



# Your Duty to Maintain

*Your Building's Financial Future Starts Here!*

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# Assumptions

- We are always talking averages
- Building Products are Standardised
- Painting lasts 8-10 years (more likely 8 on the Gold Coast)
- Most building issues tend to be in Building Format Plans
- Some members of committees have their own agenda
- You want your building to last your lifetime



# Every Item In A Building Has A Maintenance Regime



# Make Or Break the Financial Future of a Body Corporate

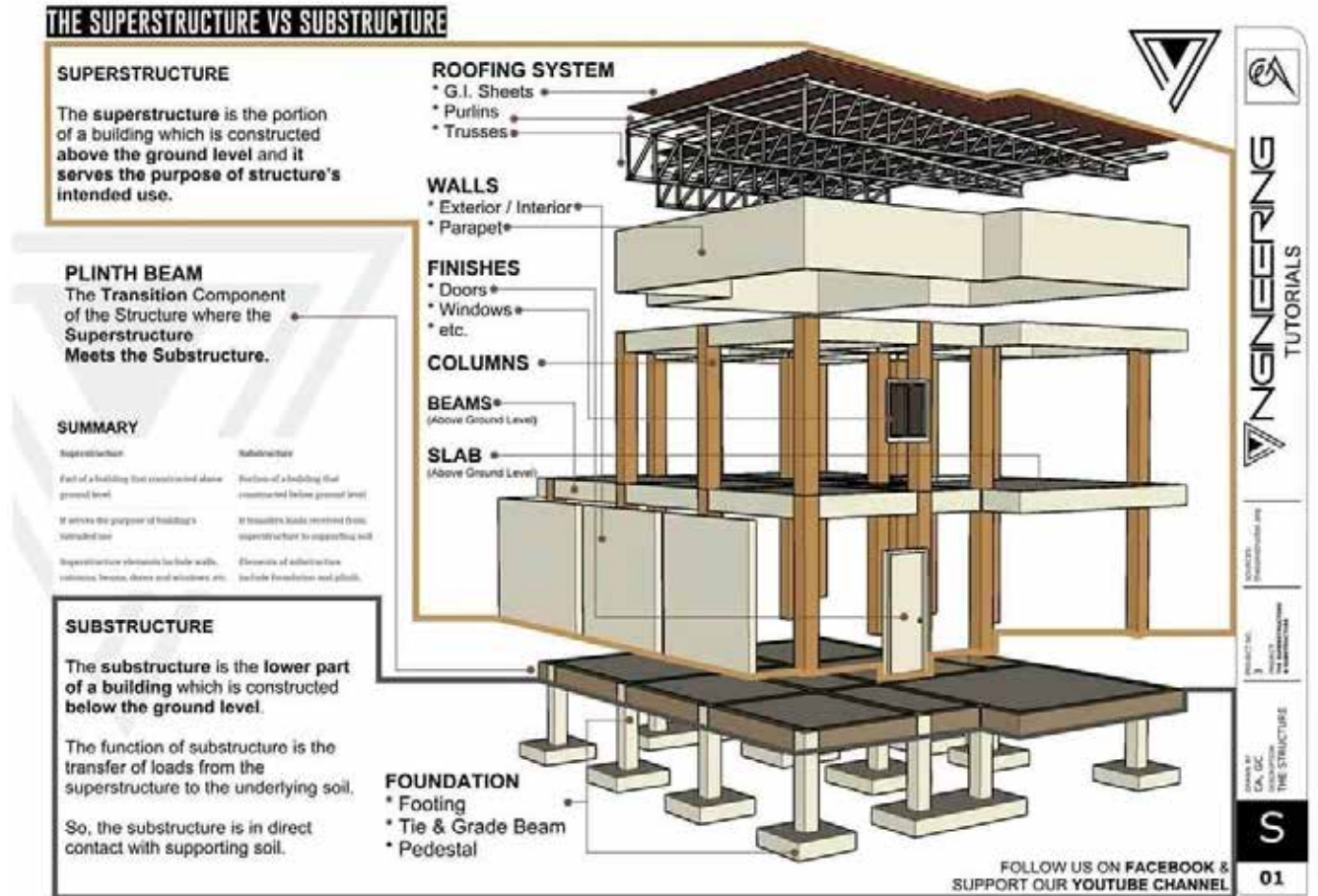
- **Proactive Maintenance will SAVE you money**
- **Reactive Maintenance will COST you money**
  
- The Body Corporate has a **legal** obligation to maintain the common property of the scheme ... regardless of owner's financial situations..



# WHY HAVE A SINKING FUND FORECAST

A Building starts with the architectural and engineering decisions

- 1/3 of the building is the superstructure
- 2/3 is finish and services, with a limited lifespan
- 3 months to 2 years- minor construction defects
- 2 years - initial maintenance free
- 6 years - short cycle items/high use
- 7+ years - major maintenance costs
- 18 - 20 years - major refurbishment costs
- Beyond 20 Years – Maintenance Items arise regularly





# The Regular Safety Suspects

# “So far as REASONABLY PRACTICABLE”

We all have a Duty of Care to each other.

If you are driving down the street, you have a duty of care to everyone else using the road and are liable if your actions (or inactions) result in an injury or death.

Similarly, the Body Corporate – the owners and custodians of common property- have a duty of care to everyone that lives or visits the premises.

Each year, we see numerous lawsuits against bodies corporate and BCM companies, where a visitor or resident has hurt themselves on common property and sued the BC.

It is not just about a workplace...





# Insurance Will Only Cover You If You Maintain

The fine print of most insurance policies will make it VERY clear that if you do not maintain the common property and damage or injury occurs, you will NOT be covered.





