

**Publication Date: 27 October 2021**  
**YSP Podcast Transcript: Episode 285. Who is entitled to chair a meeting? | the  
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**Intro:** Welcome to Your Strata Property, the podcast for property owners looking for reliable, accurate and bite-sized information from an experienced and authoritative source.

**Amanda Farmer:** Hello and welcome. I'm Amanda Farmer and I have with me today, in person, face to face, Reena Van Aalst from Strata Central.

**Reena Van Aalst:** Hi Amanda, it's just so lovely to see you in person. And this is our first podcast ever recorded together.

**Amanda Farmer:** Absolutely. We have been doing our wins and our challenges on the podcast for the last 3 years or so, I think, and always over Zoom video, or more recently we use a platform called Riverside. And we have not, for whatever reason, COVID is a part of the reason but not all of it, have not ever sat in person face to face in a room and recorded a podcast episode. But here we are.

**Reena Van Aalst:** It's so lovely to see you, Amanda, in person, and actually physically touch.

**Amanda Farmer:** Yes, I have managed to get myself in the same city as Reena, and we are in a city office. We're above a busy road so if you do hear some sirens, which we often hear in Sydney, apologies for that, but this is just how it goes when we're not in the home studio. Well, here we go, Reena. Share with me, please, your challenge for this week.

**Reena Van Aalst:** So this is a challenge, Amanda, that I haven't been personally involved in, but one of my owners has come to me from another strata plan that they also own an apartment in, and it relates to the chairing of meetings by a strata managing agent, and whether or not, if the chairperson is there, whether they can delegate that function to the managing agent. So, first of all, I'll refer to schedule 1, part 3, clause 12, where it relates to the chairing of meetings. And it says the chairperson to preside. So the chairperson of the owners corporation is to preside at any meeting at which the chairperson is present. And therefore it says that if the chairperson is not present, the owners present may elect one of their number to preside at that meeting and that the person selected is, while so presiding, taken to be the chairperson of the owners corporation for that meeting.

Now there's another clause in the Act, Section 52, where it says the owners corporation may delegate functions to the strata managing agent. This is obviously the basis of agency agreements and what delegations are given to the agent at a general meeting when they're appointed. So Amanda, there seems to be a bit of a conflict where the chairperson, if they're there, they need to chair the meeting and then if they don't want to, the other members can elect one of their number to do so, but that sort of seems to be inconsistent with their clause relating to the fact that an owners corporation can delegate some or, or all of their functions. So can the owners corporation really delegate the function of chairing a meeting to its managing agent?

**Amanda Farmer:** The way that I read Clause 12 in Schedule 1 to the Strata Schemes Management Act, and this is the clause that you read out, which requires the chairperson to preside at meetings of the owners corporation. I read that word chairperson to include the strata manager who has been delegated the function of chairperson under their agency agreement, which as you pointed out under Section 52 of the Strata Schemes Management Act the owners corporation can delegate the function of chairperson to the strata managing agent. So I think you're already there.

**Reena Van Aalst:** Yes.

**Amanda Farmer:** In your capacity as chairperson, ticking that box that's in Schedule 1 Clause 12, the chairperson is presiding. The chairperson is the strata manager because the strata manager's been delegated the function of the chairperson. What do you think?

**Reena Van Aalst:** Yes. That's what we've always used as our basis upon which we have been able to chair meetings. Then when

YSP Podcast Transcript: Episode 285. Who is entitled to chair a meeting? | the  
“CPM” | investing funds

I was reading and I'm thinking because many, many years ago, I did attend a meeting where that did come up. And therefore we were told that we were not able to chair the meeting because it wasn't specifically delegated in the agency agreement that the agent could act as chairperson, secretary and treasurer in a partial way. So I think that what you're saying, Amanda does make perfect sense because once the delegation has been made in the instrument of appointment, therefore you are delegated that function. Therefore, it's not really inconsistent with this clause where if they are present, because you, in a sense you are that person through the delegation.

