

For immediate release

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Move to End Lawyers Picnic in Strata Disputes Welcomed

The peak body representing apartment owners in New South Wales is calling for Owners Corporations throughout the State to take up an innovative and “game changing” offer by the State Government to solve building defect disputes and end the “lawyers picnic” in dispute resolution with wealthy developers.

It wants Owners Corporations to come forward without delay. It is also calling on new apartment buyers to stay clear of developments that do not offer new developer paid, 10 year defects insurance.

The Owners Corporation Network says NSW Building Commissioner David Chandler has made a brave and historic move to break the stranglehold lawyers have held in dispute resolution with the introduction of *Project Intervene*. Under *Project Intervene*, Owners Corporations up to six years old can now refer serious building defects disputes with developers to NSW Fair Trading, which is the normal timeframe for structural guarantees enforcement.

Fair Trading will sit down with developers/builders and enforce corrective measures if it feels there is a case to answer. An estimated 40% of new apartment buildings in NSW have serious defects according to Government reports.

“Many Owners Corporations have been placed in severe financial distress in engaging lawyers as their only avenue to solve disputes with wealthy developers,” Owners Corporation Network Executive Director, Karen Stiles, said today.

“The legal bills in landmark disputes such as Mascot Towers ran into many hundreds of thousands of dollars and caused enormous stress and financial hardship to owners.

“Sadly, owners have had nowhere else to turn.

“We hope to see a rush of Owners Corporations taking up the offer to utilise Project Intervention.”

The OCN is also urging new apartment buyers to be cautious or steer clear of new projects that don’t offer 10 year defects liability insurance.

The new decennial insurance scheme, also championed by NSW Building Commissioner, David Chandler, will safeguard owners against new Mascot Towers type apartment disasters, which have seen owners pick up the tab for poor construction standards.

The OCN agrees with comments by Commissioner Chandler that the new scheme is “bad news for bad developers.”

Under the scheme, developers can purchase a policy that will cover serious apartment building defects for 10 years. Upon completion of construction, the policy transfers to the owners corporation for the long term benefit of apartment purchasers.

About OCN

The Owners Corporation Network of Australia Limited (OCN) is the peak consumer body representing residential strata and community title owners and residents. Strata is the fastest growing form of residential property ownership in Australia, and the growth of this sector raises increasingly important questions over property ownership and governance.

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Commissioner Chandler has been quoted recently as saying that one in five developers remain risky in NSW.

“This new scheme is groundbreaking and is to be applauded,” OCN Executive Director, Karen Stiles, said today.

“We hope new apartment buyers will be cautious or steer clear of projects where developers do not offer this type of insurance scheme to potential owners.

“It has been a long time coming, but this is the type of protection that NSW apartment owners have been waiting for.”

ENDS

Media Comment:

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