

FACT SHEET

The Body Corporate must approve two budgets for each financial year, for the two 'aspects' of their bank account:

1. The Administrative Fund.
2. The Sinking Fund .

All Lot Owners must pay Annual Contributions (commonly called Levies) into their Body Corporate bank account, these are determined from the budget of the Administrative Fund and the Sinking Fund. At the time of the AGM, the Lot Owners vote on whether to accept the proposed budgets, and therefore pay the contributions required to meet the budget.

However, at certain times, expenses arise for a Body Corporate that have not been pre-budgeted for. These expenses are often met by the Body Corporate voting to pay a 'Special Levy Contribution' to pay for the expense. The type of expense will determine whether the 'Special Levy Contribution' is paid into the Administration Fund or the Sinking Fund.

The Body Corporate and Community Management (Standard Module) Regulation 2008 states the following in relation to 'Special Levy Contributions':

141 Contributions To Be Levied On Owners

(1) The Body Corporate must, by ordinary resolution:

- (a) Fix, on the basis of its budgets for a financial year, the contributions to be levied on the owner of each lot for the financial year; and
- (b) Decide the number of instalments in which the contributions are to be paid; and
- (c) Fix the date on or before which payment of each instalment is required.

(2) If a liability arises for which no provision, or inadequate provision, has been made in the budget, the Body Corporate must, by ordinary resolution:

- (a) Fix a special contribution to be levied on the owner of each lot towards the liability; and
 - (b) Decide whether the contribution is to be paid in a single amount or in installments and, if in installments, the number of installments; and
 - (c) Fix the date on or before which payment of the single amount or each installment is required.
- (3) Also, the Committee may fix an interim contribution to be levied on the owner of each lot before the owner is levied contributions fixed on the basis of the Body Corporate's budgets for a financial year.

(5) The contributions levied on the owner of each lot (other than contributions payable for insurance and any other matter for which, under the Act or this regulation, the liability attaching to each lot is calculated other than on the basis of the lot's contribution schedule lot entitlement) must be proportionate to the contribution schedule lot entitlement of the lot.

A special contribution must be levied by the Body Corporate to pay for any unforeseen liability which has not been included in the budget, or has not been adequately provided for in the budget.

For example, the cost of painting common property may exceed the amount accumulated for that purpose in the sinking fund budget. In this instance, the Body Corporate must, by an ordinary resolution decide on a special contribution to be paid by owners to meet the extra cost of painting the building.

Unless otherwise stated in the BCCM Act or the regulation module, the contributions levied on the owner of each lot must be based on the contribution schedule lot entitlement of the lot.

SOURCES

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/B/BodyCorpStR08.pdf>

Body Corporate and Community Management (Standard Module) Regulation 2008 section 139, 141, Reprint 1F effective 30 September 2011

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/B/BodyCorpAcMR08.pdf>

Body Corporate and Community Management (Accommodation Module) Regulation 2008, section 137, 139, Reprint 1F effective 30 September 2011

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/B/BodyCorpCoR08.pdf>

Body Corporate and Community Management (Commercial Module) Regulation 2008, section 98, 100, Reprint 1F effective 30 September 2011

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/B/BodyCorpSmSMR08.pdf>

Body Corporate and Community Management (Small Schemes Module) Regulation 2008, section 73, 75, Reprint 1F effective 30 September 2011

http://www.justice.qld.gov.au/_data/assets/pdf_file/0003/12864/Financial_Management.pdf

Body Corporate and Community Management Fact Sheet on Financial Management

