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YSP Podcast Transcript: Episode 277. The \$800 leak fixed for \$2.5m: how we're getting strata remedial works wrong

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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.

Amanda Farmer: Hello, and welcome to this week's podcast episode. I am your host, Amanda Farmer. And my guest this week is Ross Taylor. For over 40 years, Ross has been working to prevent waterproofing related defects in high-rise buildings and analyzing waterproofing problems. He acts as an expert witness, a consultant, and an advisor to regulators. His company Ross Taylor & Associates provides a peer review of new designs prior to construction to address key waterproofing issues. He has recently partnered with Construct New South Wales to write and produce a video learning module titled Waterproofing Design Principles, which is being released in September 2021. And Ross is currently working with the building commissioner's team reviewing aspects of the design and building practitioners regulations, and redrafting key sections of the BCA regarding damp and weather-proofing.

Now, in this conversation, you will hear us talk about how to apply the 7-step scientific method to solving a waterproofing problem. You'll also hear me invite him to share those 7 steps with us in a document so that I could then share those with you. Happily, Ross has done just that, and you will find your access to that document in the show notes to this episode. Just head over to the website, yourstrataproperty.com.au/podcasts and you will see this podcast episode number 277 on that page, click through, and you will see your access to Ross' 7 step method based on the scientific method to successfully solving a waterproofing problem. Now, I think you will find this a fascinating discussion on a few levels. Already, the early promos of this episode that we've put out on social media have led some of you to comment that this kind of discussion is well overdue. I won't say more than that. At this stage, I will simply take you over now to my important conversation with Ross Taylor. Ross Taylor, welcome to the show.

Ross Taylor: Well, good morning. It's a pleasure to be with you.

Amanda Farmer: Thank you for making the time. Now, Ross we were chatting online as we do these days in another format. And I was asking you, or perhaps I was proposing Ross, you're the waterproofing guy, right? That's what your area of expertise is.

Ross Taylor: Yes.

Amanda Farmer: And you told me there's actually a little more to what you're doing these days. I thought we might start there. You've been in the strata sector a long time, your name is well known. What exactly are you doing for buildings, owners, managers?

Ross Taylor: Well, yes, I've had a few decades. I think bringing up the fifth decade at the moment working in this space. And particularly over the last 20 years have been working with owners for owners a lot then negotiated settlement of major defect cases, particularly analysis of waterproofing problems and working scopes of work and so forth. Doing audits, waterproofing audits of major buildings, usually only got involved. Generally, our guideline rules for our business is we only get involved in projects after they've repeated 3 times. So, after the third time, then we know people are really serious about analysing and looking at it properly. But until then we literally say, "Look, sorry, it's a bit early. If you've only just had a leak, it's a bit too soon for us. Because we know how tight the budgets are, and people are reluctant to spend money on analysis.

There's only so many bathrooms, I think I might have gone into and analysed 10,000, bathrooms and balconies and leaking roofs in strata over my time. I think there's only so many that you can go into in one lifetime. And there's only so many strata meetings in the evening you can go to. So what I did find was this is ridiculous. These are the same problems over and over. And when I do the analysis because we do detailed forensic analysis we find the same cause and 90% of the time the cause was design related. Preventable to such an extent that you can see the leaks on the drawings, nine times out of 10.

So, when David Chandler called me up and said, "What do you think we should do here?" I said, "Well, you got to start at the top." You'll start with the BCA, building code. And he said, "Away you go, form a team." So 18 months, 2 years ago,

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we formed the Water Shedding Working Group under the Office of the Building Commissioner and I brought together 12 or 14 of the best minds in the business representing architects, engineers, waterproofing consultants, repair consultants. We've got 2 members of the Building Codes Board Technical Committee on our team. So, a good wide ranging skill set. And we started with the BCA.

On the basis of when you ask the question, what are we doing for strata owners is seeing the best thing I can do for strata owners is stop it happening in the first place, or do my part in that. And the place to start is with design and regulation. Because the regulations, which I've written about over many years through Herald opinion pieces is the regulations over the years have been written more to the view of a developer's needs rather than owner's needs. So, it was time to change that, and say a consumer needs a better deal. So, let's start with designers. And let's start at the top. Let's start with architects and engineers, and the BCA. Because the fundamental thing about the BCA was that when we have a close look at it we see that really all the wording in there about water and waterproofing related issues was written 35 years ago, and it relates to a triple fronted red brick house in the suburbs. There is nothing in the current BCA that covers balconies, basements, or podiums.

