
Strata Living

Headline: Is it legal for council members to be paid?

Topics: Strata Council; remuneration

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Dear Tony: Our strata owners orchestrated a coup in February over the previous council who held control for the past 10 years. When owners discovered they refused to release any financial information and there were some irregular expenses, the owners finally voted in a new council. I was one of the people who was requesting documents, and since being elected to council I have been the target of vicious accusations and vandalism to my car. We had a difficult time obtaining the records of the strata, but the threat of a tribunal action was helpful. Our treasurer has identified that 4 council members were being paid \$100 a month but nothing has ever been disclosed or approved by our owners. For the past 5 years the amount has been paid from our legal/insurance budget item. Is it legal for council members to be paid?

Marni J

Dear Marni: There are 3 possible methods for the owners to approve remuneration of council. The key is the approval by the owners. Council members cannot agree to compensate each other or be compensated unless one of the 3 conditions has been met.

The first is the annual budget may include a line item for the remuneration/payment of council members. That could be a gross amount and council by majority vote could decide how that is administered or it could be very specific as to how much is paid and on what frequency.

The second condition is where the strata corporation adopts a bylaw that permits the remuneration of council and determines the amount, which would still have to be approved in the annual budget.

The third condition is where the strata passes a 3/4 vote to approve remuneration for a specific purpose. For example, the strata is undertaking a major project and want to designate a single council member to act as the coordinator, and the strata approves a specific amount in relation to the project.

If your strata corporation has not approved the remuneration of council then it is not permitted and the owners have a claim against those council members. Remuneration of council members may also be reportable and taxable income and the strata corporation should speak with a qualified accountant to determine if the strata tax returns have been filed correctly and whether the compensation amounts need to be reported.