



Best Practices in Your Strata Building

Hugh McCormack





Agenda

Introductions
Why strive for best practice in your strata scheme
Best Practice: Strata Committee governance
Best Practice: Maintenance management & capital planning
Best Practice: Bylaws and enforcement
Final remarks: On our radar
Bonus: Getting the best from your strata manager



Hugh McCormack

- 25+ years strata experience
- Managing Director – McCormacks Strata Management
- Previous SCA (NSW) board director
- B. Business – Finance & Sustainable Development



About McCormacks

- Established 1992 by Michael McCormack
- Based in Sydney CBD
- Over 100 buildings under management
- BMC, medium and large building specialists – schemes range from 3-600+ lots
- We love working with engaged clients looking for the best for their building



Why seek best practice?

- Establish a culture for your building – a culture transcends strata committee generational change
- An owners corporation is just like a business or other organisation – you just can't choose the people
- Do the fundamentals well, and the rest follows
- Improve transparency, build trust in the committee
- A more harmonious owner group
- Less discontent when difficult decisions need to be made
- Build community – draw people into being committee members
- Add value for your property



Strata Committee: Good Governance

Governance is necessary to protect, enhance, maintain, thus, adding to the value of your investment, preserve and develop the common property of the owners.



Fundamentals: Office Bearer Responsibilities

Chair

- Chair the meeting! Engage all members
- The Chair of a strata scheme is **not** an Executive Chair

Secretary

- Correspondence
- Notices, agenda and minutes for meetings
- Maintain records

Treasurer

- Issue levy notices, receipt for payments;
- Prepare accounts;
- Budgeting
- 10 year planning

* The SSMA 2015 is written on the basis that the office bearers carry-on the functions of the owners corporation – in reality, the vast majority of these functions are delegated to and executed by your managing agent.



Best Practice Strata Committees

Composition (where possible)

- Seek out qualified people to join the strata committee
- Rotate strata committee members every 3-5 years
- Understand why each member is on the strata committee – how they wish to contribute, play to their strengths

Prioritise

- Brainstorm and review priorities annually (with a 1, 3 & 5 year view) – suggest the meeting after the AGM.
- Survey owners to ask them their thoughts (you are not obligated to follow these)
- Utilise subcommittees for high-workload projects or special interest items

Processes

- Hold regular strata committee meetings
- Implement a policy for governance spending limits, how many quotes etc.
- Review approval processes annually – make sure everyone is informed and on the same page. EG. Invoice approvals, quotes, renovations etc.
- Document procedures and processes - so they transcend changes in committees

Sample Spending Governance Policy:

Expenditure level	Quotes required	Authority required
\$0-\$1,000	Nil. May proceed to work immediately	Building manager only
\$1,000-\$3,000	2 quotes	Building manager and one office bearer
\$3,000-\$10,000	2 quotes	Building manager, office bearer and one SC member
\$10,000+	3 quotes	Building manager and entire SC



Strata Committee Meetings

Regular (quarterly) strata committee meetings:

1. Promote transparency
2. Keeps SC members (and managing agent) accountable with action items
3. Protects the committee and individuals legally
4. Provides an opportunity for owners to engage with the committee and understand decisions
5. Communication point – agendas and minutes can assist with owner engagement
6. Invite your strata manager – hopefully, they can add value for your committee
7. If you meet informally, talk to the SM before the meeting, keep minutes and ask the strata manager to ratify in a meeting by electronic vote



Best practice: SC meeting agendas and minutes

Agendas	Minutes
Confirmation of minutes of last meeting	Record resolutions and action items
Review action items from last meeting	Record context to decisions, but not every conversation
Review financial statements & arrears	Not a newsletter!
New items (as advised prior to meeting by SC members)	Assign responsibility for action items – eg. SC member / managing agent / building manager
	Record the time and date for next meeting – this can be amended

HOT TIP: Add a “Note from the Chair (or Secretary)” at the top of the minutes to highlight important matters or particular focus of the committee – people rarely read the minutes!



Strata Committee: Sub-Committees

Useful for a specific project or function;

May be a subset of strata committee or joined by other lot owners;

Researches and makes recommendations to Strata Committee;

Has no capacity to make decisions for strata committee – no legal standing;

Should have at least one SC member

Examples:

- Procurement for major projects;
- Assist with disputes
- Newsletters and communications
- Management of services & providers
- Eg. Gardening subcommittee



Maintenance & Managing Trades

Preventative maintenance schedules

Trade relationships, quoting

Contracts & compliance management

Long term planning



Fundamentals: Repairs & Maintenance

106 Duty of owners corporation to maintain and repair property

(1) An owners corporation for a strata scheme must properly maintain and keep in a state of good and serviceable repair the common property and any personal property vested in the owners corporation.

(2) An owners corporation must renew or replace any fixtures or fittings comprised in the common property and any personal property vested in the owners corporation.

* May pass a special resolution to not maintain the common property – only if no impact to safety of the common property.
Common resolutions include recessed lights, tiling within an apartment etc.

