

Statutory Review of the Owners Corporations Act 2006

Submission

September 2025



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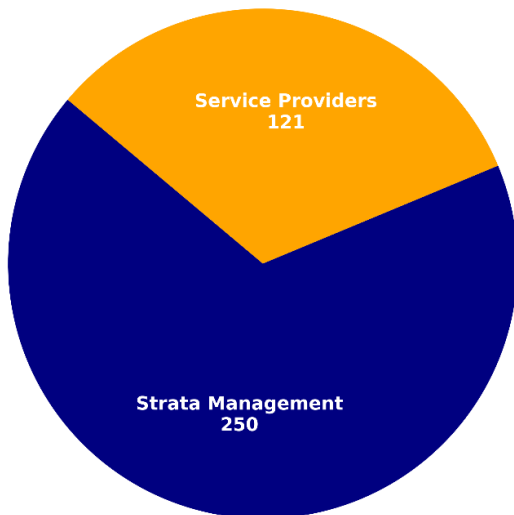
Executive Summary

About Strata Community Association Victoria

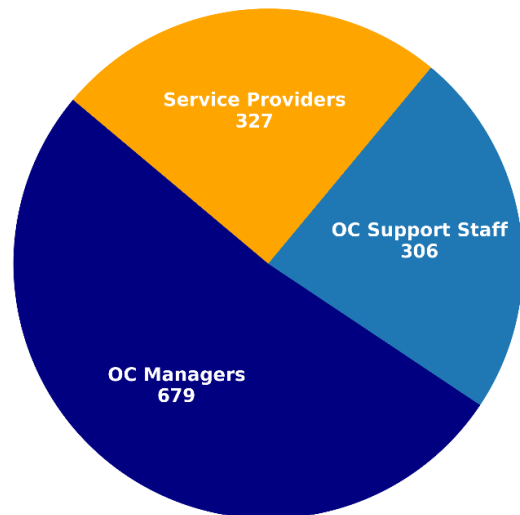
Strata Community Association Victoria (SCA (Vic)) is the peak industry body supporting Victoria's professional strata management and service provider sector. Established in 1990 as the successor to Owners Corporations Victoria (OCV) and the Institute of Body Corporate Managers Victoria (IBCMV), SCA (Vic) has a long history of advancing professionalism and accountability in the sector.

Our **250 strata management companies**, **121 service provider companies**, and more than **1,300 individual members** oversee, advise, and manage Owners Corporation committees across Victoria. Collectively, they manage in excess of **500,000 lots** - likely more than half of all professionally managed lots in the state.

Membership by Company



Membership by Individuals

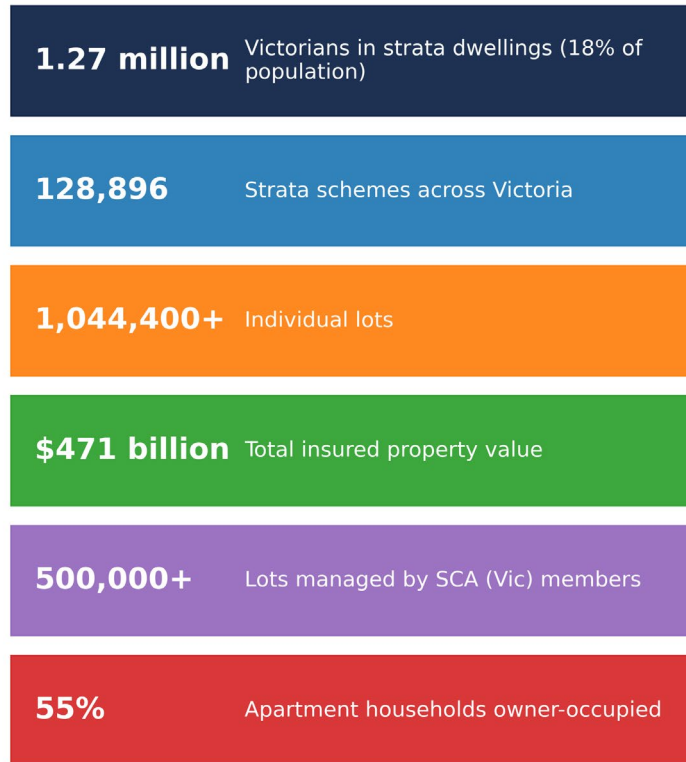


Key figures snapshot*

Strata is now a cornerstone of Victoria's housing mix. More than **1.27 million** Victorians - around 18% of the population - live in strata-titled dwellings, including over 500,000 apartment residents and 770,000 residents in townhouses, villas, and other strata developments.

Victoria has approximately 128,896 strata schemes comprising more than 1,044,400 lots, with a total insured property value of \$471 billion. Just over half (55%) of apartment households are owner-occupied. As Victoria grows, strata living will expand exponentially, making it central to meeting housing affordability and density targets.

Key Figures Snapshot - Victoria's Strata Sector



* Data obtained from [2024 Australia Strata Insights Analysis](#)

Complexity of Strata

Victorian Owners Corporation Managers (Managers) perform an exceptionally complex role that combines legal compliance, financial stewardship, building maintenance, safety, and people management across a sector of enormous scale and value.

They are required to interpret and apply a demanding legislative framework, administer budgets and insurance, coordinate essential services, and manage risks for diverse properties - all while responding to the needs of more than 1.27 million strata residents. Their role requires not only technical expertise but also strong interpersonal and conflict-resolution skills, as they often mediate disputes and resolve issues in high-pressure, emotionally charged situations.

Despite these challenges, Managers deliver an outstanding service that safeguards residents' most significant financial asset - their home - while ensuring properties remain safe, compliant, and financially sustainable. Their professionalism underpins the success of strata living and directly supports housing affordability, urban liveability, and community wellbeing. Recognising their contribution is essential as government and industry collaborate to strengthen the *Owners Corporations Act* (Act) and prepare for the continued growth of strata living in Victoria.

SCA (Vic) Leadership

SCA (Vic) is dedicated to raising professional standards and strengthening the strata sector. Every member is bound by the **SCA Code of Ethics** (provided in Annexure A) and Best Practice Guidelines, and must complete mandatory **Continuing Professional Development (CPD)** along with a compulsory online Ethics module. This year, we enhanced the online Ethics module to be more comprehensive, now offering a micro-credential that ensures each member demonstrates the highest level of professionalism.

In addition, SCA (Vic) offers a voluntary business certification - **Strata Management Practice Standard (SMPS)** - designed to elevate the professional standing of strata management businesses. Through an independent audit, the SMPS recognises companies that have embedded robust internal systems and procedures across all areas of their operations. This framework not only strengthens risk management, consistency, and compliance but also delivers tangible improvements in client satisfaction and operational efficiency.

To support our members, we provide targeted education programs and exclusive access to practical resources, including the SCA (Vic) Contract of Appointment and its detailed **User Guide for Owners Corporations** (provided in Annexure B) that is available to committee members. Members also benefit from regular updates on legislative and regulatory changes, along with clear, practical guidance on how to navigate emerging industry challenges.

In addition, SCA (Vic) represents the interests of members by advocating directly to government, ensuring that the voice of the strata sector is heard and respected.

We acknowledge and applaud the thousands of dedicated volunteers who serve on Owners Corporation committees within strata communities. These committee members play an essential role in the governance of their communities, working alongside our members to ensure properties are managed effectively, remain compliant, and are sustainable for the future.

Owners corporations benefit greatly when their community is managed by an SCA (Vic) member. Committees and lot owners gain peace of mind knowing their Manager is bound by strict ethical standards, kept up to date through ongoing CPD and accredited training, and supported with exclusive resources that ensure compliance and best practice. This means decisions are clearer, risks are reduced, and the community enjoys professional, transparent, and future-focused management.

SCA (Vic) Member Feedback

The SCA invited all members to provide their input and comments on the seven topics that are the focus of the review, as well as provide additional commentary on other matters they believe should be considered.

Over 200 members contributed their views, providing important feedback and practical ideas to improve the Owners Corporations Act. Their input has directly shaped SCA (Vic)'s evidence-based recommendations.

Over 200 members (primarily Owners Corporation Managers) provided feedback and insights on various reforms and operational challenges. Their priority issues to reform included:

- ◆ **Legislative clarity and simplification**
- ◆ **Debt recovery and cost fairness**
- ◆ **Dispute resolution and enforcement**
- ◆ **Building defects and warranties**
- ◆ **Insurance cost allocation**
- ◆ **Governance and committee protections**
- ◆ **Mandatory training for all Managers**

Via this submission, SCA (Vic) aims to highlight both the scale and complexity of the strata sector and provide possible solutions on behalf of all SCA (Vic) members. By supporting and strengthening the legislative framework, we can ensure a professional, collaborative, and sustainable future for Victoria's strata communities.

SCA (Vic) Commitment to Assisting the Expert Panel

SCA (Vic) wishes to express its willingness to actively support the Expert Panel during its consideration process. Following this submission, we stand ready to provide further assistance, including sharing the expertise of our members and real-world case studies from Managers. These case studies can highlight the practical challenges faced in the sector, while also

helping to inform and refine the development of mandatory education standards that will raise the level of professionalism across the industry.

To support this, SCA (Vic) attended a meeting with the Expert Panel, represented by our General Manager, President, Co-Vice Presidents, and the Chair of the Education Advisory Committee. Prior to this, the Advocacy Advisory Committee, together with select members and the Board, reviewed member survey data and met to discuss the issues to be highlighted and possible solutions to be addressed in this submission. From this process, a smaller working group was formed and tasked with formulating the submission to ensure it accurately reflects member feedback and provides practical recommendations.

We also note that in several areas of this submission, issues raised by our members may be addressed through minor amendments to existing legislation. In these cases, targeted adjustments would serve to clarify obligations, remove ambiguity, and make the *Act* more succinct and workable in practice.

SCA (Vic) remains committed to collaborating with government and the Expert Panel to ensure that reforms are both meaningful and practical, and that they deliver lasting benefits for Managers, Owners Corporations, and the communities they serve.

Governance and Related Reforms

Observations

Tier System Clarity: Members reported mixed views with the majority now finding it clearer and close to 30% indicating no impact. Many noted that there has been an increased education burden and said they spend a lot of time explaining tiers and differing requirements to owners and committees - which would suggest no impact on the current accountability within Owners Corporations.

There is also support that a professional Manager should be appointed for all Tiers 2 and 3 that have essential services and/or shared services that require additional and higher standards of compliance obligations as they may relate to Occupational Health & Safety, Building legislation and the like - knowledge which may not be known by lot owners who choose to self-manage.

To this same extent, SCA (Vic) members recommend detailed consideration, to further categorise tiers and their respective obligations. Of consideration should be, not just the number of lots, but also the different and mixed use of lots, as well as the needs relevant to shared infrastructure. A need to address anomalies like estates, townhouses, shopping centres - even community titles would benefit from their own bespoke legislative requirements. This is currently reflected in strata legislation affecting all states and territories, other than Victoria.

