

STRATA & COMMUNITY LIVING

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SPRING 2017



Awarding strong ethics

One of the newest categories added to this year's CHU Strata Community Awards was the Essay Award which encourages Strata Community Australia (NSW) members – strata managers, strata services and lot owners – to submit an essay of around 1,000 words on a current topical strata issue. The essay can be humorous or informative but must demonstrate an understanding of the topic and its relevance to the strata community.

The winning entry for 2017 was an essay on ethics, written by Frank Boross, Group Director, of a strata integrated facilities company, who has long campaigned for businesses in the cleaning industry to practice ethical behaviour.

"Businesses in general are unethical because they believe they have a lot to gain by acting in a certain way," Frank says.

"In the cleaning industry this occurs every minute of every day with some companies choosing to pay less than award conditions or offering commissions to get work. This is wrong and can lead to prosecution by the Fair Work Commission.

"We don't operate like this and my philosophy is that, anyone in my company who does, can immediately find themselves out of a job."

Many readers at this point will wonder why this is relevant to them as owners or asking the question what does this have to do with my home. The answer is plenty. You see under section 550 of the *Fair Work Act* a person who is involved in a contravention of the Act is held responsible for that contravention. A person is involved in a contravention if they:

- have aided, abetted, counselled or procured the contravention; or
- have induced the contravention, whether by threats or promises or otherwise; or
- have been in any way, by act or omission, directly or indirectly, knowingly concerned in or party to the contravention; or
- have conspired with others to affect the contravention.

This could mean that if your owners corporation has in any way participated in unethical behaviour that ends up before the Fair Work Commission there could be a price to pay.

Frank notes in his essay:

'The latest FWO annual report ... (notes) that the majority of litigations (42 per cent) concerned wages and conditions, with cleaning services featuring prominently in these cases. Such exploitation may be explained in part by tendering processes that award cleaning contracts to the lowest bidder. This is, after all, how the free market works: minimum outlay for maximum benefit. It is a reasonable business focus.

'This is highly relevant to the strata management industry because there are 270,000 strata properties through Australia, that all need contractors. The strata manager has a lot to do with recommending contractors and issuing work orders on behalf of their Owners, and they can get caught up in Section 550 of the act. Without any burden on strata managers and property owners to ensure the cleaning company they contracted is providing appropriate wages and conditions, workers – real human beings – end up bearing the brunt of these arrangements.

'The fact is, these corporations are cheating the Australian public by cheating their workers. The current arrangement isn't fair to workers or to taxpayers - nor is it equitable to employers who play by the rules, pay family-supporting wages and contribute their fair share of taxes. Clearly there's nothing wrong with being a profitable corporation, but that success shouldn't come at the expense of workers, communities and the economy.'

"To be successful you don't need to be unethical," Frank says citing the example of Lance Armstrong.

"He had the world at his feet but got there on a lie, and now all the good that he's done through his career, charities and relationships has come crashing down. People will and do get caught."

Having his essay awarded is a very pleasing result for Frank as he gets to highlight an issue that he is most passionate about.

"It is important that we do the right thing in the strata industry because so many people are involved and the consequences can damage more than just the reputation of those directly perpetrating the action."

If you believe that someone is acting unethically, and they are a member of SCA (NSW) you can lodge a complaint with us, in writing, directed to conduct.nsw@strata.community



Sustainable buildings

How sustainable is your building? Chances are if it was built recently, say in the last five years, it may have been built using sustainable materials and include water and energy saving devices.

The only way of knowing for sure is to use the tools available that can measure your energy efficiency or if doing maintenance to either the common property or within your space, you could consider using materials that are sustainable (as well as safe).

As for the energy efficiency tools, look firstly at your local council which may have an energy auditing service available for residents. City of Sydney, for example, offers residents within its boundaries the opportunity through its Smart Green Apartments Program to have a number of assessments undertaken. These include energy and water assessments that can look at where there are inefficiencies and recommendations on how these might be corrected. There is then also support while undertaking upgrade processes and training and network opportunities.

