



# Governance.

**How to run an effective  
Owners Corporation**



**With Georgia Anderson**  
Owners Corporation Manager

# Relationships.

- The best way to ensure your owners corporation operates efficiently is to ensure there are good relationships within your Owners Corporation
- The committee, owners corporation manager, building manager form a team that have different roles but work together to resolve issues
- We are all working for the good of the Owners Corporation as a whole and it's important that is always the focus



# Before the AGM.

- Each AGM must be held within 15 months of the previous one.
- Best practice is to hold each AGM within 3 months of the end of financial year
- The best AGMs are prepared well ahead of time.
- It's preferred that the committee will meet before the AGM to discuss the financials and approve a budget.
- That way you are going in to the AGM with committee oversight over the financials and a clear recommendation to owners.
- If a levy increase is recommended, you and the manager should be prepared to justify it.
- Be prepared to answer questions on decisions made throughout the year, especially if there is cladding or major works.
- The notice should contain all items to be discussed at the meeting with items placed in an order to maximise the efficiency and effectiveness of the meeting's progress and decision making.



# Committee report.

- Under the Owners Corporation Act it is a requirement for the committee to provide a report of its activities and the activities of any of its sub-committees at the AGM
- The Act does not provide any further guidance on what this report should contain or what format it should take.
- Generally, the Chairperson would provide this report.
- Best practice is for a written report to be provided with the notice of meeting as this gives owners time to read through before the meeting.
- The Chairperson can then give a verbal summary at the meeting of the highlights and ask for any questions on the report.



# Committee report.

- It's the best opportunity the committee have to communicate to owners what is happening.
- Don't just focus on maintenance and administration.
- You can use it to communicate positive news as well. For example: community building activities, sustainable initiatives, cost saving measures
- You can also include details like how often the committee met so owners can get an idea of the work you have put in.
- Finally, it is also good practice for the Chairperson to thank his fellow committee members and acknowledge that they work as volunteers for the good of the OC



# 1 Annual General Meeting Report.

14/12/2021

## Annual General Meeting

### Committee of Management Report

Dear Owners,

Welcome to the AGM for Melbourne Apartments. The committee have met 4 times throughout the year and have been working collaboratively with The Knight to manage the Owners Corporation. I wish to pass on my thanks to the outgoing committee for their hard work throughout the year. The outgoing committee is made up of:

### Committee Members:

1. John Smith
2. Jane Henderson
3. Tony Morris

### Committee Achievements since last meeting:

- The financials have been reviewed each quarter by the committee.
- The insurance was renewed with SUU.
- The committee have reviewed the budget and proposed a 4% increase.
- The gardening contract went to tender, and Melbourne Gardening Company were appointed.
- A community Christmas party was organised.

### Current Activities:

- Negotiation of the embedded network agreement.
- Painting of the façade.

### Future Activities:

- Investigate installation of EV Charging.
- Creation of a maintenance fund.
- Tendering of ESM contract.

In conclusion, I would like to thank all members and service providers for their support throughout the year. We look forward to a successful year ahead and encourage all owners to attend the AGM if possible.

Regards,

John Smith

Chairperson of OC Committee

## Sample Committee Report.

The Knight can provide you with a blank copy of this template.



# Running effective AGMs.

- The role of the chairperson is crucial in the meeting. They keep it on track.
- The agenda will always be sent ahead of time & it is important that it is followed.
- If you are chairing a meeting and an owner interrupts with something off topic- the role of the chairperson is to advise them that it should be raised under the relevant item.
- Most often this will be general business.
- The Chair should guide the conversation. At times, owners can speak at length without adding to the conversation.
- A good chair will be able to tell when a discussion is no longer adding value and will call for a vote or move the conversation on to the next item.
- Long meetings are tiring and can be expensive when paying for the Manager's time. It is best to run them as efficiently as possible.



# Meeting Rules.

- The Chair of the meeting should also ensure that the rules of the meeting are followed
- If the rules are broken, the chair should bring it to the attention of the individual and note that these rules were agreed to by the members
- In repeated or extreme situations, the chair may choose to close the meeting and reconvene at another date





# Meeting Rules.

If the meeting is to be held via any Video Conference (VC) platform, some guidelines for an effective meeting:

1. After registration is complete, all Attendees will remain on Mute and use Raise Hand function to get the attention of the Chairperson
2. Where appropriate, voting may be processed through the VC platforms internal polling functions.
3. Meetings may be recorded for the purpose of accuracy and minute taking
4. The host of the meeting reserves the right to eject unruly members from the meeting
5. Any inappropriate content being shared across the VC platform will lead to removal from the meeting.
6. If necessary, any voting that cannot be completed in the VC platform will be undertaken by postal/electronic ballot and results posted via the Minutes of the Meeting.
7. For efficiency sake, it is requested that any proxies are sent to the OC Manager at least 24 hours before the meeting commences to allow processing.

