



Why are levies necessary?

All strata groups impose a regular strata levy, usually collected quarterly, on all unit owners. The money collected is then used to fund the running and maintenance of their group.

Levy Types:

There are three types of levies:

- one to cover the day-to-day running expenses (administrative fund levies)
- one for long term repairs and maintenance (sinking fund levies)
- and lastly, one to cover all those unexpected events where funds are short (special levies)

Administrative Fund:

The Administrative Fund, under the control of the Owners Corporation, is used to pay for all the recurrent or day to day expenses of a group. For example:

- cleaning
- gardening
- insurance premiums and excesses
- utility bills - such as water usage, electricity, etc
- small day-to-day repairs - such as a broken mailbox, a damaged or burnt out light, etc
- strata management fees (if a strata managing agent is appointed)
- auditing and tax return fees
- bank charges

Sinking Fund:

The Sinking Fund, is a fund to pay for both long term expected (painting) and unexpected replacement, repairs and maintenance such sewer repairs or fence replacement.

Best Practice

We suggest that body corporates establish a sinking fund to cover unexpected repairs and programmed maintenance. A healthy sinking fund will help owners manage their own budgets, improve the resale of the units and care of the property.

Our thanks to www.strataman.com.au for some of this content.