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YSP Podcast Transcript: 427. What is the perfect number of strata committee members?

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Intro: Welcome to Your Strata Property, the podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source.

Amanda Farmer: Hello and welcome to this week's podcast episode. I'm your host, strata lawyer, Amanda Farmer, and today I'm talking about strata committees or more specifically, what is the perfect number of strata committee members? Now, you might have seen I asked this question over on the Your Strata Property Facebook Page about a week or so ago, often a place where I'm crowdsourcing some content for the podcast, and many of you replied, and let me know your answer, your idea of the ideal number on a strata committee, and why.

Today I'm going to share some of those answers and perhaps draw some conclusions from our Facebook survey. As you'll know if you've spent some time living in owning a strata property, managing a strata property the role of the strata committee is an incredibly important one.

And in my 20-plus years working in strata, serving on strata committees myself, I have formed a conclusion. I'd like to call it an educated conclusion, or at least a conclusion drawn from some experience that the number one thing that dramatically improves apartment living is a well-functioning strata committee.

Almost always when communities are in crisis, when they are having trouble sticking to their legal obligations, when owners and residents are unhappy, when strata managers are struggling to get the job done properly, it almost always comes back to a strata committee that doesn't understand how to, or isn't able to do its job properly.

Now, I formed this conclusion a little while ago. I put my thoughts together into a short eBook. It is called The Number One Thing. You may already have a copy. You may have read it previously. If not, there is a link for you in the show notes for this episode. You can head over and grab your free copy of the number one thing eBook. In asking this question about the perfect number of strata committee members, I was perhaps being a little bit cheeky. I'm not sure that there is a perfect number. I was very interested in your thoughts on this. Some of you have told me that there's a perfect type of number, and that is an odd number, in order to avoid deadlocks in decision making. That makes sense to me. That's certainly been part of my experience, for sure.

But as for a perfect number, so much depends on the size of the building, the problems that it's facing. And as you'll hear me conclude today, it really depends on who these people are, what their level of commitment is, perhaps even their level of experience or expertise in strata.

Many uncommitted let's say, people with their own agendas, self-interested, not looking out for the community as a whole, is going to be unhelpful. Regardless the size of your building, and a few, one or two, maybe very committed, focused, experienced or willing to gain experience, people can be incredibly helpful for a strata community.

So, first up, I'm going to share with you a little bit of the legal framework around our strata committees specific to New South Wales. And then I will head into some of the data, if you can humour me and call it that, from our Facebook survey. The place to start when you're looking at the number of committee members for a New South Wales strata committee is Section 30 of the Strata Schemes Management Act. That's the section that tells us that a strata committee may be no more than 9 people in New South Wales.

If you are in a large strata scheme, and that is defined as a strata scheme with more than 100 lots, then you must have a minimum 3 members on the strata committee. If you're not in a large strata scheme, then you can have one member of the strata committee anywhere between 1 and 9 members. If your building has only 2 lots, you're in a duplex, for example. Then each owner is to be a member of the strata committee.

If those lots are co-owned or owned by a company, then it is to be the co-owner who is nominated to the committee or the

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company nominee who is named on the strata roll. That's all set out for you in Section 30. Link to that one for you in the show notes. That's also the section that tells us a strata committee must be elected at each annual general meeting of the owners corporation.

But if you do need to elect a new strata committee outside of an annual general meeting, the section confirms that you can do that as well. That may be necessary. For example, where all positions of the committee are vacated, everyone's been kicked off the committee. That's possible in New South Wales. Pass an ordinary resolution and you can vacate positions one, some or all on the strata committee. If you then need to elect another committee in between annual general meetings, you can do that at a general meeting convened for that purpose.

Something important to bear in mind when we're thinking about the number of strata committee members is the quorum for strata committee meetings, and this was raised in some of the answers to my Facebook survey. A motion can't be considered at a strata committee meeting unless there is a quorum present to consider and vote on that motion. Begs the question, how do we calculate a quorum? If you have a strata committee with one member, then if that member is present, you have a quorum.

