



Stronger, Smarter Strata

Creating a Liveable Urban Landscape

SCA (Vic) 2022 Victorian Election Priorities

Acknowledgement

Strata Community Association (Vic) would like to thank the following individuals for their regular contributions to our Industry Advancement Subcommittee, and for their input towards establishing our 2022 Victorian Election Priorities, as outlined in this document - Brett Earle, Macquarie Bank; Gregor Evans, The Knight; Alan Ferre, The Scotia Group; Julie McLean, Ace Body Corporate Consulting; Lorraine Murray, Victoria Body Corporate Services; Peter Scott, MBCM Strata Specialists Dandenong and Ferntree Gully; Garry Theobald, Strata Community Managers; Andrew Whitelaw, Whitelaw Flynn Lawyers.



strata
community
association®
VIC



Introduction

At least one in four Victorians live in strata developments, including apartments and townhouses.

One in four!

That's 1.6 million people.

The increasing popularity of living in close proximity to work, transport and shopping precincts has driven the growth of apartment and townhouse living in Victoria.

There has never been a greater need for positive reform in this sector.

Strata Community Association (Vic) are prioritising three key areas of reform ahead of the 2022 state election, which, if implemented by the next Victorian Government, stand to benefit the millions of Victorians living in strata throughout our state.

Supporting and Protecting Strata Consumers

Delivering timely and accurate advice and support to the one in four or more than 1.6 million consumers grappling with complex strata issues every day, where current avenues cannot do so, and ensuring consistency in standards between the Victorian strata management sector and the rest of Australia.

Consumer Affairs Victoria has recently closed any method of contacting the agency for advice, other than a web form that only guarantees a slow response.

Creating Smarter, Greener and More Liveable Strata Communities

Establishing new opportunities for owners corporations to facilitate the uptake of sustainable living options at scale and working alongside net zero carbon emissions targets to produce positive outcomes for all strata community stakeholders.

Combatting the High Prevalence of Building Defects in Strata

Improving the regulation of building and design practices to combat preventable defects in both newly constructed and existing strata communities throughout Victoria and enhancing accountability and transparency.

Recommendations

Supporting and Protecting Strata Consumers

1. Establishment of a dedicated Victorian strata helpline to assist strata lot owners and residents in seeking information and advice prior to dispute resolution processes.

A commitment of \$381,000.00 per year or \$1.524 million over the next term of government.

2. Establishment of a minimum educational standard for owners corporation managers and mandatory CPD quotas, in alignment with Victoria's commitment to Australian Mutual Recognition (AMR).

A commitment to establish a working group with view to enacting minimum standards for strata managers in this term of government.

Creating Smarter, Greener and More Liveable Strata Communities

3. Establishment of a Victorian Strata Sustainability Fund, in a joint partnership between SCA (Vic) and Sustainability Victoria, to invest together in programs (in the form of rebates, grants and/or low/no-interest loans) specifically directed at owners corporations, which drive even greater uptake of energy, water and waste efficiency measures in strata buildings, based on the expertise and capability of industry to facilitate this, including:

- **Full rebates for NABERS Ratings of 100 private apartment buildings at \$261,000.00 per year.**
- **Extension of the Solar Homes Program to apartments and townhouses.**
- **\$10 million towards co-funding of electric vehicle charging infrastructure in larger apartment buildings and complexes, with implementation overseen by an expert panel.**

4. Partnership between SCA (Vic) and Sustainability Victoria to provide education and administrative support to industry about available EV charging, battery storage, renewable energy, water, lighting, and waste improvement options under a future strata sustainability fund and continue the SCA Sustainable Development Goals (SDGs) program in so doing.

A \$200,000.00 per year commitment, or \$800,000.00 over the next term of government.

Combatting the High Prevalence of Building Defects in Strata

5. SCA (Vic) recommends the Victorian Government address building defects proactively, with the single most effective measure being the creation of an accessible base building information portal managed by the VBA. This can reduce costs to owners corporations, lot owners and residents, inclusive of strata insurance premiums.

6. Greater action taken by the Victorian Government to address existing loopholes in the Domestic Building Insurance (DBI) scheme, as well as illegal phoenixing activity within the building and development sectors.



All About Strata

Members of SCA (Vic)

- **Approximately 1,201 full-time strata managers and 2,794 individuals employed by the strata sector directly and indirectly.[1]**
- Plumbers, gardeners, electricians, accountants, lawyers, valuers, surveyors, and insurers all draw significant work from the strata sector.
- **Victoria's strata sector contributes an estimated \$1 billion in annual economic activity.**

Number of people living in strata

Projected population range living in strata title in Victoria between:

621,371 and 1,625,872 people[2], or 26% of the total population (1 in 4 people).