# WHEN YOU FAIL TO MAINTAIN A BUILDING, THE WORST CAN HAPPEN...

*It looks like a war zone.  
In reality, it was a poorly maintained Strata Building.*



# SO WHAT WENT WRONG?



COMPENSATION  
= \$1.02  
BILLION USD



Gold Coast 1970s & 1980s



Concrete Cancer spreads at a rate of 5% per year on average.

Concrete Cancer Remediation can be between \$900 - \$1500 per sqm (2022 prices)

10 x 100sqm Units = \$1.5million

They have a life expectancy of 40 Years.... – Professor Holden

Magnesium Oxychloride Used between 1950s – 1980s

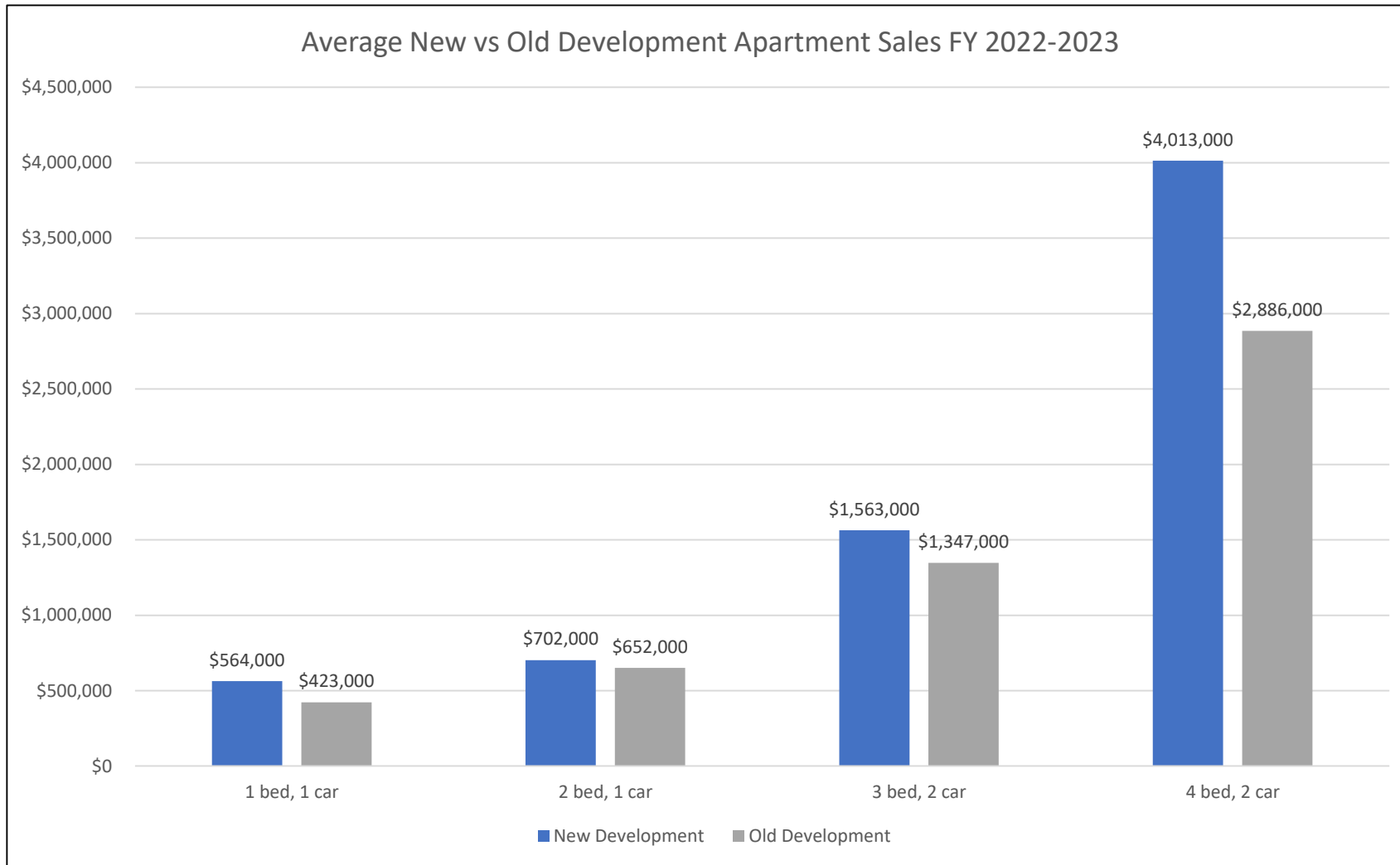
1970s & 1980s Gold Coast buildings are approaching a cataclysmic event....



## President Apartments – Surfers Paradise

- Riddled with Concrete Cancer
- Full of asbestos
- Bad Waterproofing
- Broken Lifts
- Duty to repair & maintain
  - Owners in financial hardship
- \$9million remedial costs
- Insurers pulling policy
- Unsafe to live in





Apartment	Total difference (\$)	Difference (%)
1 bed, 1 car	140,667	= 24.94
2 bed, 1 car	50,334	= 7.17
3 bed, 2 car	216,262	= 13.83
4 bed, 2 car	1,126,667	= 28.07







UniLodge Building In Sydney  
– Currently featuring in the news  
How did it get to this point?

Another Example Of Failed Maintenance – The Result is Bankruptcy

# Failed Maintenance Begins a Spiral

Levies per year above  
\$50,000



Unable to Sell the Units



Forced Maintenance  
worth \$40 million



- 74 year old retiree now has levies \$52,000 P/A
- Pensioner in 70s raised 3 kids by herself hit with \$10,700 levy per quarter and debt recovery notice
- Commercial owner levies from \$1800 per quarter to \$22,165 per quarter
- 67 Year old investor owns 4 units, pays \$40,000 per quarter
  - 600+ Owners in the same position



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