Council says on its website that so far they've "helped more than 50 buildings in the local area save thousands of dollars each year on running and maintenance costs."

They site two examples:

"Aria, a 15-storey apartment building in Waterloo is now saving \$61,000 each year through lighting upgrades and adjusting timers on car park exhaust fans.

"Cleveland Mews, a 66-unit apartment building in Redfern is saving 82% in energy use through lighting upgrades and installing heat pumps for the swimming pool and spa."

The program operates annually and the 2017 intake is open until 15 September 2017.

A few years ago SCA national also assisted in the establishment of the Smart Blocks program by helping to secure funding for its development. The Smart Blocks program ran workshops around the country to assist strata owners with issues around energy efficiency and water saving.

There is a wealth of information on its website www.smartblocks.com.au specifically for apartment owners around saving money on lighting, saving on energy costs associated with pools and amenities, auditing heating and cooling systems and installing solar systems.

These all focus on common areas but within your apartment there are a number of things you can do and products available that may also make a difference.

When it comes to furnishings and decoration, owners can save money and reduce their carbon footprint simply through buying secondhand furniture or recycling. There are a number of guides online that can show thrifty consumers what to look out for.

There are also loads of furniture sellers that offer products made from sustainable and ethically sourced timber. Try www.ecochic.com.au for a range of stylish furniture and soft furnishings. They are Fair Trade and Good Environmental Choice Certified.

When it comes to home decoration products such as paint, the industry has developed a range of low VOC paints across different brands. Low VOC means less volatile organic compounds or solvents than traditional paint. High levels of VOC can reduce the air quality within a building.

ARIA, A 15-STOREY APARTMENT BUILDING IN WATERLOO IS NOW SAVING \$61,000 EACH YEAR THROUGH LIGHTING UPGRADES

Cleaning products too have gone through a bit of an evolution with a number of products on supermarket shelves claiming to be environmentally friendly. The best advice is to do some research. Alternatively nothing works better than vinegar, bicarbonate soda and some elbow grease. Home cleaning gurus such as Shannon Lush share simple tips and cleaning methods that are both sustainable and easy on the pocket.

No matter what you do to reduce your energy consumption or impact on the environment, just taking one step is the best start.

Dangerous building products

In June this year we all witnessed a horrible tragedy in London as the Grenfell Tower burned to the ground. The cladding on the outside of the building was not fire resistant, likely just the opposite and this, along with a previous fire in an apartment building in Melbourne, has us talking about the risk of something similar happening here.

A lot of people, driven to some degree by the media, came to realise something we in the strata industry in NSW have known and discussed for some time. That is, the use of poor quality building materials, the difficulty in getting proper building certification done in some cases and the fact that strata owners are often the ones who pay for this, one way or another.

Strata Community Australia (NSW) represents over 75% of all strata lots in NSW via our strata manager members. It would therefore be remiss of us if we weren't to participate in this conversation and to attempt to lead it in the proper direction.

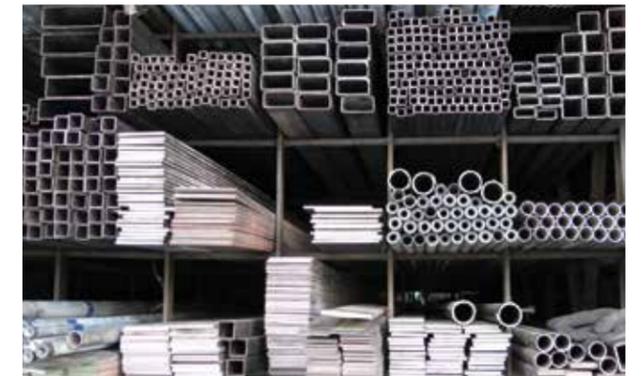
Early on we discussed the matter with the Minister for Innovation and Better Regulation, Matt Kean MP, and expressed our support for building audits but we asked that the NSW Government pick up the bill for this and not lump it on strata owners.