Property value of strata

Total estimated insured value of strata schemes state-wide (2020):

\$343,347,688,339 (\$343.3 billion)

Types of strata (apartments, townhouses etc.)

Estimated percentage of the Victorian population living in apartments:

289,120 residents (12.1%)

Strata complexes range from apartments and townhouses to retirement villages, holiday parks, commercial premises and mixed-use premises and community titles schemes.

Lots and schemes

Total number of strata schemes:

115,968 schemes

Total number of strata lots (Figure 1):

907,135 lots

73% of strata schemes are less than 6 lots;
27% of strata schemes consist of more than 6 lots. [3]





**Figure 1: Top 15 Victorian Electoral Divisions Ranked by Strata Density
(Number of Lots) - Easthope, H. (UNSW, 2022)**

State Electoral Division (SED)

Number of Lots

Melbourne	63,104
Prahran	51,858
Albert Park	37,617
Richmond	25,683
Caulfield	24,266
Oakleigh	23,198
Malvern	22,167
Hawthorn	21,093
Brunswick	18,806
Footscray	17,266
Box Hill	17,090
Brighton	16,939
Essendon	16,605
Dandenong	16,196
Ringwood	15,709



Priority 1: Protecting and Supporting Strata Consumers

The case for a better consumer rights landscape

Establishing a Victorian Strata Helpline

Approvals for new apartment builds have increased by 143 per cent since 2005, from approximately 15,000 approvals in 2005, to 36,500 approvals as of 2017, a significant growth.[4]

Strata living and ownership, wherein multiple dwellings within one property exist with shared responsibility for the administration and management of the common property, brings with it a higher likelihood of disputes and complaints than single-dwelling living.[6]

Shortfalls in Victoria's strata consumer landscape in 2022

Without the ability to access the information they need, as many as 1.6 million consumers living in, or affected by strata in Victoria are currently unable to make the best decisions for their circumstances.

Strata legislation and regulations are complex and require interpretation and explanation by experienced strata or legal professionals, and demand for this expertise will only grow in the future, concurrent with the growth of strata living.

In Victoria, strata lot owners and residents currently cannot seek authoritative information and advice prior to seeking legal assistance at their own expense, and significant Victorian Government expense through escalation of matters to dispute resolution.

The addition of an advice hotline can benefit consumers while at the same time reducing the administrative burden and cost to the Victorian Government of costly tribunal and dispute resolution processes.

Strata Community Association (Vic)

Strata Community Association (Vic) is not presently authorised to provide specialist or general advice to consumers on matters affecting their circumstances, or that of their owners corporation.

Despite this, a large number of complaints are received by SCA (Vic) as to occurrences within OCs. At least 73 formal and non-formal complaints from consumers were received by SCA (Vic) in the period 2018-2022.

SCA (Vic) has an extremely limited capacity to provide support to consumers, involving responding to complaints received from renters or owners in Victoria as it acts as a membership organisation.



So where does the advice burden fall?

Consumer Affairs Victoria (CAV)

Consumer Affairs Victoria (CAV) is an agency overseen by the Victorian Department of Justice and Community Safety (DJCS) Regulation Division, and is responsible for:

- **Providing information and advice to consumers, tenants, businesses and landlords on their rights, responsibilities, and changes to relevant laws**
- **Registering and licensing certain businesses and occupations**
- **Enforcing and ensuring compliance with consumer laws**
- **Reviewing and advising the Victorian Government on the consumer protection framework.**

At present, CAV does not provide a dedicated advisory service for consumers specific to owners corporation enquiries and obtaining legal and/or general advice, based upon feedback received by SCA (Vic) from said consumers and compiled for further research by RMIT University at the time of writing. There is a lack of official verbal advice, and long delays are experienced by consumers when trying to engage with the agency.

Dispute resolution stage: Victorian Civil & Administrative Tribunal (VCAT)

In Victoria, complaints and disputes raised by an owners corporation against a lot owner, tenant or manager typically entail application for a hearing with the Victorian Civil & Administrative Tribunal (VCAT).

VCAT has had an average increase of 11.5 per cent in owners corporation cases lodged per annum within the immediate two financial years prior to 2020, with a long-term backlog of cases occurring as a result of the COVID-19 pandemic.[7]

Dispute resolution stage: Dispute Settlement Centre of Victoria (DSCV)

Where a lot owner, tenant, or manager initiates a complaint or dispute, this may either be resolved internally, or through the Dispute Settlement Centre of Victoria (DSCV), prior to VCAT involvement.

