

## Why am I paying for that?!

### a 60 minute introduction to body corporate expenses

A seminar held on Wednesday September 23<sup>rd</sup> 2009 and hosted by Bees Nees City Realty.

#### **Presenter 1: Terry Lowry, Stansure Strata**

- As a lot owner you have a right to know where every dollar is spent in your body corp and it's essential you understand the basics of how they operate
- Try to make time to be on your committee – the strata managers can't run the building without owners' input. A committee needs to consider the needs of all owners.
- Most income raised through levies but there is a growing trend for some income from advertising in lifts, telecom towers etc
- Choice of strata manager is important – need someone you can trust and rely on. There's no licensing requirements in Queensland (only state not needed) and no trust account required to hold your funds
- When choosing a manager make sure you check their extra fees and not just the main 'per lot' charge – can add up to thousands.
- Be aware that if a body corp is badly run the govt commissioner can step in and take control
- Insurances still a major concern. Terry had a fire in his own building recently and half of landlords didn't have contents insurance as they thought they didn't need it.
- Stansure are a Brisbane-based management company and Terry can offer a proposal for your building: [www.stansurestrata.com.au](http://www.stansurestrata.com.au) or 07 3359 9877.

#### **Presenter 2: Marcus Munstermann – QIA Group**

- All buildings by law require a sinking fund and it must be planned to cover future costs in maintaining all common property.
- All items in a building have variable lives and the act requires the fund to have a 10 year budget
- So owners must choose how to plan for longer term items (eg 30 year timeline) to either budget a small amount each year or leave for later years to be included
- The balance of the sinking fund can effect the sale price when you go to sell
- When proposing a sinking fund forecast and budget QIA consider the original quality of work, use of correct materials and likely life of items.
- He recommends you don't accept a forecast at face value but query likely life of items etc
- Marcus and his team prepare sinking fund forecasts for bodies corporate and they also do tax depreciation schedules for individual lot owners.  
[www.qiagroup.com.au](http://www.qiagroup.com.au) or 07 1300 309 201.

### **Presenter 3: Steve Dawson – Direct Insurance**

- Insurances still a misunderstood area and lot owners often don't have the correct cover.
- In simple terms the body corp's insurances will only cover fixtures that were in the property when it was built. 2" should read corporates' insurance covers all fixtures that were in the property when it was built and any additional fixtures added to the property eg. Awnings, security screens and water tanks.
- If you do a renovation of any size you may need to advise the body corp.
- Be careful with new floating timber floors as an example – if they aren't fixed they are probably considered a fitting and won't be included in building insurances.
- The building insurance won't cover items like carpets, light fittings, curtains and all furnishings.
- It also doesn't cover a lot owner for public liability within the lot. He saw a recent claim where a visitor tripped on carpet within an apartment and sued the owner – not the body corp.
- There are differences in the way insurances apply to Building Format Plans (typically apartments – used to be known as Building Unit Plans) and Standard Format Plans (typically townhouses that used to be known as Group Title Plans). Always ask to be sure.
- Steve assists bodies corporate in sourcing and choosing their insurances. [www.directinsurance.com.au](http://www.directinsurance.com.au) or 07 3866 5444

The state government has some great facts sheets for easy download at [www.justice.qld.gov.au/3270.htm](http://www.justice.qld.gov.au/3270.htm)

If you have further questions please call the Bees Nees City Realty team on **07 3214 6888** email [info@beesnees.com.au](mailto:info@beesnees.com.au) or visit [www.beesnees.com.au](http://www.beesnees.com.au)