Amanda Farmer: That's terrifying.

Ross Taylor: Nothing. In fact, it's got more on shingle roofs in the current BCA than it does on balcony waterproofing. So that's where we started.

Amanda Farmer: Well, we do all remain hopeful here that the good work that people like you and our Building Commissioner, David Chandler, are doing in relation to new builds and fixing up this problem, perhaps before it even begins, we will start to see the good results from that down the track. But what about our older buildings, our buildings that are now 10 plus, 20 plus years old? I know you've got a lot of experience working in those buildings. Many of our listeners live in, invest in, manage those buildings. What do you see as the main items of concern in our older buildings?

Ross Taylor: I think chief amongst them is the amount of circular repairs that we see with people spending \$2 million on waterproofing or facade repairs, and then 2 years later having to spend another two mil to fix it.

Amanda Farmer: Yes, I see it all the time.

Ross Taylor: Or another 2 million variations. And I think that that's endemic, actually. So if there's one thing that needs some focus, I think that's probably it.

Amanda Farmer: And how do we fix that? Is this about getting the repair right first time around so someone like you isn't coming through third time around? What's going wrong when our committees call in a contractor they think he's qualified to advise them to do work, and it doesn't get done properly is what I'm hearing, is what I'm seeing?

Ross Taylor: What we need to do is to go back in time. We need to go back and have a look at history to understand the answer to that question. And that is not unlike the BCA is actually was written for a building of the 1960s, a house in the 1960s, and is not written for a modern high rise building. So it is with the Strata Titles Act, and the role of the strata manager. I was actually a chairman of my owners corporation. Let me see. It's 40 years ago in a unit at Drummoyne At 21, I owned a unit at Drummoyne. How rich was I? I didn't know that it was... I think it was \$27,000 for the unit. So, I was chairman of the owners corporation, three story walk up, nine units.

When the committee met, we met around the dinner table. And when we had the annual general meetings, it was still around the dinner table. I don't think I ever saw a strata manager. And they sent out the levies and called plumbers and things like that. And I think as a chairman, it took me probably an hour a week to do my bit for a couple of years. I would put it that the current Strata Titles Act and the role of the strata manager is still thinking that all the buildings are 3-storey walkups. Our current system is quite nicely tuned for simple buildings without complex problems and issues. And in that case, a strata manager comes in and does their

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thing, and everybody goes about their business, and unless they got dysfunctional internal fighting and all that sort of stuff it rolls along.

I own 3 units now and two of them are 3 storey walkups, and I've never been to a committee meeting, and they just roll along. I'm guilty of all of those thousands of owners that never go to meetings. But we'll come to that point. That's a critical part of the reason why. Then what happened in the last 30 years, the 3 storey walkups and certainly Potts Point had high rise units, what, 100 years ago, maybe 80 years ago, but they were big brick buildings with a lift, and I've got one of the units there, and it's a big brick building with a lift, and there's very little to go wrong.

Now we come to a modern building, which is a big complex, multifaceted architectural wonder. They're quite extraordinary buildings. I'm dealing with one building at the moment, which has got one unit in it is worth \$70 million. It's a huge engineering piece of work. Now, that model, and that strata manager that looks after the three storey walkup is totally out of their depth managing that. So I think one of the problems that we do have at the moment is that they then need to when the committee, who are volunteers often untrained in the area, they're volunteers, and they rely on the professional that's called the strata manager. But those strata managers are well out of their depth usually for dealing and managing a big building like that. So, I think one of the starting point of problems is that there's a misnomer. They're called strata managers, but they don't manage much because the poor things, they're managing 30 or 60 buildings, right? They're not really getting paid much. What is it? 500 bucks a year per unit, something like that. 600?

Amanda Farmer: Nowhere near enough.

Ross Taylor: And what they can do is administer things, send out letters and levy notices, and what do you call them? Pups and butts, dogs and smoking letters [crosstalk 00:11:13]-

Amanda Farmer: Pets parties and parking.

Ross Taylor: That's it, right. So for handling that level of administrative task, that's actually what strata managers are capable of doing. But when we come to a big, complex building. We're talking about some of the building, these major buildings are worth 700, or a billion dollars in like a net asset value of that corporation is huge. And they're complex. So, you lobbying a person that's been handling strata levy notices into that committee, and the poor things are out of their depth. And that's what I say time after time.

