

**SP52948 FY2013 Examples of Mismanaged, Excessive, or Unauthorized Expenses, and issues**

**Comment**

AGM 2013 reported Gas and Oil \$24,734.47	Real: \$21,822.31 (Aug to Aug calculation) \$24,278.26 (Sep to Sep calculation)
AGM 2013 reported Electricity \$102,147.41	Real: \$89,044.95 (Aug to Aug calculation) \$96,547.53 (Sep to Sep calculation)
AGM 2013 Water \$75,843.90	Real: \$85,739.13 (includes hidden water usage reimbursements for selective townhouses)
AGM 2013 Caretaker Fees \$156,230.07	Real: \$9,587.15 x 12 = \$115,045.80
AGM 2013 Security \$41,491.28	Real: \$6,822.38 x 12 = \$81,868.56
AGM 2013 Plumbing \$12,553.73	Real: around \$40,000.00
AGM 2013 Note 9 missing in the AGM agenda with Income and Expenditure Statement	
AGM 2013 Note 8 contains wrong accrued electricity expense paid on 13.09.2013 (\$9,671.96)	Real: \$7,724.44
AGM 2013 Note 8 contains wrong accrued gas expense paid on 13.09.13 (\$7,737.72)	Real: \$9,685.42
AGM 2013 Legal and debt recovery fees \$14,859.48	Real: \$28,458.84 (Solicitor) plus debt recoveries for late levy payments
AGM 2013 GST claimed for gas reimbursements \$302.24	Even that figure is dubious because 18 townhouse owners received payments for gas usage in amount of \$5,626.14, which means the GST component is \$562.61 n(GST not applied equally to all parties)
AGM 2013 GST claimed for legal expenses \$2,587.17	The legal costs in FY 2013 were above \$28,000.00 so far. The Executive Committee and the Strata Manager then made insurance claims for legal expenses with the CHU (currently investigated by the insurer). Because the insurer did not cover the GST component of the legal claims, the Strata Manager and the Executive Committee recovered the GST through the ATO in attempt to hide losses from owners' funds (even worse, GST cannot be claimed for payments given from common funds to proprietors who paid levies for common funds!)

Lift maintenance contract not tendered in 2005; signed for seven-years in 2010 without a tender or even knowledge of the EC and the owners corporation	<p>ThyssenKrupp Elevator charged four quarters for maintenance in FY 2010/2011</p> <p>On 15 March 2010, ThyssenKrupp Elevator sent a letter to the Strata Manager Mr. John Fry in response to his request to obtain quote for lift maintenance contract. Their offer was based on THREE-YEAR contract through two types of services (this quote never provided to members of EC; instead Mr. Bruce Copland and Strata Manager negotiated seven-year unfavourable contract alone)</p> <p>Over the last two years, the lift maintenance contract fees grew by:</p> <p>July 2012: 5.00%</p> <p>July 2013: 5.000078709169618%</p> <p>In the contract, these increases should be linked to the CPI and the inflation rates which are much lower in Australia (based on Dusan's requests, ThyssenKrupp set the rebvates on 25 September 2013 to be included in the next invoice)</p>
Raine & Horne Strata Sydney Strata Manager's Bundled Disbursements	<p>Flat-fee of \$541.82 per month GST exclusive (not based on real expenses) charged monthly in <b>non-compliance with Strata Management Agreement 2671 Section 4.1 (b), 4.2, 4.5 and Schedule of Fees</b>; Should be <math>218 \times \\$1.60 \times 12 = \\$4,185.60</math></p>
Raine & Horne Strata Sydney Strata Manager's Contract (alleged "loyalty rebate")	<p>From 1 September 2011 it should have dropped to \$29,900.00 + GST) instead of previous \$33,498.96 + GST, as per Mr. Greg Freeman's email to Debbie Downes, Paul Banoob and Simon Wicks on 24 October 2011); currently charging \$2,791.58 GST exclusive per month</p>
Raine & Horne Strata Sydney Strata Manager's BAS Disbursements	<p>Flat-fee of \$136.36 GST exclusive per quarter (not based on real expenses) charged quarterly in <b>non-compliance with Strata Management Agreement 2671 Section 4.1 (b), 4.2, 4.5 and Schedule of Fees</b></p>
Courier Service 19 April 2013 on \$851.56	<p>The Strata Manager Mr. Peter Bone incurred this expense without consultation with the EC and failed to answer why it happened; Mr. Bruce Copland notified on 10 July 2013</p>
Universal Property Services Callout Fee for Easter Saturday \$250.00	<p>Security workers in our complex are not seemingly paid holiday ratings so why is the Caretaker issuing these charges; not in contract</p>