

A Guide to Changing OC Manager



We're here to help

Changing Owners Corporation managers can feel like a daunting task. The reality is that most Owners Corporations rarely changes managers because of the perceived difficulty in doing so. Whilst the process of changing managers can take considerable time, depending on your contractual obligations, the process of firing a manager is well documented. Most of our new clients have gone through this process, so we have unintentionally become well equipped in helping clients through the termination and change-over process.

The purpose of this document is to give you a high-level overview of the various steps required to terminate a manager. An upfront disclaimer is that we are OC management professionals not lawyers, so this document should only be used as a high-level guide. There are indeed many circumstances that are more complex than we have not described in this document and it is often prudent that legal advice is sought for more complex termination cases.

Regardless, the key message is that we are here to help and guide you through the process, indeed we have a dedicated member of our team that focuses on helping new clients navigate the maze of changing managers.

Tim, Vivian, Rama & Achini

The Legal Stuff

- Your Contract of Appointment with your current manager will stipulate that you need to give at least 28 days' notice of your plan to terminate their contract. A contract is a legally binding document between two parties and can only be terminated in accordance with its terms or by mutual agreement of both parties. Should you not provide a notice to terminate the Contract of Appointment in sufficient time, it will automatically renew for a rolling 12 months at the expiration date. **You can terminate a manager before the contract of appointment expires, however this may require paying the part or all the existing contractual fees for the remainder of the contract term to the manager.** If the manager is in breach of their contractual obligations, you may be able to argue that no termination fees should be paid (*** disclaimer – the time, effort and costs associated with terminating a manager with an existing contract in place vary greatly and the decision comes down to how urgently the OC wants to change managers*)

The decision to terminate your manager's Contract of Appointment lies with the Owners Corporation by ordinary resolution and not by an individual or committee. An ordinary resolution requires at least 50% of all lot entitlements voting in favor. There are two options to pass a resolution to terminate a manager:

1. **An Annual General meeting (AGM) or Special General Meeting (SGM)** may be called by the chairperson by issuing notice to all members of the Owners Corporation at least 14 days before the meeting date, stating the motion to terminate the current manager's Contract of Appointment. Most Contracts of Appointment coincide with the date of the AGM, so action is required before attendance at the Annual General Meeting (AGM). An SGM may also be called by any lot owner whose lot entitlements total at least 25% of all lot entitlements. If AGM's and SGM's held by Owners Corporations fail to achieve a quorum (50% of owners) either physically attending or giving their proxy, any decision made to terminate the current manager will only be an interim decision and a period of 28 days must pass with not less than 25% of owners objecting to the decision for it to become final.
2. **Distribute a postal ballot with the proposed resolution allowing members to vote.** You need to allow all members 28 days to vote and return the ballot to the Chairperson or allocated member who has issued the notice.

LongView can assist in the preparation of the appropriate resolutions and postal ballot templates.

Key Dates – AGM/SGM

Know when your current Contract of Appointment with your manager expires so you can plan your own timeline for termination.

Timeline 1; No quorum achieved at AGM or SGM

Assuming that there's no quorum achieved and that 28 days will be required for the interim decision to become final.

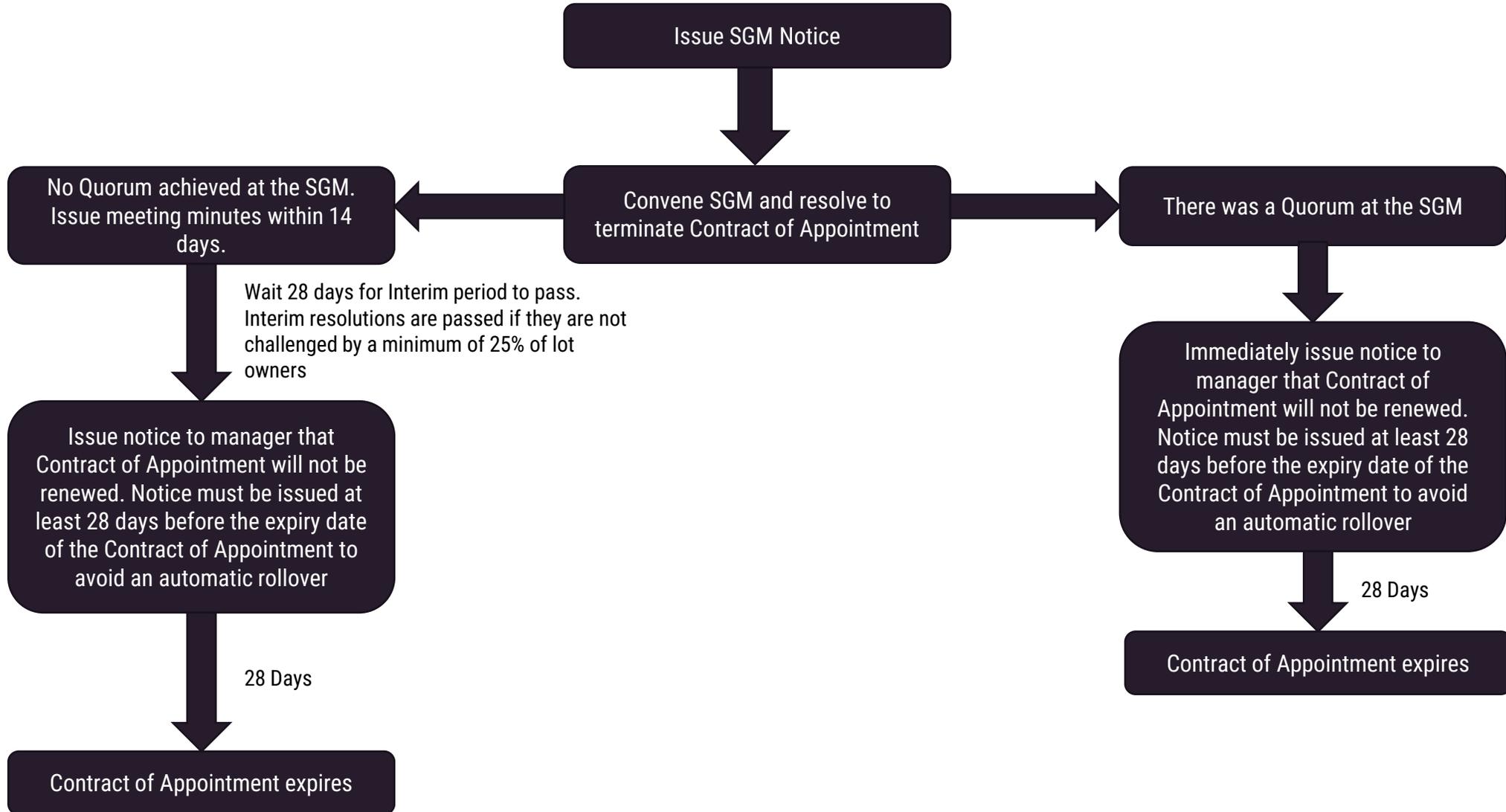
Day 1	Day 15	Prior to Day 29	Day 43	Day 44	Day 72
Issue Notice of SGM	SGM Date	Send Minutes of the SGM to all owners within 14 days of the meeting.	Unless 25% or more owners lodge an objection, interim decisions become final	Formal notification of intention not to renew the Contract of Appointment sent to current manager	Contract of Appointment terminates.

