



VICTORIA
BODY CORPORATE
SERVICES PTY LTD

your strata care company

A guide to...
**Holding a successful annual general
meeting for your owners corporation**

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About this publication

This executive committee’s guide is part of an ongoing series of guides published regularly by VBCS to help committee members of executive committees properly and effectively perform their duties.

About VBCS

Established in 1982 by Herman Klein, Victoria Body Corporate Services (VBCS) is one of Australia’s premier owners corporation management companies and is now a member of the Vesture Group which manages bodies corporate on the eastern seaboard of Australia. Being the largest strata company in Victoria with over 2,000 buildings under management, VBCS is highly client service based with a personal touch.

About the author

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1 The importance of a good AGM

The annual general meeting of an owners corporation is the most important event for your strata community each year. This guide will help you make it a success.

For most strata property owners, the annual general meeting is the one occasion they can participate in the process of managing the affairs of the owners corporation. It is then important that it be a success.

A well-run annual general meeting will create a positive sense of community and encourage owners to participate in the functioning of the owners corporation. People will be more likely to volunteer for service as committee members or to undertake specific tasks if the annual general meeting is run well.

At the very least, owners who attend a well-run annual general meeting will be more likely to follow the rules, pay their fees on time and be civil to others in their community if they leave the annual general meeting with respect for the process and, more over respect for the elected leaders of their strata community.

Conversely a "bun-fight" will do nothing for community spirit. The last thing sensible people want is a hostile living or investment environment because the annual general meeting provided a forum for the disaffected few to poison their community with negative attitudes and unacceptable behaviour.

Experienced strata managers will have seen their share of good and bad meetings. The difference between the good and the bad comes down to three things—attention to detail in the preparation of the meeting, understanding the formal requirements of the legislation concerning the process, and good leadership and communication skills of the committee and the manager advising them.

This practical guide will help committees get the best from the formal process of holding an annual general meeting and to succeed in building a sense of community.

2 What is a successful annual general meeting?

Let's start with the end in mind. You are going home after the annual general meeting of your owners corporation. What would make you think it was a success?

- ✓ The meeting started and finished on time. All done in an hour.
- ✓ The agenda and papers (if any) distributed well in advance of the meeting.
- ✓ I was able to understand the meeting because the motions and the explanations were clear and concise.
- ✓ No one got angry or upset at the meeting by surprise rulings from the chair that they could not vote or were not able to have their motion put to the vote. The chair was fair.
- ✓ Our business was transacted in a spirit of harmony and goodwill. There were different views expressed, sometimes forcefully but never personally.
- ✓ The committee positions were filled—success breeds success. Serving my community in this way is pleasant and productive.
- ✓ I understand the priorities for our strata community over the coming year and how these are to be addressed.

Annual general meetings should be short, sweet and to-the-point. A short meeting is one that concludes within an hour. A sweet meeting is one where different views can be expressed without personal hurt or offence. To-the-point meetings are ones which deal correctly with the technical requirements of the laws covering owners corporations.

This is the type of annual general meeting VBCS likes to convene for the owners corporations we manage. Let us show you how it's done.

