



Capital Works Fund Plan

The Pines

51-53 The Crescent

Manly NSW 2095

Strata Plan 3840



Report details

Inspection date:	18/07/2024
Inspector:	Michael Budge

NEW SOUTH WALES

Level 5, 115 Pitt St Sydney 2000
PO Box A72 Sydney South NSW 1235

QUEENSLAND

9 Gardner Close, Milton 4064
PO Box 1584 Milton 4064

VICTORIA

Level 1, 1 Queens Rd Melbourne 3004
GPO Box 3025 Melbourne 3001



22/07/2024

The Owners Corporation
The Pines
51-53 The Crescent
Manly NSW 2095

Dear Committee Members,

Thank you for appointing our company to conduct your Capital Works Fund Plan.

Based on our survey of your property, we have determined that the Owners Corporation will need only to allow contributions to increase with inflation in order to cover its forecasted capital works fund expenses. We strongly recommend that the levies be set at the level recommended in this report.

This plan should be updated regularly to account for actual changes in construction and maintenance costs, unanticipated changes in the property's condition over time, changes in legal requirements, and any discrepancies between the forecast and actual capital works fund balances. Regular updates also create peace of mind and assist the Owners Corporation to manage the risk of litigation from individual owners (current and future) for breaches of its duty to maintain the common property by providing reasonable, up-to-date estimates of the cost of necessary maintenance work and repairs.

Key Report Data Levies Summary – First Financial Year

Levy Per Unit Entitlement (Total capital works fund levy divided by unit entitlements)	\$93.52
Total Unit Entitlements	1064
Total Capital Works Fund Levy	\$99,505.29

The data used to arrive at the above figures is in the attached report (which includes GST). It is designed for ease of reading. For your convenience here is your Report Index:

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Yours sincerely,



The Team at Solutions in Engineering

Building Details & Report Inputs

Supplied information

Building Name	The Pines
Building Address	51-53 The Crescent Manly NSW 2095
Strata Plan No.	3840
Plan Type	Strata Plan
Registered Plan Date/Year of Construction	1968
Number of Unit Entitlements	1064
Number of Units	39
Estimated Capital Works Fund Balance	\$429,443
Starting date of Financial Year for Report	1/04/2024
GST Status	Registered for GST
Current Capital Works Fund Levy per Lot Entitlement (Inc. GST)	93.52

Report assumptions & information

Assumed Interest Rate on invested funds (For funds over \$10,000) Years 1 - 3	4.50%
Assumed Interest Rate on invested funds (For funds over \$10,000) Years 4 - 15	3.50%
Company Taxation Rate	25.00%
Interest on Invested Funds – Based on Assumed Interest Rate minus Company Taxation Rate. Calculated only on Capital Works Fund balances over \$10,000 - Years 1 - 3	3.38%
Interest on Invested Funds – Based on Assumed Interest Rate minus Company Taxation Rate. Calculated only on Capital Works Fund balances over \$10,000 - Years 4 - 15	2.63%
Contingency Allowance - For minor and/or unforeseen expenses	10%
Assumed Rate of Inflation for Building Maintenance Costs - Based on average annual building cost increase over the past five years.	4.50%
Forecast Period - Number of years the plan forecasts	15 years

15 Year Levy Table

Year	Year To	Total Contribution		Contribution per Unit Entitlement		Quarterly Contribution	
		Including GST	GST Component	Including GST	GST Component	Including GST	GST Component
1	31/03/2025	99,505.29	9,045.94	93.52	8.50	23.38	2.13
2	31/03/2026	103,485.49	9,407.77	97.26	8.84	24.32	2.21
3	31/03/2027	107,624.91	9,784.08	101.15	9.20	25.29	2.30
4	31/03/2028	111,929.91	10,175.45	105.20	9.56	26.30	2.39
5	31/03/2029	116,407.10	10,582.46	109.41	9.95	27.35	2.49
6	31/03/2030	121,063.39	11,005.76	113.78	10.34	28.45	2.59
7	31/03/2031	125,905.93	11,445.99	118.33	10.76	29.58	2.69
8	31/03/2032	130,942.17	11,903.83	123.07	11.19	30.77	2.80
9	31/03/2033	136,179.86	12,379.99	127.99	11.64	32.00	2.91
10	31/03/2034	141,627.05	12,875.19	133.11	12.10	33.28	3.03
11	31/03/2035	147,292.12	13,390.19	138.43	12.58	34.61	3.15
12	31/03/2036	153,183.81	13,925.80	143.97	13.09	35.99	3.27
13	31/03/2037	159,311.16	14,482.83	149.73	13.61	37.43	3.40
14	31/03/2038	165,683.61	15,062.15	155.72	14.16	38.93	3.54
15	31/03/2039	172,310.95	15,664.63	161.95	14.72	40.49	3.68

15 Year Cash Flow Tracking Sheet

The table below shows the cash flow starting with the anticipated 'Opening Balance' at the start of the first financial year which you provided to us. We then add the 'Total Levy Contributions' for the year and any 'Interest' on balances greater than \$10,000. Any 'Anticipated Expenses' (including contingency allowance) are then allowed for leaving a 'Closing Balance' for the year which in turn becomes the 'Opening Balance' for the following year. In summary:

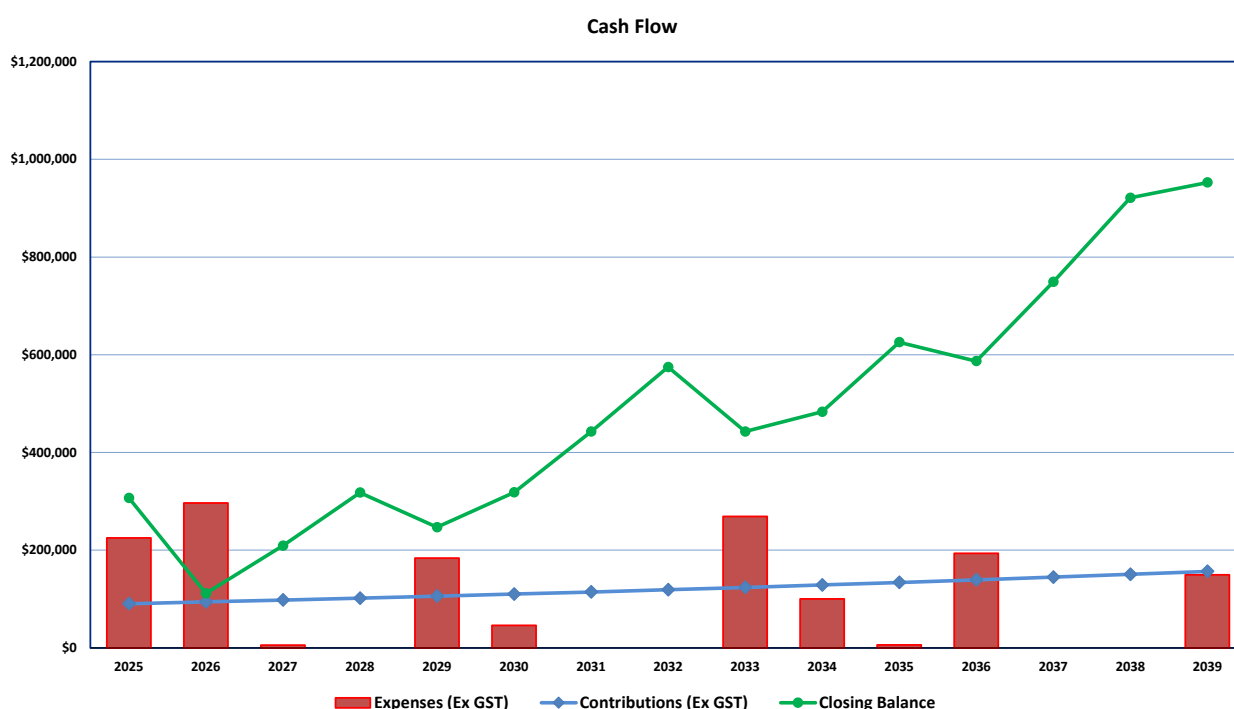
$$\text{Opening Balance} + \text{Total Levy Contributions} + \text{Interest} - \text{Anticipated Expenses} = \text{Closing Balance}$$

Year	Year To	Opening Balance	Total Levy Contributions (Exc. GST)	Interest (After Tax)	Anticipated Expenses (Exc. GST)	Closing Balance
1	31/03/2025	429,443.00	90,459.35	12,237.03	225,260.91	306,878.47
2	31/03/2026	306,878.47	94,077.72	6,952.02	296,472.73	111,435.48
3	31/03/2027	111,435.48	97,840.83	5,327.76	5,460.00	209,144.07
4	31/03/2028	209,144.07	101,754.46	6,838.56	0.00	317,737.09
5	31/03/2029	317,737.09	105,824.64	7,329.65	183,910.91	246,980.47
6	31/03/2030	246,980.47	110,057.63	7,336.64	46,099.09	318,275.65
7	31/03/2031	318,275.65	114,459.94	9,875.80	0.00	442,611.39
8	31/03/2032	442,611.39	119,038.34	13,206.03	0.00	574,855.76
9	31/03/2033	574,855.76	123,799.87	13,209.49	268,987.27	442,877.85
10	31/03/2034	442,877.85	128,751.86	12,019.62	100,468.18	483,181.15
11	31/03/2035	483,181.15	133,901.93	14,390.75	5,910.91	625,562.92
12	31/03/2036	625,562.92	139,258.01	15,736.87	193,663.64	586,894.16
13	31/03/2037	586,894.16	144,828.33	17,339.81	0.00	749,062.30
14	31/03/2038	749,062.30	150,621.46	21,681.01	0.00	921,364.77
15	31/03/2039	921,364.77	156,646.32	24,323.62	149,670.91	952,663.80

15 Year Cash Flow Graph

The graph below tracks the 'Contributions' (the amount collected in levies), the projected 'Closing balance' of the capital works fund and the likely 'Expenses' for each year of this plan. The three lines in the graph are:

- Contributions line - Total capital works fund contributions per year.
- Expenses line – Total anticipated expenses in each year.
- Closing balance line – Shows the amount left in the fund bank account at the end of the year after all anticipated expenses have been allowed for.



Anticipated Expenditures Table Year 1 - 15

This table shows when expenses will occur in the next 15 years. From left to right the columns are:

'Expenditure Items' - lists the different areas and items of expenditure.

'Current Cost' - shows the current maintenance expenditure costs in today's dollars.

Year 1 to 15 - shows the costs in the year in which they occur including the 'Assumed Rate of Inflation' compounded annually until the cost is due.