If you have more than one member, then the quorum is one-half of the elected strata committee. So if at the AGM, you have elected 8 members to the strata committee, then your quorum is going to be 4. Something really important to remember is that that quorum number, that quorum calculation, remains the same even if you've had committee members resign and they haven't been replaced. So if you've started with 8 members at the annual general meeting, you know that your quorum is half of that, it's 4, and you've since had two members resign from the committee, so you've only got 6 members. Your quorum is still 4.

And that can be hard to get four people to turn up to a strata committee meeting when you've only got 6 members in total. It's one of the reasons why committees are often concerned to fill vacant positions on a strata committee. All of this, if you want to check it out, is set out in Clause 12 of Schedule 2 to the Strata Schemes Management Act.

Schedule 2 being that part of our New South Wales legislation that has the procedures, including meeting procedures, for strata committees. That's where you'll see the words: "The quorum for meetings of a strata committee is to be calculated on the basis of the number of members last determined by the owners corporation for the committee."

Sounds a bit like legal speak. What it means is, if you've determined at the AGM there should be 8 members of the committee, your quorum is always going to be 4, regardless how many members of the committee are still standing months down the track.

So that could be, as some of our Facebook responders said, a reason to appoint a committee with as many people as possible, seven or nine. Anticipating that there may be some resignations down the track in order to achieve a quorum, it might be an idea to have more, rather than less, starting out on the committee.

Turning to those Facebook comments more generally, there was a little bit of a consensus on the ideal number of committee members, mainly based on the size of communities. Many people felt that a smaller community only needed 3 strata committee members. Larger communities, perhaps more than 50 lots. For example, you might be wanting to move up to that 7 or 9 members of the strata committee.

Certainly, this idea that quality over quantity is key came through really strongly, and I was pleased to see that there seems to be more and more recognition of the important role that a strata committee plays, and just how central these individuals are to the smooth running of a community.

So it may be better to have fewer effective members than more inactive, self-interested members. A Couple of quirky perhaps comments I'm going to say I'm not going to tell you who posted them, though. You can certainly head over to the public Facebook page: Your Strata Property. We are on Facebook if you want to check them out for yourself. Some people complaining about some elderly committee members. A 94-year-old treasurer was referred to as perhaps not quite being able to meet their duties.

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That may be that person's experience, but I do want to say that I have worked with, in my capacity as a lawyer, many older people who have chosen to serve on their strata committees, those who are retired, have time, have lots of experience managing. I'm thinking of one in particular managing a large portfolio of companies, very formal, very focused on compliance and governance. This particular person was yes, they were older, but they were running a tight ship.

So I appreciate others may have a different experience that hasn't been mine with elderly people. There was also a comment that all you need is 6 clued up owner-occupiers and one loaded shotgun that might solve some of your problems. Definitely, not something we're advocating for here.

Some common problems with strata committees highlighted in the comments, inactive or absentee members. That person who just doesn't turn up to any strata committee meetings, even though they enthusiastically put their hand up at the AGM indicating their willingness to help out. That can be frustrating, especially if you're a small committee. You're a committee of 3, for example, and that one person is just never around.

Yes, you might be able to have a quorum for meetings, but what if those two people who are attending the meeting don't agree? You need that tiebreaker to be attending and voting. If they don't respond to emails, if they don't turn up to meetings, that can be very frustrating. Part of the reason why some communities I know choose to have higher numbers on their strata committees.

Power imbalances or manipulation by certain members, one or two individuals dominating decision-making that came up in the responses. This is where I think an experienced, confident, I'm going to say, strata manager plays a really important role in working with committees. You may have heard me say it before, I'll say it again. I strongly recommend that your strata manager attends your committee meetings, even if you have to pay them extra. It's an additional service, an additional fee under the contract for them to attend, and they charge you their hourly rate for doing so.

I think having that professional person present at meetings can really help to rein in these stronger personalities. These attempts, perhaps to manipulate others. The strata manager can chair the meeting if the committee wants to give them that permission and help keep everybody on track.

Make sure those quieter committee members, for example, are still having the opportunity to have their say on a particular issue, and they're not being run over by those larger personalities. That professional can also be there to answer questions about the law, about legal obligations. Remind committee members, yes, we do have to repair that area of the common property. We don't have a choice. We can't wait.

