

BODY CORPORATE FACT SHEET

Levies, Funds and Spending Limits

What the body corporate charges, and what it can spend

Levies are the single largest cost of owning in a community titles scheme, and the rules around them are the ones owners and committees most often get wrong. This sheet sets out how levies are struck, when they are due, what happens if they are not paid, and what the body corporate can spend without going back to the owners.

The figures below are those applying under the Standard Module. Where a figure differs under another regulation module, that is noted. Your community management statement tells you which module applies to your scheme.

1. The two funds

A body corporate registered under the Standard, Accommodation, Commercial or Small Schemes Module must have an administrative fund and a sinking fund. Schemes under the Specified Two-lot Schemes Module do not need formal budgets.

	Administrative fund	Sinking fund
Money in	Owners' contributions to the fund, interest from investing it, fees paid for inspecting records or copying documents, and any amount received that is not required for the sinking fund.	Owners' contributions to the fund, interest from the fund's investments, and money from insurance pay-outs for major capital items destroyed or damaged.
Money out	Regular maintenance of common property, insurance charges, and administrative expenses such as secretarial fees and postage.	Big or one-off items such as painting or structural repairs; replacing major items such as common property fences or carpets; and other items that should reasonably be met from capital, such as pool furniture.

The funds are sealed off from each other

Money cannot be transferred between the administrative and sinking funds. Both may be invested in the way a trustee may invest trust funds.

A body corporate under the Commercial Module may also set up a promotion fund by ordinary resolution, to cover the cost of promoting the scheme. A promotion fund budget can only be amended at another general meeting — owners cannot adjust it at the meeting where it is presented.

2. The types of levy

Owners tend to think of "the levy" as one thing. It is not. Four different kinds of contribution can land in an owner's account, and they are raised in different ways, by different people, for different reasons.

Type	What it is for	Who sets it
Administrative fund contribution	The scheme's recurrent running costs — regular maintenance of common property, insurance charges, and administrative expenses such as secretarial fees and postage.	The body corporate at a general meeting, normally the AGM, by ordinary resolution, based on the agreed budget.
Sinking fund	Big or one-off capital items — painting, structural	The body corporate at a general

Type	What it is for	Who sets it
contribution	repairs, replacing major items such as fences or carpets, and other costs that should reasonably be met from capital.	meeting, normally the AGM, by ordinary resolution, based on the agreed budget.
Interim contribution	Meeting a shortfall until new levies are set or received from one financial year to the next.	The committee may fix one.
Special contribution	Unexpected costs during the financial year — either not included in the budget, or where not enough money was set aside to meet them.	The body corporate, by ordinary resolution at a general meeting.
Promotion fund contribution	Commercial Module schemes only — the cost of promoting the scheme. A special promotion levy can also be raised.	The body corporate, by ordinary resolution.

A subsidiary scheme in a layered arrangement carries a sixth kind of cost: its administrative fund budget must include an estimate of what it will have to contribute to the principal scheme's funds. Owners in that scheme are therefore funding a levy struck by another body corporate. Schemes under the Specified Two-lot Schemes Module have their own contributions regime and none of the above applies to them without checking.

Interim contributions

An interim contribution bridges the gap between one financial year's levies and the next. The committee may fix one for either the administrative or the sinking fund.

- It helps the body corporate meet a shortfall in monies until new levies are set or received from one financial year to the next. That covers a late AGM, but it also covers the ordinary case where new levies have been set on time but the money has not yet arrived.
- It is calculated on the basis of the contributions that were set for the previous financial year.
- If an interim contribution is levied, it must be offset against the relevant budget as decided at the next general meeting.

Where the committee's power comes from — and where it stops

Fixing or changing a contribution is a restricted issue: the committee cannot do it. The interim contribution power is a separate, specific power the regulation module gives the committee, and it prevails over the general prohibition.

But it is only as wide as the module makes it. The amount must be worked out on the previous year's contributions. A committee that picks its own figure is not exercising the interim contribution power — it is making a decision on a restricted issue, and that decision is void.

An interim contribution is also not a way to top up a budget that has turned out to be too small mid-year. That is what a special contribution is for, and it needs a general meeting.

The 30 days still applies

An interim contribution is a contribution, so the body corporate must still give each owner written notice at least 30 days before it falls due. It is not a way to raise money quickly.

Special contributions

Special contributions must be collected by the body corporate if it has to pay for unexpected costs during the financial year — costs either not included in the budget, or where not enough money was set aside to meet them. The government's own example is where the cost of painting common property comes in above the amount allocated in the sinking fund budget.

To agree to collect a special contribution, the body corporate must pass an ordinary resolution. It is not a committee decision, so it needs a general meeting — an AGM or an EGM. And the 30-day notice applies here too, so a special contribution cannot be made payable at short notice.

Under the Commercial Module, owners can also be asked to pay a special levy if the body corporate wants more money for the promotion fund.

Other amounts an owner can be charged

These are not levies, but they appear on the same account and are recovered the same way.

