

Silver Community Link

The Newsletter of Community Manager Stewart Silver King and Burns

May/June 2008



Have you ever been to a barbeque at a friend's house, and been introduced to someone new? While burning a sausage, or knocking the top off 'a frosty one' inevitably your new acquaintance will ask: "So Tim, what do you do for a living?"

I don't want to be a whinger, and I don't want to underestimate the obscurity of anyone else's profession, but answering this question is really difficult for a body corporate manager. I was once a practicing lawyer, and the only thing I miss from my previous career is how easy it is to answer the question "What do you do for a living?" If you answer, "Oh, I'm a lawyer.", you automatically convey a meaning. Most people will make some generalisations about you. They may assume you went to university, you enjoy chardonnay, you work in an office, wear a tie, and you spend your days trying to sort out people's legal issues,

SO... WHAT DO YOU DO?

whatever they may be, all the while charging for your precious time in 5 minute increments.

My view is that if you say to someone, "I am a body corporate and community manager." more often than not you will succeed in either having their eyes glaze over through lack of interest, or you will confuse them. It is the case that even for the vast majority of people who own property that is community titled (*and believe it or not there are approximately 1.5 millions bits of strata property out there in Australia so there must be a lot of you!*) have little understanding of what a body corporate does, what the committee of the body corporate should do, what the resident manager does, and where their money goes each quarter. So saying "I am a body corporate manager." provides no clarity at all in explaining how we at Stewart Silver King and Burns spend the hours of 7:00 a.m. to 6:00 p.m., 5 days per week.

When the team at Stewart Silver King and Burns put together its Community Carers Compass, we ensured one of the points of the C-A-R-E compass was 'E' for education. (The other points in order are 'C' for communication, 'A' for accuracy, and 'R' for regulation). To show our commitment to 'education' (*and hopefully to make us all feel*

better at barbeques) we have made education the theme of this quarter's newsletter. So the team that puts the newsletters together have included articles on Sinking Funds, Budgeting, AGM's and a Jargon Buster. I hope you find the information useful, and if you do, you will also find more information on our newly updated website.

By the way, I am trialling different answers to the question "So, what do you do?" The best that I have come up with (*bearing in mind I am trying to avoid having people's eyes glaze over and there is only a 20 second window of opportunity before eyes go glassy*) is – "Oh, I am a body corporate manager, which means I help unit owners make their own decisions about how they spend their money". The use of the word "money" might even encourage a second question. It usually sparks interest. Not as keenly as the word "sex", but I challenge any of you to work the word "sex" into a meaningful explanation of body corporate management. Let me know what you think about that explanation. I am always looking for improvements.

Tim Sheehan,
Managing Director.



ANNUAL GENERAL MEETINGS - WHY SHOULD YOU ATTEND?

Each year your body corporate is compelled to conduct a general meeting. It is the only compulsory meeting of the members.

This is also your chance to attend the meeting and vote for any of the motions that are submitted by the committee, other lot owners and compulsory motions, as well as the election of a committee. Motions are to be submitted prior to the end of your financial year.

Notices for the Annual General Meeting (and all other general meetings) are sent out at least 21 clear days to enable lot owners to carefully consider all matters to be voted on prior to the meeting. The information in the agenda for the meeting will include a motion to approve the budgets and approve the contributions to be collected from each owner for the forthcoming year.

As a lot owner, you are encouraged to attend the Annual General Meeting and to vote on the motions presented, and this may be done in a number of ways: by voting paper, by proxy, or in person by voting from the floor. Each lot is entitled to one vote only. A company nominee is entered on a roll is also a voter.

To be entitled to vote at a general meeting, each lot-owner is responsible to ensure that their details are entered correctly on the body corporate roll.

Many owners attend the general meeting of the body corporate so that they are informed and updated on the program of spending and improvements to be undertaken within their body corporate during the course of the year. The lot-owners vote on any major spending (items to a greater value than \$125.00 x the number of lots) in order for the authorisation of

those funds to be spent.