While I appreciate not all strata managers may have the confidence, experience or expertise to do that, I certainly believe that they should. And that is where communities can really see the value in their strata managers, and indeed, strata managers can be showing their value to their clients. Conflicts was something that was mentioned in the comments. I'm not going to get too deep into that. I have talked about conflicts of interest at strata committee level and the need to disclose financial interests that may give rise to conflicts of interest in a past Facebook Live chat.

We'll pop the link to that one in the show notes for this episode. Some committee members don't recognise their conflicts of interest, fail to make those disclosures, participate in decision-making that they shouldn't be participating in. For some people who were responding to this survey, they were telling me, that's a reason why we don't want to have too many people on our committee. Some people told me, I just like having one on the committee and that's me.

I know what I'm doing. I'm having to make all the decisions. That is certainly legal in New South Wales. It's something that I'd be concerned about if that was me if I was the bunny in the hot seat responsible for committee decision-making. Even though I am experienced and I do know the law, and I'd like to think I'd be making decisions in accordance with the law, I think you really do expose yourself to criticism.

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Should something go wrong, it's all going to come back to you. You were the one who made that decision from a personal perspective as well. I'd like to have people to consult with to get their ideas, to get their views. Maybe I see things a certain way because I'm an investor-owner, for example. Nothing. An owner-occupier. Everyone comes from a different perspective and you don't know what you don't know.

I didn't actually see that come across too strongly in these responses on Facebook, but I do think it's an important point. Having a variety of opinions, a variety of people who've had different life experiences, those who may be living in the building, those who are not, those who may be professionals, have some experience with the law, perhaps, or accounting or architecture or engineering.

Others who may be more trade-based would be incredibly helpful. Project managers, teachers, psychologists, we can all understand how valuable that mix of skills will be, and definitely different genders, different age demographics, different walks of life. That diversity of representation on our committees, I think, is incredibly important for people who are representing, in turn, what is probably going to be a diverse community.

That's something that I'd love to see our strata community start thinking a little bit more about, too, in terms of what makes strata committees effective. That did come out in these comments. Certainly active participation of committee members, some knowledge of strata law and regulations, transparency and open communication with other owners. Open communication with a strata manager that came through strongly.

Transparency is also something that I have spoken about before. You might want to check out Podcast Episode Number 406. 3 Steps to Radical Transparency for Strata Committees. That's one of those cuts from a live presentation that I delivered for a Sydney local council, a committee that balances its personal interests with the good of the community. Not even sure that it's a balance so much that needs to be considered here. Removing your personal interest, I think, is important for committee members.

However, we're not robots, we're not machines. Inevitably, we're going to have a view that is personal to us. Maybe a personal interest will creep in there. Being aware that that might happen and being accountable to others on the committee and recognising your accountability to others in the community is going to be important.

And finally, returning to some of those numbers again, the odd numbers were definitely coming out on top, 3 committee members for a smaller scheme, perhaps up to about 15 lots. Five committee members may be ideal for a medium-sized scheme, 16 to 50 lots, and 7 committee members for those in larger buildings. 9 committee members being the maximum in New South Wales seems to be rare.

I'm not sure if strata managers who are tuning in have that experience as well, but it's certainly a case of it depends. It depends who these committee members are, what types of challenges the community is facing, and how active and engaged these committee members are going to be. If you do want to read the answers to my question, what is the ideal number of strata committee members and why? Read them firsthand over on our Facebook page. Just head to Facebook and type Your Strata Property into the search bar. You'll find our public page there.

Every now and then I do put these questions out there, usually with the intention of drawing some conclusions, some summaries from the responses that you give me, and indeed preparing some educational material that might help fill in some gaps. Even if you're not on your strata committee or have no intention of serving on your strata committee, this kind of information can be really helpful for you when you're sitting there at your AGM, ready to vote, ready to make a decision on who it is that should be on your strata committee.

In New South Wales, you do have a say in what the number of strata committee members should be, first of all, and then, once that number is decided by the democratic process, who those strata committee members should be to fill those spots. So I encourage you to be thinking about all of the things that we've covered in today's episode when deciding the size and quality of your strata committee. That's it from me today. I look forward to catching you all next time. Bye for now.

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