

about **THIS GUIDE**

Welcome to our comprehensive guide on body corporate committees. This invaluable resource is designed to deepen your understanding of the roles and responsibilities within a body corporate committee, offering essential insights and practical tips for success.

Whether you're a seasoned committee member or new to the position, this guide will equip you with the knowledge needed to navigate each position with confidence and effectiveness.

Our aim is to support both experienced and novice committee members. By exploring the intricacies of each role and providing actionable advice, this guide will help you better contribute to your body corporate.





the role of the **CHAIRPERSON**

The chairperson of the body corporate plays a pivotal role within the committee as well as the broader body corporate community. This volunteer position can be highly rewarding but also demands a significant investment of time and effort from the member.

Owners elected as chairperson often bring a diverse range of backgrounds and experiences to the role, including:

- A professional leadership background - school teacher, police officer, business owner
- A strong vision for the body corporate community
- Leadership skills in a particular area
- Experience in other chair roles
- Sometimes – just because no other owners put their hand up for the job

Even though the role often attracts strong leaders, there are no formal prerequisites for the job. Every building needs a chairperson, and every chairperson has a first time in the role.

What does the role involve?

The role of the chairperson under the legislation, is a very simple, but specific one.

The chairperson 'chairs' or runs the body corporate meetings, and has the power to sign documents on behalf of the body corporate. The chairperson usually:

- Works closely with the body corporate manager
- Works closely with the on-site manager or caretaker if applicable
- Leads the general agenda for the committee
- Leads the conversations in committee meetings
- Delegates specific projects to committee members to work on
- Speaks at the AGM to give owners a general overview of the activity of the committee

These are not formal requirements, but are a fairly accurate summary of the role.

Naturally, every body corporate is different and the amount of work often depends on the size and complexity of the building, the owners, and the body corporate, plus the particular projects or objectives for the year.

tips for an effective **CHAIRPERSON**

1 RELY ON EXPERT ADVICE

Your role as the chairperson is not to know everything about your building or body corporate management. Think of yourself as a coordinator of experts. It is perfectly reasonable to ask your body corporate manager, on-site manager, lawyer, or other consultants for advice and support - as much as you think is beneficial for the building and owners.

Expert advice does not come for free, but when you engage it:

- The burden on you is reduced
- All owners share a small percentage of the cost, instead of one person being weighed down with the workload
- The outcomes should be better - experts are experts for a reason
- You will naturally take a guiding and coordinating role

Example: You spend days researching a particular topic, or each owner contributes \$3.00 in their levies to engage a lawyer for one hour to give an expert answer on the matter. Consider which one of those outcomes better serves the interests of all owners in the long term.

2 DELEGATE

Committee discussions often stall due to a lack of volunteers willing to manage tasks. To overcome this, the chairperson can assign specific tasks to members, setting clear expectations and time frames for completion.

This proactive approach not only ensures that progress is made, but also provides structure and accountability. The chairperson can then facilitate smoother operations and more efficient meetings.

3 COMMUNICATE WITH OWNERS

Owners can sometimes become disgruntled with a lack of progress, especially if they haven't been involved with a body corporate committee before. They simply don't understand the time and work that goes in on a volunteer basis.

It is crucial for the committee, and the body corporate as a whole, to keep owners informed and on board with the committee's agenda.

In our experience the most successful approaches involve a regular email, update, or newsletter, summarising current projects, their status, and personal feedback on the work and time commitment involved.

Communication directly from a volunteer chairperson is often better received by owners than the same message from an on-site caretaker or body corporate manager.

4 KNOW YOU CAN'T SOLVE EVERYTHING IMMEDIATELY

Body corporate decision-making is naturally slow, with the law ensuring owners are given ample opportunity to be involved in every part of the process. Even strong committees very rarely see immediate improvements from their actions.

