Determination of Annual Levy

1. The annual levy per membership is calculated using the following formula.
2. (A + B+ C - D) / E where A is the average annual maintenance and refurbishment cost over the previous 5 years; B is the total recurrent costs for the previous year; C is our target reserve buffer, multiplied by the rise in the consumer price index for the previous year; D is the anticipated income other than levy payments, being the anticipated interest on any deposits, etc.; and E is the number of members who will be paying the levy.

Background

The annual levy is 'determined by recommendation of the Board and approved at the Annual General Meeting'. BMC rule 18 (b) ii

Past practice was to base the levy recommendation on projected expenses for the forthcoming financial year. This often resulted in substantial profits when anticipated maintenance or other expenses did not occur.

This policy replaces that approach with one based on recovery of costs.

Objectives

- To ensure that the BMC can continue to meet its recurrent annual costs and expenses for maintenance
- To maintain a reserve of funds equivalent to the paid up value of issued shares. At the commencement of this policy, the paid up value of issued shares was approximately $176,000.
- To maintain, on average, an additional reserve of funds which is adequate to buffer unusual or unexpected variations in annual costs. At the commencement of this policy, the additional reserve was approximately $40,000.
- To achieve these objectives at the least cost to members.