At the bottom on each column, there are three lines. Firstly, a **'Grand Total (Inc. GST)'** followed by a line calculating the **'Contingency Allowance (Inc. GST)'** for unforeseen and minor expenses and finally **'Total Expenses (Inc. GST)'** for that year. Please note: This page rounds figures to the nearest whole dollar.

Expenditure Item	Current Cost	Year 1 (2025)	Year 2 (2026)	Year 3 (2027)	Year 4 (2028)	Year 5 (2029)	Year 6 (2030)	Year 7 (2031)	Year 8 (2032)	Year 9 (2033)	Year 10 (2034)	Year 11 (2035)	Year 12 (2036)	Year 13 (2037)	Year 14 (2038)	Year 15 (2039)
1. ROOFING																
Repaint external walls	8,782	-	-	-	-	-	-	-	-	12,489	-	-	-	-	-	-
Repair waterproof membrane (Total: 360 m2) - 10%	14,547	-	-	-	-	17,348	-	-	-	-	21,618	-	-	-	-	26,940
Replace waterproof membrane	118,840	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		0	0	0	0	17,348	0	0	0	12,489	21,618	0	0	0	0	26,940
2. EXTERIOR																
Repaint timber entry door - includes side panel and architrave	456	-	-	-	-	-	-	-	-	648	-	-	-	-	-	-
Repaint Building Exterior	62,492	-	-	-	-	-	-	-	-	88,870	-	-	-	-	-	-
Work at heights access and site setup	80,966	-	-	-	-	-	-	-	-	115,142	-	-	-	-	-	-
Sub Total (Incl. GST)		0	0	0	0	0	0	0	0	204,660	0	0	0	0	0	0
3. DRIVEWAY AND PARKING																
Repair concrete (Total: 320 m2) - 10%	4,535	-	-	-	-	5,408	-	-	-	-	6,739	-	-	-	-	8,399
Repaint timber door - one side includes architrave	497	-	-	-	-	-	-	-	-	707	-	-	-	-	-	-
Repaint line marking	1,328	-	-	-	-	-	-	-	-	-	1,974	-	-	-	-	-
Reseal driveway surfaces	8,794	-	-	-	-	10,487	-	-	-	-	-	-	-	-	-	16,286
Replace tilt-up doors - standard	102,146	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replace side hinged gates	4,521	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replace gate motor	1,486	-	-	-	-	-	-	-	-	-	2,208	-	-	-	-	-
Sub Total (Incl. GST)		0	0	0	0	15,895	0	0	0	707	10,921	0	0	0	0	24,685
4. FENCING AND WALLS																
Repaint external walls	5,370	-	-	-	-	-	-	-	-	7,637	-	-	-	-	-	-
Repair cement rendered walls (Total: 116 m2) - 10%	1,930	-	-	-	-	-	-	-	-	2,745	-	-	-	-	-	-
Sub Total (Incl. GST)		0	0	0	0	0	0	0	0	10,382	0	0	0	0	0	0

Expenditure Item	Current Cost	Year 1 (2025)	Year 2 (2026)	Year 3 (2027)	Year 4 (2028)	Year 5 (2029)	Year 6 (2030)	Year 7 (2031)	Year 8 (2032)	Year 9 (2033)	Year 10 (2034)	Year 11 (2035)	Year 12 (2036)	Year 13 (2037)	Year 14 (2038)	Year 15 (2039)
5. PROPERTY MAINTENANCE																
Replace mailbox	7,321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replace signage	1,200	-	-	-	-	-	-	-	-	-	1,783	-	-	-	-	-
Replace fixed clothesline	2,624	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,860
Replace ventilation fan (Light duty) (Total: 3 ea.) - 30%	4,226	-	-	-	-	5,040	-	-	-	-	6,280	-	-	-	-	7,826
Replace television (MATV) antenna	4,370	-	4,567	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair plumbing (Total: 1 item) - 10%	5,000	-	-	5,460	-	-	6,231	-	-	7,111	-	-	8,114	-	-	9,260
Replace external lighting and common electrical (Total: 1 item) - 10%	8,000	-	-	-	-	9,540	-	-	-	-	11,889	-	-	-	-	14,816
Replace security access control system	12,753	-	-	-	-	-	-	-	-	-	18,952	-	-	-	-	-
Replace fire indicator panel (FIP)	18,596	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		0	4,567	5,460	0	14,580	6,231	0	0	7,111	38,904	0	8,114	0	0	36,762
6. STAIRWAYS & LOBBIES																
Repaint internal walls and ceilings	49,559	-	51,789	-	-	-	-	-	-	-	-	-	80,427	-	-	-
Repaint timber door - one side includes architrave	8,953	-	9,356	-	-	-	-	-	-	-	-	-	14,529	-	-	-
Replace carpet	76,751	-	-	-	-	91,527	-	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		0	61,145	0	0	91,527	0	0	0	0	0	0	94,956	0	0	0
7. EXTERNAL WALKWAYS																
Repair paved walkway (Total: 95 m2) - 10%	1,114	-	-	-	-	1,328	-	-	-	-	-	-	-	-	-	2,063
Repair tiled walkway (Total: 180 m2) - 10%	8,078	-	-	-	-	9,633	-	-	-	-	-	-	-	-	-	14,960
Sub Total (Incl. GST)		0	0	0	0	10,961	0	0	0	0	0	0	0	0	0	17,023
8. SPECIAL EXPENDITURE																
Repair drainage at front entry	100,000	-	104,500	-	-	-	-	-	-	-	-	-	-	-	-	-
Replace water tank liner	65,000	-	67,925	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		0	172,425	0	0	0	0	0	0	0	0	0	0	0	0	0
9. LIFTS																
Replace passenger lift	174,000	174,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replace sump pump	3,806	3,806	-	-	-	-	-	-	-	-	-	5,911	-	-	-	-
Sub Total (Incl. GST)		177,806	0	0	0	0	0	0	0	0	0	5,911	0	0	0	0
10. BALCONIES																
Repaint ceiling and undersides	23,654	-	-	-	-	-	-	-	-	33,638	-	-	-	-	-	-
Repair tiled walkway (Total: 560 m2) - 10%	19,531	-	-	-	-	23,291	-	-	-	-	29,025	-	-	-	-	36,170
Replace glazed balustrade	478,691	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		0	0	0	0	23,291	0	0	0	33,638	29,025	0	0	0	0	36,170

