



BCCM Factsheet | Termination

Changes to the legislation around termination of community titles schemes

The termination of a basic community titles scheme can now be achieved in three ways:

- by agreement
- by court order
- for economic reasons.

The ability to terminate based on economic grounds was introduced through 2023 amendments to the [Body Corporate and Community Management Act 1997](#) (BCCM Act), which subsequently commenced on 1 May 2024.

This factsheet only provides information on the economic reasons for termination.

Please see our [termination of basic community titles schemes](#) webpage for more information on the other ways a scheme can be terminated.

A basic community titles scheme is one that is not part of a layered arrangement.

Economic reasons for termination

A community titles scheme can only be terminated for economic reasons in the following circumstances:

Reason 1 - all the lots are used for a commercial purpose, and it is not economically viable for the scheme to continue **OR**

Reason 2 - within 5 years of a pre-termination report being given to lot owners, it is or will not be economically viable for the scheme to carry out repairs and maintenance to property or assets the body corporate must maintain.

Pre-termination report

To terminate a scheme for economic reasons, a body corporate must prepare a pre-termination report. The report must include different items depending on the reason selected for termination.

Reason 1 - If the reason for termination is because all the lots are used for a commercial purpose, and it is not economically viable for the scheme to continue, the pre-termination report must include:

- a market valuation of each lot
- a market valuation of the scheme land
- a document prepared by the body corporate that states:
 - the estimated value of each body corporate asset;
 - the nature and estimated value of each liability of the body corporate
- a report by an appropriately qualified person on whether the lots can be used for an economically viable purpose.

Reason 2 - If the reason for termination is because within 5 years of a pre-termination report being given, it is not or will not be economically viable for the scheme to carry out repairs and maintenance, the pre-termination report must include:

- a market valuation of each lot
- a market valuation of the scheme land
- a document prepared by the body corporate that states:
 - the estimated value of each body corporate asset;
 - the nature and estimated value of each liability of the body corporate
- a report by a structural engineer on the condition of any property or assets the body corporate must maintain in good or structurally sound condition
- a report by an appropriately qualified person about the works reasonably required to maintain, repair or, if necessary, replace the property or assets, considering the structural engineer's report
- a report by a quantity surveyor estimating the costs of works identified in the appropriately qualified person's report.

The body corporate must not appoint a person to prepare relevant reports if it knows or suspects the person has a conflict of interest in the preparation of the report.

The committee can make the decision to obtain the pre-termination report unless it is a restricted issue for the committee, or beyond spending limits that apply to the committee.

A copy of the pre-termination report must be given to owners at least 90 days before the general meeting where an economic reasons motion will be voted on.

Economic reasons resolution

Once a pre-termination report is obtained, the body corporate must pass a motion by [majority resolution](#) to decide there are economic reasons for termination (**economic reasons resolution**).

The motion must state the economic reasons for termination established by the pre-termination report.

Termination plan motion

The process then requires the body corporate to pass a motion by majority resolution to decide to prepare a termination plan (**termination plan resolution**) for the scheme.

A body corporate may consider both the economic reasons motion and the termination plan motion at the same general meeting.

Within 14 days of the termination plan motion passing, a notice (in the [approved form](#)) must be given to:

- the owner and registered mortgagee for each lot
- each person that has a lease or sublease in the scheme for 6 months or more
- the caretaking service contractor for the scheme
- the letting agent for the scheme.

Termination motion

If an economic reasons resolution and termination plan resolution are passed, the body corporate may then consider a motion to pass a **termination resolution**.

A termination resolution is a decision of the body corporate to implement the terms of a termination plan to terminate the scheme.

A copy of the termination plan must be given to all lot owners at least 120 days before the general meeting where a termination motion will be considered.

Motions proposing an alternative way to terminate the scheme may not be considered at the general meeting called to consider a motion for a termination resolution.

