

Publication Date: 2 May 2024
YSP Podcast Transcript: 406. 3 Steps to Radical Transparency for Strata Committees.

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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 we're doing something a little bit different. Today I'm going to share a short segment from my live information evening delivered for the City of Canada Bay Council back in March this year, 2024.

The topic of the evening was how to ensure High Functioning Strata Committees. If you were there on the night special, hello to you. It was a fantastic evening, great topic, standing room only on the night. As part of my presentation on High Functioning Strata Committees, I walked our audience through the three steps that I say strata committees should be taking to ensure radical transparency, and that is the part of the evening that you're going to be tuning into here today. If you enjoy hearing snippets from live sessions that I have delivered in person, we've featured a few of those here on the podcast previously.

Often I'm able to deliver a recording of the q and a session that happens at these live events. For a listen to those, check out past episode number 142. Also have a listen to number 158. You'll hear a live q and a in episode 180 and also 211, and if you want me to deliver a strata information session, whether it's live in person, live online for your local council, I get asked this a lot, Amanda, when you're bringing the Your Strata Property Roadshow to our local area, the best thing you can do is reach out to your council and let them know that you'd like me to deliver a strata education evening.

If you like what you're hearing today, you can recommend me to your local council to be the evening's special guest expert. Who should you contact at your local council? Well, what you're going to hear today is part of the session delivered for the City of Canada Bay Council. That evening was put on by their waste and sustainability team. Now working with councils and delivering strata education for councils. For the last six years or so, I have found that it is almost always the waste and sustainability teams that seem to be the most committed to engaging and educating strata residents.

I think there might also be some state government funding available for that area, which no doubt assists in putting on an evening like this. If you were to connect with whoever is leading the waste and sustainability team at your local council, suggest a strata information evening, feel free to put that person in touch with me. Perhaps even share a copy of this podcast episode to give the council an idea of what might be available for its residents.

The benefit of having somebody like me attend as your special guest expert is that our platform here on the podcast and on our social media channels really does have a wide reach, so I'm able to bring local councils and its programs to the attention of local residents who might not otherwise be aware of what's on offer through their local council and help councils to build their connections with their local strata residents and who doesn't want to spend an evening having their strata law questions answered by a strata lawyer at no cost to them. It is certainly seen as a very high-value offer by a local council to its residents.

I'm gonna take you over now to learn the three steps that strata committees should be taking to ensure radical transparency. Here we go.

So how do we avoid it? How do we avoid kicking our own goals? How do we avoid constantly being in dispute? How do we open up the opportunity to be able to do some nice things for our community and stop putting out those fires? The number one thing that I say our strata committees need is radical transparency. Shouldn't be that radical, but it turns out the more I talk about being transparent, the more it lands like a pretty radical idea. You're gonna hear me say transparency a few times tonight.

Now I say there are three really effective steps that committees can be taken to ensure transparency and to step up into that description of a high-performing strata committee. As you see these steps come up, I want you to think about, are we doing this? If you're doing this, great. If you're not doing this, great idea to get started. If you're an owner, you're not a committee member at the moment. Is your committee doing this? Is this something that you can suggest to your committees to start doing?

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What am I talking about? First of our three steps? Oh, all of our three steps. That's exciting. Let's talk 'em through. Number one, have meetings. What do I mean by meetings? I mean formal strata committee meetings. There is a whole schedule in the Strata Schemes Management Act dedicated to how to have strata committee meetings. That is how our strata committees make decisions. A very small minority of strata committees are actually following the procedures that are in schedule two in our Strata Schemes Management Act that are even having meetings.

So I'm talking about a notice of meeting with an agenda. That notice sets out what's gonna be discussed at the meeting. It has a time, it has a place, it has a method for the meeting. Might be in someone's apartment, might be in the common area meeting room, or might be an online Zoom meeting, but it is very clear when this meeting is happening, how to be there and what's going to be discussed at the meeting. It's a meeting that has a chairperson that might be the elected chairperson or you might see fit to pay your strata manager to come to your strata committee meetings and be your professional chairperson.

