



**STRATA CONCERN:** New owner and Property Council chairman Neil Petherbridge is not happy with the way a 10-year building management contract was awarded. **Picture: Marina Neil**

investigate potential building defects."

The Owners Corporation Network called for regulation of building management committees during a recent review of strata laws in NSW.

A NSW Fair Trading spokesperson said the review covered legislation governing building management committees and building managers.

A report on the statutory review would go to NSW Parliament in November.

"Building management committees or strata management committees are established under strata management statements," the spokesperson said.

"These are needed if a building is a part-strata development, meaning some parts of the building have not been subdivided according to strata title or where there is more than one strata scheme within the building.

"This is typical in mixed-used developments with multiple uses, such as residential, commercial and retail.

"The statement manages the relationship between the owners corporations and other title holders in the building, because while the owners corporation and strata managing agents are subject to the Strata Schemes Management Act 2015, the title holders in the non-strata parts of the building are not."

The spokesperson said building management committees were entitled to enter into contracts on behalf of the entire building, including appointing building managers.

Iris bought the East End site from the state government in 2016 and announced plans for a three-stage redevelopment comprising hundreds of apartments along the southern side of the Hunter Street Mall.

It has completed most of the first stage and cleared the site for stage two of the project.

Strata Sense declined to comment.

The developer bears all of the costs of those appointments up until the first annual general meeting."

He said it was not possible to consult with owners before the inaugural meeting because "at that juncture there is nobody to consult with as settlements have not occurred".

"We did specifically disclose to all purchasers in the contracts for sale that the developer may procure the appointment by the owners corporations and the building management committee of a strata manager and a building manager and that

agreements would be entered into giving effect to those appointments.

"None of the purchasers raised any concerns with this disclosure, including Neil Petherbridge."

Asked whether purchasers were informed that a company with ties to the developer could be appointed building manager, Mr Arnaout said: "There was nothing to disclose as the identity of the building manager was not known at that time as no decision had been made."

He said the completed stage one of the East End project was a complex devel-

opment with three residential strata schemes, a large retail footprint and a hotel.

He said East End Village Building Management was best placed to manage the buildings "given our intimate knowledge of the site, strong working relationship with the builder and ongoing presence on and around the site".

"We believe there will be efficiencies in having the one building manager.

"We believe that the rates are competitive and proportionate with what it takes to ensure the site continually presents at its best.

"All too often you see developments fall into disrepair, which is a fate we do not wish for East End."

Mr Arnaout said each residential strata scheme would have the opportunity to consider and vote on whether to continue with its existing strata scheme manager and building manager at this week's meetings.

"Put simply, if the residential owners wish to use the services of others, they are free to do so," he said.

The executive officer of advocacy group Owners Corporation Network, Karen Stiles, speaking generally

and not about the particular situation at East End, said building management committees were "unregulated".

"This can leave purchasers open to inflated, long-term contracts entered into by the developer which can be very difficult and expensive to get out of," she said.

"Behind the glossy brochures can lie a dark story of developer dominance and inflated costs, especially where a building management committee is involved.

"To add insult to injury, the service providers may be related entities to the developer, lacking incentive to



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