

Strata Changes Emerging

We always seem to be at the mercy of the Government – changing political parties, Government policies, increasing taxes, interest rates and so on. The strata industry is not immune to changes, be it welcome or not. 2010 has seen a number of changes for the strata industry including changes to swimming pool safety laws, introduction of the sustainability declaration (for sale properties) and Peter Lawlor MP (Minister for Tourism & Fair Trading) announcing in February changes to lot entitlement calculations which could affect many schemes in Queensland.

Club Body Corporate was attending a CTIQ (Community Titles Institute Queensland) seminar at the Brisbane Convention and Exhibition centre when the announcement was made and presenters at the seminar were somewhat concerned as to what and how the change will affect the industry.

Peter Lawlor announced “*The Body Corporate and Community Management Act 1997* will be changed so there is a better and fairer system for working out shared costs associated with living in an apartment complex or other community titles scheme,” he said.

“This is a much needed change. The Act has had a loophole which unfairly allowed some unit owners to get away with paying less than their fair share of body corporate fees at the expense of others.

“The present law means that in setting or adjusting body corporate contribution lot entitlements, all lot entitlements should be equal, except to the extent that is just and equitable in the circumstances for them not to be equal.

“We are putting a stop to this and changing the law so it’s fairer for everyone all round.”

Mr Lawlor said since the Act was introduced in 1997, lot owners could apply to have their lot entitlements – and thus body corporate fees – reduced at any time.

“Penthouse owners, for example, can effectively slash their own body corporate fees, but these costs are merely passed on to others in the complex instead,” he said.

“So a ground floor studio owned by a retiree or pensioner would be left paying much more than they had budgeted for when buying the unit – in some cases double and this has forced many unit owners out of their homes.

“This situation needs to be fixed if affordable housing options are to continue to be available to a wide range of Queenslanders.”

Mr Lawlor said under the next system, lot entitlements in a ‘standard format plan’ – such as some townhouse-type complexes – would be set in proportion to the unimproved value of the land.

“For a ‘building format plan’ – typically used for multi-storey developments – developers

will have to set lot entitlements by some legislative guidelines but there could be scope for them to factor in market conditions and values of property.”

It is hard to say at this stage how wide reaching the change in legislation will be, however there is no need to hit the panic buttons yet. Schemes currently under the management of Club Body Corporate will not be affected. Generally those schemes that have current issues with lot entitlements and those that have previously had lot entitlements adjusted are likely to be affected. ■





Profile

Karen Horsfall

Club Body Corporate
Manager

Club Body Corporate Manager Karen joined Club Body Corporate during its inaugural year in September 2009, after three years as Branch Manager for a body corporate management company based in Fortitude Valley. Prior to that, she spent 16 years in a prominent Brisbane Law Firm as the Manager Settlements, Stamping and Registration within the Banking and Finance arm, dealing with residential and commercial securities and lending.

The portfolios that Karen has managed have included unit and townhouse developments, large residential apartment buildings, mixed use developments, hotel/resort complexes, layered schemes and schemes registered under Building Units and Group Titles Act and Southbank Corporation Act. Karen's experience and knowledge of property, accounting and body corporate management ensures Club Body Corporate is experienced in all aspects of the industry.

“Club Body Corporate is experienced in all aspects of the industry.”

With a Bachelors Degree in Commerce (Accounting & Finance major), Certificate IV in Property (Operations) and a practising member of the Community Titles Institute Queensland (CTIQ) and a member of National Community Titles Institute (NCTI), Karen has the qualifications to provide superior management services.

As the Department Manager for Club Body Corporate, Karen not only performs the role of body corporate manager for the schemes but she is also responsible for compilation of marketing material, providing assistance to members and lot owners, ensuring her staff are adequately trained and constantly up to date with industry changes, attends external industry training, conferences and the numerous The Investors Club events throughout the year. ■

Winter Warmers

Before you reach for the heater controls keep in mind these winter warmer tips that will help you save energy and money.

- Insulation retains warmth generated in your home
- Repair faulty door seals, hang curtains or blinds close to window frames and lay rugs securely on bare floors
- Keep your curtains drawn to keep in the heat especially large glass windows
- Keep all doors closed to unused areas (unless your heating or cooling system requires doors or windows to be opened)
- Eliminate draughts by covering any openings at the base of doors or in windows
- Allow the sun to come in during daylight hours to warm the home

Air Conditioning

Reverse-cycle air-conditioning is the most energy efficient way to keep your home warm.

- Set temperatures to 20°C (Summer 24°C)
- Turn the unit on before your home gets cold
- Clean filters regularly and remove any obstructions

Heaters

- Use timers to automatically turn units off after set period of time
- Minimise use of portable electric heaters. One heater can add hundreds of dollars to one winter electricity bill
- Choose oil-filled heaters for bedrooms (low surface temperatures and enclosed elements)
- Light gas heaters in accordance with the manufacturers instructions (set at comfortable level after the burners are lit)

Hot Water

- Use bathroom heat lamps to warm bathroom and cut down on the use of hot water
- Install water saving shower heads
- Connect appliances to cold water only (dishwasher, washing machine)

By following these tips we can all do our part to conserve energy and money. ■



Diary Dates

Body Corporate is governed by legislation that ensure equitable management. This includes, setting down the provisions for important milestones throughout the year including:

End of Financial Year

- Calling of committee nominations at least three weeks before but not more than six weeks before the end of the scheme's financial year.
- Lot Owners are invited at least three weeks before but not more than six weeks before the end of the scheme's financial year to submit motions for inclusion on the agenda for a general meeting.

