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YSP Podcast Transcript: Episode 113. How to deal with a self-interested committee

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Amanda Farmer: Hello and welcome. I'm Amanda Farmer and this is Your Strata Property. Karen Stiles is the Executive Officer of the Owners Corporation Network of Australia, also known as the OCN. The peak body representing owners and residents in residential strata. The OCN's goal is to improve strata living through advocacy, education and empowerment of strata owners and residents. Karen spent 3 years as a member of the Building Professionals Board working to improve the quality of building construction and subdivision in New South Wales by regulating and educating building and subdivision certifiers across New South Wales.

Amanda Farmer: Now, Karen has been a guest on the show before. Way, way back in episode number 4, Karen joined us to discuss short-term letting and that has been one of our most popular episodes of the podcast. I am absolutely delighted to welcome back, Karen Stiles of the OCN. Welcome, Karen.

Karen Stiles: Thanks, Amanda, for having me. It's lovely to be chatting again.

Amanda Farmer: Absolute pleasure to have you, Karen. And you really have been so heavily involved in the strata sector and with owners for such a long time now. And OCN has been doing some wonderful advocacy work and doing its best to make sure that when we have legislation changes and submission to the government that residents voices are at the forefront. So I always commend OCN for the work that it does and I'm happy to help wherever I can.

Amanda Farmer: Today, we want to talk about the topic of governance, specifically in the context of strata committees and we might touch on a few hot topics that OCN has been working on. But I'll start by asking you, Karen, to share with us what do we mean when we use the word governance in the context of strata committees?

Karen Stiles: Governance is really implementing good practices and good processes within the committee. A good committee might adopt a code of conduct, which can include things like a vision statement for the building, the setting of measurable goals for each year which the chair would then report on to the collective owners at the AGM, they'd have a process for dealing with conflicts of interest, a commitment to act in the best interest of all the owners not just some who they like or worrying about their own particular agenda, a commitment to work in a spirit of teamwork and cooperation, and probably most importantly, well in my mind anyway having been through it, a limit of two hours for meetings. All too often meetings can drag on because everyone's having a chat and that's not a productive thing. It also doesn't encourage, perhaps, younger people to get involved who have got busy careers or kids. Whereas they can manage a bite-sized meeting, they don't necessarily want to be there all night.

Karen Stiles: So the opposite of good governance is the committee that's dominated by one self-interested or self-important individual, or a cabal that bullies other committee members, ignores committee decisions, or doesn't call committee meetings so they can carry on regardless, or the committee that ignores its statutory obligation to maintain and repair because they don't want to spend money.

Amanda Farmer: I think we probably have a few listeners, Karen, who unfortunately are not in their heads when they hear you talk about those committees with poor governance. But I want to just dive into a couple of key concepts there that you raised, and I have to say they're not ones I've come across before. You mentioned a vision statement and goal setting. Have you worked with or been on committees that have had these things and what did they look like and how do they work in practice?

Karen Stiles: Yes. So the vision statement can be as simple as, *"We want a well-managed building that appeals to owners and residents alike which fosters a sense of community within the building."* And with that, once you've got that vision, then you can implement things like, wow, well let's have drinks on the front lawn for people. Or, let's have a Christmas party or things like that.



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And when you've got that vision statement, then you're always thinking about maintaining and repairing, how you can improve the appeal of the building, let's put in an outdoor setting for people where they can come by themselves or share with other residents. There are lots of things that you can do, but if you've got that, it guides you.

Amanda Farmer: I really like that idea of having that vision statement as a guide and having those goals to work towards. Why is it, Karen, that you think some committees aren't able to get their heads around this concept of good governance and they run into trouble?

Karen Stiles: The problem that we have in strata is that these committee members are unskilled volunteers. They've often downsized from the family home or they've come into it as younger people as a lifestyle of choice, and they're not equipped.

There's no training manual for this. So they're doing the best they can with limited knowledge and education. And that's why OCN's very keen to hold seminars and workshops and provide guidance for people to make strata living and owning and also managing the building the best it can be.

Amanda Farmer: Yes. Well, we're certainly on the same page there. Of course, with the podcast and the resources that Your Strata Property offers as well, I couldn't agree with you more. Arming people with knowledge, with access to information, results in a more peaceful, and if you're talking about investors, a more profitable experience of strata living.

