Fire Safety, Capital Works & Your Obligations

A **practical guide** for owners, strata committees & community associations

JAMESONS
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Happier at Home

Fire Safety, Capital Works & Your Obligations

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What we'll cover

01. Why this matters now
Two big compliance shifts in 2026

02. Fire safety obligations
AS 1851-2012, the AFSS & who does what

03. An owners corporation's duties
SSMA 2015 & Community Land Management Act

04. The two funds
AS 1851-2012, the AFSS & who does what

05. Repair vs replace under s.106
Decision-making & the planning trigger

06. The 10-year plan & your levy
Fair Trading templates, CPI myths & the AGM

07. Thinking like an asset manager
The committee & strata manager partnership

01. Why this matters now

2026 changed the rules.

Two compliance shifts landed this year — one for fire safety, one for capital works planning. Both affect your levies.

Two changes every scheme should know.

13 FEBRUARY 2026

AS 1851-2012 becomes the mandatory maintenance standard

Fire safety measures in NSW buildings must now be maintained to Australian Standard 1851-2012 — a prescriptive regime of monthly, six-monthly and annual servicing with detailed record-keeping. The old "standard at time of installation" approach is gone.

1 APRIL 2026

Standard-form 10-year capital works fund plans

10-year capital works fund plans must now be prepared in the form approved by NSW Fair Trading. Plans must be reviewed and finalised at the AGM, and large schemes must note any difference between planned and actual levies.

Why it matters

Both changes mean more structured spending — which means your capital works fund plan has to be real, not aspirational.

Building costs vs CPI.

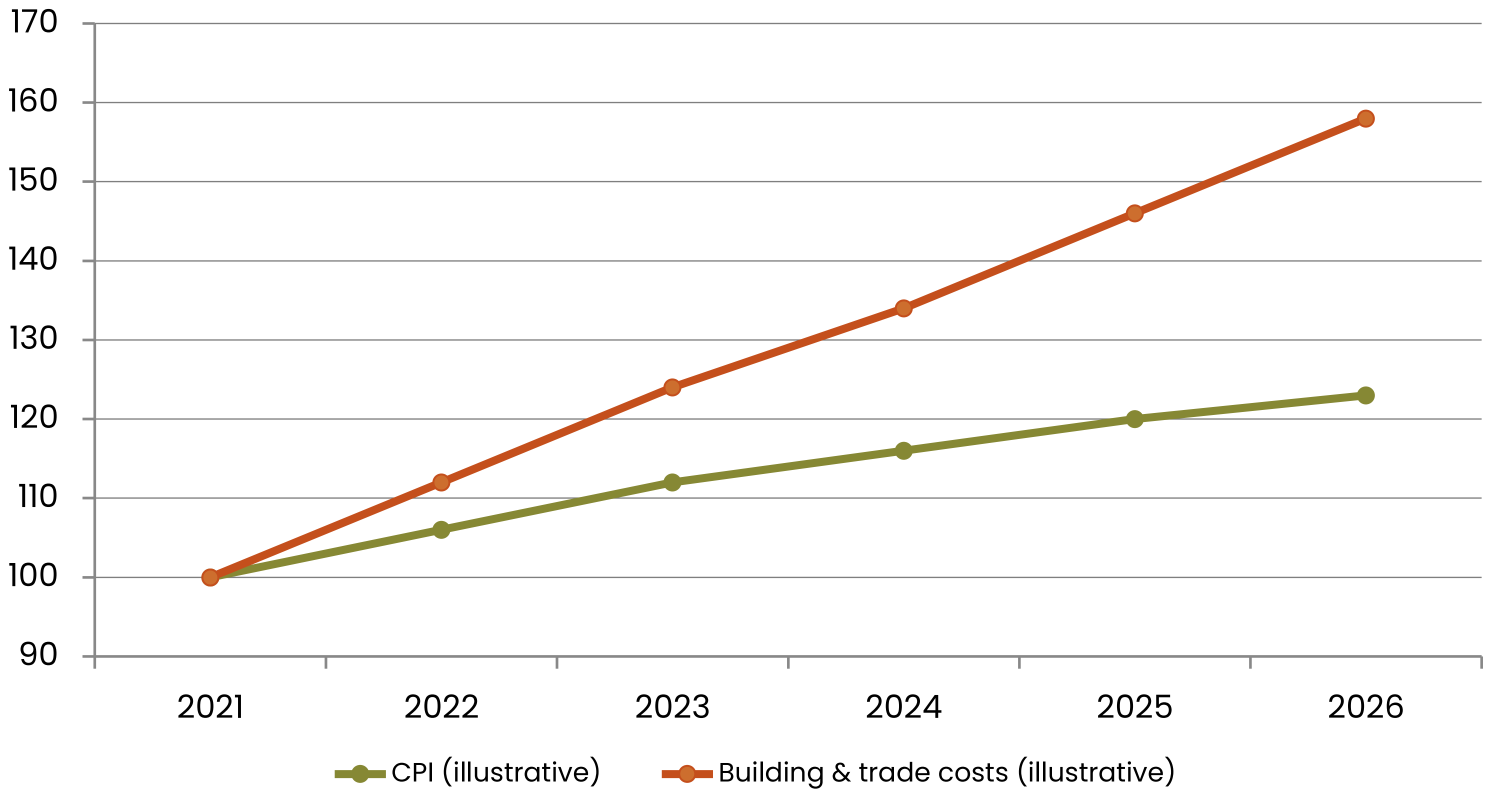


Chart is illustrative only, for discussion — not a published index.

What this means for a scheme

- Trades, materials & remediation costs have consistently outpaced CPI since 2021.
- A plan indexed at CPI quietly under-funds every future project, year after year.
- Fire safety compliance costs (AS 1851 servicing, defect rectification) add a new baseline.
- The gap compounds — a small shortfall today becomes a special levy in year 4 or 5.

