



SINKING FUND PLAN UPDATE

RIVERVIEW APARTMENTS

10 Broughton Street

Canterbury NSW 2193

Strata Plan 50834



Report details

Inspection date:	19/10/2016
Inspector:	Marco Camps

NEW SOUTH WALES

Level 5, 115 Pitt St Sydney 2000
PO Box A72 Sydney South NSW 1235

QUEENSLAND

18 Park Rd Milton 4064
PO Box 1584 Milton 4064

VICTORIA

Level 1, 1 Queens Rd Melbourne 3004
GPO Box 3025 Melbourne 3001



06 February 2017

The Executive Committee
Strata Plan 50834
10 Broughton Street
Canterbury NSW 2193

Dear Committee Members,

Thank you for appointing our company to conduct your Sinking Fund Plan.

Based on our survey of your property, we have determined that the Owners Corporation will need to increase its contributions in order to cover the forecast sinking fund expenses. We strongly recommend that the levies be set at the level shown in this report.

This plan should be updated regularly to account for actual changes in construction and maintenance costs, unanticipated changes in the property's condition over time, changes in legal requirements and any discrepancies between the forecast and actual sinking fund balances. Regular updates also create peace of mind and assist the Owners Corporation to manage the risk of litigation from individual owners (current and future) for breaches of its duty to maintain the common property by providing reasonable, up-to-date estimates of the cost of necessary maintenance work and repairs.

Key Report Data Levies Summary – First Financial Year

Levy Per Unit Entitlement (Total sinking fund levy divided by unit entitlements)	\$6.60
Total Unit Entitlements	10000
Total Sinking Fund Levy	\$66,000.00

The data used to arrive at the above figures (which includes GST) is in the attached report. It is designed for ease of reading. For your convenience here is your Report Index:

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Yours sincerely,



The Team at Solutions in Engineering

Building Details & Report Inputs

Supplied information

Building Name	Riverview Apartments
Building Address	10 Broughton Street Canterbury NSW 2193
Strata Plan (SP) No	50834
Plan Type	Strata Plan
Registered Plan Date/Year of Construction	1996
Number of Unit Entitlements	10000
Number of Units	102
Estimated Starting Sinking Fund Balance	\$68,494
Starting date of Financial Year for Report	1/11/2016
GST Status	Registered for GST
Current Sinking Fund Levy per Lot Entitlement (Inc. GST)	\$5.50

Report assumptions & information

Assumed Interest Rate on invested funds (For funds over \$10,000)	2.25%
Company Taxation Rate	27.50%
Interest on Invested Funds - Based on Assumed Interest Rate minus Company Taxation Rate. Calculated only on sinking fund balances over \$10,000.	1.63%
Contingency Allowance - For minor and/or unforeseen expenses	8%
Assumed Rate of Inflation for Building Maintenance Costs - Based on average annual building cost increase between 2002 and 2012	3.10%
Forecast Period - Number of years the forecast looks out.	15 years

15 Year Levy Table

Year	Year To dd/mm/yyyy	Total Contribution		Contribution per Unit Entitlement		Quarterly Contribution	
		Including GST	GST Component	Including GST	GST Component	Including GST	GST Component
1	31/10/2017	66,000.00	6,000.00	6.60	0.60	1.65	0.15
2	31/10/2018	83,820.00	7,620.00	8.38	0.76	2.10	0.19
3	31/10/2019	86,418.42	7,856.22	8.64	0.79	2.16	0.20
4	31/10/2020	89,097.39	8,099.76	8.91	0.81	2.23	0.20
5	31/10/2021	91,859.42	8,350.86	9.19	0.84	2.30	0.21
6	31/10/2022	94,707.06	8,609.73	9.47	0.86	2.37	0.22
7	31/10/2023	97,642.99	8,876.64	9.76	0.89	2.44	0.22
8	31/10/2024	100,669.92	9,151.81	10.07	0.92	2.52	0.23
9	31/10/2025	103,790.69	9,435.52	10.38	0.94	2.60	0.24
10	31/10/2026	107,008.20	9,728.02	10.70	0.97	2.68	0.24
11	31/10/2027	110,325.46	10,029.59	11.03	1.00	2.76	0.25
12	31/10/2028	113,745.54	10,340.50	11.37	1.03	2.84	0.26
13	31/10/2029	117,271.66	10,661.06	11.73	1.07	2.93	0.27
14	31/10/2030	120,907.08	10,991.55	12.09	1.10	3.02	0.27
15	31/10/2031	124,655.20	11,332.29	12.47	1.13	3.12	0.28

