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YSP Podcast Transcript: Episode 348. Our Chance to Secure a Better Strata Future - The OCN & The NSW State Election

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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'm your host, strata lawyer Amanda Farmer, and my guest this week is Tom Belsham. Tom is a director and the vice chair of the Owners Corporation Network of Australia. Tom has more than 30 years senior leadership experience in corporate, small business, and government organisations within the telecommunications and sustainability sectors in both Australia and the UK.

Tom has designed and led significant strategies and work programs, including, when he was with City of Sydney Council, a comprehensive program of capacity building, advocacy, and incentives for strata apartment buildings. As an investor in residential strata property, Tom gained firsthand experience of resolving major building defects when he served on the strata committee for his Sydney property. Since joining the board of the Owners Corporation Network in 2021, Tom has undertaken leadership roles in strategy development, advocacy, recruitment, and the development of the OCN's New South Wales election campaign, and that is indeed what I'm talking to Tom about today on the podcast.

The OCN has developed a 10-point plan for government action that they believe will ensure a better residential strata future. In this chat, I invite Tom to walk us through the 10 points. I will let you know now what those 10 points are, and then you'll hear Tom speak to each of them in our chat.

Number one, appoint a senior minister. Number two, ensure dedicated and specialist government resources. Number three, educate. Four, empower consumer representation and the provision of data and insights. Number five, plan for net-zero emissions. Six, accelerate the electrification of strata buildings and the adoption of electric vehicles. Seven, ensure emergency preparedness. Eight, update legislation to protect consumers. Nine, ensure all new buildings are defect-free, and 10, resolve all major defects in existing buildings.

Tom explains each of these 10 points in our chat and lets us know how we can get involved in championing strata issues ahead of the New South Wales 2023 state election. I'll take you over now to my chat with Tom Belsham. Tom Belsham, welcome to the show.

Tom Belsham: Thank you very much, Amanda. Thanks very much with the nice introduction, and also I just want to acknowledge the really valuable work that you and your podcast actually does in educating and supporting strata owners and the sector more broadly, so thank you.

Amanda Farmer: Thank you, Tom. That's very kind of you to say. My first question for you, why has the Owners Corporation Network decided to be so actively involved in this year's state election here in New South Wales?

Tom Belsham: In short, it's to remind our politicians and the aspirants that strata matters and that whoever forms the next government, they need to step up their commitment and resources to fully transform this sector. I mean, let's face it, strata is very significant. More than one in five people live in strata, and that's going to increase to 50% by 2040. There's more than \$400 billion worth of assets under management and close to 3000 people directly employed to service this very large social and economic sector.

But after many years of neglect, the current New South Wales government has taken a proactive stance to resolve a number of the key issues we face, in particular, to clean up the development industry and professionalise the strata management industry. But to be honest, it took a few very public disasters to get their attention and focus. So whilst it's a really good start that's been made, this transformation will take many years to complete, and we must ensure that the government scales up the resources to a level that's really commensurate to the social and economic impact of this housing sector. So that's really why we are advocating strongly at

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this election to really ensure the next government, whichever stripe it might be, really does step up and scale up appropriately for strata.

Amanda Farmer: Tom, you've said there have been a few very public disasters. Just in case anyone's been living under a rock, can you let us know, in your view, what those were?

Tom Belsham: Well, look, I think there are two obvious ones, and the early one was the Opal Towers. A very difficult situation that the community within Opal Towers actually had to live through, with cracking of the building soon after it was actually built. That community is still living through hell, really. I mean, even though the building is very safe now, we understand, they're having immense difficulty getting insurance and getting cost-effective insurance for that building.

And then, of course, there's Mascot Towers. The population of that one are still locked out. There are still problems there. Government went through reviews, New South Wales and then across the nation, but it still took quite a bit of time even after all of that for them to really take this seriously and create this building reform program. So a few very classic examples, but there are numerous other examples, and there have been over the last many years, that have just created the fire under which the government actually acted.

Amanda Farmer: And you put the pandemic in that category, and how our residential strata dwellers were, look, I'll say it, essentially ignored by our policy and lawmakers during that time?

Tom Belsham: Yes, for sure, for sure, and that was after the significant focus and attention by this government into the sector. But it does indicate a lack of consistency, and really, I think, expertise, consistent expertise within government. We all know the government acts pretty much in silos. It's such a large behemoth that they can't help but actually have centres of expertise across government. But one of the challenges all governments face is cross-communication between those silos. So whilst there may be some expertise, or there are and there is significant expertise in certain areas within government that understand strata, not all of government understands this concept or this sector. And so, really, government needs to better integrate and coordinate across itself to really provide better services.

