

NEWSLETTER ISSUE 8 July 2012

Thank you for all the feedback it really helps us to ensure our newsletter contains useful and relevant information. In line with this, we thought we would cover some other aspects of strata management that create frequent queries from you.

Admin and sinking funds – what fund for which expense? We are often asked what expenses are administration fund and which are sinking. If you have attended an AGM, it is often put as follows: think of the admin fund as your own cheque book. You use this to pay for day-to-day expenses, e.g. electricity and water bills, a cleaner, insurance policies and small repairs to your own property. The sinking fund is for larger expenses and more “capital” type items as they rarely come up. That is why the sum paid into the sinking fund each year is generally smaller than that paid into the admin fund. You save up for sinking fund expenses over a much longer period.

For instance: the replacement of guttering and downpipes probably needs to be done every 25 odd years and costs, let's say, \$20k. As a scheme you have to put less than \$1k a year into the sinking fund so the money will be there to do the job when necessary. Other expenses would include painting, new roof or sewer, TV equipment and re-pointing of the external brickwork. Just as you may save up for a holiday in a separate bank account over a long period, so the scheme does for each of these long-term items.

At PSS we review the sums in your sinking fund in January and July each year (i.e. every 2 quarters) to invest surplus funds. This means that the banks are contributing to your funds, because you are achieving a better rate of return.

Ways our schemes are saving money: A number of our newsletters last year touched on increases to water and electricity bills. Whilst the reality of carbon tax for each of us is yet to be realised, more schemes are taking steps to change electricity providers by visiting the Go Switch website. One block of 73 units will save just over \$4k a year by doing this alone. Some schemes have changed light globes (don't leave this for your cleaner to work out – we can assist based on information from consultants) but there are more energy-efficient options. We encourage our committees to investigate these options as costs will only continue to increase. Doing something sooner rather than later will allow you to pay as little as possible - for as long as possible.

Some schemes have taken steps to further reduce their amount of rubbish for disposal. This can be done by being more vigilant with recycling, using other options which Councils provide for disposing of unwanted items or even dropping reusable items off to places like the Salvo's. Pre and post-campaign audits of rubbish bins being put out can be organised with local Council – if rubbish disposal needs are reduced, so then Council can lower owners' rates. Council have found that by reminding residents about recycling (e.g. notices on the board or in letterboxes every few months) people are more vigilant in their actions.

One idea for increasing recycling is a swap shelf in the rubbish area (e.g. outside the bin room door) where things like unwanted books or clothes can be left for a week as they may be useful to others. If it is not claimed after a week it can be placed out for Council collection.

A scheme of 80 units, which is only a few years old and was fitted with dual-flushing toilets, etc., is looking at arranging for a plumber to visit units who report leaking taps and toilets as a one-off exercise to minimise possible excess water costs. It is felt that tenants may not be reporting these issues to their owner/agent or owners may simply not take steps to rectify these things. Not fixing such leaks is false economy because water costs over a long period are high and are only increasing.

The block of 217 units we manage at Randwick has reduced costs, by having almost half its owners receiving meeting and other notices via email – saving on photocopying charges and mandating the destruction of fewer trees at the same time. The motion to have such information served via email is on each scheme's AGM this year. However, it is up to each owner to contact us (reception@prostrata.com.au) and advise that they wish to receive notices by email and to what email address, after the meeting.

By taking these few steps owners are able to reduce their impact on the environment and save money. There are not many ways these days to reduce costs without giving something up. **These suggestions do not require owners to lose out on a service to leave a bit more in the account.** Most don't take a lot of time or much effort to implement, so if any of these are something you wish to investigate for your scheme, get yourself elected to the Executive Committee at the AGM and take the opportunity to make a difference.

Docmaxupdate: This is now up and running. In May 2012 we commenced posting Building Status Reports on-line so ALL EXECUTIVE COMMITTEE MEMBERS can now view these, not just the treasurer and secretary. For those not familiar, this report includes details of invoices paid, income, balances in the admin and sinking fund accounts and a copy of the bank statement each month.

Further, as of July we have placed copies of all work orders, quotes, and correspondence received or sent for the scheme on your webpage. All of the Executive can view this information so that more members are aware of what PSS is doing for the scheme throughout the year.

We are also starting to place such things as engineer's reports, Council fire orders, progress reports on work (e.g. defect claims, painting, etc.) sinking fund assessments, and energy saving reports some schemes have obtained, including any updates from your Executive Committee on the web so ALL OWNERS can view these online.

This information can be found by visiting our website – Google “Progressive Strata” and on our home page on the bottom left corner is “Client Log-in”. Use the password you have been provided with, either when you became a client of PSS or, if you purchased your unit after that, it was sent to you when we updated the strata roll. Note that if your levy goes to your agent they will have received the password, and they should have it in their file. It's yours, so retrieve it from them.

Remember that you will also find your lot statement information on the webpage, allowing you to print off one page for the year for your accountant (yes, it's tax time again). Seek their advice regarding *any special levies for improvement of the property you may be able to claim*: our motions are worded such that some owners, depending on their circumstances, will be able to claim these extra payments. You may need to give the minutes of the meeting to the accountant as well, so save them. If you are now receiving meeting information via email it will be much easier for you to retrieve. Point these out to your tax adviser and enquire if you are entitled to claim them.

We remind you that all our newsletters are posted on our website (see the home page). So far they have covered meeting processes, the scheme's obligations regarding maintenance and other possible ways to save money.

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