

Publication Date: 30 March 2023
YSP Podcast Transcript: Episode 355. "We've got to get our act together"
- Julie McLean on the VIC strata sector

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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 Amanda Farmer and my guest this week is Julie McLean.

Julie has over 20 years experience in the strata sector and like most women reinvented herself pre and post-family life. Pre-family life she spent 25 years in the building and construction industry and post-family managed a nationally accredited quality system part-time for a scientific organisation until she found strata.

Julie has operated her own successful strata management business for over 18 years with Ace Body Corporate Management while fulfilling the dual role of Ace National Training Manager to 120 franchised areas nationally. She also owns strata properties herself and serves on those committees.

Julie has been on the Strata Community Association in Victoria board since 2005 and is an active member of the executive for the Victorian chapter and assists on sub-committees for ethics, education and membership. She has been awarded the highest post-nominal award of FSM that's Fellow Strata Manager by SCA Vic and was recently made a life member in recognition of her contribution to the strata sector.

Julie is the current President of SCA Vic. To Julie's credit what you're about to hear is a very honest, very open conversation about the current state of Victoria's strata sector. Julie calls for urgent change, presents her wish list of both nice-to-haves and need-to-haves for Victorian owners and managers and makes clear that Victoria needs to get its acts together with it comes to strata.

I'll take you right over now to my chat with Julie McLean. Julie McLean, welcome to the show.

Julie McLean: Thanks, Amanda. It's an absolute pleasure to be here today. I'm a huge fan of *Your Strata Property* podcast. I listen to them while I'm out walking every day, whether that's with the dog or just on an exercise walk, they keep me company. So it's really a great pleasure to be here.

Amanda Farmer: Oh, that is so lovely to hear. Thank you, Julie. And I'm a big fan of you. I've been following what you have been putting out there on LinkedIn and on socials. Even though you're in Victoria, I'm in New South Wales. We have met a couple of times, not in recent years, and you do so much great work for our strata industry. That's the mutual admiration society.

Let's move into our first area of discussion I'm suggesting today. I have heard that you are currently learning firsthand what it is to be a strata purchaser in Victoria. I think if I've got it right, your daughter is buying her first apartment. Do tell us what have you learned through this process.

Julie McLean: Yes, and it's really interesting because I mean, I've been around in the industry for 20 years. So, I'm not new to strata or even buying and selling strata. I own other properties myself. But when it comes to the current climate in particular, and we know that through building defects, the cladding, I mean, there are just so many problems that when you go to actually look at an apartment, I've become really nervous.

And one of the things that I found incredibly difficult is that we always talk about that you buy with your head, not your heart and we talk about due diligence. We talk about how to do that due diligence.

In fact, you've got a great podcast talking with Michael Ferrier about the records and how much, how important it is to search the records and he made a great comment about the connection to how you could determine whether it was a good functioning strata community based on those records, right?

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So no, I know all this, but, what I've found is really quite interesting. None of the properties that I've actually done in a web inquiry, as in you does all your desktop research first, none of them have a contract of sale as part of that advertisement. You have to always make a connection with an agent to even get the contract of sale.

The second thing I found is that none of the properties that I've actually gone to and then do an inspection with is the contract actually on display. So I can't even, even if I was going to buy with my head, at this point, I can't, because I can't even see the contract. Typically, every time I've been made the inquiry about the property, it's turned up too late to allow me to get legal advice, right? Which is one of the big things that we're saying people should do, but you simply just don't get it. And in fact, in one case, the auction itself had to be postponed because the contract wasn't available. And so it intrigued me as to why this was the case.

So I did a quick Google search, as you do, and apparently here in Victoria, as you do and apparently, here in Victoria. Yes, as you do.

Amanda Farmer: As you do, I'm not sure that everybody does.

Julie McLean: That's right. Well. I wanted to know why is this so? And I found that in Victoria, the contract only has to be provided before it's signed. So there isn't a requirement to actually provide it when it's advertised, right? So.

Amanda Farmer: Which is very different to New South Wales where we do have to have a contract available if the property is being marketed for sale.

