What you're actually paying for, in language that doesn't require a law degree.

Where Your Levies Go

General guidance, not a rulebook - every building's circumstances differ, so take what's useful and leave the rest.

The short version

Levies aren't a bill from 'the body corporate' — they're your share of running a building you co-own. Every dollar is set by the owners themselves at a general meeting, based on a budget anyone can read. There is no mysterious third party profiting; there's a bank account with your building's name on it.

The two buckets

Strata money everywhere in Australia splits into two buckets, whatever your state calls them.

Bucket	Pays for	Think of it as
Day-to-day fund (administrative fund / general fees)	Insurance, cleaning, gardening, electricity for common areas, strata management fees, minor repairs, fire servicing, audit and admin	The building's household budget
Long-term fund (sinking fund / capital works fund / maintenance or reserve fund)	Painting, roof replacement, lift overhaul, repaving, waterproofing — the big, rare, expensive items	The building's savings account

The name changes by state. NSW calls it the capital works fund (renamed from 'sinking fund' in 2016). Queensland and most other states still say sinking fund. Victoria calls it the maintenance fund. Same job, different label — don't let the terminology confuse a comparison between two buildings.

> **Why the long-term fund matters most**
>
> *A healthy long-term fund is the difference between 'the painting is scheduled for 2028' and a five-figure special levy landing in your letterbox. When you buy into a building, its fund balance tells you more about the next ten years of your costs than the levy amount does. Low levies with an empty fund isn't cheap — it's deferred.*

How the number gets set

1. **A budget is drafted** — usually by the treasurer and strata manager — covering known costs plus the long-term fund forecast.
2. **Owners vote on it at the AGM.** Not the committee alone. All owners present and voting.
3. **The total is split between lots** according to the entitlements in your scheme's registered plan (bigger lots generally pay more).
4. **You're invoiced** in instalments across the year, usually quarterly.

Why levies go up

The honest answer: insurance premiums, contractor rates, compliance requirements and utilities all rise, and buildings age. A levy increase approved with a clear budget is usually a committee doing its job — funding tomorrow honestly — not a committee failing at it.

- Insurance premiums rising, often the single biggest driver in recent years
- Deferred maintenance catching up all at once
- A long-term fund forecast being updated to reflect real costs rather than optimistic ones
- Utility and contractor cost inflation
- A scheme simply having under-budgeted in prior years

The increase to worry about is the one that arrives suddenly after years of artificially flat levies.

What a special levy is (and isn't)

A special levy is a one-off charge outside the normal budget, usually for an unbudgeted or urgent major cost. It isn't a penalty and it isn't evidence of mismanagement on its own — but a building that needs them repeatedly is telling you its long-term fund is too thin. That's the conversation worth having, and the AGM is where to have it.

If you're struggling to pay

Talk to the strata manager early — before the due date, not after the third reminder. Payment plans are commonly available, and committees would nearly always rather arrange one than start a recovery process, which adds costs to your debt and stress to everyone. Unpaid levies don't punish 'the body corporate'; they're carried by your neighbours until recovered.

Questions worth asking at your next AGM

Task	Who's doing this	By when
☐ When was the long-term fund forecast last updated?		
☐ What's the current balance versus the forecast requirement over the next 10 years?		
☐ Are there any known major works on the horizon not yet budgeted?		
☐ How does our insurance premium compare to last year, and why?		
☐ What did we spend against budget last year, line by line?		

Your building's numbers

Fill this in from your own budget and keep it somewhere you'll find it next year.

Item	Details
Day-to-day fund — annual budget	
Long-term fund — annual contribution	

Item	Details
Long-term fund — current balance	
Forecast requirement over 10 years	
Your lot's entitlement / share	
Insurance premium this year (and last)	
Forecast last reviewed	

Sources: NSW Fair Trading and the Strata Schemes Management Act 2015, Queensland Government (BCCM Act and modules), Consumer Affairs Victoria and the Owners Corporations Act 2006, Landgate WA - current as at August 2026. Always confirm against your own scheme's registered by-laws or rules, as some schemes have variations.