**Amanda Farmer:** Where I have seen this come up and I have successfully prevented a particular person from acting as a chairperson is where neither the elected chairperson is present nor the strata manager with delegated authority to act as chairperson and a group of owners wants their lawyer to chair the meeting. Now I have always said, because of precisely these provisions that a lawyer, assuming they're not an owner in the building present at the meeting and entitled to vote has no entitlement to chair. You can't even nominate them to be the chair because those who are present at the meeting may only elect one of their number to preside at that meeting. And I read that to be someone who is present at the meeting and entitled to vote.

**Reena Van Aalst:** Yes. That's been our understanding based on what that provision means.

**Amanda Farmer:** So definitely I have had that question come up before. What I have noticed some strata managers do, and I think you do this Reena, I've seen the way you chair meetings is that you do officially request, is that the right word, those present, if they're.. you ask, are they comfortable that you act as chair, and they generally all say yes. And I know for strata committee meetings, I've seen you do that as well.

**Reena Van Aalst:** Yes. We always seek consent Amanda just to make sure that the chairperson, if they are present, is happy for us to chair the meeting. Or if they're not present that the other owners or committee members are happy for us to chair. And that's always been the case. I mean, I think for laypeople who obviously find themselves in these positions as chairperson, a lot of people don't really have experience in chairing meetings and therefore they do defer to the managing agent to help them. And also, I think some times it keeps them out of the firing line, whereas it's easier for us to chair the meeting and be able to deflect and also answer questions and be able to keep the meeting in order, which is obviously part of our function to chair meetings.

**Amanda Farmer:** Having said that I have seen some committee chairs, chair meetings very, very well. And also I have seen some chairs that have of room for improvement, but others who over time have honed their skill as chair. And that is only through chairing general meeting after general meeting, after general meeting and having the strata manager sit next to them and guide them.

**Reena Van Aalst:** Yes.

**Amanda Farmer:** Often chairs will want to fulfill that role, but they want to do it well, and they acknowledge that these are complex provisions in our legislation. We want to make sure the meeting runs as smoothly as possible and according to all those protocols, so asking the strata manager to sit next to you, as you sit in front of the room full of people, if you're having a meeting in person can be a helpful way to make sure you're ticking all those boxes.

**Reena Van Aalst:** Oh, definitely Amanda. I've had some people that have done it next exceptional job, which I actually have sat there in awe and I think, wow, I wish I could chair a meeting like that. I actually had one particular chairperson from a company title building that we're managing currently and we had the meeting last week and he's so well versed in being able to then summarise the discussion in a form that then the person taking the minutes, which wasn't me, was able to do. I thought that's a really clever way of listening to everybody, chairing it, controlling it, but then saying, hey, this is the action points and this is what we're going to minute. So that's also a good thing for the strata committee meetings as well, where they're not so formal in terms of their resolutions as such.

**Amanda Farmer:** Yes. Excellent. Thank you for raising that one Reena and covering off the role of the chairperson and the authority to delegate the function of the chairperson. My challenge for this week relates to the common property memorandum.

YSP Podcast Transcript: Episode 285. Who is entitled to chair a meeting? | the  
"CPM" | investing funds

Now, many of our listeners will be familiar with the common property memorandum. Our 2015 legislation introduced the ability for owners corporations to adopt this document called the common property memorandum. I will put a link in the show notes to the standard form, common property memorandum for New South Wales. But in short, it's a document that lists which aspects components, parts, of a strata title development are lot property and therefore the responsibility of lot owners and which parts are common property and therefore the responsibility of the owners corporation. Now I'm raising the common property memorandum today, even though it's been around for many years because I'm seeing more and more buildings adopt it or want to adopt it.

And our strata legislation does provide that an owners corporation can adopt the common property memorandum as a by-law. And a lot of buildings want to do that as they believe an easy way to show, explain to lot owners what is lot property and their responsibility and what is common property and the owners corporation's responsibility. Now we've talked about the common property memorandum a little bit in passing in the past Reena in particular, some parts of it that I have felt actually don't correctly reflect the legal position of what should be lot owner responsibility and what shouldn't. And I wanted to get your perspective as a strata manager, working with buildings who may be adopting or wanting to adopt the common property memorandum. Are you seeing it become more popular? Do you get questions from lot owners at a general meeting about the common property memorandum and what are those questions and how do you see it being used in practice, if at all? Ultimately, what will your recommendation be to buildings who might be thinking of adopting, the common property memorandum?