Expenditure Item	Current Cost	Year 1 (2025)	Year 2 (2026)	Year 3 (2027)	Year 4 (2028)	Year 5 (2029)	Year 6 (2030)	Year 7 (2031)	Year 8 (2032)	Year 9 (2033)	Year 10 (2034)	Year 11 (2035)	Year 12 (2036)	Year 13 (2037)	Year 14 (2038)	Year 15 (2039)
11. FIRE STAIRS AND EXITWAYS																
Repaint internal walls and ceilings	39,098	-	40,857	-	-	-	-	-	-	-	-	-	63,450	-	-	-
Repaint timber door - one side includes architrave	4,974	-	5,198	-	-	-	-	-	-	-	-	-	8,072	-	-	-
Repaint metal balustrade	6,315	-	6,599	-	-	-	-	-	-	-	-	-	10,248	-	-	-
Sub Total (Incl. GST)		0	52,654	0	0	0	0	0	0	0	0	0	81,770	0	0	0
12. FOYER																
Repaint plasterboard ceiling	4,774	-	4,989	-	-	-	-	-	-	-	-	-	7,748	-	-	-
Repaint timber door - one side includes architrave	663	-	693	-	-	-	-	-	-	-	-	-	1,076	-	-	-
Repair tiled walkway (Total: 45 m2) - 10%	1,744	-	-	-	-	2,080	-	-	-	-	-	-	-	-	-	3,230
Replace carpet	4,276	-	-	-	-	5,099	-	-	-	-	-	-	-	-	-	-
Sub Total (Incl. GST)		0	5,682	0	0	7,179	0	0	0	0	0	0	8,824	0	0	3,230
13. OUTDOOR SWIMMING POOL																
Repaint concrete pool surfaces - water based epoxy	6,243	-	-	-	-	-	7,780	-	-	-	-	-	-	-	-	-
Replace chlorine feeder	1,954	-	-	-	-	-	2,435	-	-	-	-	-	-	-	-	-
Replace sand filter	3,163	-	-	-	-	-	3,942	-	-	-	-	-	-	-	-	-
Replace cartridge filter	1,664	-	-	-	-	-	2,074	-	-	-	-	-	-	-	-	-
Replace pool pump	2,204	-	-	-	-	-	2,747	-	-	-	-	-	-	-	-	-
Replace heater exchanger	16,763	-	-	-	-	-	20,890	-	-	-	-	-	-	-	-	-
Replace glazed pool fencing	31,298	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair tiled walkway (Total: 98 m2) - 10%	2,625	-	-	-	-	3,130	-	-	-	-	-	-	-	-	-	4,861
Sub Total (Incl. GST)		0	0	0	0	3,130	39,868	0	0	0	0	0	0	0	0	4,861
Grand Total (Incl. GST)		177,806	296,473	5,460	0	183,911	46,099	0	0	268,987	100,468	5,911	193,664	0	0	149,671
Contingency Allowance (Incl. GST)		17,781	29,647	546	0	18,391	4,610	0	0	26,899	10,047	591	19,366	0	0	14,967
DBPA Allowance (Incl. GST)		52,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total Expenses (Incl. Contingency Allowance and GST)		247,787	326,120	6,006	0	202,302	50,709	0	0	295,886	110,515	6,502	213,030	0	0	164,638

Building Data List from the Property Inspection for The Pines

This table has all the data collected by the building inspector while inspecting the complex. The columns from left to right are:

'Items' – identifies and describes the maintenance item

'Qty' – lets you know the quantity of that item in scope

'Unit' – is the unit rate used to measure the quantity

'Rate' – is the cost of each unit in dollars

'DBPA %' – is a percentage allowance for costs incurred by complying with the Design and Building Practitioners Act 2020 (NSW)

'Value' - is the quantity (Qty) multiplied by the Rate (\$)

'Next Due' - is the remaining life in years until an item needs money spent on it.

'Total Life' - is the total life of the item after it is replaced, repaired or repainted.

'Comments' - details any useful explanatory notes for the item.

