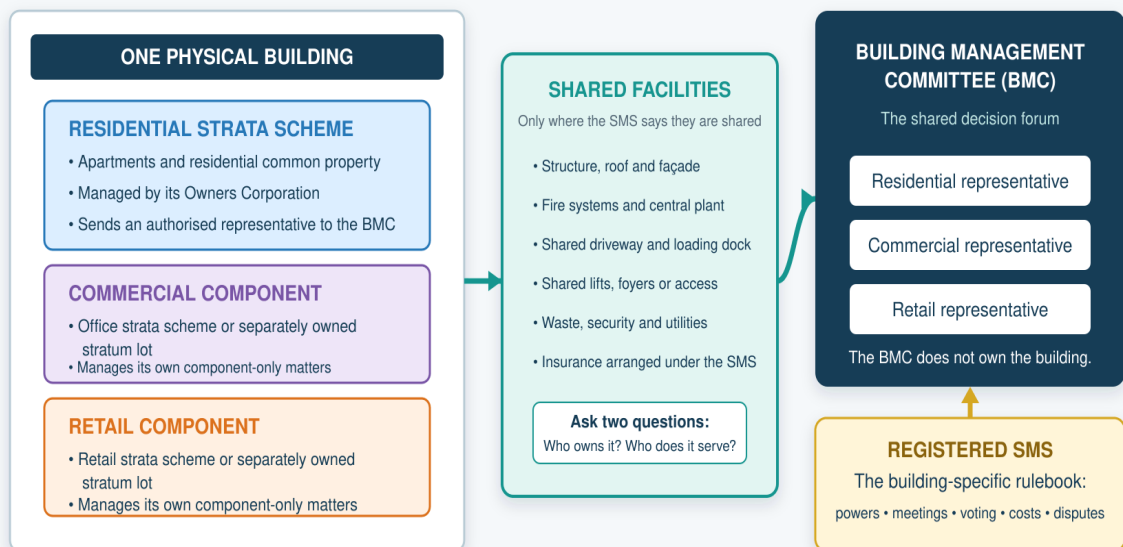


BUILDING MANAGEMENT COMMITTEES (BMCs)

BMC Basics Masterclass Handout - NSW BMCs made simple

A Typical NSW Mixed-Use BMC Setup

Illustrative part-strata example — always check the registered plan and Strata Management Statement (SMS)



THE EASY RULE

Component-only matter → that component manages it. Shared matter under the SMS → the BMC coordinates the decision.

Prepared by Silvestro Musumeci | Strata IQ Academy — Masterclass Series | July 2026

Training illustration — not a title or legal opinion

ONE SENTENCE TO REMEMBER

A BMC brings the owners of the separate parts together to decide the shared building matters listed in the registered Statement.

Prepared by Silvestro Musumeci | Strata IQ Academy

| NSW | August 2026

1. What is a BMC?

The practical answer before the legal detail

A Building Management Committee (BMC) is used when one building is split into separately owned parts, but those parts still share some facilities or services. The parts may be residential, commercial, retail, hotel, parking or another use.

BMC = THE DECISION-MAKING FORUM

The BMC is made up of the owners or Owners Corporations listed in the registered Statement. It decides only the shared matters the Statement gives to it.

Why does it exist?

- One building can contain several separately owned legal parts.
- Pipes, fire systems, lifts and accessways may cross those legal boundaries.
- The members need a clear way to make decisions about shared work, contracts, insurance and costs.
- The registered Statement explains meetings, voting, cost sharing, records and disputes.
- The BMC helps stop shared building matters from falling between the separate parts.

