

STRATA LIFE AUTUMN 2015

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Welcome to Strata Life

Our aim is to keep you informed. Informed of what's new, what's topical and what you need to know to make well versed decisions to maintain and protect your investment as individuals, and collectively as an Owners Corporation.

Expert advice is at your finger tips on all things Strata. In this edition alone we share with you the 3 golden rules when renovating your apartment, discuss the expected life span of computer hardware, outline your rights when attending your Annual General Meeting, offer recommendations when selecting the right and adequate strata insurance, as well as strata funding, and what options are available to you.

We also provide you with updates on topical issues such as short term letting, changed procedures at VCAT, the recent address to public housing tenants, and the controversial discussions on termination of a strata scheme. And if you are keen to find out more about cost cutting energy measures to start saving \$, then be sure to accept the invitation from City of Melbourne and Smart Blocks to their upcoming event.

But remember you have ongoing access to this advice and plenty more to support you via the SCA (Vic) website, so anytime you have a query simply visit www.vic.stratacommunity.org.au

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Rob Beck,
GENERAL
MANAGER



Consumer Information Guide to Professional Management

SCA (Vic) has produced guides to assist owners corporations and committees, identify and understand the unique needs of their property.

Understanding your property's unique management requirements creates a greater awareness of your OCs responsibilities and that of your OC Manager, allowing you to work collaboratively in the interest of all.

The documents also provide the basis for a simplified tender process and assist you target your search if the need arises to go out to tender.

It includes:

- a **template** which allows you to develop your own property profile
- the **Top 10 Tender Questions** to assist you seek targeted responses from each tender to ensure your current or OCM you are seeking, is right for your OC's needs.
- **Tender Criteria** suggestions; this document explains what you need to know before investing time and money in the professional management of your OC, and/or will assist you recognise how OC Management companies may differ, and help you target your search and/or support your current choice of OC Manager.

For all the details visit the **SCA (Vic) Website**.



What to expect at an annual general meeting



Why should I attend?

If you are a lot owner in an owners corporation, the annual general meeting (AGM) is the main opportunity to discuss issues relating to your property. The owners corporation will elect its committee and office bearers, and make decisions about the budget and maintenance program for the next financial year.

If you cannot attend the AGM, you can appoint a person to represent you. Their vote will be counted as yours, which is known as 'holding a proxy'. To nominate a proxy, you must complete the prescribed 'Owners Corporation Proxy' form, available from www.consumer.vic.gov.au/ownerscorp, and deliver it to your owners corporation secretary.



What will we discuss?

The AGM must cover:

- income and expenditure of the owners corporation during the past financial year
- assets and liabilities of the owners corporation at the end of the past financial year
- maintenance works and the maintenance plan
- a report from the committee
- a report from the owners corporation manager
- complaints and emerging issues

The agenda must be sent to all lot owners at least 14 days before the meeting, together with the financial statements, budget, and minutes of the previous meeting.

If you want to raise a matter for discussion at the AGM, contact the person convening the meeting (usually your owners corporation manager). The committee or manager may also contact lot owners before an AGM, to identify matters for discussion.

Who runs the meeting?

The chairperson of your owners corporation chairs the AGM. If they are not present, lot owners can elect another lot owner or the manager to chair the meeting.

Other lot owners or the manager can help the chairperson to run the AGM; however, they must be authorised by the owners corporation to do so, and this decision must be recorded in the minutes.

Who can vote?

Owners corporation members or their proxies can vote at the AGM.

However, if you owe fees or other money to the owners corporation, you will not be entitled to vote on ordinary resolutions. You can still vote on matters requiring a special or unanimous resolution.

To ensure you can vote on all decisions, pay any outstanding amounts at least four business days before the AGM.

More information

For information and resources to help owners corporation members and managers prepare for an AGM, visit Consumer Affairs Victoria's website: www.consumer.vic.gov.au/ownerscorp

PUBLIC INFORMATION SESSION

SCA (Vic) in partnership with Consumer Affairs Victoria are hosting a public information session as part of Law Week 2015 [11-17 May 2015]. This CBD event, a public information session, is to be held 5.00-6.30pm on Tuesday 12 May 2015 and will feature expert speakers such as government, a strata manager, strata lawyer, and strata insurer. You can register to attend at www.vic.stratacommunity.org.au

Factors to consider when selecting Owners Corporation insurance

Individuals who are owner occupiers or investors in strata automatically become a member of an Owners Corporation (OC).

