

STRATA LIFE **SUMMER 2017**



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Merry Christmas and a Happy and Prosperous 2017

Welcome to Strata Life

They say Christmas comes but once a year, but who can explain why it comes around quicker each year!

It's definitely crazy isn't it, to think that it's that time of year again? Ensuing with a whirlwind of activity to tie up your loose ends, cross off your 'to do list' and catch up with your family and friends. It can tire you out just thinking about what's in store. So be sure you don't let yourself get caught up in the craziness and frustration that also ensues as we push towards that magical end of year date. Let's focus on the opportunities and be excited for its possibilities; the thought of starting a new year with a clean slate, potentially refreshed with positive energy and new goals, not to mention the time we all dedicate to creating memories with those near and dear to us.

Actually in a strata complex you're unique as there are so many more who are in fact 'near' to you. Why not embrace this festive season as an opportunity to get to know your neighbours, instigate or attend your building's, your community's, Christmas event this year; barbecue, drinks and nibbles in the foyer, or BYO picnic in the garden.

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Rob Beck,
GENERAL
MANAGER
SCA (Vic)

HAVE YOUR SAY ON REFORM OPTIONS FOR OWNERS CORPORATIONS LAW

Consumer Affairs Victoria is seeking your views in response to an options paper setting out possible reforms to the *Owners Corporations Act 2006*.

Part of a review of consumer property laws, this paper responds to feedback the government has received on the issues affecting owners corporations and their managers.

The options paper sets out a range of possible reforms, including:

- increase the knowledge and skills of owners corporation managers
- make management contracts fairer
- allow owners corporations to make rules for pets, smoke-drift and renovations



**Help us improve
Victoria's consumer
property laws.**

consumer.vic.gov.au/consultations

DON'T GET CAUGHT OUT THIS CHRISTMAS SEASON BE PREPARED FOR THE FESTIVITIES AND PLAY IT SAFE

Around water:

If your OC has a pool be sure safety checks occur now. After a season of slow or no use, access to facilities, and the facilities themselves need a health check. Find out more <http://www.royallifesaving.com.au/aquatic-centres/managers/guidelines-for-safe-aquatic-venues/body-corporate-pools>

Around barbecues on balconies:

http://www.linkfire.com.au/images/pdfs/MFB_HiriseFlyer_Fire_Safety_On_Balconies.pdf

And a word of advice - smoke from a barbecue will set off fire alarms! Don't open your internal doors, to inside your apartment or into the common area hallways, and allow smoke drift to set the fire alarm off. You may, and most likely will, be charged the fee for any false alarm attendances made by the fire trucks.

Using a gas barbecue on a balcony:

<http://www.elgas.com.au/blog/391-using-a-gas-bbq-on-a-unit-balcony>

On common property:

You'll agree that most of us will comply with owners corporation rules just by acting respectfully of others, of shared facilities and when using equipment - which is in fact owned by all lot owners collectively. So really we all take care of our vested interests. Sometimes though the mere fact that we're on holidays can cause a momentary lapse of reason. Even more-so if the occupant doesn't have the same value of the property as the owner. But if you're not sure of what the rules are, or think it may be a timely reminder for your tenants, simply contact your Strata Manager who can assist. If we all remember the old adage to treat others the way we'd like to be treated, we're sure the rule book won't even need to be pulled out.

Just enjoying life's daily activities:

Office Closures: Be sure to get your Strata Manager's advice as to upcoming office closures and emergency contact numbers; electrical, plumbing, insurer, caretakers, building managers etc. Remember though to keep in mind that the Owners Corporation is only responsible for repairs to the common areas, lot owners are responsible in general for repairs within their lot; so keep this in mind when organising any necessary trades over this holiday period.

Local Community Resources: City of Moonee Valley has developed a great safety plan/checklist you can prepare for your home. It will ensure in the event of a household or community emergency, that you have ready access to all the numbers and support resources you need. Find it here <http://mvcc.vic.gov.au/housesafety#safetyplans>

State Resources: In the event of an emergency: remember you can contact the State Emergency Services <http://www.australia.gov.au/information-and-services/public-safety-and-law/emergency-services>

And have direct access to the fire authorities, ambulance or police by dialling triple zero <http://www.triplezero.gov.au/Pages/default.aspx>

We all know things can happen, it's life, but don't let it be the unavoidable that occurs to you this summer!

FROM PAGE 1

Your home is your castle, just as your neighbours is theirs, so why not recognise, engage with your neighbours, and truly enhance the value of what it means to call your strata complex your home.

