



# Committee Information Pack

The Committee ..... 3

    The Role of the Committee ..... 3

    Committee Power ..... 4

    Committee Spending ..... 5

    Nominating for the Committee ..... 5

    Timing of Appointment of Committee Members ..... 6

    Executive Positions ..... 6

    Required Number of Members for the Committee ..... 6

    Committee Members Discharging their Duties ..... 7

    Committee Elections ..... 7

Committee Meetings - calling a meeting ..... 7

    Notice Period ..... 7

    Agenda ..... 7

    Venue ..... 8

    Frequency ..... 8

    Quorum ..... 8

    Chairing Meetings ..... 8

    Attendees ..... 8

    Committee Decisions ..... 8

    Proxies for Committee Meetings ..... 8

    Sub-committees ..... 9

    How Community Managers Work with the Committee ..... 9

    Minutes of Committee Meetings ..... 9

    Challenging Committee Decisions ..... 9

    Replacing Committee Members ..... 9

Code of Conduct For Committee Voting Members ..... 10

Code of Conduct For Body Corporate Managers ..... 11

And Caretaking Service Contractors ..... 11

Code Of Conduct For Letting Agents ..... 13

Body Corporate Records and Your Online Portal ..... 14

Expenditure Limits ..... 16

    Improvement to Common Property by the Body Corporate S163 StdModule ..... 16

    Improvements to Common Property by a Lot Owner S164 Std Module ..... 17

How to Read Financial Statements ..... 17

    Balance Sheet ..... 17

    Owners funds ..... 17

    Assets ..... 17

    Liabilities ..... 17

    Assets ..... 17

    Liabilities ..... 19

    Statement of Income and Expenditure ..... 20

The SSKB Difference ..... 21

    Client Solutions ..... 21

    Levy Management ..... 21

# The Committee

## The Role of the Committee

The committee is the executive arm of the body corporate. The committee has the duty of putting into effect the lawful decisions of the body corporate. It is a group charged with decision-making power to deal with matters which arise during the year and which are not restricted issues for the committee to consider. There must be a committee for a body corporate, unless the body corporate engages under a Part 5 a body corporate manager to carry out the functions of a committee.

The body corporate committee is elected each year at the annual general meeting. The committee is tasked with the administration and day to day requirements of the body corporate.

Committee members are representatives of all owners, not just themselves. For this reason they must disqualify themselves from voting on any issue where they have a direct pecuniary financial interest, though the committee members may not be excluded from the meeting. Where a possible conflict concerns a non-voting committee member, voting members have the right to exclude the non-voting member of the committee from the meeting.

Committee members must be selfless in the way they go about their duties. They must take a long-term view of the body corporate to ensure the facilities management produces the most beneficial long-term impact on the community titles scheme.

The general duties of the committee members include -

- Attending all committee meetings each year. These meetings should be set in advance and are usually quarterly.
- Looking after the administrative and day to day running of the body corporate
- Making decisions on behalf of the body corporate and putting lawful decisions of the body corporate into place.

Generally committee members do all these things without any remuneration for their time and talents or reimbursement of their expenses unless such a payment is approved by ordinary resolution at general meeting. This resolution is subject to strict requirements.

Different committee members can have different responsibilities, for example:

### Chairperson

- The chairperson must chair every meeting (in the absence of the chairperson another member may chair the meeting with agreement of the voting members);
- Authorises the minutes of the previous committee/general meeting;
- Has the authority to rule a motion "Out of Order" at general meetings;
- The chairperson must be aware of the committee's spending limit and authorizations imposed on the committee;

### Secretary

- Generally calls committee meetings;
- Notifies all owners of the committee meetings by sending a copy of the agenda for the meeting to all owners;
- Takes minutes of meetings, in the absence of a community manager;
- To keep record of the outcome of any decision taken outside of a meeting;
- Accepts from owners quotes and tenders for proposed major work (in conjunction with the community manager);

- Obtains quotes or tenders for major expenditure, in conjunction with the rest of the committee, when the project is proposed by the committee;
- Prepares any correspondence required of the committee;

### **Treasurer**

- Pays authorized remuneration, allowances or expenses to a committee member;
- Approves draft of budget prepared by the community manager;
- Reviews monthly financials;
- Approves payment of invoices to be forwarded to the community manager;
- If authorized by the body corporate, borrows funds;

### **Ordinary Committee**

- To enforce the Community Management Statement (CMS) including body corporate by-laws;
- In the absence of a building manager, to organise 'common property' repairs and maintenance;
- To implement the lawful decisions of the body corporate;
- To administer the common property and body corporate assets for the benefit of all owners.

### **Committee Power**

The decision making power of the committee is defined by what it cannot do. It may make any decision of the body corporate except for decisions the Body Corporate and Community Management Act says it cannot make. The decisions it cannot make are called "restricted issues." This means that the committee can do anything that is otherwise within the power of the body corporate, except for the following matters that can only be decided at a general meeting–

- Fixing or changing the body corporate contributions for the year. However, the committee may issue an interim levy to cover any shortfall in the budget between the end of the body corporate's financial year and the time of the annual general meeting
- Changing rights, privileges or obligations of the owners of lots in the scheme, e.g changing the bylaws
- Matters that the body corporate at general meeting has decided must only be considered at a general meeting (i.e. reserved issue)
- Matters set out in the Act as requiring an ordinary resolution, a special resolution, a majority resolution or a resolution without dissent
- Certain litigation matters
- Certain payments to members of the committee.
- While there is a general prohibition on the committee's power to commence litigation, the committee can start proceedings to:
  - Recover a liquidated debt against the owner of a lot
  - Counter claims or other third party proceedings to which the body corporate is already a party
  - Enforce by-laws
  - Enforce adjudicator's orders.

