provided with instructions on how to use it safely; and
- used correctly by employees.

### First Aid Kits

Where required, First Aid Kits must be properly stocked and readily available.

### Safe Work Method Statements (SWMS) / Job Safety Analysis (JSA)

A SWMS/JSA is a statement that lists the step-by-step procedures of a specific work activity or task, to document a safe work method. This involves identifying and assessing hazards and recording procedures to minimise the risk to health and safety.

### Electrical Safety/Test and Tag Record

A register of electrical safety/test and tag should be kept.

### Work Health & Safety (WHS) / Occupational Health & Safety (OHS) Policy

This is a policy that reflects a commitment, intent and responsibility to safety.

It must be:

- signed and dated;
- communicated to all employees; and
- regularly reviewed

### Dangerous Goods/Hazardous Chemicals/Substances Register

A register is required to be kept of all Dangerous Goods/Hazardous Chemicals/Substances.

### Risk Assessment

A risk assessment is simply a careful examination of what, in your work place, could cause harm to either yourself or others.

There are 5 steps to a risk assessment

1. Identify the hazards
2. Decide who might be harmed and how
3. Evaluate the risks and decide on precautions
4. Record your findings and implement them
5. Review your assessment and update if necessary

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# CHU – Answering Your Strata Insurance Questions

Alan Ferré, CHU State Manager VIC & TAS

CHU is Australia's leading Strata Insurance specialist provider with offices in five states and a team of approximately 160 people.

CHU regularly gets asked questions relating to "collective" OC insurance as well as other insurance relevant to people who live/invest in strata properties.

## 1. What should an OC Member be asking their Strata Manager/ Owners Corporation Committee re: building insurance cover?

The Strata Manager is the trusted adviser (and has a fiduciary duty) to the OC in ensuring it has the information available to make the best decisions in the day to day management of the strata, and that it complies with its legal obligations outlined in strata specific legislation to meet its strict legal obligations under respective state legislation. A pro-active OC member should be asking about and ensuring:

- Is there a current insurance policy in place that satisfies legislative requirements?
- The amount of the building sum insured purchased is supported by an independent valuation, completed by a valuer who fully understands the economic and legislative obligations, which have to be factored into and calculate the sum insured amount. With a physical inspection completed every three years minimum.
- When was the last time the sum insured was increased?
- What is the claims history on this building?
- What is the claims excess and who pays it in the event of a loss? Is it the lot owner or the OC?
- Is machinery breakdown cover required?
- Is the policy an accidental damage or a defined events policy?

- Understand what "sub limits" there are for certain types of policy benefits.
  - Who is the current insurer?
- ## 2. What is the standard cover for a unit building? Should a unit buyer still be looking closely at the policy when someone else is often paid (Owners Corporation/Strata Manager) to take on that responsibility? If so, Why? Why not?

An Owners Corporation insurance policy is broadly split into three areas:

- a. Insurance, the OC must buy as stipulated in respective state based strata legislation
- b. Insurance to cover what respective state based strata legislation makes an OC legally financially responsible for, but does not explicitly mandate insurance must be purchased to cover the financial exposure - but insurance is one of the most effective ways to manage the risk
- c. Insurance it is prudent to purchase recognising the risks associated with an OC being a stand-alone legal entity.



A good strata policy should provide cover for the below, some are automatic inclusions by the insurer, but some the OC have to choose to buy and pay extra for:

- An OC must buy insurance for full reinstatement and replacement of the building, this requires cover factoring in a total loss.
- Loss of rent as a % of building sum insured to protect the investors, should there be damage to the building covered by the OC insurance, that means a tenant has to vacate the property for a time.
- Temporary accommodation to protect the owner occupier, should there be damage to the building covered by the OC insurance, that means an owner has to vacate the property for a time.
- Common area contents e.g. carpets in a hall way or a picture on a wall.

For further information or advice, contact CHU Victoria **03 8695 4000** or [info\\_vic@chu.com.au](mailto:info_vic@chu.com.au)



FROM PAGE 3

### Material Safety Data Sheets (MSDS) Register

An MSDS is a document that provides information on the properties of hazardous chemicals and how they affect health and safety in the workplace. For example an MSDS includes information on:

- the identity of the chemical,
- health and physicochemical hazards,
- safe handling and storage procedures,
- emergency procedures, and
- disposal considerations.

The above list of items to be verified is just the beginning. Your owners corporation manager should have a system in place to verify these elements (and more) on the tradespeople that do work on your building.



Doing this will reduce the likelihood of an accident, and the obvious personal, legal and financial consequences that could affect the contractor, the owners corporation and the owners corporation manager.