The OC is a legal entity that has a strict legal obligation to comply with all aspects of the 2006 Owners Corporations Act (the Act). One of these is the OC must insure the building for full reinstatement and replacement value.

Adequately protecting the value of a key asset is vitally important from a financial and legal perspective. This is done through insurance. It is important the OC considers a range of factors when considering who to purchase strata insurance from and how much, these should include:

AREA TO CONSIDER	WHY IS IT IMPORTANT?
Are the sums insured on offer adequate?	Failure to have enough funds to fully reinstate your complex after total destruction of the building will mean any financial shortfall is passed back to individual OC members to fund. It also means your OC is not meeting the legal requirements of the Act.
Is the policy accidental damage of defined events?	Accidental damage policies offer much broader cover to the OC and will respond to a wider range of incidents and damage to the property.
Does the insurer understand Strata's unique risks?	Strata insurance is a specialised area of property insurance. Choosing a Strata Specialist will ensure you are dealing with an insurer who focuses on strata and has a deep understanding of the specific insurance requirements of OC's and strata in general.
Does the company have a local team you can rely on?	If the need arises, being able to talk to an insurer with locally based staff that have full decision-making authority on any aspect of the insurance policy will ensure quick resolution of your claims, underwriting or policy matters.
What is the track record of the insurer?	Using a proven strata insurer with a history of operation in the strata environment can give you confidence that they have chalked up "runs on the board" over a number of years and understand your risks and expectations.
Does the insurer have a proven track record handling strata claims?	Knowing that your insurer has experience handling all type of claims
Is the claims lodgement process simple?	<ul style="list-style-type: none"> • Day to day claims (e.g.; broken glass, impact, burst pipe) • Catastrophe claims (e.g.; numerous claims from hailstorm) • Large loss (e.g.; extensive damage to only one building)
Is there a 24/7 service available?	along with an easy claims lodgement process, and 24 hour claims service, means you can be sure that at any time of the day your claims will be handled with experience, and in a quick and timely manner.
Is there a panel of repairers who understand strata and are able to bill the insurer directly?	<p>Without a dedicated panel of repairers the OC can be left to source and pay for the repairs themselves before claiming the costs back from the insurer.</p> <p>A dedicated panel repairer can bill the insurer directly; speeding up the claims process and avoiding any unnecessary out of pocket expenses.</p>

Considering the above as part of the decision making process the OC goes through when selecting OC insurance will help ensure a balanced decision is being made.

This information is of a general nature only and does not take into account the individual needs of Owners Corporations or their objectives or financial situation. We recommend that you carefully read the Product Disclosure Statement and Policy documentation provided by the Insurer and any other information before making your decision. CHU Underwriting Agencies Pty Ltd ABN 18 001 580 070 (AFS Licence No.243261) is an underwriting agency acting on behalf of the insurers: QBE Insurance (Australia) Limited ABN 78 003 191 035 (AFS Licence No. 239545) and QBE Workers Compensation (NSW) Limited ABN 95 003 195 604 – Agent for the NSW WorkCover Scheme ABN 83 564 379 108

STRATA FINANCE: WHAT ARE YOUR OPTIONS THIS YEAR?

Tim MacKenzie, Associate Director, Macquarie Business Banking

Work on a strata building, whether it is structural, aesthetic or mechanical, is often needed for maintenance, to address property damage or simply to make it more marketable.

The start of a New Year is a great time to look at the funding options available for strata buildings and plan for the year ahead and beyond.

Check the sinking fund

Consider the status of the sinking fund where regular strata levies are paid by lot owners. A sinking fund is an emergency fund established to cover unforeseen maintenance and repair expenses. However, if an emergency fund does not have adequate funds in it to cover required repairs, there can be a risk of increased delays and costs.

Raise a one-off special levy

Another option for strata finance is to raise a one-off special levy, which must be paid in addition to an owner's regular levy commitments.

For many lot owners this option is unfeasible as they need to raise the extra cash required. There can also be delays with special levies as the owners corporation generally must vote to approve it for major works.

Look to borrow the funds

The third option is to apply to borrow the funds from a financial institution, such as the Macquarie Strata Improvement Loan (SIL). SILs are designed specifically to assist owners corporations to fund major works or address an urgent need for repairs.