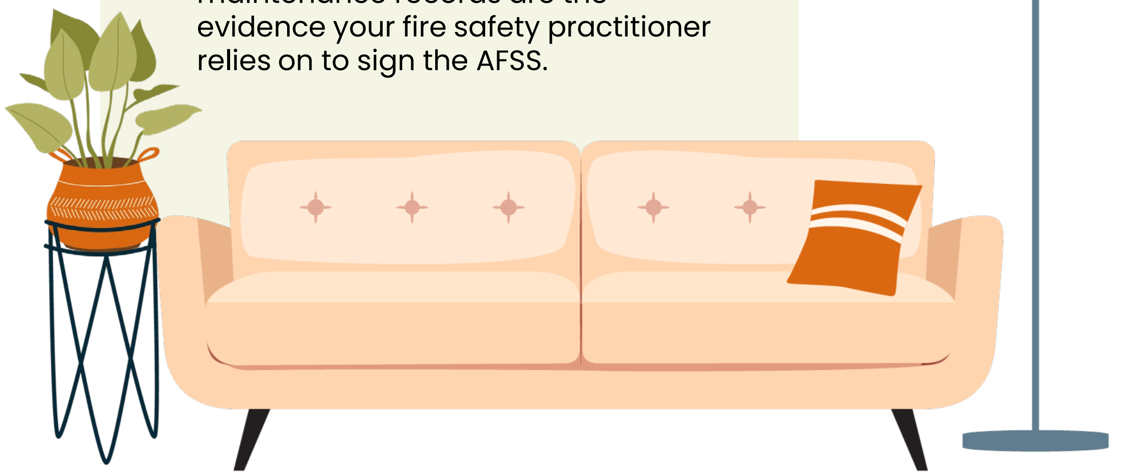
Fire safety

AS 1851-2012, the Annual Fire Safety Statement, and who is responsible for what.

Three layers of fire safety duty.

Key Point

These three layers connect: AS 1851 maintenance records are the evidence your fire safety practitioner relies on to sign the AFSS.



01. The Fire Safety Schedule

Lists every essential fire safety measure in the building — sprinklers, hydrants, fire doors, exit lights, alarms — and the standard each must perform to. Issued with the building's approval and updated with alterations.

02. Ongoing maintenance — AS 1851-2012

From 13 February 2026, each measure must be inspected and serviced to the routines in AS 1851-2012 — monthly, six-monthly and annual activities, with records kept for each.

03. The Annual Fire Safety Statement (AFSS)

Each year the owners corporation must lodge a statement — signed off by an accredited fire safety practitioner — confirming every measure has been assessed and performs to the schedule.

What the new standard requires.

13 Feb 2026

AS 1851-2012 became the mandatory minimum maintenance standard for fire safety measures in NSW.

Scheduled routines

Monthly, six-monthly and yearly inspection & servicing for each fire safety measure — sprinklers, hydrants, doors, detectors, exit lighting and more.

Baseline data

Systems need documented baseline performance data so later servicing can be measured against it.

Records & logbooks

Every routine must be recorded — these records are what the fire safety practitioner reviews before signing the AFSS.

Defect classification

Defects are classified by criticality — critical defects need prompt rectification, and they flow into the budget.

The Annual Fire Safety Statement.

Who lodges it

The owners corporation (or association), through its strata manager or building manager, to Council and Fire & Rescue NSW — and it must be displayed in the building.

Who signs it off

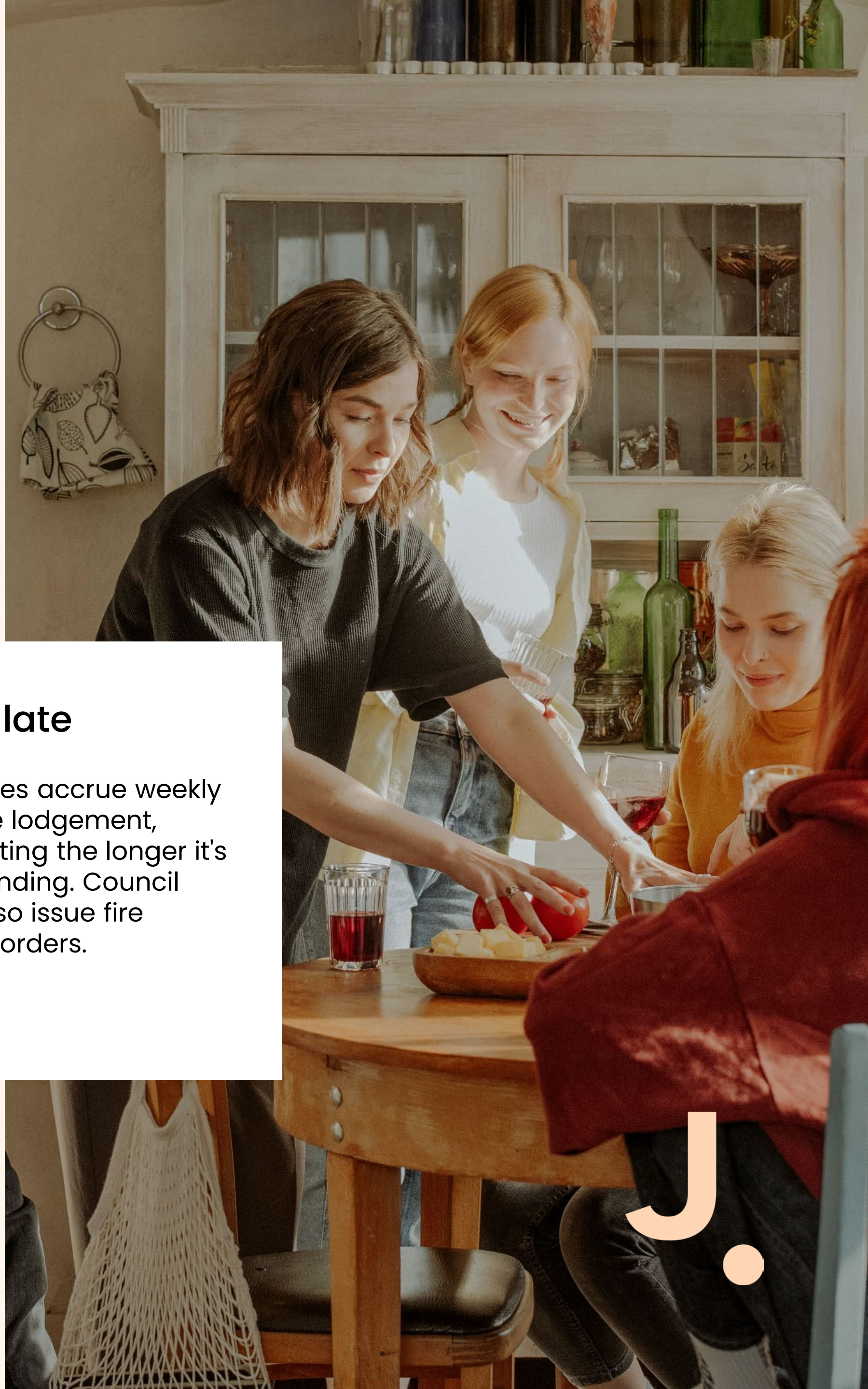
An accredited practitioner (fire safety) — FPAS-accredited — must assess each measure. The servicing records we coordinate feed that assessment.