Julie McLean: Yes. Yes. So that seems to me to be a deficient part. And one of the things, a bit, if I lean on Michael Teys about making the comment about educating and educating owners and et cetera.

Amanda Farmer: Yes, Michael Teys being a previous podcast guest. Yes.

Julie McLean: He said he's like a veteran as well, been hearing this for the whole time he's been in the industry about the excuse and blaming, lack of education, et cetera. And now I'm starting to realise, because it's the same here. I think it's the same everywhere. These that we'll, oh, you don't know what you've bought into. Well, little wonder. I mean, nobody's even getting a contract to even understand what they're buying into.

And so the other part is that the search of records is really for us is a myth. Yes, the legislation provides for it, but a purchaser, which is one of the people who can, a purchaser is only someone who's already signed that contract. Then they can go and search the records. But if you're buying at auction and there's no cooling-off period, then that's all too late. And remember, you haven't even had the contract enough to get the legal advice anyway. So, I feel it's a bit of a myth.

And then otherwise the vendor has to provide a proxy to allow that search of records. And I've got to go, it's a lot of effort that says, if I've got 15 properties on the go, how do I, it's a lot of time commitment. we're talking about here in trying to get hold of, the vendor to give us a proxy in order to search those records. And is it in the vendor's interest? I guess that'd be something of which you'd have to go, well, if they're desperate, yes, they will. And if they're not, then I'd say, probably I wouldn't get a proxy either. And then as I said, I could have 15 properties on the go, even if I could get all of this and get into search the records, that's costing me for every one of the 15 properties of which none or one I might go ahead with. So, and then when I get down to it in reality, because I know, say in the likelihood, 80% of all the stuff I would just by walking around the building, I know what it's going to tell me. But it's not telling me the stuff I really, really wanna know, because it's not in any disclosure statement.

And it does touch on your own survey of what lot owners wished they knew. But it really relates to that community. Is there a community here? Is this a great place to live? Do they value the same things that I value? Like safety and security, for example. Do they value maintaining their property? Contributing to a maintenance fund even, let alone agreeing to spend the money to upkeep the building. And some of those core kind of things. Do people like living where they live? And therefore would embrace new people

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to come into that building. I'm sure you will have seen in the news, the Aurora building for Melbourne and some of the problems that would be occurring in that building. And I mean, other than you read it in the newspaper, none of that would have been in, if you were a prospective purchaser, that wouldn't have been highlighted anywhere.

Amanda Farmer: No, not at all. And we are going to talk a little bit about some recent media attention that is being shown to Victoria's strata sector. But Julie, you've said that you've purchased strata apartments before, you're helping your daughter to purchase or assisting her with her searches right now. How have you got around, got behind these roadblocks, these issues that are preventing Victorian purchasers from understanding what they're buying into? Have you got any tips when the system really seems to be stacked against the purchasers?

They're not getting the contract for sale, it's incredibly hard to search the records, and they're battling against the clock. What kind of things have you done as an experienced strata professional, to make sure you're making the right decision and to help your daughter make the right decision?

Julie McLean: Well, I mean, the first is you've got to get that contract of sale. Not only do you have to get it, but you do have to read it. And of course, the key things I'm quickly looking for, say, besides before it went off to legal advice, so the layman's look, is I'm looking to see how many owners corporations am I going to be a member of, in particular, because a lot of our larger tower-type schemes will be more than one owners corporation. And that can be good and bad.

I mean, the idea of the layered scheme idea is about quarantining costs so that you only pay for things that relate to the use of that particular area within the building. And if you're not a member of it, then you're not contributing to it. So it's not that it's a bad thing, but it does mean that there will be extra layers of costs that go with that, obviously, administratively and maintaining it, numbers and layers of committees and decisions to work through. So the property becomes more complex the more owners corporations are involved. So that's one of the things I check.

So I go to the plan of subdivision, which is always in the contract of sale. The last few pages of that will be called the owners corporation report, and that will give you an indication of both the lot liability and entitlement. So that helps you understand how much, compared to everybody else, I'm going to be paying off the budget and what voting rights, either a lot or diminished, I will have. So that's an important thing.

