

	<p>least 15% to their levies for the next year to be diverted to the reserve fund. This increase comes on top of any ordinary annual levy increase required to cover the rising costs of running the scheme.)</p>	
PMR 22(1)	The body corporate or trustees must prepare a written maintenance, repair and replacement plan (MRRP) for the common property	Obligation to prepare 10 year plan (MRRP)
PMR 22(1) (a) – (f)	<p>The MRRP must set out:</p> <ul style="list-style-type: none"> (a) which major capital items are expected to require maintenance, repair and replacement within the next 10 years; (b) the present condition or state of repair of those items; (c) when those items (or components) will need to be maintained, repaired or replaced; (d) the estimated cost of the maintenance, repair and replacement of those items or components; (e) the expected life of those items or components once maintained, repaired or replaced; and (f) any other information the body corporate considers relevant. 	Content of MRRP
PMR 22(2)	<p>How does the MRRP requirements impact on the levy calculation?</p> <p>PMR22(2) states that the annual contribution to the reserve fund for the maintenance, repair or replacement of each of the major capital items must be determined by this</p>	Formula for calculating MRRP contribution

formula:

[(estimated cost minus past contribution) divided by expected life]

In other words, the PMR allows for the reserve fund to be quantified based on the annualised maintenance costs reflected in the 10-year maintenance plan, which should make the required contribution to the reserve fund more affordable in schemes that did not have a reserve fund before the STSMA became operational.

Annualisation of contributions

PMR 22(3)

The MRRP takes effect once it is approved by the owners in a general meeting. The owners may, on approval of such plan, lay down conditions for the payment of money from the reserve fund.

Approving MRRP; conditions for payment from reserve fund

PMR 22(4)

Yearly, at each AGM, the trustees must report back to the meeting regarding the extent to which the MRRP has been implemented.

Report back regarding implementation of MRRP

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