When

Every 12 months, tied to your schedule's anniversary. Assessments take weeks — engage practitioners early, not the month it's due.

If it's late

Penalties accrue weekly for late lodgement, escalating the longer it's outstanding. Council can also issue fire safety orders.



The usual suspects.

Fire doors

Damaged seals, propped-open doors, worn closers, gaps beyond tolerance. Individually small, collectively one of the most common AFSS failure points.

Fire seals & penetrations

Cabling, plumbing and renovation works that pierce fire-rated walls without being resealed. Every unsealed penetration is a defect.

Ageing systems

Pumps, hydrants, and detection systems at end of life. Servicing keeps them alive — but replacement is a capital works item that needs to be in the plan.

Exit & egress issues

Blocked paths of travel, failed exit lights, storage in fire stairs. Cheap to fix, expensive to ignore.

Planning Trigger

Every recurring defect is data. If the same system fails inspection twice, ask: is this a repair pattern or a replacement signal?

Which fund pays for what.

Administrative Fund

- Routine AS 1851 servicing contracts (monthly / 6-monthly / annual)
- AFSS assessment & lodgement costs
- Minor defect rectification from routine servicing
- Fire safety practitioner engagement

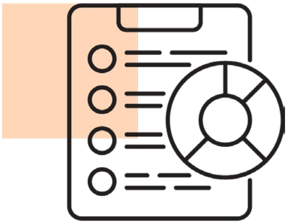
Capital Works Fund

- Replacement of fire panels, pumps & detection systems
- Fire door replacement programs
- Passive fire (seals & penetrations) rectification projects
- Upgrades required by fire safety orders

Test

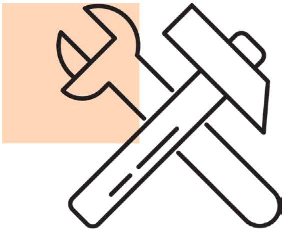
Does the work keep an existing system running (admin) — or renew, replace or upgrade it (capital works)?

Our dedicated compliance team.



Defect management

We maintain a live register of critical, non-critical and non-conforming fire safety defects, tracking each item from identification through to rectification.



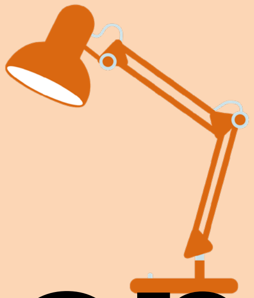
AFSS coordination

We coordinate accredited practitioners and fire contractors, align servicing to AS 1851-2012, and manage the Annual Fire Safety Statement to lodgement.

Records & oversight

We keep the maintenance records and evidence trail the AFSS relies on, and report compliance status back to the committee in plain English.

The obligations.



What the Strata Schemes Management Act — and the Community Land Management Act — ask of an owners corporation.

Committees manage other owners' money.

> A strata committee makes decisions on behalf of all owners — including the ones who never come to meetings. Every budget decision is a decision about someone else's asset.

Act in good faith

Decisions must serve the owners corporation as a whole — not individual interests or the loudest voice in the room.

Exercise due care & diligence

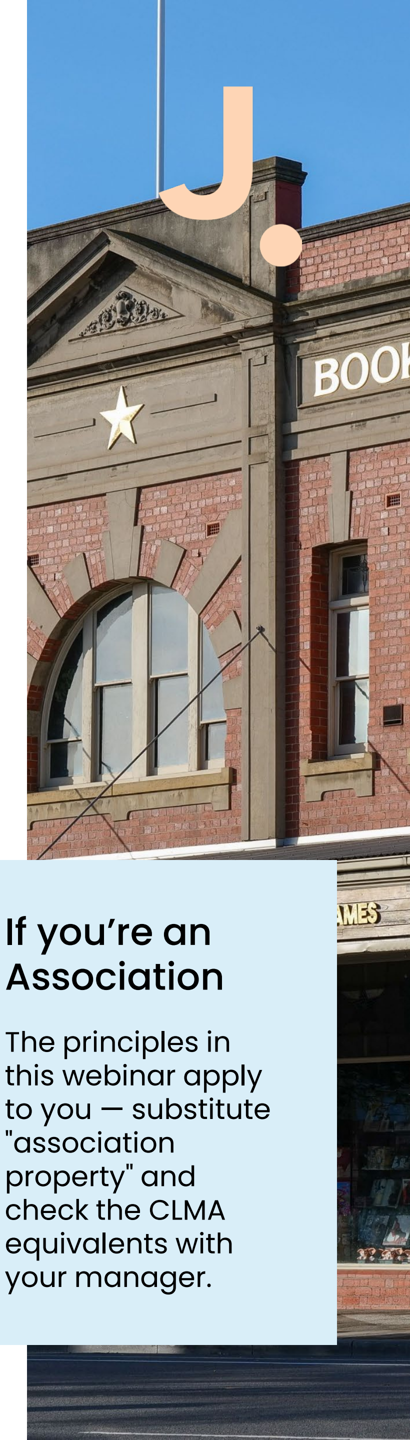
Get informed before deciding: reports, quotes, professional advice. "We didn't know" is not a defence when the information was available.

Comply with the Act

The SSMA 2015 (or CLMA 2021 for associations) sets mandatory duties — maintenance, funds, plans, meetings. These aren't optional.

Strata schemes vs community associations.

	Strata Scheme	Community Association
Governing law	Strata Schemes Management Act 2015	Community Land Management Act 2021
The entity	Owners corporation	Community / precinct / neighbourhood association
The property	Common property	Association property
Day-to-day fund	Administrative fund	Administrative fund
Long-term fund	Capital works fund + 10-year plan	Capital works fund + 10-year plan
Maintenance duty	s.106 — strict duty to repair & maintain	s.106 CLMA — duty over association property



If you're an Association

The principles in this webinar apply to you — substitute "association property" and check the CLMA equivalents with your manager.

The duty to repair & maintain.

s.106

A STRICT DUTY

The owners corporation must properly maintain and keep in a state of good and serviceable repair the common property. Not "when convenient". Not "when funds allow". The duty is continuous.

It's not discretionary

Owners can't vote away the duty for convenience — deferring necessary repairs is a breach, even if a majority prefers lower levies.

Damages flow from breach

Owners who suffer loss from a failure to repair can claim damages — and now have up to 6 years to bring the claim.

Funding follows duty

Because the duty is strict, the capital works fund must be resourced to meet it. An underfunded CWF doesn't suspend s.106.

