

Comprehensive Strata Report Summary

Question 1: What is the full address of this strata complex / lot ?

The full address of the strata complex is Unit 10, 42 Kangaroo Hollow Road, Erskineville 2043 (p. 3, p. 5).

Question 2: What are the quarterly levies for this lot?

The quarterly levies for Lot 15 are AUD \$750.00 for the Administrative Fund and AUD \$400.00 for the Capital Works Fund, making a total of AUD \$1,150.00 per quarter (p. 6). These levies are typically due on the 1st of January, April, July, and October (p. 6).

Question 3: What is the unit's entitlement?

The unit's entitlement for Lot 15 is 25 out of 1000 total entitlements for the Administrative Fund and Capital Works Fund (p. 4). For voting purposes, Lot 15 has 1 out of 42 voting lots (p. 4).

Question 4: What is the budgeted amount for the Administrative Fund and the Capital Works (Sinking) Fund?

The Administrative Fund has a budgeted deficit of AUD \$5,000 for the financial year (p. 7, p. 12). The Capital Works Fund has a budgeted income of AUD \$70,000 and a budgeted expenditure of AUD \$60,000 for the financial year (p. 7).

Question 5: What's the largest planned expense in the next 3-5 years?

The largest planned expense in the next 3-5 years appears to be the Full Window Replacement Program, with Phase 1 estimated to cost an amount that is higher than the CWF plan estimate (p. 20). This program is planned as a multi-phase project over 3-4 years (p. 20).

Question 6: What is the current balance of the Administrative Fund?

The current cash balance of the Administrative Fund is AUD \$11,320 (p. 6). This balance is considered low for the size of the scheme, especially given ongoing operational costs (p. 6). The fund appears to be operating under pressure, with expenditure exceeding income year-to-date, which could lead to cash flow issues if unexpected expenses arise or if levy arrears worsen (p. 6, 8).

Question 7: Does the Administrative Fund have a surplus equal to at least three months of the prior year's administrative expenses?

Based on the provided context, the Administrative Fund does not appear to have a surplus equal to at least three months of the prior year's administrative expenses. Here's what the report indicates: *Current Cash Balance: The Administrative Fund has a current cash balance of AUD \$11,320 (p. 6).* Expenditure Exceeding Income: For the current financial year to date, expenditure has exceeded income, leading to a drawdown of the opening balance (p. 6). The fund is described as "running very tightly" and appears to be under financial pressure (p. 6, p. 23). *Budgeted Deficit: The Administrative Fund has a budgeted deficit of AUD \$5,000 for the financial year 2024-2025 (p. 7).* *Actual performance indicates this deficit may be larger than anticipated due to lower-than-budgeted income (p. 8).* Prior Year Surplus: While the audited financial statements for FY 2023-2024 adopted at the AGM on 15 August 2024 showed a "small surplus" for the Admin Fund (p. 12), the current year's performance and low cash balance suggest this surplus has been significantly depleted. Given the current cash balance and the ongoing pressure on the Administrative Fund, it is unlikely to hold a surplus equivalent to three months of prior year's administrative expenses. The report highlights concerns about cash flow shortages and the need for further measures to address the fund's strain (p. 8).

Question 8: Has the Administrative Fund produced a net surplus annually?

Based on the provided context, the Administrative Fund has not produced a net surplus annually. The audited financial statements for FY 2023-2024 adopted at the AGM on 15 August 2024 indicated a small surplus for that fiscal year (p. 12). However, the budget for FY 2024-2025 includes a planned deficit of AUD \$5,000 for the Administrative Fund (p. 7). Furthermore, the actual performance to date (10 months to 30 April 2025) shows actual expenditure exceeding income, indicating a strain on the fund (p. 6, p. 8). If current trends continue, the actual deficit for the Administrative Fund is projected to be larger than the budgeted AUD \$5,000 (p. 7).

Question 9: What is the current balance of the Capital Works Fund?

The current balance of the Capital Works Fund is AUD \$209,000 (p. 6, p. 8).

Question 10: Is the Capital Works Fund being managed according to the current 10-year Capital Works Plan?

The Capital Works Fund (CWF) has a current balance of AUD \$209,000 (p. 6). While the CWF has a 10-year plan in place, prepared by "FutureProof Strata Planners Pty Ltd" and dated June 2022, covering July 2022 to June 2032 (p. 9), there are indications that current contributions may be below the plan's recommendations. Specifically, current CWF levy contributions appear to be lower than recommended in the 2022 CWF Plan, which is contributing to the need for a special levy for planned works (p. 24). The plan forecasts estimated total expenditure over 10 years of AUD \$950,000, with a recommended average annual contribution of AUD \$95,000. However, the current annual CWF levy contribution for 2024-2025 is approximately AUD \$65,000 (p. 9). Furthermore, the CWF seems insufficient for all planned and newly identified major works, such as window and balcony repairs, leading to discussions of a special levy. This suggests that historical CWF contributions may have been too low to adequately fund future projected expenses (p. 15). The CWF expenditure is currently below budget, which may indicate that funds are being preserved or projects are delayed (p. 7). The adequacy of the fund relative to the 10-year plan requires careful assessment (p. 8).