DSCV may offer an opportunity for a dispute to be resolved at a lower cost than a VCAT hearing, however, this is contingent on all parties agreeing to participate. This is also contingent on parties being aware of the service, and aware of the information they will need to prepare. Furthermore, no requirement exists for parties to seek mediation through DSCV prior to the initiation of a VCAT hearing application.

The current lack of an ability for consumers to seek quality advice is represented in Figure 2 and thoroughly shows the gaps in the current system.

<p>Victorian Civil & Administrative Tribunal (VCAT)</p>	<ul style="list-style-type: none"> • Oversees dispute resolution in the context of the Owners Corporations Act (2006) and associated legislation/regulations. • Does not provide specific or general advice to lot owners or residents prior to this process. • Subject to a long-term backlog of hearings as a result of the COVID-19 pandemic.
<p>Dispute Settlement Centre of Victoria (DSCV)</p>	<ul style="list-style-type: none"> • No obligation exists for parties to seek mediation through DSCV, and proceedings have no binding obligation for participation by said parties.
<p>Consumer Affairs Victoria (CAV)</p>	<ul style="list-style-type: none"> • Current lack of capability to provide advice for lot owners and residents specific to matters affecting their circumstances, or those of their owners corporation in a timely or effective manner.
<p>SCA (Vic)</p>	<ul style="list-style-type: none"> • Not authorised or insured to provide legal or general advice to lot owners on matters affecting their circumstances, or those of their owners corporation. • Consumer support functions are limited to acting upon complaints received concerning alleged breaches of the SCA (Vic) code of conduct by a member manager.

Figure 2: Inadequacies of current system to provide strata consumer advice and support in Victoria

There is not just industry recognition and support for a strata helpline and extended consumer support in this space that affects one in four Victorians.

Types of queries commonly received are far-ranging within the complex strata environment and include, but are not limited to:

- **Car parking**
- **Keys and building access**
- **Utilities working and not working**
- **Levies payment**
- **Owners corporation procedures**
- **Rules and their legality and applicability**
- **Smoking and smoke drift**
- **Pets**
- **Short-term accommodation**
- **Long-term maintenance plans**
- **Renewable energy grants and programs**
- **Energy efficiency measures**
- **Strata insurance**
- **Building defects, including cladding**
- **Waste**



Research undertaken by RMIT University (pending final release) in 2022 of hundreds of lot owners, residents, and members of owners corporation committees, as well as various strata industry stakeholders in Victoria (including managers, and suppliers) has strongly indicated widespread support for the establishment of a strata helpline to address consumer complaints and enquiries, alongside the establishment of a potential strata agency, commissioner, or ombudsman in Victoria in the future.

Where SCA Has Advocated. Where Governments Have Acted. Where It Has Worked: Western Australia

The West Australian Government, following a successful campaign at their 2021 election successfully put into practice a strata helpline in 2021.

The West Australian Government established a dedicated strata helpline overseen by Landgate (their consumer affairs agency, or version of Consumer Affairs Victoria) in consultation with SCA (WA), to provide consumers with an impartial, independent avenue to address common enquiries and issues affecting their strata schemes.[8]

Landgate has managed 7284 enquiries related to strata between 21 March 2021 and 13 September 2022:

- 78% (5667) of these enquiries are phone calls received, with the remainder from webchat, emails and in person
- 71% (5204) of total enquires are resolved within Customer Service
- 29% (2080) of total enquiries are escalated to Registrations

The top 5 categories for resolved cases are:

- Management
- Common Property
- Create/Change Scheme
- Scheme Boundaries
- Scheme Dispute

The top 5 categories for escalated cases are:

- Create/Change Scheme
- Common Property
- Management
- Set-up
- Scheme Boundaries



New South Wales

In NSW, Fair Trading undertakes the role observed by Consumer Affairs Victoria, but provides substantial resources to take queries and help with aspects of consumer advice, simple or complex.



Proposed operational model for a Victorian strata helpline

The bottom line for better consumer advice, happier people living in strata and less administrative burden and cost is a funding commitment to train and staff a strata helpline.



SCA (Vic) believes that a strata helpline that offers a significant improvement on the current offering in Consumer Affairs Victoria could be operated by:

- **Two dedicated full-time (Level 5) employees sitting within CAV**
- **One dedicated employee with significant experience of strata at a senior level to deal with the most complex matters, and to provide training and oversight to the two CAV employees**

The annual estimated cost for these three staff members and their resourcing CAV and the Victorian Government to provide the service would total \$381,000.00 or \$1.524 million over the next term of government.