Fire safety sits inside it

Fire systems on common property are squarely within the duty — the AFSS regime and s.106 reinforce each other.

The two funds.

Administrative fund and capital works fund — the financial architecture behind every levy notice.

Two funds, two purposes.

Every scheme must keep both — and money can't casually move between them.

THE OPERATING ACCOUNT

Administrative Fund

- Insurance premiums
- Cleaning, gardening, utilities
- Routine repairs & servicing (incl. AS 1851 routines)
- Management & administration costs

Think of it as the **household's everyday account** — groceries, bills, upkeep.

THE FUTURE ACCOUNT

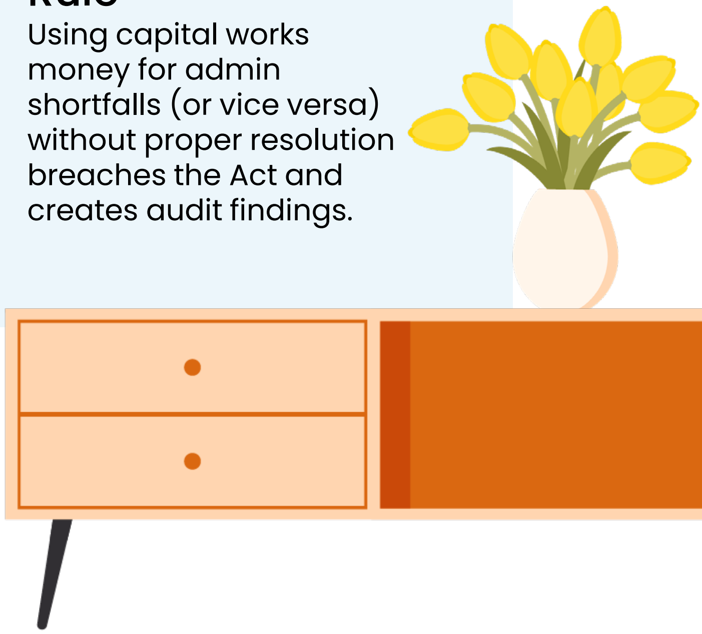
Capital Works Fund

- Painting cycles, roofing, façades
- Plant replacement — lifts, pumps, fire systems
- Major rectification & upgrade projects
- Everything in the 10-year plan

This is the **savings account** for the building's future — renewal, not routine.

Rule

Using capital works money for admin shortfalls (or vice versa) without proper resolution breaches the Act and creates audit findings.



Is it operating or capital?.

A practical test a committee can apply to any invoice or quote — and one we apply for you.

Does the work restore what exists — or renew, replace, or improve it?

RESTORE

RENEWS

Admin Fund

Fixing, servicing, patching, adjusting. The asset keeps doing what it did. Examples: repairing a pump seal, servicing fire doors, patch-painting.

Capital Work Fund

Replacing, upgrading, extending life. The asset (or a whole component) is renewed. Examples: new pump, fire door replacement program, full repaint.

Grey Areas Exist: Big "repairs" that renew most of a system are usually capital — we help classify each item correctly before the invoice is paid.

How we prepare the budget.

Plan-aligned budgeting

When preparing the budget, we work from the 10-year capital works fund plan — drawing the capital works estimate directly from the forecast for the year ahead.

Correct fund allocation

We classify each cost as administrative (restore) or capital works (renew), keeping both funds clean, compliant and audit-ready.

Clear recommendations

We present the estimates and the reasoning to the committee ahead of the AGM — so decisions are informed, not rushed on the night.

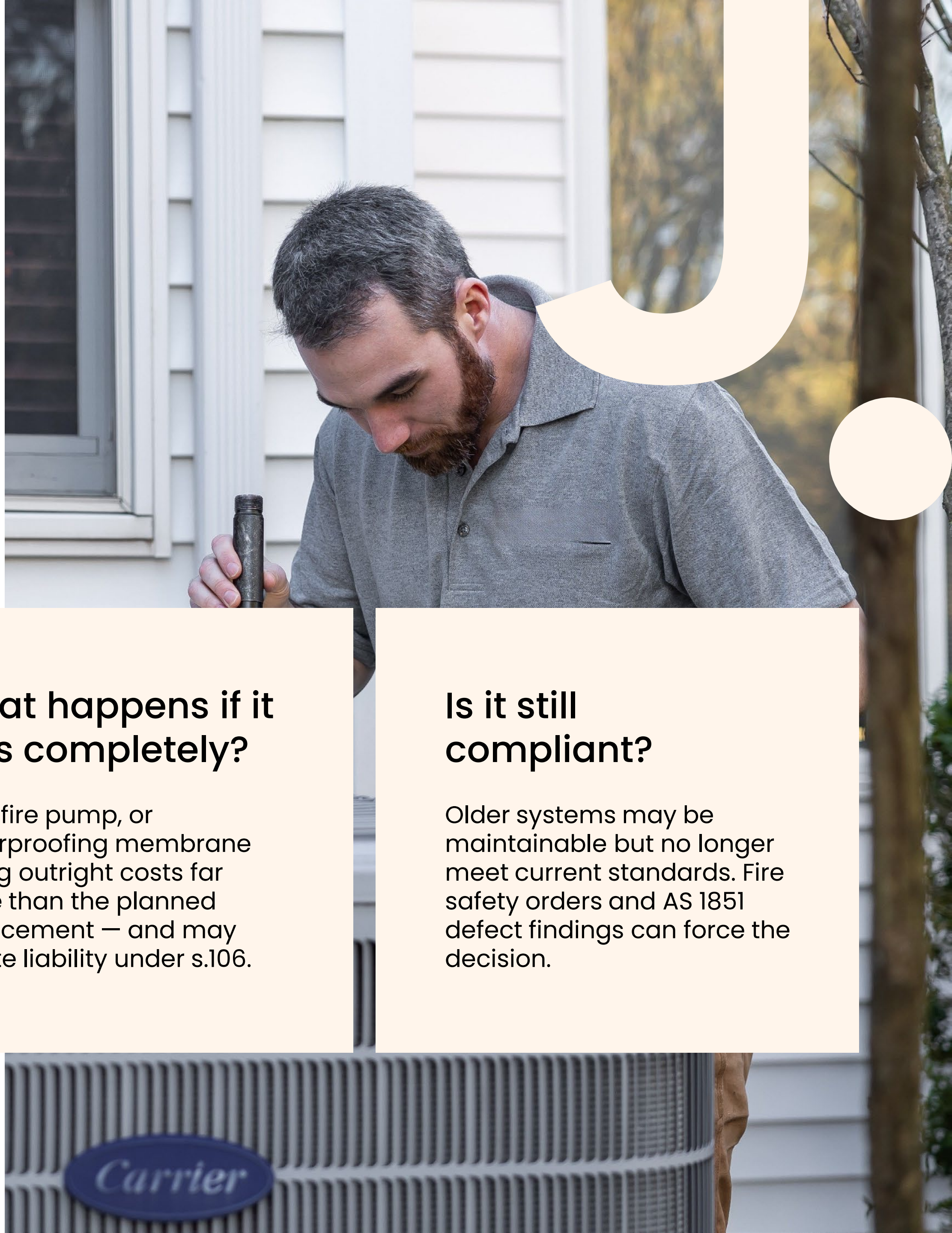
Our Duty of Care: We prepare budgets that reflect what the building actually needs — protecting the owners corporation's long-term interests.