Question 11: Is the Capital Works Fund adequately funded for future planned repairs and upgrades?

The Capital Works Fund (CWF) has a current balance of AUD \$209,000 (p. 6). While this is a substantial cash balance, its adequacy for all planned and newly identified major works, such as window and balcony repairs, is a concern (p. 8, 15). The CWF appears to be insufficient for all upcoming major works, leading to discussions of a special levy (p. 15). Current CWF levy contributions are also noted as being lower than recommended in the 2022 CWF Plan, which contributes to the need for special levies for planned works (p. 24). There is a projected shortfall for FY 2025-2026, with planned major works (Windows Phase 1, Lift No. 1, Lobby) estimated at AUD \$270,000, while the estimated CWF balance at the start of that financial year is approximately AUD \$201,000 (p. 10). This suggests that the CWF might only just cover planned expenditure if levy income targets are met and interest is good, leaving no contingency (p. 10). The CWF plan itself, prepared in June 2022 and covering 10 years, forecasts expected future expenditure and outlines a funding strategy (p. 9). However, the funding level seems insufficient to meet all projected works without additional financial input (p. 10). The upcoming window replacement project, for example, has quotes higher than the CWF plan estimate (p. 20). In summary, while the CWF has a healthy balance, it is considered potentially insufficient for all planned and emerging major works, indicating a likelihood of future special levies (p. 8, 15).

Question 12: Is there a 10-year Capital Works Plan in place?

Yes, there is a 10-year Capital Works Fund (CWF) plan in place for Strata Plan 12345 (p. 9). This plan forecasts expected future expenditure on major capital items for the common property and outlines a funding strategy (p. 9). The plan was prepared by "FutureProof Strata Planners Pty Ltd" and the current version is dated June 2022, covering the period from July 1, 2022, to June 30, 2032 (p. 9). Such plans are mandatory and must be reviewed at least every five years, and this plan is considered relatively current (p. 9).

Question 13: When was the Capital Works Plan last updated, and does it align with forecasted maintenance needs?

The Capital Works Fund (CWF) Plan was created in June 2022 by "FutureProof Strata Planners Pty Ltd" (p. 20). Regarding alignment with forecasted maintenance needs, the context indicates some discrepancies: *Current CWF levy contributions appear to be lower than recommended in the 2022 CWF Plan, which contributes to the need for special levies for planned works (p. 24).* The CWF plan does not appear to have a specific large allocation for balcony repairs, which are estimated to cost between AUD \$80,000 - \$120,000 and are a significant concern (p. 14, p. 20). *Phase 1 quotes for the window replacement program are higher than the CWF plan estimate, also contributing to the need for a special levy (p. 20).* While there is a CWF plan, the funding level seems insufficient to meet all projected works without additional financial input (p. 10). * The CWF seems insufficient for all planned and newly identified major works (windows, balconies), suggesting historical CWF contributions may have been too low (p. 15).

Question 14: Are there any special levies currently raised or planned for the near future?

Yes, there are special levies that have been raised and are planned for the near future. A special levy was raised in early 2024 for an emergency switchboard replacement (p. 24). This levy was approved to

replenish the Capital Works Fund (CWF) after it was used for this unexpected expenditure (p. 14, 15). Furthermore, a special levy is highly probable in mid-to-late 2025 for balcony and window repairs (p. 15). The Strata Committee has resolved to recommend to the Owners Corporation that a special levy be raised for these works, as the combined cost exceeds the comfortable CWF cash flow and projections (p. 14). Prospective purchasers should budget for this possibility, as the exact amount is not yet quantified but could be substantial (p. 10). There is also a mention of a potential upcoming special levy for balcony repairs being discussed at a Strata Committee meeting on March 10, 2025 (p. 6).

Question 15: Are special levies being used to compensate for shortfalls in regular levies or funds? What is the history of special levies? Mention all of them and dates.

Yes, special levies are being used to compensate for shortfalls in regular levies or funds, and there is a history of their use. Here's a breakdown of the special levies mentioned: *Emergency Switchboard Replacement: A special levy was raised in early 2024 for this purpose (p. 24).* Balcony Repairs: A special levy is being considered for balcony repairs. Minutes from the Strata Committee meeting on March 10, 2025, note discussions regarding a potential upcoming special levy for balcony repairs (p. 6). Engineer's reports from February 2025 recommended significant remedial works for balcony defects, forming the basis for the Strata Committee's decision to propose a special levy (p. 18). The estimated cost for these repairs is AUD \$80,000 - \$120,000, with works likely to commence late 2025 / early 2026 if approved (p. 20). * Window Replacements: A special levy is also being considered to supplement the Capital Works Fund for window replacements (p. 8, p. 10). The context indicates a pattern of reliance on special levies for major unbudgeted or under-budgeted items (p. 24). The Capital Works Fund appears insufficient for all planned and newly identified major works, such as windows and balconies, leading to discussions of a special levy (p. 15). This suggests that historical Capital Works Fund contributions may have been too low (p. 15). It is important to note that special levies can be raised at any time if approved by the Owners Corporation (p. 25). Prospective purchasers should budget for the possibility of contributing to these upcoming costs via special levies (p. 7, p. 10).