They can be there to assist on points of procedure. They can be there to assist in taking the minutes and can be there to take instructions about what it is you want to do to move the committee and the community forward. It's something that my community has started doing, bringing our strata manager into our strata committee meetings, and it makes everybody's job so much easier. It is a meeting where there are minutes, there are minutes prepared, and there are minutes issued. It is a meeting that happens with some regularity.

A strata committee will have a meeting immediately after the AGM in order to elect its office, spares, chairperson, secretary and treasurer. For some communities, maybe yours, maybe not. That is the only strata committee meeting that ever happens in the year yet. A whole lot of decisions are being made throughout the year. I say as a lawyer, legally those decisions should be made in formally convened strata committee meetings. I'm gonna go on in our next point to explain why that's so important to be making these decisions in regular strata committee meetings.

Point number two, issuing agendas and minutes to all. By which I mean to all lot owners agendas and minutes of your strata committee meetings. This might be a brand new idea, but it's a really effective one. The law doesn't require you to issue agendas and minutes to all owners for your strata committee meetings. If you're in a building of 100 lots or less, you just have to put the agenda of your committee meeting on the notice board and you have to do that three days before the meeting.

You then do have to send the minutes of the meeting out to everyone, so smaller building agenda on the notice board. Minutes go out to everyone. That's the law. Larger building, more than a hundred lots. Agenda goes out to everyone. Minutes only have to go out if they're requested. So different rules for different size buildings. It's a little bit confusing. I say ditch the confusion and just have a policy that the agenda for every strata committee meeting gets sent to all owners at their address for service, which these days is usually an email address.

Controversial radical minutes for each strata committee meeting. Send them out to all owners. The reason I suggest you do this is because it is an incredibly valuable protection for you as committee members. Think about the AGM. You get to the AGM. There's been a whole lot of decisions that have been made throughout the year. Probably in a busy community. There's a motion on the agenda to raise levies. There's a motion on the agenda to appoint a new strata managing agent. There's a motion on the agenda to repair the leaking waterproof membrane, and that's gonna cost \$2 million 'cause that's how much it costs now, and you need a strata loan to be able to fund that. That's all in your AGM agenda.

Owners are being hit in the face with that. What strata committee knows all about it. They've been talking about it all year, but this is the first time in some communities that owners are going to be hearing about this. These matters have been discussed throughout the year. There's been decisions made about them. There's been quotes sought. There's been discussion at committee meetings. If you have invited all owners to attend your committee meetings, if they have received the agenda every time you've got a committee meeting, then they've had the opportunity to come to the meeting to listen to the discussion, and if the committee permits it to ask questions, they can't vote. They don't have voting rights. They do have a right to attend committee meetings, and if the committee allows it, they can speak to the meeting.

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But what you're doing by giving everyone notice of the meeting and telling them it's happening is you're giving them the opportunity to attend. Guess what? Most of them won't attend. They won't. You get it? You heard that murmur. They won't attend, so don't be worried that you're gonna have a hundred owners on a Zoom call. It won't happen. Might happen on the first one because they'd sort of miss the memo that this is not a general meeting. This is a committee meeting. That'll happen, but they'll soon get used to it. This is a committee meeting. Read the agenda. If there's anything on there that I'd like to hear a discussion about, I'll attend. If not, I won't.

So when you're at that AGM and you're saying, here's the loan agreement from Lana or Strata or Macquarie Bank for the \$2 million loan so we can fix the roof, and you have that one owner, you know that owner is there, who stands up and says, what is this? What is this committee being doing? How debt? We elected these people and they're letting our roof go into disrepair and now it's gonna cost us \$2 million. This is ridiculous. Just surprise us with this. Thank you, Mr. Smith. You may have noticed that for the past three committee meetings, agenda item three has been the roof repair and a number of owners have attended those committee meetings and they have had the opportunity to ask questions and to speak to the motion. In fact, five owners did attend.

It's unfortunate, Mr. Smith, that you couldn't attend this meeting and express your views, but tonight we, the strata committee together with other owners are recommending that we adopt this loan agreement that it's approved and we get the work done. Thank you for your contribution. Move on. Mr. Smith has got a bit of egg on his face because it was Mr. Smith's decision not to go to those strata committee meetings, not to read the documents, not to read the minutes, but they've all been provided to him. I have done this in real life with clients and with my own community. All owners are invited to come to the meeting.