So, the committee are left the volunteers, part-time volunteers are then left to work out this major defect case. So what has happened over the years has been kind of like a relationship between strata manager, and then the remedial fraternity is one of how do we get this problem off our desk? The committee has said get 3 prices for a consultant to come in and analyse this to fix the leaks, that'll be might be what they said.

So, the very easy thing to do is you run into a remedial person at your annual conference of your association, have a drink with them. So you call up, you get 3 prices. Now, what's happened is that the remedial industry, they're commercial, and they then realise that they're not going to pay the highest price, they don't get the gig. So they have a small price for the analysis and the looking at phase and the report phase on the basis of then doing minimal amount of analysis and testing and so forth. Because if they allow the full price, they won't get the job. Because so many owners corporations, are just only looking at the bottom line and not looking at the result. So, there's a business model has developed.

Codependency is the word I'm looking for between the strata manager and the major remedial companies, not so much some of the smaller ones. And so, it's a convenience because the strata manager wants to get that thing off their desk. Say, yes, I've got the three prices, here they are. I use these people who have told me, let's use them, it's \$8,000 for analysing the thing. They then come back with \$2.5 million worth of work to be done, rip up all the balconies and redo it. And in that scope it says, "I'll get the builder to deconstruct," and actually what they're saying is find out what's really wrong during the contract. And then if we need to

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change the spec, we do. And lo and behold, they do and then there's a \$2 million variation to actually fix the problem, maybe.

Amanda Farmer: I see that all the time, Ross, all the time.

Ross Taylor: So, it's designed on the run. That's what we call in the new build. It's called instead of D and C which is design and construct this is construct and design, you might call this R and D, repair, and then design. [crosstalk 00:14:22].

Amanda Farmer: And that's because once they're in, the contract's been signed-

Ross Taylor: Done.

Amanda Farmer: They feel then they're more confident to or entitled to.

Ross Taylor: No, they're locked in. Not more confident to, they're locked in. And guess what ends in the bottom line in the contract. One of the most outrageous things is that these remedial contracts now have got 10 and 11% fee for the superintendent of the works. So, we get 10%. So, it's \$100,000 variation they get 10 grand. Now, sometimes that's justified. But if they've missed that in the original analysis, and there's another way billion dollars of variation. There's 100 grand for getting what you should have picked up originally.

Amanda Farmer: Yes, so let's just make these relationships clear for our listeners who might not have been through this process before.

Ross Taylor: Sure.

Amanda Farmer: You're talking about perhaps someone who might call themselves an engineer being engaged by the owners corporation, perhaps on the recommendation of the strata manager coming in, performing the limited assessment, doing a short report, a scope of work, perhaps. They get paid for that. There's a fixed fee for that. Then the scope goes out to contractors to price. The tenders come in from contractors. The owners corporation chooses one contractor, maybe the cheapest, maybe the middle is what I see. And then the engineer is further engaged to supervise the contractor's work, and they're paid a percentage of the contract price.

Ross Taylor: Yes. So the interesting thing, the gotcha clause is this that you go in with like in any other business, they call it a loss leader. So there might be \$8,000 for doing the original report, which doesn't have any time or money for analysis. It should have cost \$50,000 for analysis. But it's \$8,000. So that's a loss leader for them. And they just, there's a lot of cut and paste in that, the standard clauses.

Amanda Farmer: Yes. Oh, yes.

Ross Taylor: Right, put that out to the market. Standard closes about if anything goes wrong, it's the contractor's fault, stuff like that.

Amanda Farmer: Yes, yes.

Ross Taylor: When they get the gig then, and in their contract to the owners there is in the bottom there's the superintendent's fee will be 10% of the contract sum. Now, when you put it in print at the bottom of the page, it doesn't seem like a lot of money, you see, it hasn't become dollars yet. So, it somehow doesn't get the scrutiny. Now, the interesting thing is that project management of that sort in new construction for equivalent service is about a 3% fee on big buildings, not tiny little things, on bigger buildings. So, a \$2 million job it's extraordinary margin, and that's why I've had these remedial... Not just engineers, by the way, remedial some of them aren't engineers, but the remedial consultants, let's say. Because I've said to them, "Look, do you want some of the... had

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more inquiries that I can handle? Would you like to do some of this that needs analysis?" And they said, "No, we don't want to do the analysis. We just want the superintendent work. That's our business model. And especially the larger ones, where they got 6 or 8 young engineers, building graduates something, they got mouths to feed. So, it's a business model.

