



LEVIES

What do levies cover? Arrears and debt collection

The legislation prescribes that contributions are to be levied on Owners. The Body Corporate must, by ordinary resolution:

- a) fix the contributions to be levied on each lot owner;
- b) decide if the levies are to be paid in one amount or by instalments; and
- c) set the dates for payment of the levies.

The annual contributions payable by lot owners are proposed by the Committee and confirmed at each Annual General Meeting.

Administrative Fund levies cover the day-to-day necessary and reasonable expenses to maintain the complex:

- the cost of maintaining common property and body corporate assets (i.e. gardens maintenance, community power, community driveways, walkways etc);
- body corporate insurance premiums;
- other non capital expenditure for the 12 month period;
- approved salary, allowances or expenses to a committee member (if applicable);
- any shortfalls arising because the actual costs to reinstate or repair damage is in excess of the insured amount;
- administrative expenses such as secretarial fees and disbursements (postage, photocopying).

Sinking Fund levies cover the necessary and reasonable expenses to provide for major works:

- spending of a capital or non-recurrent nature;
- the cost to replace major items of capital nature (fences, painting, guttering);
- other capital spending, such as spending on major improvements to the common property;
- other capital spending, such as spending on acquiring amenities for the benefit of owners

Contribution Notice

At least 30 days before a contribution is payable, the body corporate must give the owner of a lot written notice of the amount due. This notice must also include the:

- amount of the contribution for which payment is required;
- date on or before which the contribution must be paid;
- discount applicable if the contribution is paid by the date for payment;
- penalty due for each month payment is in arrears;
- amount of any arrears.



Outstanding Contributions

If a contribution is not paid by the date for payment, the body corporate may recover it as a debt and may take appropriate recovery action. If a contribution has been outstanding for two years, the body corporate must start a proceeding to recover the amount. The body corporate may choose to use late payment penalties to encourage owners to pay contributions by the required date for payment. Penalties are fixed by an ordinary resolution of the body corporate.

Debt Collection

Your body corporate manager will normally have a procedure in place for dealing with outstanding levies, such as issuing arrears notices at set intervals and then referring to the Committee to start the debt collection process if the owner does not make an attempt to bring their levies up to date.

If penalties have been approved by the body corporate at a general meeting, they will be added to the outstanding levy on a daily rate until such time as the debt has been paid in full.

Your body corporate manager will generally not physically undertake the debt collection steps however will recommend to the body corporate that a specialist body corporate debt collector be engaged to complete the debt collection process. The legislation provides that if a levy contribution is not paid by the due date, the body corporate may recover each of the following amounts as a debt:

- a) the amount of the contribution or instalment;
- b) any penalty for not paying the contribution or instalment;
- c) any costs (**recovery costs**) reasonably incurred by the body corporate in recovering the amount.

Ultimately, it is not financially viable to let body corporate levies get out of hand. As the owner, you will not only be responsible for the outstanding levies but any penalties **AND** any costs incurred by the debt collector trying to recover the moneys. Debt collector's expenses may include legal costs if it is required to take the owner to court to recover the outstanding moneys.

Things to note

For many owners, they do not understand the implications of not paying their levies on time. Body Corporate levies are the same as any other tax invoice an Owner would receive in relation to owning property, i.e. rates, water charges, electricity, phone etc. Have you ever overlooked a council rate payment?

If an owner has an outstanding debt on the day the annual general meeting is held, that owner does not have a right to vote. The owner would only be able to vote on a resolution without dissent. The owner would also not be able to participate in choosing a member of the committee. The owner is also not able to be a member of the committee if they owe a debt at the time of choosing the committee.

Are you up to date with your levies? Don't know when your levies are due? Lost your levy notice? Don't know how to pay your levies?

Don't let the situation get out of control and end up in Court! Contact your Body Corporate Manager for assistance.