Items	Qty	Unit	Rate (\$)	Value (\$)	DBPA (%)	Next Due	Total Life	Comments
1. ROOFING								
Repaint external walls	184	m2	47.73	8,782.00		9	10	Ongoing painting program
Repair waterproof membrane (Total: 360 m2) - 10%	36	m2	404.08	14,547.00		5	5	Repair as required
Replace waterproof membrane	360	m2	330.11	118,840.00	30%	35	40	Replace as required
2. EXTERIOR								
Repaint timber entry door - includes side panel and architrave	2	ea.	228.03	456.00		9	10	Ongoing painting program
Repaint Building Exterior	1350	m2	46.29	62,492.00		9	10	Ongoing painting program
Work at heights access and site setup	1	ea.	80,965.60	80,966.00		9	10	Method to be determined by contractor
3. DRIVEWAY AND PARKING								
Repair concrete (Total: 320 m2) - 10%	32	m2	141.73	4,535.00		5	5	Repair as required / Estimate only - quotations required
Repaint timber door - one side includes architrave	3	ea.	165.80	497.00		9	10	Ongoing painting program
Repaint line marking	65	lm	20.43	1,328.00		10	10	Ongoing painting program
Reseal driveway surfaces	320	m2	27.48	8,794.00		5	10	Reseal as required
Replace tilt-up doors - standard	39	ea.	2,619.12	102,146.00		35	40	Replace as required
Replace side hinged gates	1	ea.	4,521.30	4,521.00		20	40	Replace as required
Replace gate motor	1	ea.	1,486.48	1,486.00		10	15	Replace as required
4. FENCING AND WALLS								
Repaint external walls	116	m2	46.29	5,370.00		9	10	Ongoing painting program
Repair cement rendered walls (Total: 116 m2) - 10%	12	m2	160.80	1,930.00		9	10	Repair as required

Items	Qty	Unit	Rate (\$)	Value (\$)	DBPA (%)	Next Due	Total Life	Comments
5. PROPERTY MAINTENANCE								
Replace mailbox	40	ea.	183.02	7,321.00		20	30	Replace as required
Replace signage	1	item	1,200.00	1,200.00		10	30	Replace as required
Replace fixed clothesline	3	ea.	874.82	2,624.00		15	45	Replace as required
Replace ventilation fan (Light duty) (Total: 3 ea.) - 30%	1	ea.	4,225.77	4,226.00		5	5	Replace as required
Replace television (MATV) antenna	1	ea.	4,370.35	4,370.00		2	30	Replace as required
Repair plumbing (Total: 1 item) - 10%	1	item	5,000.00	5,000.00		3	3	Repair as required
Replace external lighting and common electrical (Total: 1 item) - 10%	1	item	8,000.00	8,000.00		5	5	Replace as required
Replace security access control system	1	Item	12,753.16	12,753.00		10	20	Replace as required
Replace fire indicator panel (FIP)	1	ea.	18,595.84	18,596.00		20	20	Replace as required
6. STAIRWAYS & LOBBIES								
Repaint internal walls and ceilings	1165	m2	42.54	49,559.00		2	10	Ongoing painting program
Repaint timber door - one side includes architrave	54	ea.	165.80	8,953.00		2	10	Ongoing painting program
Replace carpet	359	m2	213.79	76,751.00		5	15	Replace as required
7. EXTERNAL WALKWAYS								
Repair paved walkway (Total: 95 m2) - 10%	10	m2	111.40	1,114.00		5	10	Repair as required
Repair tiled walkway (Total: 180 m2) - 10%	18	m2	448.77	8,078.00		5	10	Repair as required
8. SPECIAL EXPENDITURE								
Repair drainage at front entry	1	item	100,000.00	100,000.00		2	0	Repair as required
Replace water tank liner	1	item	65,000.00	65,000.00		2	0	Replace as required
9. LIFTS								
Replace passenger lift	1	ea.	174,000.00	174,000.00	30%	1	20	Replace as required
Replace sump pump	1	ea.	3,806.08	3,806.00		1	10	Replace as required
10. BALCONIES								
Repaint ceiling and undersides	560	m2	42.24	23,654.00		9	10	Ongoing painting program
Repair tiled walkway (Total: 560 m2) - 10%	56	m2	348.77	19,531.00		5	5	Repair as required
Replace glazed balustrade	304	lm	1,574.64	478,691.00	30%	20	40	Replace as required - Estimate only - Quotation required
11. FIRE STAIRS AND EXITWAYS								
Repaint internal walls and ceilings	915	m2	42.73	39,098.00		2	10	Ongoing painting program
Repaint timber door - one side includes architrave	30	ea.	165.80	4,974.00		2	10	Ongoing painting program
Repaint metal balustrade	85	lm	74.29	6,315.00		2	10	Ongoing painting program
12. FOYER								
Repaint plasterboard ceiling	108	m2	44.20	4,774.00		2	10	Ongoing painting program
Repaint timber door - one side includes architrave	4	ea.	165.80	663.00		2	10	Ongoing painting program
Repair tiled walkway (Total: 45 m2) - 10%	5	m2	348.77	1,744.00		5	10	Repair as required
Replace carpet	20	m2	213.79	4,276.00		5	15	Replace as required

Items	Qty	Unit	Rate (\$)	Value (\$)	DBPA (%)	Next Due	Total Life	Comments
13. OUTDOOR SWIMMING POOL								
Repaint concrete pool surfaces - water based epoxy	82	m2	76.14	6,243.00		6	10	Ongoing painting program
Replace chlorine feeder	1	ea.	1,953.57	1,954.00		6	10	Replace as required
Replace sand filter	1	ea.	3,162.72	3,163.00		6	10	Replace as required
Replace cartridge filter	1	ea.	1,663.81	1,664.00		6	10	Replace as required
Replace pool pump	1	ea.	2,204.25	2,204.00		6	10	Replace as required
Replace heater exchanger	1	ea.	16,762.79	16,763.00		6	10	Replace as required
Replace glazed pool fencing	46	lm	680.39	31,298.00		20	40	Replace as required
Repair tiled walkway (Total: 98 m2) - 10%	10	m2	262.45	2,625.00		5	10	Repair as required