Amanda Farmer: Is there, to your knowledge, a training course available? Or some kind of seminar that is a one-stop shop, if you like, that's going to tick the boxes for new committee members or new strata owners? A must-do for them to get the skills they need to help run their building smoothly?

Karen Stiles: A very simple guideline has been put out by New South Wales Fair Trading, so for the New South Wales people, which is the Strata Living Booklet. And they can download that or get a hard copy. We hold regular meetings and seminars. The City of Sydney runs an excellent series called Strata Skills 101, and you don't have to live in the city to attend those. That's on their website, and it's the very basics. I'm moving into strata, what should I expect? Or, handover from the developer. Or, pets in a high rise. How to run a committee. All sorts of good things that we're trying to replicate that. We've partnered with Ryde Council to run those kinds of seminars and people absolutely love them. And Ryde's really pleased to be delivering that for its constituents. That's a very high growth area, obviously with a high rise. And we're talking with the legal fraternity about developing something for committee members specifically.

Amanda Farmer: Yes, you're right about that. It's something that the Australian College of Strata Lawyers, formally known as the Australian College of Community Association Lawyers. We've recently had a name change. It's something that we've been looking at producing for some time now and looking forward to working with you and the OCN team on that. And try and fill that gap because I think it is, it's something that I get asked about regularly. I'm a new owner, a new committee member, where can I go to get the need to know basics? I think SCA New South Wales, and maybe even SCA National has been trialling some committee member courses, which might be 1-day courses. I don't have too much information on that but if I can find a link to SCA's website where you might find some more information, I'll make sure that that link along with all of the helpful resources that Karen's outlined go into the show notes for this episode.

Amanda Farmer: Now, Karen, you mentioned there the problem when we have committee members who don't act in the interest of all owners. And committee members who may indeed act in their own interests. This is something that unfortunately I see come up time and again and I do say that with the caveat that I am a strata lawyer so I am seeing perhaps the worst of the worst and things when they are at their most awful. I mean, why does this happen? How do we fix this? How does an owner who is being excluded or suffering from this practice of acting in a self-interested way, how do they resolve that problem? I'm sure it's something that comes to your attention a lot.

Karen Stiles: It certainly does come to my attention a lot, Amanda. I get calls and emails from people all the time really struggling with that, and there's no easy answer. They can take their committee to the Tribunal, that incurs costs in terms of time, emotional capital, and finance. It's a very difficult one. A lot of it doesn't get resolved because coming back to the opposite of good

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governance, if you've got someone in there who's a bully, it's really hard. And often times the other committee members are nervous of them or too polite to say anything. And they get away with, I was going to say murder but not quite. And I had an elderly gentleman email me yesterday, in fact. And he's got water running down the wall and the committee doesn't want to do anything about it. They don't want to spend the money. And all I can do is feel for him and empathise and give him pointers. Whether or not he has the capacity to take that to the Tribunal or to mediation is another question.

Amanda Farmer: Yes. Some practical advice that I often give for those who perhaps don't have the budget or the inclination to engage a lawyer and embark on litigation is to try and get some power in numbers. So as much as we might think our homes shouldn't be places of politics or places for campaigning, doing a door knock or getting out there and trying to participate in community events or socialise with or at least get to know your neighbours and explain to them what it is you're experiencing. What it is that you want fixed and why. Perhaps it is the legal obligation of the Owners Corporation to fix it. And trying to gather that support so that the next time you're at a meeting, a general meeting, you have some power in numbers and you have some others at least in the room sitting next to you, standing near you, who can say, *"Hey, this isn't right. This does need to be fixed. Not only is it a legal obligation, but it's not right that Mr Jones in Unit 4 has water running down his bedroom wall. Who's going to fix this and how quickly is it going to happen?"*

Amanda Farmer: And I've seen some good results when there is that band of people if you like, who can gather together and put some pressure on perhaps a recalcitrant committee. And perhaps reminding the committee that there is the option at a general meeting for a special resolution to be passed which removes a committee member from their position. That is in our Strata Schemes Management Act here in New South Wales. So there is power in numbers and perhaps reminding committee members that they are there to serve the best interest of the Owners Corporation as a whole, and not themselves and that there are legal avenues available to address the situation when that's not happening. Having a group of you who can issue that reminder, I think, is a helpful place to start.