Two terms that are often confused

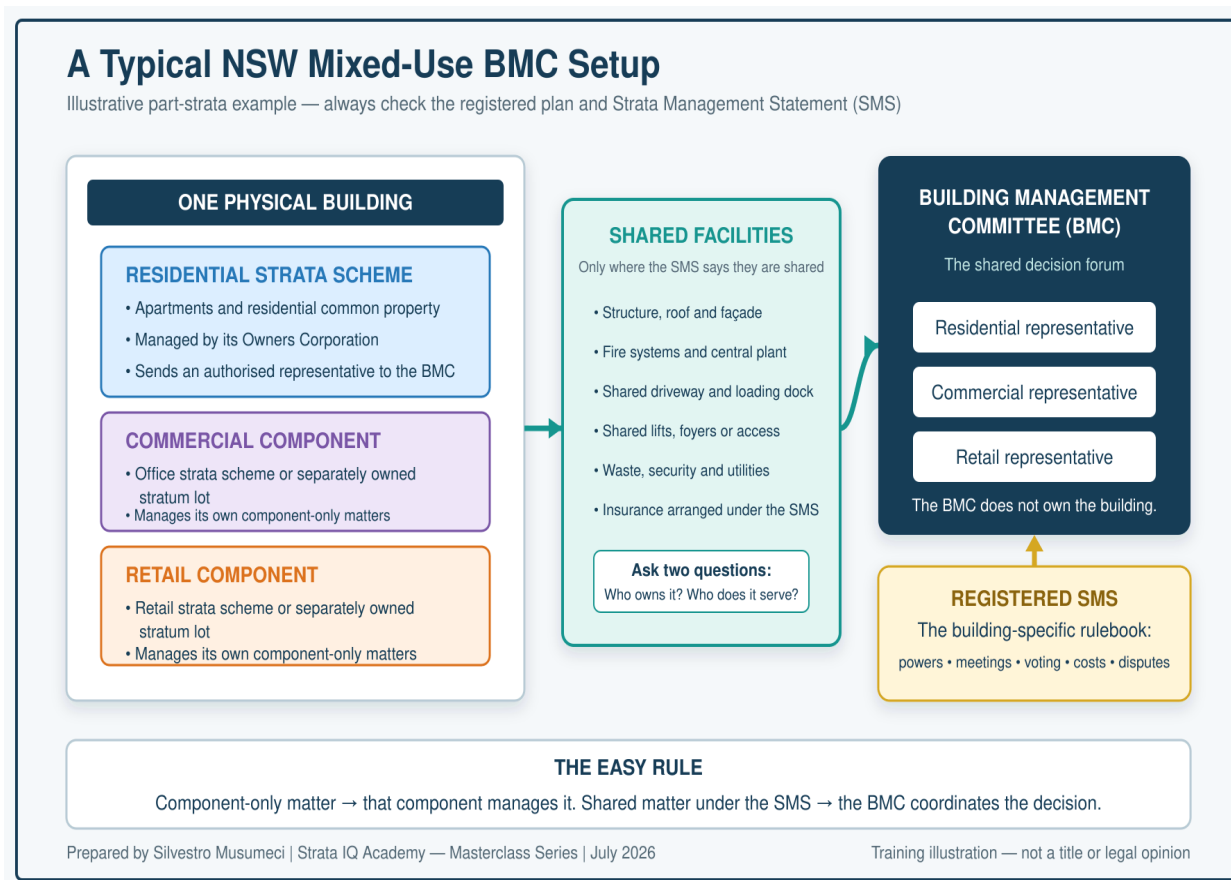
Term	Plain-English meaning
BMC - Building Management Committee	The members and their representatives who make decisions about the shared matters.
Registered Statement - usually SMS; sometimes BMS	The building-specific rulebook. It sets the BMC's powers, meetings, voting, shared costs and dispute process.
BMC manager / managing agent	A person or company engaged to administer approved decisions. The manager is not the BMC itself and only has the authority actually delegated.
Building manager / facilities manager	The operational service provider on site. This role is also separate from the BMC and from a strata managing agent.

IMPORTANT

For the common NSW part-strata setup, the rulebook is the Strata Management Statement (SMS). A Building Management Statement (BMS) is used for a stratum-lot structure under the Conveyancing Act. If a compliant BMS already exists when the first part-strata plan is registered, section 108 takes it to be the SMS. Always obtain the current registered document.

2. How the mixed-use structure fits together

Separate legal parts below; shared matters coordinated through the BMC



Who are the members?

- Each Owners Corporation that owns a part of the building and is listed as a member.
- Each owner of another part or stratum lot that is listed as a member.
- A company or Owners Corporation usually acts through an authorised representative.
- An apartment or shop owner normally acts through their Owners Corporation. They are not automatically a direct BMC member.

THE BOUNDARY TEST

Do not decide from location alone. Check the title and plans, the registered Statement and schedules, easements, contracts and the law.

