

# Did you know...

## 1. **What is a strata managing agent and what do they do?**

A strata managing agent, licensed under the Property, Stock & Business Agents Act 1941, is a person who has the necessary academic and management experience to carry out the functions of an Owner's Corporation as required by the Strata Schemes Management Act 1996.

An Owner's Corporation must carry out certain functions under this Act such as maintaining common property, arranging building insurance, raising levies and managing by-law breaches. When the Owner's appoint a strata managing agent, it delegates these to the agent for which the agent receives a management fee.

## 2. **How much will a strata managing agent cost?**

If the strata managing agent is being appointed to assist the Owner's Corporation to manage its affairs and the asset it holds on behalf of all owners, the cost of this should be seen as contributing to that asset. In other words, the cost of professional management should enhance the value of the asset in the long-term.

At New South Wales Strata Management, our fee structure is based on the number of lots in the strata scheme. The Agency Agreement's Schedule of Services details all the services out, inclusive in the management fee and, in most cases, we find that if the executive committee works closely with the agent, there is usually no need for any extra services to be performed.

The Schedule of Charges in the Agency Agreement lists the items such as postage, photocopying, facsimiles etc. for which a charge is made.

IF YOU WOULD LIKE TO KNOW WHAT PROFESSIONAL MANAGEMENT WOULD COST FOR YOUR STRATA, COMMUNITY OR NEIGHBOURHOOD SCHEME, WE CAN SEND YOU MORE INFORMATION. MAKE AN ENQUIRY ON THIS SITE.

## 3. **How do I know the agent's licence is current?**

A quick telephone call to the Co-ordinator, Property Services Licensing, Department of Fair Trading will confirm the licence details of an agent. It is vitally important that you appoint only licensed agents so that your Owner's Corporation is protected under the Property Services Council Compensation Fund.

Of course all our managers hold either a strata manager's licence or trainee strata manager's certificate. All our managers operate under New South Wales Strata Management's Corporation Licence.

## 4. **Does the agent belong to a professional industry association?**

An industry association or institute is a focal point for any profession and provides a source of training, information and networking that is essential for individual members. New South Wales Strata Management is an active member of the Institute of Strata Title Management and our managers and staff regularly participate in training seminars and conferences.

**5. What experience does the strata manager have in my type of complex?**

By managing a very wide variety of buildings and schemes across the metropolitan area, and further a field in New South Wales, including residential, commercial and industrial complexes, New South Wales Strata Management has built up an extensive background of strata management skills over many years.

All our managers have worked in strata management, property management or a diverse range of business and management enterprises. This experience is now centred solely in providing a professional service to Owners' Corporations and the management of their schemes.

**6. Does the agent have professional indemnity insurance cover?**

Professional indemnity insurance is an essential cover for any agent. New South Wales Strata Management maintains a professional indemnity policy with American Home Assurance Company (coverage \$5million) renewable at 31 December each year.

**7. Does the agent have any commission arrangements?**

Under the Agency Agreement between an Owner's Corporation and a strata managing agent, full disclosure of commissions received is required. New South Wales Strata Management lists the following insurers, underwriters and brokers in the Agreement:

CHU Underwriting Agencies Pty Ltd. (as agent for QBE Insurance(Australia)Limited).

Strata Unit Underwriters Pty Ltd. (as agent for CGU Insurance).

Adept Insurance Brokers Pty Limited.

REI Insurance Brokers Pty Ltd.

As an agent of these insurers, if policies are taken out or renewed with one of these companies, a fee is paid to New South Wales Strata Management which helps to defray the cost of managing the policy and claims during the year. A question commonly asked is whether the policy premium includes a commission which could mean an Owner's Corporation may be able to get a lower premium if it approached the insurer direct.

The answer is that the premium does include a fee for services undertaken by the Strata Manager on behalf of the agent, and the premium offered by the insurance agent or broker would be the same if you approached them directly.

New South Wales Strata Management receives no other commissions from any individual or organisation in connection with management of its strata and community title portfolio.

**8. How do we talk to the agent and get help?**

Communication is the key to successful management. Once appointed, every owner needs to be able to discuss issues with the agent.

At New South Wales Strata Management, each manager is assigned a specific group of buildings to manage and becomes the day to day contact for the owners and executive committee of those complexes. Our managers are readily accessible during business hours, Monday to Friday, but should they be out when you ring, telephone calls are returned as soon as possible on their

return to the office.