3 The secret to successful efficient annual general meeting

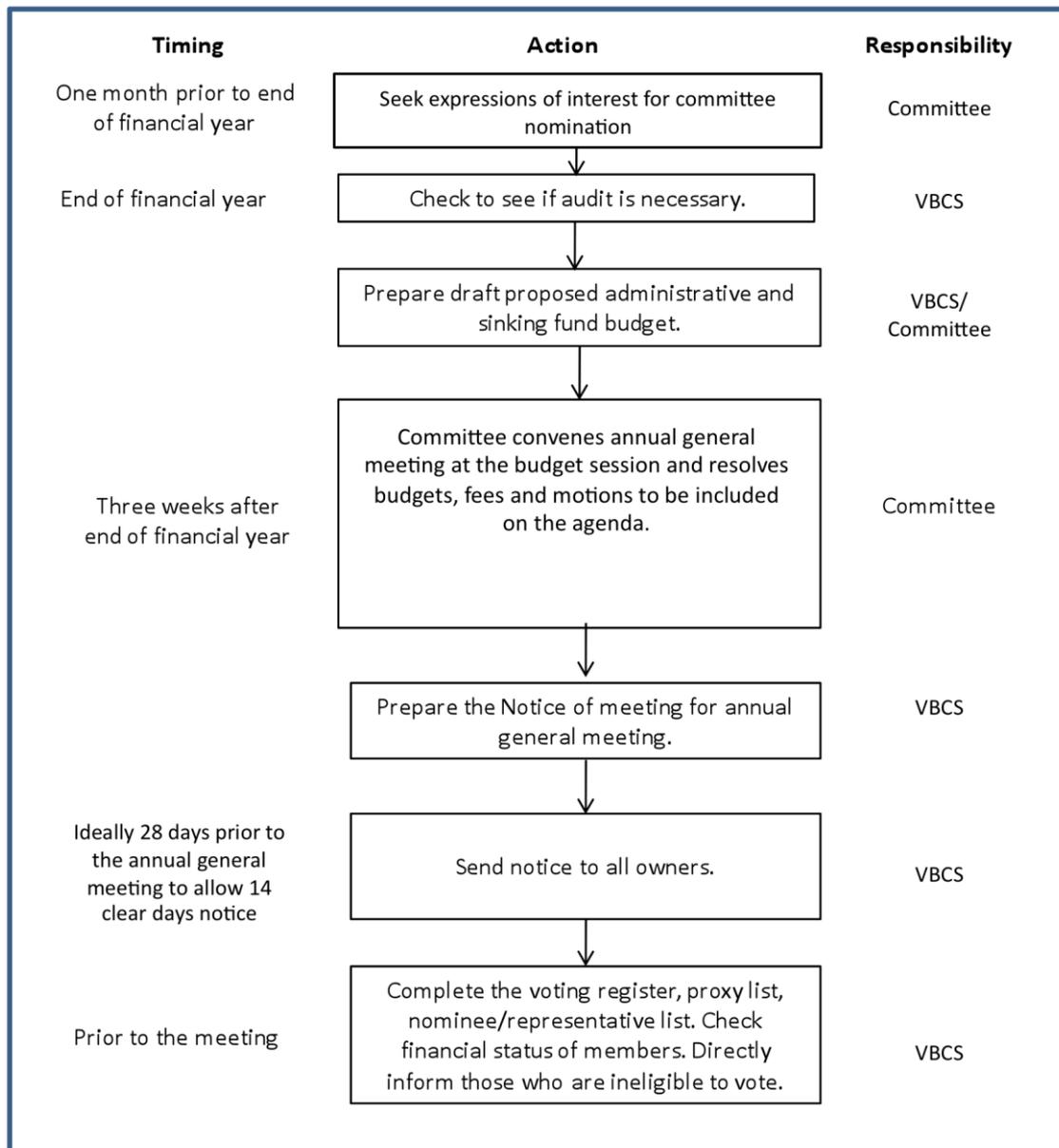
- Give people plenty of notice of the time, date and place.
- Prepare the agenda so it is precise and clear. If there is an explanation for a motion—it should be not more than 200-300 words.
- Have the motions checked for validity before they are sent out to avoid unpleasant rulings at the meeting which disappoint people and waste time on arguments.
- If people are unable to vote because, for example, they have not paid their fees, then tell them discreetly in advance to avoid them being embarrassed at the meeting. Similarly, if people submit motions which are invalid and they will not correct them before the meeting, then warn them in advance the motions will be ruled invalid.
- Limit speeches for and against each motion to five minutes per person and make this clear at the outset of the meeting in a positive way.
- Don't read the motion. This wastes time. The motion has been published on a written agenda and can be taken as read.
- Anticipate disputes and seek to negotiate acceptable compromises in advance of the meeting—at least narrow the issues so the meeting can identify common ground and focus on the real points of difference.
- Start on time no matter what: Prepare a meeting timetable, watch the clock, finish on time.