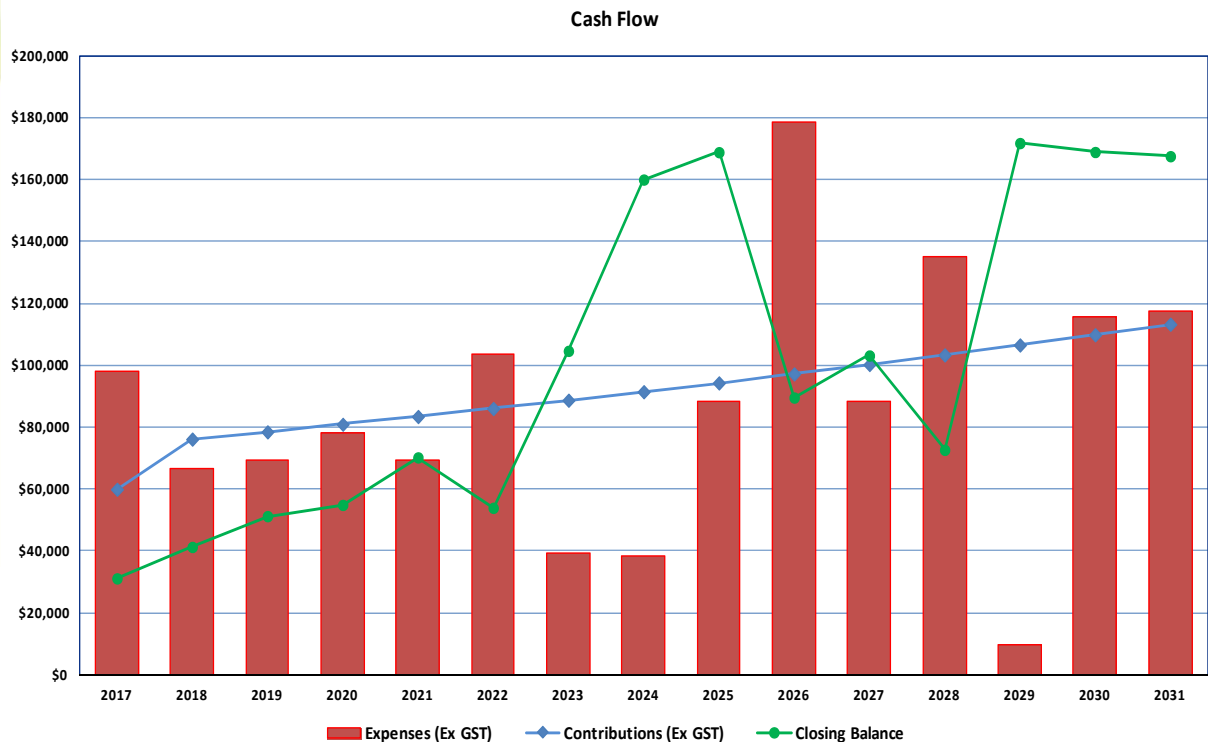
15 Year Cash Flow Tracking Sheet

The table below shows the cash flow starting with the anticipated 'Opening Balance' at the start of the first financial year which you provided to us. We then add the 'Total Levy Contributions' for the year and any 'Interest' on balances greater than \$10,000. Any 'Anticipated Expenses' are then allowed for leaving a 'Closing Balance' for the year which in turn becomes the 'Opening Balance' for the following year. In summary:
Opening Balance + Total Levy Contributions + Interest – Anticipated Expenses = Closing Balance

Year	Year To	Opening Balance	Total Levy Contributions	Interest	Anticipated Expenses	Closing Balance
1	31/10/2017	68,494.00	60,000.00	806.03	98,089.09	31,210.94
2	31/10/2018	31,210.94	76,200.00	586.67	66,637.27	41,360.34
3	31/10/2019	41,360.34	78,562.20	749.30	69,344.55	51,327.29
4	31/10/2020	51,327.29	80,997.63	859.16	78,233.64	54,950.44
5	31/10/2021	54,950.44	83,508.56	1,012.53	69,172.73	70,298.80
6	31/10/2022	70,298.80	86,097.33	1,004.83	103,402.73	53,998.23
7	31/10/2023	53,998.23	88,766.35	1,283.06	39,331.82	104,715.82
8	31/10/2024	104,715.82	91,518.11	2,140.46	38,316.36	160,058.03
9	31/10/2025	160,058.03	94,355.17	2,659.35	88,170.91	168,901.64
10	31/10/2026	168,901.64	97,280.18	2,089.99	178,642.73	89,629.08
11	31/10/2027	89,629.08	100,295.87	1,558.94	88,272.73	103,211.16
12	31/10/2028	103,211.16	103,405.04	1,422.45	135,293.64	72,745.01
13	31/10/2029	72,745.01	106,610.60	1,977.38	9,477.27	171,855.72
14	31/10/2030	171,855.72	109,915.53	2,755.27	115,557.27	168,969.25
15	31/10/2031	168,969.25	113,322.91	2,720.98	117,399.09	167,614.05

