Overdue Strata Levies: Who Can Approve Payment Plans?

Under the *Strata Schemes Management Act 2015* (NSW) (SSMA), an owners corporation and a lot owner can enter into a formal payment plan to pay off overdue strata contributions in manageable installments.

While lot owners have the right to request a payment plan, an owners corporation is not legally obligated to accept every proposal and may reasonably refuse a request. However, owners corporations must exercise caution: adopting a blanket policy of automatically refusing all payment plan requests is unreasonable and non-compliant with strata governance standards.

Under the *Strata Schemes Management Regulation 2016* (NSW) (SSMR), an owners corporation or strata committee must provide a formal written response within 28 days of receiving a completed payment plan request from an owner.

The Legal Gap: Who Has the Authority to Decide?

Importantly, neither the SSMA nor the SSMR explicitly specifies who within the scheme's governance structure must make the decision to approve or refuse a proposed payment plan.

There is no statutory requirement that payment plans can only be determined by the owners corporation at a general meeting, nor is there a requirement restricting the decision strictly to a strata committee meeting. Equally, the legislation contains no prohibition against delegating this decision-making authority to a strata managing agent.

Because the legislation remains silent on a single designated decision-maker, authority typically falls to one of three entities.

1. The Owners Corporation at a General Meeting

The owners corporation holds ultimate decision-making power for the scheme. It can vote to approve or refuse a lot owner's payment plan proposal by ordinary resolution at an Annual General Meeting (AGM) or Extraordinary General Meeting (EGM).

2. The Strata Committee

The strata committee is empowered to exercise the functions of the owners corporation, provided those decisions do not run counter to a decision of the owners corporation or involve matters restricted by law or by a resolution of the scheme. Unless the owners corporation has specifically restricted the committee's power regarding financial recovery, the strata committee can formally vote on and decide a payment plan request.

3. The Strata Managing Agent

A strata managing agent can approve or refuse a payment plan if the relevant authority has been expressly delegated to them through their agency agreement or a resolution of the owners corporation or strata committee. So long as that delegated authority remains active and has not been limited or revoked the agent can legally act on behalf of the scheme to resolve levy payment plan requests.

Determining Your Scheme's Decision-

Making Authority

Whether a strata managing agent, strata committee, or owners corporation holds the legal standing to sign off on a payment plan depends entirely on the specific governance arrangements, agency contracts, and delegated authority instruments of that particular scheme.

Failing to follow correct delegation rules or missing the statutory 28-day response window can complicate levy recovery actions and expose schemes to unnecessary disputes at the Civil and Administrative Tribunal (NCAT).

Need Expert Guidance on Strata Levy Recovery and Compliance

Recovering overdue levies requires a balanced approach: protecting your scheme’s finances while remaining strictly compliant with statutory frameworks.

Our specialist team provides plain-English legal support for owners corporations and strata managers. We assist with:

- **Levy Recovery Service:** Full end-to-end management so you can focus on running your scheme.
- **Delegated Authority:** Clear policies and frameworks for managing payment plans.
- **Governance Reviews:** Ensuring your processes align with NSW strata legislation.

Levy Debt Recovery: Expert Advice or End-to-End Management

Need Expert Strata Law Advice?

Whether you are navigating a complex dispute or looking to protect your scheme, our specialist NSW and Sydney strata lawyers are here to help. We provide clear, practical advice on all aspects of strata law, including by-laws, strata disputes, building defects, and fast levy debt collections. Call our team on 02 9562 1266 or email us here today.