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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. I'm your podcast host Amanda Farmer. And this week I have something pretty special for you. For the first time in over 6 years and 300 episodes of this podcast, I have three guests for you in the one show. I'm chatting to three ACRA board members. That's A C R A the Australasian Concrete Repair and Remedial Building Association. We're talking about strata remedial building works. How owners, committees, and strata managers can better navigate this minefield. Whether it's waterproofing, concrete cancer, leaky windows, balcony balustrades, our experts have the need to know for you today. First up, you'll hear from Peter Johnsson. Peter is a principal in ACOR Consultants Remedial Engineering, Building Diagnostics and Facades Team. He has over 25 years specialist experience in concrete repair and the diagnosis and repair building structures, facades, and waterproofing. Peter has been a director of ACRA for the past 18 years and president on two occasions.

Next, you'll hear from Grahame Vile. Grahame is the director and CEO of remedial specialist BAAM Consulting. Graham has focused on remedial work for the last 30 years and is a regular guest speaker for industry bodies, including the Concrete Institute of Australia, Australasian Corrosion Association, and engineering training Institute of Australia, as well as SCA. Grahame has more recently served on the board of ACRA having held the roles of vice president and immediate past president and has been active on the waterproofing subcommittee, preparing the TAFE New South Wales Waterproofing course. And finally, you'll hear the voice of Caroline McConnachie. Caroline is the General Manager of remedial specialist MAX Build an alternate board member of SCA New South Wales and the president of the ACRA New South Wales sub-branch. In her executive board member role at ACRA. Caroline has championed the remedial industry with the Office of the Building Commissioner, as well as the strata community, including playing a key role in the production of the interactive course on remedial waterproofing.

Caroline is also a research partner on a major 3-year study into the redesign of aging apartment buildings for strata owners. You may recognise her name and her voice. Caroline is also a previous podcast guest. You can check out my chats with Caroline in episode 191 and more recently 298. That's the episode where we talk about the waterproofing cause that both Grahame and Caroline have been involved in producing. Also at the time of recording this intro, Caroline has graciously agreed to be my guest on this week's Friday Live chat. Caroline, and I will be live over on the, Your Strata Property, Facebook page at 4:00 PM, this Friday, the 20th of May. That's Eastern Standard Time. I hope you can make it.

We'll continue this conversation, answer your questions and shed some light on the requirements of the new New South Wales Design and Building Practitioners Act. How that impacts work being carried out at our New South Wales strata buildings right now. Before I take you over, a quick apology from me about the quality of the audio in some small parts of this chat, especially early on that apparently is part of the trouble when interviewing three people at once, but do hang in there.

It clears up pretty quickly, and you won't want to miss any of the gold that our experts have to deliver. I'll take you over right now to my chat with Peter Johnsson, Grahame Vile and Caroline McConnachie. I have three guests with me today, not one, not two but three. It is a first for the Your Strata Property podcast. Exciting times ahead. We are all looking forward to this discussion about remedial building work in particular, the costs involved in remedial building work. How do we manage those for our owners, for our owners corporations? Why is remedial so different to what I'm going to call original building work. I'm going to start right there with our guests today. This first question I'm going to throw to you, Peter, how is the cost of remedial work different to the cost of original building work?

Peter Johnsson: Thanks, Amanda. Good to be here. It's fairly simple in the fact that when you're building an apartment building, no one's living there. It's a construction site. The only people that are on site are trades people and scaffold and concrete deliveries. When you get into an apartment that has been inhabited for 1, 2, 50 years, there are many people that you have to deal with. Remedial works also involves stripping everything back. So if you are living in an apartment, you need your bathrooms re-waterproofed. The whole bathroom needs to be stripped out and start again. So just the costs of getting to that point, taking everything out means you've got a whole range, three, four different extra steps involved, and there's a cost for each.

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And remedial being different to original construction work on the one hand, yes, there's nobody living in the property, but then we add in strata and the complexities of strata and all the people, and then all the different people living in a building that too, as I see it adds to the complexity, doesn't it?

