The 2025 Melbourne Strata Compliance Benchmark Report

What 783 Properties Reveal About Fire Safety Management

Industry Analysis - August 2025

About This Report

We've been monitoring fire safety / essential safety measures compliance across Melbourne for years but recently decided to step back and look at the bigger picture. What patterns emerge when you analyse 783 properties? Which management approaches actually work? And why do some portfolios excel while others struggle with the basics?

The answers surprised us—and they'll probably surprise you too.

The Current State of Play

Let's start with the numbers that keep strata managers up at night:

Only 31% of properties we audit maintain perfect compliance. That means 69% of Melbourne's strata properties have at least one defect on the books.

But here's where it gets interesting: we found one portfolio of small buildings achieving a 54% defect-free rate. Same city, same regulations, same contractors available—yet dramatically different results.

The AESMR Crisis
Perhaps more concerning: 22% of properties can't legally issue their Annual Essential Safety Measures Report because of the presence of one or more critical defects. That's more than one in five buildings operating in a compliance grey zone, exposed to:

- Council penalties
- Insurance claim denials
- Personal liability for committee members
- Reputational damage for managers

The Numbers Tell a Story

- Average property: 5.6 defects
- Average defect age: 211 days
- Properties with critical defects: 170 (22%)
- Defects over 6 months old: 52%

Small Buildings, Big Problems

Here's something that doesn't make sense: 37% of strata properties are "simple"—10 assets or fewer. We're talking about buildings with just the basics: exit lights, extinguishers, maybe a hydrant or two.

These should be the easy ones to manage. Yet they average 4.2 defects each.

The Success Story
Remember that portfolio achieving 54% defect-free? They manage predominantly small buildings. Their secret isn't complicated—they just do the basics consistently:

- Systematic contractor monitoring
- Proactive defect tracking
- Clear committee communication
- Regular compliance reviews

If one manager can achieve 54% defect-free with small buildings while the industry averages 31%, the problem isn't the buildings—it's the approach.

The Contractor Lottery

We discovered something alarming: contractor performance varies by 360% across Melbourne. Same services, similar buildings, wildly different results.

The Extreme Examples:

- Best performers: 0.8 defects per property
- Worst performers: 10.2 defects per property
- Industry average: 2.8 defects per property

Some contractors seem to find defects everywhere they look. Others maintain properties with minimal issues. The difference? It's rarely about building quality.

What High-Performing Managers Do:

- Track contractor defect rates religiously
- Use data in contractor negotiations

- Share performance expectations upfront
- Replace consistently poor performers

Most managers? They have no idea their contractor is an outlier until it's too late.

The Hidden Costs Nobody Calculates

Every defect costs more than just the repair invoice. Our analysis reveals:

Time Cost: 2.5 hours per defect in management time

- Chasing contractors
- Updating committees
- Managing paperwork
- Fielding complaints

For a typical 50-property portfolio:

- 280 defects annually
- 700 hours of management time
- $52,500 in hidden labour costs

The Multiplier Effect: Properties with high defect rates also show:

- 3x more committee complaints
- Higher manager turnover
- Increased insurance premiums
- Difficulty winning new business

Why Compliance Predicts Everything Else

Here's what fascinates us: anecdotally, it would appear that properties with poor compliance almost always have other problems. It's like a canary in the coal mine for operational health.

Properties with 8+ defects typically also have:

- Late financial reporting
- Contractor payment disputes
- Committee dysfunction
- High tenant turnover

Properties with zero defects typically show:

- Proactive maintenance programs
- Stable contractor relationships

- Engaged committees
- Lower overall costs

Compliance isn't just about fire safety—it's a window into management effectiveness.

The 180-Day Problem

Over half of all defects are older than 6 months. Think about that: issues identified, quoted, approved—then nothing. For 180+ days.

Why This Happens:

- No systematic follow-up process
- Contractors quoting but not completing
- Committee approval delays
- Lost in the shuffle of daily tasks

The Solution We've Seen Work:

- Weekly contractor check-ins
- Automated reminder systems
- Clear escalation procedures
- Regular committee updates

One portfolio reduced their average defect age from 245 days to 67 days in six months. Same contractors, same properties—different process.

Asset Types That Cause 80% of Problems

Not all assets are created equal. Our data shows clear problem children:

The Usual Suspects as percentage of overall defects:

1. **Fire Doors** - 20% of all defects
2. **Passive Fire -** 13% of all defects
3. **Hydrant Systems** - 12% of all defects
4. **Path of Travel** - 9% of all defects

Whilst the assets most likely to find defects if present in the building:

1. **Hydrants –** 57% of all Hydrants had defects
2. **Sprinkler System –** 53% had defects
3. **Pumpsets –** 46% had defects
4. **Fire and Smoke Doors –** 38% had defects

Interestingly most of the defects for Hydrants, Sprinklers and Pumpsets pertained to omitted service routines rather than problems wit the actual assets themselves.

What This Means: Focus on these categories and you'll eliminate most compliance headaches. Yet most managers spread their attention equally across all asset types.

Best Practices from Top Performers

We studied the top 10% of portfolios (80+ properties with exceptional compliance). Here's what you would need to do differently to achieve best practice results:

1. Measure Everything

- Contractor defect rates
- Resolution timeframes
- Cost per defect
- Compliance trends

2. Communicate Proactively

- Monthly compliance updates to committees
- Clear defect status reporting
- Celebrate successes (not just problems)
- educate on compliance importance

3. Standardise Processes

- Same contractors across portfolios
- Consistent service specifications
- Template communications
- Systematic follow-up procedures

4. Think Prevention

- Address issues before they become defects
- Regular contractor performance reviews
- Proactive asset replacement programs
- Committee education initiatives

The Technology Question

"Do I need fancy software to improve compliance?"

Not necessarily. The best-performing portfolios use a mix of:

- Basic spreadsheet tracking
- Calendar reminders
- Standard email templates
- Regular review rhythms

Technology helps, but process beats platform every time.

Your Compliance Health Check

Ask yourself these questions:

1. What percentage of your properties are defect-free right now?
2. How old is your average defect?
3. Do you know your contractors' defect rates?
4. When did you last review compliance processes?
5. Could you produce compliance stats for a committee in 5 minutes?

If you struggled with any of these, you're not alone. But you're also leaving money and reputation on the table.

The Path Forward

The gap between average (31% defect-free) and achievable (54% defect-free) isn't about working harder—it's about working systematically.

Start Here:

1. **Baseline Your Current State**
   - Calculate your defect-free rate
   - Identify your problem assets
   - Review contractor performance
2. **Pick One Thing to Fix**
   - Most impact? Focus on AESMR validity
   - Quick win? Reduce defect age
   - Long-term? Contractor accountability
3. **Measure and Adjust**
   - Track monthly progress
   - Share wins with committees
   - Build on what works

Remember: one portfolio achieved 54% defect-free with small buildings. If they can do it, the question becomes—why accept anything less?

About Focus Building Risk & Compliance

We monitor fire safety compliance across Melbourne and up the East Coast of Australia. This report reflects patterns we've observed across our portfolio—from 3-lot buildings to 300+ lot towers, from hands-on managers to large management firms.

Our mission: transform compliance from a burden into a business advantage.

Want to discuss your portfolio's compliance performance? We're always happy to share insights over coffee.

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Note: All data reflects analysis through August 2025. Individual property details remain confidential. Industry averages calculated from properties under active monitoring.