

# Strata Governance

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## Strata Committees – Good Governance and Achieving Best Practice

- Overview
- Good Governance
- Back to Basics
- Roles and Responsibilities
- Delegated Functions
- Liability
- Dysfunctional Strata Committees
- Best Practice Strata Committees
- Recruitment, Development and Retention
- Best Practice Meetings

## What is Governance?

“The exercise of political and administrative authority to manage the affairs of a strata scheme at all levels.”

- *The Property, Stock and Business Agents Act 2002 (NSW).*
- *The Strata Schemes Management Act 2015 (NSW).*

## What is Good Governance?

- Participatory
  - All owners are represented.
- Transparent
  - Meetings and minutes.
- Accountable
  - Mandatory motions, enforcement of by-laws.

*It's not just about you*

## Back to Basics

- The Strata Committee is:
  - A group of people elected by the owners corporation responsible for day-to-day decisions.
  - Elected at every Annual General Meeting.
  - Limited to maximum of nine (9) members.
- Who can be on the Strata Committee?
  - A financial lot owner.
  - Company nominee of a company that is an owner.
  - A non-owner that is nominated by an owner who is not standing for election.
  - Co-owners eligibility.
- Office Bearer Roles:
  - Chairperson
  - Treasurer
  - Secretary

- Committee members
- Tenant representative
- Vacancies and resignations
- No requirement to hold strata committee meetings
- Best practice ...
- The Chairperson
  - Chairs all meetings for the owners corporation and the strata committee.
  - May delegate to the strata manager.
  - Has single vote only.
  - If not in attendance, a substitute must be elected.
  - Best practice ...
- The Treasurer
  - Generally delegated to the strata manager.
  - Levies, banking, certificates, budgets, financial statements.
  - Best practice ...
- The Secretary
  - Generally delegated to the strata manager.
  - Preparation and distribution of notices and minutes.
  - Issue notices, maintain the strata roll, correspondence management, etc.
  - Best practice ...
- Committee Members
  - Insight, discussion, decision-makers.
- The Strata Manager
  - Delegated responsibilities.
  - Strata committee can recall at any time.
  - Facilitator – not decision-maker.

#### Personal Liability

- Decision-making power limited by:
  - *Strata Schemes Management Act 2015 (NSW)*.
  - By-laws of the strata scheme.
  - Resolutions of the owners corporation.
- Ignorance may hold the strata committee personally liable.
- Consider:
  - Approval of renovations to lots.
  - Entry into, or termination of agreements.
  - Conflict of interest.
  - Defamation.
- How to reduce risk?
  - Office bearer's liability insurance.
  - Avoid acting independently of general meeting resolutions – if in doubt, call a meeting!
  - Strata managing agent experience to reduce risk.

### Dysfunctional Committees

- Lack of awareness of roles and responsibilities.
- Disorganised or in conflict.
- Individual agendas.
- History of inactivity.
- Negative culture.
- Difficult to remove inactive members.
- Meetings are undesirable.
- No recruitment process.

### Best Practice Committees

- Good governance.
- Aware of their role and responsibilities.
- Above and beyond the legislation.
  - Regular meetings.
  - Minutes to all.
  - Communications to the owners corporation.
  - Education
  - Working parties and sub-committees.
  - Active members.
  - Sense of community fairness.

### Recruitment

- Develop a strata committee profile.
- Engage potential members year-round.
- Advertise roles and responsibilities early.
- Manage the nomination process at the AGM.
- Create opportunities for non-members.
- Consider intangible assets.
- Encourage diversity.

### Development

- Clarify, roles, responsibilities and expectations.
- Integration of new members.
- Orientation of the common property.
- On-line training and education.
- Working parties and sub-committees.

### Retention

- Effective meetings.
- Utilisation of technology, paper meetings.
- Conflict management.
- Rotation of office bearers.
- Social interaction.
- Recognition.

### Effective Meetings

- Planning.
- Agenda:
  - Priorities.
  - Results.
  - Participants.
  - Sequence.
  - Timing.
- Venue
- Access to timely information.
- Start the meeting on time.
- Recap terms of communication.
- Stick to the agenda.
- Stick to the allotted time.
- Comprehensive meeting minutes.
- Action items.

### Strata Committee Excellence

- Understand the role and responsibilities.
- Have the best interest of the owners corporation as their goal.
- Participatory, transparent, accountable.
- Go above and beyond the legislation.
- Establish terms of communication.
- Recruit, develop and retain methodologies.
- Run effective meetings.