There is no defence for not maintaining the common property



Fundamentals: Repairs & Maintenance

Services

Routine – recurring upkeep (example: cleaning, cutting grass, pool)

Preventative Maintenance

- Preventive – periodic maintenance to avoid disruptive breakdowns to equipment (examples: elevator maintenance, mechanical services (pumps, hot water), doors & windows, security system)
- Ensures longevity of service and lowers costs over the long-run
- Service providers should provide updates and advice when equipment may need replacement.
- Every building should have a preventative maintenance schedule

Ad-hoc & emergencies

Long term capital works



Best Practice: Repairs & Maintenance

Preventative Maintenance

- Understand your assets and equipment that requires maintenance
- Ensure you have a clear list of service providers, their contract/agreement, expiry dates – ask your strata manager for their contracts register for your building
- Service agreements should include a clear scope of works, periodical services and termination provisions
- Seek multiple quotes at renewal – whilst respecting a service provider if they are doing a good job
- Don't always chase the lowest prices – review and understand the scope (and if there are additional charges)

Compliance

- Know your fire, lift, pool etc. compliance dates – ask your

strata manager for the compliance register for your building

- Make sure your BM or SM is taking care of these basics.

Engaging with trusted trades

- It pays to have great trades that know your building – may be supplied by your strata/building manager or locally sourced.
- Treat them well – pay them on-time, when things go wrong, they are the ones that will come
- Seek preferred charge rates and review periodically (2-3 years)
- Request quotes – but set some limits – trades are unlikely to come to quote on a \$300 job. Call around if you are unsure.



Contracts Register

[Building Info](#) [Meeting Master](#) [Action Items](#) [Owners](#) [Office Bearers](#) [Contract Register](#) [Forms](#) [Building Notice](#) [P](#)

Contractor Name	Category	Start Date	End Date
McCormacks NSW Pty Ltd	Administrative Services	01 Jan, 2024	01 Jan, 2027
Romteck Grid	Maintenance Agreements	21 Nov, 2006	21 Nov, 2007
Apartment Projects Pty Ltd	Maintenance Agreements	01 Jul, 2022	01 Jul, 2024
ThyssenKrupp Elevator Australia Pty Ltd	Maintenance Agreements	01 May, 2020	01 May, 2021
Apartment Projects Pty Ltd	Building Services	01 Jul, 2022	01 Jul, 2024
Apartment Projects Pty Ltd	Building Services	14 Apr, 2025	13 Apr, 2026
Momentum Energy	Utilities	21 Oct, 2024	20 Oct, 2025
MPK Fire Safety Services	Maintenance Agreements	25 Jun, 2025	24 Jun, 2026
Energy Australia Pty Ltd	Utilities	15 Jul, 2025	14 Jul, 2027



10-year capital planning

- Prepare an asset register (use expert)
- Focus on the big-ticket items – painting (internal/external), waterproofing, lifts, carpets
- Average out the other (smaller) items and create a contingency line item for every year
- Accept and allow for the unknowns (to a limit)
- Talk to your maintenance service providers – understand life remaining in assets and cost to replace.
- Review the plan EVERY YEAR – decide if still fit for purpose, if expenditures are likely to be required – adjust and adopt at AGM

What's in a 10-year plan?

1. **Asset register – engage professional**
2. **Life expectancy of each item**
3. **Cost to replace**
4. **Add contingency!**
5. **Contributions to meet costs – including min. CPI % escalation**



Bylaws

Bylaw Fundamentals

Review and update

Enforcement

Mediation and NCAT proceedings



Fundamentals: Bylaws

- A set of rules which govern the behaviour of people living in a strata scheme;
- Registered with the strata plan at the time of registration;
- Regulations provide for standard bylaws;
- May be changed or added to by **special resolution** of the owners at a general meeting;
- Registered with LRS;
- Recommended to regularly review and update bylaws.



Fundamentals: Bylaws

- Cannot contract out of the Act;
- Must be consistent with other laws and statutes;
- Cannot conflict with management statement or strata plan;
- Cannot be harsh, unconscionable or oppressive;

Do you have adequate
and compliant bylaws
for:

Renovations
Short-term letting
Smoking / vaping
Animals



Bylaws: Best Practice Enforcement

Be consistent and proactive in enforcement

Communicate to residents

Committee members set the standard

Create a culture of compliance

Bylaw enforcement process is **good governance**:

- Start softly (otherwise risks getting people offside where it may be a genuine mistake)
- Have built-in follow-up mechanism;
- Allows consistent handling of bylaw breaches;
- Have evidence to support the breach(es);
- Allow reasonable time to rectify the breach

Sample Procedure

- Speak to the resident (or drop a friendly note),
- BM/SC escalates to Strata Manager
- Strata Manager Letter 1
- Strata Manager Letter 2
- **Instruction from committee for 'Notice to Comply' (regulated document)**
- Mediation
- NCAT application: penalty order



Bylaws: Mediation & NCAT

Mediation

- Be prepared to mediate & compromise
- Separate process from NCAT – run by Fair Trading to avoid NCAT
- Mediators are highly trained, friendly and seeking outcomes

NCAT

- Successful enforcement needs to demonstrate consistent breaches, ignoring warnings and that the owners corp has acted reasonably
- Evidence is critical
- 'Notice to Comply' often requires SC resolution
- Consider application for penalty orders (rather than enforcement)



Final remarks

On our radar

Q&A

Thank you



Strata: On our radar

Strata Legislation Updates

- Changes to levy processes
 - Payment plans – to be more common – have a policy in place;
 - Now an inability to recover levy debt collection costs (without court order) = higher costs/fees to owners corporation
 - Strata Committee training – to be provided online by Fair Trading NSW
 - New 10-year plan prescribed format
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- 2026 - changes to fire regulations and certification requirements = higher costs \$\$

Bonus: Working well with your strata manager

Build a relationship – how you can best work together

Know your agreement

Agree processes in advance

Understand they have multiple clients with issues too



Q&A

A teal graphic element consisting of a series of overlapping triangles forming a stylized 'L' shape.

Thank you

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