

THE DARK SIDE OF ECONOMIC REFORM

Electricity Bill Confusion: Our office is continuing to be confused by many of the common lighting electricity bills we receive on behalf of our clients. We have been confused by...

1: substantial jumps in charges for common lighting. Investigations have revealed the misreading of meters.

2: Seven page bills for combined meter readings. Each page has showed a different amount owing. Most recently we have received a letter that tries to explain new procedures for combined meter readings. These apparently will be put in place by ETSA Utilities.

In June we received a distressed call from an older client who received an \$1100 bill instead of the usual \$300 or so. This was an estimated account.

We believe AGL faces a substantial challenge in sorting out its reading and billing systems. For us, what used to be the straight forward practice of paying electricity bills, is now complicated by queries over the accuracy of readings and deciphering which page and amount to pay. We hope they sort out the problems soon.

Legislative Reform: This year the Attorney General's Department stated they will be releasing a discussion paper on the regulation of Body Corporate Managers (strata & community titles).

In recent correspondence the Attorney General stated: "Nevertheless, I appreciate that this is one of many potential difficulties that can arise in the relationship between a body corporate and its managing agent..... A Discussion Paper is being prepared and will be available for comment within the next few months".

This follows representations by ourselves and the REISA on body corporate issues over recent years.

The challenge as we see it is for the Body Corporate management industry is to establish benchmarks in training and service delivery that attract more than 30% of the 100,000+ unit owners here in SA. The coming discussion paper along with legislation may be the catalyst for such reform and a chance for unit owners to have their say.

Email Problems: Spam mail now accounts for most of the emails we receive. This is not only a headache for staff but also puts at risk emails from our clients. We are changing our email address to mail@unitcare.com.au in an effort to stem the spam mail. If you wish to email us we recommend you phone or fax the next day to ensure we received your email. If you have access to a fax we suggest you use it as you can verify that we received the documents.

Cheers



Gordon Russell cpm
Managing Director

ps: our current newsletter can be downloaded from our web site



Gordon Russell CPM
Managing Director
mail@unitcare.com.au

www.unitcare.com.au

PUBLIC LIABILITY & TAX CHANGES

Lodgment of Income Tax Returns: The local taxation office has formally notified UnitCare Services that body corporates must lodge a Tax Return. What follows is an extract of their letter of May 2003...

Thank you for your enquiry in relation to the lodgement requirements for a body corporate.

Subsection 16 1(1) of the Income Tax Assessment Act 1936 requires every person to lodge an annual return if the Commissioner requires. Entities operating as a Strata Plan fall under the definition of a company under the tax laws. Companies are required to lodge an income tax return if the assessable income of the entity is \$1 or more in the financial year. Any tax assessed is payable at the time of lodgement.

(Renee Bruce) for Erin Holland, Deputy Commissioner of Taxation

We advise any groups who believe they have an exemption from lodging a return to contact the ATO by calling 1300 720 092 or by visiting www.ato.gov.au

Public Liability: New government regulations now require all Strata Corporations to insure against Public Liability for at least \$10 million. This move follows increasing payouts for claims against public liability insurance around Australia. If your group has the old \$5 million dollar cover then we recommend you ensure your strata corporation seeks an endorsement on

its insurance policy for \$10 million. This not only ensures your group complies with the law but also protects owners from having to find the cash for any successful claims over \$5 million.

Terrorism Insurance: We have been alerted by Heath Lambert Insurance Brokers to a new levy proposed by the Howard government and further increases in liability insurance

Most Directors and Officers Liability Insurance policies are now increasing by a minimum of 25% on the base premium and for some policies Insurers are seeing increases in excess of this amount, dependent upon claims.

The government is proposing to introduce compulsory insurance against Terrorism risks within the next 12 months. The details are still to be worked out as is the exact implementation date.

However, what is clear at this stage is that it will be compulsory for Insurers to offer the cover on "property" risks [to be defined], it will be compulsory for an Insured to take up that offer, and the cost will represent somewhere between 4 and 14% [including charges] of the underlying pre-

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after hours emergencies - must phone 8364 0022 for up to date numbers

ABN 193 4872 3265

UnitCare Services
phone 08 8364 0022
fax 08 8364 6822
web site www.unitcare.com.au
email mail@unitcare.com.au
P.O. Box 4040 Norwood Sth 5067

This is a publication of UnitCare Services and is offered as information only and is not intended as a substitute for professional advice.