So in pandemic, health just didn't have a really good understanding or appreciation of what strata was, what common property was, what gyms and pools and other sort of facilities that are offered to that local community within the building, and how that's effectively a sort of quasi-public service that's provided to that community. So they didn't really understand how best to actually issue health orders that supported the structures and the governance of those buildings and those strata committees and the strata managers in order to be able to effectively communicate what was required for those people living in that apartment building, even though that knowledge was definitely available in Fair Trading or other areas of government.

So having a dedicated and more specialist group within government focused at strata, really just strata, and then having them undertake a much more coordinated approach across government to provide a better service to strata is one of our key points that we're actually bringing in to this particular 10-point plan that we're coming to in a moment.

Amanda Farmer: Yes, let's talk about it now. So the OCN has produced a policy document, I might call it, you might call it something different. It's titled Key Issues and Priorities for a Better Residential Strata Future, and we'll make sure that we have a link to that document in the show notes for this episode so our listeners can head over and check it out. It does have 10 points in it. Tom, do you want to fill me in on the origin of this document and then give us a summary of those 10 points?

Tom Belsham: Sure, I'd love to. In essence, as you described, the plan has 10 points, and we think these are the key priorities for the government, and also the document outlines the actions or recommended actions that we think that the government, if they take, would ensure a better strata future, and we define that better strata future as being one where we have climate-ready, resilient, and empowered communities living in defect-free buildings. So thanks for putting the link up there. You can also download it from the OCN website, of course, as well.



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But let me give you an overview of the plan. But before I start that, I'd just like to add that in developing this plan, we've been guided by three key values: equity, respect, and a planned approach. So equity in the attention of resources applied by the government with other significant sectors of the New South Wales economy. As I've mentioned, we're a big and very fast-growing sector, and we deserve a focus and resource allocation that's commensurate to our scale. Respect for our unique characteristics such as the common property, shared ownership and responsibilities. Respect for the specific communities within each strata scheme, and for their right to decide how they want to shape their own community, Respect for the customer in this, i.e. the owners, not the property managers necessarily, and the other parts of the industry or sector, but really for the actual customer, the owners of those apartment blocks.

And also noting that 50% of units are rented, compared to just 22% have houses in New South Wales. So we have very different demographics and demography with regard to strata residential, and we really need the respect that that unique sector actually has. And then a planned approach, so issues such as net-zero, becoming more resilient and better prepared for the next shocks and emergencies, rectifying all the defects in existing buildings. That's going to take really good planning and a longer-term horizon in order to actually help strata and support strata to actually resolve those issues. And I think it's really important a planned approach is therefore taken by the government. So should we step into the 10 key priorities?

Amanda Farmer: Yes, absolutely. The first one that I'm looking at here is the appointment of a senior minister. I like that.

Tom Belsham: Thank you, thank you. We do too. It's really important that we get a senior, experienced minister to safeguard our interests and lead the necessary reform program. So let's not have a minister that's just getting their training wheels together and starting their career in this sector. It's too important a sector for that. So it's great that we have the minister we have at the moment, incredibly experienced, really good senior minister in cabinet, and that's the sort of representation and leadership we think we need in the sector.

So our second point is, as you mentioned, it's a dedicated specialist department. So strata is complicated, and as I've sort of explained, unique, and so with the government placing its resources in a Department of Fair Trading with other smaller interests, we just don't think that's serving as well. So we think we deserve a dedicated specialty department to serve our interests, and I think that also applies to the adjudication and mediation services as well. So dedicated strata bodies within the government to deal with the issues and deal with the policies related to strata.

Amanda Farmer: I agree. A specialist department would be a fantastic new... I won't say an addition to, a new resource for everyone involved in our sector. The third point on the OCN's 10 point-plan, Tom, is educate. And I know the OCN for many years has played a huge role in educating our strata owners, our committee members, and I've always admired the OCN's reach, its ability to have a seat at the table when there are discussions with the government about policy, about changes to the law, and I've always been grateful that the OCN's voice is there.

But I've been concerned at your ability to continue to be in that role as the demands on people, the demands on our sector become stronger, the serious issues that we're facing become more important, become heavier. And I believe that there is a place here, a role, a gap here for the government to fill when it comes to funding and supporting OCN and what it does. Am I right that you don't get any government funding at the moment?

