

Understanding the basics.

What is a Strata scheme?

A strata scheme is a building, or collection of buildings, where:

- the property that each individual owns is called a 'lot' (for example, an apartment, villa or townhouse)
- all the owners share ownership of and responsibility for the 'common property', such as external walls, foyers and driveways.

Some strata schemes sit within the 'umbrella' of a community scheme. As the name suggests, a community scheme is essentially a community containing a number of individual strata schemes. Each scheme is managed individually, and also has representation on the community scheme committee, which manages shared spaces such as community halls and parks.

Community schemes can also contain neighbourhood schemes and precinct schemes. Visit the Fair Trading website for more information on community schemes regulated under the Community Land Management Act 1989.

What is Common Property?

The owners corporation, which all owners automatically belong to, is responsible for managing the strata scheme. The basic rule is that everything inside a lot is the owner's property. This generally includes all internal walls, fixtures, carpet and paint on the walls.

Common property boundaries of each lot are generally formed by:

- the upper surface of the floor (but not including carpet)
- the under surface of the ceiling
- all external or boundary walls (including doors and windows).

Common property can include such things as:

- pipes in the common property or servicing more than one lot
- electrical wiring in the common property or servicing more than one lot
- originally installed parquet floors, ceramic tiles, floor boards, vermiculate ceilings, plaster ceilings and cornices
- most balcony walls and doors.



It is crucial to know where the common property boundaries are, as lot owners cannot make alterations to common property in their townhouse or apartment without first getting approval from the owners corporation

Being Sure of the common property boundaries:

To know exactly what is common property and what is an individual's lot, you will have to look at the strata plan for your strata scheme. (available through your client portal). The boundaries are usually marked by thick black lines.

Unit entitlement

The strata plan for your strata scheme, which is registered with NSW Land Registry Services, shows the unit entitlement for each lot. The unit entitlement represents lot owners' share of ownership in the strata scheme. It is used to calculate the contributions (levies) each owner pays and how much their vote is worth.

Contributions

Contributions are the fees paid by all lot owners in a scheme to cover the projected costs and expenses of the strata scheme. They are paid into funds administered by the owners corporation, which include the **administrative fund** and the **capital works fund**.

General meeting

Any meeting of the owners corporation that is not an annual general meeting (AGM) is referred to as a general meeting. In this guide, 'a meeting of the owners' refers to a general meeting of the owners corporation.

Strata Managers, Property Managers, Building Managers

What is the Difference?

Strata Managers

The strata manager is engaged by the Owners Corporation at a General Meeting and is accountable to all owners as a group. The strata manager is appointed to assist with making sure that the scheme is fulfilling all its legislated obligations.

PART OF THEIR DUTIES INCLUDE:

- Liaise with the strata committee to help with the timely making of decisions
- Maintaining all required records relating to the scheme, including the strata roll, registered plans and by-laws, correspondence and specialist reports
- Prepares budgets to assist with the financial viability of the scheme
- Establishes, maintains and reports on all trust account transactions, including invoice payment, levy and GST management
- Manages formal meetings of the scheme which includes the preparation of agenda motions, chairing, and the administration of notices and minutes
- Assists with arranging necessary insurances and administration of any claims
- Assists with community matters including by-law breach management, mediation, NCAT Orders & Appeals
- Provides advice in handling 'difficult' or complex strata issues and recommends specialist providers if appropriate
- Facilitates with council and government obligations for various types of necessary certifications, Work Health & Safety obligations
- Facilitating repairs and maintenance of common property

The strata manager does not make decisions for the scheme on how to meet their obligations. Pending scope and cost of works will determine if the strata committee makes the decision or whether it needs to go to general meeting. The strata manager is instrumental in giving the client cost-effective, practical advice to help with risk minimisation.

Property Managers

The property manager, usually in a real estate office, is engaged by the landlord (lot owner) and is the liaison with the renter (tenant) to collect rent and ensure that the property is maintained in good condition.

THEIR DUTIES INCLUDE:

- Setting, collecting and adjusting rent.
- Marketing the property.
- Finding and screening tenants.
- Property leases.
- Maintenance requests (besides common property maintenance).

- Regular inspections of the property.
- Move outs, bond evaluations and evictions.
- Legislation requires the property manager to advise the strata manager that they are the agent for the lot.

The landlord (lot owner) decides what their property manager's relationship with the scheme. For example, do you want the property manager to receive all correspondence to do with the property including notices and minutes of meetings? Do you want the property manager to pay the levies?

If there is a common property issue that relates to the lot, then the property manager provides the strata manager with all necessary information and asks when they can expect a decision to be made. Should you be renting a strata property, and a property manager is appointed, you should contact your property manager to report any repair and maintenance matters.

Building managers

The building manager is engaged by a scheme to be an on-site resource for common property matters. The responsibilities and level of authority of a building manager will vary depending on the schemes needs. Their contract should clearly reflect what their duties are.

THEIR DUTIES CAN INCLUDE:

- Being the on-site contact for owners, occupiers, suppliers.
- Facilitate repairs and maintenance of common property by obtaining quotes.
- Advising the strata manager on work orders.
- Supervision and quality assessment of suppliers.
- Provide cost-effective options for prolonging the life of the building's assets.
- Maintaining and managing the asset register.
- Creation and management of maintenance programs.
- Capital works fund assessment management.
- Management and/or provision of security systems and items.
- Ensure building compliance and safety is maintained.
- Assists with the management of upholding by-laws.
- Helps to create a harmonious and positive community.

It is important to note that there is no contractual relationship between a strata manager and a building manager. They are both engaged by the owners corporation to perform different duties in relation to the scheme. The building manager has skills that are not equivalent to a Licensed Strata Manager.