

**Publication Date: 13 March 2025**

## **YSP Podcast Transcript: 442 - Got a great strata manager? Let them know**

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**Intro:** Welcome to Your Strata Property, the podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source.

**Amanda Farmer:** Hello and welcome! I'm Amanda Farmer and I have with me today Reena Van Aalst from Strata Central. Hi, Reena.

**Reena Van Aalst:** Hi Amanda, how are you?

**Amanda Farmer:** I am doing very well. Been a few weeks since we've had a chat. We've been building up those wins and challenges. Looking forward to diving in.

**Reena Van Aalst:** Yes, it's been a while.

**Amanda Farmer:** Nothing much has happened though, has it? It's been pretty quiet in strata land.

**Reena Van Aalst:** Yes. Well, I suppose I think for all my colleagues out there today, I'd like to say hello and hope you're all doing okay at the moment. My challenge, Amanda, is really the negative sentiments that are occurring towards strata managers. The recent report that was released into the findings of Netstrata, there's been more media on even A Current Affair about defects and levies, et cetera.

There was also another article, I think, in the Sydney Morning Herald about some Penthouse owner's nightmare. And also the recent reforms that have come into effect since the 3rd of February. In terms of how we communicate, they're not the fact that the scriptures are always there in terms of insurance commission or enumeration or part thereof. But now obviously there's higher disclosures, which of course we all agree needs to be made.

But unfortunately, I think these things take time to implement for people to understand, you know, why is information that wasn't available before on there now available on the agenda? What does it mean? Is it because you as a manager have done something wrong? I mean, recently I had a phone call from an owner in one of our buildings and it was about a special levy. And I asked him, "Did you come to the AGM?", assuming that he didn't, because he didn't know anything about the special levy, which again, I think is another problem in terms of owners not making themselves aware of what's going on.

I mean, obviously the agenda contained the special levy motion. The minutes also contain the special levy motion. So then he was asking me about it. I can't remember what I said to him. I said, "It was to pay for the lift, et cetera." He said, "Oh, you know, like you managers, you're all dodgy," And I said, "I beg your pardon?" I said, "Please take that back."

I said, "The fact that you weren't at the AGM and didn't know there was a special levy for the lift is one thing. However, to say that managers are all dodgy and as if that money is coming to us personally." And I think, unfortunately this is what we're sort of experiencing now. Whenever something goes wrong or people don't like something, we're all being tied with the same brush.

And I think there'll come a time that really strata management, unless something changes and it changes sort of quickly enough, I think that we'll see a lot of people actually leaving the industry. I think that this constant negativity I think is we must obviously ride this storm, like probably in the cyclone that just happened. But I don't know, I mean, the cyclone had a three day, a lot of warnings and it was a three day thing where, you know, whereas now I'm not sure his hour's going to be three months or what, that we're going to have to sort of put up with such animosity.

Not from all people, but from some people who don't really understand how strata works and strata living even works.

**Publication Date: 13 March 2025**

## **YSP Podcast Transcript: 442 - Got a great strata manager? Let them know**

**Amanda Farmer:** Yes, very true. Are you hearing any messages of support from clients who get it, who like your service, who realise that what they're getting from you is very different to what others are suffering with other managers?

**Reena Van Aalst:** Yes. I mean, obviously a matter like, I mean, I had a building where we get a large remuneration in fees for insurance broker and I was sort of like, I put my head down, I was a bit thinking, oh my God, what's going to happen now?

There's the new reforms that come out. I think it was on the day actually of that meeting and not one person said anything like, I didn't. You can do pin drop. I think when people do say that people give value for money, as in service delivery is good and people's confidence and knowledge is also good, then I think people do react differently. But there are people in society, whether it's, you know, it could be how they deal with any third party, they don't understand how things work and then they make generalisations.

And I think because people don't see us as professionals in the same way they would see, like other professionals, like an accountant or et cetera, et cetera, and therefore I think they can treat you in a different way. Like even if they were questioning the same sort of thing about, let's say they got an invoice or a bill from their accountant, they weren't happy with it.

I think the way they would perhaps approach it might be different to how they speak to us because they don't see us in the same light. So, I think overall, I think for most of our schemes, we don't really have. There's a few owners here and there that are like that, but now they've just got something else that they could use as a crutch to support their erroneous ways of thinking and ignorant ways of thinking.