Unfortunately, many people leave the decision-making that will impact the body corporate levies and the maintenance and improvements to common property to a handful of lot-owners. The result is often disgruntled lot owners who feel alienated because they have higher levies to pay.

We urge all lot owners to read the notices and material supplied with the annual general meeting agenda, and to attend the meeting where possible, so that they really feel part of the decision-making process for their body corporate. As a member of a body corporate, you are now part of a community. In this community you have the right and privilege of assisting your community to make decisions to enrich and enhance your lifestyle.

ALL ABOUT SINKING FUND BUDGETS

Why have one?

A body corporate is required by law to have a sinking fund budget each year.

What does the budget do?

The sinking fund budget allows for raising a reasonable capital amount to :-

Accumulate a reserve of an appropriate amount necessary to meet anticipated capital expenditure over the next 10 years.

What items are included in a Sinking Fund Budget?

- Repainting the building exterior and common property walls and ceilings;
- Waterproofing, flashing, roof membrane, making safe external balconies;
- Replacing or adding floor coverings to common areas and stairwells;
- Roller doors, garage doors, lift - repairs, overhaul, bitumen driveway and car park;
- Swimming pool, spa and sauna - replacement of equipment and surfaces;
- Roof and guttering; fire safety and security system and equipment;

Basically all items which are improvements to the common property; or renewal or replacement of equipment and parts of the building.

How is a Sinking Fund Budget derived? What are the choices?

- Engage a professional to prepare a

sinking fund forecast - resulting in a sinking fund budget which accurately reflects the current and future expenditure requirements.

What is a Sinking Fund Forecast?

A report which: -

- Details the likely items of capital replacement, expected year of replacement/repair with estimated costs - taking into account such factors as estimated remaining life;
- Forecasts the likely costs the owners will need to contribute each year to its sinking fund - in order to replace plant & equipment and to carry out major repairs or works.
- The Sinking Fund Forecast must be completed by a fully qualified person. This report is usually of a 10 to 15-year duration, with reviews on a 3 to 5 year basis.

What are the benefits of having a Sinking Fund Forecast?

- Provides a sound basis for preparing the sinking fund budget;
- Owners have an accurate assessment of the financial needs for capital items over the next ten year period;
- Negates the need for special levies, which can be a tremendous financial burden on some owners;

- Protects owner's investment in the building - demonstrates to prospective purchasers that provision has been made for future replacement and large maintenance requirements. A good sinking fund always looks good to prospective buyers.

How does a Sinking Fund Forecast help the building maintenance program?

- The forecast provides an accurate plan for future maintenance and replacement work.
- The committee can use the plan (required works and costs) to determine when certain works can and need to be done, and then set budgets to provide gradually for the year required.
- Some projected expenditure can be safely deferred. Often there is unplanned expenditure, or some items might have to be brought forward. In either case having a healthy sinking fund balance stands owners in good stead.

Spending funds on improving and preserving a building and its facilities is money well spent. It will lead to a properly maintained building with higher returns to owners who choose to let their units, and a better price when owners decide to sell their unit.

SILVER ASSET SERVICES

Ongoing press coverage on the housing affordability crisis combined with continued water restrictions, power price spikes, traffic gridlock and now the looming world oil price raises the question "Is continuing the Australian way of living and working viable?".

Silver Asset Services, a subsidiary of SSKB, are providing a wide range of sustainability initiatives to both individuals and communities

which they can undertake now to obtain better outcomes for the environment (and the hip pocket).

One exciting new initiative sees Silver Asset Services actively working with government, major community developers and property industry associations to develop more affordable communities that are virtually self-sufficient with regards to community power and transport requirements.

Silver Asset Services can also provide you with a range of solutions for protecting, maintaining and adding value to your building. For more information on what Silver Asset Services can do for you, please call 1300 557 477.


SILVER
ASSET SERVICES
Always building value

COMMUNITY DIVIDEND PAYS!