Alternate solutions exist, such as SCA (Vic) operating the helpline on a dedicated grant from government, however we believe the above solution to be the most robust:

- **CAV operating the strata helpline with specialist training provided by SCA (Vic).**
- **SCA (Vic) operating the helpline on behalf of government.**
- **Implementation of an independent strata helpline or advisory body, following the structure of Victoria Legal Aid and/or the former Citizens' Advice Bureau (CAB), with funding provided on an annual basis by government.**

Proposed Funding models for a strata helpline

The following funding models for a Victorian Strata Helpline may be considered for implementation by government:

- **Levies applied to strata schemes registered across the state, as practised in Western Australia.**
- **Redirection of approximately 0.5 per cent of existing Land Transfer (Stamp) Duty on sale of apartments (up to \$1.1 million based on interim 2021 apartment sales data).[9]**
- **Use of the Victorian Property Fund (VPF).**
- **Use of the Public Purpose Fund (PPF), similar to the funding model for Victoria Legal Aid.**
- **Standalone funding allocated within the CAV annual budget.**

Implementation of a strata helpline in Victoria would improve the peace of mind and confidence of consumers living in strata and would stand to reduce the quantity of matters escalated to dispute resolution via VCAT, in conjunction with other bodies.

Establishing minimum education standards for Victorian owners corporation managers



Victoria is lagging behind most Australian states and territories in requirements for education in the strata industry, leading to poorer outcomes for the one in four Victorian consumers who live in strata.

In most other Australian states and territories, minimum standards of education acting as a barrier to entry for owners corporation and body corporate managers are being, or have been established, whereas in Victoria this has not occurred.

Minimum education standards exist for owners corporation and body corporate managers throughout different Australian states and territories (as of 2022):

- **New South Wales (NSW): Components of a CPP40516 Certificate IV in Strata Community Management (dependent on level), and mandatory Continued Professional Development (CPD) at all levels of strata management.[10]**
 - Assistant Strata Managing Agent: Seven units of competency from a Certificate IV in Strata Community Management. [11]
 - Licensed Agent: Completion of the Certificate IV in Strata Community Management, and 12 months' experience working as an Assistant Strata Managing Agent. [12]
- **Western Australia (WA): Components of a Certificate IV in Strata Community Management (dependent on level), and mandatory CPD quotas as set by Landgate and SCA (WA).[13]**
- **Australian Capital Territory (ACT) & Northern Territory (NT): Components of real estate licensing requirements.[14][15]**

Under the Mutual Recognition (Victoria) Act 1998, owners corporation managers in Victoria are able to operate in most other Australian states and territories alongside other select professions, in accordance with the Automatic Mutual Recognition (AMR) scheme adopted by the Commonwealth in 1992.

Furthermore, while SCA (Vic) members account for a sizeable proportion of the strata industry, membership with SCA (Vic) is currently not a requirement to become an owners corporation manager in Victoria.

This disparity of standards between Victoria and the rest of Australia does not guarantee the same standards of service expected by consumers of their owners corporation managers, and potentially creates an effective 'back door' for entry from Victoria into other markets by unqualified practitioners.

SCA (Vic) wishes to drive forward the professionalism of the strata industry. Professionalism has five components, namely:

- *Education – developing specific technical skills to practise in a professional area that is reflected in entry-level qualifications and CPD.*
- Experience – the personal capabilities and expectation of competencies of people to practise in the field.
- Ethics – specific expectation of the practice and conduct of members of the profession that go further than merely repeating statutory duties; and has an element of higher purpose.
- Examination – the mechanism by which the elements above are assessed and assured to the community.
- Entity - the formation of a peak body at a national level to take responsibility for the development of the professional infrastructure.[16]

The first component – education – is not currently guaranteed, and is the single component most capable of advancing industry and consumer outcomes.

SCA (Vic), in collaboration with its national and other state and territory partners runs a series of internal education, ethics and CPD programs, however non-members are not subject to these requirements, and external requirements to hold education standards will boost confidence in the industry.

SCA (Vic) recommends the establishment of a minimum education standard by legislation in the next term of government in consultation with the sector and key stakeholders for strata managers and their employees in Victoria.

This commitment should be undertaken in alignment with the other jurisdictions, namely New South Wales and Western Australia.

Recommendations Summary

Supporting and Protecting Strata Consumers

1. Establishment of a dedicated Victorian strata helpline to assist strata lot owners and residents in seeking information and advice prior to dispute resolution processes.

A commitment of \$381,000.00 per year, or \$1.524 million over the next term of government.

2. Establishment of a minimum educational standard for owners corporation managers and mandatory CPD quotas, in alignment with Victoria's commitment to Australian Mutual Recognition (AMR).

A commitment to establish a working group with view to enacting minimum standards for strata managers in this term of government.