And I actually, I might even use the word stupid because I actually watched this thing the other day about the difference between stupid and ignorance and there is a difference. So..

**Amanda Farmer:** Do share, do share.

**Reena Van Aalst:** I'm actually going to do a thing today with my team. I'm going to train them about ignorance and stupidity. There is a difference and I imagine, I thought there might have been, but now I like it when there's scientific theories to support this proposition.

**Amanda Farmer:** Well, would you want to practise on us? What's the difference?

**Reena Van Aalst:** Well, I'm going to listen to it again and go through it with it and then I'm going to share it probably in our next podcast, Amanda, because that might help all of us

**Amanda Farmer:** Put it on the spreadsheet team. I'm looking forward to it. But look, you're so right, it is. I think that was a very good description.

This is an excuse for those who are ignorant. I'm going to stick with that for now. To use and say, you're just like them. This is why my levies are so high. You're ripping us off. Yes, absolutely. And it's a shame that, you know, at this point in time, at least, media is not you interested in the good news stories or interested in hearing from those who are happy with their strata management service.

And I wonder if, you know, an idea just popped into my head and indulged me while I think out loud, is there room for a company that maybe is getting a bit of this unfair criticism, unfair communications, those who are just riding the media wave. I wonder if there's room for those companies to reach out to their most loyal, longest standing, most supportive clients. And I know when I say that, I'm sure strata manager thinking, yes, I know who they are.

I know the handful of those, or maybe the, you know, the 20% of those that's on my list that we absolutely love and they love us. And to be saying to them, hey, this is some of what we're experiencing. I'm interested in your thoughts. If you think some of this criticism is well-founded, let us know how we can improve.

Publication Date: 13 March 2025

## YSP Podcast Transcript: 442 - Got a great strata manager? Let them know

**Reena Van Aalst:** Yes.

**Amanda Farmer:** But if you are happy with our service and you want to express that, then this would be a really great time for us to hear that from you.

Even just privately by reply email that I can share with my team to keep their spirits up. Is there something that's happened in the last month that we've done for you that you've appreciated and you'd like us to know about? And I'm not suggesting, you know, you're not asking for public reviews or anything like that, at least not in this communication, maybe in a follow-up communication, but something that, as you say, is going to take you out of this awfulness that I know you've opened this conversation with.

This is just a challenge that many of us are going through at the moment. We don't know how long it's going to last. It's not all going to be over in a few days like the cyclone and nobody's here supporting us. I think absolutely, managers out there will have clients who will be responsive to that kind of communication and say, "Hey, you know, hang in there. We are so grateful that you did X, Y and Z for us within the last week and let that be your focus during these tough times and not pay attention to the awful noise." That is so easy. I know, so easy to get distracted by.

**Reena Van Aalst:** Yes, you're absolutely right. I mean, I think. Well, I mean if you look at human beings, the negative bias is really inherent in our DNA in terms of, you think about it, someone, even in your own personal life, you know, your partner can do 10 good things and he does the one bad thing and you.

We focus on that one bad thing that they didn't do right. But all the nine other things they've done right. So I mean, that's human nature as well. But you're right, I think it'd be nice just to perhaps reach out to some of our clients and just say, could they share something? And also, I think when no one's perfect and no one gets everything 100% right, I mean, no one gets 100% in their exams.

So I've said to people, when they, some people are critical, I might say we're not paying for perfection. At the end of the day, mistakes happen and if you pay for perfection, you'll be paying a lot more. So unfortunately everyone's human, and I think that you're right that it'd be good to have that sort of feedback from some of our clients to just try and help the morale.

That would be a good boost, I think, for not just perhaps for us, but other managers out there and other teams that are working really hard.

**Amanda Farmer:** Yes, because we do have that negative bias and we don't realise we don't pay attention to all the good work that we're doing and all the help that we're giving and what we're putting out there into the world. And people don't think to tell us because, yes, they think that's how it goes in their little ecosystem of great strata management and functioning strata building.

