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Owners Corporations and Other Acts Amendment Bill Exposure Draft
Policy and Corporate Services
Consumer Affairs Victoria
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Melbourne VIC 3001

Via email cav.consultations@justice.vic.gov.au

Dear Sir/Madam,

RE: OWNERS CORPORATIONS AND OTHER ACTS AMENDMENT BILL EXPOSURE DRAFT

At the same time as welcoming the sweeping reforms proposed by this complex review, SCA (Vic) also recognises first-hand the direct impact that the legislative drafting will have on the successful implementation of these new laws; both through the effective and efficient processes carried out by professional strata managers as well as those living, owning or self-managing their Owners Corporations, to not only understand but also meet their obligations.

We therefore take this opportunity to draw several matters to the attention of CAV in a bid to avoid urgent attention being required after the Act commences or having to wait 2 years to be in a position to address currently foreseeable issues. Issues that may detrimentally impact the 1 in 4 Victorians living in owners corporations and those businesses supporting them.

SCA (Vic) draws your attention in particular to these pressing concerns:

1. Excessive compliance costs to businesses and significant financial burden on owners corporations to comply with the preparation of financial statements in accordance with Australian Accounting Standards.
2. Increased risk exposure to individual lot owners and their owners corporations, who may remain ignorant to the risks when not required to collectively insure.
3. Increased disputes as a result of the definition of ‘occupiable lots’ and unfair application of its use in determining quorums, proxies and powers of attorney that may be held.
4. Higher risk of non-compliance as a result of failure to comprehend the over complicated tier system.

5. Undervaluing the liability and professionalism of strata managers who manage $300 billion of owners corporation assets and are being implicated with the increased risk of safety and security of those living in owners corporations, yet not being required to have at least a minimal level of qualification before performing their duties. (Increased risks as being witnessed through the legislative failures to address building defects, combustible cladding and their resulting impact.)
6. Limiting the number of proxies for all tiers of owners corporations will significantly impede an owners corporation's ability to achieve a quorum, make decisions and unfairly limit the number of proxies that can be held by a single person This proposed limitation is a restriction on a person's fundamental right.

To assist CAV better understand the reasons behind these pressing concerns of SCA (Vic), we have provided further details below. As well as all other matters we wish CAV give consideration to before the introduction of these new laws.

Details identify the relevant clause within the Bill, against the relevant sections of the OC Act (as a heading) and address the issues of greater importance first. Details that follow are then listed in order of reference within the Bill and include missed opportunities to resolve problems with the application of the current OC Act and those intended to be addressed by this review. We welcome discussions with CAV on these critical issues.

1. Clause 16 of the Bill amending Section 34 of the OC Act – Financial Statements

Requiring annual financial statements to be prepared in accordance with the Australian Accounting Standards, will place significant and additional financial burdens on OC Management firms, and ultimately the lot owners within owners corporations themselves.

It is only fair that to be in a position to consider adopting guidelines, that it be after due consideration is given to known requirements. No such standard, guide appears to exist for review.

SCA (Vic) has previously provided its industry best practice guide to enable such discussions to take place. *See enclosed.*

Should CAV move to establish guidelines SCA (Vic) urges CAV to not only recognise the expertise of our Members who would be instrumental in adding value and relevance to such discussions, but also to ensure input into matters that will significantly impact the sector we represent, the professional guidance we support the sector with and standards established. Any move to adopt a standard should only be undertaken after in-depth consultation and in agreement with professional OC managers. To this extent should CAV set up a reference committee and/or approach the Accounting Standards Board to establish an Australian Accounting Standard for OC's, then SCA (Vic) should have a seat at that table.

This section introduced the obligation for tiers 1 & 2 to prepare their financial statements in accordance with Australian Accounting Standards [AAS].

These changes whilst also proposed within the Regulatory Impact Statement to the review of the 2007 OC Regulations, were to CAV's credit, not introduced within the OC Regulations 2018.

We reiterate our previously expressed concern together with CAV's response and own statement of reasons below:

> "CAV notes stakeholder concerns regarding the proposed introduction of the AAS as the prescribed standard for the preparation of annual financial statements. Whilst the objective of improving the financial management of owners corporations over time is important, CAV accepts that introduction of this measure with a short lead-in period is likely to impose additional compliance costs. As such, proposed regulation 7 has been removed.
>
> CAV will continue to consult with stakeholders to determine how best to improve the financial management of owners corporations."
>
> Reasoning presented by SCA (Vic) included highlighting the implications for professional managers to comply with the new financial management standards being introduced. It is understood the purpose of introducing these standards is simply to define the 'auditing' requirements and upon close review revealed the following.
>
> Requiring annual financial statements to be prepared in accordance with the Australian Accounting Standards, would place a significant financial burden on owners corporations**.**

This is because the majority of owners corporations do not currently have their financial statements prepared by a professional accountant, and would therefore not be familiar with the requirements of the AAS. Other stakeholders also argued that current industry practice for many owners corporations differs from that prescribed under the AAS, such as in relation to the treatment of capital items.

SCA (Vic) anticipates this reform will be disastrous. It will introduce significant complications and issues, without achieving the desired policy outcome of improved governance. The Bill appears to require non-accountants to comply with accounting standards. The full impact of such requirements is not fully known, although must be considered now to ensure it does not result in any burdensome and unintended consequences that outweigh any benefits to the OCs.

Currently there are no prescribed standards for owners corporations to meet. This status quo should remain unchanged, and that part of the proposed Clause 34(1) should delete the requirement that annual financial statements must be prepared in accordance with AAS.

The required changes will require accounting programs and software to be upgraded if at all they can be and/or new programs/software to be developed to meet this requirement, tested and then sold to the market by providers who are willing and have the funds to invest into its development.

The new requirements will also require additional qualified accounting staff to be employed by OC management firms, to manage the process.

As is the practice of any business, the price of services offered to the consumer will in turn have to allow for these added business expenses.

It is also stressed that whilst the changes only require tier 1 and 2 OCs to comply with producing financial statements to the AAS, ultimately the new software will be used to deliver a service to all OCs (i.e. including tier 3 and 4). This may impose unnecessary additional expenses on tier 3 and 4 OCs who choose to be managed professionally.

We reiterate that an OC is a very different creature to other types of entities such as companies, incorporated associations, etc. who are governed by the Corporations Act. For example:

> *Assets – treat as an expense*
> AAS requires assets purchased to be reported as Assets in the balance sheet and then depreciated over the life of the asset. Such a treatment is not appropriate for an owners corporation.

