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**YSP Podcast Transcript: Episode 022. How to Manage Small Strata Blocks - With
Melissa Macpherson**

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Intro: Welcome to Your Strata Property. The podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source. To access previous episodes and useful strata tips, go to www.yourstrataproperty.com.au.

Amanda Farmer: Hello and welcome. I'm Amanda Farmer and this is Your Strata Property.

Melissa Macpherson has been working in strata for 6 years and is part of the team at The Small Block. Melissa was primarily brought on board to expand The Small Block's portfolio in the Sydney region, and to be a local presence for those Sydney blocks under management. The Small Block allows for a collaborative form of strata management, with owners having a significant say in the way the block is managed.

The company was developed to only service small blocks within New South Wales, small blocks being a commonly forgotten area within strata. Melissa believes in educating owners so they understand and can make informed decisions within their strata building.

Before life as a strata manager, Melissa has always worked in industries where she could help people solve a problem, which she continues to do every day as a strata manager. She brings empathy and understanding to her clients so they feel both empowered and respected.

Today, I am delighted to welcome Melissa Macpherson from The Small Block. Welcome, Melissa.

Melissa Macpherson: Thank you, Amanda.

Amanda Farmer: Pleasure to have you, and of course we're here today to talk about small blocks and managing small strata blocks. So I want to start by asking you Melissa: what is so unique about small strata blocks and what makes them different to large blocks?

Melissa Macpherson: There are a couple things I have noticed with small blocks that do tend to be slightly different than in large blocks, and one of those is there seems to be a much stronger sense of community within them. They quite often have owners that speak to each other and that want to be very involved in the property, so the sense of pride in their property, I think, can sometimes be amplified with that strong owner and tenant response to the building.

Amanda Farmer: Not to start with the downside, but I know, in my experience as a strata lawyer, I'm often dealing with downsides and I often find in my day to day, small blocks, because there are less people, there's maybe close scrutiny of each other, they tend to have a bit of reputation for having more problems, and when they do have problems, those problems are amplified. Is that your experience?

Melissa Macpherson: Look, it certainly can be and this is where I really do believe education can play a major role.

What I do find in smaller blocks is that they quite often tend, not always, but they do tend to be very attractive to people that are maybe downsizing. So I do have a lot of my clients that have come from free-standing homes and, quite often, the problems within the smaller blocks originate from a lack of understanding of the differences between both free-standing buildings and strata management, and they try to continue their lives as they did when they were in their own homes or in their free-standing building, only to need that readjustment into the strata way of community living that's quite often different.

So, again, educating them I believe is a very positive and strong way of helping resolve those disputes, because quite often it is just education that is the problem.



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Amanda Farmer: Yes and I suppose, looking at your philosophy, good management of a small block is kind of hands-off management, and if you have listened and educated, you are hoping that you can leave those owners to take control, take charge.

We're not dealing with multi-million dollar budgets here so the pressure is off a little bit, and if they have that good strong grounding, then why shouldn't they be able to have a direct say in what happens in their building and how it's managed?

Melissa Macpherson: 100% agree and it can certainly aid in that. Of course, the other side of the problem with a small block is yes, you're not dealing with a multi-million-dollar budget, so when things require money, that can have a significant impact.

That's when I find having that 'think outside the square' mentality, it can really help owners make those tough decisions when it comes to spending quite significant funds, depending on what the situation is because, quite often, they don't have the reserves of the larger blocks.

Amanda Farmer: Yes.

Melissa Macpherson: So that very proactive approach to looking at what things are, and planning for them, can definitely be very advantageous in the smaller block.

Amanda Farmer: Yes. We will probably come back to that because I'm going to ask you about some common problems that small blocks face and, no doubt, that is a big one. But I do want to touch on whether in your experience you get a lot of small blocks that are coming from self-management and what the unique issues are with those blocks? I've seen a few in my time. How do you deal with those?

Melissa Macpherson: Look, smaller blocks coming from self-management quite often need a fair bit of clean up.

Amanda Farmer: Yes.

Melissa Macpherson: It's just a sheer not knowing what to do. I find there's a lot of very well-meaning owners out there that do a fantastic job, caring for each other and looking after each other.

Amanda Farmer: Yes.

Melissa Macpherson: But as you and I both know, strata legislation and the fields that it surrounds is quite comprehensive. It's something that we're constantly educating ourselves in every single day, so if this is not your day to day profession, it's very easy for things to get missed, and that's what I find the most common problem with self-management.

