

Make greater use of paid experts in sectional title schemes

It is sometimes said that up to 25% of South Africa's sectional title schemes are inefficiently managed and in many cases the units in these lose value year after year.

This situation, says Tony Clarke, Managing Director of the Rawson Property Group, is in nine cases out of ten due to the sectional title scheme not being managed properly and having trustees who are inexperienced or lazy.

"Even a rudimentary investigation of body corporates will usually show that many of the trustees ought never to have been appointed because little or nothing in their background equips them for their new task."

This, adds Clarke, very often applies to people who in other fields have been highly successful, but whose knowledge of property and property law is totally inadequate for the job at hand.

One improvement he and others would like to see, says Clarke, is a new set of rules applied to the whole question of the remuneration of trustees.

As the Sectional Title PMR 10 (Prescribed Management Rules) Act now stands, owner trustees serving on the body corporate are not paid for their work. However, if such bodies pass a Special Resolution to this effect, they can be paid - and this allows body corporates to source skills from non-owners.

This very good rule, says Clarke, makes it possible for body corporate boards to appoint people with specialist knowledge, e.g. financial, legal, building or security matters, to help them solve problems that they themselves cannot really handle.

"In my view too little use is made of this particular ruling," says Clarke, "if expert, competent people with the appropriate skills are available to join boards they should be appointed as trustees or alternate trustees and should be paid for their work. In many cases such people can and do turn schemes around and make them far more profitable than they have been in the past."

The question will always arise, says Clarke, as to the rates at which such people should be paid, but, he points out, many of them, being professionals, will expect to be paid at professional rates - and this cannot be argued with.

In general, he says, the more serious the sectional title scheme's problems are, the higher the expert's fees are likely to be - but, he adds, clauses in their employment contracts can be inserted to the effect that payment depends on achieving results. In addition, says Clarke, he would like to see all schemes being allowed to pay all their trustees, not just non-owners.

"At the moment, being a trustee is often a thankless task for which there is absolutely no financial reward. The job is consequently often seen as irksome by those who accept these positions and it is not surprising to find that many of them are not particularly interested. If trustees were paid (at a satisfactory rate) they might well value their jobs, want to keep them and feel incentivized to improve the schemes for which they are responsible. Remuneration packages are therefore long overdue for a change."

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