

When are Pecuniary Interest Disclosures Required?

Pecuniary Interest Disclosures – When are they Required?

When does a strata committee member need to disclose a pecuniary interest they have concerning a decision to be made by the committee?

The position is clear when a committee member has a direct pecuniary interest in a matter to be decided by the committee. A disclosure of that interest must be made by the committee member.

But what about indirect pecuniary interests? What are they and when do they need to be disclosed?

An example is where a committee member wishes to engage a company to carry out work for an owners corporation and his or her relative is a director or shareholder of that company. Is that an indirect pecuniary interest which must be disclosed?

The most likely answer is “yes”. This is because a committee member will have an indirect pecuniary interest if a person connected with them (such as a relative) has a direct interest in the matter to be decided by the committee.

What are the Grey Areas?

There are some grey areas. For example, can it be said that an indirect pecuniary interest arises when the committee member's relative is merely an employee of the company that will be engaged by the owners corporation? In those circumstances, does the relative (as an employee rather than director or shareholder of the company) stand to benefit from the company's appointment by the owners corporation?

The answer to that question is also most likely “yes” because the legislation simply requires the relative to have a “direct interest” (not necessarily a direct pecuniary interest) in the matter in order for the committee member to fall under an obligation to make a pecuniary interest disclosure.

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