That's just how it is. That's not the case for everybody. So perhaps, you know, to express your gratitude. Absolutely if you're an owner tuning in right now and you're thinking, "I love my strata manager." I'm so pleased that they haven't been involved in all of these practises. They've done so much for us, we couldn't live without them. Tell them, just drop them an email because they're struggling at this time.

**Reena Van Aalst:** Thanks, Amanda. That's a good idea, I like that.

**Amanda Farmer:** Thank you for raising that one, Reena. Being vulnerable with us here on the pod. My challenge for this week, a little bit similar, or I think you might have hinted at this in what you were saying there, Reena.

In the space of, I'm gonna say five days, I think it was a week, a business week, I had three separate owners write to me seeking help from different buildings, coming to me through different channels and saying, "Amanda, I'm an owner in a building where there is a significant amount of work to do. It's work that has been piling up over the last 10, 20, 30 years. All of a sudden, we have to do it now. A huge special levy has been raised and I have to find it range anywhere from 50,000 to \$150,000 to contribute my share of this levy within the next month. What can I do? Is this legal? Is this right, that the building can do this to me?"

**Publication Date: 13 March 2025**

## **YSP Podcast Transcript: 442 - Got a great strata manager? Let them know**

And I found, you know, we hear about this. I think we've talked about it before on the podcast. I've certainly spoken to media about it when they've been reporting on people struggling and suffering with levies. But this week was odd in that I had three, the same story. And I thought, "Oh, there is something happening out there!"

And, you know, it is something that we have been talking about aging buildings, insurers changing their attitude towards insurance renewals. Can't get insurance unless you get the work done. A greater awareness perhaps of legal responsibilities, owners who are more educated, owners who are better funded, being able to threaten, if not take legal action where this type of work is not happening.

And it's culminating in this decision to spend large sums of money, often urgently and apparently, at least what I was hearing from these owners, the decision to raise a special levy and have it all due and payable at once.

**Reena Van Aalst:** So you're saying, Amanda, like a number of multiple special levies for different things all on the same day, or multiple levies just due sort of at once, meaning like within 14 days of each other or..

**Amanda Farmer:** So the people who are approaching me, three different people, three different buildings, but same story. Major work needs to be done. It's multimillion dollars in some cases. My share, this special levy was struck at a meeting last night or last week.

And my share of the special levy is due in 30 days. And there's no instalments offered for the levy. I'm just supposed to pay my 50,000. If that was that example in that building, or my 150,000, another example in another building, I've got to pay that within a month. "I have a family, I'm elderly, I don't have income. I can't pay that, how am I supposed to pay that?" And it raises a lot of questions for me about how buildings come to this decision

**Reena Van Aalst:** Yes.

**Amanda Farmer:** to fund work in that way. Because as we've discussed before, raising a special levy is not the only way. I mean, ideally, you will have done your savings and have your rainy day fund and be prepared when this work needs to be done. Most buildings I know are not in that basket.

Yes, a special levy is an option. That special levy could be made payable in instalments. And then a strata loan is another option. So the money is borrowed at an interest rate and the principal and interest is paid off over a much longer period. Without knowing any of the details around these particular scenarios, I was just struck by the fact that I heard from three different places in the one week the same thing happening.

And wondering if this is, "No. Is there something going on out there that I don't yet have my finger on?"

**Reena Van Aalst:** Yes, well, I think Amanda, I mean, obviously this is. I went to a conference last year in Spain and this is actually like a worldwide phenomenon where buildings are aging. And unless buildings have been putting money away for years, waiting. And I mean, I'm talking about 5%.

If you increase your levies by 5% every year, then pretty much you can double them in 10 years. But the issue is that there's been a reluctance, I think, even on the part of strata managers to suggest increases. And it's funny, I interviewed someone last week for a position and they were saying that pretty much the managers just raising the same amount of levies every year. They weren't even bothering to suggest increases.

And I said, "Well, that might come partly from the fact that people are scared that, you know, and I've done this where I've raised levies after three years through a building by 5%, and they weren't happy with me and they got rid of us." I mean, it was a mutual thing, but. And to me, it's like, I'm happy. Like, to me, I'm happy if that's their attitude.

