

Managing property properly

Administrative effects of a change to the PQ schedule

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Sectional title owners are entitled to make changes to their sections. They can repaint the walls, install different light fittings and flooring, they can upgrade the bathrooms and kitchen, and if the physical circumstances allow, they can enclose balconies and even add rooms to the section.

The participation quota (PQ) of a section in a residential scheme depends on the floor area of the section, so if the floor area of a section is changed, the PQ of the section also changes. Since the PQ is expressed as a percentage of a whole, any change to the PQ of one section inevitable changes the PQs of all the sections in the scheme.

Below is an example of how the PQ schedule changes if a section is extended. The table on the right shows the effect on the PQs when section 9 was extended by adding a 12m² bedroom.

Section #	Floor area	PQ
1	74	7.0881
2	82	7.8544
3	96	9.1954
4	96	9.1954
5	96	9.1954
6	96	9.1954
7	96	9.1954
8	96	9.1954
9	52	4.9808
10	52	4.9808
11	52	4.9808
12	52	4.9808
13	52	4.9808
14	52	4.9808
Total	1044	100

Section #	Floor area	PQ
1	74	7.0076
2	82	7.7652
3	96	9.0909
4	96	9.0909
5	96	9.0909
6	96	9.0909
7	96	9.0909
8	96	9.0909
9	64	6.0606
10	52	4.9242
11	52	4.9242
12	52	4.9242
13	52	4.9242
14	52	4.9242
Total	1056	100

Notice that the total of all the floor areas changes and consequently, so do all the PQs. The change to the participation quota becomes effective upon the registration of the extension to the section. What does this mean for the owners and the managers of the scheme?

The participation quota schedule of a sectional title scheme has three effects:

1. It determines the size of the undivided share of the common property the owner of that section owns.
2. It determines the value of that owner's vote.
3. It determines the share of the annual levy that owner must pay.

Please note that numbers 2. and 3. Above could be changed by a rule made in terms of section 32(4) of the Sectional Titles Act, 95 of 1986. From this short list we can see that the management of the scheme is affected by a change to the participation quota.

The change to the vote values means that the quorum for general meetings needs to be checked in the light of the change to the participation quotas. Do the PQs of the individual members present make up the percentage required for a quorum? If a vote is taken by poll or the vote is for a special resolution, do the PQs of the individual members voting add up to the required percentage?

The amount each owner pays in levies changes as well. The owner of section 9 will pay more because the PQ of that section has increased. They now pay 6.0606% of the total required instead of 4.9808%. And all the other owners pay less because the PQs of their sections have decreased.

These changes need to be implemented as soon as the new PQ becomes effective. If the management of the scheme waits until the new financial year, or the change in the levy resulting from the budget approved at the AGM, owners will be prejudiced!

If you are unsure whether your procedures regarding the application of the PQ schedule are correct, please contact consulting@paddocks.co.za for help.

Article reference: Paddocks Press:

Footnote from Compeg:

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