I'm not saying it's sinister. It's born out of two things. One is the strata manager does not have the experience to be able to work out. They're not getting paid enough, and they don't have enough time to scrutinise these things. But secondly, we've got three types of owners corporations, haven't we? Firstly, you have the ones that are well run, usually with one powerhouse person spending a lot of time on it, who's very experienced in business world who drives the thing. And they're very outcomes orientated. So they want the solution. They don't necessarily focused on process. They don't want to waste money, but they're prepared to spend money on the right job. Now, they are the minority. It's a normal curve, probably they're at the top end of the normal curve.

Then you got the vast majority are very process orientated. They can't get criticised for getting free prices, and they took the cheapest price. So, why is everybody objecting? Or, in fact, they hate spending money on consultants, they don't want to spend the dough on it. So an \$8,000 report is better than a \$50,000 report. So, it's price orientated. They dominate committees. And then you got the third one, which is plainly dysfunctional committees where they [crosstalk 00:18:41]-

Amanda Farmer: Nothing gets done till a Tribunal tells you to do it.

Ross Taylor: Well, it's either they're at war with each other. So it's the two gangs against each other. Or you've got the megalomaniac that's running the joint and driving everybody crazy, or whatever, or nobody turns up to the committee meetings. Like I had one project of 400 apartments, big in a city, very wealthy building, nobody turned up for the strata committee meetings. So the strata manager was left to be the chairman, the quasi-chairman. Nobody cared. It's just like my units 30, 40 years ago, they could have the general meeting around a dining table 400 units, and they'd get 6 people turning up. So they're the third one and they only care about price.

So then this model, repair model or an initiation model suits them, they just want the cheapest price. So the market caters for that, you see? So, you get a cheap strata manager, you get minimal service, and basically, the place doesn't get run properly. So, they're the 3 types of owners. And the question is for your listeners, there were strata is in which one of those 3 are they which one do they want to be in because you get a different result.

Amanda Farmer: And I am sure because I see it most weeks of my month, there are owners listening in buildings where they're saying yes, Ross, this is exactly what happened without multimillion dollar, what ended up being multimillion dollar balcony refurb project and the balconies are still leaking.

Ross Taylor: Yes, yes.

Amanda Farmer: Is the answer, spend that big money upfront? And how do we avoid this problem? And then another follow up question, how do we get out of it once it has already happened?

Ross Taylor: So I think a starting point is if I was king tomorrow, is one thing is tomorrow, you say that everybody is a strata secretary or administrator. There's no strata managers, right? Because that's really what they do. And then you have to put in qualifications to be a strata manager as in the gun person that comes in and solves a strata issue, whether it be a defect issue or an argument, or something.

One of the examples that comes to mind is there was a job I was on about 20 years ago, 18 years ago, and it was 13 owners corporations in an estate, a community estate, and 80 Torrens titles, and a major negotiation with a big aggressive builder for major defects. So, I was in there managing the defects and negotiating with the builder. And I said to the owners, you need to get in a gun person for working out how to work this contract and who pays for what. So this young guy called Chris Duggan came in, and he did a great job of managing, not administering, but managing the complex relationships of all of these owners corporations,

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community plan, and so forth. And I managed the negotiation with a builder, and we got a very good result. But they paid hourly rate for that extra time and expertise.

Amanda Farmer: Yes. So are you saying someone who doesn't have that vested financial interest in the project? For example, not the contractor, not the superintendent who's taking a percentage of the contract price, but someone entirely separate and independent paid for the work that they do, the hours they spent in advising the owners cooperation, getting someone like that in is key?

Ross Taylor: Yes. Well, what they can then do is work out what the brief is because the most important thing in a project is working out what the question is. What's the brief? And as you know as a lawyer, often you have to be skilled in the area to work out what the brief is. What is the right question to ask? I once did a paper on this thing. You might have the right answer, but do you have the right question? So, the question can be from a strata manager who doesn't know otherwise is, give us a price for replacing all the membranes because it's leaking. And you'll get that, but that's actually not what was needed because it was any flashings that were broken. So, it could be a strata manager in that case will be a remedial specialist strata manager, and it might be a person from project management experience, a building experience, who knows how to read a set of drawings.

You have to as a strata manager work out what the remedial works have any idea when they're not skilled at reading drawings. And as you know, you get a remedial scope of works, it's usually 80 pages with 60 pages that have been cut and paste. There's no drawings and no diagrams. I believe strongly in a drawing of diagrams. If you can't draw it, you can't repair it, in other words. So, that would be a starting point is to differentiate the administrative role of a strata person and these specialists people so when you have a major... I was parachuted in as I like to say on one job where there were two groups in the strata committee that were at each other's throats. It got so bad that the strata manager got arrested by federal police and put in jail overnight. It was so acrimonious.