I've had some wonderful experiences in taking over self-managed blocks and seeing the relief on the faces of the owners when they understand that things are being looked after that they didn't realise. Certain areas where they felt that they maybe had a risk or an exposure are closed, and they don't have to worry about the paperwork or the education in their spare time, they can just get on living their lives and enjoying being part of their community.

Amanda Farmer: Yes, and perhaps not realising how much they were taking on until it's taken away from them and they have that sense of relief.

Melissa Macpherson: Very much so, absolutely.

Amanda Farmer: Okay so, let's move on to problems, as I predicted. What are the some of the common problems that you've noticed small blocks are facing and what has worked best for you in terms of overcoming those?

Melissa Macpherson: Okay well, a lot of the problems that small blocks have are quite common to a lot of other problems in

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strata.

Amanda Farmer: Yes.

Melissa Macpherson: Obviously noise is a big issue, as it is with any other strata block. But probably more uniquely to small blocks is financial: the neighbour next door when they don't pay really does make such a significant impact on the other owners, yet, because of the personal nature of a lot of small blocks, they are very hesitant to go ahead and reclaim that money so that they can progress to do their repairs or whatever they may need that money for. So I find having a gentle and empathetic approach to owners, understanding that money and property are very emotive topics, being very sensitive to their needs and making sure they feel heard with their concerns, but also making sure that we are constantly letting them know what their obligation is.

Melissa Macpherson: I find there's a huge misunderstanding with a lot of strata owners that they think the money that they pay in levies goes completely to the strata manager.

They don't realise that when they're not paying their levies in particular, that that is actually impacting the person next door. It certainly doesn't impact me, except maybe make my job a little busier. So that's a big thing, and sometimes things, particularly with money, can be overcome, it's just a matter of thinking a little bit outside the box and presenting options to owners that may not be the commonplace.

It could be as simple as spreading a special levy over 2 or 3 instalments, as opposed to it being a 1-off hit, or making sure that owners, when they do have time to preplan, do indeed preplan for those major expenses that they are going to have.

So, you know, looking at the age of the block, looking at the problems, looking at what could be the issue and dealing with it in a time appropriate way but also with that planning in place so, hopefully, we don't end up with a situation where we're hitting someone too hard.

Amanda Farmer: Yes, you raise there that process of someone not paying their levies and the owners corporation then having to engage in some levy recovery, and it's interesting because I'm involved in a situation at the moment with a small block – I think it's about 3 lots – and it's quite a heated levy recovery situation and we're in court, and the owner that I am involved with – because I'm acting for one of the lot owners – says to me "it's bizarre, there's a claim for quite a large sum of money against me which is being defended, and my 2 other neighbours don't even talk to me about it, don't even come and knock on my door and say "is there a reason this hasn't been paid? Is there something we can do to resolve this? Do we need to be spending all of this money on lawyers?""

And I know this happens in a lot of buildings, regardless of size, but the fact that there are just 2 other owners and they can't have that conversation, to me, is just bizarre.

And I suppose part of your education philosophy and empathy and communication is about teaching them to do the same thing amongst each other, in order to avoid increased costs.

Melissa Macpherson: Look, absolutely. If owners can work things out, absolutely that's fantastic, and we certainly encourage that communication amongst owners. The difficult thing again is that we're dealing with property and money, if we threw kids in there, we would have the holy trinity of emotive topics, and it's very difficult for people to stay impartial in those kinds of arguments.

Amanda Farmer: So true.

Melissa Macpherson: Sometimes they just need to get together with a third party, that is not emotionally involved in the situation, that can help talk through the issues and calm situations down so those resolutions can be found.

A lot of small blocks like having the management because that's an area which they find very uncomfortable, and they just don't

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want to deal with it at all. So it comes down to the blocks' individual dynamic absolutely, but certainly, if you can encourage a peaceful resolution with guidance, then that's certainly much better than the legal option.

Amanda Farmer: Yes, definitely. Okay, so we might have some listeners out there today who are living in small blocks who may be managed or may be self-managed, and they're looking at ways to improve their small community, what steps can they be taking? What can they do today to improve their small block in your opinion?

Melissa Macpherson: Yes, again, one of the most interesting things I find in small blocks is that it is just a common lack of understanding as to what is common property and what's not.

Amanda Farmer: Yes.

Melissa Macpherson: Sometimes it's just a basic education or a basic question, a 10-minute conversation at the most, that can give them a much clearer idea. It doesn't always happen at the purchase end, but I know a lot of strata managers are more than happy, including myself, to sit down with owners, have that conversation, briefly describe to them what they're responsible for and what the strata is responsible for, and make that a place of moving forward.

I also find that I hear the phrase "but we've always done things that way", which is fabulous that people communicate, but they don't understand that always doing things that way doesn't negate someone else's right to claim under strata.