Peter Johnsson: Absolutely

Amanda Farmer: Jump in Caroline.

Caroline McConnachie: It's entirely a different customer profile to what you have with... You have a developer, so you have a single customer, and now you have multiple customers. Plus they have managers, whether it's a building manager or a strata manager, a leasing manager. So there are all those other costs and time components that are involved with remedial. If you're an investor owner, then you've got the consideration of rental reductions through a remediation project as well.

Amanda Farmer: Yes. Thank you, Caroline, for pointing that out, Peter you've mentioned costs there as well. Is this something that owners that strata managers are thinking about in your experience before they're kicking off a project? Are they asking questions about costs? Why is it so important for them to be aware of these nuances when it comes to remedial work?

Peter Johnsson: Well, I think like any property owner, you want to get it done as cheaply as possible because you really don't want to pay for remedial works. You often don't get a great deal out of remedial works other than the problem is fixed. So often strata owners will jump ahead and try and get the cheapest job. They can hoping that it fixes the problem. What they then miss is the overall holistic approach to remedying the problem. They may actually end up with a problem much sooner than they would otherwise if they just jump ahead and try and fix one small component and get it done incorrectly.

Amanda Farmer: Grahame, I know you have a view on this cost conversation as well. Jump in.

Grahame Vile: The other aspect that often comes into it is that schemes will go down. The path of exploring remedial works involving the trade based contractors. So an example might be they've got problems with the roof and problems with the windows. The formal committee, a representative of that committee goes often gets quotes from a roofer and a window contractor. The problem is there'll be things that are missed. You can't add quote A with quote B and get a total cost of the job because there's interfacing issues. And there may be access. All sorts of other stuff that comes into play. If you're going to have a contract working holistically, as Pete said, to deal with multiple problems on a building at the same time, and it does add a layer of management from the contractor's side, as well as some legal obligations.

But if you have a window contractor they're not licensed to engage necessarily the roofing contractor, they can't. If they're not a full builder, they can't engage another contractor. And what that means, then you end up, if you've got multiple trade work being carried out, you need to have a license builder on top to manage all of those sub trades. And that means you've got supervisory roles with that fully licensed builder, all of their add-on costs, but it is a coordination thing.

Caroline McConnachie: The other thing I'd add to that Grahame is if you're requesting quotes from a particular trade, this is the owner here, or the strata manager, then how can you compare those quotes as well? I think you need that technical knowledge, which is where I see a consultant coming in and really being the guardian of the building and representing the owner's interest and really going back to remedialism a great deal. I'm not sure I agree with that because what we're looking at is we're protecting the asset. So it's not just your apartment, it's the whole asset. And yes, we all keep an eye on property prices, but we also need to make sure that the overall structure is sound and that the future owners or current owners aren't up for big, expensive bills down the path because it hasn't been managed. And I see in our business, we see a lot of buildings that have left things for a very long time. And then the costs are very high as a result.

Amanda Farmer: Grahame, I've heard you mention their individual trades, then licensed builder, then both yourself and Caroline have mentioned a consultant over the top of that. I am putting myself in the seat of our owner listeners here and maybe even strata managers and our heads are spinning. Do we have to be talking to all of these people when we've got a project coming up? Do we have to be across the expertise of all of these people? If we've heard you that there may be a few people involved and that has its

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complexities, how do we simplify that? Is there one person that we should be going to for guidance?

Grahame Vile: Begin with end in mind is that old Stephen Covey approach where the first point of good communication is having the committee, the scheme, knowing exactly what they want. If they can provide clarity around the remedial works that the building requires, they can then go off and brief on suggesting a consultant that may be pushing my own barriers or mine and Pete's and other remedial people's barriers. But if you have a consultant, then interpreting that scope, dealing with the remedial contractors that are required, making sense of their submissions, and then making recommendations.