While it might feel frustrating not to have ticked items off your project list, it can take months before progress starts to show. This is again where communication with owners and reiterating the goal is important.

tips for an effective **CHAIRPERSON**

5 TAKE ON CHALLENGES ONE AT A TIME

Some projects take considerable planning and focus to achieve a resolution. When faced with two or more important objectives, it may be a better long-term outcome to deal with one at a time.

This, of course, depends on a range of factors including the cost of the work and how it will be funded. It is worthwhile having a planning discussion with your committee members and body corporate manager at the start of each year to ensure everyone is on the same page about the body corporate's goals.

Having too much on your plate will make it harder to get anything done.

6 THINK ABOUT THE BIGGER PICTURE

It's easy to become distracted by new issues when they arise. In reality, some projects are more important to the overall viability of the community than others. For example, a deteriorating roof may not get as much attention as a unit having constant parties, but only one of those is likely to increase in significance and cost if it is not addressed immediately.

It can be difficult to quarantine what gets the committee's attention first, and determine what can be managed by others.

7 SEPARATE HOME LIFE

This is for all chairpersons, particularly if you also live in the community you are serving.

Even if you are a very active in your role, you are still entitled to a home life and to 'switch off' from your committee duties. Remember, you are under no obligation to respond to owners or take up issues immediately.

8 HAND OVER THE REINS WHEN YOU'RE READY

When it's time, hand over the reins to a new committee chairperson.

It's common for a chairperson to start as an ordinary committee member and move into the role after demonstrating the leadership and organisational skills required. With new owners coming into your body corporate all the time, someone else might have a new perspective, different skillset, or a renewed passion for the role.

You may decide to step back from the committee altogether, take on a different position, or mentor the new chairperson.

the role of the **TREASURER**

The treasurer of the body corporate often plays a leading role in the committee and the body corporate community. It is a volunteer position which can be very rewarding, but also can take a significant investment of time and effort from the member.

Owners who become elected as treasurer often come into the role with:

- A professional financial or accounting background
- A good understanding of numbers
- A commitment to being an active participant in the committee governance
- Sometimes – just because no other owners put their hand up for the job

Even though the role typically attracts individuals with a particular skill or passion for numbers, there are no prerequisites for the job. Every building needs a treasurer, and every treasurer has a first time in the role.

What does the role involve?

Under the law, the body corporate must elect a treasurer, but the treasurer does not have any specific duties.

The body corporate however, has strict duties about its financial management including:

- Operating bank account/s in the name of the body corporate
- Preparing annual budgets for each fund type
- Forecasting future capital costs
- Calculating and issuing levies
- Monitoring the balance of every lot at all times
- Issuing information certificates upon request
- Maintaining a balance sheet
- Maintaining income and expenditure statements for each fund
- Ensuring no transfers occur between fund types
- Calculating and applying levy discount
- Calculating and applying penalty interest
- Recovering overdue levies
- Calculating and recovering levy recovery costs
- Processing incoming payments
- Approving outgoing payments
- Paying creditors
- Recording contracts



- Providing financial statements to owners annually
- Providing levy statements to owners upon request
- Accounting for GST (if GST registered)
- Lodging business activity statements (BAS)
- Maintaining an ABN
- Appointing a public officer for ATO purposes
- Accounting for mutual and non-mutual income types
- Advising owners about non-mutual income entitlements
- Recovering insurance premium contributions from owners
- Lodging an income tax return
- Investing surplus funds in the way a trustee may invest funds
- Keeping and making available records for audit
- Operating an embedded cost recovery system for bulk utilities
- Administering optional or opt-in
- Mutually funded projects

These requirements must be managed by the body corporate committee, but not specifically by the treasurer. That said, the treasurer generally takes a supervisory and reporting role on these functions.

tips for an effective **TREASURER**

1 USE YOUR BODY CORPORATE MANAGER

The treasurer's duties are heavily supported by the body corporate manager. With the increasing size, complexity, and sophistication of strata communities, it would be impossible for a volunteer treasurer to properly administer all the financial functions of a body corporate without this assistance.