15 Year Cash Flow Graph

The graph below tracks the 'Contributions' (the amount collected in levies), the projected 'Closing balance' of the sinking fund and the likely 'Expenses' for each year of this forecast. The three lines in the graph are:
 Contributions line - Total sinking fund contributions per year.
 Expenses line – Total anticipated expenses in each year.
 Closing balance line – Shows the amount left in the fund bank account at the end of the year after all anticipated expenses have been allowed for.



Anticipated Expenditures Table Year 1 - 15

This table shows when expenses will occur in the next 15 years. From left to right the columns are:-

‘**Expenditure Items**’ - lists the different areas and items of expenditure.

‘**Current Cost**’ - shows the current maintenance expenditure costs in today’s dollars.

‘**Year 1**’ to ‘**Year 15**’ - shows the costs in the year in which they occur including the 'Assumed Rate of Inflation' compounded annually until the cost is due.

At the bottom on each column there are three lines. Firstly, a ‘**Grand Total (Inc. GST)**’ followed by a line calculating the ‘**Contingency Allowance (Inc. GST)**’ for unforeseen and minor expenses and finally ‘**Total Expenses (Inc. GST)**’ for that year. Please note: This page rounds figures to the nearest whole dollar.

Expenditure Item	Current Cost	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Year 11 (2027)	Year 12 (2028)	Year 13 (2029)	Year 14 (2030)	Year 15 (2031)
1. Building exteriors																
Repaint building exterior - stage 1	40,000	40,000	-	-	-	-	-	-	-	51,066	-	-	-	-	-	-
Repaint building exterior - stage 2	40,000	-	41,240	-	-	-	-	-	-	-	52,649	-	-	-	-	-
Repaint building exterior - stage 3	40,000	-	-	-	-	-	46,597	-	-	-	-	-	-	-	59,487	-
Maintain or replace garage doors (total: 118)	8,341	-	-	8,866	-	-	9,717	-	-	10,648	-	-	11,670	-	-	12,789
Maintain or replace aluminium windows, doors and hardware	18,267	-	-	19,417	-	-	21,279	-	-	23,320	-	-	25,557	-	-	28,008
Maintain or replace balcony balustrades (total: 405Lm) - 5%	7,800	-	-	-	8,548	-	-	-	-	-	-	-	10,913	-	-	-
Maintain or replace gutter (total: 828Lm) – 10%	3,783	-	-	4,021	-	-	-	-	4,684	-	-	-	-	5,457	-	-
Maintain or replace downpipes (total: 486Lm) – 10%	1,904	-	-	2,024	-	-	-	-	2,358	-	-	-	-	2,746	-	-
Plumbing and drainage maintenance	15,583	-	-	-	-	17,607	-	-	-	-	20,511	-	-	-	-	23,893
General building maintenance	30,111	-	-	-	-	34,022	-	-	-	-	39,633	-	-	-	-	46,169
Sub Total (Incl. GST)		40,000	41,240	34,328	8,548	51,629	77,593	0	7,042	85,034	112,793	0	48,140	8,203	59,487	110,859
2. Roof																
Maintain roof tiles (total: 3864m2)	11,879	-	-	12,627	-	-	-	-	-	-	-	16,120	-	-	-	-
Re-bed and re-point ridge caps (total: 648Lm) - 30%	19,772	-	-	21,017	-	-	-	-	-	-	-	26,831	-	-	-	-
Sub Total (Incl. GST)		0	0	33,644	0	0	0	0	0	0	0	42,951	0	0	0	0
3. Stairwells																
Repaint ceilings	8,280	-	-	-	9,074	-	-	-	-	-	-	-	11,584	-	-	-
Repaint walls	24,624	-	-	-	26,986	-	-	-	-	-	-	-	34,451	-	-	-
Repaint door face – one side including architraves	10,878	-	-	-	11,921	-	-	-	-	-	-	-	15,219	-	-	-
Maintain floor tiles and treads (total: 117m2) – 5%	1,005	-	-	-	1,101	-	-	1,207	-	-	1,323	-	-	1,450	-	-
Replace carpet	32,350	-	-	-	-	-	-	38,853	-	-	-	-	-	-	-	-