Priority 2: Creating Smarter, Greener and More Liveable Strata Communities

The case for sustainability investment in strata

Strata living offers governments an opportunity to invest in better and smarter ways for communities to live, while at the same time reducing our environmental footprint.

Economies of scale are created in strata, and shared facilities, shorter commutes, fewer trips in cars and less new and expensive infrastructure means that investing in strata is investing in a cleaner, greener future.

Under the Climate Change Act (2017), the Victorian Government is required by law to meet a net-zero emissions target by the year 2050 - it is difficult to imagine this target being reached without a focus on strata living.

Evidently, investing in sustainability in strata has a multiplier effect not felt anywhere else in the economy - one owner of a residential house can change the sustainability habits of one household, but one owners corporation can incorporate changes for 100 households.

When considering the scale of strata in Victoria, the potential benefits to the environment as a result of large-scale support and introduction of sustainable initiatives are undeniable.

The leadership of strata management firms can empower hundreds of owners corporations. Strata Community Association (Vic) has more than 300 members.

Strata residents and owners stand to see both significant reductions in household energy costs, as well as considerable reductions in their carbon footprint with the adoption of more sustainable living options, if properly supported by government - this does not, however, come without some difficulties for strata communities.

Sustainability packages available to Victorian households in 2022:

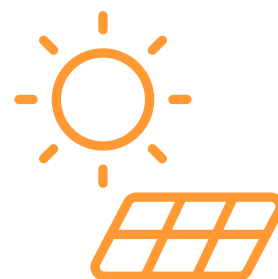
- [Zero Emissions Vehicle \(ZEV\) Subsidy](#) - up to \$3,000 for eligible ZEVs under a threshold of \$68,740.
- [Solar Homes Program](#):
 - [Solar panels \(PV\) panel rebate](#) - up to \$1,400 for eligible homeowners and rental properties, plus an interest-free loan option.
 - [Solar battery rebate](#) - up to \$2,950 for eligible customers.
 - [Solar hot water rebate](#) - a 50% rebate of up to \$1,000 on eligible solar and heat pump hot water systems.
- [Home Heating and Cooling Upgrades](#) - up to \$1,000 for households upgrading to energy-efficient heating and cooling systems.

Currently, many existing residential and commercial strata titles throughout Victoria are effectively 'locked out' of participating in government solar and other sustainability schemes, due to a number of contributing factors, most notably:

- **Financial barriers, including high upfront capital costs**
- **Lack of consideration for alternative energy solutions when constructing new buildings**
- **Split incentives between landlords, builders, and occupants**
- **The complex, technical nature of renewable technologies, impacting consumer choice.**[17]

Strata Sustainability Fund: Renewable Energy (Solar/Photovoltaic Generation)

Already, the strata industry is responding to consumer demand and has some developed models for introducing solar generation into apartments and townhouses.



A large-scale apartment block in Docklands, for example, faced a common issue of limited roof space with which to install solar panels. Creatively, the building implemented 87 flexible solar panels vertically, which led to an annual common area electricity bill reduction of \$6000, and an annual energy use reduction of 32,000 kwh.[18]

Similarly, PICA's SPPA solar energy scheme, implemented in just 64 buildings, has already contributed to a carbon emissions (CO₂) reduction of approximately 8,700 tonnes p.a., along with savings of over \$680,000 p.a. from previous building energy contracts.

The Victorian government has committed to a \$26.3 million expansion of its \$1.3 billion Solar Homes Program in the 2022-23 Budget.

SCA (Vic) broadly supports the objectives of the Solar Homes Program, while urging for a more targeted expansion of this program to apartment buildings and townhouse complexes.

Strata Sustainability Fund: Electric Vehicle (EV) Charging Infrastructure

Moderate modelling estimates that electric vehicles (EVs) will represent 49 per cent of total Australian vehicle sales by 2030, and 100 per cent of total vehicle sales by 2040[19], due to factors including technological advances, falling costs, and increasing availability.



Similarly, models exist within industry for the facilitation of EV charging in residential buildings - for example, the Neue Grand in St Kilda, due to be completed in 2023, has made EV charging accessible to all apartments in their new 19-storey development.[20]

While EVs aren't as common in Victoria today, planning for the future is imperative, as studies estimate rapid uptake of EVs across Australia over the coming decades.

The Victorian Government is currently offering rebates on sale of 25,000 eligible electric vehicles (EVs) with a purchase price (dutiable value) under the threshold of \$68,740, as part of its Zero Emissions Vehicle (ZEV) subsidy scheme.