Ross Taylor: Now, they needed a specialist strata manager for dispute resolution amongst committees. And then I was brought in because they had had 7 consultant reports in the last 6 years on their waterproofing issue, and it was still not getting anywhere. So I helped navigate them through to a solution. That's actually one where I did the calculations and this is what the specialist strata manager, remedial manager could do is they did the calculations during the... In this case, it was a remedial builder type consultant, and asked how many hours did they expect the people to be on the job? Oh, we're going to have two men effort. Two the first month and then one per week. It came out at being \$3,700 a man hour, a person hour, for that 10% fee was going to cost the owners \$3,700 an hour, the amount of hours they were going to spend on the job.

Amanda Farmer: That's why they love it. That's the work they like to do.

Ross Taylor: Now, the owners can't be expected to reason that out. They don't know the business. But there's all manner of people that have been in the industry for years who would know exactly where to look at that contract and then work out whether the brief was right. And whether it's the right value for money, whether it's addressing the issue at hand, and similarly I imagine for other disputes where you need some really good expertise. Imagine, like you come in sometimes is to resolve an issue. And they should be paid for that time. Rather than thinking that somebody what are they 600 bucks a year or something? That is somebody is going to be able to cut across all of those areas of expertise, and call them a strata manager. That I think is at the root of the problem.

Amanda Farmer: Now, what about in those buildings? Where sadly, the damage has been done? Perhaps these are the buildings you're working on where the balconies are still leaking. Is that the only option for these buildings to just get it done properly? Finally, spend the money on it?

Ross Taylor: Okay, I think the answer of the question is this. There's a little thing called the scientific method. It's been around for a few centuries, first invented in the Middle East in Persia, actually, in the dark ages. Well, I think the West called it the Dark Ages. I don't think the Middle Eastern, I don't think China call it the Dark Ages, they were doing pretty well. But the scientific method has

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been around for a while, and that's all we use, and I'm happy to suggest that to an owner's committee, how they can inform themselves and be better informed about whether it's an air conditioning problem or a waterproofing problem, a technical problem, just go to the scientific method. So, I'll just give you the steps here now.

Amanda Farmer: Please.

Ross Taylor: The ones that we use for waterproofing. So, firstly, define the problem. What exactly is the problem? Oh, it's leaking everywhere. Is it two units or 200 units? And where is it leaking? Is it leaking only after it rains or only when people turn on the tap? Try and just define the problem. So, the problem is water penetration to 80 units, say. That's not the same thing as saying the problem is we need the membranes replaced. You see? That's confusing the problem with the solution. So, first is define the problem clearly. And if it's air con, or noise, or something, get a report from an expert in that area who analyses and finds the nature of the problem. And as the strata committee, then apply this logic to it and say, "Where is the proof of this?"

So, there's 7 steps. And what I frequently find because I do a lot of peer review of other people's reports, and I did this in a project at Manley once and came in and saw that they'd gone from step 1 to step 7. We looked at the windows, step seven, they all need replacement \$2.5 million, \$3 million, I think it was, here's their contract, we can supervise it for you. So, what you then do is to say, "Okay, the windows need replacement. Thank you." How did you define the problem? What was the data that you gathered to come to that conclusion? Because step two is to gather the data, the drawings, the history, does it come in on the south side, the north side, only after it rains, only on Christmas, whatever? Gather the data is the second part of the scientific method.

Third, you formulate a hypothesis. That's the I reckon that's this thing, because everybody's got to reckon it's this. But in the scientific method, you then must challenge that by testing it to see whether that a hypothesis is correct. And you've got to be ready to be proven wrong. That's the essence of the scientific method is to be proven wrong is equally good as being proven right. Because to be proved wrong, means you're closer to the real answer.

Amanda Farmer: I love that framework, Ross. And what I see when I'm working with owners in buildings trying to get worked done properly is that they are the ones. It is these individual owners that are pushing for exactly this process to be followed and others maybe the committee, maybe the strata manager, maybe just a group of owners who disagree saying, "Oh, no, the engineer said that's what needs to be done. That's what needs to be done."

Ross Taylor: Yes, yes. But we always knew it was less.

Amanda Farmer: Yes, yes. So having this, having the benefit of someone like you saying, "No, this is a framework that needs to be applied," and perhaps it is that single owner who is brave enough to put their hand up and say, "This is the process we need to follow. Here is a resource in this podcast with Ross Taylor's advice to back them up."

