

Body corporate spending

Information on this page is for community titles schemes registered under the:

- Standard Module
- Accommodation Module
- Small Schemes Module.

When spending is over the [committee's relevant limit](#) for spending and/or there is no or inadequate provision in the budget, a general meeting may need to be called to consider the proposal.

Schemes registered under the Specified Two-Lot Schemes Module and the Commercial Module do not have spending limits.

Major spending limit

The limit for major spending is only used to determine how many quotes are required when considering a motion at either a committee meeting or a general meeting. The body corporate can set the major spending limit by ordinary resolution at a general meeting. There is no minimum or maximum amount that can be set.

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

- \$1,100 multiplied by the number of lots in the scheme
- or
- \$10,000.

For example, the limit for a body corporate with 5 lots would be \$5,500 ($\$1,100 \times 5$ lots), as this amount is less than \$10,000.

In a 15 lot scheme the limit would be \$10,000, because it is less than \$16,500 ($\$1,100 \times 15$ lots).

Note: it does not prevent the body corporate or the committee from spending more than the major spending limit—it just requires 2 quotes to be considered.

GST included

The body corporate must allow for goods and services tax (GST) when it is spending.

For example, the major spending limit for a scheme of 12 lots is \$10,000 (as no alternative amount has been set by ordinary resolution).

A quote is obtained for maintenance of the building's roof. The cost is \$10,000 plus GST. The entire amount, including GST will be spent from the body corporate funds and must be considered as part of the spending.

This proposal would be above the major spending limit because the amount being spent is \$11,000. Two quotes must be obtained.

Major spending limits in a layered scheme

The relevant limit for major spending in a layered scheme can be set by ordinary resolution of the body corporate. There is no minimum or maximum spending limit that can be set.

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

- \$1,100 multiplied by the number of layered lots in the scheme, or
- \$10,000.

For example, the principal body corporate consists of 5 lots and common property. Four of the 5 lots are also community titles schemes and consist of 20 lots each. These lots are referred to as the layered lots.

If no amount was set by ordinary resolution, the calculation would look like this:

Number of layered lots (1 + 20 + 20 + 20 + 20) x \$1,100

= 81 x \$1,100

= \$89,100.

As this total amount is more than \$10,000, the relevant limit for major spending for the principal body corporate in this layered scheme is \$10,000.

Available funds

When deciding to approve spending, the body corporate should consider if it has sufficient money available and allocated in the budget.

The body corporate can consider a motion to amend the budget or raise a special levy if not enough money is available.

Spending in stages

The body corporate cannot break down a single project into smaller parts in order to bring it within the major spending limit.

If a single project is more than the relevant limit, the cost of any 1 of the parts is taken to be more than the relevant limit for major spending for the scheme.

For example, the major spending limit for a body corporate is \$10,000. The body corporate is considering painting the building. One quote is obtained. The breakdown of costs is:

- paint \$3,900
- scaffolding \$4,000
- labour \$8,000
- other \$2,000.

The body corporate could not break the painting project into smaller projects to enable each part of the quote to be considered under the major spending limit.

The project is 'painting the building'. The quoted cost of this project of \$17,900 is above the major spending limit and 2 quotations would be needed.

Spending over the major spending limit

If a proposal for spending is to be considered at a general meeting and the amount is more than the major spending limit for the scheme:

- at least 2 quotes must be obtained for the work
- and
- the 2 quotes must be included with the notice of meeting.

There is no restriction on the amount that can be spent with the appropriate approvals. The motion to approve the spending must be listed as a motion with alternatives.

Read more on [submitting motions](#).

Exception for 2 quote rule

One quote may be enough in exceptional circumstances where it's not possible to get 2 quotes.

For example, if the body corporate wants to buy something that can only be obtained from a single source that would be considered an exceptional reason for not obtaining 2 quotations.

Improvements to common property

A body corporate may approve improvements to the common property by ordinary resolution if the improvements are within the ordinary resolution improvement range for the scheme (but only one such motion can be approved in each financial year) all subsequent motions in that financial year must be approved by special resolution.

Detailed information on improvements to common property by the body corporate and the improvements limit is outlined in our [improving common property and lots](#) webpage.

Spending approvals

See a [guide to spending at general meetings](#) for help working out how spending is authorised.