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## Topic 5: Authorising maintenance

The cost of maintaining common property forms part of the annual budget set by the body corporate (refer to Unit 3: Financial Management). The committee may make decisions that concern the day to day administration of the body corporate, including maintenance of common property that falls within the committee's expenditure limit.

The "relevant limit for committee spending" is defined in the Dictionary to the Standard Module. The relevant limit for committee spending can be set by ordinary resolution of the body corporate. If no amount is set, it is an amount determined by multiplying the number of lots in the scheme by \$200. For example, the relevant limit for a body corporate composed of 6 lots is \$1200 (\$200 x 6). If the total cost of maintenance is above the committee's spending limit, the maintenance must be authorised at a general meeting by an ordinary resolution of the body corporate (SM. s151).

### Major spending and the requirement for quotes

If the cost of carrying out maintenance is greater than the "**relevant limit for major spending**", at least 2 written quotes must be obtained and presented for lot owners to consider when voting on a motion at a general meeting (SM. s152). The "**relevant limit for major spending**" by the scheme can be set by ordinary resolution of the body corporate. If no amount is set, it is the lesser of:

- an amount determined by multiplying the number of lots in the scheme by \$1100; or
- \$10000.

In cases where 2 quotes have been obtained, the motion should be presented as a motion with alternatives (SM s72, s73). If there are exceptional reasons for not being able to provide 2 quotes, a single quote must be obtained and accompany the notice of the meeting considering the motion (SM. s152).

If a motion involving major spending is proposed by the committee, the committee must obtain the relevant quotes. Alternatively, if the motion is proposed by a lot owner, the proposer of the motion is required to obtain the quotes and give them to the secretary (SM. s152).

Copies of quotes must accompany the notice of the meeting considering the motion. In cases where quotes are large, summaries of quotes and advice where the complete documents may be inspected must accompany the notice of the meeting considering the motion (SM. s152).

Note: Section 151 provides that the body corporate can, by ordinary resolution, set the committee's limit of spending. Therefore, it is possible for the body corporate to set the limit to an amount greater than the limit for major spending for the scheme (SM s152). If this is the case and the committee is proposing to carry out work etc that is more than the relevant limit for major spending but less than the relevant limit for committee spending, the committee must obtain and consider at least 2 quotes for carrying out the work (SM s153).

### Unforeseen expenses

If the need for maintenance arises which has not been included in the budget, the body corporate must convene a general meeting and by ordinary resolution, fix a special contribution to be levied on each lot owner to meet the additional cost. The body corporate may choose to require the special contribution as a single amount or as a number of instalments over a period of time. In these cases, the contribution to be levied on each lot owner is calculated on the basis of the contribution schedule lot entitlement of the lot (SM. s141).

**Note:** Limits for committee and major spending may vary under other regulation modules.