Amanda Farmer: And asking the real estate agent for the contract. That's the person you'd ask, and fingers crossed that it's actually prepared and available.

Julie McLean: Yes, exactly. That's the only place you're going to get the contract of sale is from the real estate agent. And as I say, unfortunately, it means you have to go on their database and forever get email notifications about properties that you're not interested in.

Amanda Farmer: I suppose you can unsubscribe when you're done.

Julie McLean: Exactly, exactly. No, no, and that's true. So, but I suppose there's an upside. Every property I walk into, they just put my phone number into the database and, *"Oh, hello, Julie, welcome back."* I don't have to fill out that form every time. So, that's got to be an upside, I suppose.

But also the minutes. So the last minutes that were, of the annual general meeting that were held will also be part of that contract because what happens typically is that the owner's corporation certificate has some good disclosures in it, but the actual, really, everyone's relying on the fact that you read the minutes for anything else that's not mentioned. So you do need to read the minutes and often to get the detail of something that may be mentioned. And that's very helpful because that might give you a clue about what things are coming up that a special levy may not yet have been raised for. And if any reports are out there that you should, if you're going to search the records, you'd want to go and do like a defect report or the engineer's report for cracking or those kinds of

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things.

And the rules are the other area to look at. Although typically here, I don't know what your rules are like there, Amanda. Our rules for say a typical apartment block is gonna be like 45 pages. So most people are not going to wade through those. But if there was something you particularly, and I know you had one just recently where you were talking about replacing the carpet with a hard floor, for example.

So if you walked into your apartment and went, "I love this, I've got to have it, but I've got to change that floor," then that's the rule I'd be looking for. These are the particular things that you feel you want to do to the property, then what hoops have I got to jump through to do that. So I'm not disappointed when I go to try and do it.

Amanda Farmer: And just to fill in our New South Wales listeners, when Julie talks about rules, she's referring to what we call by-laws. So absolutely, we do see in our buildings here in New South Wales, across the country, by-laws that run to hundreds and hundreds of pages, and it can be a confronting task for a potential purchaser who knows nothing about property, let alone strata, to be wading through that.

And you don't know what you're looking for if you haven't been through the experiences we have of pain and suffering where by-laws aren't read properly, or you don't know that it's a building with a pet ban or a building that says no hard flooring. You don't know what to look for unless you're guided by someone with a bit more experience.

Julie McLean: Yes, yes. And the one thing I would love to see, say, here, and I wonder if it is possible, we have to remember that legislation sets the lowest bar. Right? It's not setting a high bar, and that you have to wonder, could we raise the bar in some way rather than just delivering that minimum experience? I mean, at the end of the day, when the sale goes through, everybody will have done their job. Tick the box, not complaining. Every single person who's in that food chain will have done their job. But what I'm going to say is that I, or my daughter, who's going to be the new lot owner, still won't have a clue what they bought into. To me, the system's failed and I've pointed out some of the reasons why it's failing, but I do wonder if the owners corporation itself couldn't take a more active role in the marketing of its own building.

Amanda Farmer: Tell me more about that.

Julie McLean: It's been something that I, in some ways I've tried a little bit of. In one of the properties I used to manage, it's very, very complex, and it had embedded networks, and it was a multiple owners corporation, but they're all separate buildings, et cetera, et cetera, and how they worked together.

And so I wrote a little spiel because the real estate agents typically were always getting it wrong. So I wrote a little spiel that was sort of a little more technical in nature, but it explained that there was an embedded network, that there were solar panels and where the solar panels fitted with respect to the common property and the benefit. There was now we'd say whether there was or wasn't EV charging in it, for example.

You know, there are little bits that meant the agent had the information at first-hand from an authority of source instead of from the vendor, because everything's the vendors has the responsibility to otherwise inform the agent, right? Now, this is the same vendor who's never been to an annual general meeting. It's the same vendor who's never participated in anything that's been happening at the building. And yet the whole marketing if you like, is based on what the vendor tells the agent. And therein lies the problem. Because yes, it's the source of truth is the wrong source of truth.