Expenditure Item	Current Cost	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Year 11 (2027)	Year 12 (2028)	Year 13 (2029)	Year 14 (2030)	Year 15 (2031)
Repaint balustrades	10,440	-	-	-	-	-	-	-	-	-	-	14,167	-	-	-	-
Sub Total (Incl. GST)		0	0	0	49,082	0	0	40,060	0	0	1,323	14,167	61,254	1,450	0	0
4. Driveways / Car parks																
Maintain pebblecrete and paver driveways (total: 3200m2)	3,810	3,810	-	-	-	-	4,438	-	-	-	-	5,170	-	-	-	-
Repaint line marking	428	428	-	-	-	-	-	-	-	546	-	-	-	-	-	-
Sub Total (Incl. GST)		4,238	0	0	0	0	4,438	0	0	546	0	5,170	0	0	0	0
5. External walkways																
Maintain pebblecrete and paver walkways	955	955	-	-	-	-	1,112	-	-	-	-	1,296	-	-	-	-
Sub Total (Incl. GST)		955	0	0	0	0	1,112	0	0	0	0	1,296	0	0	0	0
6. Swimming pool																
Maintain paving	834	-	-	887	-	-	972	-	-	1,065	-	-	1,167	-	-	1,279
Replace pool surface	36,000	-	-	-	-	-	-	-	-	-	47,384	-	-	-	-	-
Replace pump	3,371	-	-	-	3,694	-	-	-	-	-	-	-	4,716	-	-	-
Replace salt water chlorination unit	2,080	-	-	-	2,279	-	-	-	-	-	-	-	2,910	-	-	-
Replace sand filter	2,511	-	-	-	-	-	2,925	-	-	-	-	-	-	-	-	-
Replace cartridge filter	1,235	-	-	-	-	-	1,439	-	-	-	-	-	-	-	-	-
Replace cartridges inline filter	437	-	-	-	-	-	509	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		0	0	887	5,973	0	5,845	0	0	1,065	47,384	0	8,793	0	0	1,279
7. Tennis court																
Replace court surface – Astroturf	35,018	35,018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintain fence (total: 93Lm) - 10%	809	-	-	-	887	-	-	-	-	1,033	-	-	-	-	1,203	-
Replace court net	1,510	-	-	-	1,655	-	-	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		35,018	0	0	2,542	0	0	0	0	1,033	0	0	0	0	1,203	0
8. Play equipment																
Replace equipment	5,921	-	-	-	-	-	-	-	-	-	-	8,035	-	-	-	-
Sub Total (Incl. GST)		0	0	0	0	0	0	0	0	0	0	8,035	0	0	0	0
9. Fixtures and fittings																
Replace letterboxes	12,502	-	-	-	-	-	-	-	-	-	-	-	-	-	18,593	-
Maintain or replace common light fittings	2,026	-	2,089	-	2,220	-	2,360	-	2,509	-	2,667	-	2,835	-	3,013	-
Maintain security access intercom	9,894	-	10,201	-	-	11,179	-	-	12,251	-	-	13,426	-	-	14,714	-
Sub Total (Incl. GST)		0	12,290	0	2,220	11,179	2,360	0	14,760	0	2,667	13,426	2,835	0	36,320	0
10. Fence maintenance																
Maintain fences (total: 184Lm – rate 100%) - 5%	1,665	-	-	1,770	-	-	1,940	-	-	2,126	-	-	2,329	-	-	2,553
Replace pool powdercoat fence and gate	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		0	0	1,770	0	0	1,940	0	0	2,126	0	0	2,329	0	0	2,553