**Publication Date: 13 March 2025**

## **YSP Podcast Transcript: 442 - Got a great strata manager? Let them know**

Like, these people are already, I mean, I know from the fact that from the new manager, they're actually run out of money already. They can't pay their bills, which is exactly what I had foreseen would be happening. I think what's happening, Amanda, like, a lot of lift replacements are happening in buildings now.

A lot of this, you know, Design Conditions Act is with waterproofing. Like, one balcony can cost 300,000. So in terms of funding and the composition, I think that what people don't understand, and I think this payment plan thing you raised just now is that if you have to sign a contract, you must have the money in the bank.

You can't just basically wait for people to pay it off. So that could be one consideration. But on the other hand, the other way of trying to offset that is to, is to get a loan. And that's what we've done. So we took over a building last year, or might have been the year before now, actually, and they have five goods, and they were going to actually sign a contract to get these lifts. It was a million dollars.

**Amanda Farmer:** Did you say five lifts?

**Reena Van Aalst:** Five lifts.

**Amanda Farmer:** Yes.

**Reena Van Aalst:** They've got five lifts and they all have to be replaced. But they'll be replaced, Amanda, one after the other after the other, not at the same time. Or maybe two would be replaced in ones and then the next two that are like last one.

However, they didn't have the money in the bank. I said, "Oh, do you have a million dollars in the bank?" And they said, "No." They said, "But we had to sign the contract now to get the price to be fixed for the five lifts." I said, "Yes, but without having the money in the bank, you can't do that." And they said, "Well, my manager never told us this." And I said, "Well, they should have told you that." I said, "This is basically any type of arrangement." So I suggested them that we get a loan and we approve the loan at a general meeting, and that basically they either raise special levies to pay out the various.

Because we had the instalments that we needed to pay the lift company. So we raised special levies to pay those at the time. And if we ever, for any reason, we had a shortfall because this is something else happened in the building and they didn't have enough money to fund that. We always had that buffer with the loan. So in a sense, it took the pressure off the people having big chunks of, like, to raise a million dollars.

This is a big building. It wouldn't have been probably as hard as what you're talking about in your examples of 150 to 100,000 and 150, that's a huge amount of money to raise. So therefore, we were able Amanda, to facilitate that. So by having a loan in place to sign the contract, and then those people could then pay off the levies in instalments.

Then once we reach, say, the amount of money is collected, we then pay off that loan. And as we know, with strata loans, you can pay them off at any time and there's no penalty, not like other types of loans. So that perhaps should have been suggested by the strata manager. I also know from this manager that we interviewed, the same person that said to us, "Oh! But managers don't like strata loans and buildings don't like strata loans."

Like, well, what about when someone likes or dislikes something. Now, with these bigger amounts of money, it has to be a very serious consideration. I know the interest rates are 11% people go on about. But end of the day, you know, if you need work to be done, you've got to have the money in the bank. Then, you know, or you might do, we give people three scenarios.

Fully loan, fully special levy, or part thereof. So again, I can say, for example, that I, you know, if I do a special levy for the deposit and then have the loan for the balance, and then maybe in the meantime, people may be more amenable to raise more money or not. So I suppose there are different ways of. But really that depends on people understanding financials. And that's another thing that people can stride, unfortunately, both at the manager level, and I hate to say, and also at the consumer level, you know, not in all cases.

**Publication Date: 13 March 2025**

## **YSP Podcast Transcript: 442 - Got a great strata manager? Let them know**

Some people understand how these things work. But sometimes people think, "Oh, I don't want to have a loan hanging over my head." You know, that sort of. Yes, no, I can understand that. People think, oh, it would be a negative aspect if they were to sell their apartment if there's a loan. Well, I mean, end of the day, there's a special levy, and that's going to be, you know, but some people prefer that.

It just depends on people's preferences. And like some older people have more aversion to loans, younger people are more used to having debt. So again, the ratio of the building in terms of its demographic makes a big difference in how people structure their finances for raising money for capital works.

**Amanda Farmer:** Look, I really love that you raised that idea of having what I would call a backup loan. The loan is there if you need to draw down on it if levies aren't paid.

And I think this is going to become more and more important and I think we'll see more strata loans, if not for that purpose, then simply for the purpose of emergency funding. Not only because more of these buildings need this level of work, but we've got new law coming to New South Wales, which we're told is going to start the middle of this year.