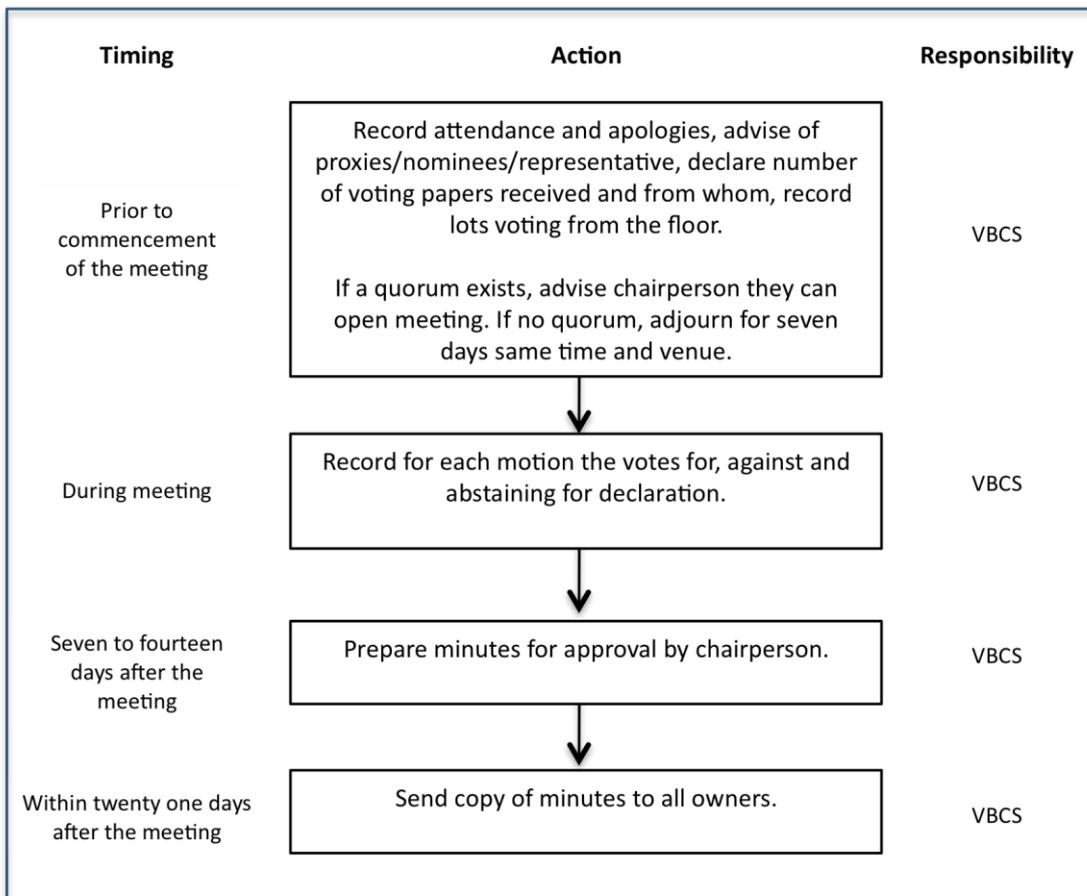
Did you know?

Motions do not need a proposer and seconder at the meeting. They have already been put to the meeting by being included in the written papers. Eliminating this duplication will save time.

4 Timing is everything

Here is a sample timetable for convening a successful annual general meeting. This timetable will show you the amount of detailed planning and thought that must go into holding an annual general meeting.





5 Winning the paper war

There will be a lot of paper for a successful annual general meeting. This is a list of what you can expect and the purpose each piece serves -

What	Why
Notice of meeting	To tell you where and when the meeting will be held.
Agenda	To specify the order of business.
Proxy Form	To appoint someone to represent you if you do not go to the meeting or to nominate which individual can vote for a company.
Other Material (e.g. agreements)	To disclose the full content of any important agreements or contracts that may legally bind the owners corporation.
Budgets	To show how the administration and sinking fund fees are to be determined.
Accounts	To show the owners corporation's financial performance
Auditor's Certificates	To report on an audit of the owners corporation accounts, if required by the owners corporation at its last general meeting.
Insurance Cover	To disclose the details of insurance policies held by the owners corporation, including the amount of cover and any relevant excess.

6 How to read a set of accounts

The accounts of the owners corporation will be presented in three parts:

1. The balance sheet, which shows the overall financial standing of the owners corporation (assets less liabilities)
2. The administration fund statement of income and expenditure which relates to the daily running of the owners corporation (e.g. paying insurance premiums)
3. The maintenance fund statement sets out the income, expenditure and balance if the owners corporation has an approved maintenance plan.

The balance sheet will show you -

- how much is in the bank;
- whether fees are outstanding from members of the owners corporation,
- any liabilities (debts owing) of the owners corporation; and
- the net assets (net worth) or if the assets exceed the liabilities of the owners corporation

The administration fund accounts should be checked by you to make sure there are no abnormal items of expenditure.

The maintenance fund is for expensive items of a non-recurrent nature identified by the approved maintenance plan. Think of a maintenance fund as a form of compulsory savings and encourage all members of your owners corporation to think this way.

VBCS tip

Double sided photocopying of meeting papers helps save the environment and reduces the cost of your meeting.

7 Having your say by casting a vote

The rules for voting are complex. Use this as a guide to your voting rights.

- Where is one vote for each lot. If your car park or storage cage is separately titled you get one vote for each separate lot.
- All matters other than special resolutions or unanimous resolutions, which are rare, are determined by a simple majority of votes cast at a meeting. A motion determined by a simple majority is known as an ordinary resolution.
- Voting is by show of hands for ordinary resolution unless a poll is called in which case the votes are determined by unit entitlements. A Special resolutions at a meeting is by show of hands unless a poll is called and then voting is by unit entitlement.
- At a meeting you may vote in person or by appointing a proxy.
- The chairperson has a casting vote in a deadlock if the chair is a member of the owners corporation. If the votes cast for and against a motion are equal and the chairperson does not exercise a casting vote, the motion is lost.
- Owners with outstanding fees are not entitled to vote except on a special resolution or a unanimous resolution. All outstanding fees and charges, unless paid in cash, must be paid in full at least four (4) working days before the vote in question.

