

Understanding the basics of strata title

The laws governing most “flat” or “unit” ownership are the Strata Schemes (Freehold Development) Act 1973 and the Strata Schemes Management Act 1996. These pieces of legislation have two main features. The first is the system of title to property, which gives exclusive ownership to a part of a building (which is known as a “lot” – generally your own personal unit space), and the second is the system of rights in relation to parts of the property, known as “common property”.

Definitions

Lot: Includes a unit, townhouse or garage that you have a right of ownership over. It is made up of cubic air space and is generally formed by the inner surface of the boundary walls, the under surface of the ceiling and the upper surface of the floor.

Common Property: Is all the areas of land and building not included in any lot. The common property boundaries are usually formed by the upper surface of the floor, the under surface of the ceiling and the external walls including windows and doors.

Owners' Corporation: Is made up of all the owners of the lots within the strata plan.

Executive Committee of an Owners' Corporation: Is a group who represents the owners and who administers the day-to-day running of the strata scheme. The executive committee of an Owners' Corporation is elected at each annual general meeting. The committee can have as few as one member and up to a maximum of nine members.

Managing Agent: Is an agent who is appointed by an Owners' Corporation who may carry out some or all of the functions, duties and powers of the Owners' Corporation.

Levy: Is an amount of money set by the Owners' Corporation, which has to be paid to the Owners' Corporation to enable the Owners' Corporation to carry out its duties.

Administrative Fund: Is a fund set up to cover the day-to-day expenses of the strata plan, eg. the cost of day-to-day maintenance of common property (including carpet cleaning and lawn mowing) and payment of insurance.

Sinking Fund: Is a fund set up to provide for future expenses of a capital nature, including major repairs and improvements to the common property.

Financial Management and Decision Making Under Strata Title

The Strata Schemes Management Act 1996 (as amended) defines the rights and responsibilities of the Owners' Corporation and each individual owner in a strata plan. The Act sets out the requirements in relation to:

- (a) The meetings of the Owners' Corporation and executive committee of the Owners' Corporation;
- (b) The books, records and insurance the Owners' Corporation must hold;
- (c) The levies to be imposed and the funds to be maintained by the Owners' Corporation;
- (d) The responsibilities of the Owners' Corporation to maintain the common property; and
- (e) The responsibilities of the owners and occupiers of the lots within the strata scheme as defined by the By-Laws.

If you have any queries about the law in relation to your strata unit, please call us at Sautelle White for help.