The law has already been made, it hasn't yet commenced, but it makes very clear that an owners corporation must give consideration to an application for a payment plan. And you don't have to approve payment plans, they're not mandatory. But you do have to have a think about them whether you're going to allow one or not in a particular case. And if you want to recover unpaid levies and you want to recover your expenses incurred during that process, so your legal fees incurred during that process, when this new law starts, you can only recover those expenses if you have first offered the lot owner a payment plan.

So I don't know how many are across that. I did mention it on a podcast a few weeks ago. That's the new law that's going to be in place this year, 2025. It's going to mean that owners have a lot more leverage, let's say, to request and put pressure on owners corporations to allow payment plans. If we're going to have to be allowing payment plans, especially in the case of default, we want to recover our legal fees, got to have offered a payment plan, then we're going to find it hard.

Some buildings are going to find it hard to get the money in the bank to be able to fund this work. And they're going to need to turn to things like strata loans, if not a loan straight out to pay for the work, then a loan to be there as a backup if people don't pay their levies on time or don't comply with their payment plan.

**Reena Van Aalst:** But Amanda, I mean, correct me if I'm wrong, but normally if a statement of claim is issued and then someone can't pay, doesn't the court say then like you can pay it off.

Isn't that like done the other way around now? Currently, anyway, like if the owners corporation tries to recover unpaid levies and the person can't pay it, it goes to court. Doesn't the court say, "Okay, what are your assets, what are your liabilities?" And you make it like it doesn't matter how it works at the moment, but it'll just be now bought the other way around. So rather than going after, it'll be coming it's a horse before the cart or whatever.

**Amanda Farmer:** Yes, that's a really, that's a really neat way to think of it. Yes. If there is a judgment debt, so there has actually been judgment entered against a lot owner who owes money to the owners corporation, that lot owner can apply to the court to pay the judgment by instalments. And then the court can say, "All right, well, this is the instalment order."

So the intent, as I understand it, of this new legislation is to encourage owners corporations to offer payment plans and indeed to enter into payment plans as our first resort, rather than just saying, no, we're just going to sue you for the \$150,000 levy that we told you was all payable within 30 days and we're going to recover interest on that and we're going to recover our legal costs on that.

The law, when it starts, will now require that if you want to recover your legal costs at least, first of all, you need an order of the court. That's another complicating factor. But secondly, you need to have offered that lot owner a payment plan, otherwise you're

**Publication Date: 13 March 2025**

## **YSP Podcast Transcript: 442 - Got a great strata manager? Let them know**

not going to recover your legal costs. In pursuing arrears, it's kind of a real stick approach here. We're going to punish these owners corporations for not offering payment plans.

They have to wear their own legal costs. Whereas until now, or until this new law starts, it's been quite accepted that the legal costs just get passed on to the lot owner. An owners corporation can recover its debt, its interest and its legal costs as all part of the one claim. And that's just how it will all pan out. Not necessarily going to be the case if you're not attuned to this need to offer a payment plan.

**Reena Van Aalst:** As far as I'm aware, like normally no one goes to court after 30. Normally they give like, say the levy is due in April. Normally our reminder is sent in the last week of May anyway. So we give people more time and then so they don't pay by the last week, but then they get another at the end of June and then final letter at the end of July and it only gets referred to lawyers after July.

So people only had four months in the due date before they even hits the legal thing. And they have an opportunity but in that time to say, "Listen, I can't pay it, can I, you know, pay it." Some people do that, some will just ignore it. But the other thing I was going to ask you is, and correct me if I'm wrong. So when you go to local court you would have to show your assets and liabilities in terms of a payment plan.

Is that how it works? Like you'd have to say, "Well this is my income, these are my expenses, so this is what I'm offering." Is that how it works? Or

**Amanda Farmer:** Yes, once the judgment is entered. So we're past the stage of do I owe the money or not? You owe the money, you've got a judgment against you, you can't pay it. An option is to request a payment plan or an instalment plan.

**Reena Van Aalst:** Yes. So will the owners corporation have the same rights to say to people who owe a lot of money on a payment plan? Because we have some people, some payments, piddly amounts that, you know, there's no, they're never ever going to pay off the debt. It'll take 20 years away if it's \$100 a week or \$50 a week. So are we able to say with this new provision coming into the legislation, give us evidence of your assets and liabilities and your income and expenses.

