

From: Peter Berney <peter.berney@solutionsie.com.au>

Subject: Legislative Requirements for Sinking Fund Plans Progresses

Reply: peter.berney@solutionsie.com.au



ezone July 2008

The 1st July 2008 changes and escalating maintenance costs...

The legislative regime for Sinking Fund Plans that started on 1st July 2006 is progressing, and the 1st July 2008 was another milestone. To keep you up to date your portfolio should look something like this:

- All buildings with a SP number 30,000 and above should have had a motion presented and passed for a current Sinking Fund Plan to be prepared. Most reports will have been completed by now.
- All buildings with a SP number from 10,000 to 29,999 need to have a motion passed at their next AGM to have a Sinking Fund Plan completed in order to meet the 1st July 2009 compliance date.
- All buildings with a SP 1 to 9,999 need to have a motion passed by 1st July 2010.
- The whole portfolio will then start again with updates.

Buildings built between 1975 and 1990 and their special needs

Buildings with Strata Plans numbers 10,000 to 29,999 are between 19 and 33 years old. These complexes will need particular attention to aspects of the building that will be near or at the end of their useful lives.

After completing 45,000 reports Solutions ie has studied the lives of all components of strata buildings to understand their maintenance needs and the environmental impact caused by the geographical location of the building.

Items that need particular attention in professionally prepared Sinking Fund Plans include Colorbond coated steel items like fascias, gutters, garage doors, down-pipes and roofs. Anodised aluminium windows are often a problem for buildings within 1km of a body of salt water where developers have not used the thicker anodizing recommended for this environment. An allowance for maintaining and repairing underground pipes is also needed especially where trees

are present. Buildings unfortunately get more expensive to maintain as they age and to balance this most older buildings do not have extensive owner facilities.

Escalating building costs - the challenge of keeping up

The table to the right illustrates the shortage of tradespeople throughout Australia which has a direct effect on you when hiring contractors due to their availability and the pricing of their services. As you can see for the past four years contractors have constantly been in moderate short supply having a direct impact on the escalating costs of maintenance for your buildings, and thus your Sinking Fund Plan.

With 24 years experience in the Strata industry and having completed Sinking Fund Plans for one in five strata buildings in New South Wales our customers keep using us and increasingly we are winning business from those disenchanted by their current provider.

I trust you found this update a useful insight into building maintenance and current costs.

Trades Availability Mar '05-Mar '08

	Mar '05	Mar '06	Mar '07	Mar '08
Bricklaying	-0.60	-0.26	0.00	-0.27
Carpentry	-0.49	-0.49	-0.30	-0.46
Ceramic Tiling	-0.40	-0.29	-0.36	-0.43
Electrical	-0.38	-0.50	-0.70	-0.25
General Building	-0.48	-0.37	-0.54	-0.44
Joinery	-0.34	-0.63	-0.32	-0.44
Landscaping	-0.30	-0.31	0.00	-0.50
Other Trades	-0.35	-0.42	-0.20	-0.44
Painting	-0.24	-0.24	-0.47	-0.62
Plastering	-0.33	-0.24	-0.29	-0.56
Plumbing	-0.32	-0.42	-0.80	-0.50
Roofing	0.33	-0.10	-0.33	-1.00
Site Preparation	-0.50	-0.38	-0.75	-0.57
All Trades	-0.40	-0.43	-0.41	-0.46

Critical Short Supply is between -2 and -1
 Moderate Short Supply is between -1 and 0
 In Balance = 0
 Moderate Oversupply is between 0 and 1
 Massive Oversupply is between 1 and 2

And if you would like the most recent version of our Certificate of Currency for your records please see our website:- www.solutionsie.com.au

Kind regards,

James Freestun
 CEO, Solutions ie



All services provided by Solutions IE are supplied on the basis of **Supply Terms and Conditions** which are available from our Office and from our website www.solutionsie.com.au

Solutions IE

Phone: 1300 136 036
 Fax: 1300 136 037
 Street Address: Level 2, 50 York Street,
 SYDNEY, 2000

Postal Address:
 PO Box A72 Sydney South 1235

Website: www.solutionsie.com.au

Services:

- Sinking Fund Plans & Updates
- Safety Reports & Updates
- Insurance Valuations
- Balustrade Testing
- Asbestos Audit Reports
- Cost Allocation Reports
- Contribution of Lot Entitlements