Amanda Farmer: Peter, Grahame just doxed you both in there as being consultants and maybe pushing your own barriers. What are your views on this hierarchy of experts?

Peter Johnsson: Well, it all comes back to the owners and what they want to do. And I guess what they have the funds to do, there needs to be a 10 year capital works program in place. And that's simply for maintenance of items that may be at the end of their service life, or may fail within 2, 3, 5, 10 years. There needs to be the funding put in place to make sure that those issues can be handled. In other schemes, it's an upgrade situation where they might have the money. They might have the backing to say, we want to improve the property from what it was, not just keep it at its current level.

You can have those dreams, but you need someone to make sense of it and to, I guess, put a scope around it and make sure that if you did decide to replace the windows that you do include the fact that you may need to replace the window lintels that hold up the brick work above it, for instance. So getting a consultant involved that can see the whole picture is really going to be beneficial. Even if you don't decide to do anything, at least you know where you stand and everything can be coming to clarity and can be discussed by the owners as long as they want to. Which sometimes is a long time.

Amanda Farmer: Thanks, Pete, let's talk in a little more detail about costs. If we have accepted that we are going to have what I've called this hierarchy of experts involved, a consultant, licensed contractors, then trades. How do we, in practice, structure the legal arrangements with these people? I know as a lawyer, we've got a few different options. Is there a recommended approach that you have there on the ground? Caroline, I might come to you as our contractor rep, what are the different types of fee structures that contractors use in remedial scenarios?

Caroline McConnachie: A lot of contractors will use a fixed sum amount that's tied to the scope of works. And then if there's something that comes up that wasn't part of that scope and specification, then that becomes a variation. If it's smaller works, you might see a do and charge arrangement. For us, that is it for very small work. So you'll lump up for a four hour minimum block and charge a couple of laborers, that kind of thing. The other component in terms of pricing is provisional sums, and these are generally required as part of your specifications. So these are amounts that can't be quantified. They can only be guessed at a certain amount or volume when the works are put out for tender. And then when you start to do the works and break open up the building, that's when you start to quantify and that's then overseen typically by a consultant.

So you've got that the owners then have that price protection coming back to the fixed sum and then that nasty word of variation. Again, having that consultant there is important to protect the owners, what they're up for in terms of costs. And as a consultant, they will often push back on a contractor as to what is the appropriate amount or time spent or volume, et cetera. So it's not pushing the barrier. I think it's essential to have that independent person who is acting in the interest of the owner to be overseeing the cost control of a contractor, as well as obviously the quality and the safety.

Amanda Farmer: So it can actually save you some money. Having the additional expertise of a consultant is I think what I'm hearing here. I will jump over to how we then pay our consultants and where they fit into the contractual arrangements. But first, just in case some of our listeners are unsure, can I ask either Peter or Grahame to fill us in on what are the qualifications of a consultant we've used this very general term, who are these people and why are they qualified to supervise this kind of work in these types of contracts?

Peter Johnsson: I guess anyone can call themselves a consultant. You can start a business and call yourself a consultant immediately if you wish. Consultants that are working in the remedial industry probably fall into two separate categories. One

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would be engineers. The second would be people that have gained experience either through building trade and contracting trade, waterproofing and the like over a number of years, and then use that experience to consult. The difference currently in New South Wales has been brought about with the advent of the Design and Building Practitioners Act where we now have professional engineers, registered professional engineers, who are the only people allowed to declare designs for Class 2, which is residential apartment type buildings. Consultants that do not hold an engineering degree currently cannot declare a design under that Act. So that has changed the marketplace a little bit.

One of the things with the industry is that there has been a fairly low bar to entry over the years. Like I said, anyone can start a business and say that they are a consultant. It depends on the breadth of their experience, what they're able to consult on. And I guess you could find people that are consulting on things that they perhaps shouldn't be because it is part of a project. So a waterproofing job, for instance, on a building may only be a very small component of the overall works required.

Amanda Farmer: Grahame, do you want to jump in and add anything to Peter's summary there?