Clarifying these base legislative obligations, is a fundamental way to increase knowledge of all living and working in strata, and will go a long way to strengthen accountability within Owners Corporations themselves.

New Powers (i.e. smoke drift, fire safety): Limited effectiveness due to enforcement challenges and procedural complexity, and many Owners Corporations avoid the process. Regulating or prohibiting the drifting of tobacco smoke from a lot in a multi-level development and lot residents smoking in single story levels (i.e. at their back door in a town house) is extremely difficult. Clarification for use of private CCTV would be beneficial, considering there have now been rulings from VCAT. Often difficult to achieve a special resolution for making and registration of rules.

Common Property Clarification: Despite reforms clarifying common property responsibilities, many lot owners still misunderstand the distinction between an Owners Corporation and private obligations. This leads to unauthorised works without approval, ongoing disputes, and significant education demands on Managers, who spend considerable time re-explaining rules.

Enforcement remains weak, as non-compliant owners frequently ignore requirements and costly VCAT processes offer little cost recovery. While some improvements have been noted - such as fewer disputes over unauthorised works and stronger legal footing for Owners Corporations - grey areas persist, particularly with water damage liability and situations where common property benefits only one lot, leaving responsibilities unclear.

Renovations & Sustainability: Member suggestions included sustainability definitions needing clarity. Members reported that solar approvals seem smoother and noted that EV charging is increasing and impacting fire risk and increasing insurance costs. SCA was one of the industry groups that contributed to the government's *National Electric Vehicle Strategy*, and has carried out extensive research to identify the current challenges faced by Owners Corporations. We therefore welcome local government support to proactively and rigorously consult with SCA to produce policy, legislative and regulatory outcomes that enable strata residents to access and benefit from electrification programs. You can find out more here: [Electric Vehicles in Strata | SCA Ltd.](#)

Information Access: Privacy concerns and workload issues were raised. There is still confusion regarding this area and reports of frivolous and vexatious requests for inspection of records occurring in addition to questionable use of information by obtainees. There would also be benefit in clarifying definitions in regard to required records to be maintained. Obtaining information is also a challenge, i.e. tenant details and in the case of commercial tenants, the nature of the business for advising insurance companies.

Committee Changes: Smaller committees are seen as more efficient, but committee member capability remains a challenge. A solution needs to be found if a committee cannot achieve the minimum amount required. Many committee members still lack understanding of roles, and it is hard to recruit willing, informed volunteers.

Committee/Lot Owner Conduct: There are growing reports of poor behaviour from committee members. Approximately 80% of management staff reported aggressive or abusive communication and threats, including refusal to pay levies or using payment as leverage. Many report daily abuse, even threats. Current pathways to prevent this feel slow and unclear.

Benefit Principles: The current framework of five separate benefit principles continues to be difficult for Owners Corporations, Managers, and lot owners to navigate. Each principle applies in different circumstances, with its own criteria and conditions, which creates uncertainty and inconsistency in application. This complexity results in frequent disputes, as committees and Managers must interpret which principle applies in any given situation, often leading to differing opinions, inconsistent outcomes, and costly legal clarification through VCAT. The certainty of liability is preferred.

Australian Accounting Standards (AAS): Reforms requiring Owners Corporations to prepare financial statements in accordance with Australian Accounting Standards (AAS) have not led to better financial management or decision-making. Instead, they have created widespread non-compliance and significant cost pressures.

However, with the AASB removing SPR and mandating General Purpose Reporting (GPR) under the new Tier 3 framework, strata entities would be forced into higher-level reporting. This is impractical and inappropriate for the sector:

- Victoria is the only jurisdiction in Australia requiring AAS compliance, despite strata not being considered a reporting entity under AAS.
- 40% of the sector is self-managed and are unable to meet the requirement to prepare General Purpose Financial Statements. Similarly, entities listed in Section 122 (3) a licensed estate agent, Australian legal practitioner or licenced conveyancer operating trust funds all of whom may manage owners' corporations
- As per ED 335 General Purpose Financial Statements – Not-for-Profit Sector Tier 3 Entities the AASB has announced that Special Purpose Reporting (SPR) may no longer be an option and that reporting entities must move to General Purpose Reporting (GPR) new Tier 3 reporting.
- Generally, owners' corporations are not reporting entities and there is no public accountability to provide General Purpose Financial Statements.
- By removing the AAS requirement from the legislation this will ensure that AASB 1057 Application of Australian Accounting Standards will not apply, and therefore any future need to prepare GPFS Lot owners do not have the financial literacy to interpret GPR reports, which are designed for organisations with CFOs and boards.
- Accounting software packages within the strata industry have also refused to invest in the changes as the market is too small. Currently the statements comply with SPR.
- The Department of Treasury reviewed four financial reports generated by different strata software systems and agreed that the reporting, whilst minimal in nature currently meet the requirements of SPR

The result will be increased costs to Owners Corporations to have an external accountant to prepare the reports into the required format. Accountants estimate this cost will be in excess of \$10,000, plus auditing cost and tax returns.

This is an unnecessary expense, for no gain, particularly in a cost-of-living environment where lot owners are already under financial pressure. Lot owners do not have the financial literacy to read GPR which are designed for corporations with CFO's and board rooms.

Notice of Acquisition: SCA (Vic) has identified a gap in the current Notice of Acquisition (NOA) process. While conveyancers are following Institute advice and using a new form, the version being circulated omits critical information needed by Owners Corporations to properly manage records and communicate with lot owners.

Specifically, the form does not require the transferor's forwarding address for future correspondence or the transferee's address for future correspondence. It also does not make clear whether the purchaser will be occupying the lot. This missing detail creates uncertainty for Owners Corporations, delays updates to the owner's register, and complicates ongoing communication with both outgoing and incoming owners.

This change would ensure Owners Corporations can meet their governance obligations, maintain accurate records, and provide timely and effective communication to lot owners.

Recommendations

1. Additional, more detailed categorisation of tiers to reflect type of premises and use of lots to strengthen accountability within an Owners Corporation
2. Amend **s.146** by deleting "inspection of records" due to electronic capabilities being able to fulfil any requests
3. Amend *Act* to include ethical standards for committee members with disciplinary consequences outlined, i.e. warnings, removal from committee, restrictions of only being to correspond with Manager via post
4. Amend *Act* to provide clear guidance on access to private records, outlining what information may be obtained and specifying the permitted purposes for which that information can be used by those who access it and what should not be maintained and therefore shared (accessible/viewable) as a record of the Owners Corporations due to its sensitive nature
5. Review **s.144** to provide greater clarity on record-keeping obligations. Specifically, the *Act* should confirm what items constitute "correspondence" and whether the listed records represent a minimum standard or an exhaustive list. Guidance is needed to determine if documents not included in the list are still considered records, and whether "correspondence" is intended to capture every email.
6. Amend Model Rules to include a section on prohibition of private CCTV monitoring common areas
7. Amend *Act* to include penalties for a developer that does not provide the asset register and all required documents
8. That there should be one overall benefit principle and should state clearly that the principle is an exception to the rule that fees are paid in accordance with lot liability
9. Amend *Act* to mandate the appointment of a professional Manager for all Tiers 2 & 3 that have essential services
10. That it be explicitly stated in the *Act* that on completion of a committee election that as long as minimum number of committee members is reached that this does not create casual vacancies (**s.103** and **s.104**)
11. Amend **s.100** to provide instructions on how committee elections are to be conducted
12. Review **s.103(5)** as it provides that the members of the committee hold office from their election until a new committee is elected and does not indicate in the case of an interim resolution whether the incumbent committee's powers be limited or restricted in the 28-day period
13. Review **s.108** as it states that a delegate can call a committee meeting, even if the delegate is not delegated that power and even if the delegate is not a committee member
14. Define "Significant Alterations" in the *Act*
15. Amend *Act* to remove the requirement for Owners Corporations to prepare financial statements in accordance with Australian Accounting Standards

16. Amend *Act* to require that Notices of Acquisition include transferor's forwarding address for future correspondence, transferee's address for future correspondence and a declaration of whether the purchaser will occupy the lot

Short-Stay Accommodation

Observations

Enforcement Failures: By the time breaches are issued, guests have usually departed, making penalties ineffective. The “three strikes in 24 months” framework was described as unrealistic, given the variety of offences (noise, damage, illegal activity). Members cited serious incidents involving illegal operations, vandalism, and safety risks, where current processes were inadequate.

Mixed Impacts Across Buildings: Some buildings report minimal issues, while others face ongoing problems with noise, damage, security, and amenity loss. A few members stressed that short-stays themselves are not the issue - it is disruptive behaviour that needs stronger management and the limited time in which action is critical. Use of lots is an issue, as short stays impacts Owners Corporations' insurance (disclosure, claims and potentially premiums) and in many instances, increases the number and time it takes to manage complaints/breaches.

Diverse Opinions on Policy Direction:

Responses ranged from banning short-stays in residential apartments altogether, to introducing statewide standards with automatic penalties, requiring operator registration, or simply giving Owners Corporations stronger enforcement powers without reliance on VCAT.

Recommendations

17. Amend *Act* to establish clear behavioural standards for all short-stay operators (e.g., noise, damage, guest conduct) with automatic penalties - reducing reliance on lengthy VCAT processes
18. Require all short-stay operators in strata buildings to register use of their lot for short-stay purposes with an independent body, providing details also of the short-stay provider for contact and response

Financial Hardship

Observations

Request Increase: Requests have grown since COVID and with higher living costs. Some owners ask for plans to delay payment rather than true hardship and Managers often offer plans early to avoid legal action.

Lack of New Owner Education: Many first-time purchasers entering strata are unaware of what levies are, how they are calculated, and what they fund. This lack of education often leads to surprise or frustration when regular contributions or special levies are raised, as buyers have not been properly informed about their ongoing financial obligations. Without clear guidance at the point of purchase, new lot owners may feel misled, which undermines trust and creates unnecessary disputes within Owners Corporations.

Impact on other owners: Smaller Owners Corporations are especially vulnerable - when one owner defaults, the burden falls heavily on others, risking building works, insurance, or compliance. Several members stressed that hardship support should not unfairly penalise compliant owners.

Mandatory Plans: Concerns about risk of abuse, unfair cost shifting to other owners and admin costs. Longer timelines increase cash-flow risk and delay urgent works.

