

The Readiness of Bodies Corporate in South Africa for Third Generation Sectional Title Legislation: An Accountancy Perspective

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Abstract : After being in effect since the late 1970s, first generation sectional title legislation in South Africa was completely overhauled in recent years into what is now commonly referred to as third generation sectional title legislation. The original Sectional Titles Act was split into three separate statutes, namely the Sectional Titles Schemes Management Act No. 8 of 2011, the Sectional Titles Amendment Act No. 33 of 2013 and the Community Schemes Ombud Service Act No. 9 of 2011, with various Regulations detailing how the different acts should be applied in practice. Even though some of the changes effected by the new legislation is simply technical adjustments and replications of the original first generation legislation, the new acts introduce a number of significant changes that will have an effect on accountancy and financial management aspects of sectional title schemes in future. No academic research has been undertaken on third generation sectional title legislation in South Africa from an accountancy and financial management perspective as yet. The aim of this paper is threefold: Firstly, to discuss the findings of a literature review on the new third generation sectional title legislation, with specific reference to accountancy-related aspects. Secondly, the empirical findings of accountancy-related aspects from the results of a quantitative study on a sample of bodies corporate will be discussed. The sample of bodies corporate was selected from four different municipal areas in South Africa. Specific reference will be made to the readiness of bodies corporate regarding the provisions of the new legislation. Thirdly, practical recommendations will be made on how bodies corporate can prepare for the new legislative aspects, and further research opportunities in this regard will be discussed.

Keywords : accountancy, body corporate, sectional title, third generation sectional title legislation

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