## Committee Spending

Committee spending is limited and funds must be available in the budget before the committee can spend. If sufficient funds are not available, the committee may need to call a general meeting to amend the budget or raise a special levy. The committee can only spend on items provided for in the budget.

The relevant limit for committee spending can be set by ordinary resolution of the body corporate. There is no minimum or maximum limit that the body corporate can set. If no amount is set by a general meeting, the relevant limit on committee expenditure is calculated by multiplying the number of lots in the scheme by \$200.00 (including GST). Where the scheme is a principal scheme the total number of lots is taken to be the total number of lots for all the subsidiary scheme added together.

The committee cannot divide a single project into smaller projects in order to reduce the cost down to the limit of committee spending. However, the limit can be increased unconditionally, if authorised by ordinary resolution of the body corporate.

Circumstances may arise where the relevant limit for committee expenditure is greater than the relevant limit for major expenditure. The committee will be compelled to obtain at least two quotations prior to resolving a motion to spend above the relevant limit for major expenditure.

A copy of the two quotations must be retained as an attachment to the minutes of the meeting where the quotations were considered.

## Nominating for the Committee

For the first annual general meeting nominations for committee are to be given at the meeting, either orally from the floor, or in writing and handed to the person chairing the meeting.

For annual general meetings other than the first annual general meeting, between three and six weeks prior to the end of each financial year the secretary will send out a notice asking for nominations to the committee. Your community manager performs this action on behalf of the secretary. Standard Module Section 18 prescribes the content of the nomination notice sent by the secretary.

If an owner owes a body corporate debt when the owner's nomination is received by the secretary, the nomination is taken not to comply. To ensure a position on the ballot (and possible election) you should ensure your nomination is returned to the secretary prior to the end of the body corporate's financial year. The secretary must acknowledge receipt of nominations in writing.

For a nomination to be valid it must comply with Standard Module Section 18 which prescribes –

- Self nominating lot owners must sign and date the form themselves.
- Lot owners nominating someone other than themselves must sign the form and have the nominated person sign and date it, and state the nominator's lot number.
- The nomination must state the nominated person's name, the position for which that person is nominated, and whether the candidate is a lot owner.
- If the candidate is not a lot owner, the nomination must state the candidate's residential or business address, and the basis of the candidate's eligibility to be nominated.

The nomination must state the details of any payment sought by the candidate to be made to the candidate for carrying out committee duties (Note: It is not the norm for committee members to receive payments for their duties).

Where a lot owner owns 3 or more lots in a scheme comprising 7 or more lots, they are entitled to nominate one individual for committee for each lot they own, up to a maximum of 3 nominations. However if the scheme comprises 6 or less lots, an owner of multiple lots may only nominate up to 2 individuals for committee membership.

If insufficient numbers of nominations are received it may be possible to nominate for committee membership from the floor during the course of the meeting. (See the heading 'Required Number of Members for the Committee').

With some exceptions, committee positions are open to all owners of lots. One exception is that both the nominee and the candidate must be financial at the time of election of the committee.

Where a lot owner owns multiple lots in a scheme and owes a debt on any one of the lots at the time of the election of the committee that person or a person nominated by that lot owner is ineligible to be a voting member of the committee.

A non-owner may also be a member of the committee if they are nominated by a member who does not owe the body corporate a debt, and –

- They are a member of the nominating person’s family (“Family” means an individual’s spouse, a child of the person or of the person’s spouse where the child is older than 18, parents, brother, or sister.
- They are acting under an owner’s power of attorney.
- In the case of a company, a director or secretary of the nominating company owner.
- The duly authorised representative of a subsidiary scheme.

## Timing of Appointment of Committee Members

Each year the committee members are elected at the annual general meeting. The election of members takes effect immediately after the close of the meeting. If the positions of the committee are not appropriately filled, an extraordinary general meeting is required to be held to fill the necessary positions.

An extraordinary general meeting may also be called to elect committee members where the committee previously was made up of only one individual, which is the case where all lots were identically owned.

## Executive Positions

The committee consists of executive members (chairperson, secretary, and treasurer), ordinary members, and each person who is a non-voting member of the committee. The community manager and the caretaking service contractor are automatically non-voting members of the committee. Even if the community manager or caretaking service contractor are owners of lots in the scheme, they are still non-voting. Also, while not automatically a non-voting member of the committee, a person who conducts a letting agent business for the scheme is not entitled to be a voting member for of the committee.

The exception to this is a scheme under the Commercial Module which does allow for service contractors or letting agents to be voting members of the committee.

## Required Number of Members for the Committee

The required number of voting members for a committee means at least 3 but not more than 7, if the scheme consists of 7 or more lots, or, if the scheme includes fewer than 7 lots, the number equaling the number of lots. Despite the level of interest from other members, there can be no more than seven.

