Dear Residents,

**JULY 2018 - BRIEFING FROM TRUSTEES**

**TAKING STOCK - OVERVIEW ON EXPENDITURE**

There has been a lot going on and encouraging progress with many of the projects over the past fifteen months which is gratifying. We are again well ahead of budget but the two background priorities which have continued to occupy this team of trustees, as they have gone about their business during this period, have remained (1) the quest to contain expenditure through efficiencies and (2) continuation of the transparency drive. Efforts in this direction will continue for the rest of this year as the culture grows further and hopefully continues next year with the next generation of trustees as well.

To keep perspective on expenses, most estates are also struggling at the moment to contain levy increases in the current environment, due to spiralling external influences, such as entry-level wages which continue to escalate beyond inflation levels, impacting the three biggest multi-million cost headings here (security, maintenance and landscaping all of which depend heavily on union-interest-group wage earners). Realistically these costs can be expected to continue moving upwards, at levels above inflation, for the foreseeable future as well. This is the underlying reality. Then add the escalations on transport, electricity and water which also can be expected to do the same and it makes it difficult or impossible to contain increases within Government declared inflation levels. So costs are going to remain under some pressure for a while. Trustees and the BC staff are left with the ongoing challenge of focussing on internal efficiencies and sensible restraint in spending in order to minimize the impact of these other factors, as far as possible and we have been doing exactly this. We are well ahead of budget again at this stage but some of that is partly a question of timing, as expenses for paving of the Gazebo parking area and pathways, the sound system and club renovations, etc. have not all come through yet. These things will diminish the lead but we should still stay ahead nevertheless. We are going relatively well and players understand exactly what is required of them. There is a developing culture of austerity in the system and patience amongst residents is helping no end as well.

While expenditure must remain in close focus, it has always been recognized that there is an absolute need to maintain standards on the estate and preserve the values of our assets, first and foremost. This has always been paramount, non-negotiable and needs to be re-emphasized. Many will silently mouth the words "emphasized yet again" as we have said this before several times. Preventative maintenance has been and always will remain a key priority here. It has to be. **We will not allow the estate to move towards decay and destroy value of assets but we also need to keep levies competitive in order to preserve these values too. This is an interesting conundrum.**

Importantly, in order to maintain some perspective, a long list of improvements were presented by trustees and were also passed at the last AGM, so everything is not only about cut backs and a blind rush to save money at all costs. It is more. This also needs to be understood. It comes back to balance. On maintenance, for instance, more has been spent on maintaining pathways, the Gabion wall and cleaning gutters this year, than in any year past. The painting/varnishing programme continues as always. The air conditioners, vehicles, etc. are all serviced on schedule. The estate is tightly run by a very efficient management team of salaried staff who also have their own personal values and reputations at stake. Our budgeted spend on maintenance actually went up by more than inflation last year as these things were all anticipated and discussed at the last AGM. There have been no surprises or deviations and we are moving forward more or less as expected - maybe marginally better.
Where we have made some inroads over the past fifteen months, it has been through processes and efficiencies, top to bottom, as culture has started to build, looking at authority levels and disciplines, reviewing contract terms, streamlining structures, revising systems, improving productivity and cutting back on improvements. These processes have nothing to do with cutting back or cutting out essential maintenance. That has remained. There have been many different and quite independent interventions on efficiencies by so many different people as momentum has built at every level, from trustees to first level supervisors, feeding off each other, across all spectrums of the operation. This should be well understood by now but we still have challenges coming through, from individuals from time to time, who somehow can’t accept that the ongoing operational savings come from improved business processes and not cut backs on essential preventative maintenance. We just can’t shake it and yet it is absolute nonsense to suggest there have been cutbacks. There have not been any intentional cutbacks.

If there are any specific concerns about standards slipping or maintenance being neglected, then those very specific examples of slippage should be tabled with Frances right away, so that the BC management team can deal with them, without propagating general conspiracy theories, making assumptions, assertions or jumping to hasty conclusions about cut backs and policy changes which could be taken as fact and be so damaging to the estate. If you have specific examples then simply table them without making judgements. Let's keep it simple. That is how it will work best.

If it comes to a point where we need to increase our staffing levels again, then we will do exactly that. At the moment we are achieving the necessary coverage supplementing with occasional overtime here and there. This is still more economical than employing additional fulltime employees. These figures are closely monitored and the position might change but trustees understand this dynamic and are watching it. We have plenty of budget capacity this year to carry more staff and we will use that capacity, without any hesitation at all, if and when we need to. The BC team is deeply involved and is interacting constantly with the trustees, the workforce and community and the trustees think that the BC team is doing a great job and should be given credit for their achievements in these difficult circumstances. These are the people who execute and deserve the credit for the work they are doing.