In the 1990s it was rare for a body corporate to operate beyond a group of 6 apartments. Now, it is increasingly common to operate annual budgets in excess of \$1 million.

BCsystems has a professional accounting department, in conjunction with the individual body corporate manager, to assist the treasurer and the committee manage the accounting functions.

2 TRACK SPENDING

To ensure the body corporate accurately pays for completed work, it is best practice for the treasurer to approve all outgoing creditor payments. Given their 'on the ground' knowledge of the scheme's activities, the treasurer should verify that the work has been completed before authorising payment. GST considerations can easily be managed by the body corporate manager's accounting team.

The treasurer also typically collaborates with the caretaker or building manager to approve payments. This process can be streamlined using an online invoice approval system, which allows authorized personnel to review and approve invoices before payment.

BCsystems offers a flexible, free system that includes:

- Single and multi-step approvals
- Online viewing of PDF invoices

- Online access to completed data entry
- Online access to expense account codes
- A 3-month history of approved invoices

Reviewing and approving each invoice before payment provides a better understanding of the body corporate's financial statements and insights into its expenses.

3 UNDERSTAND INCOMES

A body corporate generally has multiple income sources, all with different taxation streams and all reported separately.

Levy income

This is the primary funding for every body corporate. Levies are set and collected from each lot owner. This is considered 'mutual income' - where a number of people contribute to a common fund, created and controlled by them for a common purpose. It is not considered taxable income or 'profit'.

Levy income is reported on an accrual basis, with any levy arrears or levy pre-payments by owners shown as assets on the balance sheet.

Investment income

Most bodies corporate have one or more term deposit income streams. Income generated from term deposit is considered 'non-mutual income' derived from a body corporate asset (money). This is reportable tax income for the body corporate.

Other income

The increasing sophistication of body corporate schemes means income sources are also increasingly diversified. While a body corporate is legally barred from conducting business activities as a substantial function, it is entitled to receive other income to offset body corporate expenses.

tips for an effective **TREASURER**

These can include:

- Exclusive use payments by benefiting lot owners
- Lease fees from a telephone tower on the roof of the building
- Lease fees from a sea-bed or marina lease
- Transfer fee arising from the sale of caretaker/management rights
- Payment for resumed land, for example road-widening or tunnel construction
- Payment to operate equipment, for example communal washing machines
- Other income types, excluding fixed costs such as lease fees, are generally reported on a cash basis.

4 CONSIDER THE PURPOSE OF LEVIES

We often see committees aiming to 'keep levies as low as possible'. Is that really the goal?

When considering many of the individual costs of a body corporate the objective is naturally to obtain the best service or product at the lowest price, but body corporate levies also serve a 'savings' fund.

Putting money into the scheme's sinking fund provides for future capital repairs and building improvements. Unlike fine art and wine, buildings do not get better with age. Even a premium building starts to show its age over the years. The best way to combat this gradual decline is by maintaining and improving the building.

While owners certainly appreciate low levies in the short term, reducing levies does not eliminate your costs - many of which are fixed.

Fixed costs that are not covered by levies often require special levies or loans - both of those quickly negate the benefit of low levies.

We don't have the answer to this. Each scheme is different, and each committee has different priorities.

Our advice is to:

- Think first about value for money in your services and building repair and improvement projects
- Set levies to achieve those goals
- Communicate this methodology to owners

5 GIVE OWNERS CONFIDENCE

Managing the finances of a body corporate can be complex. While the body corporate is required to provide owners with annual financial statements, this alone often falls short of effectively conveying your goals, priorities, and challenges.

Treasurers can make a difference by:

- Including a cover note about the financials, budgets, and levies with the AGM papers
- Make insightful comments at the AGM for the attending owners

This doesn't have to be a daunting task - be diligent and keep updated with the finances throughout the year. Your body corporate manager can also help in preparing for this.