05. Repair vs replace under s.106

Repair or replace.

Every repair is information. Together, committee and manager can treat maintenance as an early-warning system for the capital works plan.

When repair stops making sense.



How often is it failing?

One-off breakdowns happen. But rising failure frequency is the clearest signal an asset is approaching end of life.

What does each repair cost?

Track cumulative repair spend against replacement cost. When annual repairs approach 15–25% of replacement, the economics have flipped.

What happens if it fails completely?

A lift, fire pump, or waterproofing membrane failing outright costs far more than the planned replacement — and may create liability under s.106.

Is it still compliant?

Older systems may be maintainable but no longer meet current standards. Fire safety orders and AS 1851 defect findings can force the decision.

Every repair is a data point.

01.

Repair happens

A pump fails, a door drops, a membrane leaks — the work order goes out.

02.

Ask the question

"Is this a one-off — or a pattern?" Log it against the asset, not just the invoice.

03.

Update the picture

Recurring issues get flagged to the committee with repair history attached.

04.

Feed the plan

Assets showing end-of-life signals move into the 10-year plan with a realistic replacement year and cost.

Older Buildings

The older the asset base, the more valuable this loop becomes — and the more actively we monitor it with the committee.

Our repairs & maintenance team.

Identify & assess

Our dedicated repairs & maintenance team identifies issues as they arise — through inspections, contractor reports and owner requests — and assesses urgency.

Source & collate quotes

We obtain and collate competitive quotes for the works, checking scope and licensing so the committee is comparing like with like.

Summarise & recommend

We provide a clear summary of the quotations with our recommendation — giving the committee what it needs to make a confident, minuted decision.

Our Duty of Care: We surface issues early and present options clearly — acting in the owners corporation's best interests, not a contractor's.

The plan & the levy.

Fair Trading's new templates, why CPI isn't a methodology, and what happens at the AGM.

What a 10-year plan must now be

From 1 April 2026, plans must follow NSW Fair Trading's approved form.

Standard form

Plans must be prepared in the form approved by the Secretary (NSW Fair Trading). The days of a two-page spreadsheet passing as a "plan" are over.

Complete inventory

Every major capital item the scheme is responsible for — structure, plant, fire systems, finishes — with condition and expected replacement year.

Costed forecasts

Year-by-year expenditure estimates, using realistic current costs — not historical figures rolled forward.

Funding pathway

How contributions accumulate to meet the forecast — the direct link between the plan and the levy you vote on.

Reviewed at AGM

The plan must be reviewed (at least every 5 years, and finalised at AGM) so it stays a living document, not a drawer document.

Implementation reporting

Schemes report on how the plan is being implemented — closing the loop between planning and actual spending.

Why "CPI plus a bit" isn't a methodology.

CPI measures groceries and rent — not scaffolding, fire panels, or waterproofing membranes.

CPI tracks the wrong basket

The consumer price index measures household consumption. A building buys trade labour, steel, membranes and compliance services — a completely different (and faster-rising) basket.

It ignores the asset

CPI-based levies never ask what the building actually needs. A 40-year-old building and a 5-year-old building get the same increase — which cannot be right for both.

It compounds the shortfall

Each year of under-indexation widens the gap between the fund and the plan. The correction, when it comes, arrives as a special levy — the outcome everyone wanted to avoid.

It outsources the decision

Adopting CPI feels neutral, but it's still a decision — a decision not to look at the plan. The committee remains accountable for the consequence.

The Alternative

Set contributions from the plan: planned expenditure, current costs, asset condition — then sanity-check affordability, not the reverse.

An illustrative scheme.

A 60-lot residential building, 12 years old — three ways to set the FY27 levy.

The Scheme

Lots	60
Age	12 years
CWF balance	$610,000
CWF levy (FY26)	$420,000 / yr
10-yr plan need	$5.8M
Coming up	Repaint yr 3; fire panel yr 4

Three Ways to Set FY27

A. **Hold levies flat**
Feels owner-friendly. Creates a ~$620K shortfall against the plan by Year 5 — the repaint and fire panel arrive anyway, funded by special levy.