Grahame Vile: Yes, I would. I guess we are focused on the remedial side of consulting in this discussion and it is true that there are people with materials or contracting or application background that have absolutely fantastic skills and can consult in those roles. But we are currently in a position where Pete's correct.

Where, unless they're an engineer as well, they can't register under the current legislation and lodge declarations. So right at the moment, if you are in the position of needing remedial work done on any of those items that are caught under the Act, then you do need a registered professional engineer to come up with specs, lodge the declaration, attend during the contract and then sign off at the other end.

Amanda Farmer: Okay. So that's a good tip for our committees and our strata managers when looking for a consultant to make sure now that they have that qualification. And how do these people get paid? How do they quote? How do they charge the owners corporation? Where do they fit in with the contract?

Peter Johnsson: So there are a range of fee structures that can be used. I guess the simplest is hourly rates. You get paid for the hours you spend. Very common and I guess quite fair in a way that you do an hour's work, you get paid for an hour's work makes sense. Other fee structures include percentages once you get to a superintending phase. But what we really need to remember is what gets you to that point? So if a building has a problem, normally there'll be an initial inspection. Now, an initial inspection let's argue costs a thousand dollars, which is a very low fee. There's not a great deal. You can pick up in a thousand dollar inspection.

You certainly are very unlikely to be able to work out a million-dollar scope in a thousand dollars inspection, give or take \$500,000, whatever. So there really should be a further investigation phase where more detail is gathered and established for the actual scope of works that are going to be required at a building. Now, I would argue that you'd be looking at a minimum of 5,000, potentially 10,000, potentially more depending on how big the building is and how many problems there are. The mistake that occurs often is that people jump from a \$1,000 inspection to a \$1 million contract.

Amanda Farmer: That makes me feel ill hearing that.

Peter Johnsson: Yes. And it's not the way to do it. It's not the way we really advocate for it to be done. Part of the problem has been that it has been a lowest common denominator price, essentially strata manager gets three quotes, three quotes are put in front of a strata committee. They look at them, they go, well, "He's a thousand bucks, he's 5,000 bucks or she," and it's a case of, "well, but they all look the same. Let's go with a thousand. People don't want to spend the money up front. That makes sense. However, spending the money up front and getting the scope right, will save you money down the track.

Caroline McConnachie: Can I add here that when you are looking at those three tenders for a consultant, is that one aspect to look at is whether they are an ACRA member. So I'm going to now push the barrel of ACRA. So ACRA is the peak remedial association, and there's a fairly rigorous peer review to become a member of it, especially as a corporate member. So you know that if you are going with an ACRA member, that there is some trust in their expertise as well. But also when you are looking at

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your three consultants is do some reference checking as well. Talk to other owners, talk to the strata manager or other strata managers that have used them, make sure that they've worked on similar buildings.

Sometimes a consultants will say, they've worked on a very iconic building and people relate to that and think, "Oh, they must be good," but that's not necessarily their speciality as we've discussed before. There's no real barrier to entry into consulting. In the same way, there is none for remedial as well. We've just got a few barriers in the, in terms of HBCF eligibility. And now also the building practitioner eligibility that you need as well if you're doing any waterproofing.

Amanda Farmer: Just to clarify for our listeners, HBCF, Home Building Compensation Fund, that's the ability of your contractor to access homeowner's warranty, insurance, and make sure that you're properly protected there.

Caroline McConnachie: Which is compulsory for works over 20,000.

Amanda Farmer: Yes. That's it. Yes. Grahame, did you want to jump in to add anything on the role of the consultant and the fees, the charging that we see happening in our space?

Grahame Vile: It probably goes back to the communication step. Again, if people do have problems, they should set really clear instructions in briefing the consultants as well. It often ends in tears and rework and grief for the first consultant who gets involved and don't have a clear brief. They'll provide a report briefed by one individual that goes to the committee and the committee says, that's not what we talked about. Then that consultant looks like a bit of a fool and maybe even get ejected from the project. And then they go and find another consultant to do the next stage. So if that briefing to the consultant is really clear, then the consultants who are bidding for the work can provide a line up of fees against what that briefing was. If that's really clear, then the outcomes from it then step into the specification and tender procurement phase.

