

# Strata 10 Year Plans and Condition Reports

Why you need a 10 Year Plan and what to look for.

In May 2020, Western Australia's Strata laws changed for the first time in over 30 years. The reform has led to clearer and fairer rules for those who own, occupy, or intend to purchase a strata-titled property.

Under the revised Strata Titles Act 1985, the **10-Year Plan, Condition Report and Reserve Fund Budget has become a requirement for certain strata schemes**. It applies to schemes with more than 10 lots or a replacement value of over \$5 million.

## Why do I need a 10-Year Plan?

- To plan for the future of your scheme
- Stay on top of maintenance and repairs that may arise
- Identify upcoming expenditure and ensure funds are available when needed



The 10-Year Plan outlines the anticipated maintenance, repair, renewal or replacement requirements (other than of a routine nature) for any items of common property and personal property of the Strata Company (“*covered items*”), that is likely to arise in the next 10 years.

It includes cost estimations and time frames. For example, this could include replacing the roof cover, saving up funds for the refurbishment of a lift or resurfacing a pool.

## What is the relationship between a Reserve Fund Budget and a 10 Year Plan?

The Reserve Fund Budget is intended to **ensure strata owners understand how much money they will need to put aside to afford large capital expenses when they occur**. It is the duty of a Strata Company to determine the amount needed to maintain a strata scheme. A well prepared 10-Year Plan helps establish the amount the Reserve Fund should hold to avoid the need for huge ‘one-off’ special levies.

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When commissioning a 10 Year Plan and Condition Report, it's important to consider how this information will be incorporated into the Reserve Fund Budget. Selecting a contractor who provides a comprehensive report with itemized recommendations will greatly ease the time and effort needed to prepare the budget.

## What is a Condition Report?

Often overlooked in discussions about the 10-Year Plan is the requirement for a Condition Report.

Regulations require a strata scheme to have:

**“A report about the condition of the covered items and the anticipated maintenance, repair, renewal or replacement requirements of the covered items in the period covered by the plan (a Condition Report).”**

The Condition Report must include the following information about a covered item:



- Date of installation, construction or acquisition
- Present condition or operating state
- Date of previous inspection undertaken
- Details of any anticipated work to be required in the period of the plan
- Date(s) on which it is estimated that the work is likely to be required
- Details of the estimated cost
- Estimated lifespan of the covered item or items once actioned

## Choosing a provider for your 10 Year Plan and Condition Report?

When choosing a provider for your 10 Year Plan and Condition Report, it's important to make sure you are getting a comprehensive, compliant report which you can implement into your budget.

### Ensure your provider includes:

- A Detailed Condition Report
- Site Inspections
- Local Inspectors
- Fixed Price Quoting
- Certified Compliant Reporting
- Reserve Fund Forecast
- Qualified Professionals
- Professional Indemnity Insurance
- No Limit on Cost Estimates
- Collaborate with Existing Suppliers

While regulations state that anyone can prepare a 10-Year Plan, we highly recommend that a qualified, experienced and local experts perform the work. Which is why we collaborate with Structural Engineers, Registered Builders and our Quantity Surveying team who are independent and unbiased (we do not do the remediation work) minimising risk for mid to large schemes.

Prepared by Asset Reports: <https://www.assetreports.com.au/strata>