



**OWNERS CORPORATION  
MANAGEMENT  
TENDER  
QUESTIONS**

**TOP 10 QUESTIONS  
FOR A SUCCESSFUL  
OWNERS CORPORATION  
MANAGEMENT TENDER**



It's common for Owners Corporations (OC) to stay with the one management company for many years. After all, why wouldn't you if they know you, your building and your needs. But we also understand that there may come a time when it's good business sense to test the market. Maybe see what's new in the strata service industry and simply re-affirm your current choice.

If you're like most owners, whilst you have made a considerable investment into your home, your investment property, you may still struggle to dedicate the time that's needed to protect your investment. This is where a professional OC Manager (OCM) comes into the picture.

Initially you may think going out to tender for an OC Management company is an arduous task, but consider this simple three step process to bring the task into focus:

## Step 1

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**Understand the needs of your property (you are all unique)**

## Step 2

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**Understand the role of the Owners Corporation Manager (each having their own unique service offering)**

## Step 3

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**Ensure your OCM meets the needs of your property**

Sound simple? Well it is. Although we also appreciate finding the perfect OCM does take time, and that they do exist.

Going out to tender doesn't need to be a hit and miss process. Here are some tools we have created to guide you through this simple three step process.

### 1.

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**You can use the Template provided to create your [Property Profile](#) (to help you understand your needs); and**

### 2.

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**Access the Consumer Information Tab of the SCA (Vic) website to [Understand the Role of an OCM](#).**

### 3.

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**Then simply, use these Top 10 Questions to assist you seek targeted responses from each tender. This will ensure you are seeking an OCM that's right for your OC's needs, that you can compare apples for apples, and select your preferred tender with clarity.**



## Top 10 Questions for an OC before going to tender

### 1. Do you have a preferred location for your OC Management company?

You may wish for them to be local. Or feel that the location is second, to considering the experience of the company. Knowing your owners ability and willingness to travel to visit the OCM office for meetings etc., may effect your decision.

### 2. Does your OC require any special management needs? If yes, then ensure these are reflected in the tender.

For example your property could

- Be Heritage listed, a Gated Community, a Retirement Village or Chalet
- Be purely residential, commercial, retail or a mixture of these
- Consist of just one unlimited Owners Corporation, or one unlimited with one or more limited OCs
- Be a Company Share or Stratum Titled property

Any and all of these aspects may require the OCM to be experienced in that particular niche area of management.



### 3. Where and when do you prefer to hold your meetings?

Fees may vary dependent on timing and location.

Industry best practice is to hold meetings within the office of the OCM during business hours. There are many reasons to comply with this practice. The primary purpose being to manage the risks your OCM may be exposed to. Which we trust you appreciate increases with the need to travel and work alone, and is only heightened when working extended and late hours. You can find out more about why this policy was developed for **After Hours Meetings here**.

Some OCs prefer to hold meetings on site. This may be a feasible option if the building hosts a common area with furniture suitable for a meeting, and the meeting is held at a reasonable time.

You would be wise to avoid convening meetings in the homes of individual lot owners. Experience shows us that this has the potential to impact adversely on an individual's personal space and privacy. Particularly noting that a conflict may arise, when persons unknown to the home owner may need to attend the meeting, and/or individual lot owners may then frequent this home recognising it as the 'go to place' for issues (outside dedicated meeting times with no other members present). Consider too, that whilst most lot owners endeavour to cooperate with each other and maintain peace and harmony, unfortunately the simple truth is that we are not all wired the same. An OC consists of the individual lot owners of each apartment. Apartments sell and new owners, new personalities, join. Recognising these potential issues will help you plan to avoid these unnecessary risks.



#### 4. How many committee meetings, special general meetings do you anticipate will be held in a 12 month period?

Fees may vary dependent on the number of meetings, the type of meetings held, as well as the location and timing of meetings.

You need to understand if costs to convene and host different meetings and a varying number of meetings, are included within the fixed annual fee, or if they will attract additional costs and at what rate.

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#### 5. Does your OC prefer a fixed fee inclusive of all duties, and/or a fixed fee for standard duties with additional charges for additional services?

Please note Members of SCA (Vic) have access to a standard SCA (Vic) Contract of Appointment. In such instances you can reference

- Clause 2.1 to understand what the standard duties are, and the fixed annual fee payable for these.
- Clause 2.2 to understand what additional duties may be and the additional fee each of these duties may incur.
- Clause 2.3 which outlines disbursements.



#### 6. Is your OC willing to allow an OCM company to accept disclosed commissions?

It is common practice and acceptable within the industry to receive commissions for an OCM's involvement in the insurance placement and claims process. This is on the strong proviso that the commission is disclosed to the OC. You can read more on commissions by accessing the **Frequently Asked Questions on the Consumer Information tab of the SCA (Vic) website.**

If any commissions are to be received, it has always been our industry best practice, which is now legislated also, that they must be disclosed by the OC Management company. Details to be disclosed in your Contract of Appointment.

Members of SCA (Vic) are entitled to use the SCA (Vic) standard Contract of Appointment. In which instance, your OC may refer to Clause 1.3 for 'Insurance Agency Fee and Commissions'.