Building Photo Section

Item Group

ROOFING



Item Group**EXTERIOR****DRIVEWAY AND PARKING**

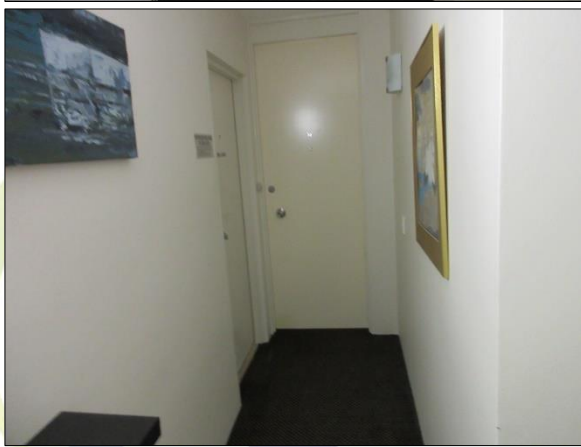
Item Group

FENCING AND WALLS

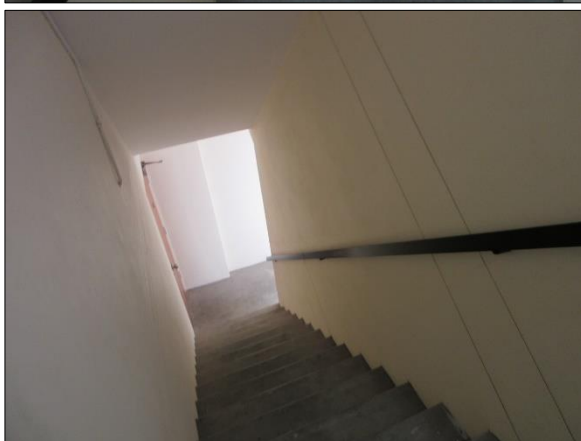
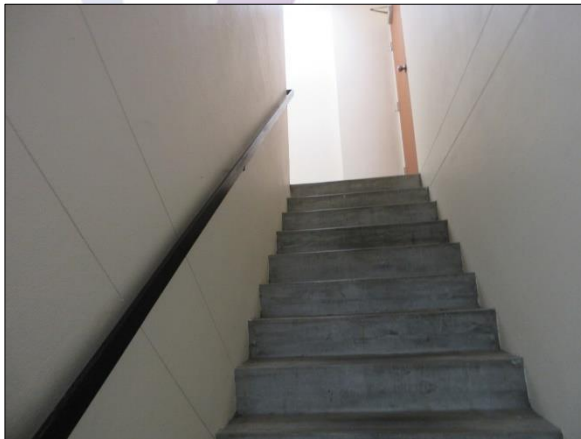


PROPERTY MAINTENANCE



Item Group**STAIRWAYS & LOBBIES****EXTERNAL WALKWAYS**

Item Group**SPECIAL EXPENDITURE****LIFTS**

Item Group**BALCONIES****FIRE STAIRS AND EXITWAYS**

Item Group**FOYER****OUTDOOR SWIMMING POOL**

Inspector's Report for The Pines

1. **INFLATION** - It is necessary to offset the effects of inflation on construction materials and labour costs and to ensure that adequate funds are available to provide for major works. These major works can frequently become necessary as the property ages but cannot be reliably forecast this far in advance. Based on historical data and current trends, we anticipate that construction and maintenance costs will increase by 50% every 15 years. The fund balance will be reviewed in light of current price levels and the state of the property at the time of each update.
2. **UPDATES** - We recommend that this report is updated every 3 years to ensure that it captures market variations and any changes to the property itself.
3. **ADMINISTRATION EXPENSES** - We assume that small repairs & improvements, regular maintenance items are financed via the administration fund and therefore are not included in this report.
4. **DESIGN AND BUILDING PRACTITIONERS ACT 2020** - This report includes an allowance for costs incurred by complying with the Design and Building Practitioners Act 2020 (NSW). Remedial line items which are triggered by the requirement to use only registered building practitioners, are assigned an additional % to accommodate for the associated fees. Money has been allocated towards remedial works, but this will vary subject to the recommendations of the selected engineer / builder / project manager.
5. **FINANCIAL YEAR ALREADY STARTED** - Starting levies in this report have already been set. Any adjustments will be made from the following financial year onwards.
6. **SALT AIR ENVIRONMENT** - Exposure to salt air can shorten the service life of many items and will lead to accelerated wear and tear on a wide range of surfaces and materials. Any signs of corrosion or deterioration should be assessed and rectified as soon as possible.
7. **PAINT QUOTATIONS** - It is recommended that quotations are obtained for painting well in advance of when the work is to be carried out to allow for any shortfall or excess in funds. The costs estimated for painting are as accurate as possible but will vary from actual painting quotations.
8. **PAINT SERVICE-LIFE** - Paint serves to protect a surface as well as improving its appearance. Paint seals the surface from water, salt, or air pollutants. Although paint may hold its appearance for at least ten years before cracking and/or peeling occurs, it may become porous and lose its protective abilities before this point.
9. **PAINTED METAL** - Some painted metal items show signs of wear and/or damage. Repainting these items is recommended in the short term, but full replacement of these items should be considered and planned for well in advance.
10. **POWDER COAT REPAINT** - Powder coated surfaces have a lengthy maintenance-free period when new. After this period, these surfaces may be repainted to maintain their appearance. It is important to note that powder coated surfaces will require special preparation for repainting.
11. **POWDER COAT WARRANTY** - Powder coated surfaces may be subject to a manufacturer's warranty. Therefore, the manufacturer's cleaning and maintenance recommendations should be followed.
12. **ELEVATING WORKING PLATFORMS** - Funds allocated for elevating working platforms (EWP's) can be used for many types of access equipment including, but not limited to; scaffolding, boom lifts, cherry pickers, etc.