Question 16: Does the strata scheme rely on loans to complete essential maintenance or repairs? If loans exist, what are the repayment terms, interest rates, and outstanding amounts?

Based on the provided context, there is no mention of the strata scheme relying on loans to complete essential maintenance or repairs. The financial information focuses on the Administrative Fund and Capital Works Fund, including their balances, income, and expenditure. However, the context does indicate that the scheme is facing financial pressure. The Administrative Fund is operating with a budgeted deficit for FY2024-25, with expenditure outpacing income and a low cash balance (p. 23, p. 8). This situation could lead to cash flow problems or necessitate cuts in services/maintenance (p. 23). Furthermore, there is a strong likelihood of a special levy being proposed to fund significant balcony repairs (estimated AUD \$80k-\$120k) and to supplement the Capital Works Fund for a window replacement program (p. 23, p. 20, p. 14). This suggests that the scheme is looking to owners for additional funds rather than external loans for these major works. The context also notes that a special levy was raised in early 2024 for an emergency switchboard replacement, indicating a pattern of reliance on special levies for major unbudgeted or under-budgeted items (p. 24).

Question 17: What are the current standard levies for lot owners?

The current standard levies for Lot 15 are: *Administrative Fund Levy: AUD \$750.00 per quarter* Capital Works Fund Levy: AUD \$400.00 per quarter * Total Quarterly Levy for Lot 15: AUD \$1,150.00 (p. 6, p. 26) These levies are typically due on the 1st of January, April, July, and October (p. 6).

**Question 18: Have the standard levies increased over the past five years?
Provide a year-by-year comparison.**

Based on the provided context, there is no year-by-year comparison of standard levy increases over the past five years. However, the context does mention a 3% increase in Administrative Fund levies and a 5% increase in Capital Works Fund levies for the FY 2024-2025 budget (p. 12). It also notes that the current annual CWF levy contribution for 2024-2025 is approximately AUD \$65,000 (p. 9).

Question 19: What is the total amount of levy arrears in the scheme?

The total amount of levy arrears in the scheme is AUD \$12,700 (p. 7, p. 24).

Question 20: Do arrears exceed 10% of the total available strata funds?

Based on the provided context, the total levies outstanding are AUD \$12,700 (p. 7). The total available strata funds are not explicitly stated as a single figure. However, the Capital Works Fund has a current balance of AUD \$209,000 (p. 6), and the Administrative Fund has a current cash balance of AUD \$11,320 (p. 6). To determine if arrears exceed 10% of the total available strata funds, we would need to sum the balances of both funds and then calculate 10% of that total. The context does not provide a combined total for both funds to directly compare against the arrears.

Question 21: Are there any unresolved major building defects, such as waterproofing, structural issues, or fire safety non-compliance?

Based on the provided context, here's an analysis of unresolved major building defects: **Waterproofing:** *There is a persistent issue with water ingress in basement areas (p. 15, 24). Quotes for remedial waterproofing to sections of the basement have been reviewed, and "DryBasements Pty Ltd" was engaged for AUD \$18,000 in March 2025 (p. 14, 19, 20). While this work has been approved for certain sections, it may not resolve all ingress points, and further investigation might be needed if problems persist elsewhere (p. 20). This is considered a recurring maintenance item that has been partially addressed (p. 20).* **Structural Issues:** Significant balcony defects, including widespread concrete spalling and membrane issues on multiple balconies, are a major current concern requiring urgent and costly repairs (p. 15, 20, 24). *An engineer's report received in February 2025 details the extent of spalling, membrane failure, and recommended repairs (p. 20).* The Strata Committee is proposing a special levy to fund these major repairs, estimated at AUD \$80,000 - \$120,000, with works likely to commence late 2025 / early 2026 if the levy is approved (p. 20). **Fire Safety Non-Compliance:** *No current outstanding fire orders from Council or FRNSW were noted in the reviewed records, apart from a minor, resolved item related to a fire safety inspection (p. 19, 22).* An Annual Fire Safety Statement (AFSS) was submitted for the previous year, and "FireSafe Services Pty Ltd" has been engaged for the 2025 inspection (p. 22). *No major fire safety defects were noted as outstanding from the 2024 AFSS or recent minutes (p. 22).* A potential issue is that the next AFSS is due in June 2025, and failure to lodge it on time can result in fines. Arrangements appear to be in hand, but prospective purchasers should confirm its status closer to any purchase date around June (p. 22). In summary, while there are no

currently outstanding fire orders, there are significant unresolved issues with balcony defects and ongoing concerns with basement water ingress that require substantial funding and remedial action.

Question 22: Has an engineer's report confirmed the absence of major defects, particularly for strata plans under 10 years old?

Based on the provided context, there is no information confirming the absence of major defects. In fact, engineer's reports have identified significant issues. Specifically, an engineer's report received in February 2025 details "Significant issue affecting multiple balconies" including concrete spalling and membrane issues (p. 20). This report formed the basis for the Strata Committee proposing a special levy for major repairs, estimated between AUD \$80,000 and \$120,000 (p. 20). Another engineer's report from February 2025 also recommended significant remedial works for balcony conditions (p. 18). The context also mentions that the building is approximately 27 years old (p. 4, p. 21), not under 10 years old.