If it's all too hard, simply ask your Committee and/or your Strata Manager to assist, you'll be amazed when you not only see, but also feel and experience the benefits that will last into the years ahead.

Also, whilst talking festivities, be sure to read on to review the tips to have a safe summer of activities within your strata complex, minimise risks when you love what you do and do it from home, as well as consider what you can do to improve the legislation that governs all strata complexes; to build community, and also to make sure it helps owners corporations, run fairly, efficiently and effectively. Have a wonderful and safe Christmas, summer and 2017!

FROM PAGE 1

- change the requirements for special resolutions and reduce the size of management committees
- allow owners corporations to make rules to assist lot owners in financial hardship, while streamlining processes for recovering outstanding debts.

The review is also examining the *Sale of Land Act 1962, Estate Agents Act 1980 and Conveyancers Act 2006*. Options for reforming each of these Acts will be released in the coming months.

To view the Owners Corporations Act options paper and make a submission, visit <https://www.consumer.vic.gov.au/resources-and-education/legislation/public-consultations-and-reviews/consumer-property-law-review>

**Submissions close on
16 December 2016**



The Storm Season is Here

Mark Jennings, Commercial Manager, Express Glass

As long as we can remember, Australians have been menaced by intense storms due to the size, shape, and location of the Australian continent. Our continent provides the perfect spawning ground for cyclones, severe thunderstorms, tornadoes, and even super-cells.

And... it's predicted, due to climate change, that Australia's storms are likely to grow stronger and more frequent in the years to come.

The 2016 storm season has started! So, what can you do to prepare for the unexpected and minimize any impact for now and into the future?

1. Firstly, here's a great 3D link to what you can do around your home...

<https://www.brisbane.qld.gov.au/prepare-storm-season>

2. Window maintenance 'glass is dangerous' • clean the tracks of your windows and your doors too. If there is any dirt lodged in the corners or the sides, gently remove it using a strong but non-abrasive cleaner. Pipe cleaners are good for this purpose or something small and slim which won't damage paint work or the surrounds.

Next, check the sealant around the edges of your windows. Some people have vinyl which also needs checking. Ask yourself if it's firmly in the right place and looks clean – with no pitting or erosion. If it is tight to the window, it is in good health. If it is loose or starting to wear away then it will need replacement because it means that the edges could give way, causing the glass to blow-out during bad weather.

3. Keep your garden tidy • trim low hanging and overgrown branches that are sitting close to your property.

4. Conduct a maintenance check • if your home has been exposed to storms in the last few years (or if it's an older property) it may pay to hire a qualified tradesperson to come and evaluate your property and ensure everything is secure. Some great starting points are to check your roofing and gutters for any loose fixtures.

5. Secure loose items • If high winds or storms are forecast, secure loose items outside the home or store them away. This includes outdoor furniture and children's toys.

6. Take out home and contents insurance • in the unlikely event that your home sustains significant damage as a result of storms, flooding or bushfire activity, appropriate home and contents insurance will be essential to mitigating financial loss. The same goes for car insurance, especially if you don't have anywhere undercover to park.



Ethical Standards & what it means to you that your professional OC Manager is an SCA (Vic) Member

Ethical standards are important to us as the peak body of the strata industry, as we know they are to you as owners and investors in your own strata properties. And, whilst it's disappointing to us and our industry to hear stories of poor performing members, it should offer you peace of mind to know that SCA (Vic) has and will continue to censure, suspend or even terminate membership when and where necessary, following the warranted review outcomes of formal complaints. In fact a number of membership applications have also been refused, prior to membership being granted. Another reason why your choice to engage a professional strata manager who is a member of SCA (Vic) is a great decision.

VCAT up 3% to 3,156

In the 2015-16 year there were 3,156 applications, a 3% increase [2014-15 – 3,068]. Almost all applications are for fee recovery. 87% of all applications are for small claims less than \$10,000. The OC list is wholly funded by a trust, the Victorian Property Fund, and was \$1.7 million in 2015-16. **VCAT 2015-16 Annual Report p39-40**

What VCAT do (Victorian Civil & Administrative Tribunal)

Almost all matters heard by the Owners Corporations List are disputes under the *Owners Corporations Act 2006*. An owners corporation, formerly known as a body corporate, manages the common property in a subdivision that has created several lots or units. The common property can be a driveway, car parking space, garden, lift, staircase or foyer. The owners corporation collects fees from its lot owning members to pay for the cost of managing, maintaining and insuring the common property.

CLEAR, CLICK AND COLLECT FOR DIABETES



We know Christmas is a time for giving and receiving, which quite possibly leads to a time of clearing out. So when you do, rather than just binning it, donate it. Donate your pre-loved, unwanted clothing to Diabetes Victoria & you are choosing a sustainable Melbourne.

