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ARE EXPLANATORY NOTES REQUIRED?

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ARE EXPLANATORY NOTES REQUIRED?

Do explanatory notes need to be included in the agenda of a general meeting of an owners corporation? The answer might surprise you.

Since the commencement of the *Strata Schemes Management Act 2015* on 30 November 2016, a practice has arisen for explanatory notes to be included in an agenda of a general meeting of an owners corporation. The purpose of the explanatory notes is to provide a brief explanation of the purpose of each motion that appears on the meeting agenda. But are these explanatory notes necessary?

Any owner, or person entitled to vote at a general meeting, is able to request that a motion be included in the agenda of the next general meeting of an owners corporation. That request must include (among other things) the required motion and an explanation of the motion of not more than 300 words in length. The secretary of the owners corporation must give effect to the owner's request. This means that the motion requested by the owner must be included in the agenda of the next general meeting. It is not clear if the explanatory note provided by the owner must also be included in the meeting agenda, although it probably does.

However the position is quite different where a motion is included in the agenda of a general meeting at the request of a strata committee, secretary or strata managing agent exercising a delegated function. In those circumstances, there is no requirement for the motion that appears in the agenda for the general meeting to be accompanied by an explanatory note.

So what has changed since the introduction of a *Strata Schemes Management Act 2015* that now sees explanatory notes included in general meeting agendas? The answer is very little apart from the requirement for an owner, or person entitled to vote, who submits a motion to also provide an explanatory note. This means that in most cases there is no requirement for a meeting agenda to include explanatory notes. Nevertheless, the inclusion of well-drafted explanatory notes can prove helpful to aid an understanding of the purpose of motions that are considered at general meetings. Therefore the practice of including concise, well-written explanatory notes in meeting agendas should be commended.

About JS Mueller & Co

JS Mueller & Co has been servicing the strata industry across metropolitan and regional NSW for over 30 years. We are a specialist firm of strata lawyers with in depth and unmatched experience in, and comprehensive knowledge of strata law and levy collection.



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