You are most welcome to call into our office as well, but it may be worth ringing first to make sure your manager will be there.

**9. Where does the agent hold its trust accounts?**

There are strict guidelines laid down in the Property, Stock and Business Agents Act concerning trust accounts. And that's good - after all, the strata managing agent is looking after money on behalf of a strata scheme - the owners' money.

New South Wales Strata Management operates a separate trust account for each scheme at Macquarie Bank Limited. Each account receives interest on every dollar and is operated by authorised personnel only.

**10. How do I pay my levies?**

Paying your levies by the due date is easy. Using DEFT Online ([www.deft.com.au](http://www.deft.com.au)) or DEFT Phonepay (1300 301 090), you can pay your levies by credit card, or by debit direct from your bank account. If you want to use the direct debit facility, you need to register your bank account details with DEFT Payment Systems. Contact [www.deft.com.au](http://www.deft.com.au) or ring 1800 672 162 for a brochure. Paying by credit card may incur a small surcharge, depending on the credit card you use, however the amount will be advised before you finalise your payment. Using DEFT Payment Systems also allows you to schedule future levy payments, so that you can make sure levies are paid on time, or view past DEFT levy payments. The best part is that you can access DEFT 24 hours a day. You can also pay your levies by Bpay from your cheque or savings account and by Postbillpay over the counter at any Australia Post outlet by cash, cheque or EFTPOS.

These are the quickest and simplest means of paying your levies on time as the payments are processed in the banking system overnight. Your strata plan is credited with your payment overnight, and your personal levy account is updated. However, if you use Bpay or one of the DEFT options late at night, your levy payments may not be processed until the following night which causes a small delay in the funds reaching your strata plan's bank account. Paying your levies by cheque in the mail is also an option but remember to allow time for the payment to be received by the due date.

If you misplace your levy notice, simply call (02) 9890 1841 and we will promptly arrange for a replacement.

**11. How will I know where our money is being spent?**

Apart from the day to day contact involved in managing your property, probably the most vital aspect of communication between a managing agent and a strata or community scheme is financial reporting. Accurate and timely reports have always been vital in running a business and it's no different for a strata scheme! Every month, a nominated member of the Executive Committee receives a statement of all drawings from the trust account, together with a balance left in the bank. Each six months, a full report on the management of funds is sent to every owner. Every year, a full expense transaction record, income and expenditure statement together with balance sheet is also sent to all owners. The best way to know where your money is going is to check these reports and if there are any queries, talk to your manager straight away.

**12. How much will our levies be?**

Probably the most frequently asked question of all! But as an agent cannot determine your levies, it's the one question we cannot answer! However, the role of your strata managing agent is to assist the owners in determining proper levies to manage the strata scheme. So, the first step we take is to prepare a budget for the Administrative and Sinking Funds based on historical costs, an estimate of the future receipts and payments likely to occur in the next year and the long term

capital items that will need replacing. The owners then decide whether to accept or amend that budget and the levies are determined according to their decision.

Another common misunderstanding is that your levies are the fee paid to the strata managing agent for providing its management service to the strata scheme. The levies are, in fact, set by deciding how much money the strata scheme will need in the next year to pay all its bills, including insurance premiums, repairs and maintenance, electricity AND managing agent's fee.

**13. What does the agent do about unpaid levies?**

Unpaid levies are a problem for any scheme, becoming more and more serious the longer they remain unpaid. When deciding how much you want your levies to be, if one or more owners do not pay their levies on time, the strata scheme will not be able to pay its way, jeopardising the investment of all the owners.

New South Wales Strata Management actively monitors unpaid levies every month and commences appropriate action to recover these monies. Usually a friendly reminder is all that is necessary but in a few instances, debt recovery action has to be instigated to make sure all owners share the continuing cost of maintaining the scheme. The cost of this action is borne by the defaulting owner.

**14. How can I be sure that our building is insured for its correct value?**

Once again, the Strata Schemes Management Act lays down quite clearly that not only is it a duty of an Owner's Corporation to ensure it has adequate building replacement insurance, but it also states how it must be valued. In other words, if your building were to burn down today, what would it take in bricks and mortar to rebuild it tomorrow... Professional valuation is the answer.

New South Wales Strata Management will arrange for regular written valuations to be prepared by professional valuers on behalf of your scheme and compare this valuation figure with your current insurance policy to ensure that your cover is adequate.