If all lots in the scheme have identical ownership, as will be the case at the first extraordinary general meeting, then the committee is a committee of 1 consisting of the individual who is the owner or the nominee of the owner. In this case the committee member holds all executive positions. If there are only two different owners in the scheme then those two owners (or their nominees) automatically form the committee. In this case the owners decide between themselves who should hold the executive positions, and in the event they cannot decide, the positions are held jointly.

It is compulsory that the executive positions of the committee are filled. It is possible for one person to hold more than one executive position (e.g. The same person may be secretary/ treasurer, or chairman/treasurer or may hold all three positions.). The executive members of the committee have responsibilities in assisting the committee conduct its business, but acting outside of the committee the executive members have no power. For instance, while the chairperson must chair the body corporate meetings, he or she has no presidential-style authority to make decisions on body corporate matters.

## Committee Members Discharging their Duties

It is usual for executive members to rely on community managers to perform their duties and responsibilities for them. This is the contracted role of the community manager. (For instance, community managers can prepare the financial statements for the treasurer. On behalf of the secretary, community managers can call for motions for the annual general meeting, nominations for the committee, prepare and send the meeting notice, receive the votes, and prepare and distribute the minutes after the meeting.)

## Committee Elections

The body corporate has the power by special resolution to determine a fair and reasonable method for committee members to be elected. In the event that the body corporate does not determine its own procedure the legislation prescribes the methodology for election of the committee.

Where nominations for the committee exceed the required number a ballot must be conducted. If nominations do not exceed the positions then the person chairing the meeting must declare the persons nominated to be elected unopposed.

Under the Standard Module an election must be a secret ballot unless the body corporate otherwise resolves by ordinary resolution to elect the members by open ballot. The procedure for the conduct of a secret ballot is prescribed under Standard Module Sections 21 to 28.

The secretary may only place a name on the ballot documents if satisfied the nomination complies with the requirements of the Body Corporate and Community Management Act. The secretary must hold in custody all ballot papers received before the annual general meeting ends.

The procedure for the conduct of open ballots is prescribed under Standard Module Sections 22 to 28. For both the open ballot and the secret ballot the chairman, NOT the secretary, is the officer responsible for the counting of the votes. Each candidate and any appointed scrutineer may watch the count. It is also the responsibility of the chairman to make a determination on the validity of each.

In the ballot all votes are of equal value. The contribution schedule is NOT the value of the vote, as is the case for voting on motions. If candidates receive an equal number of votes, then the successful candidate will be decided by chance, for instance by a flip of a coin.

## Committee Meetings - calling a meeting

Committee meetings may be held as frequently as the committee requires. There is no minimum or maximum number of committee meetings that need to be held. Meetings are usually called by the secretary, or in the secretary's absence, the chairperson.

A meeting must be called and held within 21 days where a quorum of the committee requests in writing that the secretary call a meeting. If the meeting is not held, the quorum of the committee may agree for another committee member to call the meeting.

## Notice Period

Generally, the notice of the committee meeting must be given seven clear days prior to the meeting, and at the same time as the notice is given to the committee members it must be placed on the body corporate notice board (if a notice board is in existence) and circulated to all owners (unless they indicate they do not wish to receive the notices). However, the notice period may be shortened to at least two clear days if at the previous committee meeting all committee members unanimously agree.

## Agenda

The notice of the committee meeting must include an agenda that contains the issues to be discussed. The agenda must also include a motion to confirm the previous minutes and any resolutions made by a vote outside of a meeting. Unlike general meetings, there is no need for exact wording of motions to be included, and the committee meeting may also discuss matters not contained in the agenda.



## Venue

The committee may decide where they wish to hold their meetings. Usually the committee decides to hold the committee meetings at the office of the community manager because of the facilities offered (professional meeting rooms, coffee and tea, photocopying, conference calls, video conferencing, e-mail and internet access etc). Alternatively, the meetings may be held on site at an owner's lot or in the community room. However, a meeting may not be held more than 15 km from the scheme land if 50% of the quorum objects to the venue.

## Frequency

The need for meetings depends upon the issues currently confronting the body corporate. In a normal year (and depending on the size of the scheme) three meetings will be able to deal with the business at hand. The administration agreement with the body corporate manager usually provides for three meetings to be part of the agreed services.

## Quorum

In order for the committee meeting to be opened a quorum must be present. The quorum for a committee meeting is 50% or more of the voting members of the committee. Non-voting members are not counted for the calculation of a quorum. Proxy holders are counted as two voting members.

## Chairing Meetings

Where the chairperson is in attendance at the committee meeting then the chairperson is obliged to chair the meeting. In the absence of the chairperson, another member of the committee may be chosen to chair the meeting.

## Attendees

Owners who are not on the committee are entitled to attend the meetings of the committee provided they comply with the requirements of Standard Module S 51 where the lot owner must give the secretary at least 24 hours written notice of their intention to attend.

The non-committee member still requires an invitation in order to address the meeting. The invitee may be required to leave the meeting if they do not comply with Standard Module 51(3).

## Committee Decisions

A decision of the committee is regarded as a decision of the body corporate.

Body corporate committees make decisions by majority votes of the voting members. A quorum must be present when each vote is taken, unless it is a vote out of committee.

