

Strata Levies

Expenses relating to the common areas such as water, electricity for stairwells and communal garages etc, building and public liability insurance, repairs and maintenance of common property are shared between the owners of a strata scheme. In order to cover these expenses, the law requires that each owner's corporation establishes an administrative fund and a sinking fund, into which each owner must contribute an allotted amount according to their unit entitlement. These sums are set at the Annual General Meeting, held once a year. The administrative fund covers day-to-day expenses and the sinking fund sets money aside for future "capital" expenses, such as the replacement of gutters, fences, roof, etc.

In order to collect money for the two funds the owners corporation charges all owners a levy. Before a levy is agreed to at a meeting, for which you will receive an agenda, a budget will be provided showing the existing financial situation and the costs that need to be met. A motion to decide the levy shows the amount for each fund to be raised between all the owners, and must be approved by a majority vote. An unpaid levy incurs interest at the rate of 10% simple interest a year, if not paid within the month it is due. The due date is usually the first day of that quarter. It is important to keep your address up to date on the strata role to ensure you receive notices of both meetings and levies. Unpaid levies, including interest, can be recovered by the owners corporation as a debt in court. Under S78(6) of the Act, your quarterly levy must be paid whether or not you receive a notice. If you wish to be involved in the decisions, including what the levies are paying for, and how much they will be, it is vital to attend the schemes meetings or complete a proxy form (last page of each agenda). This tells someone else how you want them to vote for you – if you can't be there. As a managing agent, we put motions on the agenda for levies, but in the end it is up to those at the meeting as to whether those sums are struck and become payable.