So if it's very tightly managed up front, you would expect that it continues to be totally managed on the way through. And it's all about getting reliable outcomes, ones that don't have big variations in cost, either on the consultant or on the contract. And that the work that is done is done for a reasonable price without the contractors being put under cost pressure for time, wet weather that we've had this year's been pretty spectacular and similar with the consultant. If they haven't had enough time investigating the issues on the building, and they're pressured into the situation where they have to go out with a lot of provisional sums in the contract, then all that stuff ends up getting effectively dealt with as variations, sometimes up sometimes down. Most commonly upwards because the scope wasn't defined at the outset,

Amanda Farmer: Peter, just jump straight in.

Peter Johnsson: Yes. I mean the role of the consultant is to really get a clear definition on the scope of works that's required for the building. And that can be a shopping list in a way that the owners decide what they're prepared to do or what they can afford. But to get that clear scope means that when you go to tender, you're going to have a competitive tender process. And everyone has a specification that they are to follow in writing. This is what they need to do. This is how much they need to allow for. So when you compare the prices, it's a like for like comparison. And that means, you know that when the contract is signed, that the builder will have to complete that scope as per the specification. If they don't, what the consultant will do is will say, "Well, please refer to clause 1.2.3, where it says, you need to do this." If you go to a trades person separately, they're not really bound by anything. The quotes that we see often that have been obtained will be one page with about three lines on them and a hundred thousand dollars. And if they don't do that job properly, there's no real recourse. You don't have any power as an owner in that situation, you've accepted their quote. You've accepted their terms. If you don't have the technical skills to actually pick up what's wrong, they will do what they want. And there's lots of stories about that, and you'll not be able to get them back and they'll just Hightail it to another town in another part of Australia. So it's that kind of clarity that is needed in a contract. And it's that kind of oversight that's needed.

When we talk about percentages, I know everyone looks at it and go, oh, why am I paying another 10% was around figure for this work. Why do I need that? This contractor's apparently pretty good. It's really not all of that. You can do it in an hourly rate basis.

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You can do it in a weekly charge. You can do it, whatever. Percentage just gives a bit of clarity to the owners, what they will be paying. They're not made up numbers. They're real numbers. It's based on many project management models, which are based on, there's a scope of work to be done, or a program of work to be done. We're going to charge X percent.

So it's drawn down by that. And it's been developed over years, first principles. Some consultants will charge more percentage. Some will charge less. If you've got a \$10 million job, arguably the percentage can be less. If you've got a \$50,000 job, arguably the percentage should be a whole lot more because there's a whole lot more work to do in a \$50,000 job as a consultant per dollar of contract works than perhaps in a \$10 million job.

Amanda Farmer: These percentage fees have always been fascinating to me. And I know Caroline and I have touched on them in a previous podcast episode. And I wouldn't mind talking about them a little bit more. They are a sore spot, I think, for owners, because what we see is that the superintendent, the engineer, the consultant, whatever it is you want to call them has a vested interest in that contract price and the higher the contract price and the more that consultant gets paid. If I liken the position of lawyers, it's well, "Let's sue them for more because I'm on a percentage contract and I get paid more." So query conflict of interest there. Does anyone want to debate me on that? Or is it really time for our consultants, our engineers, our superintendents, to think about offering another option, whether that's a fixed rate or an hourly rate, and why wouldn't they do that?

Grahame Vile: Yes, I think it's not so much a point of debate, but one of the advantages of the percentage based engagement is that the scheme have a budget. So that it's a million dollar job and there's 5, 8 or 10% for the remedial consultant doing the periodic attendance. So it's an easy budgeting thing. And yes, the biggest negative to it is there's a conflict of interest. If a major variation comes up, we just put the same percentage on that variation. It's fairly simple Maths in that respect. So it's low admin, some of the aspects of administering a cost based engagement and the hourly based engagement is having to substantiate the costs in particular. "Oh, there were 18 phone calls today about some drama that developed because of a broken pipe." Sometimes clients don't appreciate how much time goes into fixing what is a small, acute problem.

