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NEWSLETTER

Issue: January -February 2024 – Vol. 30

Welcome to the latest edition of our Integrity Strata Newsletter. As a pillar of professional strata management, we're here to keep you informed, supported, and involved in the vibrant life of our strata community. Our dedicated team continues to work tirelessly to provide transparent, efficient, and responsive service that upholds the values of our namesake—integrity.

Dive into our latest updates, insights, and community spotlights that make our shared spaces not just places to live but places to thrive.

For more information, visit our website: [Integrity Strata](#)



ABOUT INTEGRITY STRATA: A LEGACY OF SERVICE



Integrity Strata stands as a family-owned beacon of excellence in strata management, proudly serving the South Coast of NSW for over four decades. Our directors, at the helm of our operations, infuse every decision with deep industry expertise and a hands-on approach.

Our unwavering dedication is to deliver superior service to every community we represent, from boutique complexes to expansive estates. As certified members of prominent Strata Associations, we uphold the highest ethical standards, ensuring trust and quality in all we do.

General Manager Katrina Longmore and Nowra Branch Manager Claire Clarke are leading our dynamic team, who champion a personalised service culture. Our 16-strong team is driven by a commitment to nurturing client relationships and delivering bespoke management solutions.

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STRATA HORIZONS: NAVIGATING THE FUTURE OF COMMUNITY LIVING


BY: DAVID PATERNOSTER, FEB 2024



In 2024, NSW is bracing for a transformative year in the strata sector, with a comprehensive reform agenda led by the newly appointed Property Services and Strata Commissioner, John Minns. This reform is set to build upon the foundational changes introduced in the 2023 strata legislation updates—the first of their kind since 2015. The NSW Government's pivotal goal is to fortify consumer confidence in strata communities, a vision shared by the Building Commission, which is poised to implement robust standards across the construction industry.

The thrust of these reforms originates from the unfinished agenda of the 2021 strata review, which proposed 109 recommendations. Last year's legislation saw 30 of these recommendations come to life. The remaining proposals are organized into critical themes that address the regulation of layered strata schemes, governance transparency, and equity in utility contracts. Building manager duties are to be realigned, maintenance responsibilities clarified, and sustainability measures supported.

Moreover, the Government is keen on scrutinising additional facets such as the renewal of under-utilised residential schemes, providing relief to owners burdened by levy arrears, and closely inspecting the strata insurance sector to ensure affordability and access. These impending reforms underscore a pivotal shift towards a more regulated, transparent, and consumer-focused strata system in NSW.

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INSIGHTS FROM THE 2023 STRATA DEFECTS SURVEY

Posted on December 16, 2023 by Liam Kerr

Strata Community Association

A new report by has revealed that over half (53%) of strata buildings experienced serious defects between 2016–2022, prompting owners corporations to allocate an estimated \$79 million for rectification efforts.

- New buildings have experienced a decline in defects since 2020.
- In NSW, 53% of buildings grapple with serious defects, up considerably from the 39% recorded in 2021.
- The most prevalent defects are waterproofing, fire safety, structural integrity, and key service issues.
- Rectifying serious defects carries an average cost of \$283,000 per building.
- A notable 34% of consumers now express more confidence in reporting defects to the regulator.

Collaboratively undertaken by SCA NSW and the Office of the Building Commissioner, the 2023 survey, involving input from over 600 strata managers, indicates a rise in serious defects compared to 2021. However, for schemes registered since 2020, there is a positive trend, with serious defects decreasing from 34% to 27%.

[Read the Full Report Here](#)

Key findings from the survey highlight prevalent issues in waterproofing (42%), fire safety systems (24%), building enclosures (19%), structural issues (15%), key services like plumbing and elevators (14%), and non-compliant cladding (8%).

The findings also indicated a decline in incidents associated with waterproofing, structural defects, and non-compliant cladding, while there was an upward trend in issues related to fire safety, building enclosures, and key services.

The surge in 'key services' defects, covering lifts, garage doors, car stackers, air conditioning, security systems, and smart building technologies, is attributed to the inclusion of newer technologies in the survey.

Stephen Brell, President of SCA NSW, said: "Tackling building defects continues to be a formidable task and one that is time-consuming, financially burdensome and emotionally draining for all involved.

Additional key findings from the report

94% of buildings had a current annual fire safety statement issued in the past 12 months.

For almost half (48%) of buildings with completed resolution work, serious defects were rectified within a year.

The most common barriers to addressing serious defects included delays from builders or developers (42%), followed by lack of engagement from builders or developers (31%), and upfront costs (28%).

The average cost of rectifying serious defects was \$283,000 per building, with 57% of these costs allocated to repairs, 20% to professional costs, and 15% to legal costs.