13. **SURFACE CLEANING** - Surface cleaning may be carried out using high pressure water or a chemical wash. Care should be taken to meet relevant water restrictions.
14. **BOUNDARY FENCES OR WALLS** - Maintenance of fences or walls between properties is regulated under the Dividing Fences Act 1991 No 72, which states that neighbours have equal responsibility for dividing fences or walls (excluding retaining walls). As such, a 50% rate has been used for all maintenance work on boundary fences or walls.
15. **LIFTS** - The design of a lift requires continual maintenance. Maintenance is required due to the complexity of the engineering and electronic systems in the structure, external elements and the lift car. We assume the lifts are maintained via a comprehensive lift maintenance contract which, in our professional opinion, all buildings with lifts must have in place.

After 20 to 30 years of service, lifts may reach the end of their cost effective life. From this point lifts may experience decreasing performance along with an increase in required service. We have provisioned for lift replacement based on the age and current visual condition of the lift. In addition we take into account the following factors:

- **Obsolescence (Mechanical, Electrical & Software)**

Even though these elements can be supported at a stretch, it is prohibitively expensive to do so which adds cost and complexity into the maintenance regime. The additional cost in maintenance to facilitate reliability far outweighs the cost of new lift in the long term.

- **Building Code changes from year to year**

What may be relevant today, tends to change over time – hence the requirement to plan for upgrades every 10 years or as required.

- **Unforeseen environment impacts**

Flooding, Electrical surges & Misuse/Vandalism which are not covered by either the maintenance contract or building insurance.

16. **WATERPROOFING** - Waterproofing requires replacement over time and the costs can be significant. Water penetration can affect various parts of a building or property and if not rectified promptly can lead to more expensive repairs.
17. **WATERPROOFING** – Waterproofing membranes requires regular maintenance and replacement when signs of failure like small leaks or small cracks appear. If action is not taken immediately the costs of damage and remediation grow exponentially.
18. **FUNDS REQUIRED** – While this report has been calculated using a 20 year timeline the report only shows the first 15 year. The closing balance appears high, but funds will be required for maintenance and improvements in the years 16-20 and ongoing from there.
19. **MEETING** - I want to thank Tim for meeting with me, giving me access to the building and informing me of past, current & proposed works.

Report Notes

Capital Works Fund Plan (NSW)

This forecast satisfies the current requirements of the Strata Schemes Management Act 2015, which states:

80 Owners corporation to prepare 10-year capital works fund plan

- (1) *An owners corporation is to prepare a plan of anticipated major expenditure to be met from the capital works fund for a 10-year period commencing on the first annual general meeting of the owners corporation.*
- (2) *An owners corporation is to prepare a plan for each 10-year period following the 10-year period to which the first plan applied. The plan is to be prepared for the annual general meeting at which the period covered by the previous plan expires.*
- (3) *An owners corporation may, by resolution at a general meeting, review, revise or replace a 10-year plan prepared under this section and must review the plan at least once every 5 years.*
- (4) *A plan under this section is to include the following:*
 - (a) *details of proposed work or maintenance,*
 - (b) *the timing and anticipated costs of any proposed work,*
 - (c) *the source of funding for any proposed work,*
 - (d) *any other matter the owners corporation thinks fit,*
 - (e) *any other matter prescribed by the regulations for the purposes of this section.*
- (5) *A plan under this section is to be finalised by the end of the next annual general meeting of the owners corporation after the annual general meeting for which the plan is prepared.*
- (6) *An owners corporation may engage expert assistance in the preparation of a plan under this section.*
- (7) *An owners corporation is, so far as practicable (and subject to any adjustment under this section), to implement each plan prepared under this section.*

A Capital Works Fund is established under section 74 of the *Strata Schemes Management Act 2015*, which states:

74 Capital works fund

- (1) **Establishment of fund**
An owners corporation must establish a capital works fund.
- (2) **Amounts payable to fund**
An owners corporation must pay the following amounts into the capital works fund:
 - (a) *the contributions levied on, and paid by, owners for payment into the fund,*
 - (b) *any amounts paid to the owners corporation by way of discharge of insurance claims, unless paid into the administrative fund,*
 - (c) *any amounts paid to the owners corporation under Part 11,*
 - (d) *any amount received by the owners corporation that is not required or permitted to be paid into the administrative fund,*
 - (e) *the proceeds of any investment of the fund.*
- (3) *An owners corporation may also pay the following amounts into the capital works fund:*
 - (a) *any income of the owners corporation,*
 - (b) *any amount that may be, but is not required to be, paid into the fund under this Act.*
- (4) **Amounts payable from fund**
An owners corporation may pay money from its capital works fund only for the following purposes:

- (a) *payments of the kind for which estimates have been made under section 79 (2),*
- (b) *payments made in accordance with this Division on a distribution of a surplus in the fund,*
- (c) *payments of amounts for the purposes of Part 11,*
- (d) *the transfer of money to the administrative fund or to pay expenditure that should have been paid from the administrative fund.*

(5) **Exemption**

An owners corporation for a strata scheme comprising 2 lots need not establish a capital works fund if:

- (a) *the owners corporation so determines by unanimous resolution, and*
- (b) *the buildings comprised in one of those lots are physically detached from the buildings comprised in the other lot, and*
- (c) *no building or part of a building in the strata scheme is situated outside those lots.*

THIS REPORT DEALS WITH THE CAPITAL WORKS FUND PLAN.

Implementation - It is the responsibility of the Strata Committee and the Owners Corporation to implement this plan so far as is practicable.

Interaction with Capital Works Fund - The source of funding for all proposed work or maintenance is presumed to be the capital works fund. No allowance has been made for proposed work or maintenance that is funded by means other than the capital works fund.

Figures used and updates - The figures used in the forecast are typical for this type of building and normal usage. The Strata Committee has some flexibility to make minor adjustments to the timing of any proposed work. More major adjustments to the timing of work may require an ordinary resolution of the Strata Committee, or complete revision of the Plan. The purpose of this forecast is to ensure monies are available when required to cover foreseeable expenses.

Contingency - A contingency has been allowed for any unforeseen expenses. Please refer to the second page of the report.

Interest, Taxation and Inflation - The standard interest rate used by Solutions in Engineering is based on the Reserve Bank of Australia's (RBA) historical series for Cash Management and Online Savings Account interest rates for the past fifteen years. The company tax rate is applied to interest income unless *Solutions in Engineering* is advised that the Owners Corporation is exempt from tax on external income. The standard inflation rate used by *Solutions in Engineering* is based upon the entire RBA historical series for Construction, Manufacturing and Property Services inflation, commencing March 1999. While historical figures are not an accurate predictor of specific future outcomes, over the life of this report (fifteen years), interest rates and inflation should approach long-term averages. Changes in economic conditions may affect the accuracy of these figures. This report should be updated at regular intervals to ensure that any such changes are taken into account.

Administration Fund - Items of a recurrent nature that are covered by the administration budget such as maintenance contract for lifts, fire protection equipment, air conditioners, cleaning and gardening are not included. Neither are items of a minor recurrent nature with varying life spans such as light bulbs and exit light battery packs.

Items with Indefinite Lives - There is no allowance for replacement of items that, if properly maintained, should last indefinitely, (unless otherwise requested by the Strata Committee). This forecast deals only with estimating the timing of physical obsolescence.

Improvements - The Strata Committee may resolve to undertake improvements not related to normal maintenance. No allowance has been made for these items.

Defects - No allowance has been made for correction of defects resulting from faulty construction except where nominated in the report. The inspectors report summarises only issues observed during our inspection and is not a structural report.

Ongoing Maintenance Programs - The lives of some items overall may have been extended indefinitely due to the use of an ongoing maintenance program. When there is any doubt in our minds about how and when an item may need replacement or maintenance, we give control to the owners and the Strata Committee. Allowances for ongoing maintenance programs allow funds to be available for maintenance, gradual replacement or in some cases accumulation of funds for total replacement in the long term. The lives of some items can vary considerably, especially with issues such as:

- ◆ Usage.
- ◆ Accidental damage to floor tiles, which may or may not be still available or in stock.
- ◆ Fences can be maintained and replaced gradually or all at once.
- ◆ Metal and Aluminium Balustrades can last anywhere between 10 and 50 years, depending on the original quality, coatings (painting) and maintenance.
- ◆ Concrete driveways that have been cracked but are still perfectly sound and serviceable.
- ◆ Pumps and Fans can last indefinitely or wear out relatively quickly. This often depends on the quality of internal construction and finish.

Safety - The inspection does not cover safety issues.

Lifts - Due to the many types of lift contracts covering varying parts and aspects of lift maintenance, no allowance is made unless instructed by the Strata Committee/Representative.

Fire Maintenance – We have assumed that the Fire Maintenance Contractor has covered the Fire Maintenance Items; no allowance is made unless instructed by the Strata Committee/Representative.

Other Matters - Unless otherwise included, this report does not include matters that are not anticipated major expenditures to be met from the capital works fund.

Updates - The forecast is made with the best available data at this time. The forecast should be upgraded at regular intervals. We recommend a minimum of bi-annual updates.

Your FREE amendment (conditions) - In order to ensure that this service is provided to all clients in an efficient and productive manner we ask that you fully review your report and list anything you would like changed in a single email allowing for the requested amendments to be dealt with in one effort. Due to the extra work involved and inefficiency created by an incomplete initial amendment request further amendments requests will be charged for based on the hours and effort required.

Supply terms and conditions - All services provided by *Solutions in Engineering* are supplied on the basis of **Supply Terms and Conditions** which are available from our Office and from our website www.solutionsinengineering.com

Please read the information and the notes on the Inspector's report to gain the most from this report.