Trustees initially encouraged staff to push boundaries a bit. We do accept that. We set out to do this when we started. There can be no progress or change without testing the boundaries and then adjusting if you overstep and if necessary take a step back. We understand this but so far so good. We feel that we are on track. The BC team feels that we are on track as well. The encouraging thing is many of the initiatives have recently been generated from the bottom up and have not been forced down and this is quite unusual and a credit to the high quality of staff and the managers who we have employed here.

In the interim, some special requests from residents for attention to specific tasks may take a little longer than before. It is not a perfect science. We now don’t always have the surplus resources to throw at problems immediately but that has been part of the quest for better use of staff time and better productivity with it.

The same applies with restricting access to the BC offices. Nowhere in a commercial environment are customers allowed to wander in amongst admin staff chatting while the staff are trying to hold focus and concentrate on the work. Meeting rooms are provided in the front and access is by arrangement when needed. All these small measures help improve efficiencies and these efficiencies translate into cost savings for this community. It is a direct link and owners are the ultimate beneficiaries so please support the effort.
On this topic still, on a slightly more positive note, amongst all the rising costs through external influences, we are in an interesting phase on this estate at the moment as well. We are definitely benefiting a lot from the estate reaching maturity and this has helped no end in cutting back. We have slowed down significantly on corrective maintenance and there have also been benefits from the water wise/low maintenance-indigenous-planting strategy which is kicking in as well and the removal of so many hedges on top of that. These interventions have all helped, on top of the improved efficiencies referred to above.

A lot of effort went into the ten-year plan and while there is no guarantee that we have it exactly right first time, it will remain work in progress. If we are ambushed at any stage by unexpected costs in the future, they will not be significant or a result of any cutbacks on maintenance policy. We also have plenty of reserves to deal with any unforeseen issues if they arise beyond those anticipated but we also have provision for events which may not materialize in the plan too.

CONTINUITY AND SUCCESSION - TRUSTEES

One disappointment which we have had last year was our inability to attract many formal nominations for new candidates at the last AGM. On the positive side, we have some very capable trustees who are still prepared to stay on, for at least another year and we need to be grateful to them for the personal time they will be offering again even though the workload is starting to subside. We still need new blood to replace those standing down this year after two or more years in office and this definitely needs community attention in coming months. The community needs level headed people to step up and take this estate forward in a positive way. The cornerstones and some boundaries have been set. We need a mix of qualified accountants and other professionals with commercial experience plus a good dose of common sense to take us further. Please give this thought and encourage people to stand up and be counted. We have also been short of female representation. Please give that thought too.

HOT TOPICS

Aside from the general running of the estate which is in very capable management hands, there are still a few issues which remain unresolved like the ever-present issues of speed control, road painting/signage and solar panels on rooftops which are perplexing and continue to divide community opinion.

Some owners want more yield signs, centre lines and stop streets painted on the roads for safety reasons. Others object strenuously saying that would be obsessive and they don't want the estate looking increasingly like Heathrow. Many want eco-friendly solar panels on rooftops. Others feel it would be unsightly and make the estate look like an industrial park. Some want speed traps. Others don't. No matter what your personal view might be, it is always important to recognize the other point of view and the right of others to hold different opinions, when living on a sectional title scheme like ours. Mutual respect is the key, even if opinions differ. Your trustees respect that and there are different opinions amongst trustees as well. There are no simple answers. So much depends on personal preferences and personal priorities more than labelling the issues right or wrong and developing a judgemental stance.

On these divisive issues it is the trustees’ responsibility to ensure that the various arguments, both for and against, are well researched, clearly presented and that there will be fair and transparent processes, if and when these things are put to the vote again. Trustees remain engaged and solutions will be tabled to the community for consideration.
when any new options are worked out. Trustees are adopting a conservative position in the interim, due to the divided opinions which exist.

Individual owners can put forward their own motion for their preferred solutions for community consideration as well. This remains every owner’s independent right. The trustees are not emotionally invested in the outcome of these debates and are far more concerned about protecting individual minority owner’s rights and ensuring that the processes are fair and are correctly followed in terms of the Act, rather than trying to impose a collective will on the community, one way or the other.

Your Trustees
2 July 2018