So I wondered whether or not the owners corporation, but of course, that would come back to be a legal question to you, Amanda. How much liability would the owners corporation have in creating its own narrative for the idea of you know...

Amanda Farmer: Well, what I'm hearing Julie is, it's almost as if we're developing a welcome pack for purchasers who may or may

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not end up being owners. I often talk about the importance of that moment of welcome when a new owner or a new resident comes into the community and I encourage communities, we've just finished one in my own community, a welcome pack that can be distributed that says, "Look, here's a high-level summary of how things run here." This is the need to know, these are the important by-laws, this is where the rubbish room is, this is your building manager contact, your strata manager, simple stuff. But I'm envisioning with your creativity that being available at open for inspections and simply being there on the breakfast bar for purchasers to have a look at and get a very summary-level understanding of the way things run. Gosh, it's got to be better than nothing.

Julie McLean: And I wondered even, I was taking it a few steps further and I was wondering if first of all, it could be based on a community survey, that a survey of the owners corporation that got directly from everybody who lived there, what they value, like what are the important things for this community?

Like I said, for me, it was security, safety and security, for example, maintaining the building, maintaining the value in the building, that respect those sorts of things. So would it be reasonable to create a survey that everybody contributes to? And then you turn that survey, the results of that survey into a glossy little infographic that, as you say, would then just sit on the counter. That was sort of one idea I was thinking about. And to a certain extent, I trialled, last week we held committee training. In Victoria, we deliver committee training four times a year through Strata Community Association and we had more than 60 people on the call.

So I took the opportunity to do a little straw poll using a net promoter score you know what they recommend living, either owning or renting in their building? And the results were quite interesting. And so it made me think about, well, if the owners corporation had, now I have the survey, right? And I was going to, then the committee looks at the survey and they go, do we really want to publish this result that shows you know 20%, no, wouldn't recommend it because they wish they'd never bought there or whatever.

Then the upside of that, I thought, was that it gives the committee the opportunity to fix that you know. They don't use that information directly in say marketing, but they do use that information to say repair or rebuild the community to try and turn that score around, like take it on as a challenge.

Amanda Farmer: Because you can see how improving that score and getting those great survey results could be such great marketing material for people who are wanting to sell their properties. And surely that's in everybody's best interest to increase the value of your investment, to make your building a really attractive place for people to buy into and to be really competitive in what is at the moment a difficult market. I think there's just so much room there for benefits on both sides, for the owners corporation, the current residents and owners and the vendor.

Julie McLean: And there's so many good things going on as well within a lot of our buildings that you wouldn't know about, you know. Like one of the other questions I asked was, only because I'm just interested in this stuff, who produces a newsletter, for example? Just simple things like that. And I mean, again, as if I was buying into a building and I knew there was a regular newsletter, I'd be thinking that was fantastic you know.

What sort of communication devices are they using? Video screens or Facebook, WhatsApp, private portals, you know, all of that sort of thing. I mean, all of that speaks to community. I'm a very big community person and that's really important for me to feel that I belong or that I can connect.

Amanda Farmer: Great ideas, great ideas that I am sure will spark some more ideas and some excitement among our listeners.

Moving into these recent media reports, Julie, we've read particularly in the Australian Financial Review recently, shout out to Jimmy Thompson, who I know will appreciate the shout-out. These reports have labelled Victoria's strata laws cripplingly inadequate with a built-in lack of transparency that puts all Victorian apartment owners at a serious disadvantage. That's what Jimmy has written.

You've commented a little bit already about where this lack of transparency is, I think, at that point of purchase. What do you say

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about the law being cripplingly inadequate? Do you agree?

Julie McLean: I'm not so sure that it's necessarily the law, but it certainly is the lack of enforcement, number one, but also the fact that we have no support, as in Consumer Affairs, the website, we had law reform back in 21. The website is simply out of date. Like there's nothing on that website is up to date.

Amanda Farmer: Wow, so you had new strata laws in 21? And Consumer Affairs, which is your regulator similar to Fair Trading, there is no mention of this new law on the website.

