

Department of
Justice and Attorney-General



Body Corporate and Community Management

Authorising spending

Spending by a body corporate is regulated under the *Body Corporate and Community Management Act 1997* and its regulation module. References to the *Body Corporate and Community Management (Standard Module) Regulation 2008* (the Standard Module) are included in this factsheet.

The following information and flowcharts outline the procedures the committee or the body corporate must comply with when authorising spending. This factsheet is a basic guide, and the legislation should be referred to as the primary reference.

Committee spending

Committee spending is limited and money must be available in the budget before the committee can spend. If sufficient funds are not available, the committee may need to consider calling a general meeting to amend the budget or raise a special levy.

A committee can only spend funds over the relevant limit for committee spending if:

- the spending is specifically authorised by an ordinary resolution of the body corporate
- the owners of all lots in the scheme have given written consent
- an adjudicator has authorised the spending as necessary to meet an emergency
- the spending is necessary to comply with a statutory order or notice given to the body corporate, or the order of an adjudicator, or the judgement or order of a court.

Limit of spending (Section 151 and Dictionary, Standard Module)

The relevant limit for committee spending can be set by ordinary resolution of the body corporate.

If no amount is set, the relevant limit is calculated by multiplying the number of lots in the scheme by \$200.

For example, for a body corporate with six lots, the relevant limit is \$1200 ($\200×6) unless the body corporate has set another amount by ordinary resolution at a general meeting.

If proposed expenditure is more than the committee limit the body corporate must consider the motion at a general meeting.

Body corporate major spending (Section 152 and Dictionary, Standard Module)

If a proposal for spending is to be considered at a general meeting and involves more than the relevant major spending limit for the scheme, at least two quotes for the work must be obtained and included with the notice of meeting. In exceptional circumstances where it is not practicable to obtain multiple quotes, a single quotation may be acceptable.

The quotes must be included in the notice of the meeting. The motion to approve the spending must be listed as a motion with alternatives.

The relevant limit for major spending by the scheme can be set by ordinary resolution of the body corporate.

If no amount is set, the relevant limit is the lesser of either:

- \$1100 multiplied by the number of lots in the scheme or
- \$10 000

For example, a body corporate with 5 lots would be \$5500 ($\1100×5 lots), as this amount is less than \$10 000. In a 15 lot scheme \$10 000 would be used, as it is less than \$16 500 ($\1100×15 lots).

Major spending by the committee (Section 153 and Dictionary, Standard Module)

The body corporate may set the relevant limit for committee spending to an amount that is more than the relevant limit for major spending by the scheme.

If that is the case and the committee is considering a motion to carry out work that is more than the relevant limit for major spending for the scheme, the committee must obtain and consider at least two quotations for carrying out the work.

Improvements to common property

A body corporate may make improvements to the common property if:

- the cost of the proposal is not more than the basic improvements limit for the scheme
- the improvements are within the ordinary resolution improvement range for the scheme and are authorised by ordinary resolution (but only one such motion can be approved in each financial year)
- the improvements are authorised by special resolution
- the improvements are authorised by an adjudicator as reasonably necessary for the health, safety or security of persons using the common property.

The basic improvements limit is calculated by multiplying the number of lots by \$300.

If the cost of the proposal is less than the basic improvements limit, the proposal can be approved by the committee or an ordinary resolution, depending on whether the cost of the proposal is within the committee spending limit.

The ordinary resolution improvement range is an amount that is more than the basic improvement limit and less than \$2000 times the number of lots.

(In a layered scheme, the above amounts are calculated by the number of layered lots.)

Spending proposals

If a series of proposals forms a single project, the cost of carrying out any one of the proposals is taken to be more than the relevant limit for major spending for the scheme if the cost of the project, as a whole, is more than the relevant limit.

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Visit the Office of the Parliamentary Council website www.legislation.qld.gov.au/Acts_SLs/Acts_SL.htm for a free copy of the *Body Corporate and Community Management Act 1997*, the regulation modules and any amendments.

Copies can be purchased online by visiting www.bookshop.qld.gov.au, or by contacting SDS Customer Service by phoning (07) 3883 8700 or 1800 801 123.

