

Condo Smarts

Headline: Paying Council
Topic: Strata Council
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Dear Condo Smarts: Our owners have a simple question. Is it legal to pay the strata council? Our strata council have basically hired each other to act as the resident caretaker, the janitor, the security person, the gardener and snow removal. The treasurer and president are also having half of their strata fees waived in lieu of the services they provide. We also have a management company who are just as frustrated as the owners. Our owners are very unhappy with the secrecy and person benefits so we are petitioning for a special general meeting to address this situation, but we're not sure how to approach this.

Jennifer C. North Vancouver

Dear Jennifer: Yes, strata councils may be compensated or remunerated for their roles as council members. No, council members cannot waive their strata fees or a portion of their fees. Remuneration of council must be approved by the owners of the corporation, prior to the compensation of council. The approval may be granted in one of three ways. A specific line item may be included in the annual budget, which should stipulate the amount of compensation, who is entitled to be compensated, and for what reasons. A vote passed by three quarters vote resolution at an annual or special general meeting, which may be for a specific project or purpose, and again should stipulate the reasons for compensation, total amount and how the amount is paid, and the third is through a procedural bylaw amendment. Bylaws are perhaps one of the best ways of compensating council. Many self managed strata corporations download the entire obligation of operations on the few council who volunteer each year, and a clearly structured payment schedule in the bylaws, subject to the amount being approved in the annual budget each year, removes confusion, and avoids placing the council in an awkward position. Don't forget compensation of council may require a CRA employee T-4 be provided by the strata corporation each year, and the council members will have an obligation to claim this revenue.

The other challenge that you raised is the council members hiring each other for contracting services of the corporation. To avoid a confrontation in your strata, it is ideal if the contract services are fully disclosed to the owners, prior to the employment. The amount being paid, who is being contracted, whether they are covered by insurance, WorkSafe conditions, who is responsible for their working environment, tools, supplies, safety, and most important, basic procedures on how a contractor may qualify for these jobs. There may be several owners, council members, or contractors who are well qualified for these jobs. Because your strata council have essentially awarded each other all of the contracts for services they have placed themselves in a number of conflicts. It might be helpful for the owners at the petitioned meeting to either give directions to council by majority vote or propose a bylaw that sets out standards and conditions for employment with the strata corporation. If council are unwilling to cooperate or relinquish control over this issue, the owners may have no choice but to remove and elect a new council. Many strata corporations have struggled with this issue, and the best solution is either a policy that prevents employment of council members, or a very clearly defined bylaw that sets the standards for employment, who may qualify, who they report to, and the monetary conditions. Remove the secrets and the mystery and you remove the problems.

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