Book your free clothing collection pickup online, 24 hours a day 7 days a week. Simply jump on our website here: <https://www.diabetessvc.org.au> and complete the online form. Alternatively, you can call us on **1300 CLOTHING (1300-256-844)**. On pickup day, simply leave your donated goods in the agreed location – and we will do the rest.

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7. **Register your pets** • while your furry friends might appear to be secure in your yard on any normal day, in incidences of extreme weather activity gates can blow open, fencing detaches or frightened pets could find a way to escape looking for reprieve from the elements (should you not be home to bring them inside). Registering and microchipping your animals is highly recommended in the event that they should find themselves far from home.
8. **Bushfires** • if you live in a bush fire area, have a plan in place should you, your family, or your property be at risk.

9. Keep these contacts handy:

- Express Glass Emergency Glass Repairs 24/7/365 Australia-wide – 1300 66 234
- Australian Council of State Emergency Services <http://www.ses.org.au/contact.html?6>
- SES Australia-wide 132 500
- Australia's Emergency Call Service Triple Zero (000)
- DisasterWatch Download the phone app NOW
- Emergency Alert (national telephone warning system) <http://www.emergencyalert.gov.au/contact-us.html>



POWER TO THE PEOPLE

Marty Brokenshire,
Linkfire Service Manager

It feels as though our lives are becoming more and more dependent on power operated devices such as mobile phones, laptop computers, lamps, DVD players... not to mention our love of festive lights at this time of year!

Consequently, with this ever increasing demand for electrical devices requiring a power outlet, we find ourselves running out of outlets to plug them into. So we turn to electrical power boards as a cost effective way to feed our thirst for electricity. But just how safe are power boards? Or more importantly how safe are we at using them?

Did you know that in the 2015 calendar year alone there were 515 fires which the MFB attended due to electrical faults?

So how do we ensure we are using power boards safely?

Here's a few basic steps we've put together, to help protect your equipment and you.

- Never over load the power board
- Avoid using heavy plug-in transformers that will "over balance" and partially unplug, resulting in over heating from poor connections.
- Do not piggy back power boards in to each other
- Only use power boards with built in over load protection or built in safety switches, this will help prevent overheating.
- Regularly check that all plugs are firmly fixed in power boards.
- Understand the amount of power an appliance is likely to draw when operating.
- Regularly inspect power boards and leads for signs of damage and degradation.
- Avoid plugging large televisions, fridges and air-conditioners in to power boards as these items draw a lot of power.



When it comes to the quality of a power board cheapest isn't always the best option, don't let a \$3 power board cause \$3 million dollars worth of damage. Should you ever find yourself confronted by an over heating electrical power board **never** attack it with water or a water based fire extinguisher. The water can conduct with the electricity, and subject the person operating the extinguisher to an electric shock.

With fire safety in mind, this is a good time of year to replace the battery in your smoke detectors. *But be aware this isn't all that may need replacement.*



Most of us know that the batteries will need replacement every year, but did you know that the smoke detectors themselves require replacement also? Smoke detectors actually have a manufacturer recommended expiry date after which time they too should be replaced. Once a smoke detector is 10 years old it should be replaced. You can find either a "replacement" date or a "manufactured" date on the side or the back of the smoke detector. Use these dates to identify when your detector is due to be replaced. Although if your smoke detectors don't have a date then there is a good chance it's an extremely old detector and should be replaced immediately!

When it comes to the quality of a power board cheapest isn't always the best option, don't let a \$3 power board cause \$3 million dollars worth of damage.

A working smoke alarm saves lives.

Visit www.linkfire.com.au to find out more about essential safety measures: the fire services, equipment and maintenance.



Short Stay Bill

The Owners Corporations Amendment (Short-stay Accommodation) Bill 2016 has now been referred to the Environment and Planning Committee for report by 7 March 2017.

The problem with running a business from a residential strata unit

Ann Farrugia / National Client Relationship Manager

Running a small business out of a residential strata unit may cause major issues in relation to insurance. Not only can it increase the risk of a public liability claim, but it can also change the property classification from residential strata to commercial strata.

After a concerned OC (Owner's Corporation) committee member voiced their concerns through the question below, we decided to address the issue in more detail to help you understand the potential fallout similar situations may have.

Question

"Our OC has Residential Strata Insurance to cover our 8 units. This includes Public Liability Insurance. We have an owner/occupier who runs her Pilates business from her unit. In speaking with the insurer, they advised that if a client of the business was injured on site we would not be covered unless the insurance was upgraded to Commercial Strata Insurance.