So again, even the old houses that have been living in there for quite a long time and it really is their place and they have so much pride and so much property awareness of where they are, sometimes don't always get it right either, so it's knowing when to ask for guidance, understand that we're there to help, not there to hinder, and having that basic understanding from a get-go of "when do I need to ring my strata manager? When do I need to send a quick email or when do I need to investigate further, and when can I just go ahead and move through?"

I think one of the most difficult things with regard to this, is the fact that legislation is being updated. We're all on a big education curve right now, strata managers included, and for an owner to be doing that in their spare time must be extremely overwhelming, and it does open up areas whereby mistakes can definitely be made.

Amanda Farmer: Yes, I think sometimes the first step is acknowledging that you don't know what you don't know, and that can be a dangerous position where somebody's not willing to acknowledge that there are things that they don't know, and particularly when we're looking at legislative changes here in New South Wales and other states considering the same, there's going to be a lot of things that owners, who don't have that day-to-day guidance where they can pick up the phone and ask their strata manager a lot of things that they don't know, and the way to start, as you say, is to ask the questions and don't assume.

Melissa Macpherson: Absolutely, absolutely. I don't assume that I know everything about strata on behalf of my clients. I want to have enough humility to know when I need to go to my colleagues, other legal professionals or other associate strata professionals, to get the information.

The differences that I have that a common owner or an owner may not have, is that I have those resources at my fingertips. So I have got the ability to go and get that information quickly and easily on behalf of my clients, even when I don't have it right in my knowledge bank. It is an everyday learning environment for everyone involved in strata, and that makes it an exciting and fantastic place to be involved in. But again, as you said, you don't know what you don't know, but it's the humility to admit that you don't know and ask for help that will certainly benefit owners and strata managers alike.

Amanda Farmer: Yes, definitely. Okay, moving onto our personal question here, Melissa. What books have had the greatest impact on you and why?

Melissa Macpherson: I had to think about this one, it's quite hard to be honest with you [laughing]. Look, there are a couple of

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books which came immediately to mind, so I'm going to suggest that they've probably had the most influence.

Amanda Farmer: Yes.

Melissa Macpherson: One is Extreme South, which is the story of Castrission and Jones who were the first two Australians to do an unsupported crossing of the Arctic, Antarctica I should say, they went to the South Pole and back unassisted, and their story of survival, courage and perseverance against incredible hardship is just inspiring. So absolutely loved that as a book.

Amanda Farmer: Great one.

Melissa Macpherson: The second one is One Crowded Hour, which is by an author called Neil Davis and he's a seasoned photographer from Australia, Tasmanian man I believe, who did a lot of war correspondence over in Southeast Asia, particularly through the 70s and 80s. What I loved about that book is it saw joy in hardship, it saw that a moment's win, an exciting hour of life, can sometimes be better than anything, and so to live every moment as every moment appears, as opposed to be constantly worrying about the future or the past.

Amanda Farmer: I love it.

Melissa Macpherson: Yes, I guess that one is all about trying to be present.

Amanda Farmer: Yes, and I can see why those books have had an impact on you, Melissa, knowing you personally, I think they're great choices.

Okay so, before we wrap up, how do listeners find out more about you and is there anything you'd like to add before we say goodbye?

Melissa Macpherson: Absolutely. They can certainly go to our website: www.thesmallblockstrataco.com.au to learn more about us or give me a call directly on 1300 764 602. I'm more than happy to speak to owners who have questions over their strata.

Amanda Farmer: Fabulous.

Melissa Macpherson: Absolutely. Look, it is again, educate yourselves, seek out that knowledge where you can, and look to people that can help you to do so.

There are plenty of wonderful professionals out there that can certainly assist people in making their day to day life living in strata communities so much more enjoyable and pleasant. So yeah, reach out to those people, talk to them and see if they can help you.

Amanda Farmer: Fantastic, and it's great to know that The Small Block is out there, that there is a company there that's really providing great service to a niche area in New South Wales, and definitely go and check out the website, we'll put all those details in the show notes. So thank you so much for your time today Melissa for joining us and you have a great day.

Melissa Macpherson: Thanks so much Amanda. I really enjoyed it.

Amanda Farmer: Bye.

Melissa Macpherson: Bye.

Outro: Thank you for listening to Your Strata Property. The podcast which consistently delivers to property owners reliable and accurate information about their strata property. You can access all the information below this episode by the show notes at www.yourstrataproperty.com.au. You can also ask questions in the comment section which Amanda will answer in her upcoming episodes. How can Amanda help you today?