If the meeting is held in person, the standard meeting rules apply;

- The meeting will commence at the appointed time and will be conducted expeditiously
- Mobile phones to be switched to 'silent'
- Voting to be conducted in accordance with the Owners Corporations Act 2006

Rules of debate:

1. If a member wishes to speak in debate, he/she should raise their hand and speak to the Chairperson. The member should not address the meeting until named by the Chairperson. If two or more members want to speak the Chairperson will decide who will speak first.

All of The Knight's agendas include standard rules in the explanatory notes which are agreed to by all members in attendance



# Proxies.

- An owner can authorise a person to vote on their behalf via the proscribed proxy form.
- For AGMS: please ensure your proxies are sent in at least 3 days before the meeting.
- It can be difficult for our managers to calculate votes when large numbers of proxies are provided last minute.
- You can appoint the Manager as your proxy but unless you specify how you would like us to vote for you, we will abstain from all votes.

## Proxy Limits

- **If there are 20 or less occupiable lots:** a person cannot act as proxy on behalf of more than one lot owner
- **If there are more than 20 occupiable lots:** a person cannot act as proxy on behalf of more than 5% of the lot owners.
- The above does not apply to family members
- An existing proxy cannot appoint someone else to act as their proxy.
- Committee members can only proxy other committee members to represent them on the committee.



# Committee numbers.

- The default maximum number of committee members is 7.
- This can be increased to 12 by ordinary resolution at a meeting.
- The Knight recommends committees keep it at 7 maximum to aid decision making.
- If you have more members wanting to join, you can encourage them to join subcommittees instead.
- It is also worthwhile highlighting that committee members are expected to contribute.
- It is very difficult for the manager and committee when members are elected that don't respond to votes or turn up to meetings.
- If a member of a committee is absent from 25% or more of committee meetings held within any period of 6 months the committee may resolve to remove them.
- If there are too many owners wanting to join the committee at an AGM, we hold a ballot. Typically we allow each owner around 3 minutes to make their case as to why they should be elected to the committee.
- The Manager will then distribute voting forms.
- If there are a lot of candidates and votes, it may be that the committee can only be confirmed after the meeting



# Running effective Committee meetings.

- Ensure there will be a quorum before you hold the meeting.
- If there is no quorum, the decisions made will be interim and will not take effect until they are confirmed at the next meeting, by ballot or in accordance with the rules.
- The Chairperson of the meeting again will play an important role to keep the meeting on track by ensuring the agenda is followed and discussions are limited.
- It is best if committee meetings do not go over 1.5 hours.
- If your committee meetings are regularly going over time, you may want to consider holding discussions outside the meeting so the focus of the meeting can be decision making.
- Nonfinancial members are suspended from the committee, so it is important you pay your fees on time if you are a committee member.
- The purpose of minutes is not to record every discussion point but instead just the resolutions.
- The minutes should identify clear next steps
- Some committee minutes specifically note who the action for each item is with.



# Subcommittees.

- Breaking people into smaller groups is often a more effective way to get things done
- Best practice is that the subcommittees will meet and discuss items separate to the main meeting
- They then report back to the larger group with just the most relevant information
- For example a financial subcommittee may meet to discuss the budget and put a recommendation back to the main committee
- The Knight has developed “Terms of reference” documents for the following subcommittees: Finance & Governance, Sustainability, Maintenance and Defects, Communication and Social



# Procurement policy.

## Procurement Policy.



### Administrative Procedures.

The Building Manager is appointed as the Procurement Officer by the Owners Corporation.

### Levels of Authority Limits.

- Building Manager may have an authority limit up to \$2,000, which will enable them to create any single purchase order to the level of his authority;
- Purchase Orders that exceed the financial authority of the Building Manager (\$2,000) will automatically be referred to the Chairperson or appointed Deputy for authorisation (e-mail is acceptable).
- Purchase Orders that exceed the financial authority of the Chairperson or their Deputy (\$10,000) will automatically be referred to the Committee of Management. (This may be carried out via e-mail ballot to ensure a timely process).
- All requests for authority to the respective members must be accompanied by a written recommendation from the Building Manager so an informed decision can be made.
- Records of quotations received and decisions made are to be recorded.

### Levels of Purchasing.

The following processes are required to be carried out for purchases within the price range indicated. All monetary references in this Policy are excluding GST.

#### Purchases up to \$5,000.

- No quote or authority is required

#### Purchases between \$5,000 and \$10,000.

- A minimum of two written quotes to be sought.
- Recommendation by the Building Manager accompanying the quotes is to be submitted to the Chairperson or appointed deputy for a written authorisation to proceed.

#### Purchases over \$10,000.

- A minimum of three written quotes to be sought
- Recommendation by the Building Manager accompanying the quotes is to be submitted to the Chairperson or appointed deputy who will in turn distribute to Committee of Management for their approval
- Written instruction to be given to the Building Manager by the Chairperson or deputy once agreement by the committee is reached.