Karen Stiles: Fabulous advice, Amanda. And it is about talking to each other, isn't it? And again, people don't necessarily have the skills for that, but some tricky things can be easily resolved if you just talk to other people as a person. And we forget to do that. We write letters, we expect that the strata manager should be fixing it when in fact they need to be instructed by the committee. So very good advice, Amanda.

Amanda Farmer: And it's a good point that you raised there, Karen, about the role of the strata manager. And you probably see these, as do I, these questions being asked. My strata manager isn't doing this. Or my strata manager is supposed to do that. I really see that as a key aspect of the education process, understanding what it is your strata manager is engaged to do, that they are an agent engaged by the Owners Corporation. They do, as you say, act on instructions. And it is not always as easy as ringing the strata manager and saying, *"You should just do it."* They do need to seek the instructions of their Owners Corporation, which usually comes via the committee.

Amanda Farmer: But on the other hand, if a building or a committee is not meeting its legal obligations because of some, whether it's laziness or whether it's just a misunderstanding or not wanting to spend money, then I do think that the strata manager should be quite clear, first of all, in laying down what that legal obligation is. And as I do as a lawyer, if I have a client who will not follow my advice and wants to go left when I'm consistently telling them to go right, I actually terminate my engagement and say, *"Well, I'm sorry. I can't help you."* And I wonder if maybe more strata managers should be doing that if their committees are leaving their buildings in this kind of situation. Should they, do you think Karen, be terminating contracts and saying, *"Well, if you don't comply with the law, we can no longer work with you"?*

Karen Stiles: I think that would be fabulous. In an ideal world, the strata manager is your trusted advisor and you should be relying on that advice in areas where, as a committee member, you're not the expert. And there'll be many of those and it would be great if strata managers were giving advice to say, *"This really is your responsibility. And if you don't, I will walk."*

Amanda Farmer: Yes. I think if more of that happened, maybe if strata managers became more confident to do that, then we might see a change of attitude in some of our buildings.

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Amanda Farmer: Now, Karen, did you want to share with our listeners any of the current hot topics or issues that OCN has been working on, perhaps with the government, to the extent that you're able to talk about those? Or anything that you wanted to take this opportunity to fill our listeners in on?

Karen Stiles: Yes, so as well as the education side of things, OCN is a fiercely independent advocate for owners and at all levels of government. The two main things that we're working on at the moment are building defects and short-term letting. Building defects obviously affect people who've bought into off the plan or have bought into a new building, and they can be quite significant and an enormous stress for people. So we're very active in that space working with the government since 2012 on the Building Defects Bond. We're looking at changes to statutory warranties, so working very closely on that. The accreditation of fire safety practitioners so that owners can be assured that they're engaging a competent practitioner with all the skills that are required to maintain their building safely.

Karen Stiles: And short term letting can affect anybody. New or old building, small or large. And sometimes the smaller building can be impacted the most. There was a case recently in Wallarah. A set of four that ended up in dispute because one of the residents was short-term letting and one of the other neighbours felt intimidated by people sitting on the balcony and overlooking her. And it's a huge problem for larger buildings and they're really grappling with that. And we're waiting on the government to announce its intentions for regulating or otherwise that space.

Amanda Farmer: It seems to me like we've been waiting a long time for some intervention from government or some response or some guidance as to what it is that the government proposed to do. I think it's almost a year since we've had our options paper. I think maybe it was July last year that the options paper came out. And I appreciate that there are probably things you can't talk about, but do you think we're going to be waiting much longer? And any idea on what intervention, if any, there will be from the government on this issue?

Karen Stiles: I think we'll hear very shortly and I would hope that government is listening to the responses from owners and also aligning its response to its commitment to population growth relating to the economic growth of the state. And again, I'm talking New South Wales only at this stage. But the economic growth of this state is predicated on population growth, which is predicated on more people living in high rise. So, if they are going to maintain public confidence in high rise, they need to really consider how they and we are going to manage this brave new world.