Timeline 2; Quorum achieved at AGM or SGM

Assuming that a quorum is achieved and that all decisions made at the AGM or SGM are final. Remember, a quorum can be achieved by having 50% or more of lot owners attend physically or by giving their proxy to another owner or a committee member. By having a quorum, you can save 28 days from the timeline;

Day 1	Day 15	Day 16	Day 44
Issue notice of SGM	SGM Date	Issue minutes of SGM to all members and issue formal notification to current manager of intention not to renew the Contract of Appointment.	Contract of Appointment terminates with current Manager.

Contract of Appointment Termination Chart



Key Dates – Postal Ballot

Know when your current Contract of Appointment with your manager expires so you can plan your own timeline for termination.

Timeline 1

Day 1	Day 28	Prior to Day 29	Day 56
Issue Postal Ballot	Final date votes can be returned	Send outcome of the decision to all owners	Contract of Appointment terminates.

Note that if more than 50% of votes in favour of the resolution are received before Day 28, notification of the resolution can be sent to the manager earlier, to expedite the process

FAQ's

What is a Contract of Appointment?

A contract of Appointment is a legally binding contract between the Owners Corporation and the Manager. The Contract of Appointment will include term of appointment, fees and services, delegations to the manager, duties and obligations of the manager, termination of manager's appointment, obligations of the Owners Corporation, disputes/complaints process and any other special conditions.

How do I find out when the Contract of Appointment expires?

If you do not have a copy of the current Contract of Appointment, ask your manager to provide you with a copy. The contract will include the term of appointment with a start date and an expiry date.

How do I evaluate an Owners Corporation manager's performance?

Is your Owners Corporation manager providing a proactive service delivery? Are they professional? Do they act on issues in a timely manner? Do they provide the level of care you expected? If the answers are yes and if your Owners Corporation manager is also SCA accredited, then you have likely found the right person for your scheme.

I'm not happy with our Owners Corporation manager. What do I do?

If you're not on the committee, you can voice your concerns at the Annual General Meeting or do so in writing to the Chairperson of the committee. However, your first step should be to talk to the Owners Corporation manager themselves to explain your concerns, which may arise out of a simple misunderstanding. If you're a member of the committee, you can also discuss the matter with your fellow members and establish a consensus regarding the performance of the Owners Corporation manager. You can also examine the terms of their Contract of Appointment. It may be that the committee agrees that there has been underperformance, and sets new performance benchmarks, or chooses not to renew the contract.

FAQ's

Can our committee decide to terminate our Owners Corporation manager?

Only the Owners Corporation may revoke the appointment of a manager. The committee can establish a consensus not to renew the Contract of Appointment, however the motion to terminate or not to renew the existing Contract of Appointment should be resolved by the Owners Corporation so all members have a vote on the matter. Therefore this motion should be resolved at an Annual General Meeting or a Special General Meeting.

Alternatively a postal ballot can be issued to all members of the Owners Corporation.

Does it require a majority vote to terminate our Owners Corporation manager?

An ordinary resolution is required by the Owners Corporation to terminate or not renew the existing Contract of Appointment. An ordinary resolution requires at least 50% of all lot entitlements voting in favour. If less than 50% of lots are represented at any meeting either in person or via proxy, the decision to terminate your manager becomes interim for 28 days. After 28 days if less than 25% of lot owners have objected to the decision, then the decision becomes final.

Can I contact our Owners Corporation manager directly?

Yes, you may, however, you need to understand that the Owners Corporation manager works for the Owners Corporation or strata scheme, and not for individual property owners or tenants. If you have an issue that you raise directly with the Owners Corporation manager, they are obliged to pass it on to the owners committee for review.

What's the difference between a Special General Meeting and an Annual General Meeting?

An Owners Corporation must convene an Annual General Meeting (AGM) if it receives or pays out money in any financial year. Various agenda items are resolved at the AGM by the Owners Corporation. Annual suggests that the AGM is held annually that is once a year.

A Special General Meeting (SGM) is a meeting of an Owners Corporation other than an annual general meeting.