



OWNERS CORPORATION: AN INTRODUCTION

This is an article repost. Originally article can be found on [this link](#)

Owners corporations, or body corporates as they were previously known, may be new to many Australians, but they have been around for as long as property has been subdivided.

For some people, an Owners Corporation means fees, to others it means rules and meetings and to some, it just means maintenance and repairs.

But, in Melbourne, Owners Corporations are all this and more.

Unfortunately, despite the overwhelming majority of new property on the market being strata-titled – and therefore part of an Owners Corporation – property professionals rarely adequately explain to purchasers and/or tenants what it means to be a member of an Owners Corporation or live within one.

At Strata Plan we are passionate about Owners Corporations because we believe they can be a powerful vehicle for developing great communities in amazing locations. Through them, amazing life spaces can be inspired.

As Owners Corporation managers we see the best and worst of how these entities operate and believe our duty is to share that knowledge across our portfolio of properties we help to manage.

Strata Plan has put this page together to help all people who own property within an Owners Corporation, or perhaps even live in an Owners Corporation as a tenant, understand the basics of Owners Corporations and how they can contribute to an amazing life space.

WHAT IS AN OWNERS CORPORATION?

An Owners Corporation is the entity which is automatically created when a plot of land is subdivided into smaller lots and common property.

This entity, sometimes called a Body Corporate, is responsible for the administration and maintenance of common property, as well as ensuring the peace and enjoyment of all occupants within the development.

You can think of an Owners Corporation as any other type of company. The difference is that this company's job is to look after the common property of your building, handle disputes and raise money for insurance, building maintenance repairs and more.

When land is subdivided, you get a Plan of Subdivision.

The Plan of Subdivision will show the boundaries of each lot and common property. This is important because it shows each lot owner what property they own exclusively, where their responsibilities start and end and where the Owners Corporation's responsibilities start and end.

Each Plan of Subdivision will also list lot entitlement (a lot's share of ownership of common property which determines that lot's voting rights) and lot liability (the share of Owners Corporation expenses that a lot is required to pay). See the below example:

All owners have shared ownership of a property's common areas, amenities, assets and services and collectively they need to ensure the property remains in good condition, with adequate services (cleaning, waste management etc), maintenance of assets (lifts, garage doors etc), insurance and funds for unexpected repairs over the course of the year.

The Owners Corporation is the body responsible for ticking off these legislative requirements, as described in the Owners Corporation Act (VIC) 2006.

In effect, your Owners Corporation is a business, all of the lot owners are shareholders and its job is to keep your building well maintained, well serviced and insured.

WHAT IS AN OWNERS CORPORATION RESPONSIBLE FOR?

The responsibilities of an Owners Corporation are set out in the Owners Corporation Act (VIC) 2006.

Some of the responsibilities of an Owners Corporation include:

- Acting in good faith on behalf of all lot owners
- Managing Common Property
- Repair and Maintain Common Property
- Take out, maintain and pay premiums on insurance
- Raising levies (fees)
- Keeping financial records
- Keeping a register of owners
- Provide an Owners Corporation Certificate when requested (usually to be included in documents of sale for any lots affected by the Owners Corporation)

If you are a lot owner within an Owners Corporation, then these are also partly your responsibilities. Of course, it's not any one person's responsibility.

These responsibilities are truly collective and require communal consideration and solutions.

But with Owners Corporations ranging from two lot owners to 500 lot owners and beyond, such communal consensus can be hard to achieve.

Beyond that, as owners sell their properties and new owners come in, the makeup of members in an Owners Corporation is an ever-changing dynamic.

HOW DOES AN OWNERS CORPORATION WORK?

The structure, functions and processes for an Owners Corporation are set out in the [Owners Corporation Act \(VIC\) 2006](#).

However, in essence, almost every function of an Owners Corporation comes down to votes based on lot entitlement – either at meetings or via a ballot.

There are several types of meetings which an Owners Corporation can hold:

- Inaugural General Meeting
- Annual General Meeting
- Committee Meeting
- Special General Meeting

Decisions are typically made by way of majority, be it at an Annual General Meeting – which every lot owner is invited to – or a Committee Meeting – which is only attended by elected committee members.

Meetings are an important part of an Owners Corporation's success.

WHAT IS AN OWNERS CORPORATION ANNUAL GENERAL MEETING?

The Annual General Meeting (AGM) is perhaps the most important meeting on the Owners Corporation's calendar.

Held at least once every 15 months, meeting notices are sent to all lot owners within the Owners Corporation, and all may attend, either in person or by proxy (that means appointing someone to attend on your behalf).

At this meeting, the financials for the previous 12 months will be reviewed, the manager will provide a report on the business of the Owners Corporation and the committee may also file a report to all owners.

A budget will be set for the current financial year and any other items of business can be discussed as well. Each discussion is passed or denied as a motion, minutes are kept and distributed to all owners after the meeting.

This meeting requires at least 50 per cent of all lot owner to achieve a quorum – which means that all resolutions made at the meeting are classified as resolutions of the Owners Corporation.

However, this is increasingly rare as buildings and Owners Corporations get bigger and bigger.

If less than 50 per cent of all owners attend, the meeting can still go ahead, however decisions are classified as “interim resolutions” and are only classified as resolutions of the Owners Corporation 28 days after the AGM was held, provided less than 25 per cent of owners do not object to any of the motions within that period.