From our experience, owners are more likely to accept budgets and levies when they understand that thoughtful consideration and effort have gone into setting them, rather than seeing it as an arbitrary decision.

tips for an effective **TREASURER**

6 DON'T WORRY ABOUT LEVY ARREARS

Treasurers can spend a lot of unnecessary time and effort tracking and following up on levy arrears.

Body corporate legislation is very specific about levy collection, including:

- The required number of days for distributing levy notices
- The interval between notice distribution and the levy due date
- Penalties for late payments
- Interest accrual on late payments, including:
 - The method of interest accrual
 - Maximum interest rates
 - Daily interest calculations
- The order of applying payments to debts
- The maximum timeframe before initiating legal debt collection

With over 30 years' of experience, BCsystems has an effective and robust process to ensure that more than 99% of levy arrears are recovered. This makes it rare for any debt to escalate to a solicitor.





the role of the **SECRETARY**

The secretary of a body corporate plays a crucial organisational and administrative role within the committee and the broader body corporate community. This volunteer position can be very rewarding, but it also requires a significant investment of time and effort.

Owners elected as secretary often bring the following qualities to the role:

- A desire to ensure accuracy and efficiency
- A background in general leadership
- Experience in business or other committees
- A commitment to active participation in committee governance
- Occasionally, the willingness to step up when no one else volunteers

Although individuals with certain skills are often drawn to this role, there are no specific prerequisites. Every building needs a secretary, and every secretary starts somewhere.

Whether you are a seasoned professional or new to the role, this guide aims to enhance your experience as a secretary and help achieve the best outcomes for your body corporate.

What does the role involve?

Under the law, the secretary has a long list of duties as the go-to for nearly every action in the body corporate, many of which are quite onerous.

Here are some examples of the secretary's responsibilities:

Meetings

- Call meetings
- Set the agenda
- Issue meeting agendas and voting papers
- Manage a list of persons entitled to vote
- Record all proxy forms
- Receive and collect returned voting papers
- Count votes
- Manage committee election ballots
- Record meeting minutes
- Issue minutes to owners

General

- Invite committee nominations
- Keep all body corporate records
- Make records available for inspection
- Maintain the owner roll
- Send all outgoing correspondence

tips for an effective **SECRETARY**

1 OUTSOURCE TO AN EXPERT

Given the extensive responsibilities of the secretary, their duties are often heavily supported by the body corporate manager.

With the growing trend towards larger schemes encompassing more lots, it would be impractical for a volunteer secretary to effectively administer the body corporate's functions in compliance with the law without this assistance.

This crucial support enables the secretary to focus more on decision-making while delegating many administrative tasks to the body corporate manager, ensuring efficient and lawful management of the scheme.

2 MANAGING DISPUTES

The secretary frequently serves as the frontline in disputes between owners and the body corporate. Given the democratic voting process of a body corporate, disagreements among owners are inevitable. These disputes often carry substantial financial implications, especially in large buildings during AGM motions.

In these high-stakes disputes, challenges often focus on the voting process itself. These can include issues such as:

- Meeting paperwork was not received or distributed correctly
- Voting papers did not meet stringent requirements
- Inconsistent management of owners
- Ballot corrupted by influence

This highlights the importance of the body corporate manager's support. Rigorous administrative processes are essential to minimise risks and safeguard the integrity of both the body corporate and the decisions made by the committee.

3 CONSIDER TIMING

The secretary of a body corporate committee plays a crucial role in ensuring the smooth operation of the committee's functions, particularly in relation to the timing of minutes and notices.

Timing is a vital aspect of body corporate meeting administration, as all actions and decisions must be made during a committee meeting which necessitates a notice period leading and a requirement to distribute minutes after.

Working closely with the body corporate manager, the secretary ensures that all processes are applied correctly and timely, considering the risks associated with different types of decisions.

You will need to consider schedules for the AGM, committee meetings, the end of the financial year, and other key dates. Attention to timing helps maintain compliance and facilitates efficient decision-making within the body corporate.