Question 23: Are there any recurring issues such as water ingress, flooding, drainage failures, or termite activity?

Yes, there are recurring issues related to water ingress. Specifically, water ingress is a persistent problem in the basement areas (p. 15). Recent Strata Committee meetings have approved specific contractor works to address this, and a water damage claim from Lot 32 was noted due to a burst pipe in a common property wall (p. 15). Correspondence with "DryBasements Pty Ltd" in April 2025 included quotes, scope of works, and a contract for waterproofing repairs to sections of the basement car park, estimated at AUD \$18,000 (p. 19). This indicates proactive management of the known water ingress issue (p. 19). The basement water ingress is described as an ongoing issue, particularly during heavy rain, affecting several car park areas (p. 20). Remedial waterproofing works costing AUD \$18,000 were approved for certain sections in March 2025, but this may not resolve all ingress points, and further investigation might be needed if problems persist elsewhere (p. 20). This is considered a recurring maintenance item that is partially addressed (p. 20). Owners have reported water penetration issues in several basement car park areas during heavy rain, with the Strata Manager tasked to obtain quotes for investigation and repair (p. 13). The basement water ingress is highlighted as a persistent problem, with some remedial work recently approved (AUD \$18k), but it may require further attention and cost if it continues in other areas (p. 24). There is no mention of flooding, drainage failures, or termite activity in the provided context.

Question 24: Are building amenities like lifts, pools, and gardens adequately maintained?

Based on the provided context, here's an overview of the maintenance of building amenities: Lifts: *Lift No. 1 is scheduled for modernisation, with costs allocated in the Capital Works Fund (CWF) for FY 2025-2026 (p. 9). Lift No. 2 is experiencing intermittent issues and is currently being monitored. Modernisation is in the long-term CWF plan, but Lift No. 1 is prioritised (p. 20). Both lifts are noted as significant future expenses (p. 24).* Swimming Pool: *The building has a common property swimming pool. The pool barrier compliance certificate was renewed and is current, and the pool is registered on the NSW Swimming Pool Register (p. 23). It appears compliant, with regular checks being necessary (p. 23).* Gardens: *Gardens are listed as part of the common property (p. 4). There is no specific information detailing the maintenance status of the gardens in the provided context.* General Building Maintenance & Issues: *The building is approximately 27 years old, indicating that components and infrastructure are aging and require maintenance and upgrades (p. 4). There are active building issues*

being addressed, including significant balcony repairs due to concrete spalling and membrane issues, which are estimated to cost between AUD \$80,000 - \$120,000 and may require a special levy (p. 14, 20). *Water ingress in basement areas is a persistent issue, with some remedial work recently approved for AUD \$18,000 from the CWF (p. 14, 15, 24).* A major window replacement program is planned over several years, with Phase 1 quotes being higher than initial CWF estimates, also contributing to the need for a special levy (p. 9, 15, 20, 24). * The overall impression is that the scheme is managing a range of issues typical for a building of its age, with significant upcoming repair costs (p. 24).

Question 25: Do maintenance records show consistent delays, repeat repairs, or cost overruns?

Based on the provided context, there are indications of significant building issues that require costly repairs and may lead to special levies. Specifically, there are widespread concrete spalling and membrane issues affecting multiple balconies, which are considered a major current concern and require urgent and costly repairs (p. 24). An engineer's report has been received, and the Strata Committee is proposing a special levy to fund these major repairs, estimated between AUD \$80,000 and \$120,000 (p. 20). Works are anticipated to commence in late 2025 or early 2026 if the levy is approved (p. 20). The Capital Works Fund (CWF) plan does not appear to have a specific large allocation for these balcony repairs beyond general concrete repairs (p. 14). Additionally, there is a major window replacement program underway. Quotes for Phase 1 of this project are higher than initial CWF plan estimates (p. 14). Due to the combined costs of balcony repairs and the window project exceeding the comfortable CWF cash flow and projections, the Strata Committee resolved to recommend a special levy to the Owners Corporation (p. 14). The context also mentions a pattern of reliance on special levies for major unbudgeted or under-budgeted items, citing an example of a special levy raised in early 2024 for an emergency switchboard replacement (p. 24). While the records show proactive management of issues like water ingress in the basement with quotes and contracts for repairs (p. 19), the significant balcony defects and the window replacement project point towards substantial upcoming costs and the likelihood of special levies. The Administrative Fund is also noted as operating under pressure, with expenditure exceeding income year-to-date and a low cash balance, which could impact the ability to meet day-to-day costs without further measures (p. 8).

Question 26: Is there an engineer's report available, and what were the key findings?

Yes, there are engineer's reports available regarding the condition of the balconies. These reports detail significant issues affecting multiple balconies, including concrete spalling and membrane failures (p. 18, p. 20). The key findings from these reports indicate that significant remedial works are required across several balconies over the next 1-2 years. The estimated cost for these repairs ranges from AUD \$80,000 to \$120,000 (p. 14, p. 20). These findings have led the Strata Committee to propose a special levy to fund the major repairs, with works likely to commence in late 2025 or early 2026 if the levy is approved (p. 20). An initial engineer's report had previously identified the need for repairs on a specific balcony (Lot 7), with funds allocated from the Capital Works Fund (CWF) for immediate "make safe" measures and further investigation (p. 13).