The benefit of a SIL is that repayments are added to the regular strata levy, giving lot owners a more manageable time period to pay for works. Once it has been approved, funds can be provided to the owners corporation quickly, ensuring work can commence immediately. A SIL can be structured to manage a number of improvements or repairs at once, which

can reduce disruption and labour needs for lot owners, leading to greater cost efficiencies. Keep in mind that taking out a loan will require a resolution by the owners corporation to borrow the funds.

Finance through a supplier or contractor

The final option for strata funding is to seek finance from the supplier or contractor who completes the maintenance or repair work. This option can mean work is started immediately and repayments are spread over a longer period of time. However, not all suppliers offer this option, which can limit the number of suppliers to choose from.

As you can see, choosing the right funding option is an important decision which is why it is important for lot owners to understand all the options that are available to them when making a collective decision as the owners corporation. Strata managers can play a key role in assisting them to do so. This will ultimately allow a decision that is in the best interests of all parties.

To find out more about SILs, visit www.macquarie.com.au/strataloans

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FROM PAGE 1 – ROB BECK,

You can also read on further to find out about our new Consumer Guide – helping you make the most of your professional management \$, whilst you gain a better understanding of your unique management needs.

We take this opportunity to wish you all a happy Easter and a safe and relaxing break.

New Security Screening at VCAT – be early be prepared

Be aware, VCAT advises that all visitors to VCAT's 55 King St venue are required to pass through new security screening since Monday, 19 January 2015.

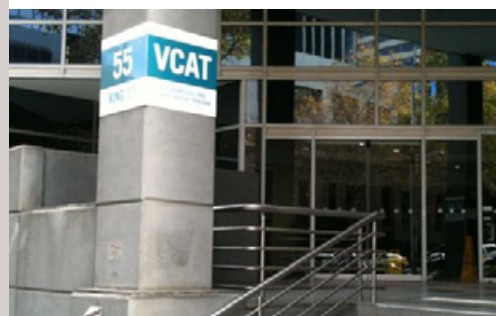
As part of an ongoing building refurbishment, the new ground floor measures include:

- bag scanning
- walk-through screening
- security staff, with detector wands.

This will give the King St venue similar security to other Court Services Victoria locations, including the William Cooper Justice Centre and Melbourne Magistrates' Court.

VCAT staff will be available to assist visitors as they get used to the new arrangements, which may result in queues to enter the building.

To avoid being late for your hearing or other appointment, VCAT suggest you arrive 45 minutes before your designated start time.



HAVE YOU SEEN YOUR WATER AND GAS VALVES?

Believe it or not we have seen both bricked in and plastered in walls – which have prevented access to both hot and cold water, as well as gas valves!

This is aside from the regular instances in which they are paved over, or deeply hidden within gardens. A simple oversight which to you as owners, means a lot of unnecessary expense as time and equipment is used to try and locate them. Especially in cases of emergency when it becomes a real problem.

Ultimately extending the time to resolve issues during emergencies, inevitably leads to a greater extent of damage being sustained to buildings and fixtures...which could have been prevented.

And it doesn't stop there, it is also important to ensure that sewer and stormwater shafts and drains are accessible at all times too. We see many times that gardens or paving are installed over these areas preventing access. Again creating expensive search and locate charges trying to find them.

When next out and about on your common property, why not see if you can locate your water valves, gas valves, inspection covers and access panels? And if you can't, be sure to ask the question and have the OC find out before it's too late!



How can online portals help you?

Aylie Brutman, Product Manager, STRATA Master

It's no secret that there is a lot of paper work associated with owning a property! With so many invoices and statements, it's easy to misplace them. Having to call your Owners Corporation representatives and/or OC Manager for paperwork can be a hassle not only for you but for them. This process can be simplified by accessing all your data through an online portal.

Many owners corporations have established these portals to provide lot owners with online access to important property information, 24/7. This system not only frees up the OC Managers day, but makes life a lot easier for you! The online system provides convenient access to all your property information, ensuring you never lose paperwork again.

Owners corporations who have these portals will have them linked through their OCs business website or that of their OC Manager. Using your unique login you can have access to all the information you will require, on any device at any time. Portals can hold information such as property data, financial data, scheduled and previous meetings. Downloading documents from the portal can make for an efficient and stress free tax time!

Making the most of online services will help you save time and stress in your busy day.

If you do need to contact your managers there is no need to pick up the phone as you can contact them through your portal login. This can drastically speed up the communications process and help you resolve issues, faster. People are often unaware of the maintenance jobs which are happening in the building. Now you can go online and see how these may affect your property.