Hardship Plans: Most Owners Corporations accept plans but worry about fairness and administrative burden. Proving "genuine hardship" is hard without a clear test or third-party check. Confusion and disputes arise with who must consent, what information can be requested and if it forms part of the records of the Owners Corporation, must be maintained and who has access to it. Owners corporations would benefit from clarity on what lot owners seeking hardship relief should provide to evidence genuine hardship, the definition as to what constitutes "genuine hardship", the test to be applied, the authority of the Owners Corporation to make the decision, and what if any of this process becomes records of the Owners Corporation enabling the documents/evidence to be accessible/viewable by all lot owners, mortgagees etc. and/or what must be reported to the AGM. The legislation should also define what information must not be shared; i.e. sensitive information as it pertains to family/domestic violence, health etc. to avoid further disputation.

Ineffective VCAT Jurisdiction: Strong criticism was directed at VCAT for being slow, inconsistent, and reluctant to award cost recovery. This delays action, increases arrears, and places financial strain on Owners Corporations. Many members preferred the Magistrates Court, where debt recovery was faster and more effective. This is probably the major challenge and concern for our members.

There is a significant concern that if VCAT remains the sole jurisdiction for debt recovery, it lacks the necessary powers to enforce payment orders against interstate and overseas lot

owners. This limitation leaves Owners Corporations exposed when dealing with absentee or foreign investors who default on levies, as there is no effective mechanism to compel payment beyond Victoria's jurisdiction. Allowing debt recovery to proceed through the Magistrates' Court or another court of competent jurisdiction would provide a stronger enforcement pathway, ensure equitable treatment of all owners regardless of location, and safeguard the financial viability of Owners Corporations.

Cost Burden: Owners Corporations frequently face the challenge of being unable to recover the full costs of debt collection, which means compliant owners are left unfairly subsidising those who default on their levies. Penalty interest and fee notices, while available, are widely regarded as weak deterrents and do little to change behaviour among persistent non-payers. The current framework forces Owners Corporations to delay action until arrears have accumulated to a level that justifies the expense and effort of legal proceedings. By that stage, the debt is often substantial, and the financial impact on the Owners Corporation and its compliant members has already been compounded. This creates not only an immediate cash flow strain but also undermines confidence in the system, as responsible owners see little consequence for those who repeatedly avoid their obligations. Stronger, fairer mechanisms for cost recovery and earlier intervention are needed to ensure the burden of default does not continue to fall disproportionately on those who meet their responsibilities.

Chronic Arrears: A small group of owners repeatedly default on their levy obligations, deliberately exploiting loopholes in notice periods and payment terms to delay or avoid payment for as long as possible. Managers report that these owners often make payment only at the very last minute, once legal proceedings are imminent or significant administrative costs have already been incurred. This behaviour increases costs for the Owners Corporation due to Managers who must devote time and resources to chasing debts that could otherwise have been resolved promptly. The pattern creates frustration among compliant owners, who see these individuals manipulating the system with little consequence, while everyone else in the community is left carrying the financial and administrative fallout.

Need for Stronger Tools: Members strongly advocate for reforms that would strengthen enforcement and reduce the financial burden on compliant owners. Suggestions included enforceable cost recovery provisions so that Owners Corporations are not left absorbing legal and administrative expenses when pursuing arrears. Members also called for automated deterrents, such as mandatory recovery fees added to outstanding debts or requiring prepayment of levies after repeated defaults, to discourage ongoing non-compliance. In addition, there was strong support for giving Owners Corporations greater authority to act swiftly on arrears without needing to wait until debts reach unmanageable levels, thereby reducing both the cost and the risk of prolonged disputes. Such measures would provide a fairer and more effective system, ensuring that those who default bear the true cost of their actions rather than shifting the burden onto responsible owners.

Recommendations

19. Amend *Act* to clarify that Owners Corporations have the option to pursue debt recovery through either VCAT or the Magistrates Court
20. Amend *Act* to require owners seeking hardship relief to provide evidence of genuine hardship and define what constitutes "genuine hardship"
21. Amend *Act* to allow Owners Corporations to offer standardised payment plans with defined terms (i.e. capped duration, continuing interest)
22. Amend *Act* to require a mandatory budget requirement for a provision of financial hardship for Tiers 2-4 (Tier 1 are likely able to carry the debt). Surplus funds at the end of each budget year could then be transferred to the maintenance fund. Percentage levels for each tier would need to be modelled
23. Amend *Act* to include enforceable recovery of administrative and legal costs for costs of breach notices and final fee notices (instead of Owners Corporations being liable for cost)
24. Amend *Act* to require disclosure of arrears policies and hardship processes in Owners Corporations' governance documents
25. Create and provide access to a model payment-plan framework (taking into consideration the observations noted above) and template. The latter being to avoid additional costs to Owners Corporations and defaulting lot owners to enter into a payment plan that should otherwise be legally drafted to include fair and reasonable terms and conditions for both Owners Corporations and the debtor. Consider capping plans at 3-12 months, interest to continue to accrue, circumstances that provide administration costs to be recoverable from the debtor, and enforceable recovery costs
26. Introduce a government endorsed fact sheet that provides information about strata levies, budgets, and the potential for special levies before completing a purchase

Manager Conduct

Negative Media

Over the past 18 months, Managers have faced negative media coverage, largely driven by questionable practices highlighted in New South Wales, the most heavily regulated strata jurisdiction in Australia.

While these stories have raised public concern, there is no evidence from Consumer Affairs Victoria (CAV) to suggest that such issues are systemic in Victoria. SCA (Vic) is confident that these cases represent only a very small percentage of Managers, and that the vast majority of professionals in the sector are ethical, diligent, and committed to high standards.

By focusing on education, transparency, and accountability, Victoria is demonstrating a more constructive pathway to raising professional standards and building trust with Owners Corporations and lot owners

SCA (Vic) Complaints Process

To maintain public confidence and protect consumers, SCA (Vic) has in place a **robust Complaints Process** that ensures our members are held accountable. Complaints can only be lodged against current members, and the process is clear and transparent:

- **Verification:** Each complaint begins with confirming that the individual or company is a current SCA (Vic) member bound by the SCA Code of Ethics and Best Practice Guidelines.
- **Formal Process:** Complainants are required to complete and submit an official complaint form, ensuring all relevant details are captured in a structured way.
- **Assessment:** The Professional Standards and Membership Board Advisory Group (PSMBAG) is the formal committee established by the SCA Board to handle complaints regarding breaches of the Code of Ethics by SCA members. The committee is made up of accredited representatives from each region of Australia. Complaints are reviewed against the Code of Ethics and professional standards which is chaired by an external Chairman.
- **Outcomes:** Where breaches are established, SCA (Vic) has no hesitation in imposing meaningful sanctions. These include requiring additional training, issuing formal warnings, suspending membership, or in the most serious cases, revoking membership.

This system demonstrates that SCA (Vic) is serious about professional accountability. It balances fairness for members with strong consumer protection, ensuring that the rare instances of poor conduct are addressed swiftly and transparently. However, as a non-regulatory body, SCA (Vic) can only discipline its own members. Non-members are not subject to any equivalent monitoring or standards, making them far harder to hold to account and leaving consumers with limited avenues for recourse.

Insurance Management

Many Managers expressed concern that abolishing insurance commissions would not reduce premiums for lot owners. Instead, it may redirect more profit to underwriters while stripping Managers of a key revenue stream. This would increase cost pressures on Owners Corporations, as Managers would still be required to handle claims, liaise with brokers, and provide ongoing insurance support.

The main focus should be on transparency and fair remuneration and allowing Owners Corporations to decide which model of insurance management suits them.

The SCA (Vic) Contract of Appointment offers five options of managing insurance which is outlined in the User Guide available to Owners Corporations. It clearly outlines the insurance models options available to them, giving them the flexibility to request a preference.

All SCA (Vic) members are bound by the **Best Practice Insurance Disclosure Guide** (Annexure C) which sets a benchmark for transparency and accountability in the industry.

This framework requires SCA Managers to:

- **Disclose:** Managers and brokers must itemise eight key financial elements in all quotations and invoices, including premiums, levies, fees, GST, commissions, and allocation of remuneration.
- **Document:** Use standardised templates for invoices and records, enabling clear year-to-year comparisons and reducing ambiguity.
- **Communicate:** Clear, timely disclosure to committees and lot owners at quotation, renewal, and AGM, with ultimate responsibility resting on the Manager.

The framework aligns with the SCA Code of Ethics, the Strata Management Practice Standard (SMPS), and the *National Insurance Brokers Association Code of Practice (2023)*, ensuring members meet the highest levels of disclosure and compliance. Independent reports, including the *Deakin University Report (2021)* and the *Trowbridge Review (2022)*, confirm this approach strengthens consumer protection and builds trust in a complex insurance market.

This SCA approach also takes into account, the Manager's obligations to understand, apply and not fall foul of the *Corporations Act*, when managing an Owners Corporation's mandated insurance obligations.

Mandatory Training for Officer in Effective Control/Managers

SCA (Vic) already maintains robust and structured CPD requirements for all members, underscoring the association's commitment to continuous professional development and high standards. SCA provides a broad range of learning platforms - including online libraries, webinars, e-learning, and in-person events - tailored to strata professionals' needs. Members can also submit external training for approval. Key features include:

- **Corporate Strata Management Company Nominee (similar to OIEC)**
12 CPD points annually, with at least 6 from SCA-delivered activities.
- **Practising Strata Manager Member:** 6 CPD points annually, with at least 3 from SCA-delivered activities.

The *Consumer and Planning Legislation Amendment (Housing Statement Reform) Act 2025 (Vic)* - also known as the *Housing Statement Reform Act* - introduces significant reforms affecting strata management, including mandatory training for Officers in Effective Control (OIECs) of corporate strata management companies. Specifically, **Part 4 of the Act**, which amends the *Owners Corporations Act 2006*, establishes a requirement for anyone to be registered as an OIEC to complete prescribed courses or examinations by **30 June 2027**.

SCA (Vic) believes this reform does not go far enough and is strongly advocating for mandatory training to apply to all Managers, not just OIECs. To ensure professionalism and consistency across the sector, training must prioritise the following areas:

- *Owners Corporations Act* and related legislation
- Reading Plans of Subdivision
- Financial management and trust accounting
- Ethical conduct and conflicts of interest
- Contract management and procurement
- Communication and dispute resolution
- Governance and decision-making processes
- Building maintenance and sustainability
- Cybersecurity and digital systems

Regulatory Body to Monitor Managers

A consistent theme from members was the need to ensure that the costs of regulation are not borne by lot owners through higher management fees. If a regulator is to be established, SCA (Vic) believes it/they should be government-funded, impartial, and transparent, rather than adding to industry fees or creating a competitive disadvantage for smaller firms.

Another strong theme was the urgent need for a specialised advisory body for Owners Corporations themselves. Many VCAT applications brought by Owners Corporations are rejected or dismissed because they lack merit, are procedurally flawed, or are based on misunderstandings of Manager obligations. This creates wasted time, costs, and frustration for all parties.