Ross Taylor: We can just follow this. I mean, it's not about engaging me because I don't do much with this high rise stuff anymore, anyway. I'm fully committed in these other areas. But so you test the hypothesis, and that means systematic water test. You've got to recreate the leak. Now, how complicated is that? You recreate the leak with a hose, with a bucket, with water, but it's very systematic. You don't just spray the water around. So you got to reproduce the leak, exactly where it comes in. When the owner says, "It comes in the northeast corner." If it comes in the southeast corner, you haven't reproduced the leak.

So, this is all part of the testing regime, gathering data. You're informing yourself, gathering knowledge about the issue. Then next you do deconstruction. So, it's limited deconstruction to pull those bricks apart and say, "Ah, there's the gap in the fleshing where the water is getting at." So, deconstruction is the next phase where you then, again, you validate whether your guess is correct because when you open up you then say, "Oh, here's the track of water." That's why it's getting in. It wasn't that it was that. But being prepared to change on the basis of the information that you've got at hand, rather than starting with an assumption, and working to that conclusion no matter what the evidence says.

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So then, you may need to then retest and check and change the hypothesis because of the information you've gained. And then you draw up the conclusion, and then you can draw up the scope. So the 7 steps? Yes. And you miss one step, you don't answer the problem. Now, the key point is here, if you are in group two of the pantheon of strata committees, in other words, you're process orientated, you're not going to pay for that. Because you just-

Amanda Farmer: I think the vast majority of committees are not going to pay for that. Not be happy about paying for that, that's for sure.

Ross Taylor: Well, they'll feel exposed, because one of the things about it is how do you get a lump sum for that? And how do you get your strata manager to get 3 lumps firm prices for that because you don't know how long it's going to take that analysis. So, people are in uncertain turf there. I'll give you an example of one building that I was on recently where it was a hospital. We did an audit and found 300 leaks. And these have been leaking for 20 or 30 years. One leak was particularly pernicious. They had spent 2.5, this number of 2.5 keeps coming up, doesn't it? Well, it was around two and a half mil, they'd spent on a new membrane for all of this roof to fix the problem, and the leak remained. It took us a few days. Probably \$5,000 of analysis, like time, water testing, checking, looking, we found the leak was 50 metres away, and the fix for that was about \$800.

Amanda Farmer: Oh, wow.

Ross Taylor: So, \$5,000 on analysis, \$800 on fix, \$2.5 million saved. Now, that happens regularly, I find. Now the really interesting part about it was when I spoke to the administrator, and I use the word deliberately, the hospital administrator, when we talked about how we needed to do that for the other leaks, that analysis. They said, "Oh, no, they couldn't do that because there wasn't a process in their hospital manual for having open ended investigation of things. They needed to have 3 prices." And she said though, she would do the same thing again for that roof. Because she couldn't get sacked for getting 3 prices, even if it didn't fix the problem, and wasted 2 mil she couldn't get sacked for that. But she would get sacked for doing analysis when there wasn't a protocol for it.

Amanda Farmer: And this is where this regime around fixed fee, the processes followed by our remedial engineers and contractors has just fit hand in glove with our committees.

Ross Taylor: Precisely. It's a dysfunctional, what is it? A codependent relationship.

Amanda Farmer: Yes, you're right.

Ross Taylor: And it suits the type two building committee, the process orientated, the overworked strata manager looking after 60 buildings and can't give... and doesn't have any knowledge of building science. And consultants, not all engineers, they're not all engineers, they get the remedial engineers become the term, hasn't it? But the remedial consultants who it suits their business formula should get the money for the supervision work that may or may not happen, by the way. I think you've had experience and I've had clients, nobody's actually turned up to watch the works. And they've signed off on progress claims and so forth.

Amanda Farmer: Yes, I was telling just for the benefit of our listeners, I was telling Ross in an earlier conversation that it really wasn't until I sat on the committee in my own building and went through one of these projects, not a huge project just for a couple of apartments where we engaged the engineer, engaged the contractor, and I'm a lawyer. I'm reading these contracts, I'm understanding the process. The other thing I was doing was I was checking the bills, and I was looking at the payment claims that were then signed off by the engineer and I was going back to the owner to say, "Hey, can you have a look at this payment claim and let me know if this work was actually done. And did you see the engineer on these days?"