It's also not just a matter of undertaking a building audit. There must be a fund established to pay for any rectification works, especially if the builder has "disappeared" as well as an overhaul of the building certification system. Lastly there must also be a process whereby building materials cannot be imported or used unless they meet Australian standards.

So far we have had some progress. NSW Fair Trading has recently announced a fire safety reforms packaged which it says will make people feel safer in their homes.

The Minister said in a media release that legislation would be introduced to prohibit the sale and use of unsafe building products.

"This package will protect consumers from building products that are inherently dangerous or that are being advertised for use in a way that makes them dangerous," he said.



A ten-part plan also accompanies this announcement. Of relevance to members are the plans to identify buildings that might have aluminium or other cladding; creating a new fire safety declaration that will require high rise residential buildings to inform state and local governments as well as NSW Fire and Rescue if their building has cladding on it; and expediting reforms to toughen up the regulation of building certifiers.

NSW Fair Trading also advised that the Government had established a Fire Safety and External Wall Cladding Taskforce which has developed an action plan to prioritise and address fire safety requirements for residential buildings, including dealing with fire safety risks associated with external wall cladding.

Fair Trading advises that the "taskforce performs an expert and advisory function and is working with the Federal Government, local councils and industry".

On 28 July, the priorities of the Taskforce were announced. These can be found online at www.fairtrading.nsw.gov.au under the media releases tab.

Meanwhile back in London, a news article in July reported that corporate manslaughter charges may be brought against several parties in relation to the recent tragic Grenfell Tower fire in London.

The London Metropolitan Police have stated that Royal Borough of Kensington and Chelsea and the Kensington and Chelsea and Tenant Management Organisation may each face the charges.

Strata snip-its



By-laws to be reviewed

Has your strata committee commenced a review of the scheme's by-laws yet? Under the new Strata Schemes Management Act 2015 strata schemes are required to review their by-laws within 12 months of the introduction of the new strata law, which commenced on 30 November 2016.

Should the owners determine there should be changes, they can adopt some or all of the model by-laws or adapt the current by-laws to better suit the scheme's particular circumstances.

Once the by-laws are reviewed – usually at the AGM - the scheme will need to lodge a full set of all by-laws with the NSW Office of the Registrar General.

Something to also be aware of, if half of the properties in the strata scheme are tenanted, the owners corporation must call a tenants meeting to elect a tenant's representative. This must be done before the AGM.

Update to Strata Living guide

NSW Fair Trading has updated its *Strata Living* guide and asked SCA (NSW) to let owners know.



The guide provides owners, investors and tenants with information useful to those living in strata, especially if it's for the first time.

The update to the online pages 4 and 23 was to ensure it was clear that by-laws must be provided to a tenant within 7 days of signing a tenancy agreement.

The Fair Trading webpage By-laws in your strata scheme has also been updated to accurately reflect a landlord's obligation as per the residential tenancy agreement.

Currently there is confusion as the *Strata Schemes Management Act 2015* says the by-laws must be provided within 14 days, while the standard residential tenancies agreement says 7 days. NSW Fair Trading has confirmed it should be 7 days and this will be corrected within the two documents as soon as possible.



SCA (NSW) Strata Owner Seminars

SCA (NSW) holds regular seminars for strata owners. These are free for members and cost a small fee for non-members. Topics this year include Green Roofs and Vertical Gardens (August seminar), Managing large scale strata projects (July) and a Q&A session with a NSW Fair Trading representative and an SCA (NSW) solicitor member (June) where owners could ask questions about the new laws.

Check the SCA (NSW) website for all upcoming seminars at nsw.strata.community and check under the events tab.

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Strata & Community Living is a joint initiative brought to you by SCA (NSW); the peak industry body representing strata managing agents and others committed to the continual improvement in standards of strata management practice in NSW and your strata managing agent.



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