A dedicated body could provide accessible advice to committees on their legal responsibilities, governance processes, and dispute resolution options before resorting to litigation. By offering guidance at an early stage, such a body would help reduce frivolous or misconceived

applications, ease the burden on VCAT, and support better decision-making in Owners Corporations' governance.

SCA (Vic) is not opposed to stronger oversight, but reforms must be designed carefully to avoid duplication and unintended cost impacts. The preferred approach is a model that combines independent regulatory oversight with practical support for Owners Corporations, ensuring that both Managers and committees are held accountable, while disputes are addressed fairly and efficiently.

Manager Obligations & Duties

Amendments to the *Owners Corporations Act 2006* are needed to provide clarity to all Managers regarding their obligations. At present, several provisions are open to interpretation, creating inconsistency in how responsibilities are applied and enforced across the sector.

Many members reported that the handover of records between outgoing and incoming Managers is often of very low standard, both in terms of compliance and quality. The *Act* currently lacks detail on what constitutes an acceptable transfer. Minimum standards should be legislated for both quality and content of records provided, ensuring Managers can operate effectively and that owners have confidence in the continuity of governance.

Strengthening the *Act* with precise language and unambiguous duties will ensure Managers understand their obligations, reduce disputes, and promote consistent, accountable practice.

Recommendations

27. Allow Owners Corporations, in consultation with their Manager, to select the most appropriate remuneration model - whether commission, fixed fee, fee-for-service, or bundled - provided that full disclosure standards are met
28. Embed the SCA (Vic) Best Practice Insurance Disclosure framework into legislation or regulation, ensuring statewide consistency in transparency and record-keeping.
29. Ensure any future reforms recognise the significant administrative and advisory role of Managers in the insurance process and that a reasonable transition period allows for orderly adjustment across the sector (minimum three years)
30. Prevent reforms that merely shift profits to underwriters and raise costs for owners. Policy should strengthen transparency while protecting fair remuneration for Managers
31. Introduce training requirements for OIEC and all Managers by June 2027 and work with SCA (Vic) to ensure that the appropriate level of training is adopted with consideration for Recognition of Prior Learning (RPL) to ensure experienced Managers or those with higher tertiary qualifications are not forced into redundant study
32. Explore a specialised regulatory and advisory body for the strata sector. This body should provide independent oversight of Managers while also offering practical guidance to Owners Corporations, helping committees make informed decisions and reducing frivolous or misconceived applications to VCAT
33. Include in *Act* a list of documents and records that a Manager must handover

Non-compliance and resolving disputes

Observations

Communication and Committee Decision-Making: Our members report that communication between Managers and committees is one of the most persistent challenges. Committees are often unresponsive or slow to act, with decision-making hampered by lack of quorum, conflicting agendas, or personal interests overriding community needs. A recurring theme is poor governance: committees frequently lack an understanding of their responsibilities, and decisions are sometimes reversed or altered without proper process, causing frustration and wasted time for Managers and owners.

Managers highlighted the need for statutory maximum timeframes for committees to respond (3–5 days), with legislative back-up for Managers to act where committees remain unresponsive. This would be particularly valuable in executing urgent repairs, defect rectification, or safety-related maintenance. Without such powers, necessary works are often delayed to the detriment of owners and residents.

Internal Dispute Resolution: Internal dispute resolution mechanisms are generally regarded as ineffective. While some disputes are resolved internally, most either escalate to VCAT or stall due to unclear processes. Owners frequently misunderstand legislation and submit complaints that do not fall within the IDR framework, generating unnecessary administrative costs. Complaint forms are often misused, with no meaningful outcome.

To improve efficiency, members recommended shorter compliance periods following breach notices. The current 28-day compliance timeframe is widely seen as too long. A more practical requirement would be for owners to respond within 7 days and comply within 14 days, giving balance between procedural fairness and effective enforcement.

The *Act* should also allow costs of dispute resolution to be recoverable from the responsible lot owner where the Owners Corporation is found to be not at fault. Currently, the cost burden unfairly falls on all owners, which discourages enforcement of legitimate breaches.

Mediation through DSCV: Members report that the Dispute Settlement Centre of Victoria (DSCV) is rarely used and generally regarded as ineffective. Mediators often lack expertise in Owners Corporations' legislation, outcomes are unenforceable, and wait times can exceed one year. Even when attempted, owners may refuse to participate or treat mediation as a stalling tactic.

To improve this, mediation should either be resourced with trained strata specialists or streamlined to mandatory, enforceable conciliation. Otherwise, disputes should bypass DSCV entirely and progress to a more effective body.

VCAT Experience: VCAT is consistently described as costly, slow, and unpredictable. Members avoid it unless absolutely necessary. Complaints include lengthy delays, inconsistent decision-making, lack of Owners Corporations-specific expertise, and frivolous claims being heard without merit assessment.

S.48–50/51 of the *Act*, which require Owners Corporations to seek VCAT approval before entering private lots to conduct repairs, were highlighted as impractical. Excessive delays mean essential works such as addressing leaks, waterproofing failures, or urgent safety hazards cannot be resolved promptly. This issue was underscored in *Gary Dunn vs La Scala* (VCAT), where the tribunal recognised the challenges of water ingress disputes, but the legislative framework left the Owners Corporation unable to act quickly. The *Act* should be amended to grant enhanced powers for Managers and Owners Corporations to access private lots for necessary repairs, with safeguards to protect lot owner rights.

Matters such as parking breaches or changes to lot appearances are ill-suited to a tribunal process. The *Act* should instead empower Owners Corporations to enforce model rules directly.

Costs and Barriers to Dispute Resolution: The cost of pursuing matters at VCAT, particularly legal costs, is a significant barrier. Owners Corporations often abandon claims because the financial burden outweighs the benefit. Legal fees are rarely recoverable, meaning compliant owners bear costs caused by offending owners. This inequity deters enforcement.

Members recommended that the *Act* be amended to ensure breach costs are recoverable from the offending lot owner. **S.32(2a)** should be amended so the owner, not the Owners Corporation, bears the cost of issuing breach or final notices. Likewise, **s.152** should be strengthened to require minimum particulars of a breach notice, including reference to the specific rule, evidence of the breach, and clear particulars. **S.153** should be reviewed, as its current drafting renders **s.152** ineffective by enabling committees to decline action too easily.

Additional clarity is also needed in **s.53C** regarding the removal of goods to a “safe place.” The *Act* should define what constitutes a safe place and at whose expense goods are stored. Similarly, enhanced powers should be introduced to expedite removal of abandoned goods and cars from common property, avoiding lengthy tribunal processes.

Improvements to the Dispute Resolution Framework: Members strongly support wide-ranging reforms to the current dispute resolution framework. Considerations should include:

- Establishing a dedicated strata dispute body separate from VCAT, with specialist expertise and enforcement powers.
- Expanding enforcement powers and sanctions for owners who repeatedly breach Owners Corporations' rules.

- Implementing a fast-track process for smaller disputes, particularly breaches and arrears.
- Strengthening enforcement for building defect issues, which are currently one of the costliest and most prolonged categories of dispute.

Building Defects: Defect rectification is one of the most pressing and complex issues facing Owners Corporations. Key challenges include:

- Difficulty distinguishing between maintenance and defect matters
- Uncooperative or insolvent builders and developers
- Inadequate documentation and record-keeping at handover
- Committees reluctant to fund expert reports due to high costs
- Time delays and legal complexities that stretch disputes out for years
- Lack of legislated timeframes for builders to respond to defect claims
- Purchasers not being adequately informed about known defects

Managers report that reluctance to fund expert reports means minor defects are often ignored until they escalate into costly repairs. The financial burden falls heavily on Owners Corporations, particularly smaller ones, where a few owners cannot afford levies or special levies. The common presence, complexities and impact of building defects on the health and wellbeing of apartment residents have been widely researched. Details of reports on our sector are available here - [Research - Multi-owned Properties Research Hub](#).

Insurance Premiums in Mixed-Use Strata Buildings: Owners Corporations managing mixed commercial/residential strata buildings are experiencing extreme difficulties with insurance premiums where a "high-risk" tenant is present (e.g., tobacconists). Managers report premiums rising by **200–300%**, with insurers refusing to provide premium breakdowns or itemised quotes that distinguish the cost impact of the high-risk tenant.

This lack of transparency prevents Owners Corporations from apportioning costs fairly. Committees attempting to pass increased costs onto the high-risk owner lack the necessary evidence to justify the apportionment, leaving them exposed to disputes and legal uncertainty. The result is inequitable: all lot owners, including residential occupiers, are forced to subsidise the increased costs caused by one high-risk tenant.

In the current cost-of-living climate, this is creating significant financial stress for Owners Corporations, owners, and residents.

The way insurers assess risk and set premiums is regulated at the Commonwealth level under the *Insurance Act 1973* (administered by APRA), and falls outside the scope of the *Owners Corporations Act 2006*.

Recommendations

34. Reduce breach notice timeframes: require a response within 7 days and compliance within 14 days (instead of 28 days)
35. Amend **s.32(2a)** so that the cost of issuing a breach or final notice is recoverable by Owners Corporations from the responsible lot owner
36. Strengthen **s.152** to include minimum particulars in a breach notice: the rule breached, the evidence, and particulars of the conduct
37. Review **s.153** to ensure committees cannot too easily decline to act, which currently renders **s.152** ineffective
38. Amend the *Act* so costs of dispute resolution can be recovered from the lot owner responsible when the Owners Corporation is found to not be at fault
39. Empower Owners Corporations to recover penalties for breaches and damage to common property directly
40. Amend the *Act* to grant Managers powers to act on repairs, defects, and maintenance where committees are unresponsive, with safeguards for accountability
41. Review **ss.48–51** to allow timely access for Owners Corporations and Managers to enter private lots to address repairs (particularly water ingress and waterproofing) without lengthy VCAT delays
42. Amend the *Act* to expedite removal of abandoned goods and vehicles from common property
43. Clarify **s.53C** to define what constitutes a "safe place" for storage of removed goods and who bears the cost
44. Empower Owners Corporations to directly enforce Model Rules (e.g., parking and external appearances) without requiring VCAT involvement, subject to due process and appeal rights
45. Review the ability of the Owners Corporations to enforce rule breaches to alleviate pressure on VCAT
46. Establish a dedicated strata dispute body separate from VCAT, with specialist expertise, early dismissal powers for frivolous claims, and enforceable orders
47. Expand enforcement powers and sanctions for repeat offenders, including financial penalties recoverable as a debt
48. Implement a fast-track pathway for smaller matters (breaches, arrears, minor disputes) to reduce reliance on VCAT
49. Introduce mandatory conciliation or mediation by trained strata specialists prior to tribunal action
50. Clarify the distinction between maintenance and defect responsibilities to reduce disputes
51. Introduce statutory timeframes requiring builders/developers to respond to defect claims and commence rectification within defined periods

52. Strengthen protections where builders or developers are insolvent, including access to statutory funds or mandatory insurance
53. Require developers to provide complete and accurate documentation at handover, with penalties for non-compliance
54. Introduce mandatory annual inspections of common property to identify defects early
55. Ensure costs of expert reports and investigations are recoverable from responsible parties
56. Strengthen disclosure obligations of lot owners/committee members so prospective purchasers are always informed of known defects
57. Establish a specialist division within the proposed strata dispute body to manage building defect matters with access to qualified assessors
58. Encourage collaboration between Consumer Affairs Victoria and APRA for regulatory change requiring insurers to disclose risk-based premium breakdowns for strata properties, including the cost impact of specific high-risk uses

Collective Sales

In Victoria, collective sales are where all lot owners sell their lots to a developer. The following content relates to the termination of an Owners Corporation (as distinct from “collective sales”).