Tom Belsham: Largely, that's right, yes. We get the occasional grant for work that we actually undertake, so for instance, with electric vehicle charging options within strata buildings, we helped the government develop guidelines related to those for a fee, and we get the occasional the other grant as well to undertake work, but we get no ongoing funding. And that's a shame. We've done very well over 20 years to actually survive and to advocate and to represent the interests of strata owners.

The government, I think, respects our knowledge and our approach very significantly, and we could do so much more, as you were mentioning, on the education side for strata owners, for sure. But also, I think there's a lot more representation of consumers that we could do, and I think if we were better funded, we could also provide more data and insights to the government and other key

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stakeholders related to what our customers, the owners, actually want, how they value the quality of the services provided to them by government and by others, and also sort of benchmarking data to really better empower owners corporations in the work that they are actually doing day to day. So in our plan, we do ask that government actually do fund OCN going forward. More services that we can actually offer are related to that.

Just one other point around education. I mean, I think we have done work to educate our owners and our members, obviously. We have undertaken work to provide information and some education to the wider sector as well. But I think the third point in our 10-point plan is actually that there is a more comprehensive ongoing sector-wide education program. And I think the government has to step into that space, whether they deliver it or whether they outsource it, and of course, OCN will be happy to work with them around that, as I'm sure other bodies would be as well.

But this whole space of strata is only getting more complicated, with increased numbers of regulations and legislation and changes, as appropriate to the large, unique sector that we are at. So what we need to make sure though is that all the people, the participants in that sector, are fully educated and informed in terms of what is available and what their obligations, rights, and responsibilities are. And I think that requires a pretty comprehensive ongoing education program, the likes of we haven't seen so far in strata. So that's clearly a key area that we're advocating for as well.

Amanda Farmer: And I think, Tom, that links to the fourth point in your 10-point plan, which is to empower consumer representation and the provision of data and insights. So you have mentioned there that with better, more comprehensive funding, OCN would be very well-placed to be gathering that data and delivering those insights to government.

Tom Belsham: Yes, I firmly believe that we would be. I mean, we are the only body that really represents the interests of the owners, and we've got a very clear communication channel to those owners as well, two-way channel for the owners. So I think it's really important that that's one of our key capabilities, is to represent the owner's interests and understand what they're at. We could offer so much more though if we had some additional ongoing funding from government to do that.

Amanda Farmer: The plan for net-zero emissions, and I think hand in hand with that, the acceleration of what OCN is calling the electrification of strata buildings and the adoption of electric vehicles, tell us about those points in the plan?

Tom Belsham: Sure. So we know that all our buildings and dwellings are going to be operating at net-zero by 2050, or well before that date, and it really should be well before that date. But just practically, we know the government has set those targets, and we know how to get to net-zero, but it requires government policy, educational incentives, in order to really affect that very significant change across the sector in the best possible way.

So we're recommending a number of practical actions to get us on that journey, including a requirement that all new buildings by 2030 are built to be healthy, resilient, and operate with net-zero emissions. So net-zero emissions is the key one, but the buildings need to be resilient to climate change impacts that we're all suffering right now, in terms of whether it's flooding, whether it's droughts, and they also need to be healthy.

One of the key issues that we found through the pandemic is it's fine to be at home, but if you're sharing the same air that has been circulating through a number of other units within your apartment building, then you're not as safe as you should be. So we really need to make sure that we have fresh air coming into buildings and that that air is properly screened and purified to ensure that we're not actually passing on someone else's virus-laden exhalations to what I'm breathing in the next minute. So ventilation is so important, and healthy buildings are so important in that guise. So government does have a plan for net-zero, but it doesn't have a specific plan for residential and doesn't have a specific plan for strata residential. It needs one.

And then in terms of existing buildings, we absolutely understand that the best way of actually, and the lowest cost way of actually going to net-zero is going to be through full electrification of buildings. So that includes embedding electric vehicles into the solution as well, both for their recharge and for the opportunity for the building to use those batteries on wheels for load optimization once

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that technology becomes available. So again, we're asking for state government to work with us in the development of guidelines and knowledge bases, case studies, et cetera, and later, a much more significant program to support those upgrades, to accelerate that journey to net-zero homes.