The first release includes 4000 subsidies valued at \$3,000 for eligible new ZEVs purchased on or after 2 May 2021. More than 20,000 subsidies are available under the program, offered until the subsidies are fully committed, or for three years, whichever occurs sooner. [21]

This rebate is designed to increase the uptake of EV sales through increasing affordability and reducing the potential pollution that may arise from the use of traditional petrol and diesel fuelled combustion engine vehicles.

Under the government's Zero Emissions Vehicle Roadmap, approximately \$19 million is allocated towards expanding charging infrastructure across Victoria, with an emphasis mainly on expanding the electric vehicle fleet, as well as so-called 'destination' charging infrastructure.

By contrast, in 2022, the New South Wales Government announced the establishment of its own \$490 million Electric Vehicles Support Package, with approximately \$10 million specifically allocated towards co-financing the installation of EV charging infrastructure in 125 medium to large-scale apartment buildings with greater than 100 parking spaces.

Critical to facilitating the uptake of electric vehicles at scale will be ensuring accessibility of charging infrastructure to address 'range anxiety' from consumers - accordingly, strata communities must be considered for funding support to install necessary EV charging infrastructure for the inevitable transition towards a larger fleet in the future.

Strata Sustainability Fund: NABERS Energy & Water Efficiency Assessments

The National Australian Built Environment Rating System (NABERS), is a national rating system that measures the environmental performance of Australia's built environment, including energy efficiency, water use, waste management and indoor environment quality.[22]



Measuring a building's efficiency through NABERS not only serves to provide beneficial insights for residents, prospective buyers, and local governments, but it may also encourage the development of sustainable practices that can dramatically reduce costs and improve building performance.

For example, by improving a NABERS rating from 3 to 5 stars, the average apartment building stands to save \$104,420 each year.[23]

Adopting NABERS as a reporting standard for future residential buildings in Victoria could also provide a metric by which future sustainability goals and demands can be realistically achieved, should government implement these policy initiatives specific to strata.

Partial, or total coverage of the cost of a NABERS assessment for apartment buildings in the form of a rebate or subsidy, should be considered by government under the remit of a future sustainability package targeted at owners corporations, in conjunction with other sustainability items and options.

NABERS assessment packages available to apartment buildings (fees charged as of July 2022):

- **NABERS Energy/Water Rating (apartment building) price: \$1,310**
- **NABERS Waste Platform (non-rating - apartment building) price: \$520.**

The cost of underwriting NABERS energy and water assessments of up to 100 private apartment buildings in Victoria (at a comparable uptake to New South Wales), is equal to approximately \$261,000.00.

Case Studies & Examples of Sustainability in Strata

The implementation of previous sustainability programs in Victoria and Australia more broadly, has demonstrated the immense positive environmental, financial, and social impacts that can be achieved, and outlined effective models that can be followed in the future:

SCA Sustainable Development Goals (SDGs)

SCA's SDG program has been developed to encourage strata communities to increase their uptake of sustainable development practices, to meet the United Nations Sustainable Development Goals.



THE GLOBAL GOALS

In conjunction to offering education, advice, and resources regarding sustainable development to our members, we also offer tools such as our 'Ready Reckoner' survey, which, when completed, produces a personalised sustainable development benchmark report, to help inform the strata sector in making changes that will ultimately create more liveable, green, and efficient strata communities.

Smart Blocks

Smart Blocks was a program developed between a multitude of strata industry stakeholders including Strata Community Association, City of Melbourne, City of Sydney, Owners Corporation Network and Green Strata.



The program received federal funding and successfully helped strata owner-occupiers and owners corporations save on power bills, reduce carbon emissions, and improve the value of their properties.[24]

A case study shows that the program helped Freshwater Place Apartments, a 530-apartment high-rise in Melbourne, replace over 1,200 common area lights, which reduced energy consumption by 62,000 kWh per year, carbon dioxide emissions by more than 84,000 kg per year, and with an ROI period of just over two years.[25]

SCA (Vic) possesses the expertise and ability to work with government to employ and dedicate one full-time sustainability education staff member who liaises closely with Sustainability Victoria to deliver programs which increase understanding of, and uptake of existing renewable energy schemes.

The cost to the Victorian Government, through CAV in partnership with SCA (Vic) would be \$200,000.00 per year, with an \$800,000.00 term of government commitment.