**15. If we appoint an agent, can we keep our contractors?**

At New South Wales, we are often asked this question where a strata scheme has a favourite cleaner or handyman. The answer is absolutely YES! While we have an excellent group of tradespeople to call upon, if a scheme wishes to continue using one of theirs, we are more than happy to be instructed. However, remember that for your protection it is always best to employ tradespeople who are suitably qualified, licensed and who hold workers compensation and public risk insurances.

**16. Suppose we have an emergency - what happens?**

We have a 24 hour emergency service for owners if they have the misfortune to experience a problem such as a burst pipe, blocked sewer or damaged security door. During business hours, you simply ring our office number where we can arrange the necessary repairs as quickly as possible.

By ringing the same number after hours, you will be given details of where to ring for a quick, co-ordinated response to your emergency.

**17. What about our strata scheme's records?**

Accurate records are vital in the management of your strata scheme asset. At New South Wales Strata Management, maintenance of records is regarded as important enough to assign the role

to one highly trained employee.

All records are updated on a daily basis so that anyone wishing to view the information can be assured of accurate and reliable information. Minutes of meetings are forwarded to owners as quickly as possible after meetings so that everyone can be kept up to date about important issues. Certificates of Title are retained in a fire-proof safe with access granted to authorised personnel.

**18. Where and when will our meetings be held?**

Important issues are decided at meetings of the owners corporation or executive committee. Issues which affect everyone who owns a lot in the scheme. As it is important for everyone to attend, meetings can be held at any venue nominated by the owners. There are ample facilities for holding meetings at our office if so desired. We convene meetings (Annual, Extraordinary and executive committee) during the day Monday to Friday and evenings Monday to Thursday.

If the Owner's Corporation or executive committee wish to meet on a more regular basis with the managing agent in attendance, there may be an additional fee but only after consultation with the executive committee.

**19. What happens if our strata scheme becomes involved in a dispute?**

Living in a strata title property means that everyone lives close together, sometimes leading to conflict. New South Wales Strata Management has had extensive experience in handling a wide variety of such disputes and can assist your strata scheme in resolving the issues.

It is also possible that the Owner's Corporation becomes involved in a major legal matter or building fault. Once again, we can arrange access to organisations and consultants with specialised knowledge relevant to the issue and who can help resolve the problem.

**20. How can our strata scheme enforce the by-laws**

The by-laws registered with your strata scheme are the "rules and regulations" by which all residents are supposed to abide. However human nature being what it is, by-laws are seen by some as rules that apply to everyone else - except themselves ! This is probably the most difficult situation for any owner's corporation.

Our advice to the owner's corporation is that each incident needs to be dealt with promptly, but in a non-confrontational manner. Once again, a friendly reminder about the by-law requirement is usually sufficient to produce the desired result. If there is a continued breach of the by-law, we can offer our experience to the owner's corporation in managing the issue efficiently and professionally.

**21. How do we appoint a managing agent?**

It's quite simple, really! Whether or not you have one already, a strata managing agent may only be appointed (or have their services terminated) at either your next Annual General Meeting or a specially convened Extraordinary General Meeting. In other words, this is a decision that has to be made at a meeting to which all the current owners have been invited and with the correct motion(s) on the agenda.

It is vital, however, that these meetings are convened in accordance with legislation by the Secretary of the Owner's Corporation, or current managing agent acting as Secretary. We can advise and assist you with this procedure.

**22. Voting at General Meetings**

To be able to vote at a general meeting you must be financial as at the date that the notice for the meeting was sent out. This means that your levies must be up to date and also any other outstanding amount must also be paid, which includes, special levies, penalty interest and debt collection costs.

**23. Plumbing & Pipes in the bathroom**

Did you know that the pipes in your bathroom that are located above the concrete slab are the responsibility of the lot owner. Also the shower screen, vanity, toilet suite are classed as owners fixtures and are the responsibility of the lot owner for the repair and ultimate replacement.

**24. Internal Walls**

That the internal walls of the lot are the responsibility of the owner of the lot. That is, the walls that separate the rooms and that are not an outside wall. This would include the wiring in those internal walls which are for the exclusive use of the lot.

**25. Dividing Fences**

The dividing fence between two courtyards is the responsibility of the owner on each side of the fence. If the fence separates the lot from common property then it is the responsibility of the owner of the lot and the Owners Corporation jointly.