There are circumstances when the committee may make a decision without holding a physical meeting. This is known under the Body Corporate and Community Management Act as "voting outside committee meetings" or more commonly known as a "flying minute".

For routine matters the vote out of committee may occur where all the committee members are given a written notice of the motion. In case of emergencies, the motion must be given to as many committee members as practicable, and the notice need not be in writing. Also, in cases of emergency the agreement of the members need not be in writing.

The agenda for the subsequent committee meeting must include the substance of a motion that confirms any resolutions made by the vote out of committee process, and the next meeting must confirm the resolution. Where a vote out of committee is taken, advice of the motion must be given to each lot owner, unless that lot owner has previously opted not to receive such motions.

## Proxies for Committee Meetings

A voting member of the committee who will not be present at a meeting, may appoint another voting member of the committee to act as proxy for them at a committee meeting (subject to any restrictions imposed by a special resolution at a general meeting). They may only appoint a proxy for two meetings in any year.



The secretary and treasurer require the approval of the committee to appoint a proxy. Notice of the appointment of the proxy must be given to the secretary. Committee members in principal scheme bodies corporate are not able to use proxies. A voting member of the committee may hold only one proxy at any time.

## Sub-committees

There is no statutory basis for forming sub-committees to attend to subordinate matters - e.g. a gardening committee to look after the garden. However, some bodies corporate believe this to be an effective way to monitor the affairs of the body corporate. It is important to remember these sub-committees have no official standing, and may not make any decisions on behalf of the body corporate.

## How Community Managers Work with the Committee

As the committee is the executive arm of the body corporate, the community manager is the executive arm of the committee. Community managers add value to the administration of your body corporate through the experience they bring to decision making. However, except where there is a Part 5 appointment, community managers do not actually participate in the final decision. All decisions are made by resolution of the committee or the body corporate.

## Minutes of Committee Meetings

The decisions of the committee are recorded in the minutes of the meeting. These minutes are then circulated to owners.

## Challenging Committee Decisions

There are circumstances where the decisions of the committee may be challenged and overturned by the owners. If an owner is disgruntled by any decisions of the committee, then they should take independent legal advice and then action that advice as soon as practicable as there are time limits outside of which their rights may fail.

## Replacing Committee Members

Generally a committee member continues in office until another person is chosen for that position. However, a committee member's position becomes vacant if that person –

- Dies
- Becomes ineligible to hold the position
- Resigns
- Is absent (personally or by proxy) without leave for 2 consecutive meetings of the committee (if current committee members do not except apologies)
- Is convicted of an indictable offence
- Is removed from office by ordinary resolution
- Was an owner when elected and sells their lot
- Was eligible for election because of nomination by an owner, and the nominating owner sells their lot.

Where a committee position becomes vacant, then that position must be filled. Action must be taken within one month of the vacancy arising. The committee may vote to fill the vacancy provided that there are still sufficient numbers on the committee to form a quorum. The committee may also choose to call a general meeting to fill the vacancy. If the number of members has fallen below the number required for a quorum, then the a general meeting must be called to fill the vacancy. The general meeting that is called must also include in its notice a motion to appoint a body corporate manager under Part 5 appointment. The appointment of the body corporate manager is to be conducted by way of a secret ballot.

All incumbent committee members are removed from office if the body corporate appoints a body corporate manager under a Part 5 Engagement.

If the vacancy arises by virtue of a general meeting resolution to remove a person, then the vacancy may be filled by a motion at the same meeting for a particular eligible person to replace the removed person (Standard Module "Removal of voting member.."). It is not necessary to conduct an election to fill this kind of vacancy.

*Body Corporate And Community Management Act 1997 - Schedule 1A*

## Code of Conduct For Committee Voting Members

### **1. Commitment to acquiring understanding of Act, including this code**

A committee voting member must have a commitment to acquiring an understanding of this Act, including this code of conduct, relevant to the member's role on the committee.

### **2. Honesty, fairness and confidentiality**

A committee voting member must act honestly and fairly in performing the member's duties as a committee voting member.

A committee voting member must not unfairly or unreasonably disclose information held by the body corporate, including information about an owner of a lot, unless authorised or required by law to do so.

### **3. Acting in body corporate best interests**

A committee voting member must act in the best interests of the body corporate in performing the member's duties as a committee voting member, unless it is unlawful to do so.

### **4. Complying with Act and this code**

A committee voting member must take reasonable steps to ensure the member complies with this Act, including this code, in performing the member's duties as a committee voting member.

### **5. Nuisance**

A committee voting member must not--

cause a nuisance on scheme land; or

otherwise behave in a way that unreasonably affects a person's lawful use or enjoyment of a lot or common property.

### **6. Conflict of interest**

A committee voting member must disclose to the committee any conflict of interest the member may have in a matter before the committee.

*Body Corporate And Community Management Act 1997 - Schedule 2*

## Code of Conduct For Body Corporate Managers And Caretaking Service Contractors

### 1. Knowledge of Act, including code

A body corporate manager or caretaking service contractor must have a good working knowledge and understanding of this Act, including this code of conduct, relevant to the person's functions.

### 2. Honesty, fairness and professionalism

A body corporate manager or caretaking service contractor must act honestly, fairly and professionally in performing the person's functions under the person's engagement.