Online portals are hugely useful to all lot owners and it is definitely worth investigating if your manager has established these on their website. If they have, it is worthwhile seeing what information you can view and download.

rockend
The leader in property software



3 Golden Rules to follow when renovating your Strata Property

If you are preparing to undertake renovations on your home you need to be aware that renovating a strata property may have a few more complexities to it than your average free standing dwelling.

Whitbread Strata Insurance expert Ann Farrugia dishes out her best advice to ensure your insurance is not compromised when performing renovations to your property.

GOLDEN RULE NUMBER 1: Inform the right people that you are carrying out renovations

Advise your Strata Manager, Insurance Broker and Contents Insurer of the works being performed, **prior to commencing**.

Key information you need to share:

- Summarised description of works
- Contract value / amount
- Anticipated start & completion dates
- If at any time the Essential Services need to be turned off, you must inform your Strata Manager

Why your insurer needs to know:

When signing an insurance contract it is considered your duty to disclose to the insurer every matter that you know, or could reasonably be expected to know, about your renovations. This is relevant to the insurer's decision on whether to continue to accept the risk, and if so, on what terms. Basically, you need to inform the insurer when your property conditions change.

Failure to notify could impact how your insurance company would respond to any possible claim under your current Strata Insurance or Contents Insurance policy if any damage occurs as a result of your renovation.

Take this scenario for example...

As a part of your renovations, you are replacing the roof on your property. The roof replacement works will mean that your premises is left uncovered for three days. With everything going on during the renovations, you understandably forget to advise your Strata Insurer of

the nature of works taking place.

Over the three days in which your roof was left uncovered, a large storm came through causing severe damage to the building. As you neglected to notify the insurer of the roof replacement, the insurance company denied the claim based on the fact that the damage caused was directly related to the renovations.

Had the insurer been advised prior to works being carried out, they may have decided to impose a higher excess for the duration of repairs, or informed you of this specific policy exclusion before you chose to commence works.

GOLDEN RULE NUMBER 2: Make sure your contractor has current insurance – and the right insurance!

Before commencing works, confirm that the Contractor has a current Contract Works and Public Liability Insurance policy.

Simply getting a "Yes I do!" from the contractor is not acceptable. **You must ask the Contractor to provide you with a Certificate of Currency, which they can obtain from their insurer.**

If a contractor or their employees were to cause, or were alleged to have caused property damage or personal

injury whilst carrying out work on the owners corporation property, this could result in a claim being brought against the contractor, the Owners Corporation, and the individual lot owners.

A common assumption is that contractors, and/or tradespeople are covered under the liability section of the Strata Insurance policy; however they are not. They must have their own Public Liability Insurance, in their own name.

Our recommendation is simple. Prior to commencing renovations, don't hire or engage anyone who doesn't carry a current Contract Works policy or a current Public Liability policy, and ensure you hold their current Certificate of Currency on file.

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The 3 Golden Rules



Inform the right people that you are carrying out renovations



Make sure your contractor has current insurance – and the right insurance!



After your renovations are complete – obtain a property valuation.



Updating your computer hardware – when is the right time?

Are you a business owner or operate a business at home within your strata property? One of your greatest fears may be your technology failing resulting in loss of productivity and even worse the loss of data.

So, when should you update your hardware?

Here are some guidelines to consider when deciding how long your hardware will last.

- A desktop computer 3-4 years – updating a desktop computer within these timeframes allows you to maintain the latest operating systems including the most up-to-date security patches.
- A laptop 2-3 years – laptops are more prone to wear and tear so tend to have a shorter life than a desktop.
- A server 3-5 years - the life of a server is both hardware and software dependent so best to keep replacement in the same timeframes as other hardware.

So why should you replace your hardware?

1. Reducing downtime and lost productivity

Having staff sitting around while their computers are being repaired or just waiting as the computer slowly processes the data input is not desirable.

2. Newer PCs support newer applications

By upgrading your PCs you are also able to update software applications. New software brings better features, improved usability and better performance which ultimately points to better productivity.

3. The price of replacement

Computer servers and PCs on average have become less expensive and allow you and your employees to be more productive.