Julie McLean: Little bits, but most of the website is out of date. I mean, it's currently being updated, but it's all sort of too slow too late.

Amanda Farmer: Yes, it's 2023.

Julie McLean: The other issue that we have is that there used to be a helpline. I mean, it wasn't necessarily very good, but at least there was a helpline, a telephone helpline, and that was stopped at the start of COVID, and it's just never been reinstated, and they've clearly got no intention to reinstate that. So there is no helpline.

The Dispute Settlement Victoria, we have a three-tier dispute system. The first is that you know, internally the owners corporation is to try and resolve the dispute themselves if they can. More typically, committees don't really want to get involved in that, so they would recommend that the parties go to DSV to see if they could resolve the dispute between them. And that has been at least an outlet that has been shut down. Again, COVID backlog, that sort of thing.

We've just heard that they have opened up their online mediation helpline, but nothing more than that. And of course, VCAT, as we saw in Jimmy Thompson's article, as well, is so far behind the backlog. I think we're looking at 2026 for disputes.

Amanda Farmer: For hearing dates.

Julie McLean: For hearing dates. So it's just simply not good enough. And the government itself is actually just totally strata blind, just has no idea, and thinks that everybody lives in a single home dwelling, right throughout every policy, including the disaster COVID management plan, was that everybody lives in single dwellings.

So, of course, even when COVID hit, they were really surprised when we came to them and said, well, what are you doing about apartments? And of course, we saw what happened in the housing, the public housing towers, because clearly, they thought they must all live in single-dwelling homes as well. But quickly learnt that infection spreads really quickly in a shared housing. And so that got a little bit of attention, but not enough to really significantly change policy at all.

So that's what we're up against, is that we're really up against the fact that everybody in Victoria lives in a single dwelling home and they don't live in apartments or townhouses or multi-unit dwellings. And so we don't have adequate policies or legislation is restricted, very narrow rather than being a little more thinking about the problems that we would have.

We've only just recently moved to a tiered approach. So it was previously to 21, our legislation was a one size fits all. As a matter of few, a three-lot scheme or a thousand-lot development, you had the same processes.

Amanda Farmer: Well, that's a little bit similar to New South Wales. We do differentiate large schemes, which is over a hundred lots, but there's not too much that's too different in our legislation. How different is it for Victorian buildings large and small?

Julie McLean: Now, so now we have five tiers and that has, importantly, what that's done is recognised what is the, so our large towers, which was over a hundred lots, the same as you, but for us, we still had that. The typical thing that's being built is around

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that 40 to 50 lot development or even 60, 80, that kind of thing. So it's a four-storey or a five-storey building with lift, pools, and gyms, it's a mini tower, but in a smaller building.

So just as expense-wise can cost the same types of expenses. It's only running probably two lifts instead of six, those sorts of things, but it has the same complexity around water quality for the pools, maintenance contracts, it needs maintenance plans and preventative maintenance schedules. It needs all of those sorts of things. As I said, the same that's going on in the towers needs to happen for those. So at least we've brought in now some tiered layers that pick up extra responsibilities, which do now at least reflect some of those new obligations. So that part is good.

Financial, there's some more financial tightening, and strengthening around audits, and at least all getting reviews of financial statements. And some you know, in the lower tiers, that's still a discretionary, they may. But a valuation, for example, that's now at least they're required to get a valuation every five years. So that's that, apart from having to have insurance, at least that's something. But now that at least must keep it at the proper value.

Amanda Farmer: And how do you get the attention of the government, Julie? I mean, I think I see SCA Victoria doing lots of great things. But what's missing? Why isn't the Victorian government paying attention? Why are they strata blind? As you say, is it that you don't have the strength in the owner advocacy groups? I'm not sure if you have the OCN or a version of it down there, is that what's missing?

Julie McLean: Yes, there's a few things, I think, just even with the government structure, is that we have had property as complex as you know and it touches on a lot of legislation in order to develop it, buy the land, develop the land, construct the building on it, then sell down, and then people occupy, and then it's managed, touches across many forms.