Gold Coast Bulletin Article
24th March 2008

Bendigo Bank and Stewart Silver King and Burns are proud to announce their ground breaking Community Dividend Scheme is paying out over \$60,000 this month. This, together with their last payment of over \$50,000, is a substantial amount to help bodies corporate reduce their levies, refurbish common areas and even support local charities.

Under the scheme, bodies corporate managed by SSKB receive a dividend payment for every dollar of banking business held with the Bendigo Bank's Bundall branch

The Community Dividend is calculated as a percentage of your community's total banking business - the more banking your community does, the more the dividend grows.



BODY CORPORATE BUDGETING 101

Each year the body corporate must administer funds collected from the lot owners (in the form of levies) to pay the expenses incurred in running the body corporate. Expenses usually include repairs and maintenance, administrative costs and utilities such as common power, insurance etc. This is the administration fund, and it is specifically for the day-to-day recurring spending.

The body corporate must also ensure that funds are available to replace major items of a capital nature. The sinking fund contains the contributions collected specifically for these non-recurring items and contributions to this fund are determined by reference to the sinking fund report.

Each year prior to the Annual General Meeting, the committee of the body corporate meet to establish the level of contributions that will be required to fund both the administration and the sinking fund to meet the expenditure requirements for the next year.

Matters to be considered will be:

- any major projects or maintenance issues,
- submissions for spending from lot owners or the committee itself and
- items in the sinking fund reports.

Generally, the administration fund will be reviewed, with any contracted expenses entered at the contracted rate, which will usually build-in annual adjustments. Other recurring items will be adjusted in line with CPI based on the previous years expenditure.

The sinking fund budget in newer buildings will still contain provision for capital items in future years so that the replacement of these items does not represent a burden to owners when they occur. Major spending items will have to be submitted to lot owners for their consideration at General Meetings and a minimum of two quotes will need to be supplied.

It is the responsibility of the committee to ensure that the common property of the body corporate is maintained. The safety and security of all lot owners and their property is the driving motivation behind the committee and their endeavours. In order to achieve this goal, the budget process must effectively allocate sufficient funds for the necessary repairs, maintenance and running costs of the body corporate.



It is this budget that will determine the levy contributions of the lot-owners. The committee then submits these budgets to all lot-owners at the Annual General Meeting in order for the lot-owners to accept and approve the spending programme. **It is the community who decide.**

All the committee members are volunteers who spend many hours of their own time chasing reports, quotes and submissions on behalf of all owners in order to preserve the assets and common property of the whole community.

JARGON BUSTER



At SSKB we are frequently asked for definitions of the "body corporate terminology" used. We have endeavoured to put this Jargon Buster together to help. This edition features A-C, watch this space for more definitions in future editions, the Jargon Buster will also be available on our website www.sskb.com.au.

Administrative Fund

Is the fund established to pay for the day to day expenses of the body corporate. For example, payment for a gardener who takes care of common property gardens would be made from the body corporate's administrative fund.

Agenda

The running order of the meeting including a list of motions to be voted on.

Body Corporate

For properties on Group Titles, the body corporate is the legal entity which manages the complex, holds meetings and takes care of the legal responsibilities of the complex. Each owner of a lot with the Group Title are members of the body corporate.

Budget

Annual cost plan for the body corporate's financial commitments for the year. Including items for both the Administrative Fund and Sinking Fund. When approved at a general meeting it becomes the basis for calculating levies.

By-laws

A set of 'rules' that the residents (owners and tenants) in the body corporate must follow. These can be changed at a general meeting. All by-laws are not the same so it is wise to obtain a copy of the current by-laws for your body corporate.

Certificate of Title

A Certificate of Title (Title Deed) is the record of ownership of a property. In Queensland, Certificate of Titles have now been computerised and are stored electronically by the government.

Committee

People elected at a general meeting to govern the body corporate in accordance with the rules. They exercise all the powers and duties of the body corporate between General Meetings.