Observations

Challenges with Current Thresholds: Members highlighted that securing 100% agreement for a collective sale is virtually impossible in practice. Absentee or uncontactable owners, entrenched mistrust, and small groups of vocal dissenters often block progress. Many indicated that Victoria's current 100% requirement makes collective sales unviable, with Owners Corporations often deciding not to even commence the process. Even where attempts were made, single “hold-out” owners frequently derailed negotiations or demanded inflated payouts.

Experience with Collective Sale Attempts: Direct experience among members remains limited, but a strong pattern emerged that most collective sale attempts stall or fail before reaching a formal vote due to the unanimity requirement. In schemes that did proceed, the highest levels of agreement achieved typically ranged between 80–99%, falling short of the current legal threshold. Small successes were reported in very small schemes, but these are rare exceptions.

Appetite for Reform: There is broad support for Victoria to follow other jurisdictions by reducing the consent threshold. Around one-third of members favour a 75% threshold to enable the renewal of ageing buildings, while others propose a modest reduction (e.g., 85–90%) to balance redevelopment opportunities with property rights. While some caution against forced sales that may cause hardship, there is widespread acknowledgement that the current 100% requirement is unworkable, particularly in larger schemes where absentee owners are common.

Treatment of Small Schemes: Views were divided on whether very small schemes (four lots or fewer) should retain a 100% threshold. Some argued unanimous consent is appropriate given the higher personal impact on each owner, while others favoured applying the same reduced threshold across all schemes. A consistent theme was the need for a standardised, fair process that safeguards against frivolous proposals and ensures committees act responsibly.

Safeguards for Dissenting Owners: Members strongly supported safeguards to protect dissenting owners if thresholds are lowered. Key measures identified include:

- Independent property valuations to ensure fair market value
- Transparent voting processes and disclosure of conflicts of interest
- Protection for vulnerable groups, including elderly or low-income owners
- Right to challenge a decision at tribunal or court
- Compensation above market value for forced sales

Information and Independence: A strong theme was the importance of providing owners with independent information early in the process, before any vote is held. A majority of members supported a mandatory pre-sale report, with most members emphasising that it must be independent of both the developer and the committee. Opinions varied on who should fund such a report, though the initiating party (developer/purchaser) or a jointly appointed independent expert were the most supported options.

Owner Led vs Developer Led Proposals: Collective sales in strata can be initiated either by owners themselves or by developers. Owner-led proposals usually arise when a building reaches a certain age or the cost of repairs and rectification becomes uneconomic, making redevelopment a more attractive option than ongoing maintenance. Developer-led proposals, on the other hand, occur when a developer identifies under-utilised land or redevelopment potential and offers to purchase all lots at a premium above market value. Internationally, Singapore provides a useful model, with legislation that allows collective sales by supermajority rather than unanimity - requiring 80% owner consent for buildings more than 10 years old, and 90% for those under 10 years. This framework recognises the challenges of ageing buildings and high repair costs while still protecting minority owners through fair compensation and oversight, striking a balance between enabling redevelopment and safeguarding owner rights.

Oversight and Regulation: There is moderate support for the establishment of a specialist regulatory body to oversee the collective sales process, with 30% favouring a body that manages information, approvals, and disputes. Others supported more limited oversight (12%), such as final approval powers. However, many members were unsure, reflecting the limited experience with collective sales under Victoria's current legal framework.

Recommendations

59. Reduce the consent threshold for collective sales to 75%, or at least 85–90%, in line with other states
60. Consider higher thresholds for very small schemes (e.g., four lots or fewer), recognising the personal impact on each owner
61. Consider different thresholds for Owner led vs Developer led – consistent with Singapore's model
62. Mandate independent valuations to ensure fair sale prices and require transparent voting processes with disclosure of conflicts of interest
63. Introduce early-stage independent pre-sale reports to ensure owners have clear, unbiased information before voting, with costs funded by the initiating party or through a jointly appointed expert
64. Provide a right of appeal for dissenting owners to an accessible tribunal or court and consider compensation above market value for forced sales
65. Protect vulnerable groups (elderly, disabled, low-income owners) through tailored safeguards
66. Establish a dedicated regulatory body or function to oversee collective sales, ensure fairness, and manage disputes

Voting Processes

Observations

Voting Processes: Members expressed mixed confidence in the current voting system. While over half of members felt the processes were generally clear and effective, a significant proportion still reported confusion and inefficiencies. The challenges most often raised included difficulties with quorum, uncertainty about poll voting, the rigid 14-day ballot window, a lack of clarity on pre-voting and the inability to conduct secret ballots in circumstances where seeing and/or having access to view how lot owners voted gives rise to disputes/disharmony.

The *Act* currently requires ballots to be conducted in accordance with the rules of the Owners Corporation, however the default model rules used by a majority of Owners Corporations do not prescribe a process. This leaves Managers and committees open to dispute over whether procedures were followed correctly. There is also uncertainty around what constitutes "another prescribed manner" of conducting ballots, particularly as electronic and hybrid voting become more common.

The reference to "another prescribed manner" should be clarified to expressly include electronic, postal, and hybrid ballots, as well as pre-voting mechanisms for meetings. Quorum requirements should also be made more practical by reducing the threshold to 25% if 30 minutes have elapsed, and ballot periods should be extended from a rigid 14 days to a more flexible "up to 28 days."

The *Act* should allow lot owners or proxies to withdraw and resubmit their vote during an open ballot period. These reforms would modernise voting, reduce disputes, and make participation more accessible.

The *Act* should consider whether the provisions relating to interim resolutions in **s.78(4)** ought to be aligned more closely with those in **s.97** to ensure consistency and clarity. At present, the intent of **s.78(4)** is not well understood by owners or committees, creating confusion and uncertainty in practice. Aligning interim resolution provisions so they mirror the framework of **s.97** would provide a clearer legislative pathway, reduce misinterpretation, and support fairer and more consistent decision-making across Owners Corporations. This alignment would also reduce the need for costly legal clarification, give committees greater confidence in applying the law, and ultimately improve transparency for lot owners who seek certainty in governance processes.

For example, under current provisions, a special general meeting must be petitioned if lot owners disagree with decisions made at a general meeting where a quorum was not present. This should operate in a similar way to the framework for special resolutions in **s.97(4)**, which states that an interim special resolution becomes a special resolution after 29 days unless lot owners holding more than 25% of the total votes petition the secretary against the resolution.

However, **s.78** lacks equivalent guidance for lot owners, as it does not clarify the need to petition for a further special general meeting rather than petitioning against resolutions.

Unilateral and sometimes unfair decisions are also seen to be made by Chairpersons, who assert, albeit incorrectly, their ability to make decisions for the Owners Corporation where there is a committee, and without any additional or related delegated authorities. Clarification of the role and capacity in which a Chairperson can act, with and without a committee, would also benefit lot owners twofold, to minimise disputes and where necessary, encourage individuals to step into this voluntary role.

Interim Resolutions: Interim resolutions are widely supported by members, with four in five acknowledging they play an important role in keeping decisions moving when quorum cannot be reached. However, the current framework is too narrow, leaving Owners Corporations hamstrung on key matters such as budgets, litigation, and enforcement of rules. Some members also noted the administrative burden of the process, particularly when it requires multiple meetings to finalise outcomes.

We recommend expanding the scope of interim resolutions. The *Act* should allow the commencement of proceedings at VCAT or in a court, and enforcement of non-monetary remedies such as injunctions to be authorised by interim resolution. **S.86(2A)** should also be aligned with the interim resolution mechanism in **s.78(1)**, ensuring consistency across the *Act*. These changes would streamline decision-making, reduce red tape, and ensure owners corporations can act promptly in the interests of their communities.

Impact of Procedure Changes: Recent reforms to voting procedures have not significantly shifted participation levels, with about 70% of members reporting no change. Many members also highlighted that the rigid 14-day ballot period makes it unnecessarily difficult to achieve special resolutions, while growing demand for hybrid and after-hours meetings continues to stretch resources.

To address these concerns, the *Act* should expressly permit hybrid and electronic voting methods, ensuring members and Managers can confidently rely on them. The ballot period should be amended to allow "up to 28 days," providing flexibility depending on the complexity and urgency of the decision. The additional time may increase the ability for some Owners Corporations to achieve responses equivalent to a special resolution or even a quorum, particularly where the subject of the ballot requires a special resolution and/or responses from lot owners overseas, on holidays or the like - see *Owners Corporation PS 331362S v Domingo (Owners Corporations)* [2023] VCAT 404 & *Barintore Nominees Pty Ltd v Owners Corporation Plan PS SP 22934S* [2019] VCAT 406.

A clear legislative basis for pre-voting before annual or general meetings should also be introduced, enabling owners who cannot attend in person to still participate. These reforms would provide clarity, encourage engagement, and make resolution-passing more achievable without undermining transparency.

Proxy-Limit Rules: The introduction of proxy limits has been broadly successful, with 57% of members noting a reduction in proxy farming and concentration of influence. However, enforcement remains inconsistent, and loopholes continue to be exploited by developers and multi-lot owners. Members also reported that while proxy limits improve fairness, they can make achieving quorums and passing resolutions more difficult.

To strengthen this area, **s.89C** should be amended to clearly distinguish between proxies at general meetings and proxies at committee meetings, ensuring no overlap or confusion with **s.138A**. Proxies who are nominees of lot owners should be permitted to delegate their vote to another committee member if unable to attend, maintaining flexibility without undermining fairness.

Confusion is also generated with what may be the intent of an amendment, versus its application, when calculating the size of the Owners Corporation (number of lots) equating to the number of proxies that may be held by an individual. The *Act* currently provides that the limitations on proxies, is applicable to the number and/or percentage of 'lot owners' that can be represented by proxy, as opposed to 'lots' that can be represented by proxy. This fine detail, although it appears minor, changes its application i.e. calculation becomes relative to the number of 'owners' in the Owners Corporation, and not the number of 'lots' where an owner owns more than one lot and should have multiple votes. These reforms will close existing loopholes, improve enforceability, and maintain fairness while still supporting effective governance.

