

FLAT CHAT Jimmy Thomson

Last line of defence

Independent strata managers play a vital rôle.

Integrity is up for sale in the world of strata management.

Imagine if you owned a football club and your opponent insisted on choosing the coach (although you would still have to pay the wages). Then they also provide the referee, again at your expense.

Ridiculous? It's the shape of things to come in the new-apartments market, where some developers are planning to add strata management to their available services.

Why is this a problem? Because independent strata managers are your last line of defence when things go pear-shaped with developers.

It's no surprise that developer-employed building managers (the people who run buildings on a day-to-day basis) often look after their bosses' interests rather than their clients' concerns. For example, they might treat serious defects as maintenance issues, at huge cost to the owners, until the deadline for lodging a defects claim has expired.

So it's often up to the strata manager to spot any problems, alert the owners and advise them on how to fix it. Being both building manager and strata manager is a win-win for less-scrupulous developers. They can easily, and legally, make millions from

fees while their minions make sure owners don't get a sniff of a defects claim until it's too late.

When savvy new-apartment owners discover they've been tied to expensive, unfair, 10-year management contracts, their strata managers can lead them through the legal minefield. But there's little chance of managers solving the problem if they're part of it.

"The practising strata manager is best able to carry out their fiduciary duty when they are fully at arm's lengths from the developer," says David Ferguson, newly elected chairman of the Institute of Strata Titles Managers.

"The practice is better avoided."

Fair Trading Minister Virginia Judge needs to step in before this wrinkle in the law turns into a roort.

Judge has an admirable record in the area of social justice but she also has an impressive history of raising and distributing party political donations, some of which no doubt came from developers.

So give it to us straight, Minister: whose side are you on?

**Fair Trading
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Virginia Judge
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