Down in Victoria, every one of those are done by different silo of government, and also under a different minister. So the housing minister is not responsible for strata, despite it being housing. When I asked through COVID, as I said, this is where I hit all the blank walls was through COVID, I said, well, who is responsible for the welfare of people who live in apartments if it's not you?

And I got was the minister, it's the regulator. So the regulator who's responsible for enforcement and compliance is actually the one who's responsible for the welfare of people as well, and how, well, not planning, because that's done by someone else, what I mean? So the problem is we don't have-

Amanda Farmer: Yes, very similar in New South Wales.

Julie McLean: Well, you do at least now have a property commissioner and you do, so you're starting to address at least by having the agencies in the middle that oversee if you like, all of the things that are happening out there in the ministerial portfolios, and somebody is speaking up and saying, "Oh, this is gonna impact X, Y, Z." I mean, I hope that's what's happening.

Amanda Farmer: Yes, well, our newly elected Labour government as of last weekend also had promised us a strata commissioner so that will be interesting to see if slash when that rolls out.

Julie McLean: Yes. So that was on our election strategy as well and we currently have a research project with RMIT looking at whether this should be a strata ombudsman or whether it should be a strata commissioner. And which of the two would be the best fit for that?

We have a focus group coming up on that on the 27th of April, where we will talk with lot owners about what each of those roles would do and what the benefit would be for them as the consumer and which one would they essentially want to see be their advocate, if you like, in that space. So that is something that we're doing there tied again to what was our election request that from the Labour government was completely rejected, but the Liberals and the Greens both supported the idea of both the Strata Helpline and seeing that through to some kind of agency that might take better control and better care of this sector.

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But jumping to your other point about the owners' group and how important that is to have that representative voice, we have some emerging owners' groups that are all based on a postcode. And so we've got Southland and we have got Docklands, two of course high density tower living, but we also have, if you look at the wonderful map that City Futures did, where they mapped all of the strata around Australia and New Zealand, you can see that strata actually is everywhere as it is in New South Wales, it's beyond just the CBD.

So it is really important to bring together a voice that is truly a voice for the owners and SCA on the 15th of March facilitated a meeting to bring together the voices from those emerging owners groups now, i.e. Docklands, South Bank, but also through our committee training, we have met so many wonderful committee members out there doing some great work. We circulated the invitation widely and sought to get a number of voices around that, which we did. And so the Appetite definitely is there to set up that network. This is not something that would be SCA. We are pulling everyone together to empower them to be the best voice they can be. And how we can help them do that, that is what will evolve. What we do wanna do though is say that we're here, we can give education, we can help develop resources, we can help develop that sort of thing, but it's your group, and let's see where it goes.

I know OCN has, OCN New South Wales is very successful and doing a great job. And likewise is OCN in Canberra doing the same thing and they work very closely together. It's quite possible that once this group forms their steering committee and gets on their feet and looks around and see who else is out there advocating in the space and is there opportunity to join or work together and collaborate, do whatever. But that will be up to the steering committee about where they want to take the vehicle. But I'm excited by that, really excited by that.

Amanda Farmer: Yes, I think it's great. And I like that SCA Victoria is recognising that the advocacy for owners is quite a different thing to what SCA can do for its strata managers or owners corporation managers, as you might call them in Victoria. And that while you're there to support owners, it's important that they steer their own ship. I think that separation is Essential.

Julie McLean: We have, I mean, SCA, not in its current name, but as an association has been around 30 years, of course. And in that whole time, its purpose has been to advocate for the whole of the industry. I mean, it's always seen itself as an industry association, advocating for the betterment of everyone in the industry, not just strata managers, but our members, yes, are strata managers.

But we advocate very widely on every piece of legislation that's going through and very strongly in particularly around the NCC and any codes and standards that come off that. We have partnered with and financed a number of research projects in the area that aren't for the benefit of strata managers, but they are for the benefit of the sector as a whole, of which the strata managers work in that industry. And any area that obviously if we can reduce defects in buildings, then that's reducing some of the complexity that a strata manager needs to be across. It's going to help them in their day job if we've got better-built buildings than having to be managing everybody's pain as well.