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#### 7. Does your OC have any strong preference for the presentation of your OC's accounts?

The style in which financial statements and balance sheets are presented can vary from company to company, dependent on the software program used. Some OCs may be quite specific in their preferred accounting style. Ensuring you are comfortable with the style of reporting produced, before entering into any OCM agreement, will avoid any unnecessary future confusion or disappointment.

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#### 8. To what extent do owners require an on-line capability for interaction?

Some OC's may wish for their community to have a website presence. Consider what functionality your OC requires. For example, internet/intranet functionalities, on-line payment facilities, on-line availability to particular OC records such as minutes, your personal account details etc.



## 9. Is the OCM company a member of an association/industry body, offering you peace of mind?

Consider that being a part of an industry association; the member:

- a. must comply with a code of ethics and maintain professional standards;
- b. can commit to ongoing education, through the association's Continuing Professional Development (CPD) Program.

You can find out more about the SCA (Vic) [Code of Conduct](#) and [CPD program](#) via our website.

## 10. Would your OC like access to testimonials and/or details of referees that you may contact for references?

Contacting a couple of referees may assist you evaluate the service experience of the OCM's existing clients.





## Tips:

✓ Ensure your strata manager and/or firm is registered with the Business Licensing Authority and holds Professional Indemnity insurance. You can check here <http://www.consumer.vic.gov.au/businesses/business-licensing-authority>

✓ Before you enter into any agreement ensure you and your OC clearly understand

- the obligations of the OC and its fees, as well as
- the date and terms of the OC Manager's appointment and termination.

✓ Seek independent legal advice when and where needed.

✓ If the OCM company is to receive payment for their services, the contract must be in the approved form.

✓ If you are engaging an OCM company that is an SCA (Vic) Member, the contract used may be a more detailed variation of this approved form.

- It is referenced throughout this document as the SCA (Vic) Standard Contract of Appointment (CoA).
- It is a copyright document and only SCA (Vic) Members are entitled to its use. It should not be used by non-members.
- The SCA water mark appears across the pages and fields that cannot be edited. Where the water mark does not appear, text can be inserted.
- Use of this document will enable you and your OC to easily compare costs and duties as they will be in a consistent format.
- Any variations to this Standard CoA should be noted within Clause 11 Special Conditions only.
- SCA (Vic) offers a general guide to help you understand this CoA. You can access a copy of this Consumer Guide direct from the **Consumer Information tab of the SCA (Vic) website** or request a copy from your OCM.





✓ After entering into an agreement with an OCM company, ensure:

- the Chairperson and/or the OC committee maintain a copy of the Contract of Appointment.

✓ When requesting a tender, it is recommended that your OC create a property profile.

- This will assist you create a checklist that supports the particular needs of your property.
- It will also provide the information an OCM needs to understand your property and offer a relevant quote.
- You can then simply and efficiently ensure each of the tenders address and meet all your OC's needs. Benchmark the responses. And select your preferred OC Management company.
- If tenders use the SCA (Vic) Standard Contract of Appointment, it will also allow you to receive the information in a consistent format, which means that you will be able to compare apples with apples, so to speak.
- You can simply use this template offered to create your **Property Profile**.



## Resources

To assist you simplify your OC Management tender process, be sure you take advantage of these additional resources.

- **Property Profile: Request for Tender**

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- **Tender Criteria: What you need to know before investing time and money in the professional management of your Owners Corporation**

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- **SCA (Vic) Website, Consumer Information Tab, Role of an Owners Corporation Manager**

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- **SCA (Vic) Website, Consumer Information Tab, After Hours Meeting (Letter)**

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- **SCA (Vic) Website, Consumer Information Tab, Frequently Asked Questions**

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- **SCA (Vic) Website, About Tab, Code of Professional Conduct**

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- **SCA (Vic) Website, Consumer Information Tab, Why use a Member, It's all in/after a name**

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## About SCA (Vic)

Formed in 1990 SCA (Vic) provides a forum for improved standards and education in the strata industry; offering owners peace of mind in an unlicensed sector. Choosing an SCA (Vic) owners corporation manager offers you peace of mind that your OC Manager benefits from establishment of professional practice guidelines, professional development through education seminars, conferences and regularly published bulletins on items of professional interest. And that they must also commit to uphold ethical standards.

SCA (Vic) supports more than 80% of all owners corporation management firms, are the only organisation solely focussed upon representing this increasingly significant industry and reach and represent 500 owners corporation professionals who manage approximately 375,000 lots. SCA (Vic) also represents industry suppliers and owners corporations, making it the voice of all with an interest in the management of owners corporations. We are proud to be the pre-eminent professional association of the owners corporation industry.

To find out more visit: [www.vic.stratacommunity.org.au](http://www.vic.stratacommunity.org.au)

Or contact us on

**Phone:** 03 9416 4688

**Fax:** 03 9416 4788

**Address:** Suite 106, 134-136 Cambridge Street,  
Collingwood Vic 3066

**Email:** [info.vic@stratacommunity.org.au](mailto:info.vic@stratacommunity.org.au)