**Reena Van Aalst:** Normally Amanda, some buildings have come to us, but it hasn't been as many as I would've thought would've been asking for it. I think it depends on the building and their number of by-laws and how robust they are in terms of demarcating certain things in terms of responsibility. I am aware that on the whole, it is a very well rounded document and very accurate, but there are obviously exceptions in some buildings where it may not apply. And I think where the issue has become perhaps contentious for some buildings.

So I've seen the document used previously when the LPI had it as a document, when it was called land property information, before it became Land Registry Services. And it was used quite often then to try and help managers to explain to lot owners what was common property and what wasn't, because when you give them the definition of common property, it's quite a vague term. And therefore in its definition, therefore it was hard to try and articulate things like stopcocks and whether they were in the apartment or outside the apartment, whether you know, that service was only limited to your own apartment where let's say it was a pipe that was only bringing water to your apartment, whether it was joint bringing water to more than one apartment. In those areas it became quite complicated.

And therefore at times it was actually requiring legal advice.

**Amanda Farmer:** Yes. I'm glad you've raised stopcocks Reena because I know we have spoken about this in the past, on the podcast. And as I look at the current version of the common property memorandum, I can't be certain, but I will go back and look at the earlier version I had, I believe that part of the memorandum has been changed to be much clearer, that any pipes downstream of any stopcock which only serves a particular lot and is not within any common property wall is indeed lot owner property and lot owner responsibility. It was not that clear sometime ago when we were having that discussion about stopcocks.

Another point of confusion that I was looking at recently in the context of the common property memorandum was that of dividing fences. And in particular, there is a part of the common property memorandum, it is point number 7 in the table of lot owner responsibilities, titled Parking and Garages. And it states that the mesh between parking spaces where shown as a thin line, dotted line or no line on the strata plan will be treated as a dividing fence to which the Dividing Fences Act applies that mesh therefore, supposedly being lot owner responsibility if there's a problem with it, it's not common property and it's for the lot owners to sort out as between themselves applying the provisions of the Dividing Fences Act. Now this was pointed out to me by an owner who'd stumbled across it. And I believe may have heard me previously whether it was on the podcast or inside our online members community say that the Dividing Fences Act does not apply inside strata schemes. And I maintain that. The reason I maintain that is because the Dividing Fences Act applies to land.

It does not apply to airspace. And when you own a lot in a strata scheme, you own airspace and you have rights to use the

YSP Podcast Transcript: Episode 285. Who is entitled to chair a meeting? | the  
"CPM" | investing funds

common property. The owners corporation owns land. The owners corporation owns the common property. The Dividing Fences Act is quite clear that it only applies to land. So it only becomes relevant to strata schemes where you may have a dispute about a boundary fence being the boundary between the common property and your neighbour, whether your neighbour is a free standing home or another strata scheme or a company title, that's where the Dividing Fences Act comes into play in strata. It does not ever come into play as between lot owners, but here it is in the common property memorandum, the Dividing Fences Act.

**Reena Van Aalst:** I'm so glad you raised that Amanda, because I had the same issue come up in one of our schemes where I had said that the dividing fences act could not apply between owners. And this actually was brush box fences for the lower ground floor apartments that didn't have balconies. They had gardens and they were enclosed by brush box fencing. And again, I was told that the Dividing Fences Act did not apply. That was my advice to the owners corporation, that this was obviously a matter for the owners corporation, being the boundary between the two lots, even though it was a thin line. And then the chairperson said to me, oh no, but if you look at that common property memorandum, that's what it says. And I thought, oh dear, that was a new provision that wasn't included in the previous version that had...

**Amanda Farmer:** Maybe that's what hasn't come up for me before.

**Reena Van Aalst:** Well, that's what I think, that's my recollection that it was in the previous and I've actually got that document Amanda, and that's why I was quite surprised. So of course I couldn't really dispute what was in that common property memorandum, even though they had not adopted that memorandum. It wasn't part of their, but again, it was a document that was relied on. And that's the thing that people aren't asking me to consider it being part of a, as a by-law Amanda, but what they are using it as a reference for whenever there is an issue within the building, that this is a document that we should rely on in terms of who is responsible for what.