Amanda Farmer: And OCN has done some excellent work, you alluded to it earlier, Tom, in relation to educating residents about electric vehicle charging and producing template motions, template by-laws. I've talked about those before here on the podcast and on our Facebook Live chats, and I'm often directing owners over to those resources. So I'll make sure that we include a link to the relevant part of the OCN website where those resources can be accessed. A lot of work, good work has gone into those.

Tom Belsham: Thank you, thank you.

Amanda Farmer: Point number seven in the plan, ensuring emergency preparedness. What's that about?

Tom Belsham: Well, so we are in the midst of a pandemic. Hopefully, we see the light at the end of the tunnel coming out of that, but it's just one of those shocks that really many of the experts had been protecting for many years. There's a whole bunch of other shocks that have likelihood of occurring, whether it's cyber, whether it's bad sort of climate variations, floods, fires, et cetera. There's lots of shocks out there, and we need to really ensure that communities build their resilience and their preparedness for the shocks that are going to come.

So we're very much guided by some very significant work that's been happening across Sydney. It's a Resilient Sydney strategy that has been running now for a few years, and that's very clear in terms of what the shocks and the stresses that are actually sort of impacting people's ability to cope with the shocks as they occur, and planning across the whole of the metropolitan Sydney basin to really ensure that we are much better prepared for that, we build our resilience around that.

So OCN is really clearly advocating for apartment building owners and their communities to be better prepared for the shocks coming up, if you like, to be putting in place proper guidelines and plans to ensure that they've got emergency planning in place, and so that they can undertake appropriate planning and preparation for those. And we did a survey in 2021, so in the middle of the pandemic, and even at that point, members and others were telling us that they, only 50% of them thought that they were really prepared. You know, that they had all the emergency contact lists and the knowledge of how they would evacuate buildings if needed, what they would need to do to really just build up better resilience to issues. And that was a year into the pandemic. We're about to do another survey, just to actually do another baseline to see where things are at the moment, but we are pretty clear that more work needs to be done in that space.

We've just recently won a grant from the City of Sydney to help us to start building a guideline for emergency planning, and that's really important, and we thank the City of Sydney for that. So we'll be undertaking that journey with a bunch of partners over this year, but clearly, we could leverage that work and scale that work for something that's really relevant to the whole of New South Wales. And then how do we then inform and educate all strata across New South Wales about that? So that that's another level of communication that we're going to need to go through. So we're starting that journey, but it's a key area that needs to be undertaken. And so we're really looking at New South Wales government to actually step into that space as well with us.

Amanda Farmer: And when we consider the exponential increase in the number of people living in strata apartments... You gave us some figures at the beginning of this conversation, Tom, you might want to repeat those for me. I do know that we have almost 10% of Australians living in apartments. You gave us some forecast figures.

Tom Belsham: So right now in New South Wales, it's the most heavily populated state for strata. One in five people in New South Wales are living in strata, and the prediction is by 2040, 50% of people living in New South Wales will be in apartments.

Amanda Farmer: There you go.

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Tom Belsham: So very, very rapidly growing sector.

Amanda Farmer: I mean, that's huge, and when we're talking about things like emergency preparedness and achieving these targets of net-zero emissions, I mean, this is a huge proportion of the population that so far has been untapped, let's say, and relatively unsupported by the government. So thank you for this plan, which we're not yet through, but I'm just, the more I hear, the more convinced I am of how important these issues are.

Tom Belsham: Sure. And look, I would add around that space that too often we still hear people within government, whether it's state or federal government, misunderstanding the differences between strata residential living and living within houses or other units non-strata. So those unique characteristics of strata matter. They give us a whole bunch of benefits for people living in strata, but they also give us a whole bunch of different ways of having to deal with issues and problems and solutions for people living in strata as well, and government just needs to get its head around that.

It's a construct of government. The government needs to really embrace that and ensure that it's got the expertise and understanding of that right across government, right across each of the programs, and not treat strata as just being another residential house, which too often is how people actually see that. So again, that just reinforces that need to have a more dedicated specialist government department looking after the interests of strata and coordinating the response across government related to that.

So we're up to point eight now, so that's good, [inaudible 00:25:22] close to it. So eight is really just continuing the good work about protecting consumers in the legislation. So we've had some wins with regard to improving the lot of people who own and live in strata. We've got new decennial insurance coming in, which is great, but there's still a number of other consumer protection issues that need to be resolved. So we step into a few of the examples of those, and we really need the government to take that more seriously and sort of accelerate the work in that space. And then our final two points really riff on the work, the good work, that's been happening across the building reform program led by our building commissioner. And we just want to continue the leadership of a building commissioner and expand the work that they're doing in order to ensure that all buildings, whether they're new or existing, are defect-free.