And then hearing from the owner, Amanda that hasn't even been done? And me for having this lump in my stomach that I thought, "Oh, my gosh, this engineer is asking to be paid and has signed off on work that hasn't been done. What else have they signed off on? What else have we approved?" And it all came crashing down, and all I could think of was there must be hundreds if not

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thousands of owners in the same position and I've got the time and the qualification to deal with it. What about those that don't?

Ross Taylor: Yes. Well, actually the interesting part about it is that when it doesn't work, they then get that same consultant go in to have a look at why it doesn't work and surprise, surprise, they find the contractor missed out on this or there was some other things that are beyond the scope and we need to do these now. So, I think a solution is this, it needs a radical overhaul. Firstly, what you have is you hire a consultant in. Again, whether it's a conditioning or waterproofing or problem type thing, you get a consultant who is experienced in analysis who comes in and does the solution and the scope of the solution, and writes the report on that.

Then you have, and quite frankly, very often like in my own case my skill set is about analysis. It isn't in project management of signing off on progress claims, and contract. But I'm \$500 an hour for analysis, you can get project managers that sign off on progress claims for 180 bucks an hour. It's about the way the skill set is [crosstalk 00:35:57] money that counts. So, you then have a \$200 an hour, say, or 250, I don't know something like that in project management watching the contract. It's contract administration, really. And then they've got to make sure that the contractor carries out the scope of work. Now, people will say, "Oh, yes, but what happens if you've got a different person writing the scope and a different person managing it?" What if it fails, and who do you sue?" Well, they're not getting anywhere at the moment because the same consultant comes along and declares his scope to be okay, and it needs another variation. There's no solution there for people.

Amanda Farmer: And I would think a good scope, that's the whole purpose of a good scope. It can be followed, it can be implemented, cross referenced by anybody, not just the [crosstalk 00:36:43]-

Ross Taylor: Yes. Precisely.

Amanda Farmer: Like a good legal advice.

Ross Taylor: That's right. So you don't again, get the poor harassed... I know I'm being sympathetic about strata managers, but I'm not sympathetic about the strata management companies because the corporations are big corporations, and they're chucking these people out into these situations that they don't have the time and qualification to manage. But when you get that strata manager on the ground trying to manage that, it's very complex. So, the best warranty you can have is good analysis of the problem and find the right solution. That's the best warranty. If somebody says, "Oh, but what about the warranty?" Finding the right answer is the best way forward, rather than getting the so-so answer, cheap answer, and then having lots of documentation to argue and blame people about later.

How often do you see that as a lawyer? Yes? It's not a substitute for right analysis is to have good contract. Get the right scope is the thing. So, I think that owners in the owners corporations, the strata committees that are listening, they don't have to become experts in these areas, but their critical analysis and the scientific method and saying, "Right, in each of our problem solving we want those 7 steps." And then when you get the report, and you're looking at it on the weekend over the cup of coffee, or whatever it is, you can critically analyse and say, "Okay, where's the analysis? Haven't they reached that conclusion?" You don't have to know what the words mean. You just have to look at the logic and say, "Where is the analysis that reaches this conclusion?"

Amanda Farmer: Now, Ross, I would love to get those 7 steps in document if that's possible.

Ross Taylor: Sure.

Amanda Farmer: I can draw up the document if you don't already have one and make sure we link to that in the notes for this episode so then [crosstalk 00:38:22]-

Ross Taylor: Yes, I'd be happy to.

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Amanda Farmer: And have a ready reference for those 7 steps, be clear about what they are, and be waving them around at their committee meetings.

Ross Taylor: Yes, for everybody to understand, and they can google it themselves. The 7 steps, the scientific method, it's got slight variations over the years. And so, don't then have anybody say, "Oh, no, step 3 should be step 2." That's adapted for the remedial model, where if you're studying a cure for cancer, the scientific method might be slightly different. Okay? But you've got the essential model, and I'm happy to share it because I hardly invented it. And nobody else that's still alive today invented it. So this is something that is in the public domain of a way of committee informing themselves.

Amanda Farmer: I know sometimes owners, committee members in particular, the secretary, the chairperson, feel like when one of these projects goes wrong they're embarrassed. They feel like it's their fault. They chose the wrong contract, they proposed the wrong name, they chose the wrong quote and they can be frozen by that and stop making decisions that move a project forward or ultimately fix. They may even lose the trust of other owners. I see that happen and that's very sad and one of these many causes I think of these longer term problems perhaps.