The following is important to note when considering a termination resolution motion:

- The motion will only pass where 75% or more of all owners vote in favour of the motion
- No proxies may be used for voting on the termination resolution motion
- Owners who owe a body corporate debt are entitled to vote on the termination resolution motion.

Within 2 weeks of a termination motion being considered, the body corporate must send a notice (in the [approved form](#)) that advises the outcome of the motion to:

- the owner and registered mortgagee of each lot
- each person that has a lease or sublease in the scheme for 6 months or more
- the caretaking service contractor for the scheme
- the letting agent for the scheme

If the outcome of the motion is that a termination resolution is passed, the notice must also be given to:

- Titles Queensland
- the relevant local government
- the proposed new owner of the scheme (if known)
- Minister for Economic Development Queensland (if applicable)

Appointment of facilitator

If the termination resolution is passed, the body corporate must appoint a facilitator to assist in carrying out the termination plan.

The agreement that appoints the facilitator must outline the terms and conditions of the facilitator's role.

If the facilitator will be performing a function of the body corporate or its committee, the appointment may only be made by [ordinary resolution](#) at a general meeting.

The body corporate must not appoint a facilitator if the body corporate is aware, or reasonably suspects, the facilitator has a conflict of interest.

A body corporate may consider both the termination resolution motion and facilitator appointment motion (if applicable) at the same general meeting.

Notices about settlement of sale

At least two months before the day the contract for the sale of the scheme settles, the facilitator must give a notice to all lessees stating:

- the day of settlement
- the day the lot owner must provide vacant possession of the lot

and

- that particular leases and agreements terminate on the day of settlement.

The notice must be given for a lease or agreement in order for it to terminate on the day of settlement.

Disputing termination decision made on economic grounds

It is possible to dispute decisions about the termination of a scheme for economic reasons if the body corporate has voted on a motion to make:

- an economic reasons resolution
- a termination resolution

Disputing an economic reasons motion

The outcome of a motion to make an economic reasons resolution can be disputed by an owner of a lot or the body corporate. However, the body corporate may only dispute the decision if the economic reason motion did not pass.

If the body corporate or a lot owner wants to dispute a decision to not pass the economic reasons resolution, they must lodge the dispute within 90 days (the objection period) of the economic reasons motion being voted on.

If a lot owner wants to dispute a decision to pass an economic reason resolution, they must lodge the dispute within 90 days of being given notice of a termination plan resolution ([BCCM Form 29](#)).

Disputes about economic reasons resolutions must be decided by a specialist adjudicator.

If an application for specialist adjudication is lodged, the body corporate cannot pass a motion for a termination resolution until the dispute is resolved.

Provided the dispute is not deemed by the specialist adjudicator to be frivolous or vexatious, the body corporate must pay the costs for the adjudication.

Disputing a termination motion

An application to the District Court disputing termination matters must be made within 90 days of the body corporate giving notice of the outcome of the termination motion ([BCCM Form 30](#)), unless the court exercises discretion to allow an application after that time.

An application can be made by

- the body corporate
- the owner of a lot
- the facilitator
- each person who has to a lease or sublease in the scheme for 6 months or more
- the caretaker service contractor for the scheme
- the letting agent for the scheme.

The body corporate may only apply for an order to:

- vary the termination plan or

Department of Justice and Attorney-General

- implement the termination plan if the termination motion did not pass.

A facilitator may only apply for an order seeking:

- that each lot be sold under the termination plan
- to require an occupier or lessee to vacate a lot or scheme land

or

- to terminate a lease of a lot or other scheme land.

A person who has a lease, the caretaking service contractor or the letting agent for the scheme may only apply for an order that the termination plan be varied.