You've got to deal with the occupants, maybe an insurance company, maybe the client contact and the contractors. There's a lot of bugging about that happens in a short period of time, which when you're on your schedule of rates based contract, that might be \$2,000 worth of time. Very quickly spent on what was a small acute exercise. Then we have the substantiation around, all right, how much time you're spending? How are we managing this with the budget? Well, typically the approach is at the end of month, there's a review against what the budget projection might have been into what it actually is. Those two things don't always run in a linear fashion. Let's say we've budgeted a hundred thousand dollars worth of consultancy over a reasonable contract. It might be that in the first part of the contract, you spend half of that because it's all a site establishment stuff.

And the early stage works. Often, you learn more about the structure during the first demolition step than you could have established visually. So it might be that the first couple of months, you're above budget, but provided everybody understands what the contributing factors are. You could then manage perhaps the long term budget and maybe have a few less status meetings, maybe simplify the reporting to a fortnightly report rather than a weekly report. Things like that. It does come down to trust though. The biggest criticism of hourly rates is, "Oh, you just kick back and you have a yibber yabber on the phone. You spend half an hour when 10 minutes could have been enough." And sure. That's up to us as professionals to make sure we spend the time on the project, according to what's required.

Peter Johnsson: Yes. The percentage thing's been a struggle for me to reconcile. I came from a commercial background, mainly having worked in residential 20 plus years ago. But I do see now because I've been through it in first principles, that it is a valid way to actually look after a project. I think the key things that need to be established is upfront. If there's a scope of work, that's being recommended by a consultant, they need to have the evidence to support that scope of work is needed. That means they need to do the proper investigation up front, to be able to say, "Owners, I've opened up your brick work. The brick tiles have all corroded. You need to replace your brick tiles." That's the evidence that supports the scope of work. It's a standard diagnostic thing. Any doctor that says you need to have an operation, we'll show you something to say, "You need to have this operation because of this."

So paying for that upfront gives you that certainty, that the scope of work needs to be done. It's very easy to just wrap in every

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single scope of work possible on a building, just because it's 60 years old, but that may not be required. So if you have that evidence, you move to the specification stage, you know what needs to be done, you know when it needs to be done, your scope of work then is defined. Your contract cost will be well defined. You'll be able to have a percentage based on that. Now percentages, if you had a very simple job painting walls, for instance, just the arguments say. Arguably, a high percentage is not valid for that. You could have a much lower percentage. But if you have a building that has say 10 different scope items that are all different, then you should really be getting a higher percentage for that. Not some average standard percentage across the board.

Amanda Farmer: And that's because the consultant is doing more work coming in and checking on the site, signing off on different stages, investigating. There's likely to be more problems. Is that how it works?

Peter Johnsson: That's right. That's right. It's just more complex. So if it's more complex, you need more time. Consultants work on an hourly rate basis really whether we are working percentages or lump sum. So it's really getting the right fee for the right scope rather than across the board thing. It's complicated. Now, if a variation comes up in the work and it's a completely separate scope of work, then of course you should get an extra percentage for that because you might have to do the design for it whilst the project is going and look after that work. So that's valid. If it's simply a slight increase in the quantities, that means the contractor gets paid more money, but maybe doesn't take any extra time. Then maybe you don't need a percentage extra.

Peter Johnsson: But that's up to then the consultant probably just, you know, to ethically say, "I'm not going to charge you an extra percentage for this. I can cover it." But if you do need to do extra work, extra design, you should be paid for it. You're taking responsibility for it in the end. And who wants to take responsibility for something that they're not getting paid for? We often see that owners will say, "Look, can you come in at the start of the project, then sign it off at the end?" Or they get to the end and say, "We've had this waterproofing done. Can you sign off on it?" It's like, "Well, no." So fair pay for a fair day's work really.