Annual General Meeting

- Annual General Meeting must be called and held within three months after the end of the scheme's financial year.

- Notice of the Annual General Meeting (including agenda) must be given to Lot Owners at least 21 days prior to the meeting date.
- Minutes of the Annual General Meeting must be given to Lot Owners at least 21 days after the meeting.

Committee Meeting

- Notice of a Committee Meeting must be given to Lot Owners at least seven days prior to the meeting date.
- Minutes of the Committee Meeting must be given to Lot Owners within 21 days after the meeting. ■

Fire Compliance – Don't Let It Cost Lives

Fire safety requirements in Queensland changed dramatically in July 2008 with the adoption of the *Building Fire Safety Regulation 2008* which set the Fire Safety Installations (FSIs) that must be maintained. Queensland now has arguably the most stringent fire safety requirements for building owners, occupiers, managers and contractors in Australia.

The changes in legislation aim to greatly increase the safety of people during a fire emergency. This is done by ensuring that buildings have adequate and properly maintained FSIs and by improving on the arrangements and training for evacuation in the case of an emergency. The owner, occupier and/or manager of a building in Queensland has legal obligations to ensure that the safety of every person in the building in the event of a fire or other emergency. The Body Corporate has control over and is the occupier of the common areas of a scheme and as such, the Body Corporate must ensure that:

1. All FSIs required to be in the common property areas are installed and properly maintained;
2. All evacuation routes are safe and free from hazards;
3. A Fire and Emergency Plan for the building is developed and maintained;
4. The evacuation coordinator, people with responsibilities under the Fire and Emergency Plan and workers receive specific training;
5. If the building is a "high occupancy" building, a Fire Safety Advisor is appointed;



6. An "Occupier's Statement" is submitted to the Commissioner of the Queensland Fire and Rescue Service every 12 months, stating that all FSIs have been properly maintained.

How do we know who needs to comply?

If your scheme is anything but a standalone house or townhouse (with no other lot, car park or other Class of building part above or below each dwelling, except the dwelling's own garage), then the scheme has fire safety obligations. This means that most BFPs (Building Format/Building Unit Plans) will need to comply. When Club Body Corporate takes on board a new scheme, we audit the complex to ascertain the class of building and take steps to ensure that existing compliance is maintained or start the process for becoming compliant.

The deadline for compliance with the legislation was 1 July 2009 with all strata

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buildings having submitted annual occupiers statement by 1 July 2010. The penalties for non compliance are up to \$7,500 for each instance of basic non-compliance and up to \$150,000 or three years imprisonment if the non-compliance causes multiple deaths. Recent reports from the Queensland Fire and Rescue Services indicate that 50% of Queensland's strata buildings have taken no actions to comply with the legislation. If concerned, be sure to check with your body corporate manager for your scheme's compliance status. ■



Quality Tenants For Quality Properties

TIC Realty Property Management Services offer a first class professional service for investors and tenants in South East Queensland.

We service property portfolios for members of The Investors Club as well as assist quality tenants find quality homes.

www.ticrealty.com.au



Recipe For Success

Club Body Corporate take pride in providing efficient body corporate management to strata clients and knowing how to position the business in an ever competitive market with the right people at the helm.

We aim to provide all lot owners more than our contractual obligations by going that extra mile, ensuring all communication lines are open and committees are kept up to date on a regular basis.

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The biggest issue faced by any body corporate is when their investment is left to run itself and the body corporate manager only gets involved when problems start arising, generally when it is too late.

We also offer free to all schemes at least one site visit per year (where geographically feasible). During our visit, we take photos of things we perceive may cause a problem for the scheme. We draw our attention to



safety issues that may have been identified in Workplace Health & Safety reports; we view gardens to ensure regular maintenance is adequate (not overgrown, trees clogging gutters) and rubbish is not being dumped on common property (attracting vermin) and check servicing of emergency lighting and fire equipment (if applicable). It is at this stage that we advise our committees what is necessary to ensure the complex is well maintained. ■

Did You Know?

- There are approximately 355,000 community title lots in 37,880 bodies corporate in Queensland
- The value of strata titled property in Queensland is larger than \$100 billion
- Approximately \$355 million in body corporate levies are collected each year
- There is upwards of 93 different state and commonwealth legislative requirements that affect community title schemes in Queensland
- A body corporate is legislatively bound to hold insurance against public liability for a minimum of \$10 million for a single event, and at least \$10 million for a single period of insurance
- A body corporate is legislatively required to obtain at least every 5 years an independent insurance valuation stating the full replacement value of the building or buildings
- One in five property owners don't see their investment properties and when they do, it is in need of attention – are you one of those five? ■

Q+A's

Q What does a Body Corporate Manager do for the Body Corporate?

A Standard services offered by a body corporate manager include assisting the Chairman, Secretary and Treasurer, attending to the preparation of meeting paperwork and distributing minutes, payment of expenses and insurance premiums, reconciling the bank accounts, preparing the levy contribution notices, maintaining the Body Corporate roll and records and provide advice and assistance where it is reasonable to do so. ■

Q Why appoint a Body Corporate Manager?

A There is no legislative requirement for a body corporate to engage a body corporate manager. There is a lot of legislation surrounding the Body Corporate industry that all Bodies Corporate must adhere to. Not many Executive Committee Members would be aware of all of this legislation and have the time or resources to commit to their Body Corporate to be able to do this without the assistance of a specialist. ■

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Those who aren't
always seen are
never too far away.
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