4. Old servers may not be covered by warranty

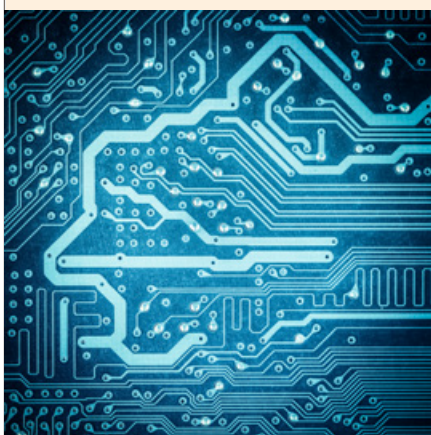
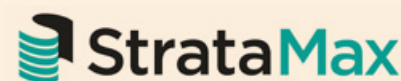
Most computer manufacturers will give five years as the 'end of life' of server hardware and make it prohibitively expensive or even impossible to renew the warranty after that time.

5. Replacement hardware becomes obsolete

Once the lifecycle of a computer or server has expired you run the risk of prolonged downtime trying to find spare parts.

6. Cheaper electricity costs

New servers are designed with better technology that uses less power overall.



Planning and budgeting for replacement computers and servers should be in your annual budget, not only will this proactive stance prevent costly maintenance and downtime in the event of a crisis but it will allow for greater productivity and happier users.

SCA (Vic) appointed to short-stay government panel

Victorians held a State Election in late 2014 and strata raised its head as an election issue. Labor's planning policy is to clamp down on 'party pads' from Airbnb, and pledges to better regulate short-stay apartments. Labor promised to appoint a panel to help improve regulation of CBD residential buildings. The Greens' Ellen Sandell, who won the seat of Melbourne, plans to change the law to support residents. She promised to introduce a bill to amend the OC Act 2006 to regulate serviced & short-stay apartments, while protecting the use of Airbnb by genuine individual residents who call Docklands home.

Subsequently to Labour's election victory and to keep its election commitment the government has advised that SCA (Vic) will be appointed to the government panel reviewing the regulation of short-term letting.

If you wish to find out just what the SCA (Vic) position is, you can read more within the **SCA (Vic) Policy Position** Refer page 22.



Cost Cutting Energy Measures – You're invited to find out more

Amy Brand, Senior Sustainability Officer, Sustainable Community, City of Melbourne w Smart Blocks Coordinator, Sustainability Branch

With an apartment boom in full swing, owners corporations are often looking for ways to ensure their building stays current in the marketplace. If you're curious about how other owners corporations are improving their buildings through energy efficiency, renewable energy and waste amenities, this event is for you.

The City of Melbourne in partnership with Smart Blocks is hosting a networking evening on Tuesday 28 April

to give you an opportunity to meet and mingle with energy experts and owners corporation members who have implemented cost cutting energy measures. The evening will include drinks, nibbles and door prizes.

To receive more information please email amy.brand@melbourne.vic.gov.au

Neighbourly behaviour for public housing tenants

The State government authority for public housing has about 85,000 dwellings, many of which are apartments in owners corporations that have public housing tenants.

It notes that most public housing tenants are good neighbours, but the behaviour of some tenants can make life in public housing communities less enjoyable and unsafe for others.

In March 2014, the Victorian Government released its plan for social housing - New Directions for Social Housing: A Framework for a Strong and Sustainable Future.

As part of the framework, the Victorian Government announced that a neighbourly behaviour statement would be introduced for all public housing tenants.

This statement outlines the behaviour expected of public housing tenants. Tenants who do not meet their obligations and responsibilities risk losing their public housing tenancy.

New tenants must sign this statement prior to the Director of Housing entering into a tenancy agreement with them.

You can view it [here](#), but note whilst it's been drafted for public housing it outlines standards of behaviour that are beneficial to building communities in any and all OCs. It could be considered writing the unwritten laws of communal living.

DID YOU KNOW?

50% of all plans registered by Land Victoria in 2013-14 were strata ie owners corporations.



FROM PAGE 6

GOLDEN RULE NUMBER 3:
After your renovations are complete – obtain a property valuation

Once the renovations to your home within the owners corporation are complete, it may be necessary to consider obtaining an updated property valuation. Your renovations may significantly increase the value of the building, which may mean the current building sum insured is no longer sufficient.

We suggest you contact your Strata Manager or your Insurance Broker to discuss if an updated valuation is necessary.