Strata managers cop a lot of abuse. So, anything that we can do to reduce that obviously is part of the end game as well. So we do get involved in, I mean, like EV charging and lithium-ion batteries, the ACCC response. We're out there, we're putting it wherever we can. We get a voice in there and go, what about us, what about us?

Amanda Farmer: Good on you. It sounds like that voice needs to be as loud as it can be in Victoria at the moment. Julie, what's your vision for what you hope the Victorian strata sector might look like in say 5 years' time?

Julie McLean: Well, in some ways I'm a bit of a realist. So if I talk about vision, I've got to talk about one thing I've learnt in the last few years being on, I mean, I've been on SCA forever, right? But I've been very active the last few years and I've realised now more than ever, a vision revolves around election cycles and law reform. Sad, it's sad, but it's true.

Amanda Farmer: Very well put. It's true and important to recognise.

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Julie McLean: Exactly, exactly. So you know, in saying that, for Vic, that means law reform, well, for the election cycle, we're going to start to see the opportunity to spruik and get, because we all saw in the New South Wales one, as we did in the Victorian one, promises are made in the last six weeks before the election that you'd never thought were going to be made. So being mindful of that. 25-26, of course, is 26 being the next election, so that 25-26 is when we really want to be pushing hard.

For us, we really need the recognition of the size of this industry. Like, so when I said they're strata blind, we have to turn that around. So that will mean more investment in data, in getting the kind of research we need to get the data to get their attention. And tied to that will be that appointment of the ombudsman or a commissioner. We absolutely need that for this sector, especially if we're supposed to, we Victoria, supposed to be overtaking New South Wales as the largest populous, right? Then we've got to get our act together. I mean, how can we, take over that role with the shambles that we're in? Just not possible.

We obviously need improved strata laws for the property industry. Probably property laws more generally, after what I've seen on the purchasing side. Defect insurance, another thing that's come out of New South Wales and a result of the wonderful David Chandler, I worship the ground he walks on. That defect insurance is absolutely a fantastic idea. That would give assurance to people and it's purchased by the developer. They're putting it on the line. And that I-SERT, absolutely, we need to adopt that as well.

And funding for electrifying our strata buildings. So we, more than anyone, because gas has been a mandatory component to every building in this state for a very, very long time. So we're talking hot water, heating, is gas in our buildings. And so to electrify buildings, and a lot of our buildings are, again, using Hazel's map you know, if you look at that and look at the buildings, the number of buildings out there built before 1980, move on 20 years, the number of buildings, built before the 2000s, I mean, it's huge. It's huge, the task is enormous. It's an enormous task. So, I mean, the government has a roadmap for the removal of gas, all finalised by 2050. What's the roadmap for strata? That's my question.

Amanda Farmer: I don't think anybody's thinking about strata yet, Julie. That's the sad answer.

Julie McLean: No, it's going to be last on their list and yet it occupies a, well, at the moment, it's one in four, as we know, and by 2050, that magic time when their roadmap is supposedly finishing, we're supposed to be one in two. That's the prediction that every second person will be living or owning in strata.

But, and then of course, we've got law reform and our big opportunity there, the top of the list has to be setting education standards for our strata managers. So we aren't at the moment, we aren't advocating for licensing, but we are advocating for setting a minimum standard of education, a minimum requirement of CPD, and then co-regulation, where we and the government can work together to come up with a scheme that will regulate the managers and have the code of conduct, as paramount to that.

Amanda Farmer: So that's you, when you say you and the government co-regulated by SCA and the VIC government.

Julie McLean: Yes and there are plenty of examples of that in the industry with other professions, that certainly is possible, but that's what we'd be advocating most but plus there has to be a bit more enforcement, even with that model. So currently at moment, anyone, as long as they've got a heartbeat, a chequebook and PI, they can be a strata manager, which is a problem. But the only reason basically they're thrown out is if they didn't pay their bill. So that's got to change. That's got to change because everyone's suffering as a result.