Expenditure Item	Current Cost	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Year 11 (2027)	Year 12 (2028)	Year 13 (2029)	Year 14 (2030)	Year 15 (2031)
11. Landscaping																
Maintain or replace log retainer walls	3,184	-	-	-	-	3,598	-	-	-	-	4,191	-	-	-	-	4,882
Prune or remove trees and vegetation	3,583	-	3,694	-	-	4,048	-	-	4,437	-	-	4,862	-	-	5,329	-
Sub Total (Incl. GST)		0	3,694	0	0	7,646	0	0	4,437	0	4,191	4,862	0	0	5,329	4,882
12. Plant - water																
Replace hot water systems (total: 9)	10,327	-	10,647	-	11,317	-	12,030	-	12,787	-	13,593	-	14,448	-	15,358	-
Sub Total (Incl. GST)		0	10,647	0	11,317	0	12,030	0	12,787	0	13,593	0	14,448	0	15,358	0
13. Window Safety Devices / Locks																
Install window safety devices / locks	19,695	19,695	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		19,695	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total (Incl. GST)		99,906	67,871	70,629	79,682	70,454	105,318	40,060	39,026	89,804	181,951	89,907	137,799	9,653	117,697	119,573
Contingency Allowance (Incl. GST)		7,992	5,430	5,650	6,375	5,636	8,425	3,205	3,122	7,184	14,556	7,193	11,024	772	9,416	9,566
Grand Total Expenses (Incl. Contingency Allowance and GST)		107,898	73,301	76,279	86,057	76,090	113,743	43,265	42,148	96,988	196,507	97,100	148,823	10,425	127,113	129,139

Building Data List from the Property Inspection for Riverview Apartments

This table has all the data collected by the building inspector while inspecting the complex. The columns from left to right are:-

'Items' – identifies and describes the maintenance item

'Qty' – lets you know the total quantity of that item

'Unit' – is the unit rate used to measure the quantity

'Rate' – is the cost of each unit in dollars

'Value' – is the quantity (Qty) multiplied by the Rate (\$)

'Next Due' - is the remaining life in years until an item needs money spent on it.



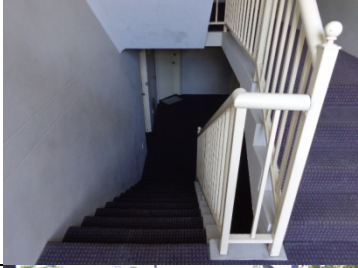



'Total Life' - is the total life the item after it is replaced, repaired or repainted.

'Comments' – details any useful explanatory notes for the item.

Items	Qty	Unit	Rate (\$)	Value (\$)	Next Due	Total Life	Comments
1. Building exteriors							
Repaint building exterior - stage 1	1	Item	40,000.00	40,000.00	1	8	Ongoing painting program
Repaint building exterior - stage 2	1	Item	40,000.00	40,000.00	2	8	Ongoing painting program
Repaint building exterior - stage 3	1	Item	40,000.00	40,000.00	6	8	Ongoing painting program
Maintain or replace garage doors (total: 118)	5	Ea	1,668.15	8,341.00	3	3	Replace as required - not including motor
Maintain or replace aluminium windows, doors and hardware	1	Item	18,266.60	18,267.00	3	3	Replace seals, mechanism repairs or full replacement
Maintain or replace balcony balustrades (total: 405Lm) - 5%	20	Lm	390.00	7,800.00	4	8	Replace as required
Maintain or replace gutter (total: 828Lm) – 10%	82	Lm	46.14	3,783.00	3	5	Inspect and repair as required
Maintain or replace downpipes (total: 486Lm) – 10%	49	Lm	38.85	1,904.00	3	5	Inspect and repair as required
Plumbing and drainage maintenance	1	Item	15,583.25	15,583.00	5	5	For water, sewer and stormwater repairs & maintenance
General building maintenance	1	Item	30,111.00	30,111.00	5	5	Wall and concrete repairs, water proofing
2. Roof							
Maintain roof tiles (total: 3864m2)	144	m2	82.49	11,879.00	3	8	Repair as required
Re-bed and re-point ridge caps (total: 648Lm) - 30%	194	Lm	101.92	19,772.00	3	8	Repair as required
3. Stairwells							
Repaint ceilings	414	m2	20.00	8,280.00	4	8	Ongoing painting program
Repaint walls	1,296	m2	19.00	24,624.00	4	8	Ongoing painting program
Repaint door face – one side including architraves	111	Ea	98.00	10,878.00	4	8	Ongoing painting program
Maintain floor tiles and treads (total: 117m2) – 5%	6	m2	167.54	1,005.00	4	3	Replace as required
Replace carpet	365	m2	88.63	32,350.00	7	12	Replace as required
Repaint balustrades	261	Lm	40.00	10,440.00	11	8	Ongoing painting program
4. Driveways / Car parks							
Maintain pebblecrete and paver driveways (total: 3200m2)	15	m2	254.00	3,810.00	1	5	Repair as required
Repaint line marking	62	Lm	6.90	428.00	1	8	Repaint as required
5. External walkways							
Maintain pebblecrete and paver walkways	5	m2	191.06	955.00	1	5	Replace as required