Q: Does the person nominating another for the committee need to be financial? Do they have to remain financial for the committee member's annual term?

A:

As per Clause 9(4) of Schedule 2 to the New Act, committee members have specific voting rights implications depending on their financial status or that of their nominator.

Implications for Committee Members:

For Committee Members Who Are Lot Owners:

If they are not up-to-date with their contributions before a committee meeting, they are not entitled to vote at that meeting.

For Committee Members Nominated by a Lot Owner:

If the lot owner who nominated them has not paid their contributions up to date before the committee meeting, the committee member they nominated is not eligible to vote at the meeting.

Responsibilities of Strata Managers/Chairpersons:

It is crucial for strata managers or chairpersons to maintain updated records of who nominated each committee member.

Before any committee meeting, they must check whether the nominator is up-to-date with their contributions.

They should also be aware of the financial status of lot owner committee members.

This ensures clarity and adherence to the stipulations of the New Act regarding financial status and voting rights within committee meetings.

Credit

Your Strata Property Pty Ltd, 2023

Key Points from the New Act:

- According to Clause 5(6) of Schedule 1 to the New Act, an owner or a person can make a nomination even if they are not financial (referred to as an "unfinancial owner").

Certificate of Titles: A thing of the past

Prepared by Bannermans Lawyers
28 July 2021

The way in which we deal with certificates of title (CTs) have and are continuing to change.

Why is 22 March 2021 important?

On 22 March 2021, it was made compulsory to lodge consolidated by-laws for registering through Property Exchange Australia (PEXA). However, the caveat to this is that if no legal representation, counter lodgments by waiver form was permitted but only applicable for 12 months up until 22 March 2022.

If you are legally represented, you must lodge property transactions through PEXA.

Why is 11 October 2021 important?

On 11 October 2021, new changes to the land titles system in NSW will be introduced that will transition NSW away from paper-based processes.

The *Real Property Amendment (Certificates of Title) Act 2021* makes several changes to legislation, importantly allowing for the cancellation of CTs and progressing NSW to 100% electronic lodgment of land transactions.

There are two significant changes from 11 October 2021:

- the cancellation of CTs and the control of the right to deal (CoRD) framework; and
- all land dealings must be lodged electronically. This is referred to as '100% eConveyancing'.

After 11 October 2021, the CT will no longer be a legal document. However, the CT may be needed to satisfy requisitions or other administrative notices that were issued before 11 October 2021.

All dealings, regardless of the date signed, will no longer be accepted for paper lodgment. This may cause hardship to those who have prepared the dealing some time ago and are yet to lodge it.

How does a strata scheme proceed with consolidating and registering a scheme's by-laws?

At the moment, the majority of consolidation/registration matters are carried out through PEXA. It's quite a seamless process whereby documents are provided to the strata manager to complete and their signature and identity is verified online and the completed documents are uploaded to PEXA. Presently, the hard copy original CT is required to be issued to our office for the registration process. Soon, we will only need to verify the genuine electronic original CT is the most recent and contains the most updated version as opposed to receipt of the original CT.



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AS SUMMER HEATS UP SO DO THE AIR CONDITIONING DISPUTES!

BY: ADRIAN MUELLER, DEC 13, 2023



As Summer Heats up so do the air conditioning complaints!

Summer is here and it's predicted to be a hot summer season with temperatures in the high 30's and some days even reaching 40's.

It's the time of year when lot owners and tenants look to install and use air conditioners to relieve themselves from the oppressive heat.

Did you know air conditioners are high on the list for strata disputes?

Air conditioners can cause all types of complaints in strata such as:

- What if the noise of the unit upsets the peace and quiet?
- Who's responsible for maintenance?
- What if the unit leaks water into another apartment?
- Is it in line with the appearance of the lot?
- and much more!

A Good By-law Addressing Air Conditioning Units is Important

For these reasons it's important that you have a good by-law in place regulating the installation and use of them that covers the following (and much more):

- What type of air conditioning equipment is appropriate?
- Where can the unit be installed?
- Will council approval be required?
- Will owners corporation approval be required?
- Will it be installed on common property?
- Will a by-law be required for individual lots, or can it be covered under a general by-law?

A good by-law will ensure that your summer is as stress free as possible and reduces (and hopefully eliminates) any strata disputes in relation to air conditioners.

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STRATA INSURANCE MARKET UPDATE

Quarter 1 | 2024



Premium Increases

Strata insurance premiums are continuing to increase by approximately 15-20% and in some cases far more, which is a major concern for property owners across Australia. We are seeing various differing factors that are contributing to premium increases which include:

- > Inflationary pressure on claims.
- > Increasing valuations of buildings.
- > Insurers applying rate increases following prolonged periods of losses.