We've also got to tackle the threshold voting question. So we've just seen recently, of course, Queensland moving to a 75% resolution and New South Wales is already there for the termination of a strata scheme. But we'd like to, at least we're having the opportunity to see what works and what doesn't. So that's one part of it. But there's terminating the strata scheme, but there's also selling off common property. If we look at what airspace and the opportunity in selling airspace as being a vehicle now to electrify a building, for example, just connecting the two dots, then we've got to look at how do we actually do that. Where it can be done quickly and more efficiently than having to have a unanimous resolution and a VCAT order to do so.

Publication Date: 30 March 2023

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So, they'd be something that is very important that's in this next law reform, which is in the same period, by the way. So we had it in 21, but there was a mandatory requirement to review that new legislation between two and five years. So it's all going to fit in the same cycle. So yes, and no doubt they'll be tied together as well.

The other thing I see as an issue is around sustainability. And that is in particular, so you've now got a capital works fund. We only have a maintenance plan, which is essentially tied to equipment that's already in place. What we need, if we're going to electrify these buildings, we're actually going to need the mechanism to create and save up for.

So the roadmap I spoke about is about how do we fund it? And that means there needs to be a mechanism to put in place a saving plan, almost a compulsory saving plan. So it's like there needs to be a sustainability roadmap instead of a maintenance plan or as well as in order to be able to achieve this for a building. And then that would give them 15 years to sort of save for it. But again, that's something that we need to get those dots connected. We need to put that in legislation as well.

But the last one, the last one is that famous word community. Now, I'm not sure about your legislation, but our legislation gives no recognition of community, as in that community, how it functions, just even funding basic community building events, let's call them, whatever, whether it was an event or whether it's a strategy, there's no mechanism, there's no function or obligation, strictly speaking, that an owners corporation can spend funds on in building its own community. And yet we know that if we can build the community, we're going to have a more harmonious place where there won't be so many disputes because everybody, there'll be open and transparent communication, there'll be people will know each other, that kind of thing. But you can't fund it at the moment in Victoria. It requires a special resolution in order to do so because it's not a function or an obligation of the owners corporation, it would be considered a service to members.

Amanda Farmer: Similar in New South Wales, I think if we look at what is strictly in our legislation. Julie, that is a long list. I asked you to let us know what your vision was for the next five years. It's a long list. How are your energy levels? You're going to be right at the helm there of SCA Vic to see all this through?

Julie McLean: Retirement's looking good at the end of the year. Is that?

Amanda Farmer: And I'm out. Over to somebody else.

Julie McLean: That's right. They've got the plan. They'll be right. Yes, succession planning. That's another topic.

Amanda Farmer: Add that to the list. Well, look, I really admire your straight-talking, Julie. And that's what we've heard today. And you haven't shied away from any of the hard facts about what's happening there in Victoria. I think we'll wrap it up there, Julie, unless there was something that you absolutely needed to add in that we haven't covered.

Julie McLean: Yes, there was, believe it or not, on that long list, there was a third thing, there was sort of three areas: (1) was the election, (2) the law reform, and the (3) was about the industry itself. So what I would really like to see for the industry is a degree for Strata Management.

Also, I'd like to see a post-grad cert for those who already hold a degree in the industry that would allow them to convert the skills that they already have across to a qualification that would then, could be used then in the strata industry. And then also some bespoke qualifications and this one, in particular, is around court-appointed compulsory managers, something that we're seeing a lot more of in the industry of court-appointed administrators, and we actually don't know how to do that job because it isn't the job of a strata manager, but of course, that's what's happening where strata managers are being appointed to that position.

My concern is that they actually don't really understand what the role, the true role of that administrator is, whereby they're replacing

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the committee, they're not replacing the strata manager and understanding.

Amanda Farmer: Yes, Very interesting point. I think you may have articulated that point for us here in New South Wales as well, where we have, I hear regularly from owners who are frustrated by compulsory appointments and owners inside our online community warning other owners not to head down that path, don't seek a compulsory appointment.

And I'm not sure that I've ever contemplated that it may be that the manager who is appointed needs better training and a better understanding of what these appointments are all about. I think that's a good call.

Thank you so much, Julie for sharing your wisdom here with us today.

Julie McLean: Thanks, Amanda it was great to share this time with you.

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?