

29 April 2016

The Director Regulation & Policy  
Dept of Justice & Regulations  
Consumer Affairs Victoria  
17/121 Exhibition Street  
**MELBOURNE VIC 3000**

**By Email:** [consumerpropertylawreview@justice.vic.gov.au](mailto:consumerpropertylawreview@justice.vic.gov.au)

Dear Director,

**Consumer Property Act Review  
Owners Corporations  
Sale of Apartment Buildings  
Part 5 of the Subdivision Act  
Question 60**

1. This submission is confined to units in **office and commercial buildings**. Whilst I support the passing of legislation which would enable a building to be sold in the event of a consensus of 75% of lot owners voting in favour of selling, I recognise that the arguments in relation to **residential** lot owners have the capacity to be a great deal more emotive.
2. Victoria is arriving very late to this debate. New South Wales managed to have a robust debate over four years and legislated a 75% regime in 2015. Other States are more advanced than Victoria along the pathway to implementing similar legislation. Just because we have arrived late does not mean we cannot catch up quickly. All of the arguments for and against have been put most recently in New South Wales, and the same arguments apply in Victoria. We do not need to reinvent the wheel. The second reading speeches in the New South Wales Parliament when the legislation was debated in October 2015, summarise the arguments neatly.
3. Strata schemes have a shelf life and ageing strata buildings require renewal. That is not a radical proposition.
4. There are many strata buildings in Victoria which are in poor condition or require major renovation. Many no doubt no longer meet the appropriate building standards. Water systems fail with monotonous regularity in older buildings causing damage to electricity cabling, the risk of fire and health and safety concerns. Old buildings reach a point where it is no longer economic to keep pouring money into them. I have had personal experience of numerous buildings in this situation.
5. A particularly stark example of a nightmare scenario in relation to a strata scheme, was the example given in one of the second reading speeches in New South Wales, of a Tamarama block of 65 lots in a prominent position on the headland, where concrete cancer was a major issue and the council had issued the building with a fire safety order that would cost \$9 million to comply with. In the absence of the 75% legislation the owners were *"forced to live in a substandard building, with ongoing*

*disputes and litigation over maintenance levies*" (speech of Mr Victor Dominello Hansard 14 October 2015).

6. Western Australia was last year discussing amendments which would require support from 95% of owners for a scheme older than 15 years but less than 20 years, 90% for a scheme older than 20 years but less than 30 years, and 80% for a scheme more than 30 years old. The older the scheme the less influence a minority should be able to exert.
7. I presently control a unit in a commercial office building in the Melbourne CBD in which the scheme is over 30 years old and one owner, representing about 5% of the units, is preventing and frustrating the will of the majority which has been strongly in favour of selling the building, for the past 2 years. Numerous building matters require attention, there is a reluctance to spend money in the circumstances and the building deteriorates. The situation can only get worse. In the meantime renewal projects are taking place all around the building.
8. I strongly support a reduction of the threshold for sale from the present 100%, to 75%, which is still a substantial majority. Whilst a staged scheme based on the age of the building has some logic to it, I do not favour that option as it is more difficult to police, and that inevitably means more bureaucracy would be involved in the implementation.

Yours sincerely



**Peter Nedovic**  
64 Clendon Road  
Toorak VIC 3142  
0409 766 096