Ebix Trades Monitor has provided Contractor Management services specifically for the strata sector for the past 13 years. Marc Steen is the Divisional Manager. [www.tradesmonitor.com.au](http://www.tradesmonitor.com.au)

## THE ANSWER IS BLOWING IN THE WIND - A window to your world

Over recent years, we have noticed the increasing prevalence of window leaks on many properties we regularly service. This is often a sign of a buildings age, finally paying the price of years of building movement and the constant wetting and drying of seals through their exposure to the elements.

The need for maintenance on windows is inevitable and is something that should be kept in mind as maintenance plans are developed.

Window frames themselves can trap water if surrounding waterproofing is compromised.

If you look carefully you will often see tiny 'weep' holes at the base of frames which are put there to allow water to escape. What you may not realise is that these tiny weep holes can get blocked over time from the build up of sand and dirt that is blown in by the wind, leading to mould build up on the interior walls because the water has had no other place to escape. Timber window frames, if not well protected will also start to rot over time.

When investigating potential window leaks a simple hose based test is the easiest way to tell the difference between a window leak and a roof leak - as these are often confused.



FROM PAGE 1

In this edition you can hear from our industry experts as they share answers to commonly asked questions; What insurance cover would be right for an OC? and, Who would be the best person for the job? - whether it be management of your apartment, your OC, project works, or simply engaging a contractor for that one off job. We share tips and tricks for addressing common problems and inform you of the latest legislative updates impacting OC's and what's going on in the industry. Read on to find out where your OC may be going wrong in their decision making process or on a positive note, moving in the right direction!

Remember there are many ways you can take part in maintaining your investment without getting your hands dirty... simply call your OC Manager to express your interest to get involved or find out more about the issues currently facing your OC.

If you have any further questions around these or other OC matters just call us for more information. Take care and enjoy your Easter, no we can't believe it's almost here already either! Oh and be sure to try out our Strata Recipe for Easter, it's sure to eggcite your tastebuds (back page).

# EYES WIDE OPEN WHEN IT COMES TO DIY PROPERTY MANAGEMENT

Lia de Sousa, General Manager, Strata, Whitbread Insurance Brokers

There are pros and cons for landlords who manage their own properties as opposed to landlords who employ a property manager to look after their affairs.

Are you better off managing your property yourself or do you stand to save more than you spend by paying a property manager to wrangle the tenants for you?

It really comes down to time: how much you value your time and expertise.

Like any field of expertise, the idea is that you pay a little more upfront for greater savings down the track. This holds particularly true for properties that form part of a strata scheme (generally two or more lots on the one title). Owning a property in a strata scheme gives rise to an array of additional issues pertaining to living in close proximity to your neighbours and adds another layer of complexity to property management.

Issues such as:

- Conflict resolution with neighbours
- Issuing of levy notices
- Valuations and quotes for insurance
- Collecting levy contributions
- Preparing agendas and notices for all meetings
- Preparing and lodging insurance claims

Appointing a Strata Manager and/or Property Manager can relieve you of these responsibilities as not everyone has the time or experience to deal with these things.

This is not to say that landlords and property owners should avoid self-managing their investment properties. But, if you do, you need to go into it with eyes wide open and educate yourself on the amount of work involved before you choose that route. Whitbread have an **information library** of articles that may assist property owners available on our website.

So, for DIY property management, landlords should consider the following:

- What are the insurance requirements for an investment property? If it's part of a strata scheme, do you have **strata insurance**?
- If your investment property is tenanted, what are you going to do if the tenant defaults on rent or leaves the property uninhabitable.

Do you have **landlords insurance**?

- Do you have the time and/or experience to do background checks on potential tenants?
- What will you do if the tenant has emergency issues during the night or while you're on holidays? What's your management plan and who will you call on at these times?

If you self-manage your rental property, Whitbread Insurance Brokers can provide advice on the types of insurance you require, including strata insurance and landlords insurance. Speak to one of our brokers by calling 1300 424 627.

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## “What’s that Smell?!”

PL Plumbing

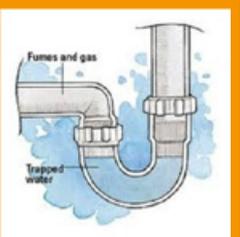
We are often called to investigate reports of “sewage smells” and these can raise serious concerns. There is a variety of reasons why sewer smells may be entering a home or business. In many cases we find that a fixture that has not been used for some time is at fault, like a shower that is not used while you are off enjoying an extended summer holiday.

All waste pipes from plumbing fixtures have a “trap.” In fact, every fixture should have a trap AND a vent

pipe to keep smells from entering the home. If not, you need to contact a plumber immediately.

The ‘trap’ has a water seal to prevent sewer smells travelling back up the pipe and into the room. Just think of this kind of trap as a “smell catcher” and if the trap dries out, the sewer smells escape. When there is a backlog of stench in the pipes and it fills the air you could even be forgiven for thinking some animal may have died in your ceiling.