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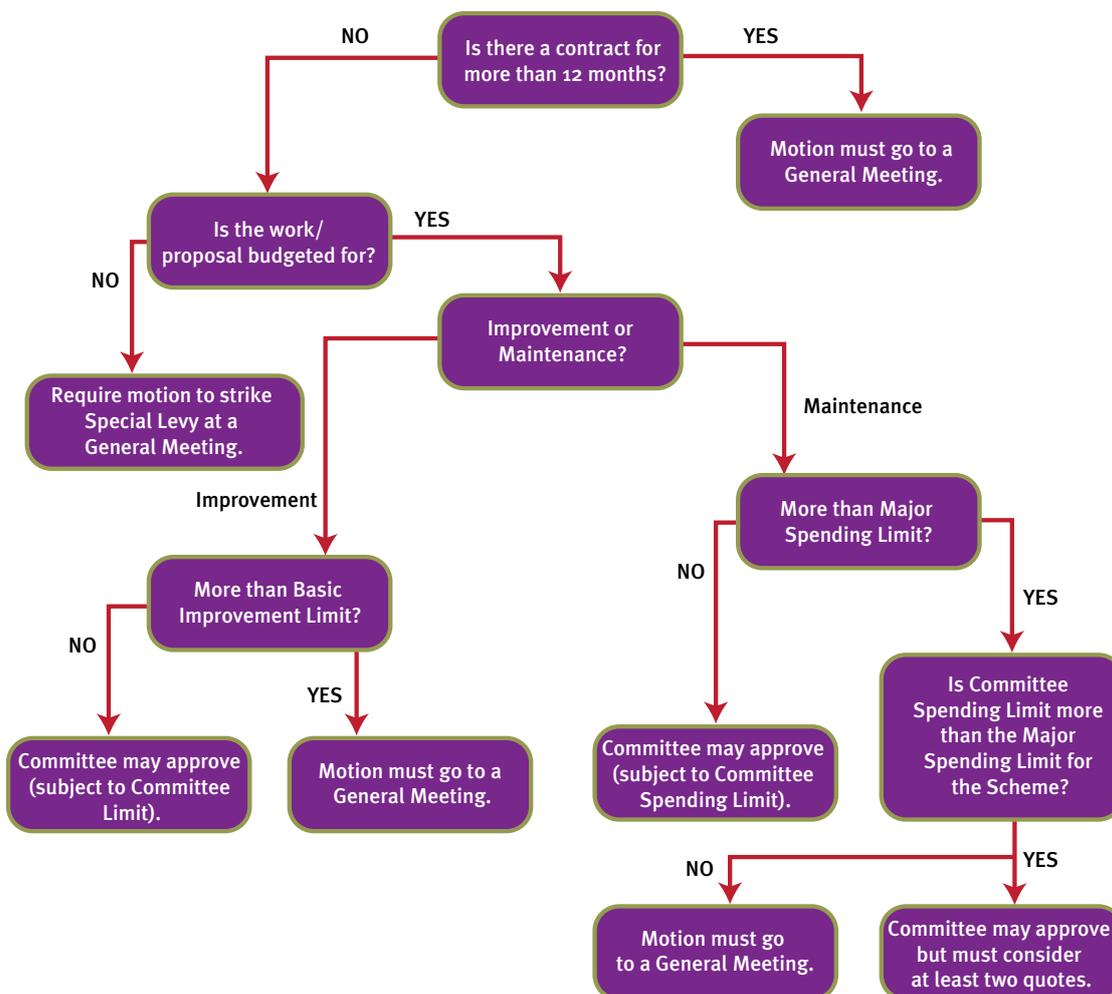
The laws referred to in this guide are complex and various qualifications may apply in different circumstances. The information in this factsheet does not constitute legal advice.

You are encouraged to obtain independent legal or financial advice if you are unsure of how these laws apply to your situation.

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Authorisation for spending by committee



Relevant limits

For committee spending

- the amount last set as the relevant limit for committee spending by ordinary resolution of the body corporate at a general meeting or
- \$200 x the number of lots in the scheme.

For major spending

- the amount last set as the relevant limit for major spending by ordinary resolution of the body corporate at a general meeting, or the lesser of \$1100 x the number of lots in the scheme; or \$10 000.