The OC must account to its members for its income and all expenditure, regardless of whether the expense is capital by nature, resulting in the level of funds remaining. If an OC pays $10,000 to purchase furniture and equipment for an on-site building manager, that money has gone and is no longer available to owners to spend.

An OC's accounting has traditionally expended the entire amount in the year of acquisition, but it is regularly queried by auditors. For this reason it has been included in the SCA (Vic) Accounting Practice Guideline that gives recommendations as to accounting treatment.

Namely -

All expenditure, even capital expenditure, is to be reported in the income and expenditure statement. Assets should not be depreciated over time but reported in the year of purchase.

The negative impacts resulting from the application of AAS to OCs cannot be overstated.

- **It will actually reduce owners' understanding of financials presented.**
- **It will significantly increase costs to owners going forward.**

The cost of an OC audit/review under the AAS regime will also increase significantly.

Another complication is capital expenditure on improvements. For example, an OC may add a security gate and fence to the property, using OC funds, or even a special levy. This is capital expenditure (building improvement). Should it be capitalised? The fence forms part of common property so belongs to all owners as tenants in common, it is not an asset of the OC, despite OC funds being applied. This would be a nightmare for auditors and inexperienced managers.

There is another reason why this change is not necessary. Maintenance plans/funds will now be required for tier 1 OCs and optional for tier 2, 3 and 4. Which provides OCs with a de-facto form of positive asset depreciation by way of maintenance funds. For example, new carpet is installed throughout the building. A company or incorporated association would treat that as an asset and

depreciate it over the life of the carpet (say 10 years). An OC would have identified that the carpet will last 10 years so saves 1/10th of its cost each year and pays for new carpet as an expense in the maintenance fund.

SCA (Vic) strongly urges CAV to reconsider the introduction of this additional requirement; with current known disadvantages outweighing the benefits of any unclear audit process that may be performed.

If at all requirements are to be set, it could be similar to the way requirements are prescribed for owners corporations certificates (under s151 of the OC Act and within the OC Regulations). Basic elements could be established as a starting point and provide elements against which audits can be conducted. The SCA (Vic) industry Practice Guideline has been previously provided to assist a better understanding and to support determination of relevant prescriptive requirements.

The position of SCA (Vic) is consistent with the most recent submission of Kelly + Partners Chartered Accountants; as submitted to this Exposure Draft 10th May, 2019.

2. Clause 29 of the Bill amending Section 59 of the OC Act - Insurance

SCA (Vic) recommends that reinstatement and replacement insurance cover be a must for all OCs regardless of their tier. Mandatory cover should remain for all buildings **on common property** and/or **above or below common property a reserve or a lot**.

Currently, there are over 166,000 owners corporations in Victoria, registered in respect of over 72,000 plans of subdivision. Approximately three-quarters of Victorian owners corporations are small, with three lots or fewer.

Table 1: Size of owners corporations in Victoria

Number of lots in the owners corporations	Percentage of owners corporations in Victoria
0 – 3 lots	75.33%
4 – 9 lots	15.32%
10 – 49 lots	8.31%
50 – 99 lots	0.58%
100 or more lots	0.46%

Source: Consumer Property Acts Review Issues Paper No. 2 Owners corporations

Based on CAV's own stated data (above) the Government is proposing to change legislation so that 90.32% of all OC's currently registered in Victoria and all future 'tier 3 and 4' OCs won't be regulated to have to purchase mandatory collective, specialist strata tailored insurance.
The Government are proposing to allow the insurance buying to be optional and be left to the individual choice of each lot owner to decide what they want to do (apart from liability). No one has

been able to explain who has lobbied for this change, why it is deemed to be needed and how it is anyway helpful to the legally formed OC, its members and the wider community.

This recommendation:

Poses significant financial risk and increased exposure to individual lot owners and the OC, as personal insurance will likely not include cover for any of the following:

- Committee office bearers or people acting in the capacity of an office bearer, being sued
- Protection of OC funds held on behalf OC by a member(s) or a third party
- Protection for the OC having to defend legal disputes
- Physical common property, including machinery breakdown cover.

All of which are features of a tailored strata specialist collective insurance policy.

Should one or more lot owners choose not to arrange insurance for their lot and it suffers damage, all other people who own and or live in the strata will have to live with this damage potentially not being rectified due to that individual lot owner having no or insufficient funds to do so. This will have a detrimental impact on the 'liveability' qualities of the strata and likely reduce the asset value of all lots. This will be exacerbated by large scale damage such as that resulting from fire, storm, flooding etc.

It will increase the cost to the individual consumer if they have to buy individual insurance cover for their own lot. As it is usually cheaper for an OC to purchase a single collective specialist strata policy and each OC member to contribute to their share of the cost according to their lot's units of liability. The quality of the collective strata specialist cover available is more appropriate for the OC's entire needs (as dot pointed above).

It will also likely be considerably more expensive for an OC to purchase standalone liability cover for $20m than having this cover included as part of a "package" that is a tailored strata specialist collective insurance policy. Again, increasing cost to the consumer.

Specialist collective strata insurance policies don't have "average clauses" as a policy condition. A majority of personal building insurance policies do. An average clause reduces the amount of any claim if the policy holder has not insured their property for the correct value.

Definition of average clause From Longman Business Dictionary

"average **clause** a condition set by an insurer that a payment for damage or loss will be in proportion to the value insured. For **example**, if a building worth £100,000 but insured for £50,000 is totally destroyed, the insurers will only pay £25,000".

Currently having OC insurance is mandatory. As such it significantly reduces the likelihood of under or no insurance in the strata sector. This proposed regulatory change will likely see an increase in under and non-insurance in the Victorian property sector. Which in turn increases the likelihood of the State Government having to step in to provide financial tax payer funded support to OCs who have suffered damage in major events but don't have insurance, or adequate insurance, to cover the

rectification costs. (The 2009 Victorian Black Saturday bushfires destroyed over 2000 homes, with about 13% of all property losses not insured.)

The position being recommended by the Victorian Government within this Bill, is at odds with the insurance requirements for strata in a majority of strata legislative requirements of other states and territories.

The specialist strata insurance market has supported owners corporations who have and are being faced dealing with the consequences of having 'illegal' flammable cladding on their property and building orders issued because of this by local Councils or the Victorian Building Authority. To date there have not been any known issues of OCs being unable to obtain insurance.