3. Responsibility: component or shared?

A simple guide - the registered documents give the final answer

Matter	Often kept within one component	May be shared if the Statement says so
Residential areas	Residential lots, residential common property, resident-only amenities and local services.	A system that also serves another part of the building.
Commercial / retail areas	Tenancies, component common areas, exclusive plant and local fit-out obligations.	Plant, access or services used by more than one component.
Structure and envelope	The plan or Statement may allocate the item to one component.	Roof, façade, structure or waterproofing may be shared, but never assume.
Access and movement	Private corridor, exclusive lift or component-only entry.	Shared driveway, loading dock, ramp, fire stairs, foyers or lifts used by more than one component.
Essential services	Equipment serving only one component.	Fire systems, pumps, switchboards or central plant serving more than one component.
Waste and cleaning	Cleaning and waste within a component.	Shared bin rooms, loading/collection areas and building-wide contracts.
Security	Component access control and local CCTV.	Shared perimeter, loading dock, common entry, intercom backbone or central CCTV.
Insurance	Component-specific policies and risks, where required.	Damage and liability cover arranged as the registered Statement and law require.

A LOCATION IS NOT AN ANSWER

A pump inside retail may still be shared if it serves the whole building. A lift may be residential-only. Ask: who owns it, who uses it, what does it serve, and what does the Statement say?

Four documents to check first

- Current registered SMS or BMS, including every schedule and amendment.
- Deposited plan, strata plan and title searches.
- Registered easements, covenants and access rights.
- Current contracts, insurance schedules, compliance records and approved BMC minutes.

4. How a BMC runs

The registered Statement sets the building-specific rules

Area	What happens in practice	Key control
Membership	The owners or Owners Corporations listed in the Statement take part, usually through representatives.	Confirm each appointment and its authority.
Meetings	The BMC considers budgets, contracts, maintenance, compliance, insurance and shared risks.	Follow notice, quorum, voting and minute requirements in the Statement.
Voting	Votes are cast by the members under the voting rules in the Statement.	Do not assume votes follow strata unit entitlement or cost contribution percentages.
Budget	The BMC plans the shared expenses it is authorised to manage.	Use the correct facility allocation schedule for each expense.
Contributions	Each member funds its allocated share. An Owners Corporation must include its share in its own budget.	BMC costs should be visible in the relevant strata budget and financial records.
Contracts	The BMC may engage managers, contractors and consultants within its authority.	Confirm scope, delegation, procurement and signing authority.
Records	Agendas, minutes, contracts, invoices, certificates and correspondence are retained.	Maintain a clear audit trail for every decision and allocation.
Disputes	The Statement sets the complaint and dispute steps.	Use the contractual/statutory pathway before escalating.

Minimum default meeting rules

If the registered Statement does not change the default rules, the BMC must meet at least once a year, give at least 7 days' notice, have a majority of members for a quorum, and decide by a majority of members present and voting. Always check the actual Statement first.

PRACTICAL DISCIPLINE

Before a meeting or vote, check the members, representatives, notice, quorum, voting rule, delegations and exact motion.

5. Who represents a strata plan at the BMC?

The Owners Corporation is the member; the appointed person speaks and votes for it

ONE LINE TO REMEMBER | The individual representative does not personally own the BMC vote. They exercise the Owners Corporation's vote for BMC purposes.

How is the representative chosen?

Step	What happens	Plain-English control
1	A motion is placed before the Owners Corporation.	This is normally dealt with at an AGM or EGM.
2	The Owners Corporation appoints or selects the representative under a special resolution or a by-law.	Do not treat an informal email or the strata manager's preference as the appointment.
3	The appointment, term and any substitute arrangements are recorded.	Keep the resolution, by-law and notice of appointment on file.
4	The representative attends the BMC meeting and casts the Owners Corporation's vote.	Check the SMS, the meeting notice and any directions from the Owners Corporation.

How does the representative vote?

- The current registered SMS gives the building-specific voting rules.
- Do not assume the vote follows strata unit entitlement or the percentage paid toward an expense.
- If the Owners Corporation has formally directed how to vote, the representative should follow that direction.
- If no direction has been given, the representative must still act within the appointment, the SMS and the Owners Corporation's interests.

FILE CHECK | Before accepting a vote, confirm the representative's appointment, term, substitute authority, voting instructions and the SMS voting formula.

6. What does the BMC own and pay for?

The BMC coordinates shared matters; ownership stays with the legal owners

OWNERSHIP | A BMC is not a separate landowner. It does not automatically own the building, common property, plant or shared facilities.