To my knowledge, the owner setup their business without notifying the strata management group and has run it from their unit for some years. To move to Commercial Strata Insurance will mean an increase in the insurance fee.

Can you advise if the business owner can be charged the difference between Residential and Commercial Strata Insurance costs or if the business can be stopped from running out of the unit putting the other owners at risk?"

(This Strata Insurance question was posed to Whitbread by www.lookupstrata.com.au)

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Whitbread's Response

There are several important factors to address in relation to the insurance.

1. Duty of Disclosure - Tell the insurer and / or insurance broker

Before entering into a contract of general insurance with an insurer, the OC has a duty under the Insurance Contracts Act 1984, to disclose to the insurer every matter that they know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms.

The OC has the same duty to disclose those matters to the insurer before they **renew, extend, vary or reinstate** a contract of general insurance.

Essentially, the OC has a duty to disclose to the insurer anything that may increase or change the risk at the property. For example, knowledge that an owner or tenant is running a business from their unit.

If changes like these are **not disclosed** on the insurance schedule, and a claim is made, it is very likely the insurer would deny the claim.

Denial in such instances could be based on non-disclosure, particularly if risks like this are outside the insurer's underwriting guidelines. The insurer could even go so far as to cancel the policy and refund the insurance premium paid. The OC would then be exposed to the costs and outcomes associated with a claim.

If changes like these are not disclosed on the insurance schedule, and a claim is made, it is very likely the insurer would deny the claim.

However, if the **insurer is informed** of a business being operated from a unit, and they have the opportunity to amend the policy according to their risk appetite, a claim would more than likely be covered by the insurance – subject to the terms and conditions of the policy wording.

2. Non-disclosure extends beyond Strata Insurance

It is worth noting that the issue of non-disclosure applies to **all policies** in place at a Strata property. Therefore, it is important for **all relevant insurers** to be notified of any changes in circumstances within a property.

In this instance, in addition to the Strata Insurance, it is important for the Landlord and / or Contents Insurer to know about any business activity taking place within the insured unit. This will help to ensure insurance cover is maintained under the relevant policy.

Often, insurers may be happy to note on the Landlords / Contents Insurance policy schedule that a business is operating within the unit, but again it is up to the individual insurer as to whether they are able to cover it.

If the insurer is not satisfied with the change in circumstances, the owner or tenant in question may require a Business Insurance policy.

3. Residential or Commercial Strata Insurance?

It is the insurer's discretion as to whether they decide to keep the policy as a **Residential Strata Policy** or change it to a **Commercial Strata Policy**.

Each strata insurer has specific underwriting guidelines that determine whether the policy is rated as a Residential or Commercial Strata Policy. One of the major factors taken into consideration by insurers, is the **percentage of commercial floor space** versus **percentage of residential floor space**.

Based on specific circumstances assessed on a case by case basis, insurers may still be content to rate the property as a residential risk, but that does not appear to be the case in this instance.

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4. Potential premium increase

Whether the premium increases or not is up to the individual insurer. It is important to note however that if the policy does change from a Residential Strata Policy to a Commercial Strata Policy, this will almost definitely attract an increase in the insurance premium.

So, who absorbs the cost...?

In general, the Strata Insurance premium is shared by all of the units based on the lot liabilities outlined on the plan of subdivision. As such, any premium increase should be shared according to the plan of subdivision.

5. Setting up a business in an OC

If a unit owner is looking to conduct any business from their strata unit, they should notify the "Owners Corporation" prior to commencing. This will most likely have a direct impact on the Strata Insurance. The Strata Manager can help facilitate this process, the matter may be reviewed by the OC.

6. Stopping a resident from carrying out business activities in their unit

Legal advice may be required to provide guidance to the "Owners Corporation".

For further advice on how operating a business in a residential strata property can affect Strata Insurance, please contact Whitbread Insurance Brokers.

Please note this Q&A response is not intended to be personal 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 Licence Number: 229092 trading as Whitbread Insurance Brokers for further information.



Going with the flow

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

Calculating the volume of rain water that needs to be channelled by guttering and downpipes is a science and not every building has got it right. The ability of the system to perform at its best is also affected by blockages downstream. Poor roof installations are another problem. To be prepared for severe rain storms there are a few things that can save a property from expensive water damage...