It is also stressed should the Government enact changes that result in it not being mandatory for tier 3 and 4 OCs to buy collective insurance for full reinstatement and replacement cover, provisions should be provided within the legislation that they at least consider and by resolution resolve not to take out the cover collectively. This will ensure the OC and its lot owners are aware of the obligations and risks before making a decision; i.e. and don't simply have no or insufficient cover because they are unaware of the risks. Failing to raise the need for insurance cover for all tiers of OCs, is not in keeping with the intention of Bill as per its Explanatory Memorandum; being to clarify the obligation on owners corporations to take out insurance.

In the instance the majority and therefore the OC resolves not to take out collective cover, it is prudent that the OC be given the authority by the OC to provide insurance to individual owners who wish to benefit from a 'strata style package of cover'. Under the existing laws this is possible, however would require a special resolution to provide a service to the individual lot owners (s12). With regard to insurance it is proposed that this requirement be limited to an ordinary resolution only.

There are various factors that influence the price of a tailored strata specialist collective insurance policy. Two of these are:

1. Claims history
2. Lot usage

If a particular lot or lots have had claims paid for damage to their private property then they should pay for any increased premium applied because of these claims, rather than the entire OC paying.

If a lot or lots usage results in a higher insurance premium being applied, this increased premium should be payable by those specific lot(s) whose usage has increased the risk profile and in turn insurance premium price. Rather than the entire OC paying.

3. Clause 3 of the Bill amending Section 3 of the OC Act - Definitions

The definition of an 'occupiable lot' is confusing and by way of its application within the legislation, albeit unintentionally, would be devastating on the rights of lot owners who own commercial (being non-residential) lots within owners corporations; an example of such commercial lots would be lots used for retail or business purposes e.g. shops, restaurants, offices and/or factories,.

> ***occupiable lot*** does not include a car park, storage locker or ***a lot used for non-residential or commercial purposes***

Definitions of the terms 'commercial', 'residential', 'non-residential' and 'non-occupiable' are not included within the proposed Act and should be.

Reference to 'commercial' and 'non-residential' should be omitted from the definition of an 'occupiable lot'.

In accordance with the current definition of 'occupiable lots',

- Commercial/non-residential lots will not be counted to enable the correct categorisation of tiers within single mixed use OCs, i.e. an unlimited OC with both residential and commercial lots. Under the current definition the commercial lots within an OC would not count toward the categorisation of the tier, and would not warrant their own categorisation if they aren't a limited OC unto themselves. [s77]

- Non-occupiable lots will be omitted from calculation in a quorum at a meeting or for a ballot. Non-occupiable lots hold units of lot liability and entitlement and therefore have a right to be part of the decision making process (either equal to one vote per lot or by entitlement which is weighted to the significance of the lot in proportion to all lots upon registration of the plan of subdivision). Whilst the new laws don't take away the right of 'non-occupiable' lots to vote per se, the initial presence of their voting right at a meeting or in a ballot is not recognised or to be valued as it is not to be counted towards the ability to achieve a quorum. Already a difficult requirement for OCs to achieve. If these decisions makers are in the room and/or responding to a ballot why would the OC not recognise them and count them towards a quorum? [s89D]

- Non-occupiable lots will be omitted from the calculation of the right to hold proxies or power of attorney, even though at the time of the meeting or ballot these same lot owners have the right to appoint a proxy or power of attorney. [s89F]

There appears no apparent or beneficial reason why non-occupiable lots are excluded in these proposed sections of the OC Act.

Unfortunately also the Explanatory Memorandum doesn't appear to address why this new term 'occupiable' has been introduced, nor the intended outcome for its use. We reiterate that it seems illogical that a lot that has a title and a voting right is not taken into account when determining 50% of decision makers (i.e. lots) are present at a meeting or responding to a ballot to make valid decisions.

4. Clause 3 & 5 of the Bill substituting Sections 7 and 8 of the OC Act

SCA (Vic) believes that use of tiers within tiers to vary obligations within a level, will cause unnecessary confusion in the application of the legislative obligations. It is suggested that five tiers be incorporated to accommodate the prescriptive requirements from the start of this new regime.

Including the requirements to audit financial statements, review financial statements, exemption from requirement to audit financial statements, appointment and removal of manager, contract of appointment of manager, transitional and savings provisions. [Sections 35, 35A, 119, 119A, 207 respectively]

As SCA (Vic) has previously advised we recognise that one size does not fit all when trying to categorise owners corporations developments and their obligations. SCA (Vic) therefore welcomes the proposed introduction of tiers as an introductory step.

The provisions within the Bill also appear to miss the opportunity to clearly identify the application of tiers to multiple owners corporations; i.e. on the overall number of the unlimited development or relevant and applied to each limited owners corporations individually. For example if a development has multiple owners corporations within, is the unlimited OC say with 100 lots classified as a tier 1, and its limited OC with only 9 lots categorised as a tier 3? Or is the limited OC in these circumstances, obligated to comply with the requirements of its unlimited OC being tier 1?

5. Summary of reform proposals that accompany the draft Bill – Improvements to the quality of owners corporations managers and enhance protection for owners corporations

Whilst licencing may not be in the current sight of CAV we would be pleased to work alongside CAV to introduce at least a set of minimum qualifications and potentially self-regulate. Diploma level for the Director [or nominee] of the business and in time Certificate IV for practising Strata Managers.

With respect to professional management, SCA (Vic) looks forward to partnering with CAV to deliver training to uphold professional standards and practices within the industry. Quite possibly starting with the introduction of the new laws. We do however take the opportunity to express our disappointment and continued drive to implement minimum training qualifications to ensure strata managers are efficiently equipped with the knowledge of their ever-increasing liabilities and responsibilities as agents of their owners corporations.

We only have to look at the recent and future impending financial and physical disasters as a result of failing regulation in the building industry (i.e. flammable cladding & defects) and the impact that it is having and will continue to have on the safety and security of residents and owners in owners corporations. In this light it's important to recognise that whilst an owners corporation manager is not intended to have any relevant minimum qualification and/or training in the property industry these

obligations and responsibilities to manage such matters of dire consequence on the lives and livelihood of owners corporation lot owners is encroaching on the role of a strata manager and leaves vast exposures that only time may reveal.

SCA (Vic) therefore strongly encourages CAV to take a solid stand to ensure those managing these emerging and important issues within our sector are equipped to do so.

We also understand that the Australian Industry and Skills Committee recently endorsed a new CPP Property Services Training Package (package 8) which contains a new qualification called the Diploma of Property (Agency Management). CAV has also since confirmed the units of competency within this qualification are being reviewed and updated. Upon reference to the course descriptors it is evident that this Diploma is being developed to meet the Regulators requirements for the licensing purposes of both real estate and strata management businesses.