A body corporate manager must not attempt to unfairly influence the outcome of an election for the body corporate committee.

### 3. Skill, care and diligence

A body corporate manager or caretaking service contractor must exercise reasonable skill, care and diligence in performing the person's functions under the person's engagement.

### 4. Acting in body corporate best interests

A body corporate manager or caretaking service contractor must act in the best interests of the body corporate unless it is unlawful to do so.

### 5. Keeping body corporate informed of developments

A body corporate manager or caretaking service contractor must keep the body corporate informed of any significant development or issue about an activity performed for the body corporate.

### 6. Ensuring employees comply with Act and code

A body corporate manager or caretaking service contractor must take reasonable steps to ensure an employee of the person complies with this Act, including this code, in performing the person's functions under the person's engagement.

### 7. Fraudulent or misleading conduct

A body corporate manager or caretaking service contractor must not engage in fraudulent or misleading conduct in performing the person's functions under the person's engagement.

### 8. Unconscionable conduct

A body corporate manager or caretaking service contractor must not engage in unconscionable conduct in performing the person's functions under the person's engagement.

Examples of unconscionable conduct--

taking unfair advantage of the person's superior knowledge relative to the body corporate

requiring the body corporate to comply with conditions that are unlawful or not reasonably necessary

exerting undue influence on, or using unfair tactics against, the body corporate or the owner of a lot in the scheme

### 9. Conflict of duty or interest

A body corporate manager or caretaking service contractor for a community titles scheme (the first scheme) must not accept an engagement for another community titles scheme if doing so will place the person's duty or

interests for the first scheme in conflict with the person's duty or interests for the other scheme.

**10. Goods and services to be supplied at competitive prices**

A body corporate manager or caretaking service contractor must take reasonable steps to ensure goods and services the person obtains for or supplies to the body corporate are obtained or supplied at competitive prices.

**11. Body corporate manager to demonstrate keeping of particular records**

If a body corporate or its committee requests, in writing, the body corporate manager to show that the manager has kept the body corporate records as required under this Act, the manager must comply with the request within the reasonable period stated in the request.

*Body Corporate And Community Management Act 1997 - Schedule 3*

## Code Of Conduct For Letting Agents

### 1. **Honesty, fairness and professionalism**

A letting agent must act honestly, fairly and professionally in conducting the letting agent business under the letting agent's authorisation.

### 2. **Skill, care and diligence**

A letting agent must exercise reasonable skill, care and diligence in conducting the letting agent business under the letting agent's authorisation.

### 3. **Acting in body corporate and individual lot owner's best interests**

Unless it is unlawful to do so, a letting agent must, as far as practicable, act in the best interests of the body corporate and individual lot owners.

### 4. **Ensuring employees comply with Act and code**

A letting agent must take reasonable steps to ensure an employee of the letting agent complies with this Act, including this code, in conducting the letting agent business under the letting agent's authorisation.

### 5. **Fraudulent or misleading conduct**

A letting agent must not engage in fraudulent or misleading conduct in conducting the letting agent business under the letting agent's authorisation.

### 6. **Unconscionable conduct**

A letting agent must not engage in unconscionable conduct in conducting the letting agent business under the letting agent's authorisation.

*Examples of unconscionable conduct--*

taking unfair advantage of the person's position as letting agent relative to the body corporate or the owner of a lot in the scheme

exerting undue influence on, or using unfair tactics against, the body corporate or the owner of a lot in the scheme

### 7. **Nuisances**

A letting agent must not--

cause a nuisance or hazard on scheme land; or

interfere unreasonably with the use or enjoyment of a lot included in the scheme; or

interfere unreasonably with the use or enjoyment of the common property by a person who is lawfully on the common property; or

otherwise behave in a way that unreasonably affects a person's lawful use or enjoyment of a lot or common property.

### 8. **Goods and services to be supplied at competitive prices**

A letting agent must take reasonable steps to ensure goods and services the letting agent obtains for or supplies to the body corporate are obtained or supplied at competitive prices.

## Body Corporate Records and Your Online Portal

Stratamax is an industry specific software programme that provides the ability for a body corporate to manage its records. Financial and other records are contained in an electronic format which includes an online information and reporting service for lot owners.

SSKB manage the daily upload of information to the online Portal where all owners and committee are able to access information. The portal holds specific information relating to the Body Corporate. Each Body Corporate has the ability to customise their site with additional documents if they wish such as newsletters or a schedule of specific information of general items of importance relative to the building or upcoming events. These documents can all be uploaded by SSKB if required.

Each night all transactions for the day are uploaded to the Portal by SSKB so that payments, receipts and changes to records are available to the committee. All information is secure and available only to authorised owners and the committee.

Each owner is given a personalised pin number and access details when they become an owner in the body corporate and they are able to log in and create their own User Account to view their details as listed below. Owners with multiple lots can also link their properties rather than having to use multiple IDs.

The site is able to be accessed via the [www.sskb.com.au](http://www.sskb.com.au) website from a link on the home page or direct via [www.stratamax.com.au/portal](http://www.stratamax.com.au/portal). This is invaluable for overseas owners wishing to stay in touch with their Body Corporate, in particular managing their account and payments. The site is live and accessible 24 hours a day, seven days a week. Owners are able to access and view their payments, change their address or view their details.