Amount	Arises from
Penalty interest	Simple interest at up to 2.5% a month on a contribution not paid by the due date, where the body corporate has fixed a penalty by ordinary resolution.
Recovery costs	The body corporate's reasonable costs of recovering an outstanding contribution, which may include legal fees and fees charged by a body corporate manager for issuing arrears notices.
Exclusive use fees	Where an exclusive use by-law imposes a regular fee on the benefiting lot. Section 180(6) of the Act means no other kind of by-law can impose a monetary liability on an owner or occupier.
An insurance excess	Where only one lot is affected by a claim, the owner should pay the excess unless the body corporate decides it is unreasonable for them to do so. Where 2 or more lots, or lots and common property, are affected, the body corporate should pay unless it decides it is reasonable for an affected lot to bear the excess or part of it.

Each of these is a body corporate debt. The definition covers contributions and instalments, penalties for late payment, and any other amount associated with the ownership of a lot — which is what brings an unpaid excess or exclusive use fee within it.

That matters for two reasons. An owner who owes any of these cannot vote on motions, other than a motion needing a resolution without dissent, and cannot vote in a committee election. And where an amount is left unpaid on a sale, the body corporate can pursue the new owner for it.

The amount does have to be genuinely owed. An excess the body corporate has not yet resolved an owner should bear, or a fee under a by-law that is invalid, is not a debt.

3. How levies are set

The committee prepares the administrative fund and sinking fund budgets for owners to consider at the annual general meeting. Under the Small Schemes Module the treasurer prepares them. A copy of the proposed budgets must be included in the notice of the AGM, together with a statement of accounts and, where applicable, an auditor's certificate.

At the AGM the body corporate decides the budgets, calculates each lot's share, determines the instalments and sets the due dates. Each of these is decided by ordinary resolution.

The 10% rule

A budget may be adjusted at the meeting only if three conditions are met: the adjustment is approved by a majority of voters present and entitled to vote; it is to an amount not more or less than 10% of the budget originally proposed; and it is made because of a decision at that meeting on a motion on the agenda to approve spending.

Adopting a budget does not authorise spending. Spending still has to be separately authorised, either by the general meeting or by the committee within its limits.

What each budget must provide for

- The administrative fund budget must estimate necessary and reasonable expenditure for maintaining common property and body corporate assets, insurance charges, and recurrent costs occurring yearly or more frequently.
- The sinking fund budget must provide for necessary and reasonable spending for the financial year, and reserve an amount to meet likely spending for at least 9 years after the current financial year.

The sinking fund forecast

The nine-year reserve gives the fund a ten-year horizon in total. It must allow for likely spending of a capital or non-recurrent nature, such as painting a building; the replacement of major capital items, such as a boundary fence; and other costs that should reasonably be met from capital.

A professional forecast is not compulsory

A body corporate may ask a professional to prepare a sinking fund forecast. However, a body corporate does not have to get a professional forecast — the committee or an owner can estimate the likely spending requirements. This is a matter for each body corporate.

4. How each owner's share is worked out

The contributions levied on the owner of each lot must be based on the contribution schedule lot entitlements. Costs are divided equally between owners only where the contribution schedule lot entitlements for each lot are equal.

Cost	Divided on
Most body corporate costs	Contribution schedule lot entitlements
Building insurance premium — building format plan	Interest schedule lot entitlements
Building insurance premium — standard format plan	The cost of reinstating the buildings on each lot
Public risk insurance	Contribution schedule lot entitlements
Services supplied to a lot that can be separately measured and charged (water, electricity)	Not divided on lot entitlements at all — owners are separately billed by the service provider

5. Levy notices, discounts and penalties

The body corporate must give each owner written notice of the contributions they owe. The notice must be given at least 30 days before a contribution is due, and must state the amount owed, the due date, any available discount, any overdue payment penalty, and any previous payments that are overdue.

	Maximum	How it is authorised
Discount for payment by the due date	20% of the instalment amount	Ordinary resolution of the body corporate. The rate must be stated in the notice of contribution.
Penalty on overdue amounts	Simple interest at not more than 2.5% for each month in arrears	Ordinary resolution of the body corporate. The rate must be stated.

Neither applies automatically

A discount or a penalty only exists if the body corporate has fixed it by ordinary resolution and stated the rate. A body corporate may also waive a penalty, or restore a forfeited discount, for special reasons.

The maximum penalty is often quoted as up to 30% a year. It is simple interest at up to 2.5% a month, not a compounding annual rate.

6. Arrears and recovery

If a contribution or instalment has been outstanding for 2 years, the body corporate must start proceedings to recover it within 2 months after the end of that two-year period.

The body corporate may start earlier. What it can recover is the contribution or instalment itself, any penalty for not paying, and any costs reasonably incurred in recovering the debt — which may include legal fees and fees charged by a body corporate manager.

How a payment is applied

Money received from an owner in arrears is applied in a fixed order: first towards the penalty, second in reduction of the outstanding contribution or instalment, and third towards any recovery costs.