These increases are even affecting buildings that are classed as low-hazard commercial occupancies, or properties without a challenging claims history, outstanding defects, or combustible cladding.

Currently there are limited options available for medium-high hazard commercial properties, properties with outstanding defects, complex claims histories, combustible cladding, or buildings valued over \$50M. As a result of this we are seeing higher premiums as well as larger excesses. However, we have seen the occasional reduction in premium for the desirable risks in preferred locations. New entrants and the return of some underwriting agencies have allowed us to approach more markets and optimise terms for our strata clients.

Depending on the information provided at renewal, particularly regarding defects and cladding, sets the tone for how successful we can be in remarketing and finding a competitive solution. This means it is essential for strata managers and owners to work closely with their insurance broker, taking a proactive approach to address any existing issues and providing regular and detailed updates to help secure coverage, particularly around defects.

Defect Disclosure

You have a duty to take reasonable care not to make a misrepresentation. When you apply for or seek to renew cover, we will ask you specific questions that are relevant to the Insurer's decision to insure you and on what terms, including the premium, that the Insurer will charge. You should always provide us with complete and honest answers to all the questions we ask you, by answering questions to the best of your knowledge. If you fail to comply with your duty, the Insurer may be entitled to refuse to pay your claim or reduce its liability under the policy or cancel the policy. If your failure to comply is fraudulent, the contract may be cancelled from the policy inception.

Defect Disclosure is a big part of this duty. Defects are issues with the building such as cracks, leaks, or faulty wiring. The Strata Committee must disclose any known or suspected defects, whether they are major or minor. This includes existing issues, potential problems, and the history of past claims related to defects.

Best practices for Defect Disclosure include:

- > **Being proactive:** Don't wait for the insurer to ask; share information about defects upfront.
- > **Gathering documentation:** Provide evidence like building reports, repair invoices, or engineer's assessments.
- > **Seeking professional advice:** If unsure about a defect, consult a qualified builder or engineer.
- > **Working with your broker:** A knowledgeable broker can guide you through the disclosure process, making sure all relevant information is shared accurately.

Premium Increases Continued

Escalating costs associated with construction materials have raised huge concerns amongst insurers around underinsurance, as the current insured value of a property may not be sufficient to accurately reflect the cost of rebuilding the property from a worst-case scenario event. The building sum insured should always allow for the building to be returned to its condition prior to the insured event, including all associated costs (e.g. the value of demolition work, removal of debris, surveying, engineering, architectural fees etc.).

Underinsurance / Valuations

In the event of a significant loss or complete destruction of a building/s, any shortfall in insurance cover must be funded by the owner/s. To reduce the risk of underinsurance a professional valuation of all insured property should be obtained by a certified valuer.

Increasingly insurers are now requesting a copy of the most recent insurance valuation dated within 3 years before considering offering formal terms. With static insured values and escalating material costs, this prompts insurers to raise base premiums or be hesitant in quoting properties lacking recent valuations. Here are a just a few reasons to ensure your property valuation is up to date:

- > **Accurate insurance coverage:** Regular property valuations ensure that the insurance coverage aligns with the current replacement cost of the building, preventing underinsurance in the event of a total loss.
- > **Market fluctuations:** Property values can fluctuate due to market trends, inflation, or changes in the local real estate landscape. Regular valuations help account for these changes and adjust insurance values accordingly.
- > **Construction costs:** Building material and labour costs can change over time. A recent valuation considers these variations, ensuring that the insurance coverage reflects the actual cost of rebuilding the property.
- > **Upgrades and renovations:** Property improvements, renovations, or upgrades can enhance the property's value. A recent valuation captures these changes, preventing undervaluation of the insured amount.
- > **Risk mitigation:** Accurate property valuations contribute to effective risk management. Insurance coverage that reflects the current value reduces the financial risk associated with potential losses.
- > **Compliance with policies:** Some insurance policies may require regular property valuations to maintain coverage. Adhering to these requirements helps in staying compliant and ensures that the property is adequately protected.
- > **Financial planning:** Property valuations support better financial planning by providing an up-to-date assessment of the property's worth. This information is valuable for budgeting and financial decision-making.
- > **Peace of mind:** Property owners gain peace of mind knowing that their insurance coverage accurately reflects the property's value, reducing uncertainties in the event of a catastrophic loss.

Owners can also minimise the underinsurance risk by indexing their Building Sum Insured (5-7% is common) during renewals or midterms. Regular reviews are crucial to ensure adequacy, preventing owners from bearing the burden of funding the costs in case of a significant loss.