Recommendations Summary

Creating Smarter, Greener and More Liveable Strata Communities

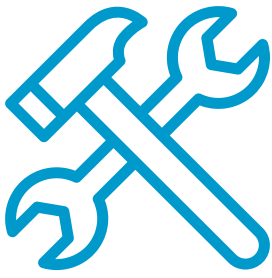
3. Establishment of a Victorian Strata Sustainability Fund, in a joint partnership between SCA (Vic) and Sustainability Victoria, to invest together in programs specifically directed at owners corporations, including:

- **Full rebates for NABERS Ratings of 100 private apartment buildings at \$261,000 per year, or \$1.044 million over the next term of government.**
- **Extension of the Solar Homes Program to apartments and townhouses.**
- **\$10 million towards co-funding of electric vehicle charging infrastructure in larger apartment buildings and complexes, with implementation overseen by an expert panel.**

4. Partnership between SCA (Vic) and Sustainability Victoria to provide education and administrative support to industry about available EV charging, battery storage, renewable energy, water, lighting, and waste improvement options under a future strata sustainability fund and continue the SCA Sustainable Development Goals (SDGs) program in so doing.

One full-time sustainability education staff member who liaises closely with Sustainability Victoria to deliver programs which increase understanding an uptake of existing renewable energy schemes

A \$200,000.00 per year commitment, or \$800,000.00 over the next term of government.



Priority 3: Combatting the High Prevalence of Building Defects in Strata

The case for building defects investment and reform

Proactively Responding to Building Defects: Establishing a Victorian Base Building Information Portal

The issue of building defects continues to affect many Victorian strata residents, owners, owners corporations and managers in terms of costs in time and money in seeking rectification, as well as impacts on physical and mental health and wellbeing where these issues occur over a longer period.



Waterproofing is a common example, among the most serious defects observed in buildings, and known to cause dampness and mould associated with respiratory and asthma-related health problems.[26]

Research suggests that as many as 85 per cent of residential multi-owned properties across Australia have at least one building defect across multiple locations, at an average number of 14 line-item defects and 5.93 construction systems defects per building.[27]

Deakin research identifies that the biggest contributors relating to building defects are 'endogenous organisational factors' including:

- **Organisational instability caused by high job mobility, meaning key operators are often leaving during projects**
- **Client project control**
- **Time pressure**
- **Cost pressure (lower cost often wins project – which may affect the quality of a project)**
- **Human error.[28]**

Deakin research also suggests changes in project management will have the biggest impact on reduction in building defects, even more so than changes in training or construction site practices. (50-60%) of building issues can be combatted with better project design, with (40-50%) of defects arising in the construction phase.[29]

The strata industry sits at the centre of the building defects issue - accessible building manuals will be critical for rectifying defects early in the built environment life cycle.

When a serious defect occurs, strata managers are working with insurers to manage the claim, with owners corporation committees to make informed decisions about how to proceed and with governments to advocate for better consumer outcomes going forward.

High-profile tragedies such as the Miami Surfside apartment complex collapse in 2021 and Grenfell Tower Fire in 2017 have placed the pervasive issue of building defects into the spotlight of public attention.

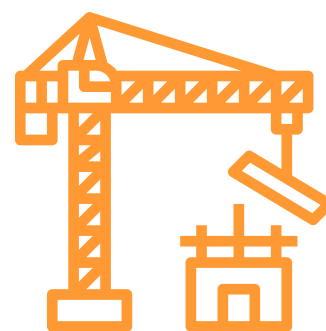
All building defects are avoidable.

SCA (Vic) recommends the Victorian Government address building defects proactively, with the single most effective measure being the creation of an accessible base building information portal managed by the VBA.

This can reduce costs to owners corporations, lot owners and residents, inclusive of strata insurance premiums.

Domestic Building Insurance Scheme Reform: Improving Accountability in the Victorian Building Sector

The establishment of Stage One of the Victorian Building Authority (VBA)'s Expert-Led Panel Review of the Victorian Building System was supported by SCA (Vic), with advocacy undertaken to ensure greater protection for strata consumers in the event of building defects and creating a system of better accountability of builders and developers.



In early 2022, the Victorian Government also announced the implementation of expanded Domestic Building Insurance (DBI) coverage in Victoria to cover mid-rise residential buildings of eight storeys or less, increasing from three storeys.

SCA (Vic) urges the Victorian Government to commit to addressing existing issues and loopholes within the DBI scheme to improve its effectiveness and take more substantive action to address the prevalence of phoenixing activity within the building sector.

Recommendations

Combatting the High Prevalence of Building Defects in Strata

5. SCA (Vic) recommends the Victorian Government address building defects proactively, with the single most effective measure being the creation of an accessible base building information portal managed by the VBA. This can reduce costs to owners corporations, lot owners and residents, inclusive of strata insurance premiums.
6. Greater action taken by the Victorian Government to address existing loopholes in the Domestic Building Insurance (DBI) scheme, as well as illegal phoenixing activity within the building and development sectors.