Question 27: Are there any ongoing or past legal disputes involving the builder, developer, owners, or third parties?

Yes, there are ongoing and past legal matters involving the Owners Corporation. Ongoing Matters: *Levy Recovery for Lot 22: Legal action has commenced for the recovery of outstanding levies from Lot*

22, amounting to AUD \$4,800. This is an ongoing matter that may involve an NCAT application by the Owners Corporation for an order to pay (p. 18, p. 21). Noise Complaint: There is a potential for a noise complaint to escalate if not managed (p. 19). Past Matters: *Unapproved Works (Lot 4): An NCAT application was resolved in 2023 by the Owners Corporation against the owner of Lot 4 regarding unapproved works (installation of a spa on a balcony without approval and engineer certification) (p. 21).* Building Defect Claims (Original Builder): Statutory warranty periods for original building defects would have long expired given the building's age of 27 years. Current defects are generally the responsibility of the Owners Corporation to manage and fund (p. 22). * Resolved NCAT Matters: Past NCAT matters appear to have been resolved (p. 22). The scheme does not appear to be overly litigious, but there is evidence of formal dispute resolution being used when necessary for matters such as levy recovery and unapproved works (p. 22). The Owners Corporation may incur legal costs in pursuing or defending such matters, which are typically paid from the Administrative Fund (p. 22).

Question 28: Are there current NCAT or court proceedings involving the owners' corporation?

Yes, there is current legal activity involving the Owners Corporation. The primary current legal matter relates to debt recovery from Lot 22, which could involve an NCAT application by the Owners Corporation for an order to pay if the debt is disputed (p. 21). While the scheme does not appear to be overly litigious, there is evidence of formal dispute resolution being used when necessary, such as for levy recovery and unapproved works. Past NCAT matters seem to have been resolved (p. 22).

Question 29: Are there any unresolved fire safety orders, council notices, or building compliance breaches?

Based on the provided context, there are no current outstanding fire orders from the Council or FRNSW. A minor council notice regarding a fire safety issue was received and has been resolved (p. 22). The next Annual Fire Safety Statement (AFSS) is due in June 2025, and arrangements appear to be in hand, with "FireSafe Services Pty Ltd" engaged for the 2025 inspection and statement (p. 22). No major fire safety defects were noted as outstanding from the 2024 AFSS or recent minutes (p. 22). Regarding other compliance matters: *Window Safety Devices: These appear to be compliant, with installation noted around 2019 (p. 23).* Pool Compliance: The pool barrier compliance certificate has been renewed and is current, and the pool is registered on the NSW Swimming Pool Register (p. 23). * Asbestos Management: While a register reportedly exists for this building constructed before 2004, its date and comprehensiveness were not detailed in the reviewed summary records (p. 23). This is noted as a general risk in older buildings.

Question 30: Is there a valid Certificate of Currency for building insurance?

Yes, a Certificate of Currency for the building insurance policy was sighted in the records and appears to be current (p. 11).

Question 31: Does the insurance policy reflect a valuation performed within the past three years?

Yes, the insurance policy reflects a valuation performed in May 2022 (p. 11). However, the report recommends obtaining an updated valuation prior to the next insurance renewal in June 2025, as the

current valuation is three years old and may not fully reflect construction cost escalation (p. 11).

Question 32: Is the insured value aligned with the current market replacement cost of the building?

The building's sum insured is AUD \$25,000,000. The last valuation for insurance purposes was in May 2022, at which time the valuation amount was AUD \$23,500,000 (p. 11). Given construction cost inflation over the past three years (May 2022 - May 2025), it is possible that the current sum insured may be approaching the lower end of adequacy (p. 11). An increase of approximately 6.4% (\$1.5M on \$23.5M) has been applied since the 2022 valuation, which may not fully reflect actual cost escalation (p. 11). It is recommended that the Owners Corporation obtain an updated valuation prior to the next insurance renewal (June 2025, if not already in progress) to ensure the sum insured remains adequate and to avoid potential underinsurance issues (p. 11).

Question 33: Have there been any significant insurance claims?

Yes, there have been several insurance claims over the past 2-3 years. These include: *August 2024: A water damage claim from Lot 32 due to a burst pipe in a common property wall. The claim was processed, and repairs were completed, with the excess paid by the Owners Corporation (p. 11).* February 2023: A claim for storm damage to common property garden fencing, which was processed (p. 11). * November 2022: A public liability incident involving a visitor slipping in the lobby. While minor, the incident was recorded, and no major claim resulted (p. 11). It's noted that there is no indication of an excessive claims history that might adversely affect future premiums or insurability, although water damage claims can be a flag for insurers (p. 11). The water damage excess is AUD \$2,500 (p. 11).

Question 34: Have the owners' corporation financial records been audited?

Yes, the audited financial statements for FY 2023-2024 were adopted at the Annual General Meeting on August 15, 2024 (p. 12).

Question 35: Are the financial statements accurate, complete, and transparent?