Annual Budgets and Maintenance Plans: Under the current provisions of **s.78(1B)**, an Owners Corporation is limited to passing an interim resolution to the increase to the budget of a maximum of 10%. While this was designed to provide certainty for lot owners, in practice the 10% cap has proven to be unworkable and has created significant barriers to the effective management of common property.

The cost of insurance, building materials, specialist services, and labour has increased at a rate well above 10% in recent years. A 10% threshold is insufficient to keep pace with these realities.

Raising the allowable increase to 25% would strike a more realistic balance between owner protection and operational efficiency. It would provide Owners Corporations with the flexibility to respond to cost fluctuations while maintaining transparency and accountability through existing governance mechanisms. Importantly, this change would reduce administrative burdens, avoid unnecessary meetings, and prevent critical works from being delayed - ultimately protecting both property values and resident safety.

Recommendations

67. Insert a prescribed default ballot procedure in the *Act* (**s.88**) where rules are silent
68. Correct and clarify the meaning of "another prescribed manner" in **s.89** to expressly include electronic, postal, hybrid, and pre-voting mechanisms for meetings. Existing

- Regulation 7B (as introduced by previous amendments) appears to be limited in its use for pre-voting purposes, without the support of a proxy at the meeting itself
69. Amend **s.97** to specify whether thresholds are calculated on lot entitlements or votes cast
 70. Reduce quorum for general meetings from 50% to 25% if 30 minutes have elapsed
 71. Amend closing date for ballots, to accommodate a minimum of 14 days, with option to agree by ordinary resolution to extend the closing date up to 28 days after the date of the notice
 72. Amend **s.78(4)** to bring phrasing used for application and validation of interim ordinary resolutions at a meeting, into alignment with those used for **s.97(4)** special interim resolutions, i.e. as it relates to petitioning a meeting/petitioning against a resolution respectively
 73. Amend **s.112** to allow interim special resolutions to authorise:
 - Budget increases up to 25%
 - Commencement of proceedings at VCAT or in a court
 - Enforcement of non-monetary remedies, such as injunctions
 74. Align **s.86(2A)** with **s.78(1)** to ensure consistency in interim resolution mechanisms
 75. Amend **s.89C** to clearly distinguish between general meeting proxies and committee meeting proxies
 76. Amend the *Act* to permit closing a ballot once sufficient votes have been received to resolve the matter, ensuring greater efficiency and expediency in decision-making
 77. Permit a proxy who was nominated to the committee by a lot owner to delegate their vote to another committee member if unable to attend
 78. Amend **s.89G** to include a civil penalty for coercion or improper demand for proxies
 79. Redraft **s.138A** so it stands alone in relation to committee meetings, removing the cross-reference to **s.89C**
 80. Amend **s.97** to provide explicit clarity on whether thresholds are based on entitlements or votes
 81. Amend **s.88** and **s.89** to establish a standardised ballot process and define acceptable alternative methods
 82. Amend **s.111** to allow withdrawal and resubmission of votes during the ballot period
 83. Adjust quorum rules to allow meetings to proceed after 30 minutes with a 25% quorum
 84. Clarify in *Act* that 14 days notice of a ballot is "giving" rather than "receiving" 14 days notice of ballot (to alleviate any doubt of allowance for postage)
 85. Refine wording of **s.89** to support intent of prior legislative amendment
 86. Clarify the role and capacity in which a Chairperson can act, in an Owners Corporation that has, and one that does not have, a committee

Recommendations Table

The following table collates the recommendations contained within this submission, providing a consolidated overview of proposed reforms.

Topic	Recommendation
Governance & Related Reforms	<ol style="list-style-type: none"> 1. Additional, more detailed categorisation of tiers to reflect type of premises and use of lots to strengthen accountability within an Owners Corporation 2. Amend s.146 by deleting "inspection of records" due to electronic capabilities being able to fulfil any requests 3. Amend <i>Act</i> to include ethical standards for committee members with disciplinary consequences outlined, i.e. warnings, removal from committee, restrictions of only being to correspond with Manager via post 4. Amend <i>Act</i> to provide clear guidance on access to private records, outlining what information may be obtained and specifying the permitted purposes for which that information can be used by those who access it and what should not be maintained and therefore shared (accessible/viewable) as a record of the Owners Corporations due to its sensitive nature 5. Review s.144 to provide greater clarity on record-keeping obligations. Specifically, the <i>Act</i> should confirm what items constitute "correspondence" and whether the listed records represent a minimum standard or an exhaustive list. Guidance is needed to determine if documents not included in the list are still considered records, and whether "correspondence" is intended to capture every email 6. Amend Model Rules to include a section on prohibition of private CCTV monitoring common areas 7. Amend <i>Act</i> to include penalties for a developer that does not provide the asset register and all required documents 8. That there should be one overall benefit principle and should state clearly that the principle is an exception to the rule that fees are paid in accordance with lot liability 9. Amend <i>Act</i> to mandate the appointment of a professional Manager for all Tiers 2 & 3 that have essential services 10. That it be explicitly stated in the <i>Act</i> that on completion of a committee election that as long as minimum number of

	<p>committee members is reached that this does not create casual vacancies (s.103 and s.104)</p> <ol style="list-style-type: none"> 11. Amend s.100 to provide instructions on how committee elections are to be conducted 12. Review s.103(5) as it provides that the members of the committee hold office from their election until a new committee is elected and does not indicate in the case of an interim resolution whether the incumbent committee's powers be limited or restricted in the 28-day period 13. Review s.108 as it states that a delegate can call a committee meeting, even if the delegate is not delegated that power and even if the delegate is not a committee member 14. Define "Significant Alterations" in the <i>Act</i> 15. Amend <i>Act</i> to remove the requirement for Owners Corporations to prepare financial statements in accordance with Australian Accounting Standards 16. Amend <i>Act</i> to require that Notices of Acquisition include transferor's forwarding address for future correspondence, transferee's address for future correspondence and a declaration of whether the purchaser will occupy the lot
<p>Short Stay Accommodation</p>	<ol style="list-style-type: none"> 17. 1. Amend <i>Act</i> to establish clear behavioural standards for all short-stay operators (e.g., noise, damage, guest conduct) with automatic penalties - reducing reliance on lengthy VCAT processes 18. Require all short-stay operators in strata buildings to register use of their lot for short-stay purposes with an independent body, providing details also of the short-stay provider for contact and response
<p>Financial Hardship</p>	<ol style="list-style-type: none"> 19. 1. Amend <i>Act</i> to clarify that Owners Corporations have the option to pursue debt recovery through either VCAT or the Magistrates Court 20. Amend <i>Act</i> to require owners seeking hardship relief to provide evidence of genuine hardship and define what constitutes "genuine hardship" 21. Amend <i>Act</i> to allow Owners Corporations to offer standardised payment plans with defined terms (i.e. capped duration, continuing interest) 22. Amend <i>Act</i> to require a mandatory budget requirement for a provision of financial hardship for Tiers 2-4 (Tier 1 are likely able to carry the debt). Surplus funds at the end of each budget year could then be transferred to the maintenance fund. Percentage levels for each tier would need to be modelled

	<ul style="list-style-type: none"> 23. Amend <i>Act</i> to include enforceable recovery of administrative and legal costs for costs of breach notices and final fee notices (instead of Owners Corporations being liable for cost) 24. Amend <i>Act</i> to require disclosure of arrears policies and hardship processes in Owners Corporations' governance documents 25. Create and provide access to a model payment-plan framework (taking into consideration the observations noted above) and template. The latter being to avoid additional costs to Owners Corporations and defaulting lot owners to enter into a payment plan that should otherwise be legally drafted to include fair and reasonable terms and conditions for both Owners Corporations and the debtor. Consider capping plans at 3–12 months, interest to continue to accrue, circumstances that provide administration costs to be recoverable from the debtor, and enforceable recovery costs 26. Introduce a government endorsed fact sheet that provides information about strata levies, budgets, and the potential for special levies before completing a purchase
<p>Manager Conduct</p>	<ul style="list-style-type: none"> 27. 1. Allow Owners Corporations, in consultation with their Manager, to select the most appropriate remuneration model - whether commission, fixed fee, fee-for-service, or bundled - provided that full disclosure standards are met 28. Embed the SCA (Vic) Best Practice Insurance Disclosure framework into legislation or regulation, ensuring statewide consistency in transparency and record-keeping. 29. Ensure any future reforms recognise the significant administrative and advisory role of Managers in the insurance process and that a reasonable transition period allows for orderly adjustment across the sector (minimum three years) 30. Prevent reforms that merely shift profits to underwriters and raise costs for owners. Policy should strengthen transparency while protecting fair remuneration for Managers 31. Introduce training requirements for OIEC and all Managers by June 2027 and work with SCA (Vic) to ensure that the appropriate level of training is adopted with consideration for Recognition of Prior Learning (RPL) to ensure experienced Managers or those with higher tertiary qualifications are not forced into redundant study 32. Explore a specialised regulatory and advisory body for the strata sector. This body should provide independent oversight of Managers while also offering practical guidance to Owners Corporations, helping committees make informed decisions and reducing frivolous or misconceived applications to VCAT

Non-Compliance & Resolving Disputes

33. Include in *Act* a list of documents and records that a Manager must handover
34. Reduce breach notice timeframes: require a response within 7 days and compliance within 14 days (instead of 28 days)
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42. Amend the *Act* to expedite removal of abandoned goods and vehicles from common property
43. Clarify **s.53C** to define what constitutes a "safe place" for storage of removed goods and who bears the cost
44. Empower Owners Corporations to directly enforce Model Rules (e.g., parking and external appearances) without requiring VCAT involvement, subject to due process and appeal rights
45. Review the ability of the Owners Corporations to enforce rule breaches to alleviate pressure on VCAT
46. Establish a dedicated strata dispute body separate from VCAT, with specialist expertise, early dismissal powers for frivolous claims, and enforceable orders
47. Expand enforcement powers and sanctions for repeat offenders, including financial penalties recoverable as a debt
48. Implement a fast-track pathway for smaller matters (breaches, arrears, minor disputes) to reduce reliance on VCAT

49. Introduce mandatory conciliation or mediation by trained strata specialists prior to tribunal action
50. Clarify the distinction between maintenance and defect responsibilities to reduce disputes
51. Introduce statutory timeframes requiring builders/developers to respond to defect claims and commence rectification within defined periods
52. Strengthen protections where builders or developers are insolvent, including access to statutory funds or mandatory insurance
53. Require developers to provide complete and accurate documentation at handover, with penalties for non-compliance
54. Introduce mandatory annual inspections of common property to identify defects early
55. Ensure costs of expert reports and investigations are recoverable from responsible parties
56. Strengthen disclosure obligations of lot owners/committee members so prospective purchasers are always informed of known defects
57. Establish a specialist division within the proposed strata dispute body to manage building defect matters with access to qualified assessors
58. Encourage collaboration between Consumer Affairs Victoria and APRA for regulatory change requiring insurers to disclose risk-based premium breakdowns for strata properties, including the cost impact of specific high-risk uses