4 KEEP COMMITTEE DISCUSSIONS ON TRACK

Emails are essential for committees, enabling discussions without the need for formal meetings. However, email threads can quickly go off-topic, becoming disjointed and difficult to follow.

As the secretary, you are the official spokesperson of the body corporate committee, so it's crucial to steer discussions back to the primary issue and guide the committee toward making clear and concise decisions.

tips for an effective **SECRETARY**

To manage this effectively, try the following approach when the email conversation starts to experience too many 'reply all' messages:

"Several opinions have been presented on this topic. There seems to be a consensus to [insert action to be taken]. Can each committee member please respond to this email with a YES or NO vote on whether you agree to proceed with this course of action?"

By providing clear direction, the secretary can expedite decision-making, ensuring that committee actions are effectively communicated to the caretaker, building manager, or body corporate manager.

5 ASK QUESTIONS

If you're unsure about something, don't hesitate to ask questions. While these processes are routine for our team, it is beneficial for the secretary to stay informed about the body corporate's ongoing projects.





The role of the **ORDINARY MEMBER**

The legislation refers to non-executive committee members of the body corporate as 'ordinary members' - but your role is anything but ordinary.

While the chairperson, secretary, and treasurer hold executive positions within the committee, the contributions of ordinary committee members are equally vital. These positions are volunteer-based, and while rewarding, also require an investment of time and effort.

Owners elected to the non-committee often have a vested interest in the decision-making process and in contributing to the success of the body corporate.

What does the role involve?

The primary responsibility of an ordinary committee member is to cast their vote on body corporate committee decisions. All decisions are made by a simple majority vote, making each member's participation crucial for the effective functioning of the committee.

Beyond voting, ordinary committee members engage in discussions, offer insights, and collaborate with other members to ensure the smooth operation and success of the scheme.

While the title might suggest otherwise, the role of an ordinary committee member is both significant and impactful, providing a platform for active involvement and meaningful contributions to the community.

tips for an effective **COMMITTEE MEMBER**

1 PARTICIPATE

The single most important obligation for committee members is active participation in all decision-making processes. This means attending every committee meeting and casting your vote on every issue - whether during a meeting or via a voting paper arranged outside of a meeting.

Voting dynamics are crucial and without full participation, it can be challenging for committees to reach decisions. In a committee of six members, at least four must approve any motion outside of a meeting. If there is a difference of opinion and two members abstain, reaching a decision becomes impossible.

The legislation is designed with the expectation that every committee member will participate in every vote, ensuring that the committee can function effectively and make decisions efficiently.

2 TAKE ON A PROJECT

While some projects may be delegated to the caretaker or building manager, many require input or guidance from a committee member and owner in the building. Although the final decision will be made by the committee, individual members can research and present their recommendations to the group.

Having too many contributors can complicate projects undertaken by a body corporate. It is beneficial to assign each task to a specific committee member, who will work in conjunction with the caretaker or body corporate manager. This way, by the time a decision needs to be made, one person will be well-versed in the topic and can effectively guide the rest of the committee.

At committee meetings, you will notice your body corporate manager increasingly asking which committee member would like to take the lead on each project. This approach reduces excessive email exchanges and leads to more efficient and effective outcomes.

3 CONSIDER SUB-COMMITTEES

For larger projects, consider creating a subcommittee. While not a formal part of body corporate law, this is a practical way to maintain momentum.

Many committees have owners with specific interests, who prefer not to join but are willing to 'lend a hand' when needed. Subcommittees are an unofficial but effective way to involve these owners. These can be led by a committee member who, in turn, reports back to the committee.

Subcommittees have proven successful in the following areas:

- Selecting paint colours
- Preparing landscaping plans and designs
- Investigating major upgrades like intercoms and CCTV
- Upgrading gym equipment
- Monitoring parking
- Organising Christmas decorations
- Researching blanket approvals for blinds or solar panels

Although subcommittees cannot make formal decisions, they can conduct thorough research and present detailed proposals to the committee. This approach not only provides well-prepared recommendations but also demonstrates owner support for the projects.