Where a debt dispute goes

An adjudicator from the BCCM office cannot decide a dispute about a debt. Debt recovery proceeds in the Queensland Civil and Administrative Tribunal (as a minor civil dispute) or in a court of competent jurisdiction, depending on the amount. Conciliation is available through the BCCM office only if the body corporate has not started a debt recovery action; once proceedings begin, the conciliation process ends.

Two consequences owners underestimate

A body corporate debt does not disappear on a sale. Where an amount is left unpaid when the lot changes hands, the body corporate can pursue the new owner for it — which is why outstanding levies are a search item on any purchase.

While a lot owes a body corporate debt, the voter for that lot cannot vote on motions — other than a motion needing a resolution without dissent — and cannot vote in the election of committee members.

7. Spending limits

Two limits govern what can be spent without a further decision. Both are defaults only — a body corporate can set its own figure for either by ordinary resolution at a general meeting.

Limit	Default where none has been set	What it controls
Committee spending	\$200 multiplied by the number of lots in the scheme	What the committee can spend without going to a general meeting. GST is included in the calculation.
Major spending	The lesser of \$1,100 multiplied by the number of lots, or \$10,000	Above this limit, at least 2 quotes must be obtained for the work and the quotes must be included with the notice of meeting. GST counts here too.

Worked examples from the guidance: a 6-lot scheme has a committee spending limit of \$1,200. A 5-lot scheme has a major spending limit of \$5,500, because that is less than \$10,000. A 15-lot scheme has a major spending limit of \$10,000, because that is less than \$16,500. For layered schemes, both formulas use the number of layered lots.

One quote may be enough in exceptional circumstances where it is not possible to get two. After a severe weather event, when contractors are scarce, that exception matters.

Both limits apply to schemes under the Standard, Accommodation and Small Schemes Modules.

A project cannot be sliced

The committee cannot divide a single project into smaller parts in order to bring it within its spending limit. Where a number of items make up one project, the approval needed is based on the total cost of the project.

When the committee can spend above its limit

The committee can only spend over its relevant limit if:

- the spending is authorised by an ordinary resolution of the body corporate
- the owners of all lots in the scheme have given written consent
- an adjudicator has authorised the spending to meet an emergency
- the spending is needed to comply with a statutory order or notice given to the body corporate, an adjudicator's order, or a court judgment or order
- the spending is necessary to get an insurance policy or to renew a policy, and it is not a restricted issue for the committee to authorise spending on an insurance policy.

There is no general emergency power

Urgency alone does not lift the committee's limit. Where the work is urgent and there is no time for a general meeting, the route is an application to an adjudicator — see our fact sheet on storm damage and emergency repairs.

Borrowing

Borrowing is limited separately from spending. Under the Standard Module the body corporate can borrow up to \$250 per lot by ordinary resolution, and needs a resolution without dissent above that. The other modules set their own thresholds and their own resolution types — check the module that applies to your scheme before relying on a figure.

Under the Commercial Module the committee has no spending limit, and there is no major spending limit. Schemes under the Specified Two-lot Schemes Module have neither, and do not need a committee.

8. Accounts, reporting and audits

A body corporate must have one or more bank accounts kept in its name at a financial institution. All payments from the administrative or sinking fund must be made from that account, supported by written payment requests or evidence of payment.

A body corporate manager engaged to administer the funds must reconcile the financial institution statement against invoices and payment records within 21 days from the last day of each month. Where no manager is engaged, the body corporate may by ordinary resolution require the treasurer to prepare those statements — it does not happen automatically. Schemes under the Specified Two-lot Schemes Module have no financial reporting requirements and are not required to have a bank account.

Audits

Module	Position on auditing
Standard, Accommodation, Commercial	The body corporate must decide on auditing annually at the AGM. A motion that the statement of accounts not be audited requires a special resolution to pass. Appointing the auditor is by ordinary resolution.
Small Schemes	Auditing is optional, and the motion need not appear on the annual general meeting agenda.
Specified Two-lot Schemes	No bank account is required and audits are not needed.

An auditor must be independent, must have appropriate qualifications and experience, and must not be a committee member or the body corporate manager. The auditor provides a certificate reporting on the accounts, which is included with the next AGM notice.

9. If you disagree with a levy or a budget

A dispute about the validity of a general meeting decision — including adopting a budget or fixing contributions — runs through self-resolution first, then conciliation, then adjudication in the BCCM office. You must be able to show you attempted to resolve the matter yourself before an application will be accepted.

A dispute about a debt the body corporate says you owe is different: the BCCM office cannot decide it, and it goes to QCAT or a court.

Source and disclaimer

Source: Queensland Government body corporate guidance at www.qld.gov.au/housing/body-corporate, current at 2 September 2026.

Legislation referred to: Body Corporate and Community Management Act 1997 (Qld); Body Corporate and Community Management (Standard Module) Regulation 2020, in particular ss 164 (discounts), 165 (penalties) and 166 (payment and recovery of debts). The spending limit amounts are defined in schedule 1, the dictionary to that regulation.

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Talk to us

If this raises a question about your scheme, we are happy to help.

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