READ MORE:

- [FIVE REASONS YOU SHOULD ATTEND YOUR OWNERS CORPORATION’S NEXT ANNUAL GENERAL MEETING](#)
- [MONEY, DEFECTS & CONTRACTORS: THREE COMMON AGM QUESTIONS](#)
- [THREE THINGS TO DO AFTER YOUR OWNERS CORPORATION COMMITTEE](#)

WHAT IS AN OWNERS CORPORATION COMMITTEE?

Of course, it would be impossible for an Owners Corporation to operate effectively if every decision it had to make had to be put forward at an AGM.

That’s why at every AGM a committee of owners can be elected to represent all other owners until the next AGM.

A committee can have as few as three lot owners or as many as 12 and only one lot owner from each lot can be elected to the committee.

That elected committee should meet regularly (anywhere between two to four times a year outside of the AGM) to discuss ongoing issues or works. Minutes of committee meetings are records of the Owners Corporation and should be made available to all owners.

If there is an issue which the committee cannot come to a decision on, then the committee can also call for a Special General Meeting (SGM).

An SGM is very much like an AGM in that it is open to all owners, however, these meetings are usually called to discuss a particular topic.

READ MORE:

- [HOW DOES YOUR OWNERS CORPORATION COMMITTEE STACK UP?](#)

- [FOUR REASONS YOUR OWNERS CORPORATION MANAGER SHOULD ATTEND COMMITTEE MEETINGS](#)
- [THE IMPORTANCE OF COMMITTEE COMMUNICATION](#)
- [DO'S AND DON'TS FOR NEW AND OLD COMMITTEE MEMBERS](#)

WHAT DOES THE OWNERS CORPORATION MANAGER DO?

If you've read this far, you might be wondering what does the Owners Corporation manager do?

Perhaps you had previously assumed the manager WAS the Owners Corporation. Perhaps you've never had to deal with your own Owners Corporation manager before.

The truth is that while companies like Strata Plan are called Owners Corporation managers, a management company is little more than an administrative secretary.

The manager works implements the decisions of the Owners Corporation and works closely with the committee, as well as completing the day-to-day administrative tasks of the Owners Corporation.

The manager may also take calls from building occupants with regards to building maintenance requests which relate to common property, as well as engaging contractors on behalf of your Owners Corporation where appropriate.

The manager/Owners Corporation relationship can differ wildly from building to building.

Some Owners Corporations and their committees are happy for the manager to play a more autonomous role, while others prefer a more hands-on approach, dealing with the manager on a regular basis.

This means the manager is usually responsible for:

- Issuing notices of Owners Corporation meetings
- Taking and distributing minutes of Owners Corporation meetings
- Implementing the instructions of the Owners Corporation as voted on at an Annual General, Special General or Committee meeting (provided resolutions are lawful, of course!)
- Taking calls/emails from building occupants
- Organising contractors for quotes/repairs
- Organising Owners Corporation building insurance
- Handling insurance claims
- Providing general advice on Owners Corporation matters
- Handling dispute resolution claims between lot owners/tenants/contractors

And much more.

WHY TRUST STRATA PLAN WITH YOUR OWNERS CORPORATION MANAGEMENT?

Strata Plan brings a courageous, modern vision to the world of Owners Corporation management.

We cater for Owners Corporations of all sizes and believe we have a truly scalable solution, no matter your property type or size.

Strata Plan strives to provide our customers with a hassle-free experience. This means:

- Great Communication
- Collaboration
- Getting things done

We understand the common frustrations so many property owners have with their Owners Corporations.

Many of those frustrations are borne out of misconceptions, or a lack of understanding of how Owners Corporations work. That's why Strata Plan puts a premium on customer education and communication – just like this webpage.

We believe that technology will revolutionise the everyday Australian's interactions with their Owners Corporation and empower them to play a greater role in shaping the future of their buildings.

We believe that all Owners Corporations should be transparent and as easy to interact with as possible, so we make sure every one of the Owners Corporations we manage has their own customer portal which houses important documents like invoices, meeting minutes, contracts and more. This also doubles up as a building communication system and mobile app, meaning you can access all of this on the go.

We also ensure that for almost every request a customer might need to make, there is an option to lodge that request online via our online forms.

Strata Plan builds strong relationships with every contributor to the Owners Corporation eco-system to drive dynamic outcomes for our customers. We are in the people game, day-in and day-out.

We intersect every day with people's lives and being in tune with them and their context allows us to respond in a timely and relevant manner. And we know we cannot do it alone.

We invest in building relationships with the trades and services that sustain and transform the spaces we manage. Our end game is to demonstrate to everyone we connect with that we care – because we do.

We see the best and the worst of how Owners Corporations in Melbourne function, and we know how to drive optimal outcomes. We believe our role as strata manager is to translate our knowledge into processes that lift the burden from Owners Corporations.

[Like that time we helped one Owners Corporation get \\$100,000s of common and private property building defects repaired for mere \\$1,000s – after the builder had gone bust.](#)

[Or that time we helped one new owner mobilise her fellow lot owners to put an end to the underhanded tactics of a managing agent.](#)

[Or that other time we assisted the fire brigade and local council when a fire broke out at a building we help to manage.](#)

If you're interested in learning more about how Strata Plan can help you and your Owners Corporation, please provide us with some more details about your property [HERE](#).