Because I mean, how would we know whether or not what they're offering is really what they can afford? I mean I had someone that we knew like it was just years ago and he had his, I want to pay, I've got kids at private school. It's like, well, you know, anyway

**Amanda Farmer:** So it's not exactly financial hardship, is it?

**Reena Van Aalst:** No, exactly. And so anyway, so we said to him, "Well, you know, in order for the community to assess your request to pay off these levies, can you please give us.". And the next minute he just paid it. He didn't even respond. He just paid.

**Amanda Farmer:** Oh! Mission accomplished. Nice move.

**Reena Van Aalst:** Exactly. So are we going to be able to do that? In the case where the owners corporation must consider a payment plan, it doesn't have an option to sort of.

**Amanda Farmer:** So must consider a payment plan. Doesn't have to enter into a payment plan. And yes, in my view you can request information, documents that would assist you in giving the application your reasonable consideration.

I haven't gone back to check the legislation, but I did talk about this a couple of episodes back. We'll put the link in the show notes. My memory is that you can't be unreasonable in refusing the request for a payment plan. So to work out whether or not you're being reasonable, I would say naturally you have to have access to more information and you have to be able to assess each application as it comes to you.

**Publication Date: 13 March 2025**

## **YSP Podcast Transcript: 442 - Got a great strata manager? Let them know**

And that's the spirit of this legislation. You can't refuse payment plans flat out. So you can't propose a motion at a general meeting to say this community will never approve payment plans. You can refuse a payment plan for a specific case, so a specific lot owner. And if you're going to do that, you're going to be reasonable about it, then obviously you need to know the details of that lot owner's specific circumstances. So, yes, requesting information about their financial position I think is necessary.

**Reena Van Aalst: Yes.** And more work for the strata manager.

**Amanda Farmer:** More work for the strata manager. What I thought you were going to say was, you know, "Does anyone care about the owners corporation's financial position?" Because if we're having to allow people to enter into payment plans, especially for these big sums of money, if we ever want to hope of recovering legal costs, if they default, then that leaves us short.

And it might leave us, in the examples I'm talking about might leave us 150 grand, 300 grand short. So how do we plug that hole? We have to get a strata loan. We have to then pay interest. Owners have to pay interest on that loan. So, yes, it's not a great situation.

**Reena Van Aalst:** And I think also, I mean, you know, this, the hybrid line thing has been brought up in terms of legality in the past, but the common question I get is that why should people that can afford to pay that levy have to then pay interest in proportion of their UEs, Amanda, when they have the money to fund people that don't have it or unable to find the money in a very short amount of time.

But I also find Amanda too, like a lot of these elderly people that we come across in some of our buildings, they're asset rich and cash poor. Now, a lot of people can get out, can get a reverse mortgage, but they choose not to. So again, I'm not saying that everyone has a capacity, everyone's property is paid off, but a lot of people do have the capacity, but maybe not be aware that they can do it or choose not to.

I know some people choose not to some are unaware of the fact that you can get a reverse mortgage. So I think it's got to be more, I think, education on that side of it too. Because if we're sitting here having to then call general meetings to approve loans, then work is then delayed. What if people don't approve the loan because there's more people that can pay, that can't pay? It's going to become quite complicated, I think, for some schemes.

**Amanda Farmer:** And this is all about your perception of what strata living is, right? These people who may be asset rich, cash poor, would be perfectly fine to spend the rest of their days in a freestanding home that's rapidly dilapidating and leave that there as their inheritance for the next generation, but not touch it.

You can make that decision when you're the only one involved in that property. You cannot make that decision. That is not your call when you live in strata. And people don't realise that until the levy notice rolls in.

**Reena Van Aalst:** Exactly!

**Amanda Farmer:** All right. So, yes, that is a challenge indeed. A few tips there for our billings in terms of options, when you're raising these significant sums of money. Love the idea of having that backup loan. And I'm going to put my hand up and predict we're going to see more of that, more of those kinds of arrangements, especially with this new law on the horizon for New South Wales.