Audit of Trust Account

Every year strata managers such as UnitCare must have their Trust Accounts audited. This has been required by legislation since November 1996.

The audit is carried out by a recognised and qualified auditor. In our case this is Messenger Zerner. The auditor not only checks the balance on the books but also systems for authorising work payments and record keeping. They also check our business account to ensure we have not banked any client cheques.

At UnitCare we post the Audit report to the Treasurers of all our strata groups in September each year. This along with the regular monthly statement of accounts ensures that our clients are kept up to date on the state of their funds and given the opportunity to query the records.

If you are thinking of having us as your manager and would like a copy of the Auditor's report please give us a call. Our thanks to all our clients who have trusted us with their Corporation's funds and business.



audit report

After Hours - Maintenance Costs Warning

UnitCare provides an after hours emergency maintenance service for its clients. Here are some pointers on using the service...

- 1: To ring our office number (8364 0022) after hours for the most up to date list of contractors.
- 2: Expect to pay for advice given over the phone - eg: electrical failure
- 3: Expect increased costs if owners oblige a

contractor to attend after hours whether needed or not

4: The contract for the services is between you and the contractor

5: Depending on the problem the costs may be yours or the Corporation's or an insurance claim

Don't forget to ring our office number for the up to date contractors and ask yourself if it can wait

terrorism levy - continued

mium depending upon location and perceived risk.

As indicated above there is no choice in this matter on the part of the Insurer or the Insured, and this advice simply serves as a warning to allow you to budget for this cost.

For more details go to www.arpc.treasury.gov.au

We will keep you informed of developments.

New Staff Member

We have a new member of staff. Rona Hunter joined us in May this year. Rona comes to us with a background in sales, customer service and administration. She graduated in 2000 from University of SA with a major in psychology. She has also studied garment construction & fashion design, interior decorating, and accounting.

Rona has recently graduated from the Real estate Sales course and level 1 of the Property Management course.

Here interests are gardening, reading, dressmaking & travel.

Welcome to UnitCare.



Greater Security for Client Records

Body Corporates face a challenge in keeping their records safe and accessible over the many years required by the law, and to cover possible litigation in the Courts.

The Strata & Community Titles Acts require body corporates to keep all correspondence and financial information for 7 years and minutes for 30 years.

We at UnitCare have been challenged by an increasing mountain of paper stored off site for our clients. We were looking at a crisis of space with June 30 looming. Along with the space we have faced problems retrieving records when needed and culling records no longer required. This all takes a lot of handling and staff time.

We have looked around the world for an alternative and found a process developed by the aircraft manufacturer Lockheed Martin (1). This fits our legal obligations, and provides greater security and ease of retrieval for our clients' records.

The process involves electronically scanning each year of a corporation's records. Our equipment stores every page as an electronic image. The images are checked and then burnt to a Compact Disk (CD). The records on the CD are then checked by the manager for the group. Once complete an off site copy is created. The original CD is stored in the clients files in the office. The other CD is safely stored off site. The original paper work is shredded for recycling.

The benefits are:

- ✓ Improved security of records - not subject to destruction by fire, pests, flood or theft.
- ✓ Ease of access to records - put CD in computer and print those pages needed.
- ✓ Records can be stored far in excess of the legislated 7 years

We will continue to keep accounts and correspondence records for our clients until they have finished their respective financial years and annual meeting. Then they will be scanned to CD.

New technologies are allowing us to contain the costs of assisting our clients in managing their body corporates.

(1) See Lockheed Martin Reference Number: GA22F042 (check their web site) for the research. The report takes into account the US Federal Government standards.



client records - security

We have a new mail and email address.
Postal: P O Box 4040, Norwood South. 5067
Email: mail@unitcare.com.au

free checkup

We have been able to save money for many of our clients through insurance premiums, after hours maintenance and preventative works.

If you are not one of our clients, give us a ring and we can review your group's costs to find possible savings.

This service is free and with no obligation.

Call us on **08 8364 0022**