You get all notices if you decide not to attend. That's a matter for you, but it's unfortunate that you're not in the loop and we're not gonna spend time debating an issue that owners have already heard the committee debate many times over. You can write it on your yellow post-it notes for your q and a time. Let me know what the downside is to this radical transparency. The same goes for sending out minutes to owners. Is anybody doing this?

Yes. Excellent. Oh, 30% or so of the room. I love that. Didn't expect that many. We are going, if you've got a question, pop it on the yellow post-it note, put your hand up and Emma will come and grab that from you. Oh, there's a lot of post-it notes happening now, number three, issue. Regular written reports. So I've talked about agendas and I've talked about minutes. At the very least, an annual report from the Strata Committee to all owners attached to your AGM Notice.

It can go at the very front of the AGM Notice. It is a summary of what the committee has been doing throughout the year. What are the big ticket items that the committee has been working on and wants to celebrate? Wants to let owners know, you know, you think we sit back and do nothing, but let me tell you, there's been a lot going on. Here's what we've achieved. What are the items that the committee wants to draw everyone's attention to on the agenda of the AGM?

Why are the levies going up?

Write it in a paragraph that makes sense. It's not legalese or strata manager ease in a written report. The levies are going up because we are planning to replace the lift in three years time. Therefore, we've added 20% to the capital works levy, and in three years time, we won't have to get a strata loan or have a special levy. The money will be there waiting for us to replace the lift done in a paragraph. Easy to read. It's something that we implemented in my community when I joined the committee and my strata manager gets calls saying, this is fantastic. I actually understand the agenda. Thank you for these annual reports. It's a really great update on what's been going on, and it assists to shut down those questions about what has this committee been doing? What have they been up to?

It's all there in that annual report. If you've got a bigger community, perhaps if you have a building manager and you have some access to tech and some software, maybe you've got a website, maybe you've got a Facebook group. These reports can be a little bit more regular. Maybe they can be monthly reports. Maybe your building manager can help with that.

Your building manager is probably giving regular reports to your strata manager or to your strata committee. If that can be adapted into a format that also updates owners, then that can be really helpful as well.

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So at least an annual report, maybe a monthly report or a monthly newsletter, keeping owners informed. They're not all gonna read it, but it's not there for them to read. Do you follow my logic? It's there to protect you so that when you are accused, as we know, and I'm speaking this way because I know most of you are committee members, as we know owners like to do, when you are accused of not doing your job, of failing, of being lazy, how dare you? We need a regime change. You guys should be booted. We're gonna get the new guys in.

You have this wonderful record that has been shared radical transparency that you can fall back on and say, but we've told you everything that we've been doing. I'm sorry if you don't open your emails or your letterbox, but it's all there for you. All of this, these steps here, all lead to greater transparency. Unlike our royal family debacle, you are going to be able to say that what you see is what you get. That's what I want you to be able to say to your communities. I'm not sure if some of the comments on those post-it notes may be, but Amanda, if we share everything, we're opening ourselves up to more criticism, and we become a moving target.

I have to say, in 20 years of working with disgruntled owners, they're not complaining about too much information. I'm often asked, what's the biggest dispute, Amanda, that you deal with in strata? What's the most common dispute? And for so many years, I've said repair and maintenance. Repair and maintenance. I act for owners all the time. In the tribunal, leaking roofs, mould dodgy windows, repair and maintenance disputes, it is fast becoming the lack of transparency in strata committee decision-making. Owners are getting savvy. They're listening to my podcast, they're members in my community, and they're saying, we want information. We wanna understand what's going on.

The days of making decisions behind closed doors are gone. You're going to be asked these questions and well, I wanna leave you with tonight is that feeling of protection, that you can take these steps in order to protect yourselves. Get your flack jackets on, get your armour on, and be ready for these questions.

Outro: Thank you for listening to Your Strata Property. The podcast which consistently delivers to property owners reliable and accurate information about their strata property. You can access all the information below this episode by the show notes at yourstrataproperty.com.au.