Items	Qty	Unit	Rate (\$)	Value (\$)	Next Due	Total Life	Comments
6. Swimming pool							
Maintain paving	1	Item	833.55	834.00	3	3	Repair as required
Replace pool surface	1	Item	36,000.00	36,000.00	10	20	Replace as required - quotation required
Replace pump	2	Ea	1,685.54	3,371.00	4	8	Replace as required
Replace salt water chlorination unit	1	Ea	2,079.74	2,080.00	4	8	Replace as required
Replace sand filter	1	Ea	2,510.74	2,511.00	6	12	Replace as required
Replace cartridge filter	1	Ea	1,234.72	1,235.00	6	12	Replace as required
Replace cartridges inline filter	1	Ea	437.41	437.00	6	12	Replace as required
7. Tennis court							
Replace court surface – Astroturf	496	m2	70.60	35,018.00	1	25	Replace as required
Maintain fence (total: 93Lm) - 10%	9	Lm	89.84	809.00	4	5	Ongoing maintenance program
Replace court net	1	Ea	1,509.92	1,510.00	4	12	Replace as required
8. Play equipment							
Replace equipment	1	Item	5,921.32	5,921.00	11	20	Replace as required
9. Fixtures and fittings							
Replace letterboxes	103	Ea	121.38	12,502.00	14	30	Replace as required
Maintain or replace common light fittings	1	Item	2,025.73	2,026.00	2	2	Ongoing maintenance allowance
Maintain security access intercom	102	Units	97.00	9,894.00	2	3	Repair or replace as required
10. Fence maintenance							
Maintain fences (total: 184Lm – rate 100%) - 5%	9	Lm	184.99	1,665.00	3	3	Repair or replace as required
Replace pool powdercoat fence and gate	1	Item	20,000.00	20,000.00	25	25	Replace as required
11. Landscaping							
Maintain or replace log retainer walls	1	Item	3,183.52	3,184.00	5	5	Repair or replace as required
Prune or remove trees and vegetation	1	Item	3,583.25	3,583.00	2	3	Quotation required by garden contractor
12. Plant - water							
Replace hot water systems (total: 9)	2	Ea	5,163.68	10,327.00	2	2	Replace as required
13. Window Safety Devices / Locks							
Install window safety devices / locks	303	Ea	65.00	19,695.00	1	0	Install to meet strata regulations

BUILDING PHOTOS

Item Group	Photo	
Building exteriors	 A photograph showing the exterior of a multi-story brick apartment building with balconies, situated in a landscaped area with trees and a paved driveway.	
Roof	 A photograph showing the roofline of a building with a gabled roof and brickwork, viewed from a low angle looking up.	
Stairwells	  Two photographs showing the interior of a stairwell. The left image shows a staircase with a white railing and a dark carpet. The right image shows a similar staircase from a different angle, also with a white railing and dark carpet.	
Driveways / Car parks	  Two photographs showing the exterior of a driveway and car park. The left image shows a paved driveway with a brick border and a car parked in the distance. The right image shows a covered car park area with a concrete floor and a brick wall.	

External walkways		
Swimming pool		
Tennis court		
Play equipment		
Fixtures and fittings		