Common Property

The area of land and building in the body corporate which do not form part of any lot. For group title complexes (for example apartment buildings or townhouse complexes), the common property means all property in the complex that is held in common by all owners and is managed and insured by the body corporate. For example, a swimming pool located in the complex would be common property of the body corporate.

Common Seal

The body corporate has a seal styled "The body corporate for" and this must be affixed whenever the body corporate executes a document.

Community Management Statement (CMS)

This document is registered with the government and includes the following information: *By-Laws which are the rules and regulation of the complex* Lot Entitlement Schedule which shows the lot entitlement for each lot owner. Exclusive use areas.

Company Nominee

A company must authorise a person in writing to vote at meetings on its behalf.

Contribution Entitlement

The total of all the individual unit entitlements in the body corporate.

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The Backpage Blurb

STAFF PROFILE: SUE CUBBIN



Sue Cubbin has a wealth of knowledge and experience when it comes to the body corporate industry. Having started out 25 years ago in the role of personal assistant to a property developer.

Stewart Silver King and Burns and its clients have been sharing this knowledge for the past 5 years with Sue as a passionate Community Manager and Team Leader. Sue is always one of the first to bring forward new ideas on how to improve the company's service delivery to our customers. She has also assisted the SSKB team by holding internal training sessions. There isn't much you could ask Sue ranging from The Body Corporate and Communities Act through to the insurance side of things that she wouldn't be able to answer. Her knowledge is expansive and in-depth.

Sue spent 4 years of her time with SSKB

based in the Bundall office supporting the team in her community management role. In the past year Sue has taken over the management of Coomera Waters bodies corporate. She not only manages the bodies corporate of Coomera Waters but also lives within the estate and works from the onsite office. Sue also manages several high rise buildings on the Gold Coast.

When Sue isn't busy with the world of body corporate she enjoys spending time with her three children and husband. Sue and her family keep very busy with community work. They also enjoy participating in water sports and taking their boat out on weekends.

All in all Sue is a very busy woman both personally and professionally. She is very happy with her current roll and will continue to work along side residents to build strong community relationships within Coomera Waters.

COMMUNITY IN FOCUS: COOMERA WATERS



many spacious communal areas that can be utilized for that relaxing Sunday afternoon, but there is also a lot to offer the active residents of the community. The estate has a Recreational club that features such facilities as pools, spas, sauna, full-sized tennis courts, gymnasiums and a function room. There is also a full-sized beach volleyball court and a children's playground.

Coomera Waters is a stunning eco residential development situated on the northern end of the Gold Coast. Coomera Waters was created to achieve a balance between preservation and development. As a result of this approximately half of the estate is reserve. The low density development of Coomera Waters provides residents with plenty of open space and gives the support required to preserve the flora and fauna.

The Estate boasts amazing parks and walking trails covering over 20 kilometres of breathtaking and varied landscape. There is even a beautiful man-made Butterfly park. Not only does Coomera Waters pride itself on the

The residential aspect of Coomera Waters consists of over 20 bodies corporate equating to 1086 individual lots in total. The growing future of Coomera is bright with a large amount of development currently in the pipelines. It has been estimated that the suburb of Coomera is fast becoming the major hub within the growth corridor between Brisbane and the Gold Coast, with more than 100,000 people predicted to live in Coomera in 2025. Coomera Waters along with the managerial assistance of SSKB will continue to grow with this and see that lot owners assets are at their full potential and community living is at it's best.

Building Managers Trade Show

SSKB's Building Manager's Tradeshow will be held 2pm, 17th July 2008 at the Gold Coast Arts Centre.

This seminar is designed to expand your available resources and tools to enable you to run a better and more successful business.

On the day we will be giving out resource kits to give you plenty of options to assist in the day-to-day operation of your business and your building.

Both building managers and owners are welcome. If you are interested in attending please RSVP to seminar@sskb.com.au or contact Lucy Molloy on 07 5504 2091.

How to contact your local SSKB office:

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