



# *Body corporate spending limits*

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## *Today's presentation*

- Spending limits at committee and general meeting
- The major spending limit
- Emergency spending
- Some common exceptions

## *Some background*

- This is all Module related (Standard, Accommodation, Small Schemes). Commercial is a free for all !
- Why are there spending limits?
- Commissioner's Office has a lot of resources
- Get your own legal advice

## *Default committee spending limit*

- Default position is \$200 x number of lots in the scheme – which includes GST - so 10 lots is \$2,000 GST inclusive
- Principal bodies corporate – now include the subsidiary lots at the same \$200 per lot cap
- There is a carve out for insurance – providing it has not been made a restricted issue for the committee

# *Committee spending limits can change*

- The default position can be changed by ordinary resolution – no minimum or maximum
- Some easy examples:-
  - General increase or decrease
  - Renovation project (up)
  - Legal fees (down)

# *The major spending limit*

- The major spending limit is statutory. This is the lesser of:-
  - \$1,100 x number of lots in scheme; or
  - \$10,000
- Can be changed by ordinary resolution
- If spending is under major spending limit (be that committee or GM) – no need for two quotes

## *Two quote rule*

- If spending is more than the major spending limit then two quotes are required – either at GM or committee level
- Needs to be in a same issue motion at GM level
- Carve out for ‘exceptional reasons’ – statutory example is goods of a particular characteristic or only obtainable from one source

# Emergency spending

- Has been a slight move away from previous decisions on 'emergency'
- Practice direction 18 requires demonstration of a current, genuine emergency requiring immediate action. It is not a short cut to avoiding normal processes
- Consider also a time abridged EGM



## *Don't forget*

- 'Project' spending – if a series of proposals forms a single project the costs are aggregated for spending purposes
- Maintenance as against improvement – watch that webinar! Is it like for like?
- Expenditure is not authorised simply because it is in the budget

# In conclusion

- Is it easier to seek forgiveness than ask permission?
- What happens if the committee spends more than it should?

# Contact



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