Two levels of access are available:

### As an Owner

- Personal Owner information including levy account history
- Financial Statements for the current year
- Insurance details for the current policy held
- Committee and General Meeting minutes and agendas
- Community Management Statement (CMS) / By-Laws + Exclusive use
- Sinking Fund Report
- Asset Register – list of Body Corporate assets
- Submit changes of address / update their details
- Obtain a certificate of currency (chargeable)

### As a Committee Member Additional Documents Available Are -

- Owners List
- Financial Statements – for the current and previous year
- Committee Members Report – current contact details for committee members
- Unpaid Invoices Report – outstanding invoices
- Invoice Activity Report – Report detailing all invoices and whether paid or not
- Aged Balance List
- Monthly Status Report – this is a monthly report generated at the end of the first week of the following month and includes all activity for the building. The report includes details of:
  - All cheques and EFT's drawn
  - All receipts and payments, including bank charges etc for the month.
  - Bank account details such as the balance of the account, un-presented cheques and credits and total funds available are also included.
- Details of roll changes such as updated address details and changes of ownership are also included.

### Monthly Status Reports

For those committee members who like to check on transactions each month, this report is invaluable as the reports stay on Stratamax continuously for a given 12 month period.

These reports are listed under “as a Committee Member”. Once you have access to these additional reports you will be able to email these to yourself or view online.

Committee members are automatically updated to the Committee level when their details are entered into the Body Corporate electronic records as a committee member. Therefore, your user ID and password remain the same. Once a committee member is registered, the system will recognise the change in their status and when they next log in they will see a new button “Show Committee Reports and Documents”.

### Individual Strata Documents

SSKB manually uploaded the Community Management Statement, Sinking Fund Report and minutes and agendas for each building to the site. Other documents which may be requested by the Committee for access either by owners or just committee members can be requested for upload.

### The Invoice Hub

Stratamax provides an online Invoice Approval System which allows for invoices to be scanned by SSKB and uploaded and sent to the authorised committee member/s to approve and sign off for payment. The system will then forward the approved invoice for payment to SSKB. SSKB then processes cheques or EFT payments once the authorised invoice is received.

If there are any queries regarding the invoice, the system will log the invoice for query. All queries are forwarded to the body corporate manager to action and investigate. Hub authorizers are not able to send communications or queries between themselves using the Hub.

The Hub is an efficient way to pay creditors, with the added bonus of all invoices also being captured electronically for future access.



## Expenditure Limits

### Committee expenditure S151 & 153 Std Module

#### Relevant Limit for approval of spending by Committee

An amount of \$200.00 x number of lots in the scheme incl GST or an amount as last set as the limit for committee spending by ordinary resolution of the body corporate.

#### Major spending by the committee

If the proposal is more than the Major Expenditure limit for the scheme (\$10,000 incl GST) but less than the relevant limit for committee expenditure then two quotes must be obtained for approval by the Committee to spend above the limit for major expenditure. The two quotes must accompany the minutes of the meeting.

#### Basic Improvement Limits

\$300 x the number of lots in the scheme (subject to the committee spending limit).

#### Example of Committee Expenditure:

- Basic repairs and maintenance - where the expenditure is not related to an improvement.
- New garden maintenance contract, pool cleaning contract, window cleaning, repairs to common property.

### Major Expenditure Limit (for approval at a general meeting)

#### Relevant Limit for Major Spending S 152 Std Module

An amount worked out by the number of lots in the scheme by \$1,000 (capped at \$10,000 Incl GST) provided that;

- The expenditure limit does not apply to improvements
- A series of proposals forming one project and the cost of the project as a whole is not more than the relevant limit. If the amount is over the relevant committee limit, then the cost of any proposed part of the project is taken to be above the relevant limit.

The motion must be a motion with alternatives and two quotations must accompany the voting paper.

The relevant limit for major expenditure applies to the appointment of a body corporate manager, service contractor (excluding a service contractor who is also the letting agent).

### Improvement to Common Property by the Body Corporate S163 StdModule

#### Committee Resolution - Basic Improvement Limit

Where the improvement is not more than \$300,00 x the no. of lots in the scheme

#### Ordinary Resolution Improvement Range

If the cost of the improvement is higher than the "basic improvement limit" but not more than \$2,000 x number of lots in the scheme

#### Special Resolution

If the cost of the improvement is higher than the "ordinary resolution improvements range", only one resolution of this type in a financial year is allowed.

## Improvements to Common Property by a Lot Owner S164 Std Module

The Body Corporate may approve an application if the installed value is less than \$3,000 incl GST and does not detract from the appearance of any lot in the scheme or common property.

Committee approval

**Note:** Approval will depend on the committee's expenditure limit and whether it is higher than \$3,000 incl GST.

Examples

Tile exclusive use courtyard – cost \$2,500 – committee resolution

Install roller door and enclose car space – cost \$20,000 – ordinary resolution at a general meeting.

## How to Read Financial Statements

The purpose of this document is to help understand the figures in the Presentation Financials of a Body Corporate/Owners Corporation as produced by the software BCMAX.

### Balance Sheet

The balance sheet provides information for an entity at a point in time, as accounted for at the time of printing.