**Reena Van Aalst:** Yes. There's actually another funding company that's also formed, Amanda. They were part of a different company previously. They've now there's a bit of a takeover or there's a bit of a change in the structure of that other company. And then all the people that used to work in this other company now formed another company. So I think it's good to have more companies out there that are available that you can reach out to to get some funding.

**Amanda Farmer:** More competition in the space.

**Publication Date: 13 March 2025**

## **YSP Podcast Transcript: 442 - Got a great strata manager? Let them know**

**Reena Van Aalst:** I think that'll become a bigger amount of and therefore.. Yes.

**Amanda Farmer:** Okay. Have you got a win for me amidst these challenges this week, Reena?

**Reena Van Aalst:** Yes, well, this actual win is based on what we've been talking about, special levies and budgets. So I had this AGM where the committee had met. They, you know, it's a large scheme. People came to the meeting, it was detailed on the agenda, why the levies had to increase substantially.

A covering letter of two pages went out with the agenda to explain the situation, why we are, where we are, the deterioration of certain planet equipment, and the historical conduct of this building where they've never wanted to raise levies. So it was so a picture was painted to explain this increase in levies, you know, so chairperson was chairing the meeting. Very good, chairperson. Unfortunately, it took, I think, an hour just to try and get people to pass the budget.

They wouldn't pass the budget. And so I was called to assist. And basically I just said, "Okay, let's just go through this. What is it you want to cut out?" They couldn't. I mean, no one could. You know, we don't want to do any of it. It's like, well, what, you don't want to pay electricity? You don't want to pay with this. Anyway, so I went through and I said last year it was like 10% more than what it's going to be this year.

And it was like, I think might have been a hundred thousand dollars between, I think, 197 owners. And I said, are you telling me when I divided it, that \$200 per quarter, per lot is what you're actually arguing about? You know, so when I put it to them in such simple terms, not trying to explain how the money is made up, but just trying to say this is the increase, or they all, you know, within five minutes, I was able to get it passed. So, anyway, so

**Amanda Farmer:** You came and read the right act is what you did, Reena Van Aalst. You said, "Listen up, guys, here's a reality check."

**Reena Van Aalst:** Yes, I mean, I was thinking to myself, and this AGM went for four hours and we actually got kicked out of the venue because it didn't finish. So we had to adjourn it to another time. But all I can say is that this is another building where I did have a loan because there was, you know, again, levies to be paid for the second instalment of some work that was being done.

And he was saying, "We're not paying it, blah, blah." I said, "Okay, that's not a problem. I'll just use the loan. That's what we got it for." Thank God I had it. And then obviously people then thought twice about that.

**Amanda Farmer:** Oh, I like that. Oh, that's a little bit of a ultimatum there. Don't pay your levies. We'll have to access the loan. Well, levies get paid up.

**Reena Van Aalst:** Well, I mean, we had signed the contract, Amanda. We're in our second year of doing the remedial work. So, like, if people don't raise the second lot of levies, then I have to use. Which is why I'm surprised that a lot of managers don't even realise that you have to have the money in the bank or a loan to pay, because this is the most unthinkable situation that people wouldn't, in year two, agree to fund the remedial works that are already started because they didn't want to.

There was a bit of, like a person that had gone around sort of trying to get proxies and the usual dissatisfaction of one particular owner, then trying to rile owners to their way of thinking. But once I think people understood that we have to pay for the work, it's like we've already started it. Yes. So it was a good win, but it was definitely very exhausting.

**Amanda Farmer:** And therein lies your expertise, right? As a strata manager. I was just talking to somebody earlier today, a lot owner who's a member in our community. We're having a member call, and I was saying, "Where's your strata manager in all of this? What are they saying? How are they responding to the emails?" And he was saying, "Oh, they don't say anything." You know, on a matter that in that case was as simple as properly repairing and maintaining the common property, I said, "This is the role of the strata manager, to be there as the advocate for the owners corporation."

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## **YSP Podcast Transcript: 442 - Got a great strata manager? Let them know**

Not for the committee members, not for any particular lot owner, not for somebody else's agenda, but standing up for the owners corporation and what is in the best interest of the owners corporation as a whole. Number one, we have to comply with the law, we have to pay our bills.

