

MOTION 3 PAPER:
TO APPROVE UTILISATION OF SINKING FUND TO OFF SET DEFICIT
RM966,464.00

BACKGROUND

The financial deficit for the year ended in 2016 was RM966,464.00. The deficit occurred during the period when the Service Charges was insufficient to cover the expenses, which resulted in the revision to increase Service Charges in 2017 via an AGM held on 8th October 2016.

The deficit occurred as a result of the following increase in cost between the year 2015 and 2016:-

	Year 2016	Year 2015	Increase in cost
1 ELECTRICITY CHARGES	3,095,203	2,834,896	260,307
2 CONTRACT MAINT - ELECTRICAL SUPERVISING	45,100	9,600	35,500
3 CONTRACT MAINT - LIFT & ESCALATORS	423,267	297,814	125,454
4 CONSUMABLES	202,406	108,124	94,282
5 REPAIRS & MAINTENANCE	257,835	134,405	123,430
6 SECURITY SERVICES	808,781	706,566	102,216
7 COMPUTER MAINT	41,060	18,004	23,056
8 PRINTING & STATIONERY	37,141	25,590	11,551
9 STAFF - SALARY	1,508,724	1,191,968	302,141
			1,077,936

Whilst the increase in expenditure between 2015 and 2016 is relative to the increase in occupancy / population growth rate primarily in the Residences and 129 Offices, the budget prepared for the year 2016 was not able to accommodate.

The budget preparation for the year 2016 had not anticipated the extent of increase in the areas of electricity consumption.

Head counts for human resources had to be increased, primarily in the Billing & Collection Department, Repair & Maintenance Department, Security Department and Customer Service Department in order to meet the demands of services.

Substantial repairs and upgrades had also occurred in the areas of basement levels due to rain water and storm management, signages, refurbishment of other back of house facilities such as Main Refuse Chamber and Pest Control.

MOTION 3 PAPER (CONT'D)

There was a substantial increase in consumables due the need to maintain a higher stock of materials and replacement parts in order to ensure lesser down time of services and facilities. This investment was necessary in order to provide faster responses to repairs and reinstatement of facilities.

CONSIDERATION 1 – ADEQUACY OF SINKING FUND FOR FUTURE PURPOSES

Sinking fund bill for year 2018 estimated to RM1,203,146.89 and added with the balance brought forward in year 2017 estimated of RM2,436,931.10 without minus the usage for the 3 month from Oct to Dec 2017 after the utilisation of the losses of RM966,464, there are still an amount of RM2,673,613.99 available for the usage in year 2018.

	Balance as at 30/9/2017	Estimated bill in Oct -Dec 2017	Billing in Year 2018	Total
Commercial	1,134,705.86	113,706.36	454,825.44	1,703,237.66
Residential	268,481.15	31,301.64	125,206.56	424,989.35
Common	732,957.37	155,778.72	623,114.89	1,511,850.98
	2,136,144.38	300,786.72	1,203,146.89	3,640,077.99

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