

BCCM Fact Sheet | 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 2 circumstances:

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

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 (an **economic reasons resolution**).

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

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

Termination plan resolution

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

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

Within 14 days of passing the termination plan resolution, the body corporate must give a notice in the [approved form](#) (BCCM form 29) 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 resolution

If an economic reasons resolution and termination plan resolution are passed, the body corporate may then consider a motion to implement the termination plan and terminate the scheme (a **termination resolution**).

A copy of the termination plan must be given to all lot owners at least 120 days before the general meeting where the motion to pass the termination motion will be considered. Motions proposing an alternative way to terminate the scheme may not be considered at this general meeting.





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

- the motion will only pass if 75% or more of all owners vote in favour of the motion
- votes cannot be exercised by proxy
- owners who owe a body corporate debt **are** entitled to vote on the termination resolution motion.

Within 2 weeks of the termination motion being considered, the body corporate must send a notice in the [approved form](#) (BCCM form 30) 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)
- the 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.

Disputing termination decisions 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 a lot owner wants to dispute a decision to pass an economic reasons resolution, they must lodge the dispute within 90 days of being given notice of a termination plan resolution ([BCCM form 29](#)).
- 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 of the economic reasons motion being voted on.

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





If an application for specialist adjudication is lodged, the body corporate cannot consider 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.

Limitations on orders sought when disputing a termination motion

A body corporate can apply for an order to:

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

A lot owner can apply for an order:

- if a termination resolution was passed:
 - that the resolution should not have passed
 - that the termination plan not be implemented
 - to vary the termination plan
- to implement the termination plan if the termination motion did not pass.

A facilitator can apply for an order to:

- terminate a lease of a lot or other scheme land (on or after the settlement date of the contract for the sale of the scheme)
- require an occupier or lessee to vacate the lot or other scheme land on a day stated in the application
- require that each lot be sold under the termination plan.

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

Further information

The Office of the Commissioner for Body Corporate and Community Management (BCCM office) provides information on the *Body Corporate and Community Management Act 1997* (BCCM Act). General information about most body corporate topics can be found on our website at www.qld.gov.au/bodycorporate, including information about [terminating a community titles scheme](#).

You can also contact our Information and Community Education Unit on 1800 060 119 or in writing at www.qld.gov.au/bodycorporatequestion.





Termination for economic reasons flowchart