**Amanda Farmer:** And I have to say that is my issue with the common property memorandum. It is taken as gospel. It should be correct. It should correctly list responsibilities in accordance with the strata legislation. It doesn't in some parts, this dividing fences reference being one of them. And it is frustrating for owners absolutely, when they want to rely on that document, whether they've adopted it as a by-law or not, and give it to their lawyer or to their strata manager and say, but hang on, this is what the common property memorandum says. And we say, well, that's wrong? What good is a document that is supposed to make things easier if it's not correct?

And I am also aware that the common property memorandum has been used as a basis for other guides, for example, strata community associations, who's responsible guide. And I've had a similar experience where strata managers have been attempting to assert responsibility for particular items in accordance with the who's responsible guide, which in turn relies on the common property memorandum and it's wrong and having to pay for legal advice or debate about legal advice and I just think that's very unhelpful when we should be trying to make things more simple for owners, not more complex.

**Reena Van Aalst:** I totally agree, Amanda. I think that's where the whole thing has, in a sense, inadvertently become sometimes an instrument that doesn't actually help owners resolve things, but creates more complexity. As I said, an example of the dividing fence, where then we had to get the 2 owners to agree, then we had to invoice them separately. And in 50% each paid the invoice and therefore you're right. It should be a document or a guideline that would be helpful. But in times where you've said it has been incorrect, it's actually caused problems. And I'm glad that you actually raised that particular part of that memorandum.

**Amanda Farmer:** The other issue with the common property memorandum and adopting it as part of your by-laws is that our legislation is very clear. You cannot add items to the common property memorandum. You can only remove items. So we have this standard form document. It is what it is. You can strike out things that don't apply. For example, if you don't have garages, if you don't have awnings, if you don't have air conditioning systems, you can cross those out, but you can't add any items that you do have that may not already be included in the common property memorandum. So I do have a concern then that it is not a comprehensive document. It may conflict with by-laws that are already in place for a building. So any building adopting it does need to be very careful to state what happens in the event of any conflict between the common property memorandum and the other by-laws and see if those are conflicts they can live with.

YSP Podcast Transcript: Episode 285. Who is entitled to chair a meeting? | the  
“CPM” | investing funds

And it also may be, in my view, relied on by owners who might not be as experienced with by-laws or with strata living that they simply only look at the common property memorandum and assume that that states their level of responsibility, the scope of their responsibility. They don't actually look at any other by-laws, which could be a lot more specific about what they're responsible for within their lot. For example, there's been a bathroom renovation. So the by-law about their bathroom renovation prevails over the common property memorandum, which otherwise says the owners corporation is responsible for waterproofing, for example. So lots of areas where there can be confusion. And I do as a matter of practice, caution buildings wanting to adopt the common property memorandum. But as I said, I'm getting more and more requests for the common property memorandum to be considered, to be adopted, to be advised on. I just actually received a request today from a strata manager who must be getting the same thing, because he's asked me to give a fee proposal to draft common property memorandum by-laws for a number of their schemes.

**Reena Van Aalst:** Interesting. I haven't come across that experience Amanda where owners have come to me except on very few occasions. So I think maybe it depends on the building and the issues and what they're trying to achieve by having this by-law passed, adopting the common property memorandum. Interesting. Very interesting.

**Amanda Farmer:** And no doubt, we will have some feedback from our listeners who are tuning in and hearing our views on the common property memorandum. I need to start calling it the CPM. I've just said those words so many times, but I've never heard anyone else call it the CPM. So is it a thing? Of course, it's the thing, acronyms are a thing in strata. Let's do it. It's the CPM.

**Reena Van Aalst:** Exactly. That's our new one anyway.

**Amanda Farmer:** Add it to the list. All right. Share your win for this week, Reena.

**Reena Van Aalst:** So this is a really fantastic win Amanda, for two of our schemes, actually that are a part of a BMC and what's happened is that for some reason, since the SMS was registered over the years there's been some unauthorised change to some of the apportionments of various services that were quite significant in cost resulting in the residential strata schemes having to bear the brunt of an increased allocation and costing by them. And that was only just discovered inadvertently due to the sale of one of the stratum lots. And then it was discovered that the apportionments had been changed without any formal resolution and therefore once the calculations were looked at, it was realised that this has been done by the managing agent at the request of one of the lots, which was really strange. But anyway, so what happened was in view of the SMS provisions, where there was a dispute between members, you need to follow the dispute resolution clauses.

