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Administrative fund

A body corporate must have an administrative fund if it is registered under the Standard, Accommodation, Commercial or Small-Schemes modules.

Schemes registered under the Specified Two-lot Schemes Module do not need formal administrative budgets. They can, though, agree on certain body corporate expenses to ensure good financial planning.

Money paid into the fund

The body corporate must have a sinking fund (<https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/finance-insurance/funds/sinking>), as well as an administrative fund. Money cannot be transferred from one fund to the other. The regulation modules set out what money must be paid into and out of the sinking fund. Any other money must be paid into and out of the administrative fund.

Money that needs to be paid into the administrative fund includes:

- owners' contributions to the administrative fund
- interest from investing administrative fund money
- fees paid for inspection of records or copies of body corporate documents
- any amount received that is not required to be paid into the sinking fund.

Money spent from the fund

Money in the administrative fund can be spent on anything that is not required to be paid from the sinking fund, including:

- regular maintenance of the common property
- insurance charges
- administrative expenses—such as secretarial fees and postage.

Budgets

The body corporate must prepare an administrative fund budget (and a sinking fund budget) each financial year.

The administrative fund budget must estimate the necessary and reasonable expenditure for the financial year for:

- maintaining common property and body corporate assets
- insurance charges
- other costs incurred each year or more frequently (called recurrent expenditure, e.g. body corporate management fees, electricity, etc.).

The fund must set the amount to be raised by owner contributions to meet the expected costs.

See body corporate budgets (<https://www.qld.gov.au/law/housing-and-neighbours/body-corporate/finance-insurance/managing/body-corporate-budgets>) for more information.

Administrative fund investments

The body corporate may invest money from the fund if it's not needed immediately. This is similar to the way a trustee can invest funds.

See section 96(2)(b) of the Body Corporate and Community Management Act 1997 (<https://www.legislation.qld.gov.au/view/html/inforce/current/act-1997-028>) for more information.

It is up to the body corporate to decide how to manage and invest its funds.

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