- To improve the speed of decision making, it is common to provide building managers authorised spending limits
- The Knight has a template policy
- This can be changed to whatever suits your community
- It can include authority limits for spending for the chair and building manager
- It can also include invoice approval limits



# What can the Committee decide?

- The committee is empowered to make ordinary resolutions on behalf of the owners corporation
- The committee cannot make special or unanimous resolutions
- Examples of items that require a special or unanimous resolution:
  1. Changing the plan of subdivision (unanimous)
  2. Obtaining a loan that exceeds the current annual fees (special)
  3. Making or amending the rules (special)
  4. Raising a levy that is more than twice the annual fees (special)
- For a complete list, please contact your Owners Corporation Manager. The Knight has developed a guide



# Conflicts of interest.

- One of the duties of committee and subcommittee members is they:
- “must not make improper use of the member's position to gain, directly or indirectly, an advantage for the member or for any other person.”
- Best practice is for a committee member to abstain where there is a conflict of interest
- Some committees have “Declaration of conflict of interest” as an agenda item at the start of each meeting





# What if our Committee cannot agree?

- Resolutions are voted on in committee meetings
- If the vote is tied, the Chairperson has a casting vote.
- We recommend adopting a code of conduct for your committee.
- This will ensure all members are on the same page about how they should behave.
- The Knight has a standard one which can be adjusted to suit your property
- If there is a lot of strong disagreement within your committee, you can consider getting an external mediator in or settling disputes at VCAT.



# Code of Conduct

## Committee of Management Code of Conduct.



We [members] acknowledge the responsibility and privilege to participate in the Owners Corporation Committee of Management. We must adhere to this Code to support the productive participation by all members in the development of projects and delivery of services in accordance with the following terms.

<b>We will:</b>	
<b>Work for the Net Benefit of the Lot Owners and Residents.</b>	We recognise that the Owners Corporation Committee of Management works for the Net Benefit of the Lot Owners and Residents, over and above the interests of any individual, company or representative organisation. We acknowledge that we are required to represent our individual Lots or the Lots of our proxies, but must be prepared to accept consensus decisions that are in the Owners Corporation's interest.
<b>Uphold the consensus process</b>	We will uphold the principles of our consensus-based process through openness, transparency, balance and respect for each member in alignment with internationally recognised principles of consensus in the development and delivery of our work.
<b>Agree to clear purpose and scope</b>	We will commit to the development of a clear shared purpose, objectives, agenda and project plan to ensure timely and efficient development and delivery of our work.
<b>Respect others in meetings</b>	We commit to respecting others and the professional culture of the Owners Corporation Committee of Management. We will attend meetings fully briefed and prepared. We commit to meeting etiquette and the rules of engagement by: <ul style="list-style-type: none"> <li>• turning mobile phones off;</li> <li>• being on time;</li> <li>• advising our Owners Corporation Manager if we are unable to attend a meeting or wish to appoint another Committee Member as a proxy;</li> <li>• providing a response within seven days of receipt of a request for an out-of-session approval via email;</li> <li>• respecting others and their opinions by allowing one person to speak at a time;</li> <li>• following an agreed agenda;</li> <li>• accepting group decisions and not returning to 'closed agenda items' unless new, relevant subject matter emerges.</li> </ul>
<b>Participate actively</b>	We will agree to our roles and responsibilities and actively participate in projects where agreed. If we represent proxies, we will engage and consult with our Nominating Lot Owners to ensure our constituency is informed and their views represented.
<b>Declare all relevant interests</b>	We will behave in a transparent manner by declaring all relevant interests. We will manage or remove potential, perceived or actual conflicts of interest, to facilitate the resolution of competing interests via the open and structured process that forms the basis of consensus standardisation.
<b>Escalate and resolve issues</b>	We will identify and escalate issues and disputes in a timely manner to ensure rapid resolution. We will uphold agreed escalation and dispute resolution processes.
<b>Behave legally and ethically</b>	We will act in good faith and with due care and diligence and comply with applicable laws and standards. We will promote a culture of fair and ethical behaviour and encourage the reporting of unethical behaviour, breaches of the law and matters detrimental to the Owners Corporation and its reputation.
<b>Uphold this Code</b>	We actively encourage compliance with this Code at all times. We also accept and encourage the rapid initiation of action to address poor, unacceptable or inappropriate behaviours and breaches of this Code.



# Communication with your Manager.

- Owners Corporation Managers not only support a number of Committees, but also communicate with owners, tenants, property managers, contractors (and more) each day
- This means an extremely high volume of calls and emails to manage
- To ensure the best service from your Manager, avoid cc'ing them in on Committee discussions
- Committees can consider alternative platforms such as WhatsApp for hosting discussions
- Best practice is to email your Manager with the resolution only, after discussions have been held



# Communicating with your community.

Often communications from your owners corporation can be quite dry or routine. Especially if they are limited to AGM notices and levies.

## **There are a few ways you can spread positive messages with your community:**

- Community newsletters
- Electronic noticeboards
- Physical noticeboards
- WhatsApp community groups

You can also actively solicit feedback through surveys. This allows owners and tenants to feel heard.



Q&A.





**Thank you for  
attending.**