The accounts reflect a cash basis during the year and an accrual basis at year end. This means that at year end, journal adjustments are entered in the accounts after the last day of the year to ensure that all income and expenditure related to the year and to that year only are reflected in the year end accounts.

### Owners funds

These are the balances of all the funds for the Body Corporate/Owners Corporation.

For each fund, the figure matches the bottom line in the income and expenditure statement for that fund

It also equals the balance at the previous year end plus the surplus or minus the deficit for the period between the previous year end and the date of printing.

### Assets

These are the assets of the Body Corporate/Owners Corporation from a Body Corporate/Owners Corporation accounting point of view.

The rules of accounting are different from the Business accounting point of view.

They do not include some assets, for example the ones which are in the assets register.

When such an asset is bought, it is entered as an expense in the Sinking/Maintenance Fund account.

It is not entered in the balance sheet. Consequently, there is no expense for depreciation of any assets either.

### Liabilities

These are the liabilities of the Body Corporate/Owners Corporation.

GST and PAYG clearing accounts are here because these taxes are payable to or receivable from the ATO. A figure in brackets indicates that a refund is due at that point in time but as BAS returns are submitted only at the end of each ATO quarter the balance at the end of that quarter will be what is submitted

### Assets

#### Cash at bank

This is the cash at bank as showing currently in the general ledger. This can differ from the balance of the bank account due to a payment being entered in the general ledger but not yet presented at the bank so it represents actual funds available. Unpresented cheques or receipts are already taken into account. The bank

reconciliation shows what the differences in the two are.

### **Term deposits/ investments accounts**

The balance for each of the Term deposits/ at call accounts held in the name of the Body Corporate/Owners Corporation appears on a separate line.

### **Contributions billed not due**

These are contributions billed out, usually 6 weeks in advance but their due date to be paid has not come around yet. The amount GST inclusive is in the assets and the amount net of GST is in the liabilities with the GST being a part of the GST clearing account balance. This is because we declare the BAS on an accrual basis - the GST on the levies is due as soon as the invoices are issued but it is not actually paid to the ATO until the BAS quarter ends.

### **Prepayments contributions**

Prepaid contributions are payments for contributions which have not yet been invoiced to the lot (overpayments). For the amounts showing in assets and liabilities this has the same explanation as Contributions billed not yet due.

### **Contributions in arrears**

This is the total of the administrative and sinking/maintenance fund levies in arrears. In arrears means that they have become overdue and have not yet been paid by lot owners.

### **Other arrears**

This is the total overdue amounts on lot owners accounts such as insurance, interest, arrears fees, legal fees or any other amounts other than levies that is in arrears on the lot owners accounts.

### **Sundry debtors**

These are the debtors which have not been invoiced by year end for such things as oncharges to a lot or a subsidiary building or a related building, a claim on a supplier, insurance claims which have been approved but not yet refunded, or SSKB overcharge when a new agreement with retrospective date and lower fees has been signed.

### **Prepaid expenses**

This includes expenses which have been paid in advance to cover a part/ the total of next year expenditure, for example insurance paid for a twelve month period, lift paid until the end of the quarter, signage fees paid at renewal for a whole twelve months. The expense is taken out of the year account and transferred to the assets as it is an expense for the next financial period.

### **Interest receivable**

This is the interest earned on term deposits or investments from their starting date to the year end, which will be part of the interest received at maturity.

### **Secondary debtors**

These are the debtors who are not, or are no longer, lot owners, for example: oncharge of part of a shared expense to another scheme or another entity.

### **Utilities Accounts**

These are the accounts reflected in the financial statements of your Utilities Recoveries Service Provider at year end.

## Liabilities

### **GST Clearing account**

Every time a transaction, which includes GST, is entered the program deducts the GST and it is balanced by an entry into this clearing account. After quarter end (end of Mar, Jun, Sep, Dec), the program sums the GST amounts and the BAS is saved, bringing the account back to zero. It can be a negative liability if, during the period from the last quarter end to the date of printing, the GST on expenditure is more than the GST on income. When the BAS is saved, the amount taken off the GST clearing account is transferred to the ATO creditor account.

### **PAYG clearing account**

This relates to quarterly income tax instalments. Every time a non-mutual income (for example interest paid by the bank) is entered, the program uses the ATO rate to calculate the income tax instalment generated or a dollar amount can be set in the system. One side is the income tax instalment expense, the other side is in the clearing account. After quarter end, the program sums the PAYG amounts and the BAS is saved, bringing the account back to zero. This account can also include tax withheld on wages for a community which is an employer.

### **Suspense account**

In rare instances, amounts are held here because there is not enough information to code them elsewhere. For example a brought forward from a previous management company which has not been clearly identified.

### **Creditors**

This is the total of the commitments (GST inclusive) to suppliers entered and not yet paid. It can include negative figures - for example when a supplier has issued a credit note or when a refund is due from the ATO.

### **Unallocated deposits**

Some payments come into the Body Corporate/Owners Corporation bank account without a proper reference. We wait for some sort of remittance advice to allocate it, if not we have to ask for a bank trace. Before being allocated, these payments sit in this account.

### **Provision for income tax**

With the PAYG income tax instalment system, the income tax instalments should be a good approximation of the income tax payable during the period. This is why there is no provision in most of the buildings.