So a dispute notice was lodged against all members of the BMC relating to this incorrect allocation of certain services within the scheme. And fortunately, without having to proceed at any expert determination or legal pathway, the other members agreed not fully to all the amounts that were requested, but a settlement was achieved that pretty much meant that the owners corporations and the residential plans achieved the majority of the costs that they were due due to this incorrect allocation of expenses in the reconciliations since about maybe 10 years ago, we're talking about now, actually more than 10 years ago, and there's been no need to actually go to expert determination, which was the next revision if the members had not agreed to negotiate and come to some sort of settlement.

So this is quite a nice thing to actually be able to on the outside look in, I'm not the BMC manager, the residential plans we manage, but we work very well with the BMC manager. And it's been one of those things that you have the meeting done in a negotiation, and we've come to some sort of settlement rather than having to go down the whole legal and expert determination pathway, which is very convoluted and in a sense Amanda, you're in the hands of a third party that will decide the outcome. Whereas at least you have some certainty when you can settle and you know what the outcome's going to be. So yes.

**Amanda Farmer:** Excellent. How many members in that BMC?

**Reena Van Aalst:** I think about 10 members.

**Publication Date: 27 October 2021**  
**YSP Podcast Transcript: Episode 285. Who is entitled to chair a meeting? | the**  
**“CPM” | investing funds**

**Amanda Farmer:** Wow, that's great. To have that many members all on board, being able to resolve that, and this was a dispute that arose because sometime in the past, someone had changed the apportionment for certain expenses and it wasn't properly done.

**Reena Van Aalst:** Well, it was never agreed to, and the managing agent, they don't know how or...they're obviously investigating further into the whole thing and how that happened.

**Amanda Farmer:** Someone made a typo.

**Reena Van Aalst:** I think it was more than a typo.

**Amanda Farmer:** Wow. And did it benefit one member in particular?

**Reena Van Aalst:** Yes it did. It benefited the commercial members over the residential members.

**Amanda Farmer:** And the commercial were on board eventually?

**Reena Van Aalst:** Well, there was a sale and that's where it all, but that's when they came to light when there was a sale of the commercial lots. And that's how this all came to light.

**Amanda Farmer:** And the commercial members came to the table as part of the resolution.

**Reena Van Aalst:** Yes.

**Amanda Farmer:** Obviously having to put some money back in the kitty.

**Reena Van Aalst:** Yes.

**Amanda Farmer:** Good on them.

**Reena Van Aalst:** Not as much as I think had been originally assumed or calculated, but obviously not the BMC managers. I'm not privy to all the calculations and what's happened. But as that has been reported to me by the representatives from the BMC, there was some negotiation now that you know, we're coming out with a reasonable settlement, because as you can imagine, no matter over the years, if this error was compounded through being passed each year at the incorrect rate, then that amount would've been, it hadn't been addressed now, we just would've continued. And it would've meant that the levys...for most buildings levys kept going up. I think people sort of have this thing where, I mean, a buildings aging, it's like a person aging, you know...

**Amanda Farmer:** Get more expensive to look after.

**Reena Van Aalst:** Exactly. That's Right. Just thinking about parents and all the drugs they take and hospitalisations and you know...

**Amanda Farmer:** High insurance. Yes, indeed. And you're right. Disputes among or within building management committees and stratum developments are complex because our usual, quick, relatively cheap, easy process in the Tribunal at the best of times does not apply to those more complex developments and a lot depends on what's in the strata management statement. You had a process there for alternative dispute resolution and an expert's determination. Otherwise the avenue is to the Supreme Court. And I have had owners who are involved in, BMCs wanting to litigate a dispute with other members of the BMC. And they're quite shocked when I tell them, sorry, you can't go to the Tribunal. They don't have jurisdiction to deal with this dispute. Your avenue is to the Supreme Court and they say, Amanda, there's no way I can afford to go to the Supreme Court. I need a lawyer there it's a much more formal jurisdiction. And that is why we don't actually see many disputes about strata management statements,

YSP Podcast Transcript: Episode 285. Who is entitled to chair a meeting? | the  
“CPM” | investing funds

amendments to strata management statements go through the Supreme court because it is complex, time consuming and costly.