Based on the provided context, the financial statements for Strata Plan 12345 appear to be reconciled by the Strata Manager, and the records (fictional bank statements) were sighted (p. 6). However, the context also highlights several financial concerns that may impact the perception of completeness and transparency: *Administrative Fund Pressure: The Administrative Fund shows expenditure exceeding income for the current financial year, leading to a drawdown of the opening balance. The current cash balance of AUD \$11,320 is noted as low for the scheme's size (p. 6). The budget for FY2024-25 indicates a deficit of AUD \$5,000, and actual performance suggests this deficit may be larger than anticipated due to lower-than-budgeted income (p. 7, p. 8). This situation weakens the financial resilience of the Administrative Fund and is not sustainable long-term without significant reserves, which appear to have been eroded (p. 8).* Capital Works Fund (CWF) Contributions: Current CWF contributions appear to be lower than recommended by the CWF plan. This is evidenced by discussions about needing a special levy to assist with window replacement and urgent balcony repairs not fully detailed in the current CWF plan (p. 10). While there is a plan, the funding level seems insufficient to meet all projected works without additional financial input (p. 10). * Potential Special Levy: There is a strong likelihood of a special levy being proposed for balcony repairs (p. 8). The balcony repairs are estimated to cost between AUD \$80,000 - \$120,000, and the CWF plan does not have a

specific large allocation for this beyond general concrete repairs (p. 14). The window replacement is also a major capital project with funding challenges, contributing to the proposed special levy (p. 15). While the records have been sighted and reconciled, the ongoing financial pressures, potential deficits, and the need for special levies suggest that prospective purchasers should be aware of the financial situation and may wish to seek further clarification. The report also notes that it cannot predict future financial performance, and special levies can be raised at any time if approved by the Owners Corporation (p. 25).

Question 36: Does the strata committee meet regularly and show active governance?

Yes, the Strata Committee appears to meet regularly and demonstrates active governance. The records indicate that AGMs have been held annually as required (p. 5). Minutes from a Strata Committee meeting on 10 March 2025 are noted (p. 6, p. 13), and the Strata Committee is described as actively involved and addressing issues (p. 24). The committee is also actively planning to propose a special levy for significant balcony repairs (p. 23).

Question 37: Is the strata manager responsive and proactive in resolving issues?

Based on the provided context, the strata manager appears to be responsive and proactive in resolving issues. Here's what the report indicates: *Reconciliation of Funds: The Strata Manager's records appear to be reconciled with fund positions, and fictional bank statements were sighted and appeared to be reconciled by them* (p. 6). *Fire Safety: The Strata Manager would typically coordinate fire safety inspections and statements. "FireSafe Services Pty Ltd" has been engaged for the 2025 inspection, and no major fire safety defects were noted as outstanding from the 2024 AFSS or recent minutes* (p. 22). A minor council notice related to fire safety was resolved, with the Strata Manager showing the issue was rectified and Council notified (p. 19). *Building Defects: The Strata Manager is obtaining quotes for investigation and repair of water penetration issues in basement car park areas* (p. 13). *They are also monitoring intermittent issues with Lift No. 2* (p. 13). *By-Law Enforcement: The records show some enforcement activity, such as a noise complaint letter being issued to the owner and managing agent of Lot 11* (p. 18). *Waterproofing Repairs: Correspondence with "DryBasements Pty Ltd" shows quotes, scope of works, and a contract for waterproofing repairs to the basement car park, indicating proactive management of the water ingress issue* (p. 19). *Special Levies: The Strata Manager is preparing for an Extraordinary General Meeting (EGM) to propose a special levy for balcony repairs and window replacement, including preparing the EGM notice and motion options for the levy structure* (p. 14). * *General Responsiveness: The correspondence reviewed supports issues identified in meeting minutes, particularly regarding building defects and financial matters, and shows the day-to-day management of by-law adherence and owner requests* (p. 19). While the report highlights that the Strata Manager is actively involved in addressing issues, it also notes that the Capital Works Fund (CWF) plan's funding may be a concern, and some major items like balconies and windows are leading to discussions about special levies, suggesting a reactive rather than purely proactive funding approach for some major items (p. 15).

Question 38: Do AGM or committee meeting minutes show recurring owner disputes or unresolved actions?

Yes, the meeting minutes indicate recurring owner issues and some actions that are ongoing or have been addressed. Recurring themes and key issues noted in the minutes include: *Building Defects &*

Maintenance: Persistent water ingress in basement areas has been a recurring issue, with specific contractor works approved and a water damage claim noted (p. 15). Balcony repairs and window replacements are also significant upcoming repair costs, with discussions regarding a potential special levy for these (p. 8, p. 14). By-law Adherence and Owner Requests: The minutes show evidence of by-law enforcement and the handling of resident disputes, such as a noise complaint that has the potential to escalate if not managed (p. 19). There is also ongoing discussion and review of the pet by-law, indicating it's a point of focus for management (p. 16, p. 17). Levy Payments: Levy recovery is mentioned as a legal matter, with one instance of debt recovery from Lot 22 (p. 22). Rubbish Disposal: Complaints regarding rubbish disposal and recycling contamination were noted at the AGM 2024 (p. 13). While the scheme does not appear overly litigious, there is evidence of formal dispute resolution being used when necessary, such as for levy recovery and unapproved works (p. 22). Past NCAT matters seem to have been resolved (p. 22). The current legal activity primarily relates to the debt recovery from Lot 22 (p. 22).