Collective Sales

59. Reduce the consent threshold for collective sales to 75%, or at least 85–90%, in line with other states
60. Consider higher thresholds for very small schemes (e.g., four lots or fewer), recognising the personal impact on each owner
61. Consider different thresholds for Owner led vs Developer led – consistent with Singapore's model
62. Mandate independent valuations to ensure fair sale prices and require transparent voting processes with disclosure of conflicts of interest
63. Introduce early-stage independent pre-sale reports to ensure owners have clear, unbiased information before voting, with costs funded by the initiating party or through a jointly appointed expert

	<p>64. Provide a right of appeal for dissenting owners to an accessible tribunal or court and consider compensation above market value for forced sales</p> <p>65. Protect vulnerable groups (elderly, disabled, low-income owners) through tailored safeguards</p> <p>66. Establish a dedicated regulatory body or function to oversee collective sales, ensure fairness, and manage disputes</p>
<p>Voting Processes</p>	<p>67. Insert a prescribed default ballot procedure in the <i>Act</i> (s.88) where rules are silent</p> <p>68. Correct and clarify the meaning of "another prescribed manner" in s.89 to expressly include electronic, postal, hybrid, and pre-voting mechanisms for meetings. Existing Regulation 7B (as introduced by previous amendments) appears to be limited in its use for pre-voting purposes, without the support of a proxy at the meeting itself</p> <p>69. Amend s.97 to specify whether thresholds are calculated on lot entitlements or votes cast</p> <p>70. Reduce quorum for general meetings from 50% to 25% if 30 minutes have elapsed</p> <p>71. Amend closing date for ballots, to accommodate a minimum of 14 days, with option to agree by ordinary resolution to extend the closing date up to 28 days after the date of the notice</p> <p>72. Amend s.78(4) to bring phrasing used for application and validation of interim ordinary resolutions at a meeting, into alignment with those used for s.97(4) special interim resolutions, i.e. as it relates to petitioning a meeting/petitioning against a resolution respectively</p> <p>73. Amend s.112 to allow interim special resolutions to authorise: <ul style="list-style-type: none"> • Budget increases up to 25% • Commencement of proceedings at VCAT or in a court • Enforcement of non-monetary remedies, such as injunctions </p> <p>74. Align s.86(2A) with s.78(1) to ensure consistency in interim resolution mechanisms</p> <p>75. Amend s.89C to clearly distinguish between general meeting proxies and committee meeting proxies</p> <p>76. Amend the <i>Act</i> to permit closing a ballot once sufficient votes have been received to resolve the matter, ensuring greater efficiency and expediency in decision-making</p> <p>77. Permit a proxy who was nominated to the committee by a lot owner to delegate their vote to another committee member if unable to attend</p>

78. Amend **s.89G** to include a civil penalty for coercion or improper demand for proxies
79. Redraft **s.138A** so it stands alone in relation to committee meetings, removing the cross-reference to **s.89C**
80. Amend **s.97** to provide explicit clarity on whether thresholds are based on entitlements or votes
81. Amend **s.88** and **s.89** to establish a standardised ballot process and define acceptable alternative methods
82. Amend **s.111** to allow withdrawal and resubmission of votes during the ballot period
83. Adjust quorum rules to allow meetings to proceed after 30 minutes with a 25% quorum
84. Clarify in *Act* that 14 days notice of a ballot is "giving" rather than "receiving" 14 days notice of ballot (to alleviate any doubt of allowance for postage)
85. Refine wording of **s.89** to support intent of prior legislative amendment
86. Clarify the role and capacity in which a Chairperson can act, in an Owners Corporation that has, and one that does not have, a committee

Refinements/Edits to *Owners Corporations Act 2006*

Throughout review of the *Owners Corporations Act 2006*, we found some parts that require the language to be cleaned up or that they may contradict. We have listed these below for consideration by the Expert Panel.

Section	Issue	Recommendation
s.169J VCAT may make order authorising lot owner to commence, prosecute, defend or discontinue proceeding ss.(2)	If the dispute is not an Owners Corporation dispute as defined in s.162 , VCAT will not have jurisdiction under the Act.	If the intention is to allow for authorising other disputes – such as “domestic building disputes” (as defined in s.3 and s.54 of the <i>Domestic Building Contracts Act 1995</i>), this section should be amended.
s.169I Lot owner may apply to VCAT to commence, prosecute, defend or discontinue any proceeding on behalf of owners corporation	Currently abused to circumvent to s.18(1) special resolution requirement?	Remove s.169I
s.169J VCAT may make order authorising lot owner to commence, prosecute, defend or discontinue proceeding be removed	Currently abused to circumvent to s.18(1) special resolution requirement? see for example <i>Sciuto v TNSKBMC Pty Ltd</i> [2021, VCAT 862 (3 August 2021) cf. <i>Hanna v Strata Score Pty Ltd (Owners Corporations)</i> [2022] VCAT 993 (25 August 2022)	Remove s.169J
s.162 VCAT may hear and determine disputes	Definition of “owners corporation dispute” is not clear. See for example <i>Owners Corporation 4 PS539033E v Bensons Property Group Pty Ltd (Owners Corporations)</i> [2018] VCAT 1769 (16 November 2018)?	Definition of “Owners Corporation dispute” should be tightened up to be prescriptive
s.67B Contract entered into by applicant for registration of the plan of	A third-party Manager cannot be appointed prior to the first	Requires clarity that this applies to the first general meeting.

subdivision prior to first meeting	meeting of the Owners Corporation	
s.67A What documents must be disclosed at the first meeting?	The terms "applicant for registration of the plan of subdivision" and "initial owner" is not clear/defined	Terms to be defined
s.49(2) confirm that benefit principle only applies where s48 notices have been issued, ie. s49(3) cannot relate to common property as a s48 notice can only be issued in respect to lots	It is not clear that benefit principle only applies when s48 notices have been issued, ie. s49(3) cannot relate to common property as a s48 notice can only be issued in respect to lots	Redraft section to clarify
s.148(b) What must be kept on the Owners Corporation register?	Name and address of each lot owner is stated. This is a restatement of s144(a)	Delete s144(b)
s.151 Owners Corporation certificate	Inconsistency between ss(4)(a)(v) and r16(e), ss(4)(a)(vii) and r.16(i) 108, ss(4)(a)(x) and r16(l) 108 and ss (4)(a)(xi) and r16(m) 108	Review relevant sections and regulations with inconsistency
s.61 and s.61A Insurance for lots of multi-level developments/Insurance for multiple single dwellings on a plan of subdivision	Vagueness of definition of "multi-level development" and "multiple single dwellings"	Define both terms
s.46 Owners Corporation to repair and maintain common property	No cost recovery mechanisms outlined	Outline cost recovery mechanisms
s.4 and s.46 Repairs and Maintenance	Doesn't specifically mention rectification of defects – only repairs and maintenance	Include "rectification of defects" as obligation
s.28(2) Liability of Owners	Does not include s.23 and s.23A	These sections should also be listed in s.28(2)
s.36 Maintenance Plan	No clarity on whether Tiers 3-5 who elect to have a maintenance plan are required to comply with this Division	Should be clear Tiers 3-5 must comply
s.51 Owners Corporation certificate	Does not require that reported/confirmed building defects must be included	Add a requirement that reported/confirmed building defects must be included
s.138 Power to make rules	Vague and uncertain	Review to provide clarity

Refinements/Edits to Regulations/Model Rules

Section	Issue	Recommendation
Model Rules s.1.1	Should also reference "common property"	Amend to "A lot owner or occupier must not use the lot, or permit it to be used, so as to cause a hazard to the health, safety and security of an owner, occupier, or user of another lot."
Model Rules s.4.1	Should allow for Owners Corporations to recover damages to common property from a lot owner	Add a section that allows for this
Model Rules s.4.1(2)	Currently references that lot owners cannot "use" for own purposes a garden	Should be amended to advise that common property can neither be used or have goods stored on for the owner or occupier's own purposes
Model Rules s.5.2	Currently does not advise lot owner responsibility of maintaining the external appearance of their lot	Add a section that advises this
Schedule 1	There is no proxy that can be used for committee meeting proxies as it specifically refers to annual general meetings and special general meetings	Further proxy to be developed that can be used for committee meeting proxies

Annexure A

Code of Ethics



SCA Code of **Ethics**

Last Updated: June 2025



This **Code of Ethics** has been developed across all jurisdictions where SCA members operate in Australia and New Zealand. Members are expected to uphold these ethical principles consistent with the regulatory and legal frameworks applicable to their role and location.

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Ethical Principles and Standards for SCA Members

The Strata Community Association (SCA) Code of Ethics (The Code) outlines the ethical principles and professional standards expected of members operating within the strata sector. It provides a framework for ensuring integrity, accountability, fairness, and respect in the delivery of services and the management of strata communities. The Code supports consistent decision-making, promotes ethical conduct, and reinforces public confidence in the professionalism of the strata industry.

1. Ethical Stewardship

Act with loyalty, good faith, and due care, always prioritising the interests of the strata community over personal or third-party interests.

2. Compliance with Law and Regulation

Educate and guide the committee and strata community to ensure compliance with all relevant legislation, regulations, and laws. Uphold the integrity of the profession by complying with applicable law and consumer protections.

3. Transparency and Disclosure

Disclose any actual or potential conflicts of interest, including commissions, referral fees, any form of payment or benefit received or relationships with service providers.

4. Integrity and Honesty

Act truthfully and ethically in all professional dealings. Do not mislead, withhold material facts - particularly for personal or financial gain - or engage in any conduct that undermines trust or damages professional credibility.

5. Fairness and Impartiality

Treat all parties with consistency and respect. Avoid bias or favouritism, especially in dispute resolution or decision-making.

6. Confidentiality and Privacy

Protect the confidentiality of the strata community and owner information. Handle personal and financial data in compliance with the law and professional duties.

7. Competence and Diligence

Maintain professional knowledge, and perform duties with due skill, care, and attention. Avoid taking on work beyond your competence or authority.

8. Respectful Communication and Conduct

Maintain professional conduct at all times and avoid behaviour that is denigrating, disrespectful, discriminatory, or disruptive to all stakeholders.

9. Service to the Strata Community

Act in a manner that guides and supports committees and the strata community in enabling long-term health, harmony, and sustainability of strata communities, upholding legal obligations with social responsibility.