As such SCA (Vic) is also concerned with the unfair advantage this provides to real estate agencies who also offer strata management services; i.e. offering a higher standard in their marketing to the consumer and the protections offered to their clients within a licensing regime. This favours a significant minority of SCA (Vic) members who operate as both real estate agencies as well as strata management businesses, and a wider, more significant number of real estate companies (i.e. non SCA members), who offer strata management industry wide. We believe whilst this is confusing to the consumer, it also shows bias towards estate agents and may be perceived as anti-competitive.

Consideration should be given to Clause 71 of the Bill amending Section 179 of the OC Act Eligibility for registration and inclusion of minimum level qualifications.

We suggest as a starting point, CAV may wish to consider the WA *Strata Titles Amendment Act 2018* which imposes a comprehensive set of statutory duties on strata managers including to hold minimum education requirements as set out in the Regulations. The Regulations will list what qualifications a strata manager must have and the timeframe by which they must have obtained that qualification.

6. Restriction on number of lot owners on behalf of whom a proxy may vote on a resolution

Limitations on the right of a lot owner to appoint a proxy impedes a lot owners fundamental right. According to ss 72(f) & 76(2)(d) as it pertains to annual and special general meetings.

In the experience of the majority of SCA (Vic) professional strata manager members, managing 375,000 lots, the experience with proxy farming is minimal, in contrast to the significant and adverse impact the proposed legislation may have on decision making in owners corporations; particularly tier 3 owners corporations who represent 90.65% of OC developments in Victoria.

The well-known apathy of lot owners in many owners corporations results in non-attendance to general meetings. Those who are comfortable and trust their chairperson and/or strata manager may submit a proxy appointing either one of these people to cast votes on their behalf by proxy. If either of these nominated representatives receive more than the legislated number of proxies under the new regime, how does that person (chairperson/manager) determine which lot has the right to cast their vote and deem all other votes invalid.

The inability for lot owners to appoint a trusted chairperson or manager to represent their vote can and will be limiting both on its potential to achieve a quorum for a meeting, as well as to pass resolutions.

So despite the pure intentions of the legislative aim, restricting proxy farming may unintentionally become counterproductive.

The OC Act currently prohibits a person from requiring or demanding that a lot owner give another person a proxy or power of attorney for the purpose of voting at a meeting or in a ballot of the owners corporation. To avoid or minimise any harmful industry experience that CAV is trying to address, CAV may be better placed to investigate, and take action where proxies are being reported as being demanded to enforce penalties that may be imposed under these existing provisions of the OC Act.

Perversely, those that want to game the system will continue to do so even if proxy 'farming' is restricted. Instead, it would see the rise of the similarly natured proxy 'crop-sharing' – where the proxies are redistributed among their hand-picked crony committee members.

If CAV introduces any such limitations it may be more relevant to consider its application to the tier 1 OCs only and/or meetings at which the initial owner may still be a member of the OC. As stated proxy farming is not an issue significantly impacting the majority of OCs in Victoria and as such there is no material problem to solve. Restricting it would be a solution in search of a problem – in terms of unintended consequences.

A more efficient management process for absentee voting and deterring misrepresentation of a persons voting rights, may be to mandate the use of voting papers. In such instances the lot owner can simply complete, sign and return the voting paper to ensure their vote is counted towards the outcome they wish to achieve. The voting paper should include all known resolutions to be put to the meeting alongside a selection to vote for / against or abstain from the vote. Use of a voting paper will enable each lot owner to engage more directly and cast a meaningful vote. A voting paper will also reduce ambiguity of interpretation of a person's direction to vote (if acting as a proxy) and lead to better decision making and accountability of lot owners.

Legislation should also be updated to recognise on-line voting platforms which currently exist and are operational nation-wide. Such platforms allow real time recording of votes cast, will support voting papers as a recognised method of voting and will minimise expense to an OC.
SCA (Vic) recognises too that under the current legislation directed proxies are permissible. Although it is not understood why proxies, where and if directed, may not be valid to appoint a manager.

As previously referenced, in addition to what SCA (Vic) has identified as our priority issues (numbered 1-6 above), we also take the opportunity to draw the following concerns to CAV. Your consideration of the same will minimise confusion and inaccurate application of the provisions of the Bill when introduced.

Details that follow are listed in order of reference within the Bill and include missed opportunities to resolve problems with the application of the current OC Act and those intended to be addressed by this review. The heading identifies the relevant clause within the Bill, against the relevant sections of the OC Act.

Clause 3 of the Bill amending Section 3 of the OC Act - Definitions

Particular attention should also be given as to whether lot owners of such 'services only owners corporations' will be able to acquire insurance cover relevant to the respective risks, as individual lot owners. It is highly likely that the ability to not collectively insure, inadvertently causes the need for insurance cover to be overlooked, or as previously mentioned unobtainable by the individuals. In both instances increasing the risk consumers are exposed to.

To assist clarify and ensure the necessary compliance it is requested that definitions be included for the terms 'separate buildings' and 'singe dwellings'.

Further consideration should be given to the definition of tier 4 OCs and whether or not it captures the styles of OCs intended.

Also of concern is the introduction of yet another definition of the word 'services' as it applies to owners corporations and its potential to distortion in its application within section 54.

Clause 6 of the Bill substituting Section 10 - Execution of documents by owners corporations

Consider if use of the word 'body corporate' may cause unintended confusion within (3)(ii) of the above referenced section of the Bill. As per pre-existing terms [see section 21(3) of the OC Act] it may be more appropriate to use the word 'corporations' e.g. a statement that each lot owner is a lot owner or a director of a corporation that is a lot owner.

Please consider also the benefit (and assurance) for consumers that would come from clarifying under this same section, that individuals who sign on behalf of an OC [according to new Section 10(3)] are not personally liable when signing to execute decisions made in accordance with the OC Act powers, resolutions etc. This will reduce angst to lot owners when requests are made for any document to be signed on behalf of the OC. A subsequent consequence may be that disputes arise where documents are not adequately executed.

Note too section 21 of the existing OC Act, which is not being amended, includes reference to a section of the OC Act that is being repealed under the Bill; s151(4)(c) Owners corporations certificate.

Clause 7 of the Bill inserting new section 17A of the OC Act – Water on common property

Whilst the intent of this new section is welcomed the drafting may be of unintentional detriment to an OC. It appears to create an unwarranted and unacceptable liability on the OC. It legislates that an OC becomes liable for water that flows 'on the common property'. This is in contradiction with the provisions in Section 16 of the Water Act 1989. Consideration should be given to clarifying the purpose of this section within the wording used; i.e. to grant the right for an OC to harvest water by capturing water that falls, is located on or flows from the common property.