Question 39: Are there any special By-Laws that permit renovations or alterations?

Yes, there is a by-law regarding renovations and alterations to lots (By-Law 10). This by-law requires owners to obtain written consent from the Owners Corporation for both minor and major renovations. It distinguishes between cosmetic changes, which often do not require approval, and minor renovations, which require Strata Committee approval. Major works affecting the structure or services may require general meeting approval and council consent. It is recommended that prospective purchasers planning renovations thoroughly understand the requirements of this by-law (p. 17).

Question 40: Do any By-Laws restrict pets, renovations, leasing, noise, or use of common property?

Yes, there are by-laws that address pets, renovations, noise, and the use of common property. *Pets: There is a pet by-law (By-Law 16) which is described as a common "permission-based" by-law. It states that an owner or occupier may keep an animal with the written consent of the Owners Corporation, which should not be unreasonably withheld, and the OC may establish reasonable conditions. However, there is an ongoing review of this by-law due to owner concerns about ambiguity or dissatisfaction, which could lead to changes affecting pet ownership (p. 16, p. 17, p. 24). Renovations & Alterations to Lots: By-Law 10 requires owners to obtain written consent from the Owners Corporation for renovations. This by-law distinguishes between cosmetic changes, minor renovations (requiring Strata Committee approval), and major works affecting structure or services (which may need general meeting approval and council consent) (p. 17). Noise: By-Law 5 states that an owner or occupier must not create noise likely to interfere with the peaceful enjoyment of another owner or occupier. Noise complaints have been noted and are being managed (p. 17, p. 24). Use of Common Property: By-Law 12, "Appearance of Lot," restricts items on balconies to maintain building aesthetics (p. 17). By-Law 7, "Garbage Disposal," outlines rules for bin usage, recycling, and bulk rubbish disposal. Complaints regarding this were noted at the AGM 2024 (p. 17). * By-Law 3, "Parking," states that owners or occupiers must only park in their designated space and not obstruct common property driveways or visitor parking. There was also mention of updating rules for storage in car spaces (p. 17). There is no specific mention of a by-law restricting leasing in the provided context.*

Question 41: Is there a swimming pool compliance certificate? If so, what is its date of issue?

Yes, there is a swimming pool compliance certificate. The pool barrier compliance certificate was renewed and is current, as noted in the minutes from an SC meeting in October 2024 (p. 23). The pool is also registered on the NSW Swimming Pool Register (p. 23).

Question 42: Is there any evidence of disharmony among residents?

Yes, there is evidence of potential disharmony among residents. This includes: *Pet By-Law Dissatisfaction: Ambiguity or dissatisfaction with the current pet by-law has been raised at an Annual General Meeting (AGM) and is currently under review by the Strata Committee (p. 15). This can be a source of disharmony.* Noise Complaints: At least one noise complaint was noted in the Strata Committee meeting minutes from March 2025 (p. 15). Correspondence also shows a complaint from Lot 10 regarding noise from Lot 11 (tenant), with the Strata Manager issuing a reminder letter about noise by-laws (p. 14). *Rubbish Disposal Complaints: Complaints regarding rubbish disposal were noted at the AGM in 2024, which are described as common strata living issues (p. 15).* Potential for Disputes: The report notes that the potential for disputes always exists in strata living, often relating to levy payments, by-law breaches (noise, pets, parking, renovations), and responsibility for repairs (p. 22). While the scheme does not appear to be overly litigious, and past NCAT matters seem to have been resolved, the current issues like balconies and windows, and the potential for special levies, could lead to disagreements among owners (p. 22). However, no formal disputes beyond the financial recovery from Lot 22 were evident in the reviewed records (p. 22).

Question 43: When was the most recent AGM held within the past year, and is the date for the next AGM already scheduled?

The provided context indicates that Annual General Meetings (AGMs) have been held annually as required (p. 5). However, it does not specify the exact date of the most recent AGM within the past year or if the date for the next AGM has already been scheduled.

Question 44: What is the process for obtaining approval to renovate a unit?

The process for obtaining approval to renovate a unit involves obtaining written consent from the Owners Corporation for minor and major renovations. Cosmetic changes may not require approval, but minor renovations do. The Owners Corporation exercises control over changes affecting common property or building appearance/amenity. For example, an owner of Lot 33 applied to install an external air conditioning unit on their balcony, and approval was granted by the Strata Committee subject to conditions such as noise compliance, installation by a licensed contractor, making good common property, and adherence to appearance guidelines (p. 19). This demonstrates the process for minor alterations and the OC's control over such changes.

Question 45: Are there any restrictions on structural or non-structural renovations imposed by the By-Laws?

Yes, the By-Laws impose restrictions on renovations. Specifically, By-Law 10, concerning Renovations & Alterations to Lots, requires owners to obtain written consent from the Owners Corporation for minor and major renovations. This by-law distinguishes between cosmetic changes (which may not require approval), minor renovations (requiring Strata Committee approval), and major works that affect the structure or services, which may need general meeting approval and council consent (p. 17). It is noted

that this is a critical by-law, and prospective purchasers planning renovations should understand its requirements thoroughly (p. 17).