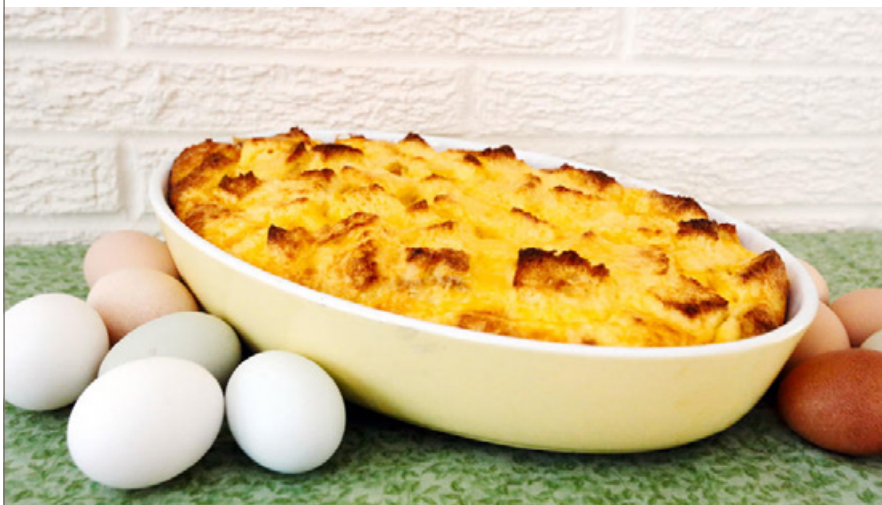
If you would like to obtain further professional advice on the do's and don'ts of insurance when renovating your property, please contact Whitbread Insurance Brokers www.whitbread.com.au

This article is not intended to be advice and you should not rely on it as a substitute for any form of advice. Please contact Whitbread Associates Pty Ltd ABN 69 005 490 228 License Number: 229092 trading as Whitbread Insurance Brokers for further information or refer to our website.



Australian Government
Department of Resource
Energy and Tourism





STRATA COOKING

Easter Egg Strata Recipe *As appeared in Chatelaine*

INGREDIENTS

- » 1/2 tsp salt
- » 1 bunch asparagus, about 500g
- » 1 1/2 cups diced cooked ham
- » 8 slices white or egg bread, preferably day-old
- » 4 hard-boiled eggs, peeled
- » 4 cups 2% or 3.25% milk
- » 8 eggs
- » 2 tsp Dijon mustard
- » 1/2 tsp salt
- » 1/2 tsp freshly ground black pepper
- » 1/4 tsp ground nutmeg
- » 140g log creamy goat cheese

DIRECTIONS

- Preheat oven to 180°C. Coat a 9×13inch (3 litres) baking dish with butter.
- Fill a large frying pan with approx. 1 inch (2.5cm) water. Add 1/2 teaspoon salt and bring to the boil over high heat.
- Meanwhile, snap off or trim tough ends from asparagus. Cut asparagus into large bite-size pieces to fill approx. 3 cups (750 ml).
- Place asparagus into boiling water and cook, uncovered and stirring occasionally, until tender-crisp, about 2 minutes.
- Meanwhile, fill a large bowl with ice water. Immediately drain asparagus and plunge into ice water. When asparagus is completely cooled, remove from water and pat dry with paper towels.
- Place asparagus and ham in a large bowl.
- If preferred, cut crusts off bread, and slice bread into 1inch (2.5cm) pieces. Combine with asparagus and ham.
- Turn half of mixture into baking dish, making sure it is evenly distributed.
- Slice hard-boiled eggs into quarters and distribute over asparagus mixture.
- Cover with remaining asparagus mixture.
- In a large bowl, whisk milk with eggs, mustard, 1/2 teaspoon (2 ml) salt, pepper and nutmeg.
- Crumble in goat cheese and whisk to blend in. Some lumps will remain. Pour evenly over asparagus mixture.
- Bake in centre of oven at 180°C; until edges are golden and a knife inserted into centre of strata comes out fairly clean, approx. 45 to 50 minutes.
- Let stand 10 minutes before serving.

Serves 6 to 8

What does it take to terminate a Strata Scheme?

Northern Territory leads the pack of Australian jurisdictions. It's the first to have made strata law reforms that allow termination of a scheme to be carried out with less than 100% unanimous agreement.

If >15yrs & >10lots, then can pull it down with 80%-95% majority; down from current 100%. The Act passed and commenced 1 Jan 2015.

Everywhere else in Australia, including Victoria, still requires a 100% unanimous decision to terminate a strata scheme.

If you would like to find out more about the impact and factors of concern relating to termination of a scheme you can read the **SCA (Vic) Policy Position** in this regard; refer page 25.



STRATA LIFE

Questions? Comments? Articles?

Contact:
info.vic@stratacommunity.org.au
or phone 9416 4688

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