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

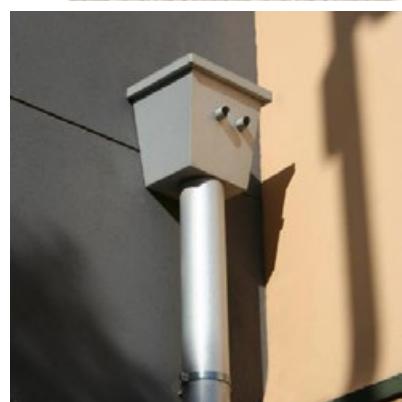
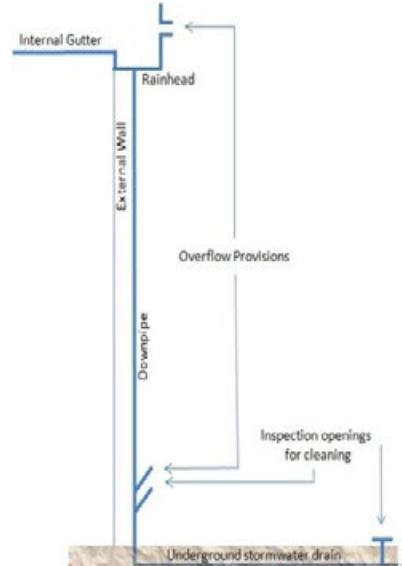
Blockages below ground convert a downpipe into a tank. Overflow points provide an escape while an inspection opening (I/O) provides non-destructive access for cleaning. Including an I/O at safe ladder height for taller buildings could also save money down the track.

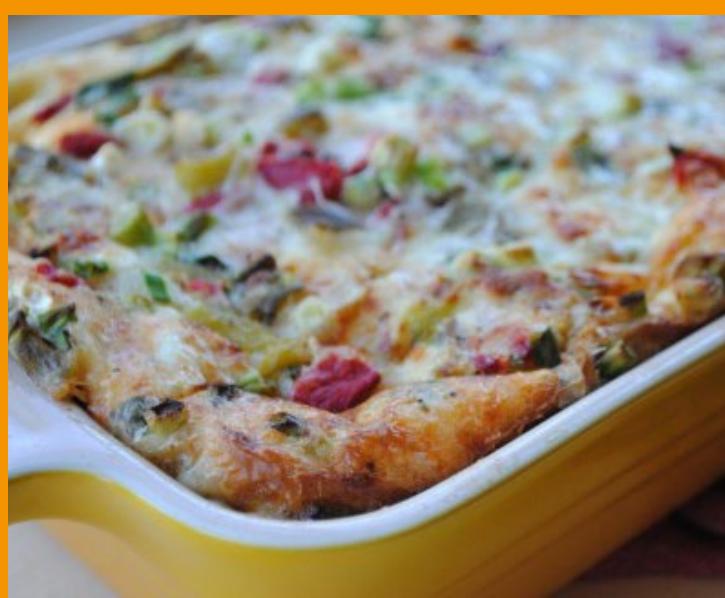
Any solution needs to be designed so as not to create a safety hazard or impact private property.

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

Overflow outlets in rain heads add protection during extreme weather.

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





STRATA COOKING

Christmas Strata

Recipe: Three Many Cooks

INGREDIENTS

- 1 quart half and half (NB: 1 quart is approx. 3 ¾ cups / Half and half is a mixture of half heavy cream and half whole milk that is commonly found in the US)
- 1 dozen eggs
- 1 teaspoon salt and several freshly ground black peppers
- 1 good baguette cut into ½ inch thick slice
- ½ cup diced roasted red pepper from a jar
- ½ cup diced green chilli from a can
- 12 ounces pepper jack cheese, grated (about 3 cups)
- ½ cup thin-sliced spring onions

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PROCEDURE

1. Whisk half and half, eggs, salt and pepper to taste until smooth.
 2. Spray a 13-by 9-inch Pyrex or ceramic baking dish with vegetable cooking spray.
 3. Line pan bottom with half the bread slices. Scatter half the peppers over the bread, then sprinkle with half the cheese and spring onion. Pour a couple of cups of the egg mixture over the topped bread. Make another layer with remaining bread, peppers, cheese and spring onion. Slowly pour remaining egg mixture over bread. Press on bread to make sure it absorbs milk mixture. Let sit for about 15 minutes before baking. (Can be covered and refrigerated up to 2 days.)
- Adjust oven rack to middle position and heat oven to 165°C. Bake until custard is just set, 50 minutes to 1 hour. Turn on broiler/griller; broil/grill until strata is spotty brown and puffy. (NB: If you refrigerate the strata make sure you allow extra baking time.)
4. Remove from oven, let stand for 8 to 10 minutes, and then serve.

Serves 12



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Questions? Comments? Articles?

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