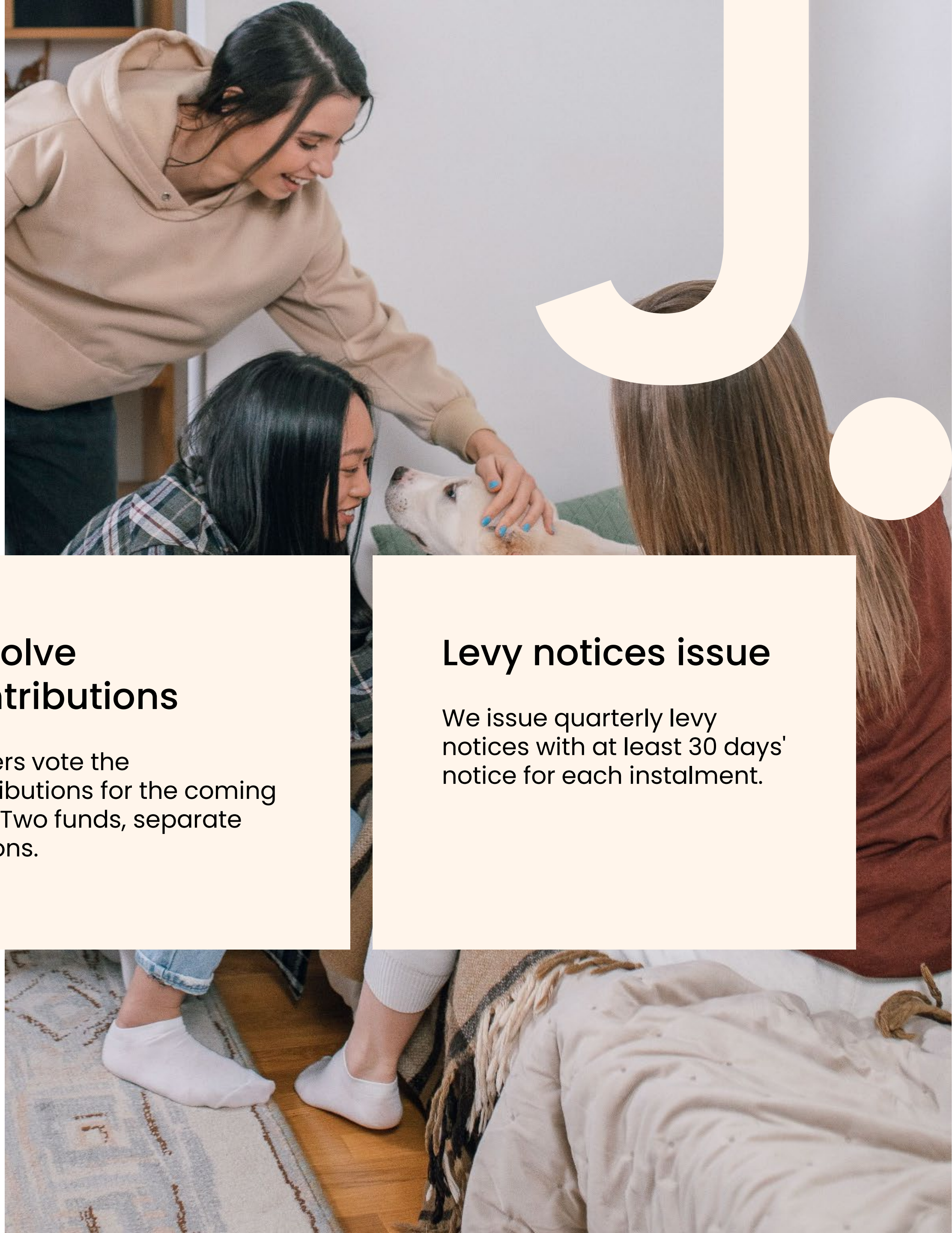
B. **CPI uplift (~3.5%)**
Better than flat, but building costs are rising faster than CPI. The Year 3 repaint quote lands ~20% above the plan figure — a modest special levy follows.

C. **Plan-aligned uplift (~8%)**
Contributions track the plan's forecast, updated for current trade costs. No special levy expected. Costs each lot ~$8 more per week than option A.

Illustrative only — actual outcomes depend on a scheme's plan, condition, and resolutions.

Setting the levy from the plan.

The plan and the levy resolution are meant to talk to each other. Here's the flow.



Review the plan

The 10-year plan is tabled and reviewed — is it current? Do the coming years' figures reflect today's costs and the building's condition?

Present the estimates

Separate estimates for the admin fund and capital works fund are presented — the CWF estimate drawn directly from the plan.

Resolve contributions

Owners vote the contributions for the coming year. Two funds, separate motions.

Levy notices issue

We issue quarterly levy notices with at least 30 days' notice for each instalment.

Good Practice: Circulate the plan summary with the AGM notice so owners can see why the number is what it is — informed votes are calmer votes.

When the levy doesn't match the plan.

What's Expected

Acknowledge the difference
Larger schemes must note where the contributions being set differ from what the 10-year plan anticipated — the difference is stated, not glossed over.

Explain the reason
Best practice for every scheme: the meeting should hear why — deferred works, updated quotes, changed priorities, affordability decisions.

Record it in the minutes
The explanation belongs in the minutes. If the departure is significant or ongoing, the plan itself should be updated at its next review.

Legitimate Reasons to Depart

- Works re-sequenced after new condition advice
- Updated quotes materially changed the forecast
- A planned project was completed under budget

Departures that Create Risk

- Cutting the levy with no change to the plan
- Deferring known works with no revised timing
- Repeated departures with no plan update

Need the Formal Wording?

If a scheme needs properly drafted motions for a departure, our team will prepare them for the meeting on request.

Setting the levy, with the plan.

Plan tabled & reviewed

We prepare the 10-year plan for review at the AGM in Fair Trading's approved form, so it stays a living document owners can see and question.

Estimates drawn from the plan

The capital works estimate is built from the plan's forecast at current costs — giving owners a defensible number, not an arbitrary CPI bump.

Departures documented

Where contributions differ from the plan, we make sure the difference is noted and the reasons are minuted — and prepare formal motions on request.

Our Duty of Care: We give the committee the plan, the numbers and the record it needs — then manage the levy process alongside them.

Asset, not expense.

The mindset shift: the building is a managed asset, and the committee — with its strata manager — is its board.

From levy-minimiser to asset manager.

Two committees, same building —
very different five-year outcomes.

The Levy-Minimiser

- Success = the smallest possible increase
- Repairs are annoyances to be deferred
- The 10-year plan is a compliance document
- Surprises are handled by special levy
- The building quietly deteriorates

The Asset Manager

- Success = the asset holding its value
- Repairs are data about asset condition
- The plan is the scheme's investment strategy
- Surprises are rare — they were forecast
- The building compounds in value & safety

Older buildings need more attention.

Asset management intensity should rise with building age — here's what that looks like.

0–10 yrs

Establish

Set the baseline: complete asset register, defect rectification wrapped up, first proper 10-year plan with realistic (not developer-optimistic) figures.

10–20 yrs

Monitor

First major cycles arrive — painting, membranes, plant overhauls. Repair patterns start telling you which assets will beat their forecast life and which won't.

20–30 yrs

Renew

Concentrated replacement era: lifts, fire systems, roofing, services. The plan (and the fund) should have been building toward this for a decade.

30+ yrs

Reassess

Condition-based planning becomes essential — engage engineers for major-systems assessments and consider whether upgrade obligations now apply.

Two changes every scheme should know.

Your Committee's Role

- **Sets the direction** — what standard should the building be kept to?
- **Owns the decisions** — approves the plan, the budget, the priorities
- **Stays informed** — reads the condition reports, asks the questions
- **Represents all owners** — including future ones who inherit today's choices

Your Strata Manager Role

- **Run the machinery** — quotes, contractors, compliance calendars, records
- **Surface the signals** — repair patterns, defect trends, cost movements
- **Prepare the decisions** — plans, budgets & estimates ready for the meeting
- **Execute what's resolved** — and report back on implementation

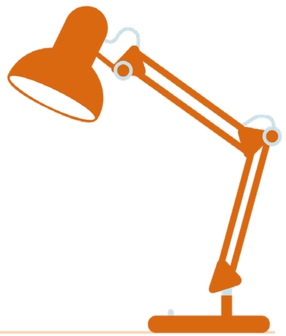
The Handshake: With a clear mandate and the plan to work from, we manage the process alongside the committee — not around it.