4 BRING PERSPECTIVE

Each committee member brings a unique perspective to the table. Effective committees reflect the community's diversity, including owner-occupiers, investors, people of various ages and backgrounds, and individuals with different professional and cultural experiences.

Maintaining respect for your fellow volunteer committee members and advisors is essential. You never know when your own background or experience may prove invaluable, allowing you to make a significant contribution to the committee.



Remember **WE'RE HERE TO HELP**

We understand that being a volunteer committee member can be challenging and time-consuming. That's why our management services are designed to handle the essential tasks required to keep the body corporate running smoothly in the background. This includes accounting and tax, meetings and minutes, levies, contractor payments, managing contact details, contracts, and compliance obligations.

By managing these tasks, we free up the committee's time to focus on important projects. Plus, we're continually seeking ways to add value, drawing from our own expertise, and the experiences of other clients.

Remember, committee members volunteer their time for the benefit of everyone, so asking BCsystems to handle some of your committee's project work is an effective way to share the burden with all owners.



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UNDERSTANDING BODY CORPORATE

The Role of the Body Corporate Committee

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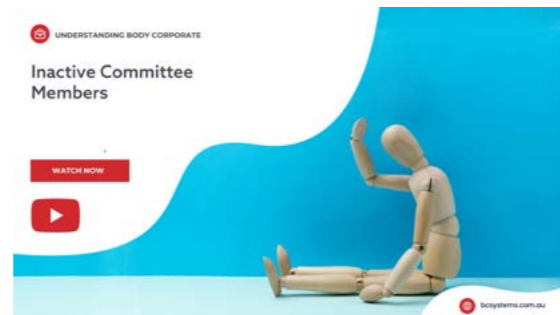


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UNDERSTANDING BODY CORPORATE


Inactive Committee Members

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BASICS




Understanding Extraordinary General Meetings (EGMs) in a body corporate

Among the various meetings held by the body corporate, the Extraordinary General Meeting (EGM) stands out as a significant event. It is crucial to provide a mechanism for addressing urgent issues and making important decisions outside the regular meeting schedule.

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BASICS



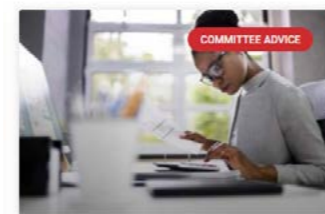
Understanding conflicts of interest in a body corporate

This article explores conflicts of interest in a body corporate and the difference between lot owners and committee members.

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COMMITTEE ADVICE




Spending limits for a body corporate committee

This article has been taken from the commissioner for the Body Corporate and Community Management Act and looks at spending limits in a body corporate – both committee spending limits and major spending limits.

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BY-LAWS



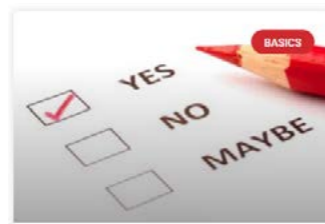
Faster pet approvals in body corporate schemes

On 24 April 2024, the Queensland Government announced more changes to the legislation regarding pets. Taking effect from 1 May 2024 these will impact nearly all body corporate communities in Queensland. This article touches on those changes, how they compare to the previous legislation, and what it means for body corporate committees.

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BASICS



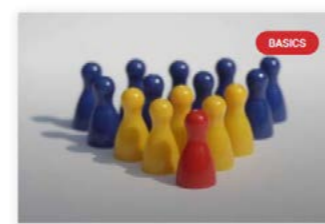
When the Committee Can and Can't Make Decisions on Behalf of the Body Corporate

The committee's authority is not absolute, and there are clear guidelines that define when and how it can act on behalf of the body corporate. Read our article for more.

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BASICS



The hierarchy of the body corporate

In this article we look at the hierarchy of the body corporate including the committee, body corporate manager, and the caretaker.

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