

## Maintenance Plans and Funds (Victoria)

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### What is a Maintenance Plan?

It's a plan for anticipated major expenditure. That is, an assessment of the likely repairs and maintenance required on the property. The legislation doesn't specify the format, content or complexity of the plan.

### Who prepares the Plan?

It's prepared by the corporation. However, the corporation may engage expert assistance if it wishes.

### What qualifications should an expert assistant have?

The legislation doesn't specify what expertise or qualifications any provider of "expert assistance" should have – it's up to the corporation to make the appropriate decisions. Depending on the complexity of your property, you may find that you can do it yourself. If you engage an outside firm, we suggest you investigate the reputation of the firm, their membership of relevant professional associations, compliance with OH&S standards and the professional indemnity insurance they carry. Many people believe it's essential that the service provider actually visit the property rather than just working from their desk.

### Do we need a Plan?

At Lannock, we believe that all strata corporations should have a plan not just for future capital works, but for all desired improvements and additions to their property. The legislation requires owners corporations with more than 100 lots to have a plan. If there are less than 100 lots, it's optional.

### What is a Maintenance Plan not?

A Maintenance Plan is not a plan for raising money to a Maintenance Fund – it's a plan for what may come out of the Maintenance Fund. How to obtain funds for the Maintenance Fund is a totally separate exercise which is part of the annual budgeting of the corporation. The law does not require that a Maintenance Plan include estimates of possible contributions to the Maintenance Fund – this is an extra that expert assistants sometimes include.

### What do we do with the Plan when we've got it?

Consider it. Include it in your planning. Make it available to members and prospective purchasers. Update it.

### What is a Maintenance Fund?

It's an account in the financial records of the owner corporation. It does not have to be a separate account with a financial institution. If the owners corporation has a Maintenance Plan, then it must have a Maintenance Fund.

### How do we work out what to put in the Maintenance Fund?

How you raise the money to the Maintenance Fund is a separate exercise to preparing a Plan and is part of the annual budgeting process. As with all other financial decisions in strata, there are three options – save via regular contributions, raise a one off (special) levy or borrow. You should consider carefully what method (or mix) is best in your situation, taking into account relevant factors such as cost, availability, certainty and timing. See Lannock's One Pager comparing the various funding options.

### What's really important here?

The essential elements of the Maintenance Plan and Fund are that they are tools for estimating future expenditure and for ensuring that owners are well-informed. It's about the capital budget, not about how you pay for it. It's not compulsory to have regular levies to a Maintenance Fund. Each corporation should make its own decisions as to how best to fund the anticipated works based on their particular situation.