Fence maintenance	
Landscaping	
Plant - water	
Window Safety Devices / Locks	

Inspector's Report for Riverview Apartments

1. We have recommended that the balance of the Sinking Fund be allowed to increase over the length of this report, leading to a significant balance in the later years. It is necessary to allow a larger balance over time to offset the effects of inflation on building material and labour costs and to ensure that adequate funds are available to provide for major works, which frequently become necessary as the building ages but which cannot be reliably forecast this far in advance. Based on historical data and current trends, we anticipate that building construction and maintenance costs will increase by fifty percent every fifteen years. This recommendation will be reviewed each time this report is updated, in light of price levels and the state of the building at the time of each update.
2. The painting cost estimates are as accurate as possible. However, due to privacy considerations, access restrictions to some areas and the varied nature of the property, it is recommended that the Owners Corporation obtain quotes for painting work well in advance of when the work is to be carried out to allow for any shortfall or excess in funds.
3. For aesthetic and practical reasons, the entire maintenance costs for fences dividing the common property from individual lots have been attributed to the Owners Corporation.
4. An allowance has been made for the maintenance of the driveway. Cleaning may be carried out using high pressure water or a chemical wash, however the Owners Corporation should take care to abide by water-use restrictions when doing so.
5. The powder coated metalwork throughout the property may be subject to a manufacturer's warranty and, as such, the manufacturer's cleaning and maintenance recommendations should be followed to maximise the lifespan of the product.
6. Trees should be lopped to below the fascia and gutter height and be kept clear of the building to prevent premature corrosion of the roof flashings, gutters and downpipes. Root systems should also be kept away from the building to prevent structural damage to the footings using root barriers of. If these measures cannot prevent damage to the building or property, the Owners Corporation may wish to consider removing problem trees.
7. An allowance for the installation of window safety devices/locks was included for the complex.
8. An allowance for general building maintenance, repairs and water proofing was added for future works.
9. Monies were budgeted for the maintenance & replacement of window and door parts on the complex.
10. The tiled roof needs regular maintenance & the ridge caps need repointing.
11. A walkway maintenance program was included for repairs and maintenance to the external common area walkways.
12. An allowance for plumbing and drainage maintenance was included for the complex.

Report Notes

Capital Works Fund Plan (NSW)

This forecast satisfies the current requirements of section 80 of the Strata Schemes Management Act 2015, which states:

80 Owners corporation to prepare 10-year capital works fund plan

- (1) An owners corporation is to prepare a plan of anticipated major expenditure to be met from the capital works fund for a 10-year period commencing on the first annual general meeting of the owners corporation.
- (2) An owners corporation is to prepare a plan for each 10-year period following the 10-year period to which the first plan applied. The plan is to be prepared for the annual general meeting at which the period covered by the previous plan expires.
- (3) An owners corporation may, by resolution at a general meeting, review, revise or replace a 10-year plan prepared under this section and must review the plan at least once every 5 years.
- (4) A plan under this section is to include the following:
 - (a) details of proposed work or maintenance,
 - (b) the timing and anticipated costs of any proposed work,
 - (c) the source of funding for any proposed work,
 - (d) any other matter the owners corporation thinks fit,
 - (e) any other matter prescribed by the regulations for the purposes of this section.
- (5) A plan under this section is to be finalised by the end of the next annual general meeting of the owners corporation after the annual general meeting for which the plan is prepared.
- (6) An owners corporation may engage expert assistance in the preparation of a plan under this section.
- (7) An owners corporation is, so far as practicable (and subject to any adjustment under this section), to implement each plan prepared under this section.

A Capital Works Fund is established pursuant to section 74 of the Strata Schemes Management Act 2015, which states:

74 Capital works fund

- (1) **Establishment of fund**
An owners corporation must establish a capital works fund.
- (2) **Amounts payable to fund**
An owners corporation must pay the following amounts into the capital works fund:
 - (a) the contributions levied on, and paid by, owners for payment into the fund,
 - (b) any amounts paid to the owners corporation by way of discharge of insurance claims, unless paid into the administrative fund,
 - (c) any amounts paid to the owners corporation under Part 11,
 - (d) any amount received by the owners corporation that is not required or permitted to be paid into the administrative fund,
 - (e) the proceeds of any investment of the fund.
- (3) An owners corporation may also pay the following amounts into the capital works fund:
 - (a) any income of the owners corporation,
 - (b) any amount that may be, but is not required to be, paid into the fund under this Act.
- (4) **Amounts payable from fund**
An owners corporation may pay money from its capital works fund only for the following purposes:
 - (a) payments of the kind for which estimates have been made under section 79 (2),
 - (b) payments made in accordance with this Division on a distribution of a surplus in the fund,
 - (c) payments of amounts for the purposes of Part 11,
 - (d) the transfer of money to the administrative fund or to pay expenditure that should have been paid from the administrative fund.
- (5) **Exemption**
An owners corporation for a strata scheme comprising 2 lots need not establish a capital works fund if:
 - (a) the owners corporation so determines by unanimous resolution, and
 - (b) the buildings comprised in one of those lots are physically detached from the buildings comprised in the other lot, and
 - (c) no building or part of a building in the strata scheme is situated outside those lots.

THIS REPORT DEALS WITH THE CAPITAL WORKS FUND PLAN.

Implementation - It is the responsibility of the Executive Committee and the Owners Corporation to implement this plan so far as is practicable.