Clause 12 of the Bill inserting Section 23A of the OC Act - Owners corporations may levy fees in relation to insurance

To complete the intent of this section and enable an OC to levy fees in relation to insurance, authority should be given to an owners corporation to recover the cost of an increase in an insurance premium based on the assessed risk of any particular lot; i.e. where the use of a lot is designated for a purpose that increases the risk exposure to the OC development as a whole and subsequently increases the premium payable e.g. a tattoo parlour.

This is distinct to only having the authority to recover an increase in the premium after it is driven up by a particular and qualifying claim.

Concern is also raised with the drafting of this section, whereby the power to levy in accordance with lot entitlement contravenes the definition given to 'lot entitlement' within section 3 Definitions. Levies in Victoria to date have been paid according to lot liability. Levying by lot entitlement deviates from the schedule of lot liability and imposes a differential benefit test.

Clause 13(3) of the Bill substituting words in Section 24 (2A) of the OC Act – Extraordinary Fees

The Bill proposes that the word 'undertaken' be removed and substituted with 'carried out' within Section 24 and s49(1) of the OC Act. Query is raised if this change is to clarify the frequently addressed issue at VCAT as to the cost only being recoverable after the fact (i.e. the work having been completed). If yes, and the issue relates to the tense of the word; i.e. and/or to be carried out, or only after work is carried out, we confirm that the even with the substitution of this word as proposed, the contention remains.

Clause 14 of the Bill amending Section 28 of the OC Act - Liability of lot owners

Whilst the Bill now introduces an owners corporations authority to levy in ways other than by lot liability or the benefit principle, it appears that section 28 of the OC Act fails to capture the liability of the lot owner to pay to the owners corporation, any such fees levied according to newly introduced authorities of an OC.

That is at present, s28 does not appear to capture the owners corporations right to recover as a debt owed to it, any unpaid fees levied by lot entitlement with respect to insurance premiums [s23A], or recovery of costs associated with insurance excesses and qualified insurance claims [s23A], or with regard to particular use of a lot [s23(3A)].

Section 28 therefore requires correction to avoid these unintentional consequences.

Clause 19 of the Bill addressing Section 37 of the OC Act - What must a maintenance plan contain?

SCA (Vic) welcomes the intent of the Bill to require the highest tier OC to have a maintenance plan, and to the lesser extent the lower tiers to at least consider one. It should be noted however that the majority of Victorian OCs are between 3-9 lots and will fall into the lower tiered categories; therefore increasing the risk to all these owners who may choose not to contribute to a fund and face financial hardship at the time capital items of expenditure are required.

The OC Act would also benefit from inclusion of a section under Maintenance Plans to determine how often the plan must be reviewed/updated; i.e. a 10 year plan after the first year is no longer a plan for 10 years but nine. By interpretation this would require the plan to be updated annually, incurring annual fees. A fifteen year plan determined at the on-set provides for a 10 year plan up to five years into the plan so could be reviewed/updated every five years.

Clause 25 of the Bill amending Section 49(1) of the OC Act – Cost or repairs, maintenance or other works

As previously mentioned with reference to Clause 13(3) of the Bill, the Bill proposes that the word 'undertaken' be removed and substituted with 'carried out' within both Section 24 and S49(1) of the OC Act. The query is raised if this change is to clarify the frequently addressed issue at VCAT as to the cost only being recoverable after the fact (i.e. the work completed). The issue relates to the tense of the word; i.e. and/or to be carried out, or only after work is carried out. So even with substitution of this word, the contention remains.

Clause 28 of the Bill inserting new Division 5A of Part 3 - Disposal of goods abandoned on common property

SCA (Vic) raises queries regarding this new and welcomed introduced power for an OC to deal with abandoned goods

Of concern is that a limitation, possibly unintentionally, is imposed on OCs ability to remove abandoned goods; i.e. only those that 'block access'. An OC according to its ownership of common property and its powers and functions should and needs the ability to remove any goods abandoned anywhere on common property e.g. sometimes goods are left within stairwells that are used as emergency exits, foyers, basements etc. It should not only be those left in driveways.

We also seek clarification of the following questions to avoid incorrect application of the removal process, as well as to minimise recurring problems.

Such queries include:

- it is common place that the person/party abandoning goods in an OC is not known / is un-identifiable so to whom or how should notice be given? [s53B (2)]
- if an OC is only permitted to retain proceeds from the sale of abandoned goods that equal the expense incurred for their disposal, what must happen with any surplus funds received? [s53B(1)(e)]].
- Can costs recovered include cost to move and store the goods in a safe place, send notices etc. in addition to the cost to dispose of the goods?
- What is a 'safe place'? [s53C]

Clause 31 of the Bill inserting s61(3) of the OC Act - Insurance for lots in multi-level developments

SCA (Vic) seeks clarity and correction on proposed section 61(3) of the OC Act. The draft proposes that liability to insure a building within a limited owners corporation is the responsibility of the limited owners corporation. However, section 30 of the Subdivision Act 1988 provides that ownership of common property affected by a limited owners corporations, is vested in the lots affected by the relevant unlimited owners corporation as tenants in common in shares proportional to their lot entitlement.

If this section of the OC Act is not corrected it will leave owners within multiple owners corporations exposed to inadequate and/or non-existent insurance cover for all liable parties.

Clause 31 of the Bill inserting Section 61(4) of the OC Act – Insurance for multiple single dwellings

Section 61 identifies the requirements for 'insurance for lots in multi-level developments' and yet subsection (4) to be inserted by the Bill stipulates requirements for 'multiple single dwellings'. Which appear to be opposing types of developments.

On the understanding that headings form part of the section (in accordance with s36(1) of the Interpretation of /Legislation Act 1984) and therefore obligations imposed, reference to single dwellings under section 61 of the Bill is misplaced and requires correction.

Clause 33(2) of the Bill inserting Section 67(1)(k) - What documents must be provided at the first meeting?

To avoid unnecessary confusion SCA (Vic) suggests that an explanation be provided as to the type or particulars of the 'asset register' required; i.e. plant and equipment for building replacement (maintenance plan) purposes.

SCA (Vic) welcomes the stipulation of the additional documents that must be handed over at the first meeting of the OC. It will not only assist professional management of the OCs, but also equip an OC with data in a timely manner and avoid angst trying to obtain the details at a later time when issues arise.

CAV may also wish, in finalising subsection (2) of s67, to ascertain whether or not such warranties are capable of assignment. Legal advice provided to SCA (Vic) is that generally this is not possible, although welcomed.