The good news is it's easily fixed by replenishing the trap. Simply tip water into the plug hole or floor waste and the smell will soon disappear.





## Smart Blocks



As 2014 picks up speed, we are kicking off the year by attending a range of conferences and festivals to take Smart Blocks out to owners, building and strata managers. The first stop this year was the Sustainable Living Festival in Melbourne. The festival, which runs over 2 weeks, culminates in 'The Big Weekend' which hosts a market place for products and services. Smart Blocks, along with City of Melbourne, set up a stall right in the thick of it, and held a panel workshop with owners and technical experts to discuss some of the projects implemented to date. **It was a great way to take Smart Blocks out to our audience, and to hear the challenges and successes people are already encountering.**

It has only been less than a year since we launched and already we have over **330 buildings signed up and over 170 projects underway.**

330 buildings signed up and over 170 projects underway.

Our website has had over 20,000 visitors already and we are just getting started.

Next stop for us, we will present Smart Blocks at the Green Cities Conference in Melbourne, continue to work with the Cities of Melbourne & Sydney to help implement projects, and of course we will be at the Strata Community Australia Conference in June. Smart Blocks has also been invited to attend a Global Forum on Energy Efficiency in the built environment in Washington, DC in May, so fingers crossed we can get there.

**Over the next few months we will focus on building on the already strong foundations of the project, and expanding how we support owners and strata managers, and identifying what we need to provide to ensure the successful implementation of energy efficiency projects.**

We are conducting an online survey and phone interviews, and we will be holding focus groups to further help inform this. Already, we have some great organisations interested in how they can support the continued success of the program. If you have a building or project in mind, and would like to know more, visit [www.smartblocks.com.au](http://www.smartblocks.com.au) or contact me direct – [sarah@smartblocks.com.au](mailto:sarah@smartblocks.com.au)





## STRATA COOKING

### Easter Eggplant Strata

*As it appeared in Our State North Carolina*

#### INGREDIENTS:

- » 2 eggs
- » 1 cup milk
- » 1 teaspoon salt
- » black pepper, freshly ground, to taste
- » 1 large tomato, diced
- » 1 large eggplant, cut into ½-inch cubes
- » 10 basil leaves, snipped
- » 2 cups of seasoned croutons, divided
- » 1½ cups mozzarella cheese, shredded and divided
- » 115 grams butter, melted and divided

#### PROCEDURE:

- In a large bowl, beat eggs with milk and spices.
- Mix in the tomato, eggplant, and basil, and add 1 cup croutons, ¾ cup cheese, and ½ the butter.
- Pour mixture into a buttered two-quart (approx. 9x13") casserole dish. Top mixture with the remaining croutons, cheese, and butter.
- Bake at 175°C for approximately 45 minutes until vegetables are soft and the strata is bubbly and browned.

*Serves 6*

## IMPRESSIONS COUNT

*Aylie Brutman, Strata Master Product Manager, Rockend*

Customer service is defined differently in each industry, what passes for excellent service in one barely meets the criteria in another. In the owners corporation industry, good customer service could include a strata managers' awareness of owners' needs and expectations, access to staff for support of all lot owners, knowledge of the industry and a professional attitude.

To achieve this level of customer service you should ensure your strata manager is advised of your expectations as a lot owner and of your preferences for the property, from approved tradesmen to your preferred contact method. They should also have a solid knowledge of the owners corporation industry. They should be up to date on industry, product and technical knowledge as well as have an awareness of changes, upgrades and new technology relevant to the industry.

A strata manager's attitude forms part of your lasting impression of them. As a customer you would value professionalism as well as courtesy, respect and empathy in all situations. You should feel as though you are their number one priority at that time and that no issue is too small when you need assistance.

As a lot owner you would expect access to information twenty four hours a day, seven days a week and appreciate that your strata manager is not available to you at all hours. Whilst personal support is available during business hours, access to information can be provided via online portals twenty four hours a day. Online portals can contain contact details for tradesmen, financial records, various reports and other essential information. Ask your owners corporation manager about online portals today. Not only will they save you time but they'll increase the owner's corporation's efficiency as well.

Customer service is different for each individual but your interactions with your strata manager should positively enforce your belief that they are the best person to be managing your property. You should feel reassured that they are ensuring legislative compliance of your OC, are aware of the relevant technology available to them, as well as being comfortable they understand your expectations.

Aylie Brutman is the STRATA Master Product Manager at Rockend. Aylie has a Bachelor of Commerce majoring in both Economics and Management and has been working in the strata management industry since 1992.

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**Questions? Comments?  
Articles?**

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