Interaction with Capital Works Fund - The source of funding for all proposed work or maintenance is presumed to be the capital works fund. No allowance has been made for proposed work or maintenance that is funded by means other than the capital works fund.

Figures used and updates - The figures used in the forecast are typical for this type of building and normal usage. The Executive Committee has some flexibility to make minor adjustments to the timing of any proposed work. More major adjustments to the timing of work may require an ordinary resolution of the Executive Committee, or complete revision of the Plan. The purpose of this forecast is to ensure monies are available when required to cover foreseeable expenses.

Contingency - A contingency has been allowed for any unforeseen expenses. Please refer to the second page of the report.

Interest, Taxation and Inflation - The standard interest rate used by Solutions in Engineering is based on the Reserve Bank of Australia's (RBA) historical series for Cash Management and Online Savings Account interest rates for the past previous fifteen years. The company tax rate is applied to interest income unless Solutions in Engineering is advised that the Owners Corporation is exempt from tax on external income. The standard inflation rate used by Solutions in Engineering is based upon the entire RBA historical series for Construction, Manufacturing and Property Services inflation, commencing March 1999. While historical figures are not an accurate predictor of specific future outcomes, over the life of this report (fifteen years), interest rates and inflation should approach long-term averages. Changes in economic conditions may affect the accuracy of these figures. This report should be updated at regular intervals to ensure that any such changes are taken into account.

Administration Fund - Items of a recurrent nature that are covered by the administration budget such as maintenance contract for lifts, fire protection equipment, air conditioners, cleaning and gardening are not included. Neither are items of a minor recurrent nature with varying life spans such as light bulbs and exit light battery packs.

Items with Indefinite Lives - There is no allowance for replacement of items that, if properly maintained, should last indefinitely, (unless otherwise requested by the Executive Committee); for example: sanitary fittings and lift carriage interiors. This forecast deals only with estimating the timing of physical obsolescence.

Improvements - The Executive Committee may resolve to undertake improvements not related to normal maintenance. No allowance has been made for these items.

Defects - No allowance has been made for correction of defects resulting from faulty construction except where nominated in the report. The inspectors report summarises only issues observed during our inspection and is not a structural report.

Ongoing Maintenance Programs - The lives of some items overall may have been extended indefinitely due to the use of an ongoing maintenance program. When there is any doubt in our minds about how and when an item may need replacement or maintenance, we give control to the owners and the Executive Committee. With allowances for ongoing maintenance programs, allow funds to be available for maintenance, gradual replacement or in some cases accumulation of funds for total replacement in the long term. The lives of some items can vary considerably, especially with issues such as:

- ◆ Usage.
- ◆ Accidental damage to floor tiles, which may or may not be still available or in stock.
- ◆ Fences can be maintained and replaced gradually or all at once.
- ◆ Metal and Aluminium Balustrades can last anywhere between 10 and 50 years, depending on the original quality, coatings (painting) and maintenance.
- ◆ Concrete driveways that have been cracked but are still perfectly sound and serviceable.
- ◆ Pumps and Fans can last indefinitely or wear out relatively quickly. This often depends on the quality of internal construction and finish.

Safety - The inspection does not cover safety issues.

Lifts - Due to the many types of lift contracts covering varying parts and aspects of lift maintenance, no allowance is made unless instructed by the Executive Committee/Representative.

Fire Maintenance – We have assumed that the Fire Maintenance Contractor has covered the Fire Maintenance Items; no allowance is made unless instructed by the Executive Committee/Representative.

Window Safety Device – It is mandatory to install a safety device/ lock that restricts the opening of an openable window to less than 12.5cm. The device must be able to withstand a specific outward pushing force. All windows in

every apartment building above a certain height must comply. (Section 118 Strata Schemes Management Act 2015; section 30 Strata Schemes Management Regulation 2016). An allowance has been made for the installation of these devices. Contact our office should you require a quotation to install these devices.

Other Matters - Unless otherwise included, this report does not include matters that are not anticipated major expenditures to be met from the capital works fund.

Updates - The forecast is made with the best available data at this time. The forecast should be upgraded at regular intervals. We recommend a minimum of bi-annual updates.

Supply terms and conditions - All services provided by Solutions in Engineering are supplied on the basis of **Supply Terms and Conditions** which are available from our Office and from our website www.solutionsinengineering.com

Please read the information and the notes on the Inspector's report to gain the most from this report.