Can the BMC have assets?

- Land and building parts remain owned by the relevant component owner or Owners Corporation.
- A lift, pump, fire panel or other item may be physically located in one component but managed as a shared facility under the registered Statement.
- The BMC may coordinate shared money, contracts and equipment as authorised, but it is not a separate owner. The legal owner of any purchased asset must be clearly recorded.
- Never record 'the BMC owns it' unless the registered documents and legal structure clearly support that conclusion.

Common shared expenses - examples only

Expense group	Common examples
Management and administration	BMC manager, on-site building manager, accounting, audit, meetings, legal and consultant costs.
Insurance	Whole-building damage policy and other cover required by law or the registered Statement. Section 162 uses a replacement-value proportion for the damage-policy premium.
Fire and life safety	AFSS coordination, detectors, sprinklers, hydrants, pumps, fire control room, smoke control and emergency systems.
Movement and access	Shared car park, driveway, ramps, boom gates, loading dock, lifts, escalators, fire stairs and access control.
Plant and services	Water, sewer, stormwater, sump and booster pumps, ventilation, cooling plant, switchboards, generators and shared metering.
Site operations	Security, CCTV, cleaning, waste, pest control, landscaping, shared utilities and compliance inspections.

IMPORTANT | This list does not make an item shared. The plans, titles, easements and current registered Statement decide what the BMC manages and which cost schedule applies.

7. Shared facilities and shared expenses

Do not guess what is shared

The Statement should list the shared facilities or services and explain how each cost is split. Different items may use different percentages because the parts of the building do not always use them equally. The original percentages are usually prepared before the registered Statement is recorded, while the initial owner or developer controls the component lots. Lawyers, surveyors, quantity surveyors, engineers or other consultants may help develop the schedules. The registered Statement must state the method used to divide the shared expenses.

Example facility	Residential	Commercial	Retail	Reason allocation may differ
Structure / facade	45%	35%	20%	Area, value, benefit or another stated formula
Fire systems	40%	35%	25%	Coverage, risk, floor area or system use
Loading dock	10%	30%	60%	Retail may use the facility more heavily
Residential lift	100%	0%	0%	Exclusive residential benefit
Central cooling plant	15%	60%	25%	Demand and operating hours

Illustrative percentages only - never use these figures for an actual building.

Current NSW cost-allocation principle

- The registered Statement must explain a fair way to split shared expenses and the method used to calculate the split.
- The cost split must be reviewed after a relevant change to a shared facility, service or its use.
- Even if nothing changes, a review must happen at least once every 5 years. A review does not by itself rewrite the registered percentages.
- A cost percentage is not automatically the same as ownership, voting power or strata unit entitlement.
- Allocate each invoice to the correct facility or cost centre before applying the relevant percentages.
- Whole-building damage insurance is different: where section 162 applies, the premium is paid in the proportion that each relevant part's replacement value bears to the replacement value of the whole building.

GOOD QUESTION TO ASK

"Which shared item is this bill for, and which cost schedule applies?" That question prevents many BMC accounting errors.

8. From issue to decision

Eight simple steps for the team

Step	Action	Evidence to retain
1. Identify	Describe the defect, service failure, compliance matter or proposed work.	Photos, report, incident details, contractor advice.
2. Map	Locate the affected asset and determine who it serves.	Plans, plant schedules, service diagrams, site advice.
3. Verify	Check ownership, shared-facility description and cost allocation.	Statement, titles, easements, schedules and legal advice if unclear.
4. Stabilise	For urgent safety or damage risk, take authorised interim action and notify relevant parties.	Emergency authority, work order, communications and file note.
5. Obtain options	Define scope, quotes, expert recommendations and budget impact.	Comparable quotes, consultant scope, funding position.
6. Decide	Put a clear motion to the correct decision-maker.	Agenda, disclosures, quorum, vote and resolution.
7. Deliver	Issue authorised instructions and coordinate access across components.	Signed contract/work order, access notices, program.
8. Close	Verify completion, allocate costs, update registers and report back.	Completion evidence, invoice allocation, minutes, warranties.

WHEN RESPONSIBILITY IS UNCLEAR

Do not delay urgent risk controls, but do not make a final cost or ownership admission prematurely. Record the interim basis, reserve the parties' positions, obtain the registered documents and seek specialist advice where required.