Ross Taylor: Yes, a really key point here that I'd actually like to add is that where do a committee like that when they're hired for the job or they're the last person standing, or in the musical chairs they're the last person standing for the chair job, where do they go for learning how to manage such processes? Now, that's where the Owners Corporation Network should be a strong voice and a strong learning opportunity. But Owners Corporation Network struggles for money. Nobody funds it. So one of the solutions there I'd be proposing, and again, I'll tell you what, one of the solutions, I think is once the commissioner is finished with the building industry, I reckon, in a year or two, when he finishes, he should be a strata commissioner appointed because it really needs an overhaul.

Amanda Farmer: You know what, I wasn't on the bandwagon for the strata commissioner but if nothing else will last for 3 to 4 months of lockdown and incomprehensible health orders and everything else that's strata crazy. I'm with you. I think we do. We do.

Ross Taylor: Yes. I think it needs an overhaul like that. Like we had in new build where engineers didn't have qualifications that was self-regulation. Actually, one of the things that I'm currently working with the regulators on is defining what waterproofing is. When people say they're getting in a waterproofing contract or a consultant, what's waterproofing? It's a made up word. So, what we've done is to say, "Well, look, waterproofing is normally thought of as membranes and sealing, goo, layers of goo." That's the problem right there because 90% of leaks happen at the junction of things or due to poor drainage not the bit in the middle. So, that doesn't come under the definition of membranes and sealant, does it?

So, what we've redefining for the regulator is we've redefined waterproofing as the collection, redirection, and drainage of water. Anything that does that. The collection, redirection, and drainage of water, and anything that has a role in that. So, it's flashings, it's facade cladding, it's drainage, it's down pipes, it's gutters. So, the point of that is that there needs to be a redefinition of these things, and a commissioner could do that. And so the first thing you do is to come in, and what he can do is to have a look at these skill sets. What are these things really about, and shake it up a bit.

Amanda Farmer: Fantastic. Now, there has been so much in this episode, Ross. And I know we will have listeners out there who will be wanting more. We will need to get you back. But we do need to wrap up. I want to make sure our listeners can find out more about you if they'd like to and connect with you.

Ross Taylor: Sure.

Amanda Farmer: Now, I know like me, your list of what you don't do these days is longer than your list of what you do do. But if people do want to reach out, where should they go?

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Ross Taylor: Okay, so our website is rtas.com.au. So, Ross Taylor Associates, check that on web. There is some informer animated videos with one of them particularly for strata committees. But more importantly, if they'd like to inform themselves, we're just completing with Construct New South Wales a definitive course on waterproofing design principles. It's a two-hour course that's going to be coming out in two weeks. It's under the Construct New South Wales website. It's part of that platform, learning modules, that the commissioner has put in place. It's got about six or eight modules in there at the moment. And for those that say, "Well, I don't want to design it." What I'd suggest, though, is this has been written for a broad section of the strata community as well is to say, "Here are the design principles that should be in your building for waterproofing." Here are the ones that are in there. When you're looking at the problems you can say, "Hold on that principle isn't in our building. Maybe that's the problem." And there's just you're better informed.

Amanda Farmer: So this is a course that owners, committee members, strata managers [crosstalk 00:42:37]-

Ross Taylor: Yes, anybody. There's a fee for it, but you sign up, you can do it. It's a two hour actual CPD training course, so strata managers can do it, CPD points. But the point of that is, yes, there's some technical stuff in it, but it's really talking about complicated things about the importance of drainage, and the importance of gravity, and getting water away from the buildings in a safe way. Really complex breaking news like that. We're going to use gravity to manage water flow. High tech, handle that one. Who would've thought? So, they're very welcome to partake of that is one way to flesh out. It's pretty intense stuff for two hours, I got to say.

Amanda Farmer: Oh, it sounds good. I'd like to check it out.

Ross Taylor: It's coming out in two weeks. We've got a soft launch this week.

Amanda Farmer: Great. Well, send me the link to that when it's public, and I'll make sure I can put it under this episode. Thank you so much, Ross Taylor, fount of knowledge, and lots to take on there. But hopefully leaving our listeners with a framework, our seven steps. And if nothing else, the knowledge that what they're experiencing this nightmare of repeated remedial works projects is not uncommon.

Ross Taylor: They're not alone, are they? No.

Amanda Farmer: And people like Ross are out there doing their best to fix the broken system, which is good.

Ross Taylor: Well, fix the system. Yeah, that's rather than just spending time on fixing the leak. But thank you for your time and thanks for providing the time, Amanda.

Amanda Farmer: Thank you very much, Ross.

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