References

- [1] UNSW Australasian Strata Insights 2020 | March 2021 p. 65 | Accessed at: <https://cityfutures.adu.unsw.edu.au/research/projects/2020-australasian-strata-insights/>
- [2] 2021 Census - Australian Bureau of Statistics (ABS) | Accessed at: <https://www.abs.gov.au/census/find-census-data/quickstats/2021/2>
- [3] UNSW (2021).
- [4] Department of Environment, Land, Water & Planning (DELWP) (2017). Housing outcomes in established Melbourne 2005 to 2016, p.8. Accessed at: https://www.planning.vic.gov.au/_data/assets/pdf_file/0017/121724/Housing-outcomes-in-established-Melbourne.pdf
- [5] Department of Environment, Land, Water & Planning (DELWP) (2022). Annual Property Sales Statistics. Accessed at: <https://www.land.vic.gov.au/valuations/resources-and-reports/property-sales-statistics>
- [6] Victorian Civil & Administrative Tribunal (VCAT) (2021). Annual Report, p. 49. Accessed at: <https://www.vcat.vic.gov.au/media/437/download>
- [7] Prka, R. (2021). State Election: the property issues the industry wants addressed. The West Australian. Accessed at: <https://thewest.com.au/lifestyle/real-estate/state-election-the-property-issues-the-industry-wants-addressed-c-2293077>
- [8] Department of Environment, Land, Water & Planning (DELWP) (2022). Annual Property Sales Statistics.
- [9] NSW Fair Trading (2021). Property and Stock Agents (Qualifications) Order 2019. Accessed at: <https://legislation.nsw.gov.au/view/html/inforce/current/sl-2019-0628>
- [10] Government of Western Australia. Schedule 4 — Educational qualifications for strata managers and designated persons, Strata Titles (General) Regulations (2019), p. 163. Accessed at: https://www.legislation.wa.gov.au/legislation/statutes.nsf/law_551705.html
- [11] ACT Government (2022). Owners corporation managing agent licensing. Accessed at: <https://www.accessc Canberra.act.gov.au/s/article/owners-corporation-managing-agent-licensing-tab-overview>
- [12] NT Government (2022). Agents Licensing Act 1979. Accessed at: <https://legislation.nt.gov.au/en/Legislation/AGENTS-LICENSING-ACT-1979>
- [13] Johnston, N. & Reid, S. (2019). An Examination of Building Defects in Residential Multi-owned Properties. Deakin University. p. 14.
- [14] Johnston, N. & Reid, S. (2019). p. 21.
- [15] Johnston, N. & Reid, Sacha. (2019). p. 11
- [16] Ibid. p. 11
- [17] Cladding Safety Victoria (2021). Annual Report 2020-21. p. 7. Accessed at: <https://www.vic.gov.au/sites/default/files/2021-11/Cladding%20Safety%20Victoria%20Annual%20Report%202020-21.pdf>
- [18] Bacon, T. (2021). What to do next with cladding. Docklands News. Accessed at: <https://www.docklandsnews.com.au/what-to-do-next-with-cladding>
- [19] Australian Government. (2021). Australia's Long-term Emissions Reduction Plan. Commonwealth of Australia. p.69-70. Accessed at: <https://www.industry.gov.au/sites/default/files/October%202021/document/australias-long-term-emissions-reduction-plan.pdf>
- [20] Wattblock. Case Study – Strata Solar Photovoltaic System installed vertically. Accessed at: https://www.wattblock.com/uploads/4/4/9/8/44984189/strata_solar_pv_vertical_1.pdf
- [21] Energeia. (2018). Australian Electric Vehicle Market Study. Australian Renewable Energy Agency. p. 69
- [22] Williams, S. (2021). Apartment buildings race to retrofit electric vehicle chargers. Sydney Morning Herald. Accessed at: <https://www.smh.com.au/property/news/apartments-racing-to-retrofit-electric-vehicle-chargers-even-with-only-one-user-20211217-p59ig8.html>
- [23] Victorian Government (2022), Driving Zero Emissions Vehicles. Accessed at: <https://www.premier.vic.gov.au/driving-zero-emissions-vehicles>
- [24] NABERS. (2020). Case study: Smart, sustainable apartments in the spotlight. Accessed at: <https://www.nabers.gov.au/about/news/case-study-smart-sustainable-apartments-spotlight>
- [25] Ibid.
- [26] Apartments and Developments. (2015). What is Smart Blocks? Accessed at: <https://ad.com.au/buying-living/market-insights/what-smart-blocks>
- [27] Ibid.



strata
community
association®
VIC

Strata Community Association (Vic)

Suite 106, Level 1, 134-136 Cambridge St,
Collingwood VIC 3066

Liam.straughan@strata.community

<https://vic.strata.community>