### **Next Year Discounts**

When owners have paid a levy in full by the due date, they receive a discount (if applicable to the Body Corporate/Owners Corporation). If the levy and discount relate to any period after year end, the system removes it from the income and expenditure account for this year and places it here as a negative liability.

### **Contributions billed not due**

See the same in assets. The amount in liabilities is the amount net of GST.

### **Prepayments contributions**

See the same in assets. The amount in liabilities is the amount net of GST.

### **Contributions in advance**

This is the total of the administrative and sinking fund levies which have been paid in advance, for periods after the year end date.

### **Other payments in advance**

This is the total of amounts other than levies (insurance, interest etc) which have been paid in advance, for periods after the year end date.

**Accrued expenses**

At year end, all expenses relating to the year and not yet entered are calculated and added into this account. It can be an invoice received after year end for a supply or service provided during the year, an estimate of the cost of the consumption of a utility, a part of a quarterly service for the lift, or something similar

**Statement of Income and Expenditure**

This statement provides information on the income accounts and expenditure accounts for a certain period of time. For each fund, this statement shows:

The income, account by account

The total of the income

The expenditure, account by account

The prior year adjustments (if applicable)

The total of the expenditure

The difference between the total income and the total expenditure (surplus/deficit)

The opening balance (balance brought forward from the end of the previous financial year)

The balance of the fund at year end (opening balance plus surplus/minus deficit)

**Actual column**

This is the amount in the ledger for the period indicated. For buildings which are GST registered, these amounts show as net of GST. At year end, they are the sum of the entries recorded during the year and the adjustments calculated at year end for the income/expense relating to the year and not recorded yet. At the beginning of the current year, the invoices related to the old year are recorded and balanced by the reversal of the adjustments made at the end of the previous year. The reversals being automatic, the accounts may show a negative amount at the beginning of the current year until the invoice is received for payment which brings it back to zero. For example, the audit fees expense relates to the previous year, it is reversed in the current year and it shows as a negative amount until the audit is done and the bill comes in.

**Actual Prior Year column**

This is given for you to have a base of comparison. For it to be meaningful, you need to have 12 months in each period and you need to have the amounts for the previous year showing net of GST.

**Budget and Percentage columns**

A budget is a base to try to raise levies that compensate for the expenditure in the administrative fund and prepare enough reserves in the sinking/maintenance fund. The actual figures cannot be predicted with 100% accuracy. The best you can hope is that there are both over and under budgeted items and that there is no deficit at year end. During the year, you will have 100% at the very beginning of the year for insurance (paid in full in advance), and for some items which are not regular monthly expenses you will not be 50% after 6 months. For repairs and maintenance, when an account shows an actual amount far above budget, one should ask if it does not include an expense of a sinking fund nature.

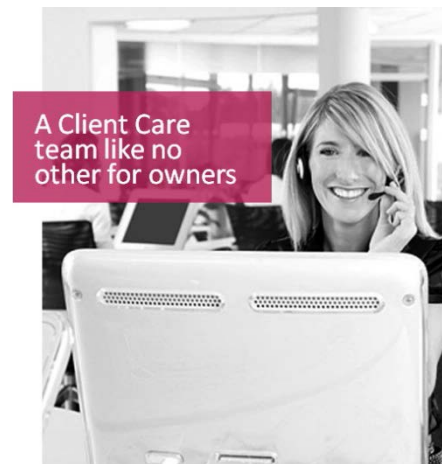
## The SSKB Difference

### Client Solutions

SSKB has a unique Client Solutions team to assist all owners. The Client Solutions team offers SSKB clients a one stop shop for information regarding their body corporate/ owner's corporation. We strive to ensure quality and consistency in responses, improve communication with clients and raise customer satisfaction levels. Lot owner's calls are dealt with promptly at all times and we strive for a one call resolution. Email correspondence sent to Client Solutions via [sskb@sskb.com.au](mailto:sskb@sskb.com.au) will be replied to within 24 hours Monday to Friday.

We have experienced staff dedicated to take lot owner queries by phone, email and fax who will assist with the following:-

- All general enquiries by lot owners,
- Queries from agents, solicitors in relation to settlements
- Management of the body corporate roll
- Queries in relation to the roll records
- Ensuring information is received in relation to changes in ownership
- Preparation of Information Certificates
- Preparation of Disclosure Statements
- Owner strata enquiries
- Queries in relation to late payment of fees
- Contribution and payment enquiries
- Information for lot owner tax depreciation schedules
- Requests for documents
- Stratamax enquiries and management of the Stratamax On-line Portal Information



Our Client Solutions team is focused on providing a unique service whereby lot owner's are always able to reach a member of the team to take their call and assist where possible with their query. We are happy to provide additional information to lot owner's as directed by the committee if required.

### Levy Management

We have a dedicated team specialising in the collection of overdue contributions. Our team works with the committee, community manager and lot owners to ensure overdue contributions are collected in a timely, efficient and cost effective manner. Our Levy Management Process is offered to SSKB clients to ensure prompt action is carried out on all lots in an effort to identify arrears at an early stage.

Our service is unique in that we have a levy management department, most body corporate managers do not offer such a service

Our processes are based on reviewing the body corporate records on a regular monthly basis to assist the committee in maintaining the body corporate's cash flow.