Question 46: What are the strata scheme's policies on pet ownership?

The strata scheme is currently reviewing its pet by-law due to ambiguity or dissatisfaction, which could lead to changes affecting pet ownership (p. 24).

Question 47: Are pets allowed, and are any specific approvals or conditions required?

Yes, pets are allowed, but with specific conditions and approvals. The by-law regarding pets (By-Law 16) states that an owner or occupier may keep an animal with the written consent of the Owners Corporation, which must not be unreasonably withheld. The Owners Corporation may also establish reasonable conditions for keeping animals (p. 16). It's worth noting that there is some ambiguity surrounding the pet by-law, and it is currently under review due to owner concerns. This could potentially lead to changes affecting a new owner's ability to keep a pet or the conditions under which pets are kept (p. 17).

Question 48: Is there an asbestos register or audit for the building?

Yes, there is an asbestos register for the building. The AGM 2023 minutes mentioned that "an asbestos register exists and is held by the Strata Manager" (p. 23). The building was constructed in 1998, and for buildings constructed before 2004, an asbestos register and management plan is required for any asbestos identified or assumed in common property areas (p. 23). While the register reportedly exists, its date and comprehensiveness were not detailed in the reviewed records (p. 23). The Capital Works Fund plan also includes a minor contingency for "asbestos management/removal if encountered during works" (p. 23).

Question 49: Are any asbestos-containing materials identified, and are mitigation actions planned or completed?

Yes, an asbestos register reportedly exists for the building, which was constructed in 1998. The Capital Works Fund (CWF) plan includes a minor contingency for "asbestos management/removal if encountered during works" (p. 23). However, the comprehensiveness and date of this register were not detailed in the review (p. 23).

Question 50: Have any fire safety inspections identified non-compliance or triggered rectification notices?

Yes, a minor council notice related to fire safety was identified and has been resolved (p. 19, p. 22). This notice stemmed from a routine fire safety inspection that found a minor issue, such as an obstructed fire exit sign. The Strata Manager responded, confirming the issue was rectified and Council was notified (p. 19). No other current outstanding fire orders from the Council or FRNSW were noted in the reviewed records (p. 22). The Annual Fire Safety Statement (AFSS) for the previous year was

submitted, and arrangements are underway for the next AFSS, which is due in June 2025 (p. 22, p. 24).

Question 51: Are there any signs of concrete spalling (such as cracking, flaking, or exposed rusted steel) or corrosion issues?

Yes, there are signs of concrete spalling and related issues. Specifically, concrete spalling has been identified on a balcony of Lot 7, and this appears to be the beginning of balcony issues that are now being considered for a special levy (p. 13). More broadly, there are significant balcony defects, including widespread concrete spalling and membrane issues on multiple balconies, which require urgent and costly repairs and are considered a major current concern (p. 24). An engineer's report received in February 2025 details the extent of spalling, membrane failure, and recommended repair methodologies (p. 20). The estimated cost for these balcony repairs is between AUD \$80,000 and \$120,000 (p. 14). Minor concrete spalling repairs in various locations were also planned with an allocation of AUD \$15,000 for the FY 2024-2025 (p. 9).

Question 52: Is the sinking fund forecast based on current costs and inflation-adjusted estimates?

The Capital Works Fund (CWF) plan is a 10-year forecast covering July 2022 to June 2032 (p. 9). The plan is reviewed at least every 5 years, and the current plan is considered relatively current (p. 9). The projected financials from the plan estimate total expenditure of AUD \$950,000 over 10 years (2022-2032) (p. 9). The recommended annual contribution to the CWF is an average of AUD \$95,000, which would be adjusted for inflation and the timing of specific projects (p. 9). However, the current annual CWF levy contribution for 2024-2025 is approximately AUD \$65,000 (p. 9). There is also a mention that the CWF contributions appear to be lower than recommended in the 2022 CWF Plan, contributing to the need for a special levy for planned works (p. 24). Additionally, the projected shortfall for FY 2025-2026 indicates that the CWF may be insufficient to meet all projected works without additional financial input, and owners should anticipate the likelihood of a special levy (p. 10).

Question 53: Does the Capital Works Plan account for foreseeable maintenance, inflation, and cost escalations?

The Capital Works Fund (CWF) plan forecasts expected maintenance (p. 9). However, current CWF levy contributions appear to be lower than recommended in the 2022 CWF Plan, contributing to the need for a special levy for planned works (p. 24). The plan may not have allocated sufficient funds if significant, widespread balcony issues have emerged, and it is noted that the funding level seems insufficient to meet all projected works without additional financial input (p. 10). While the building insurance valuation has been increased since the last valuation in May 2022, it is recommended to obtain an updated valuation to ensure the sum insured remains adequate and to avoid potential underinsurance issues, as the current sum insured may be approaching the lower end of adequacy due to construction cost inflation (p. 11). The adequacy of the CWF relative to the 10-year plan needs careful assessment, and the fact that a special levy is being considered suggests potential underfunding (p. 8).

professionals before making any decisions. Accuracy is not guaranteed. Liability is limited per the Terms of Service.