So good work there with that community, recognising the commercial imperative. No doubt in getting that one resolved. Thank you for sharing that. My win for this week is a building that has had approximately \$150,000 in surplus funds that they want to invest, and look, that's a win in itself.

**Reena Van Aalst:** You better hand your surplus funds to me Amanda.

**Amanda Farmer:** Well, interesting. When I was discussing the legal options, how you invest surplus funds and what our act in New South Wales says about that, I mentioned to this particular owner, I'm not sure that it's very common that buildings have money to invest. And that owner had been talking to another strata manager and said, no, actually, Amanda, my strata manager tells me there are quite a few buildings out there, large developments, usually that do have money that they are saving for that rainy day for the new lift, for the pool renovation, for the roof membrane replacement. And they are indeed investing money. So I'm interested from your perspective Reena whether my assumption that it's not very common is an uneducated one.

**Reena Van Aalst:** Well, I think it's more uncommon than common because most buildings don't have surplus funds. Part of the reason is because when your capital fund is sometimes being used as a cash flow for admin fund expenses, obviously I'm not sure if people understand, but even though it's two separate funds, the owners corporation has to maintain, it's actually one bank account. So therefore you may sometimes be in deficit in your admin fund and therefore the capital fund is there in terms of the cash to make up for that. So that's one scenario. I mean, I've got several buildings that have quite a lot of money. I've got one, that's got like 4 term deposits and they're all over a million dollars each, but those buildings are a few and far between.

**Reena Van Aalst:** And now with the interest rate environment being so low, it's sometimes not really worth the owners corporation tying up their money if they have something that's coming up, whereas before many buildings would have money in their capital funds they are in, let's just invest it. We don't need all of it this year, let's put, you know, X amount away. And that would've been a good thing to do because the interest rates were high enough to warrant that. Whereas now the interest rates are so low unless you've got a lot of money just sitting there earning zero. Then sometimes it's just better to leave it in the account unless you've got a lot of money, but \$150,000 surplus is great. I don't know how much interest they would get on that anyway. So it could be like 0.2% or something like that perhaps. And you've got to pay tax on the interest that's received as well.

**Amanda Farmer:** You may also be paying additional management fees to your strata manager who is managing that other investment account. And to that point, this came up in the discussion with this particular owner about this process of investing. We have talked about this previously on the podcast Reena, Episode no. 218. And you had pointed out to me that there is a list of authorised deposit taking institutions where you would then essentially be insured if anything was to happen to your funds, which under the management of a strata manager are trust funds. And that list was not as extensive, you had pointed out in that episode, as some people may realise, and you had to be careful about the institution in which you were investing your money. Now, I had cause to look into this further when this owner was talking to me about the options for investment, because they weren't happy with that list of ADIs and they wanted to make what they thought was a better investment on behalf of their owners corporation or suggest a better investment.

And we dug a little bit deeper into this requirement for money to only be invested in particular institutions. And where we got to was that you were only required to invest your money in this list of ADIs if your money was being handled by your strata manager, they were actually dealing with the money as if it was trust money and Reena, you and I discussed in our podcast episode, that that is a requirement in the Property and Stock Agents Act that you had to have it invested a certain way. However, if the building was going to undertake that investment, manage that investment, make decisions, operate the account directly without the intervention of a strata managing agent, they wouldn't be restricted to those ADIs and they could make perhaps a more ambitious, more risky investment, perhaps not covered by the Financial Claims Scheme or other schemes that may be protecting certain ADIs. And as long as their strata manager is not there acting as agent in respect to that investment, they could do that. That wasn't something that had occurred to me, or I had looked into until it was asked by that particular owner.

Publication Date: 27 October 2021

## YSP Podcast Transcript: Episode 285. Who is entitled to chair a meeting? | the “CPM” | investing funds

**Reena Van Aalst:** Yes, it's very good point that you raise Amanda in terms of what that owner has queried. I just think that the owners corporation needs to be very careful when it is investing in funds, outside of the ADIs that you've mentioned because there is probably a reason why those institutions aren't on that list. The owners corporations funds are not like your own bank account.