**Reena Van Aalst:** Exactly!

**Amanda Farmer:** And to have the confidence, which you have for many years of experience and by your nature as a confident person, skilled, qualified, highly educated, you can go in there and say, "Let's cut the crap here, guys. This has to be done. And if you want to go through the budget line by line, you tell me what I can cut out of this budget. You tell me, I'm here, I'm all ears. If we're talking about 200 bucks, then what is it? 5 cents each?"

So that kind of approach. I think there's a lot more buildings out there that need to be on the receiving end of that kind of approach. And I think that would make the lives of dedicated committee members and owners who just want to do the right thing so much easier when they've got the support of a good manager.

**Reena Van Aalst:** Thanks, Amanda. Yes, I mean, unfortunately, like. I mean, like, I was sitting there at the back just doing other workers. There was another manager there as well. One of my colleagues is obviously, it was a big building. We had to have more than one person there, but I was just trying not to listen because my blood pressure was going up.

I only got an hour for like a budget. This can't be when we had so much information beforehand. I mean, people are caught by surprise because. And nothing about what's happening. There's no explanation outlining why they increased. But there was so much information. But people don't read things and I think we find owners don't read things. Even a letter explaining why the levies are going up, people just didn't really read.

**Amanda Farmer:** Yes, that is one of the main problems in our space, for sure. Well, thank you for sharing that. My win for this week. I just want to give a quick nod to the strata sector as a whole and its response to Cyclone Alfred, which at the time we're recording this, I believe we're on the tail end of that one, hopefully.

Fingers crossed. For all of our friends who are in northern New South Wales and the southern part of Queensland, look on my social feeds at least I was seeing a lot of fact sheets, I was seeing a lot of checklists, insurers were putting out helpful information, SCA representatives right across the country putting out helpful information, crisis meetings being called, emails being sent out by strata managers and I think that was wonderful to see.

Reena, were any of your clients impacted?

**Reena Van Aalst:** I just had one resort up northern, but I think they were impacted. I was in touch with the resort manager the whole time and I don't think anything has happened, so I haven't heard. So I assume it hasn't yet sort of come their way as we speak. But I'm lucky. Yes, I mean, I suppose in a sense we're lucky if you don't have anything in that demographic as a manager. I can imagine when it rains we cringe and lay the cyclone.

**Amanda Farmer:** Yes, absolutely. And therein lies the value of a good manager, an educated manager, and a manager who's got the right connections and access to the right information and support. Because when things go bad, they can go really bad for people in strata. I think maybe if you were self-managed, you might have been a bit worried, you might have been struggling a little bit to know what you needed to know.

And now it's, we're slowly moving into what's going to be a cleanup period, what's going to be a claims period, and lots of buildings needing to rely on strata managers, brokers, insurers to make sure that they get the best or the right result from their insurance claims. This is the time during a dark age for our strata managers.

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This is the time to shine. Those of you who are involved with buildings that have suffered some loss and damage and need your support, I encourage you. Get out there and show your stuff, prove your value. The universe is delivering this one up on a plate for you.

**Reena Van Aalst:** As you can see, Amanda, when you look at the SES and all the personnel and all the mobilising of lots of people, you can see, like in a strata management company, it's very hard for us to have extra people to assist us in these times because you still got your normal things to do as well as everything else to do.

So I think it's one of those things where, like I said to you, when it rains, we all cringe because we're worried about, oh, there's a storm. It's like, oh, my God, how many calls will I get tomorrow? How many emails of water penetration? So I do feel for any of my colleagues that are working in those areas that have been affected because in addition to their normal stuff they have to do, it's striving. Our deadline-driven industry, we also have this and I hope that they're able to get some more support and help during this time as well.

**Amanda Farmer:** Absolutely. And we do hope that anyone who is in those affected areas is safe and getting the help that they need. That's all I got for you this week, Reena Van Aalst. Thank you very much for strategizing with me. Oh, that was bad, that was bad.

**Reena Van Aalst:** The vocabulary is expanding.

**Amanda Farmer:** Yes, might park that one. Have a lovely week in strata. Stay safe, stay dry, stay cool.

**Reena Van Aalst:** Thanks, Amanda. Bye.

**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 [yourstrataproperty.com.au](http://yourstrataproperty.com.au).