A year in the life of a well-run fund.

Capital works planning isn't an AGM-week activity — it's a cycle.

QUARTERLY	PRE-BUDGET	AGM	POST-AGM	YEAR-END
1	2	3	4	5
Watch	**Update**	**Decide**	**Execute**	**Report**
Committee reviews fund balances, repair trends & any AS 1851 defect findings	Plan figures refreshed against current quotes & condition data; manager drafts estimates	Plan reviewed & finalised; contributions resolved; departures explained & minuted	Levies issue; works program starts; implementation tracked against the plan	Actuals vs plan reported; lessons feed next year's update

A committee checklist.

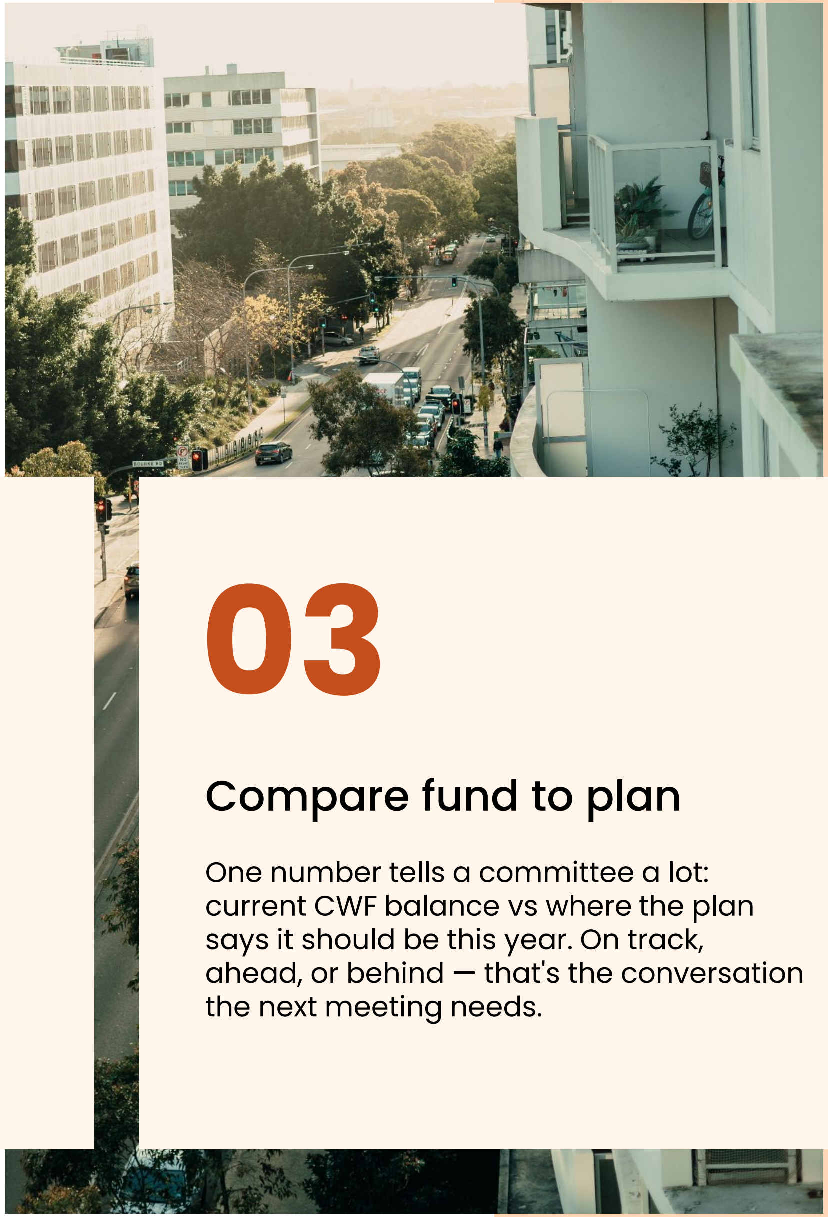


Twelve questions worth tabling at the next committee meeting.

1. Is our fire safety servicing contract aligned to AS 1851-2012 routines?
2. Do we have a defect register from our last fire inspection — and a rectification budget?
3. Was the plan reviewed within the last 5 years — with current cost data?
4. Are we setting levies from the plan — or just adding CPI?
5. Do we log repairs against assets, and review the patterns?
6. Are admin & capital works costs classified correctly (restore vs renew)?
7. When is our next AFSS due — and is the practitioner engaged early?
8. Is our 10-year plan in Fair Trading's approved form (or scheduled to be)?
9. Does our CWF balance match where the plan says it should be this year?
10. If our levy departs from the plan, was the reason explained & minuted?
11. Which assets are showing end-of-life signals — and are they in the plan?
12. Does our strata manager have a clear mandate to run this cycle with us?

Three things to do this month.

If the checklist feels like a lot — start here.



01

Pull your fire safety file

We can provide the Fire Safety Schedule, the last AFSS, the current servicing contract, and any open defect items — the fire safety baseline in four documents.