8 Smart motions that work

Motions for successful annual general meetings (and all meetings) should be SMART -

- S Specific.
- M Measurable.
- A Action oriented.
- R Realistic.
- T Technically correct.

Here are examples of a SMART motion and some not so smart motions:

That the owners corporation replace the barbeque in the pool area at a cost of \$3,200 before the commencement of the summer holidays by accepting the quote from XYZ being the lesser of the two quotes, both of which are attached.

The motion above is a SMART motion because it is all of the following:

- S Specific - it relates to a particular thing, the barbeque near the pool.
- M Measurable - you can tell if the motion has been implemented, was the barbeque near the pool replaced before the summer holidays started?
- A Action oriented - there is a call to action, replace the barbeque.
- R Realistic - the timing is logical and capable of being met, the motion avoids ambiguous terms like "immediately" or forthwith."
- T Technically correct - barbeque is on the owners corporation common property managed by the owners corporation.

Here are some examples of bad motions which should be ruled invalid:

- That the owners corporation keep all the equipment on the common property in good working order (this is not specific).
- That the owners corporation should improve the common facilities (this is not measurable - how do you tell if the motion has been implemented?).

- That the owners corporation give consideration to fixing the barbeque (this motion is not action oriented - it only requires thought, it does not require you to do anything).
- That the owners corporation should keep the barbeque working at all times (this is not realistic – things break).

9 Being a fair chair

A firm but fair chairperson will make a major contribution to a successful annual general meeting. Here are some tips on how to be a fair chair:

- Start on time out of respect for those in attendance at the appointed time.
- Manage the meeting so it finishes on time out of respect for those in attendance with other commitments. (Consider putting the finishing time as well as the starting time on the agenda).
- Follow the agenda and pace yourself against a pre-prepared meeting timetable.
- Do not read the motions - they are published in advance and can be taken as read to save time.
- Do not call for a proposer and seconder - this is not required by the legislation and wastes time.
- Prepare people for bad news in advance if motions have to be ruled invalid.
- Be sensitive to peoples' feelings and don't publicly embarrass those ineligible to vote.
- Avoid delays in counting votes by making sure the returning officer or those responsible for counting votes prepare as much as they can before the meeting.
- Never raise your voice or lose your temper - the meeting will take its tone from the chair.
- Thank people for their attendance and contributions and name any outstanding contributors.

- Encourage some form of fellowship following the closure of the meeting to encourage community spirit.

VBCS tip

Photocopy the "Meeting etiquette" information on the following page and distribute it to lot owners at start of the meeting. This will help the meeting run smoothly and will reduce confusion about the purpose of the AGM.

13. Meeting etiquette

Meetings will proceed in a respectful and orderly manner if attendees follow these guidelines:

- When speaking for or against a particular motion, limit statements to a maximum of five minutes.
- Each person speaks once only on each motion.
- Each speaker raises their hand and waits for the chair to acknowledge the speaker.
- Wait until the general business part of the meeting for matters not on notice.

Community living requires each member of the owners corporation to exercise greater tolerance and flexibility than may be required in freehold neighbourhoods. People must accept that some resolutions may not go their way. Accept the decisions of the owners corporation with good grace in the interests of all.

To help the meeting run smoothly, we offer this guide to meeting etiquette.

Do	Don't
<ul style="list-style-type: none">• Speak pleasantly and politely and respect the contribution of all.	<ul style="list-style-type: none">• Don't lose your temper or shout. Use a moderate tone.
<ul style="list-style-type: none">• Be aware of your body language when you are speaking.	<ul style="list-style-type: none">• Don't use too many gestures, as they can appear aggressive.
<ul style="list-style-type: none">• Try to stick to the discussion topic; don't include irrelevant information.	<ul style="list-style-type: none">• Don't dominate the discussion. Confident speakers should allow quieter members to contribute.

<ul style="list-style-type: none">• Think about your contribution before speaking. Make constructive comments which include a rationale and suggested solution.	<ul style="list-style-type: none">• Don't draw too much on personal experience or anecdote. Although some personal experience is valuable, don't generalise too much.
<ul style="list-style-type: none">• Remember a discussion is not an argument. If you wish to disagree, then do so politely.	<ul style="list-style-type: none">• Don't hold a private conversation with another person while someone is speaking to the group.
<ul style="list-style-type: none">• Agree with and acknowledge what you find interesting. For example, thank people for raising an issue.	<ul style="list-style-type: none">• Don't interrupt. Make a note and wait for a speaker to finish what they are saying before you speak.