So we really want to see further improvements in the overall programs there, and I think after a few years now of that building reform program, this year would be a good time to do a full review on the effectiveness of the program, and really what else should be included to ensure the complete transformation of the development industry and the sector itself to ensure that all new buildings are defect-free and to resolve all the major defects in existing buildings, whether it's the cladding issues... I know the government is focused on the buildings with the highest risk of fire-related to cladding, but there's a whole bunch of other buildings out there that's got cladding as well, combustible cladding, and really, they need to address that as well. Because let's face it, this issue of combustible cladding, it wasn't a voluntary thing that was actually undertaken by owners. This was a failure of the government to regulate and to understand and to manage the risk of cladding many years ago.

And so the government is stepping up to assist the sector to replace flammable cladding, but it really needs to go the whole hog and ensure that all the flammable cladding across New South Wales and strata, and others, is replaced, and at the moment, they're only really skimming the surface on that. So that's an area where their programs need to be expanded, and then it's similar with existing defects in buildings. Fine, where the developer still exists, and the developer, we're still within a period of warranty. It's good that the building commissioner is leaning on the developers or builders to actually resolve and fix those issues. What about everybody else though? What about all the other defects?

There's a very significant proportion of buildings with existing defects in there that are not going to be covered by those provisions. I don't have all the answers at all, but I think if we did a bit more work around that space and really look to some of the recommendations that coming out of the previous Shergold Weir reviews and the Lambert reviews before that, I think we could just step into the whole building reform program and just see where it is, see what else needs to be brought into that, and then sort of build out a phase two of that program and properly resource that going forward as well.

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Amanda Farmer: Well, it is a sensible, rational set of priorities there, Tom, for climate-ready, resilient, empowered communities with people living in defect-free buildings. Thank you to the OCN for putting the work into putting that together. And what can we do to support these priorities to make sure they're brought to the attention of government between now and election day, which at the moment is scheduled, I believe, for March?

Tom Belsham: 25th of March.

Amanda Farmer: 25, yes.

Tom Belsham: Yes, sure. So what can we do? Well, look, the first thing we would say is become a member of OCN, if you're not already, and ask your neighbours and friends to join as well. A larger membership provides us with more resources and heft to create a greater impact, so that's number one. Number two is make some noise. If you can, write or meet with your local candidates. You may well see them on the hustings. I'm sure they'll be trying to see you, because your vote matters in that lead up to the 25th, and ask them what their policies are for strata, and remind them about the OCN policy program. We've written already and met with a number of the senior parliamentarians who are likely to have influential positions in the new government, and also we've written to MPs representing electorates with the greatest amount of strata. So chances are, they shouldn't be surprised, and they shouldn't not know that OCN has this policy program. But do ask them.

Amanda Farmer: How are you, as OCN, and your 10 point plan been received when you're meeting with these people, Tom? Are you able to say?

Tom Belsham: Yes, positively. We've had nobody really come back to us and say, "That's ridiculous." We've only really had good, positive discussions. And that's the way that OCN has always worked and will always work in the future, is having robust, collaborative discussions with government and other stakeholders, really to attempt to get a better future and seek the common ground, seek those solutions that are going to work in that space. So we've had some good conversations, and if you, as a member of the public, as we all are, if you want to help in this space and meet and ask those questions, there's a handy two-page brief on our website, or will be very shortly, that just steps into some of the questions you could ask, and just arms you with some of those facts that will help you have that conversation with your local candidates.

Amanda Farmer: Fantastic. Well, I'll make sure that I get all of the relevant links from you, Tom, to put in the show notes for this episode, including links to the OCN website where our listeners can go to join. I agree there is power in numbers, and as I said, OCN has been doing incredible work over the last 20 years with very limited resources, very limited funding, and I'm very excited for what you may be able to achieve in the coming years if you can get the support that we all so desperately need you to have. So thank you for joining me today to walk through your 10-point plan, and I'll look forward to seeing it all unfold, hopefully, very soon.

Tom Belsham: Smashing. Thank you so much, Amanda. I really appreciate that. And again, thank you so much for all the work you actually do there as well.

Amanda Farmer: Thanks, Tom.

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 comments section, which Amanda will answer in her upcoming episodes. How can Amanda help you today?