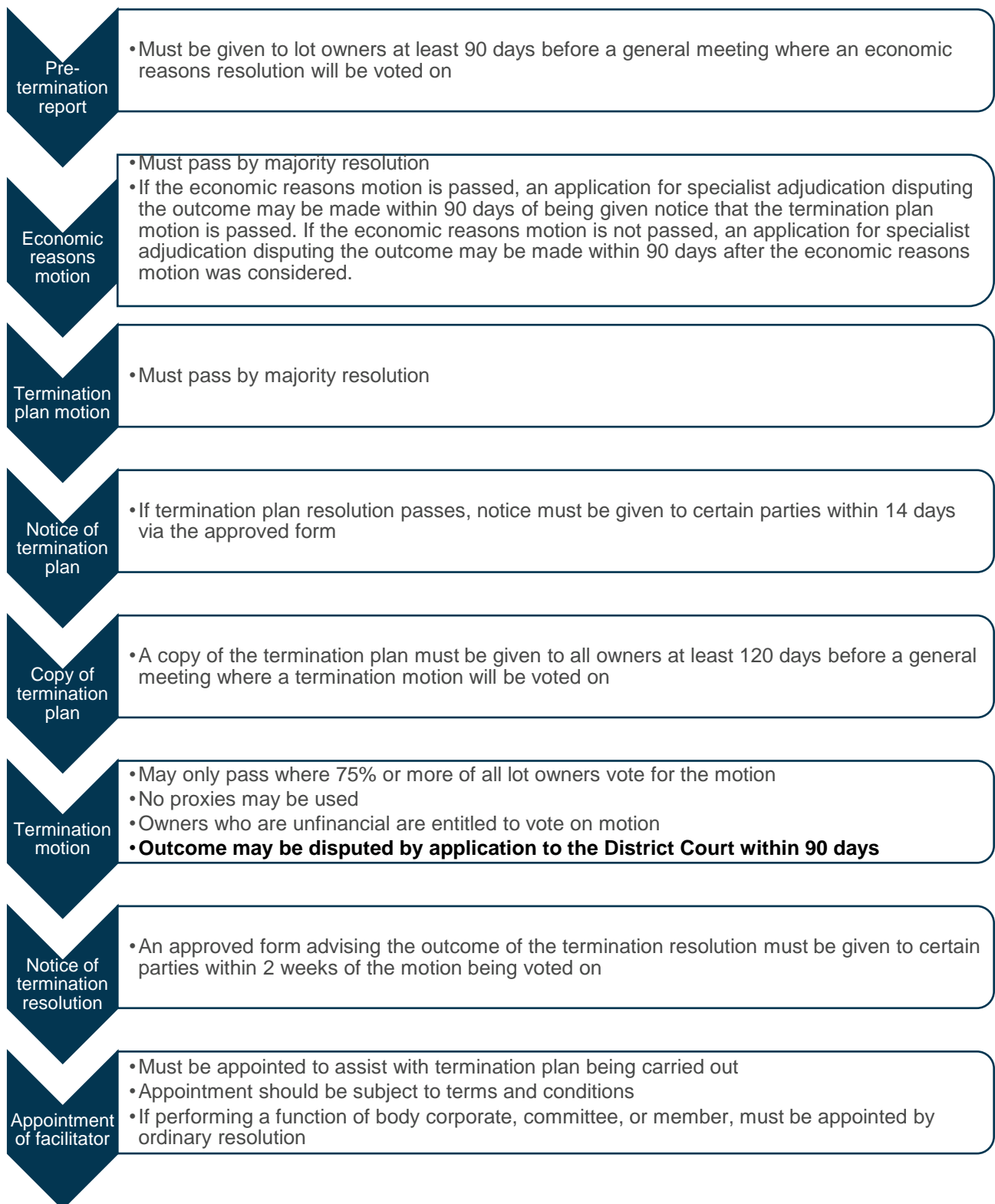
More Information

Our office provides general information on the BCCM Act and its regulation modules and can be contacted on 1800 060 119 for a callback.

For more information on animals in bodies corporate, please see our [Termination of basic community titles schemes](#) webpage.

You can subscribe to the [BCCM Common Ground e-newsletter](#) to stay up to date on the latest announcements.

Economic reasons flowchart



Office of the Commissioner for Body Corporate and Community Management

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