

# Getting Retrofits Approved by the Owners Corporation

## Decision-making in Strata relating to Retrofits

Some renovations require approval from the owners corporation. Individual owners, strata managers and building managers cannot make decisions regarding common property, but they can offer advice and organise the work to be carried out.

If the proposal requires spending owners corporation funds on changes to the property beyond maintenance, that have not previously been delegated at a general meeting as a responsibility of the strata committee, then the proposal will need to be taken to a general meeting of all owners and a motion will have to be drafted, tabled and passed.

### **Pre-Approval:**

If you know that you have resident and owner support to do certain works, such as retrofits, but don't have a business case ready in time for an annual general meeting (AGM), you can consider obtaining pre-approval for the works. This involves drafting a motion with an outline of the general idea of the proposed works, and asking for approval for works up to a certain amount of money. If the more detailed plan goes over this pre-approved cost barrier, then you will need to draft a more detailed motion for approval at the next general meeting.

Particularly for large-scale retrofits, it can be a good idea to educate the owners about the proposed works prior to the general meeting. Having a 'show and tell' event can be very useful, where you show designs, bring samples and have building professionals likely to be employed introduce themselves and their work. Listen to any concerns that are presented, and try your best to answer them. This way, owners will have a greater idea of what is being proposed and what the likely outcome will be if the motion is passed at the general meeting.

There are four steps to getting a motion passed; drafting a motion, getting the matter on the agenda, communicating to lot owners at a general meeting, and getting a motion approved.

### **STEP 1 - Drafting a Motion**

For details on the wording of the motion, you should consult other owners, strata manager, building manager and any external professionals that might help. If you have a strata manager or strata lawyer, they can help you draft the motion.

You will also need to consider if your proposed motion affects or requires the amendment of existing by-laws, or creation of new by-laws. If that is the case, you will also need to draft new by-laws for consideration as an additional motion.

If your retrofit project requires council approval, one motion should outline the retrofits to be approved, and another motion should be drafted to authorise the seal for a development application for council approval. This will save you time, as rather than having to put this on the agenda of the next meeting, the development application can be completed and submitted as soon as possible after the retrofits are approved.

The business case should include (if applicable):

- Description of the project
- Implementation and impact
- Cost estimates and potential cost savings
- Measurement plan
- Payback period

Adapted from SmartBlocks

You should submit your proposal for consideration by the strata committee. The strata committee can help you by obtaining quotes for a possible project and help you to develop a business case for further action.

If you have developed the business case, quotes have been obtained, support in the building seems high and the project seems viable, you can draft a motion to approve and begin implementing the project. For example, if you have commissioned an energy audit, you may wish to seek approval to implement some or all of its recommendations. An example of such a motion (actually a combination of two motions) is provided below:

***Motion:*** *That the Energy Saving Action Plan showing forecast savings of some \$xxxx per year, prepared as part of the Energy Audit conducted by ABC Company, be adopted for implementation in the 2017 / 2018 financial year*

***Motion:*** *That pursuant to Sec 108 of the Strata Schemes Management Act 2015 the Owners Corporation SPECIALLY RESOLVES to make any changes to common property that may be required for the effective implementation of the Energy Saving Action Plan.*

You may also wish to put forward a motion to give the strata committee the power to implement sustainable retrofits within set limits, without having to return to a general meeting for each. An example of such a motion is provided below. This motion would be applicable for both energy and water retrofits. The spending limits in the motion will be determined by the scheme and may relate to payback periods (e.g. 2 or 3 years) or specify a dollar amount.

***Motion:*** *That the Owners Corporation SPECIALLY RESOLVES pursuant to section 108 Strata Schemes Management Act 2015 (NSW) and authorises the Strata Committee to implement any energy and water saving initiatives - which may include replacement of, or additions to common property - that have an initial payback period of 3 years or less.*

In the case of water saving retrofits, a motion may be needed to allow the owners corporation to use owners corporations funds to make changes to individual lots in order to ultimately save on owners corporation water bills where the building has a single water meter. The motion below addresses this situation.

***Motion:*** *That the Owners Corporation pays for Sydney Water's WaterFix program (or an equivalent service) to be undertaken in each lot, subject to the approval of the owner(s) of each lot.*

The motions above have been successfully implemented in a number of strata schemes in Sydney. However, please note that you may wish to seek legal advice to make sure that these motions are appropriate for your strata scheme and for what you are trying to achieve.

## **STEP 2 - Getting on the Agenda of the General Meeting**

To get a matter on the agenda of the general meeting, you should email or mail the statement of intent to the secretary of the committee four to six weeks before the next meeting. Alternatively, if you have a strata manager, they can help you get your motion on the agenda. This may be some time away depending on if your committee meets monthly, quarterly or irregularly. A motion must be accompanied by an explanation of 300 words or less and the name of the person passing the motion.

Your email/mail to the secretary should include (if applicable):

- Statement of intent and drafted motion
- Business case
- Any supporting documentation (e.g. quotes, case studies)
- How the motion should be passed
- Your contact information in case of further queries

You can either attend the meeting and watch the discussion, or present your business case at the meeting. If you plan to present a business case, you should make the secretary and/or strata manager aware so they can allocate time on the agenda. If time can't be allocated for your presentation or you are refused, you can still circulate your statement of intent, business case and other documents to the strata committee, and put them up for discussion at an AGM.

## **STEP 3 - Communicating at the General Meeting**

There are key stakeholder groups that you will need to make aware of the proposed retrofits, and get support or approval from. Approval will be formalised by the passing of the motion at an annual general meeting or extraordinary general meeting general meeting. You may require an ordinary resolution or special resolution, depending on the nature of the project.

If you opt to present a business case in the meeting, try to relay the information that you have as clearly and concisely as possible, as you may not have much time to present (usually around 5 minutes). Make sure that you are well prepared for the meeting by anticipating areas of concern and collecting as much information as you can gather, presented in a clear format such as charts, diagrams or drawings.

You might wish to form a sub-committee to oversee the implementation of the motion, especially in larger schemes where management commitments are greater. Michael Teys has developed a [handy guide](#) for successful general meetings.

## STEP 4 - Getting a Motion Approved

If the motion is **approved**, it is considered a 'resolution'. This means the strata committee can start taking actions to implement your project.

If your motion is **refused**, then you can review your project, make any necessary changes regarding the concerns that led to the refusal, and put another motion on the agenda. If you gather enough written support from a majority of owners after you have obtained additional information about your proposal, you can ask for an extraordinary general meeting to be held and can get your motion voted through.

## Additional Resources:

- [From Bland to Fab, LookUpStrata](#)