Clause 33 of the Bill amending Section 68 of the OC Act - Obligations of initial owner

It may be an unintentional consequence of drafting that the initial owner is now only responsible to comply with their obligations under the OC Act whilst only holding the majority of lot entitlements [s68(3)].

With ordinary votes requiring only one vote per lot, it may also be necessary to ensure initial owners are also obligated to comply with relevant sections of the OC Act whilst they are the owner of 'majority of the lots' also; i.e. it should be either/or.

With respect to the obligations of the initial owner [substituted s68(5) of the OC Act], consideration should be given as to whether the existing drafting of an 'associate' captures the director of related companies if this is the intention

In this same section, there may be the opportunity to clarify the term 'initial owner', which as it stands may unintentionally capture the surveyor appointed by the developer; whom we understand can also apply (i.e. be the applicant) to register the plan of subdivision. It may be, for the purpose of this section and similar, that it is the registered proprietor of the land at the time of registration, that is the 'initial owner'.

Clarification is sought also to confirm if the 'initial owner' is intended to be something or someone other than the 'applicant for registration of the plan of subdivision'; references as used in ss 66, 67, 67A, 67B & 143D. It appears they may be one in the same, with the definition given to 'initial owner' in the proposed Bill [s 68] being identified as 'the person who was the applicant for registration of the plan of subdivision', although both the term 'initial owner' as well as its meaning without the term is referenced throughout the proposed Bill in varying locations.

We identify also that section 4A to be introduced should include the word 'nor' after subsection (a) not 'or' which would indicate the provision of (a) or (b) applies to the initial owner rather than both provisions (by way of restrictions) applying.

CAV could also consider applying penalties on developers (initial owners & applicant for registration of the plan of subdivision) for non-compliance with their obligations under the OC Act [ss 67, 68].

Clause 36 of the Bill amending Section 77 of the OC Act – Quorum for a general meeting

A quorum should also take into account non-occupiable lots.

There appears no apparent or beneficial reason why a non-occupiable lot should not be incorporated for the count towards a quorum.

If a vote is taken by one vote per lot, that same right to vote is given to the non-occupiable lot. The newly proposed definition of a quorum is merely complicating the process, i.e. to exclude non-occupiable lots in the count when determining a quorum (against the one vote per lot principle), or then to include them in the count when determining a quorum by calculating representation of attendance by lot entitlements.

Note in particular too the adverse impact when determining a quorum for a meeting of an OC that only has non-occupiable lots e.g. car parks or a commercial developments, with relevance also to SCA (Vic)'s concerns with the definition of 'occupiable lots' excluding commercial lots in commercial or mixed-use owners corporations.

37 Division 6 of Part 4 substituted

SCA (Vic) acknowledges and welcomes the introduction of section 89C(2); committee members only appointing other committee members to represent them by proxy at a committee meeting in their absence.

To support the efficient use of proxies, a prescribed proxy form should be created for the sole use of committee meetings. The existing form provides for attendance at a general meeting, special general meeting, a ballot and/or for a lot owner to appoint a proxy to a position on the committee. It does not currently support a lot owner in their position as an appointed committee member to appoint a proxy in their absence to a committee meeting.

Clause 38 of the Bill amending Section 85(2(a) of the OC Act – Notice of ballot

It may be an unintentional consequence of this amendment that ballots only ever be open for 14 days as opposed to 14 days being a minimum; i.e. there appears to be no authority granted to an owners corporation to extend a longer time period for return of a ballot.

'the closing date for the ballot, being – (i) 14 days after the date of the notice; '

SCA (Vic) also seeks clarity as to whether a ballot can be closed when majority of the ballots are returned and/or whether the ballot can only be closed after the full extent of the intended duration.

Clause 40 of the Bill inserting a new Section 88 of the OC Act – Voting on a resolution of the owners corporation by ballot

This section provides that a person may vote on a resolution of the OC by completing the ballot form and forwarding it to the secretary of the OC 'in accordance with the rules of the OC'. The model rules of an OC however (being the default rules of all OCs) are silent on what this process is, so how does an OC comply in the instance where no additional/special rules have been registered?

It may require that the legislation reference 'in accordance with this Act' being the OC Act or that the existing Model Rules be updated to include basic provisions for an OC to adhere to.

Clause 42 of the Bill inserting Section 97(1A) of the OC Act – Interim special resolutions

As stipulated in SCA (Vic)'s original position, additional types of resolutions are not believed to be necessary. SCA (Vic) continues to support no change to interim special resolutions.

In principle the proposed change appears to not achieve much more than the existing provisions. It appears only to reduce the current requirements to achieve an interim special resolution with no greater gain. The newly introduced section s97(1A) appears to suggest that whilst a quorum is still required, as long as all votes cast are in favour, and none object, an interim resolution would be achieved. Therefore being recognised as an unopposed interim special resolution. It appears that the difference to the requirements of s97(1) is that lots may simply abstain from voting and not impact the OCs decision. If this is not the intent, and this section remains, then drafting may need to be re-visited.

In particular s97(1) will also benefit from re-drafting to clarify the process to calculate an interim special resolution.

In accordance with section 96, voting towards a special resolution may be calculated by either 'lot entitlements of all the lots affected by the owners corporation' or 'votes for all the lots affected by the owners corporation'. Section 97(1) identifies that an interim special resolution may only be calculated by 'votes for all lots affected by the OC'. It is limited in the fact it does not provide for calculation of votes by 'lot entitlements' also.

Also of note is that this additional type of interim special resolution [s97(1A)] only applies to meetings and not to ballots. If this does not accurately reflect the intent of the Bill, then the wording requires amendment.

Clarification is also sought to determine what 'total votes' actually means within the first threshold for interim special resolutions; i.e. in its application in s97(1). Does it relate to the total number of potential votes according to the number of lots in the OC (which remains constant), or the 'total votes' according to who is financial and has a voting right at the time of the ballot or meeting? Keeping in mind for continued consistency that the latter stance impacts ordinary resolutions only, as non-financial lots are permitted to vote in both special and unanimous resolutions.

We also highlight to CAV that the Bill provides that s97(1A)(a) ends with the word 'and', and that the OC Act 2006 version incorporating amendments as at 1 February 2019, provides the end word to be 'or'. The incorrect word completely changes the intent and interpretation of this section.

Use of the word 'or' would intend this type of interim resolution to not require that a quorum be present and work towards achieving outcomes in inactive OCs as per the summary of reform proposals. Although would require additional provision for determination of votes in favour.