Amanda Farmer: Grahame mentioned earlier this concept of preliminaries in a contract, and certainly in my experience looking at construction contracts for clients, it's what seems to be a huge component. And I am often asked "Amanda, what are these things? Why is it so expensive?" Caroline, your perspective as a contractor, can you help us to understand preliminaries?

Caroline McConnachie: Yes. That's our experience too, that people look at preliminaries and see a very big sum. And it looks like a soft cost where all profit is put, but actually, it's a lot of hard costs within that space. What we are looking at is access, which is very high, especially when you have your weekly amounts, as well as the install and the disassembly costs for it. You've got your project manager involved in that space. You've also got your site supervisor who's typically full time on that project. Now that supervisory role, in the same way, your consultant is a guardian. That one is essential to ensure that the works are being done properly. Especially if you have subcontractors that are being engaged by that contractor too, you need to not... When you start subcontracting, you're diluting the ownership of the project.

So having that quality control of someone supervising their works is essential. That is representing the head contractor. The other thing that you get is the contract documentation controls. Again, that is really critical. So for example, before you start the works, we will do what's called a dilapidation report where you take photographs of all the work. This then is really insurance for the owners in terms of things like latent conditions. So if we damage something during the works, then there's photo evidence to show that yes, actually we did cause that evidence so that caused that. So we have to pay for that ourselves. That's a classic example.

The other thing is that we'll photo document the works as they go on. Because once you start to put back the layers, you can't see what the building detail is once it's all been finished. So that part is important too. Obviously you have the consultant coming in and this is where you can't get the consultant coming in at the beginning and at the end. They've got to see the process because we then cover up that process and they need to make sure that it is as per the specification. So that's why you really can't cut your prelim costs. You can definitely review access and the methodology, the types of access that you use, but that you should be doing with your consultant, with your trusted advisor.

Amanda Farmer: We have, I hope, in this conversation pointed out a few ways that owners can at least become more aware of how costs are calculated and understand the different players in a remedial works project. And perhaps in the long term end up saving some money, whether it's because of a tighter scope, better quotes from more qualified contractors or simply getting the job

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done right the first time and not having to go back and remediate the remedial works project. Are there any other ways that, as we wrap up, anybody wants to jump in on, that owners can avoid costs blowing out? Is that inevitable these days, as we see the cost of building materials rise exponentially. And I'm hearing that complaint a lot from clients as well. How do we best deal with cost increases in this climate?

Caroline McConnachie: Well, if I can kick off first. A timeliness in making a decision on whether you want to do the works because yes, material costs have gone up 30% across the board. So we are feeling that pain, especially with contracts that were fixed a year or two ago. So yes, sign now and don't wait for the next price hike. The other thing I'm hearing, being agitated for is clauses around rise and fall being reintroduced into contracts so that if prices for materials do increase, then that then is passed on as a variation in terms of mitigating blowouts, like as Pete said earlier. Inspection investigation, specification, that's really key to get your investigation piece. So front end tighten up your scope and mitigate the cost blowout coming later.

Grahame Vile: And the next part of it, during the tender and execution is having the contractors' skill set matched with the project. It's no good using a really, really good waterproofing outfit who can deal with internal wet areas, for example, suddenly breaking out into doing roof and planter box and all sorts of other stuff. If they haven't had skin in the game and demonstrated that they can deal with the specifics of the contract, then probably better off missing them this time around and come back to them later.

Peter Johnsson: Remedial works is just more complicated, more fiddly than fitting out a new bathroom, building a new house. It just requires more effort. And you're dealing with, you know, 10, 20, 30, 50, a hundred owners sometimes, usually only maybe five on a committee, but that's a complicated beast. And it requires a lot of different skills, commercial, technical, contractual to be all brought together and having the right team. And it has to be a team effort. You can't just go with one of them, just makes it easier. I've seen owners just get head high in the problem. And then they ring up and say, "Look, I don't know what to do now. Can you help me?" And it's like, "It's going to be very hard to help you this far down the track." And it's all well meaning, but we're not out there to rip people off. We're out there to help and we want to get paid like everybody else does as well. But that's what it's all about.