Basic improvement limits

- \$300 x the number of lots in the scheme. (Subject to the committee spending limit)

Ordinary resolution improvement range

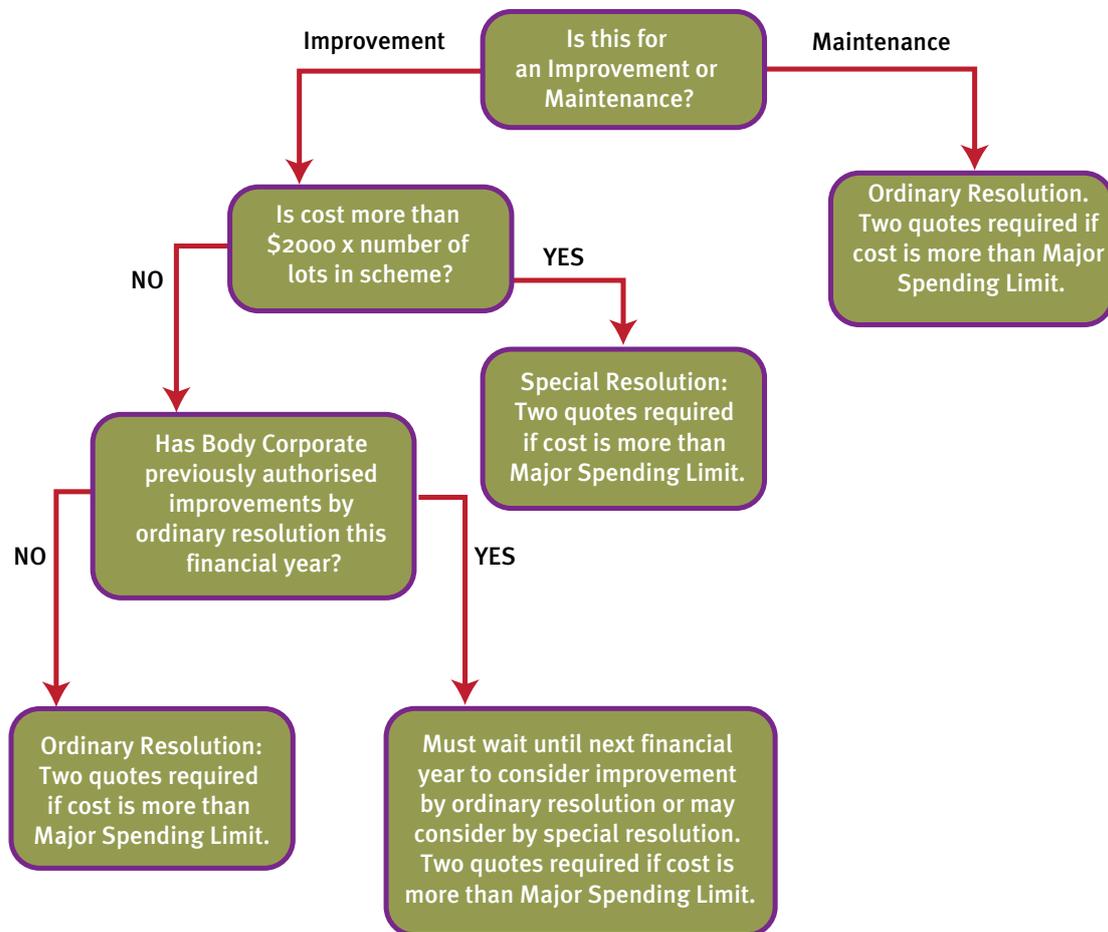
- an amount that is more than the basic improvement limit and less than \$2000 x the number of lots in the scheme. (may only be approved once per financial year)

An amount over the ordinary resolution improvement range

Special resolution.

Please note, this flow chart is a basic guide, and the legislation should be referred to as the primary reference.

Authorisation for spending at a general meeting



Relevant limits

For committee spending

- the amount last set as the relevant limit for committee spending by ordinary resolution of the body corporate at a general meeting or
- \$200 x the number of lots in the scheme.

For major spending

- the amount last set as the relevant limit for major spending by ordinary resolution of the body corporate at a general meeting, or the lesser of \$1100 x the number of lots in the scheme; or \$10 000.

Basic improvement limits

- \$300 x the number of lots in the scheme. (Subject to the committee spending limit)

Ordinary resolution improvement range

- an amount that is more than the basic improvement limit and less than \$2000 x the number of lots in the scheme. (may only be approved once per financial year)

An amount over the ordinary resolution improvement range

- Special resolution.

Please note, this flow chart is a basic guide, and the legislation should be referred to as the primary reference