So if you, as an owner, like to take risks and invest your money in various mediums or forms, even I've even been asked if they can put it in the share market. And I said, no. That's fine when it's your own money, it's fine. You do whatever you want with it. Whereas when it's everyone's money and the owners corporations funds collectively, I think there should be caution taken, for a \$150,000, I'm not sure how much interest is going to be worth the risk, but by the time you also pay tax on that interest as well, whether it's something that should be considered, but I think owners would be comforted by the fact that a managing agent through the Act is covered by the scheme, if something were to go wrong. Whereas they're not, if the owners individually or the committee does that, whichever people are delegated the authority to open the account and disperse funds from that account.

**Amanda Farmer:** And I do think these questions are arising much like a lot of the complexities of apartment living these days because owners are becoming more sophisticated.

**Reena Van Aalst:** Yes.

**Amanda Farmer:** It is a different demographic perhaps that is buying into these increasingly expensive properties.

**Reena Van Aalst:** Yes.

**Amanda Farmer:** They're asking questions. Like why aren't we investing these millions? If we're lucky enough to have them sitting there for their rainy day fund, why aren't we investing them and getting the same return that I might be getting on my own investments that I make decisions about? And it's a fair enough question, but I agree with you Reena it's important to be educated A. about the legalities of your investment and making sure that you are doing what you are allowed to do within the boundaries of the Strata Schemes Management Act and indeed that if you have a strata managing agent, that they are complying with their obligations under the property and Stock Agents Act. And if you do want to push the boundaries a bit and hope to get more reward for your greater risk, that you get some specific advice about that and understand what the risks are and indeed that all of your owners understand what those risks are.

**Reena Van Aalst:** And to your point about the sophistication of owners and looking at the amount of funds that are accumulating, what's happening now is that because owners corporations have to raise a certain amount of money every year to comply with the capital works fund forecast, in a loose way, obviously, there's no statutory obligation to follow it, but most buildings try and raise sufficient funds to be able to fund future expenses. But what we're getting is people saying, well, I don't want to put my money in now. I can put that money to better use personally so if I need to pay a special levy, I can just do that. I'd rather not put the money in and let the money accumulate each year. I would prefer as owners to only put the money in when it's needed.

**Amanda Farmer:** Yes.

**Reena Van Aalst:** And the issue then becomes well, then that person then sells and then the new person buys in and then they end up paying the levy that the previous owner had the benefit of in terms of all the wear and tear over the years, over the common property plan and equipment. So that's where I think you are getting that sophistication where people want better value for their money that's in their bank. But unfortunately there's a diversion of views of how much to put in and what, and people that have more money thinking, why should I put that in there? It's just sitting there doing nothing.

**Amanda Farmer:** I definitely see sometimes the, if we say on a market value basis, the wealthiest buildings with the least amount in the capital works fund.

**Reena Van Aalst:** Exactly.

**Publication Date: 27 October 2021**  
**YSP Podcast Transcript: Episode 285. Who is entitled to chair a meeting? | the  
“CPM” | investing funds**

**Amanda Farmer:** Not something I'm encouraging everybody. Just pointing it out as an observation.

**Reena Van Aalst:** That's right. Amanda. A good observation.

**Amanda Farmer:** All right. I think that is it for this week Reena. That's been a huge one. We have very much enjoyed, I think, our time chatting together face to face.

**Reena Van Aalst:** And in the same room together.

**Amanda Farmer:** In the same room. And we do hope to see some of you, as many of you as we can very soon in the same room. That would be nice. Enjoy the rest of your week in strata, Reena Van Aalst.

**Reena Van Aalst:** You too, Amanda.

**Amanda Farmer:** I'll catch you next time.

**Reena Van Aalst:** See you soon.

**Amanda Farmer:** Bye.

**Reena Van Aalst:** Bye.

**Outro:** Thank you for listening to Your Strata Property, the podcast which consistently delivers to property owners, reliable and accurate information about their strata property. You can access all the information below this episode via the show notes at [www.yourstrataproperty.com.au](http://www.yourstrataproperty.com.au). You can also ask questions in the comment section, which Amanda will answer in her upcoming episodes. How can Amanda help you today?