Use of the word 'and' as per the Bill purports to uphold the explanatory memorandum requiring a quorum to be present but the vote in favour to be unopposed.

Clause 43 of the Bill updating section 100 of the OC Act - Election of Committee

This section would benefit from clarification of the process for election to the committee; e.g. does it require a motion and votes for/against per nomination, proportionate representation, and/or preferential voting in an instance where more nominations are put forward then there are places on the committee.

Clause 48 of the Bill amending Section 119(D)(1) of the OC Act - Appointment and removal of manager

SCA (Vic) would welcome the option for OCs to enter into five year terms where a contract is being renewed; ensuring therefore that the OC, having been managed by the OC Manager for a term prior, is familiar with the service offered and is making an informed decision to re-appoint and gain the cost benefit.

A restriction on terms removes the power of an OC to negotiate a better fee for service for longer term contracts.

Clause 49 of the Bill introducing section 119A to the OC Act – Contract of appointment of manager

We urge CAV to re-consider this issue and permit automatic roll-over periods that extend at least until the next general meeting. For small businesses, who are the majority of strata management businesses in Victoria, a month-to-month contract can be severely detrimental to the business operating costs and the retainment of staff.

The current industry practice is to allow automatic renewal of a contract at least until the next general meeting, at which time the OC can make the decision to re-appoint the manager for a further term and enter a new contract. An automatic rollover that extends for at least a three-month period will provide adequate time for management of staff redundancy, while at the same time providing adequate time for the committee to prepare a proper tender and selection process. One month is just too short a period for business management.

SCA (Vic) continues to express strong concern that in essence, an OC has the ability to terminate a contract of appointment with only one month's notice where intention of renewal has not been given.

Clause 55 of the Bill inserting section 138B of the OC Act – Power to make rules regarding external alterations and other works affecting lot owners

The inability to withhold reasonable consent to the installation of sustainable initiatives is an honourable concept that SCA (Vic) welcomes. Consideration may need to be given however to the drafting of these new laws themselves. As in its current form it may not achieve its intent. Consider too that reference to 'on the exterior of lot' can vary in its application; i.e. whether it is giving a right to installations on private property or common property, which varies from property to property and is determined solely by the surveyors drafting of the plan of subdivision. The explanation of 'sustainability item' may also be limiting in its description; i.e. it should also include tanks, window films, etc.

Clause 57 of the Bill inserting section 141A of the OC Act – Occupier to ensure invitees comply with rules

SCA (Vic) welcomes the introduction of this new clause to the OC Act to clearly identify an occupier's responsibility for the behaviour of their guests.

We do however note that the drafting falls short of working comprehensively towards resolving issues experienced by OCs when non-owner occupiers and/or their invitees behave badly; i.e. as there is no obligation on a lot owner to work alongside the OC to address the issues at hand.

Whilst we appreciate that it may not be fair for an OC to hold a lot owner physically or financially liable for the actions of their tenant and/or invitee, the landlord/lot owner is removed from liability to even support any process to address or resolve the dispute. The lot owner is the party that can hold the occupant accountable, i.e. in line with any rental agreement. The OC is not a party to any contractual obligations for use of the lot owner's apartment nor to be made aware of the occupant's name and/or any forwarding address in circumstances where the occupant is to vacate the lot. This limits the OCs ability to pursue resolutions to any such matters.

Clause 60 of the Bill inserting Section 150(2A) of the OC Act – Availability of register

SCA (Vic) welcomes the provision to prohibit a lot owners representative from requesting a copy of the register for a commercial purpose without the OC's consent. Clarity is sought however that the drafting of this section will not unintentionally prevent access by a lot owner's representative who is conducting a strata search on behalf of a potential lot owner to assist the purchase of a lot.

The OC Act may benefit from a definition of 'commercial' in this regard.

Similar provisions should be included within Section 146 of the OC Act providing availability to view and/or obtain copies of OC records.

Clause 84 of the Bill inserting section 27EA of the Subdivision Act 1988 - Initial owner to engage surveyor

Whilst SCA (Vic) appreciates the value of this new section being inserted into the Subdivision Act, it may be that in its drafting, the requirement inadvertently limits the initial allocation of lot liability and lot entitlement in a plan to that prepared by a licensed surveyor.

The provision omits the engagement of other professionals, such as an expert quantity surveyor (with specialist skills in property economics, asset management and tax depreciation) and/or property valuer who may also be qualified to set units of lot liability and entitlement in owners corporations.

In determining that units of lot entitlement must be set on 'market value' it would appear that a qualified property valuer is required. Property Valuers are not licensed in Victoria. SCA (Vic) understands that further comments are to be provided by the Australian Property Institute (API representing Property Valuers) and Consulting Surveyors Victoria (CSV representing Consulting Surveyors) in this regard.

Listed below are suggestions from SCA (Vic) for the further consideration of CAV; to clarify/correct anomalies in the existing OC Act, that are yet to be addressed but require attention.

s59 Reinstatement and replacement insurance

Reference within subsection (1) to 'buildings on common property' is invalid when applied to plans of subdivision where depth and height limitations do not apply.

s97 What is a special resolution?

It is apparent that in practice, the provision for interim special resolutions, is being applied incorrectly by OCs, their Managers and potentially VCAT.

A revision of the wording and/or provision of FAQs as to the intent of this section would greatly support not only the correct application of this section, but also the further intent of the new provision 97(1A).
Is it that where a quorum is present

- 50% of the attendees must vote in favour of the motion and less than 25% of attendees against; or
- 50% of the total votes of the OC must vote in favour and less than 25% of the total votes against.

(Example, in an OC with 150 lots, a quorum is 75, but say 80 lot owners attend) according to dot points above for an interim special resolution to be achieved, which of the following is required;

- 40 (50% of 80) or more lot owners to vote in favour and less than 20 (25% of 80) against
- 75 (50% of 150) to vote in favour and less than 38 (25% of 150) against.