9. Common misunderstandings

What the team should watch for

Misunderstanding	Correct position
"The BMC owns the whole building."	No. The separate owners or Owners Corporations own the building parts. The BMC decides only the shared matters allocated to it.
"The strata manager can decide."	The manager can administer and act only within the Statement, contract and delegated authority. Material decisions belong to the correct governing body.
"It is in residential, so residential pays."	Location alone is not the answer. Check ownership, who the item serves and the registered cost allocation.
"One percentage applies to every cost."	Different shared items may use different cost percentages.
"BMC voting equals cost sharing."	Voting rights and contribution shares are separate concepts unless the Statement expressly links them.
"The Owners Corporation can approve a BMC matter by itself."	An Owners Corporation decides its own position and appoints its representative; the BMC makes the BMC decision under its own rules.
"The BMC replaces each Owners Corporation."	No. Each component continues to manage its own property, finances, meetings, by-laws and statutory obligations.
"Old allocations never change."	The cost split must be reviewed after relevant changes and at least every 5 years.

High-risk BMC topics

- Fire safety responsibility and whole-building certification coordination.
- Water ingress crossing component boundaries.
- Facade, roof, structural and waterproofing repairs.
- Insurance scope, declared values, claims and policy overlap.
- Plant replacement, energy use and metering.
- Access for urgent work and shutdowns affecting several components.
- Incorrect allocation of invoices or outdated contribution schedules.

10. Quick-reference checklist

Before you advise, instruct, allocate or vote

Check	Question
Document	Do we have the current registered Statement and all schedules/amendments?
Boundary	Which title, lot or common property owns the affected area or asset?
Service	Which components actually use or benefit from it?
Authority	Is this an OC matter, component-owner matter or BMC matter?
Representative	Is the person attending or instructing validly appointed?
Meeting	Were notice, agenda, quorum and voting requirements satisfied?
Delegation	Can the manager or office holder act, or is a resolution required?
Cost centre	Which shared facility schedule applies to the invoice?
Funding	Has the BMC contribution been budgeted and called correctly?
Compliance	Are fire safety, WHS, insurance or statutory deadlines affected?
Evidence	Are the report, quotes, decision, instructions and completion records on file?
Escalation	Does uncertainty require survey, engineering, insurance or legal advice?

THE TEAM'S CORE RULE

Read the registered Statement first. It is the building's rulebook. This guide helps us ask the right questions; the registered documents give the building-specific answer.

Escalation pathway

Confirm the facts → read the registered documents → obtain the correct BMC or component decision → seek survey, engineering, insurance or legal advice if needed → use the dispute process in the Statement or the correct legal pathway.

11. NSW legal foundation and sources

For further reading and document verification

Primary legislation

- [Strata Schemes Development Act 2015 \(NSW\) - Part 6 and Schedule 4](#)
- [Conveyancing Act 1919 \(NSW\) - Division 3B of Part 23 and Schedule 8A](#)
- [Strata Schemes Management Act 2015 \(NSW\)](#)

Official practical references

- [NSW Registrar General / Land Registry Services - Strata management statement guidance](#)
- [Registrar General fact sheet - Building Management Statements](#)
- NSW Land Registry Services - Approved Form 9 (SMS) and Approved Form 12 (BMS)

Key legislative points reflected in this guide

- A part-strata development generally requires a registered Strata Management Statement, subject to the Act.
- The Statement must set up the BMC, explain its functions, deal with disputes and notices, and provide a fair method for shared expenses and reviews.
- The Statement operates as a binding agreement under seal for the relevant parties.
- The legislation provides default meeting rules unless the Statement provides otherwise.
- A Building Management Statement has a similar framework under the Conveyancing Act. When the first part-strata plan is registered, a compliant BMS is taken to be the SMS under section 108 of the Strata Schemes Development Act 2015.
- An Owners Corporation may appoint or select its BMC representative under a special resolution or a by-law. The representative is taken to be the Owners Corporation for BMC purposes while the appointment remains current.
- The BMC is a coordinating committee, not a separate owner of the land or building. Ownership remains with the relevant component owner or Owners Corporation.

TRAINING NOTE

This guide explains general concepts and does not determine responsibility for a particular building. For any live matter, use the current registered documents and obtain professional advice where the position is unclear or material.

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