Amanda Farmer: How do our listeners connect with the right people for the job? Where can they go to find out more about running a smooth remedial works project, connecting with qualified, registered engineers and the right contractors? Can you leave us with any resources where we can find out more?

Caroline McConnachie: Absolutely. Well, first off there's the ACRA association. If you go onto the website, you'll come across consultants there as well as contractors, but really focus on the consultants. If there's one thing to hammer home. SCA, they can give you some introductions or an understanding of the roadmap. We're working with them on quite a few education pieces to help owners get things done the right way. That roadmap I don't think has been particularly clear across the industry. So we are really trying to help get that message out there. This is an industry that has lots of specialists and you need to engage the right specialists and they will then take you through to work with all the other specialists as well.

Peter Johnsson: Yes. We also have the new course that's going to be released relating to remedial waterproofing, which actually spells out the process for virtually any kind of remedial works that should be followed. So that's on the Construct New South Wales website for registered professional engineers. There's also a search function on the Fair Trading website to look up. There's no category for remedial. So we all bring up a whole bunch of registered engineers. So you probably want to look at the ACRA website because that's remedial. And then see if it's on the Fair Trading website as well.

Amanda Farmer: And I will make sure we have the links to all of these places in the show notes for this episode, at the time we're going to publication the remedial waterproofing course through Construct New South Wales, I believe is actually available. And we do have a link for that. One thing that hasn't been mentioned, and it's probably incumbent on me being the resident lawyer to mention it. If you are, as an owner and owners corporation entering into a contract for construction works, please do be thinking about whether you should be getting legal advice on that contract, smaller contracts, perhaps the having done a cost benefit analysis. You might find that it's not necessary, or you don't wish to get legal advice. That's open to you. But I would like to think that if buildings are spending, I would usually think, over a hundred thousand dollars on works under a written contract, they should be spending some money, getting some legal advice on that contract.

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It doesn't have to be expensive. And you often do find like engineers, like consultants. If lawyers are looking at million dollar plus contracts and their fees might be a little bit higher and maybe estimated in proportion to the contract value and those smaller, less expensive contracts, then you may be able to get some legal advice for less expenditure than you might otherwise think. So have a chat to your strata managers. Strata managers definitely be recommending to your committees, to your owners corporations, that they get legal advice. They may say, "No, they don't want it. Don't want to spend the money on it." But you've made that recommendation because I certainly get involved when things go wrong. And like remedial works, it can be a lot more expensive to be paying a lawyer to fix a problem than it is to have that lawyer insert clauses into a contract to prevent the problem from happening at all. So important public service announcement there from me.

Caroline McConnachie: 100% agree with that, Amanda. It's really about protecting the owner's rights. You need to put that front end amount in to ensure that you don't get that long term pain. It's really important unless you're a lawyer yourself, or with strata specialist knowledge, then by all means, but otherwise engage the professionals to do their part to protect you. It's like everything else that we own, you need to protect your assets and use the professionals for them.

Amanda Farmer: Good advice. Peter Johnson, Grahame Vile, Caroline McConnachie. Thank you so much for your time here today. We have covered an important issue with more to cover, I know, in the future. I'd love to revisit this conversation and listeners send through your questions. What are your thoughts on what we've discussed? What would you like us to dive into deeper? I know all of the people here on this episode today are happy to share their knowledge, their expertise, and to keep serving our strata community, to make sure we have positive outcomes for everybody involved. Thank you, everybody.

Caroline McConnachie: Thanks, Amanda.

Peter Johnsson: Yes. Thank you.

Grahame Vile: Thanks, Amanda. Cheers.

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 via 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?