02

Health-check the 10-year plan

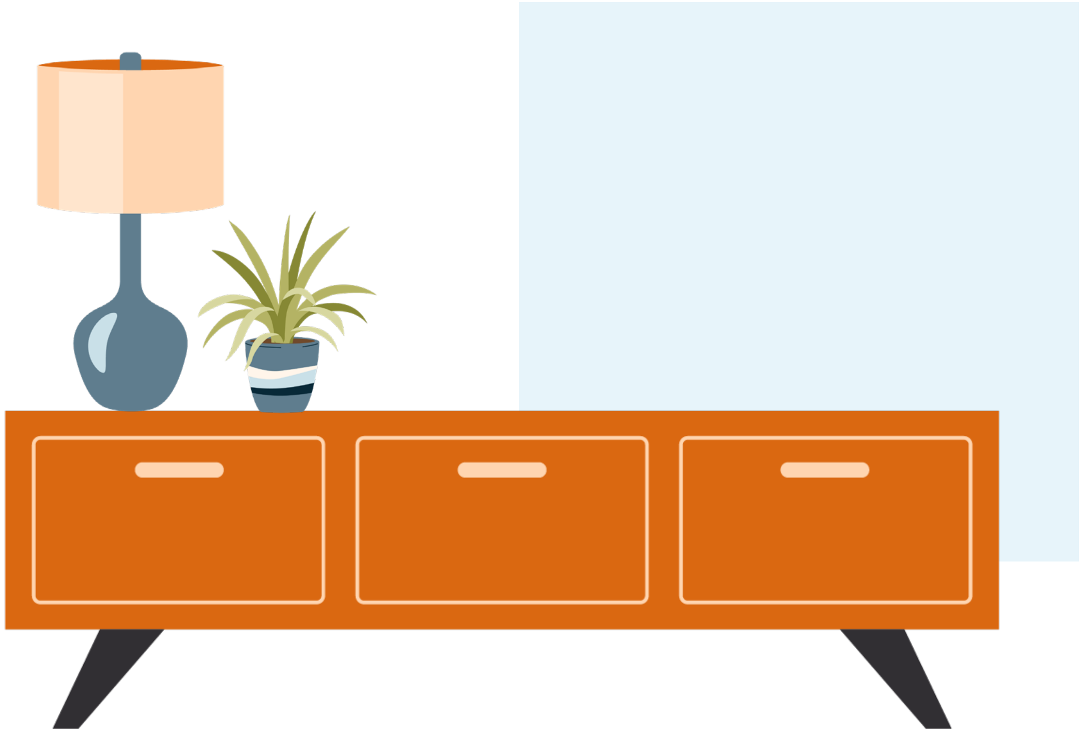
When was it last reviewed? Is it in (or moving to) the approved form? Do the next 3 years' figures reflect 2026 costs? If any answer is unclear — that's the review trigger.

03

Compare fund to plan

One number tells a committee a lot: current CWF balance vs where the plan says it should be this year. On track, ahead, or behind — that's the conversation the next meeting needs.

Five things to remember.



1. **Fire safety is now a maintenance discipline**
   AS 1851-2012 makes servicing routine, recorded, and auditable — and the AFSS depends on those records.

2. **The duty to repair is strict**
   s.106 doesn't wait for convenient budgets — the capital works fund exists to make the duty affordable.

3. **Two funds, two jobs**
   Restore = admin. Renew = capital works. Classify correctly and both budgets stay honest.

4. **The plan is the methodology**
   Set levies from the 10-year plan at current costs — CPI is an index, not a strategy.

5. **Departures are fine — silence isn't**
   Departing from the plan can be right; doing it without explanation and minutes is where risk lives.

How Jamesons can help.

Fire safety coordination

AS 1851 servicing contracts, AFSS scheduling & practitioner engagement, defect register management.

Plan & budget preparation

10-year plans in the approved form, annual estimates drawn from the plan, and AGM-ready papers.

Meeting & motion support

Formal motions for levy resolutions and plan departures — properly drafted for your specific circumstances, on request.

Asset intelligence

Repair-pattern reporting, condition monitoring regimes for older buildings, and replacement forecasting.

Fund stewardship

Fee-only management — no commissions, no rebates — so every dollar and every recommendation is transparent.

Committee partnership

Clear mandates, regular reporting, and a manager who runs the cycle with the committee, not around it.

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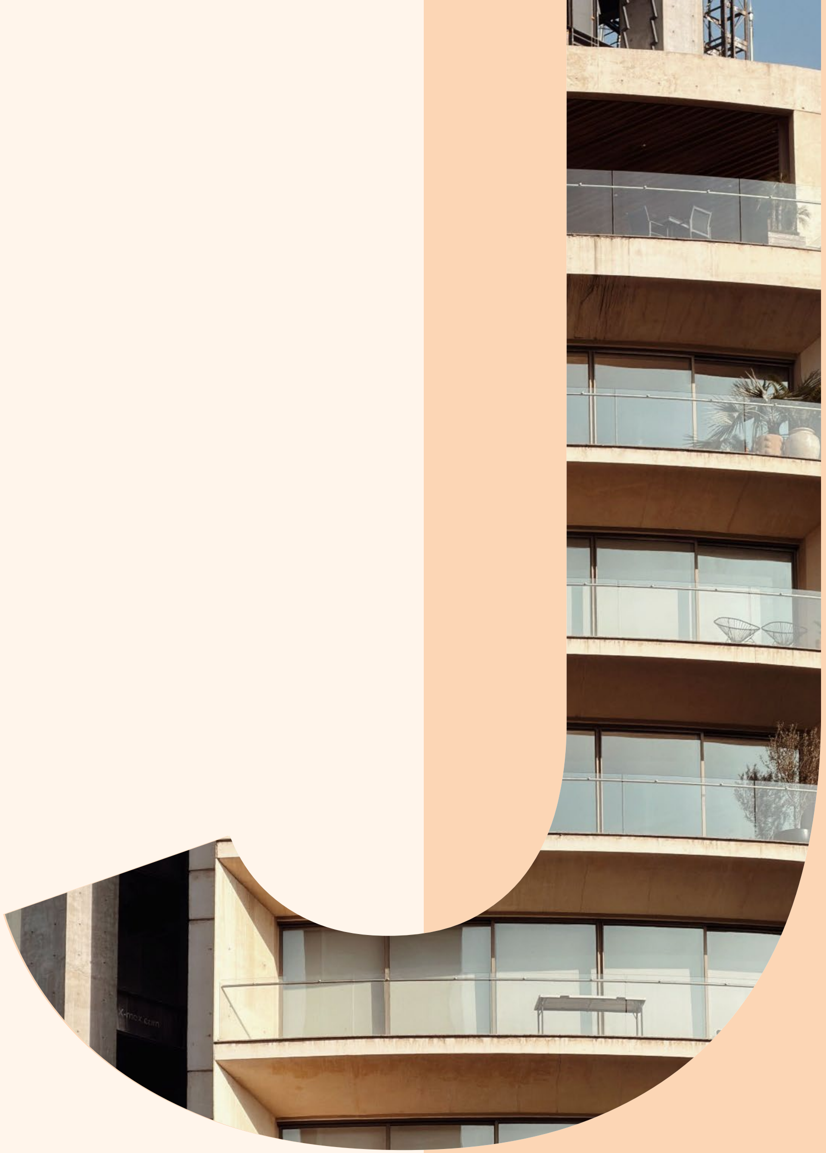
Questions

Anything we don't get to today,
we'll answer in the follow-up.



Happier at Home

Paul Culbi | Chief of Governance & Group Licensee in Charge