

**SUBMISSION ON THE REVIEW OF THE UNIT TITLES ACT 2010.**

**FROM :** s 9(2)(a)

**Background to** s 9(2)(a)

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Each owner has an individual title and his free to sell or buy their property without recourse to the Body Corporate except that each owner is bound by the Rules of The Body Corporate. Entry and exit is via a single gateway and road corridor, with internal feeder roads providing access for each house. Besides the roadways there are other areas of common land on which sits a clubhouse, complete with an open meeting/games room, toilet block, gym and sauna room, a 15m outdoor swimming pool and open grass area on which a small Petanque Court and Volleyball Court is located. The central entranceway and exit houses the letterboxes for each unit and the access is via a remote controlled gateway that is locked at night.

s 9(2)(a)

This management contract is still in place and with rights of renewal exercised this would take the contract through to 2035. The Manager is to provide services to do all the onsite maintenance work required together with appropriate contract service as required. The Manager is also to provide full Secretarial Services to manage the financial affairs of the complex under the auspices of The Body Corporate Committee. This is the most cost effective way of ensuring the complex is managed and operated in the most effective manner with little outside assistance, except the employment of Lawyers on an as required basis and a Professional Accountant to review the management of the financial affairs and verify the Annual Accounts.

The majority of owners bought into the complex because of presence of an onsite Manager which gives them peace of mind as many are single people and this provides them with additional security. The Body Corporate elected to combine the roles of onsite maintenance and administration into one role so as to provide a competitive remuneration to attract good quality Managers. The Body Corporate was satisfied that there were enough checks and balances in place with the over site and review of the financial affairs of the Body Corporate for this position to be tenable. The current Management Contract was signed in 2016 and with terms of renewable will not terminate until 2035.

**OUR SUBMISSION.**

1. We do not believe specification of Body Corporate complexes by number of units is an appropriate way of establishing the thresholds for more legislative requirements. Based upon the number of units that are proposed we would be classified as a large complex and subject to more complex legislation. Our current management system is appropriate for this relatively simple Body Corporate where the individual houses are separated from neighbours and the owners are responsible for the maintenance of their own property (the BC Manager mows the lawns, does the edges and sprays the lawns and gardens as required as well as maintain the common ground and services). The Manager reports to the BC

Committee, of which he is a member and as part of the Management Contract he/she must reside in the Managers Unit at the entrance/exit to the complex. The proposed changes as outlined would increase the cost for operating the complex without any commiserate gain in benefits we believe. Specifically this relates to the requirements to have an annual audit, changes to the management structure and the need for thirty year Long Term Management Plan.

2. We believe with the relatively simple structure we have and the implied responsibilities and costs that we should be classified as a medium sized complex such that we could opt out of some of the proposed changes by special resolution. These would include the need to contract a body corporate manager as a separate function to our present management, undertake an annual audit (unless the current opt out arrangements Clause 132 are retained), prepare a thirty year Long Term Maintenance Plans (we operate with a 10 year MP) and have a dedicated Long Term Maintenance Fund with all the restrictions that implies, we operate with holding reserve funds which can be used to fund the ten year LTMP which is regularly reviewed.

3. Doubt whether the additional costs for operating a separate entity would be warranted.

4. Yes. Believe this would allow a more simplified approach.

5. Yes. However provision needs to be made to specify material that might not be complete at the time of asking or subject to change.

6. Yes subject to above.

7. Yes

8. Seems a bit over the top for a complex like ours with the provision that the MC Minutes are circulated to all owners after each meeting. You could have a situation where owners want regular corporate meetings which creates a burden on BC Chair and Committee Members who all do their roles on a non paid basis at <sup>s 9(2)(a)</sup>.

9. Already implied by various legislation but if this makes the position clearer Yes.

10. Yes there should be a limit to the number of proxies that one person can hold at a time to prevent "stacking" the vote although this may not overcome the potential problem.

11. No. This should be a matter for each BC in existence to decide as many have long term management contracts in place. Breaking these to comply with a change in the law could result in litigation of the BC by the owners of the Management Rights. The proposals could be applied to new BC contracts not already in existence.

12. Yes. although wording "so long as they do not materially affect the use, enjoyment, or ownership interest of any other unit or the common property" still will lead to subjective assessments. The BC Rules covers much of this area already.

13. Yes. But to require existing BC such as ours to comply would result in increased costs for little gain.

14. Yes and No. If a BCM is touting for services they should be subject to being a member of Professional Body. However as our Management Contract can be bought and sold any changes to it will increase costs to the BC with little gain.

15. No due to cost implications. For future contracts may be an option.

16. Yes but may need to be clarified as to what they apply to. The skills and requirements for a Manager of a high rise multi unit complex may be different to what required in the DS complex.

17. Any with a possible conflict of interest.

18. No as requirements may be different as stated in 16.

19. Yes although there might need to be a threshold level of expenditure and guaranteeing the expenditure 10 or 30 years out seems unreasonable.

20. No as not the author of the document. Guarantee by the contractor should be sufficient.

21. Present template seems adequate for our requirements.

22. No as outlined above. Our LTMP prepared by <sup>s 9(2)(b)(ii)</sup> a professional group, in 2016, totals some \$93,000 over the ten year period which hardly justifies high handed legislation without significant cost increase.

23. No as outlined above numbers may not be the appropriate criteria as we wish to retain the right to opt out as we do now for ease of management of reserves.

24. Yes a three year review appears to be appropriate without burdening the BC with too high a level of ongoing costs.

25. No as we opt out of an audit and prepare a compilation report from our accountant. Our recording system is using a Xero Financial System which is forwarded to our accountant to prepare his report.

26. Yes as the costs prohibit use now.

27. Yes

28. Yes as the existing title does not reflect the areas which can be covered.