Clarification will assist define and is essential to allow correct interpretation of the threshold outlined in section 97 and referenced in new section 97(1A); in particular the terms ‘total votes for all lots’ and ‘those votes’.

s81 Minutes of meetings

Is it the intent of the OC Act that minutes of a meeting (where there is a quorum present) are not distributed to all lot owners until the 12-15 month period after that meeting; i.e. currently only minutes of meetings where there is not a quorum present are required to be distributed to all Members. The only other obligation to distribute minutes (i.e. when a quorum is present) is for the minutes to be attached to the agenda of the next general meeting (some 12-15 months later). The suggested alternative is that minutes are distributed within the 3-4 week period following the meeting (where a quorum is present) and 14 day period without a quorum (as currently exists). This will enable all owners to be made aware of the decisions made that will affect them in the ensuing 12 month period. A statement may be included on the notice for the next meeting that a copy of the previous meeting’s minutes can be made available upon request. A professionally managed OC may advise of any intranet site or the like, where access may be easily made available; also reducing printing and postage costs incurred by the OC.

s109 Notice of Meetings

For consistency and in consideration of committee meetings being permitted to be called within three business days it would be beneficial to recognise the Electronic Transactions (Victoria) Act 2000 in this section; as does the notice for annual general meetings (s72(1) of the OC Act), for special general meetings (s76(1) of the OC Act and Committee Ballots (s111 of the OC Act).

s134 Address of new owners

Common challenges experienced by strata managers arise from the relaxed wording of this section of the OC Act. A vendor and purchaser is responsible to advise the OC of the name and address of the new owner within one month. This permits the advice to be hand written, via post or email but in no formal document that confirms settlement has occurred and the named party is the rightful and legal owner. A new owner can turn up to a general meeting without having notified the OC of their purchase and expects to have a voting right, arrears start to accrue and cause angst when the new owner and their address is finally identified and receives the accumulated fees. It is also of concern that an OC relies on this information as provided, and VCAT determines that fee notices are invalid as the named entity is inconsistent with the title to the property or the inaccuracy of the last known address of the lot owner.

A potential solution to this issue may be the inclusion of a requirement (within the relevant Act) that the Notice of acquisition and disposition be provided to the OC at settlement. SCA (Vic)’s involvement to streamline this process is welcomed at any stage of the legislative review process and with relevant parties; i.e. PEXA processes, Sale of Land Act etc.

Dispute resolution

Whilst an OC is given the authority to receive complaints and manage disputes, the OC is not empowered to engage proactively in activities to build community to work towards minimising disputes in the first instance.

Owners corporation laws completely fail to recognise a role for an owners corporation to actively build a sense of community within a OC development. The consequence of this is to deny the owners corporation the right to spend money on this activity. To overcome this problem rules and other workaround solutions must be used to expand the functions of an owners corporation to include community building.

The functions to be expanded to include:

- Strategic Planning 5 to 10 year plan, to assess their current reality, identify existing challenges and brainstorm, discuss and ultimately create a forward-looking vision of the community's future.
- Develop community spirit and the ability to encourage interest groups, provide seed funding to those groups.

SCA (Vic) recommends the Act be changed to expand the functions of an owners corporation to include community building.

A number of large master plan communities consisting of 2000 to 4000 lots have been completed and many are in development stage. Very few are being created with a sense of community or a vision of what that sense of community is. The result is a large number of residents living together in separation without a common goal and "us and them" fractions between limited OCs, tenants and owners, the unlimited OC and developers (particularly in a staged development). Planning permits include obligations for owners corporations to manage public open space, encourage community use in the public open space and manage heritage buildings and facades and provide access to historical societies to engage in the community.

The opposite is also happening, whereby the developer puts in place community initiatives which they fund and administer until handover. The OC then has all the social fabric but no power to continue. These initiatives are broad, including activities such as dog training classes, health and well-being activities, community vegetable gardens, learn to fish etc. and aren't limited to a Christmas tree or party.

Owners corporations of the future are not only a vehicle for embedded energy networks, decentralised water systems, marina management, and luxury resort management; they also have a social obligation. They will be the preferred choice of living for those over 55 years, families, DINKS, singles, immigrants, low income and high income, a real social mixing pot.

Maintaining social harmony will be and should be a priority.

Disability discrimination law and strata

SCA (Vic) strongly urges CAV to address and amend the law so that owners corporations are not deemed 'service providers' under the Equal Opportunity Act 2010 (Vic).

There was an important recent decision with respect to this definition; in that it identified owners corporations as such 'service providers' and accordingly as the responsible entity that needs to make, and pay for, reasonable adjustments for disability.

We advocate against this as follows.

As CAV understands the common property of an owners corporation is not public property nor is it to be made automatically available to the public to access. It is the private property of the owners corporation; being shared by all lot owners. Even within multiple owners corporations not all members of the unlimited OCs are given rights to automatically enter property of the limited owners corporations, or one limited OC of another. As such the OC should not be deemed a 'service provider' under the Equal Opportunity Act.

In terms of who should bear the financial burden, it is not fair that it is borne by someone's neighbours. Rather, the law should be clarified/changed such that instead it is a government responsibility to provide services and contribute funds, where financial support is needed. [Compare vis-à-vis detached houses]

Notwithstanding all of the above, we still want our society, including strata communities, to be a home for one and all. We want to prohibit discrimination and promote equality.

Background
Here for your ready reference is the background to the issue, including media articles and case law.

Elderly disabled woman wins legal battle over access to her Travancore apartment
Domain.com.au, Allison Worrall, 07/01/2019

VCAT decision affirms that OCs need to make reasonable adjustments for disability
VEOHRC [Victorian Equal Opportunity & Human Rights Commission], 21/12/2018

Here is the link to the actual VCAT decision

This follows from a previous decision. Here are the links to the VCAT decision and Supreme Court decision.

Whilst SCA (Vic) predominantly represents managers of owners corporations and provides feedback on the operational aspect of the OC Act, SCA (Vic) with the support of its members strive to improve standards for the industry as a whole. We trust this is recognisable upon reflection of our comments which seek to achieve a greater balance of existing inequities and improve protections for owners corporations and their members.

We once again acknowledge the content above is provided as feedback to the changes proposed, both in principle of the intent of the changes as well as technical issues worthy of your consideration within this review. And that the details assist CAV anticipate issues that may arise upon enactment of the Bill and provides CAV with the opportunity to effect solutions prior to the formal release of the Bill.

As noted from the start of this review process, SCA (Vic) is extremely pleased that the government has, on balance, acknowledged and agreed with most of our policy positions which strive to improve not only application of the legislation but also improve protections for OCs and their members.

SCA (Vic) congratulates CAV on its release of the Owners Corporations and Other Acts Amendment Bill and welcomes the further opportunity to discuss our comments and recommendations made to this Exposure Draft to use our collective industry experience to better inform operational improvements to the Owners Corporations Act 2006.

Thank you again for the opportunity to continue to be a part of this consultation process. We await and welcome your further contact should any further clarity be of assistance.

Yours faithfully,
Strata Community Australia (Vic) Inc

Rob Beck
General Manager

Encs: *SCA (Vic) Practice Guideline - Accounting*