

Review of Vic strata laws

Options Paper 3, April 2017

Estate Agents & Conveyancers

Submission

24 Apr 2017

About Strata Community Australia (Vic) Inc.

SCA (Vic) is the pre-eminent professional association of the owners corporation industry, and was formed in 1990 to provide a forum for improved standards and education in the industry. Supporting more than 80% of all owners corporation managers it is the only organisation solely focused upon representing this increasingly significant industry, and reaches and represents 600 owners corporation professionals who manage approximately 375,000 lots. It also represents industry suppliers and owners corporations, making it the voice of all with an interest in the management of owners corporations. Members benefit from representation, promotion, establishment of professional practice guidelines and ethical standards, and professional development through education seminars, conferences and regularly publishing bulletins on items of professional interest. SCA (Vic) is a Corporate Member of SCA, which represents practitioners throughout Australia. The national and all state and territory strata industry bodies around Australia have the same brand and names, and continue toward increasing national alignment, co-ordination, collaboration and integration. More information about the Associations is available at www.vic.stratacommunity.org.au and www.stratacommunity.org.au

About the owners corporation or strata title industry in Victoria

Changing lifestyle choices of Victorians and demographic shifts have led to rapid growth in higher density dwellings and the owners corporation industry. With 88,475 owners corporations and 747,336 lots in Victoria and about 1,500,000 Victorians or 1 in 4 people living in or affected by owners corporations, it represents the management of property worth \$300 billion. More than \$1 billion per year is collected and spent. They comprise residential properties ranging from 2 units in a suburban street to many hundreds of units in inner city apartment buildings. Owners corporations also encompass commercial, retail, lifestyle resorts, retirement villages, car parks, storage facilities, industrial and, increasingly, mixed developments comprising more than one form of development.

The prevalence and importance of the strata sector is increasing. In 2014, the Vic Government's Plan Melbourne strategy says we need an extra 1.6 million dwellings by 2051 and 66% of these would be apartments or townhouses. That is, 66% is to be strata and only 34% would be detached houses.

50% of all plans registered by Land Victoria in 2013-14 were strata ie owners corporations.

Owners corporation managers facilitate the management of:

- People in a community living environment
- Billions of dollars of other people's money on an on-going and not a single transaction basis
- Entire communities and their current and future assets and facilities

About the owners corporation or strata title industry in Australia

The industry continues to grow rapidly in Australia with around 270,000 owners corporations comprising 2,000,000 lots Australia wide. It represents the management of property worth \$1.2 trillion*. There are approximately 3,300 owners corporation managers in Australia; with 3.5 million people living or working in owners corporation schemes. Conservatively, it is estimated 20,000 Australians work in and derive their income from the strata title industry. Urban planning policies around Australia are targeting annual growth of more than 10% for the next 15-25 years, so the prevalence and importance of this sector is increasing.

*In comparison, the total value of Australian superannuation is \$2t, and Australian listed stocks is \$1.7t.

Background

The then Minister for Consumer Affairs, Jane Garrett, announced at the CHU SCA (Vic) Symposium on 21 Aug 2015, a full review of the operation of the Owners Corporations Act 2006.

This is a post implementation review, about 8 years after it was completely changed, and will be a full public review.

Our full Policy Position document covers the SCA (Vic) position on all owners corporation matters. These policy positions proactively inform and assist this review with possible areas of improvement and research to support the suggestions.

There were 3 Issues Papers:

1. Issues Paper 1, Dec 2015: Conduct & institutional arrangements for estate agents, conveyancers & OC managers;
 - Note: this re-presents issues from a previous review whose outcomes were contained in the draft 2014 Bill regarding the review of the regulation of strata managers.
2. Issues Paper 2, Mar 2016: Owners Corporations [general]
3. Issues Paper 3, Apr 2016: Sale of land and business

The Options Paper is available on the CAV web site
consumer.vic.gov.au/consumerpropertylawreview

This submission should be read in conjunction with the Options Paper, as well as the SCA (Vic) submissions to Issues Paper 1.

Important note:

The positions recommended in this submission do not reiterate in full the same case again here. Refer back to our submissions to the Issues Paper.

Role of and objectives for the Estate Agents Council [EAC]

Option 34A – Retain the EAC, with amendments to refine its role and objectives

Option 34B – Abolish the EAC

Option 34C – Replace the EAC with a broader property industry advisory or reference group

SCA (Vic) strongly supports alternative Option 34C

Under this option, the EAC would be replaced with a broader property industry advisory (or reference) group, the purpose of which would be to provide the Minister with advice about the broader Victorian property sector, including issues relating to owners corporation managers.

This option acknowledges that, although there are sophisticated property industry stakeholders who are capable of advocating for their members' interests and who are often called upon by government for feedback on regulatory proposals, there may still be some need for the Minister to access advice from outside the public service about developments in the property services sector – including the owners corporation industry.

The group could comprise industry, consumer and legal representatives, as well as other representatives considered appropriate.

Victorian Property Fund [VPF]

SCA (Vic) strongly supports this stand-alone option

Option 35 – Modernise and clarify the basis for VPF claims and extend the purposes to which excess funds can be applied

Under this option, the Estate Agents Act would be amended to enable excess moneys in the VPF to be applied, through the grants program, to the education and training of owners corporation managers, on the basis that excess funds should be available to be applied for training that improves the broader property services industry and therefore promotes higher standards across the sector.