Amanda Farmer: Yes, interesting point. And we do all wait and see what is on the horizon. I hope you're right that we're going to see something soon, because like you, it's a question that I get asked regularly. How do we deal with it? Is it legal? Can we use by-laws? What's the government doing about it? So, maybe 2018 will be the year for some certainty. We'll see.

Karen Stiles: And in the meantime, you have some of the larger buildings looking at license plate recognition, facial recognition, they're getting quite serious about how they can manage their own community as it wishes to be managed. Which I think's a very important point to make. Those strata lawyer reforms came in a couple of years ago were all about devolving decision making to the individual building so that each community could run as it wishes to be run, on democratic principles. If the government chooses to go a different way with this, I think there will be quite a backlash.

Amanda Farmer: Consider yourself warned, government, I suppose. All right, Karen. On a lighter note perhaps, let's talk books.

Karen Stiles: Yes.

Amanda Farmer: You've been on the show before, Karen, and I have asked you about books that have had an impact on you. Feel free to add to that list if you like. Maybe let us know your current favourite or another question that I like to ask returning guests is which book would you most likely gift to others?

Karen Stiles: Yes, so my very favourite, and it's been with me for a long time and will be, is Business as Unusual written by the absolutely wonderful Anita Roddick of Body Shop fame. And 2 of her quotes that I love the most are, *"If you think you're too small to have an impact, try going to bed with a mosquito in the room."* And I've-



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Amanda Farmer: I do like that one.

Karen Stiles: That's very much my mantra because people think, *"Oh, what can I do? You know, it's just me. What can I do?"* And there you go. Mosquitoes don't have that self-talk. That doesn't bother them. And the other thing that she said, which I really love and I think is very timely now is, *"In terms of power and influence, you can forget the church, forget politics. There is no more powerful institution in society than business. I believe it is now more important than ever before for business to assume a moral leadership. The business of business should not be about money, it should be about responsibility. It should be about public good, not private greed."*

Karen Stiles: And the book that I love to gift is *Be the Change*. And it's got all sorts of wonderful little ideas for how you, as a single person, can really make a change. And it can be as simple as smiling at somebody in the street. Or thanking the waitress in the café or restaurant. Just acknowledging people can be a very powerful gift.

Amanda Farmer: It is definitely the small things that can make the most difference.

Karen Stiles: Yes. So the takeaway from today is everyone should feel empowered.

Amanda Farmer: Empowered to say their bit, to stand up perhaps for other owners who may not be getting a fair run because of a self-interested committee. Even if that's not you who's in that situation, maybe your neighbour is. And it only takes a smile at a meeting or to sit down next to that person and say, "Hey, what's going on? And is there anything I can do to help?" To make that person's experience in their own home a better one and by extension improving your experience.

Karen Stiles: Couldn't agree with you more, Amanda. One of the most powerful glues to a happy strata living experience is a sense of community and belonging, and to know that your neighbour can be there for you if you need them or vice versa, I just think's a wonderful thing. It's why a lot of older people are moving to apartment living, for that very reason. They feel safer and surrounded. And I think in a very disconnected world, that's a very important thing.

Amanda Farmer: Yes, absolutely. And the good work that OCN is doing is making sure that everybody can continue to have the best experience possible of strata living so that can only be a good thing. Now, Karen, before we wrap up, how do our listeners find out more about you and about OCN? And is there anything you'd like to add before we say goodbye?

Karen Stiles: So the Owners Corporation Network website is www.ocn.org.au. Hopefully there you'll find lots of fabulous information, interesting news. OCN relies on its membership. It is a network. Everything about OCN is in its name. So I encourage your listeners to join OCN either as individuals, bring their scheme along to join, or if that's not appropriate right now, subscribe to the free monthly updates that I send out each month and they tell you what OCN's doing on your behalf and your neighbours and what's going on in the strata world. It's a really easy way to stay abreast of things and it's not so intrusive with just 1 email a month. Membership is key. We're an independent organisation, we're not government funded and we're reliant on you to help us to help you.

Amanda Farmer: Yes, very good way to put it. If you want to see change and improve the perception and experience of strata living then definitely get involved. Well thank you so much for your time today, Karen. You always have so much on your plate and I appreciate you making that time. And I look forward to catching up with you again, probably on the podcast. There's always hot topics to discuss. Catching up with you again soon.

Karen Stiles: Thanks so much, Amanda.

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