Issued by Coverforce Insurance Broking Pty Ltd
ACN 118 883 542 | ABN 11 118 883 542 | AFSL 302522



Beautiful view while onsite at a property in Wollongong.



Christmas celebration in our Wollongong and Nowra office.



OUR TEAM

Executive Team

Director: Leo Paternoster – Licensed Strata Manager
Director: David Paternoster – Licensed Strata Manager (Wollongong)
General Manager: Katrina Longmore – Licensed Strata Manager (Wollongong)
Operations Manager: Claire Clarke – Licensed Strata Manager (Nowra)

Licensed Strata Managers

Donna Morice	Licensed Strata Manager – Wollongong
Michelle Parker	Licensed Strata Manager – Wollongong
Erin Williams	Licensed Strata Manager – Wollongong
Amanda Hay-Hansen	Licensed Strata Manager – Wollongong
Margaret Carlotto	Licensed Strata Manager – Wollongong
Tori Longmore	Licensed Strata Manager – Wollongong
Tanya Chapman	Licensed Strata Manager – Nowra
Simone Montgomery	Licensed Strata Manager – Nowra
Oxana Rozdolovskaia	Licensed Strata Manager – Nowra

Personal Assistants

Alex Voronin	Wollongong Administration
Jack Longmore	Nowra Administration
Jeevan Hetti	Nowra Administration
Ella Ruiz	Receptionist/Administration


YOUR FEEDBACK SHAPES OUR SERVICE

At Integrity Strata, your experience is our foremost priority. We cherish your feedback, whether it's a compliment applauding our swift service and clear communication, or a complaint addressing any aspect of our service that didn't meet your expectations. Your insights guide us to celebrate our strengths and refine our practices.

Please submit your compliments and complaints to enquiries@integritystrata.com. Your voice is crucial in our continuous pursuit of excellence.

 1300 154 797

 enquiries@integritystrata.com

 324 Crown Street Wollongong



INTEGRITY STRATA: A SNAPSHOT OF OUR SERVICES

At Integrity Strata, we are not just a strata management company; we are a dedicated team committed to enhancing the living experience of every resident within the Owners Corporations we manage. Our services, as outlined below, reflect our commitment to excellence, attention to detail, and proactive approach in addressing the diverse needs of strata communities. This sample list is a glimpse into how we strive to make strata living seamless and enjoyable for all our clients.

Sample Service Overview:

- **Financial Management:** Trust account management, budgeting, and financial reporting.
- **Record-Keeping:** Maintaining essential strata documents and records.
- **Insurance Management:** Handling building valuations, renewals, and claims.
- **By-Law Administration:** Guidance on compliance and enforcement.
- **Meeting Management:** Organising and facilitating strata meetings.
- **Compliance and Legal:** Ensuring statutory compliance and legal coordination.
- **Maintenance Coordination:** Overseeing repairs and ensuring contractor compliance.
- **Community Engagement:** Promoting and facilitating community improvements.

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TRADES & SERVICES DIRECTORY

Loz Electrical is licenced and insured to carry out Electrical, Security & Air Conditioning work, servicing areas from South Sydney to Huskisson. Our diversity in the industry allows us to be your one-stop-shop.



Contact Peter - Loz Electrical
Phone: 0414794753
Email: peter@lozelectrical.com.au

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Loz Electrical: Your Master in Security & Electrical Services

Fully licensed for all security installations. Our team is trained in WH&S practices, customer service, and more. Available 24/7 for emergencies. Services We Offer:

Electrical work for both domestic & commercial properties, including patient areas, strata, and real estate maintenance. Emergency lighting & smoke alarm installation/testing. Periodic verifications, test & tagging. Data, TV, Air Conditioning services. Security solutions: alarms, CCTV, intercom systems. Contact Peter:
☎ 0414 794 753
✉ peter@lozelectrical.com.au

Homestead
Concreting & Property Maintenance Pty Ltd

Trading as: Homestead Property Maintenance Pty Ltd
ACN: 099 723 654 ABN: 35 174 373 224

We specialise in:
Building /Carpentry works, Maintenance repairs,
Bathroom Renovations and waterproofing,
Termite repairs, Concreting, Plastering & Painting

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Homestead Concrete & Property Maintenance

Family-run business serving Illawarra for 20+ years. Dedicated tradesmen with 10+ years with us for top-quality service.

Contact Us:
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Geoff: ☎ 0414 453 986
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To avoid disappointment in seeing your Strata Manager who often may be away from their desk, please call their Personal Assistant 1300 154 797 and book an appointment.

CONTACT US!

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