10. Upholding Reputation and Interests

Act consistently with SCA's professional expectations, promoting confidence in the profession, and avoiding conduct that will bring the strata management profession into disrepute.

All practices must comply with relevant legislative obligations and be consistent with mandated and endorsed SCA best practice standards and guidelines.

Introduction

The Strata Community Association is committed to setting the highest standards of ethical conduct, professionalism, and transparency in the strata management sector. In addition to a comprehensive review of best-practice professional standards across Australia, this Code of Ethics is the result of extensive consultation, including survey feedback from strata management company principals, strata community managers, executive and support staff, service providers and lot owners. It is designed to address real-world challenges and expectations identified by our community, and foster a culture of trust, accountability, and continuous improvement, which will ultimately strengthen and reinforce consumer and public confidence in the strata management sector.

By adhering to this Code, SCA members pledge to uphold not only legal requirements but also the spirit of integrity, transparency, fairness, and service that underpins the strata profession. All individual members are accountable for their own conduct, while the Principal of the business is also responsible for the conduct of their employees.



Core Ethical Principles

1. Ethical Stewardship

Strata community managers, are entrusted with responsibilities that affect the collective interests of strata communities. They must act with loyalty, care and sound judgement, ensuring their decisions and actions serve the best interests of the client entity, without influence from personal, commercial, or third-party interests.

Members must:

- Act in good faith, with transparency and impartiality.
- Avoid actual or potential conflicts of interest.
- Not act against the interests of the strata community.
- Refrain from using any professional position for personal gain or to benefit related parties.
- Disclose and appropriately manage any circumstances that will compromise the best interests of the strata community.
- Use delegated authority strictly in accordance with contractual, legislative, and ethical boundaries.
- Ensure procurement decisions are based on merit and value, with clear, auditable criteria and direct committee involvement. Incentive-driven arrangements are discouraged unless fully disclosed and approved by the relevant decision-making body prior to engagement.

This duty includes the responsible management of community assets, impartial decision-making, and appropriate use of delegated authority. Ethical stewardship goes beyond legal compliance, requiring a higher standard of conduct where the law is non-descriptive or silent.

2. Compliance with Laws and Regulation

Compliance with all applicable legislation, regulations, and laws is a fundamental ethical obligation. Members must operate within the legal frameworks governing strata and community title management and ensure that conduct reflects both the letter and spirit of the law. Compliance is essential to protecting consumers, maintaining trust, and upholding the integrity of the profession.

Members must:

- Remain informed of relevant legislation, including strata, property, tenancy, privacy, and consumer protection law.
- Ensure that all actions, general advice, and documentation provided to strata communities and committees comply with legal requirements.
- Promptly address any breaches of legislation, regulation, or contractual obligations.
- Cooperate with regulatory authorities and meet statutory reporting and disclosure obligations.
- Promote awareness of legal responsibilities within professional teams and among stakeholders.

Adherence to legal obligations reinforces ethical practice and ensure that professional responsibilities are carried out with diligence, transparency, and accountability.



3. Transparency and Disclosure

This core ethical obligation supports informed decision-making, strengthens accountability, and reinforces trust within the strata sector. It requires the proactive, clear, and timely disclosure of all information that will influence confidence in decision-making processes or professional conduct.

Members must:

- Disclose all actual or potential conflicts of interest and financial value, including commissions, incentives, related business entities, referral arrangements, and relationships with suppliers, contractors, or service providers. Ensure consent by the strata community is obtained before proceeding.
- Ensure disclosures are presented in plain language, using standardised templates where available and provided before decisions are made.
- Provide sufficient and timely information to enable lot owners and committees to make informed decisions.
- Seek informed written consent prior to acting where a conflict may exist or where financial interests are involved.

- Avoid any conduct that could result in secrecy, confusion, or perceptions of undue influence, bias, or preferential treatment.
- Maintain accurate records of all disclosures and related consents and make these available to the strata community or committee upon request.

Transparent conduct is essential to ethical governance and must be applied consistently across all professional relationships and service arrangements within the strata sector.



4. Integrity and Honesty

Integrity and honesty are the foundations of ethical and professional conduct within the strata sector. It requires truthfulness, reliability, and adherence to legal and ethical obligations, even in complex or high-pressure situations. Conduct must be guided by honesty, transparency, and a commitment to maintaining public trust in the profession and the broader community.

Members must:

- Act truthfully in all professional dealings and communications, ensuring that information is accurate, complete, and not misleading.
- Not engage in the falsification, misrepresentation, or intentional concealment of material facts relevant to decision-making.
- Ensure all marketing, reporting, and communications uphold standards of accuracy and fairness.
- Take responsibility for errors and implement corrective action in a timely and transparent manner.
- Uphold a professional reputation for ethical conduct, reliability, and principled leadership.

Maintain personal integrity even when organisational directives, commercial pressures or workplace culture conflict with this Code. When such conflicts arise, seek guidance and raise concerns.

5. Fairness and Impartiality

Fairness and impartiality are essential to ethical decision-making and maintaining confidence in the integrity of the strata sector. Professional conduct must be free from bias, discrimination, or favouritism, particularly in matters involving procurement, dispute resolution, and committee engagement.

Members must:

- Treat all parties, owners, committees, residents, and service providers with consistency, respect, and equity.
- Avoid any conduct that may suggest bias, including preferential treatment based on familiarity, status, or personal views.
- Facilitate transparent and impartial processes for procurement, supplier selection, and contract recommendations.
- Manage disputes objectively and support fair, balanced outcomes for all parties involved.
- Uphold procedural fairness in communications, reporting, and the implementation of decisions in accordance with legislation.
- Exercise authority responsibly, avoiding undue pressure or exploitation and remaining mindful of power imbalances.

Impartial conduct supports trust in the decision-making process, ensures equitable treatment of stakeholders, and reinforces the professional standing of the strata sector.



6. Confidentiality and Privacy

Confidentiality is a core professional obligation and must be maintained at all times in accordance with applicable laws and ethical standards. Information obtained in the course of professional duties must be handled with discretion and protected from unauthorised access, use, or disclosure, even after the conclusion of a professional relationship.

Members must:

- Use secure systems and processes to protect personal, financial, and sensitive data.
- Use confidential and personal information solely for the purpose of which it was provided.
- Disclose confidential information only when properly authorised or legally required.
- Ensure that staff, contractors, and third-party service providers understand and uphold privacy obligations.
- Avoid any use of confidential information for personal benefit or to the detriment of others.
- Not keep or access records belonging to a strata community after the agency relationship is ended.

Upholding confidentiality supports legal compliance, safeguards individual rights, and reinforces respect, trust, and professionalism within the strata sector.

7. Competence and Diligence

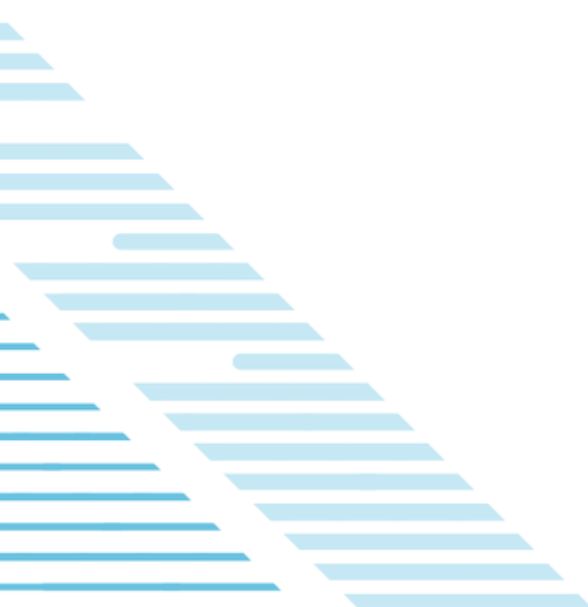
Competence and diligence are ethical obligations that support trust, accountability, and responsible professional conduct. Ethical competence involves maintaining the knowledge, judgement, and care necessary to act in the best interests of strata community and the broader community.

While operational performance relates to how well services are delivered, including timeliness, responsiveness, and administrative accuracy, ethical competence refers to the obligation to act within the limits of one's expertise, to maintain up-to-date knowledge, and to exercise sound judgement in fulfilling professional responsibilities.

Members must:

- Accept responsibility only for tasks within delegation noted in the contract and within the bounds of their professional competence and experience.
- Maintain current knowledge of legislation, professional standards, and sector developments.
- Apply sound judgement and due care in all professional activities.
- Take reasonable steps to ensure the quality and reliability of services delivered under their direction.
- Commit to ongoing learning and development as part of ethical professional practice.

Acting with competence and diligence ensures that professional duties are carried out with integrity and in a manner that protects the interests of owners, committees, and the sector as a whole.





8. Respectful Communication and Conduct

Respectful communication is a core aspect of professionalism and ethical conduct in the strata sector. Interactions with stakeholders must reflect courtesy, integrity, and an awareness of the diverse perspectives within strata communities. Poor communication and disrespectful behaviour undermine trust, escalate conflict, and disrupt community cohesion.

Members must:

- Communicate clearly, courteously, and without aggression, sarcasm, or intimidation, or dismissiveness - even in high-pressure situations.
- Use respectful and professional language at all times, avoiding conduct that a reasonable person would consider offensive, threatening, or inappropriate.
- Maintain professionalism and appropriate tone across all communication channels, including written, verbal, and digital formats.

- Contribute to a culture of civility, constructive dialogue, and mutual respect among owners, residents, committees, and service providers.
- Not induce or attempt to induce a breach of contract between a strata community and its Strata Community Manager.
- Disclose their name, their company and their reason for attendance if a member attends a meeting of a strata community managed by another member.

Members must communicate and behave in a manner that upholds the dignity, fairness, and wellbeing of others. Such behaviour fosters an environment where individuals feel respected, supported, and free to express their views, raise concerns, and participate without fear of criticism or reprisal. Respectful conduct supports ethical dispute resolution, strengthens community trust, and reflects the high standards expected of the profession.

9. Service to the Strata Community

Ethical service to the strata community requires impartiality, professionalism, and consistency in all interactions. Members must treat all stakeholders and each other equitably, regardless of role, relationship, or individual views. Actions must reflect the collective interests of the community and support transparent, inclusive governance.

Members must:

- Act in the best interests of strata communities as a whole.
- Avoid preferential treatment or undue influence by any individual or group.
- Communicate consistently, openly, and without favouritism.
- Maintain professional boundaries and manage conflicts of interest appropriately.
- Foster a culture of inclusion, procedural fairness, and mutual respect within the community.

Providing ethical service to the strata community upholds trust, supports good governance, and affirms the professional responsibilities of all members.

10. Upholding the Reputation and Interests of the Profession

Membership of SCA carries a professional obligation to uphold the credibility, values, and integrity of both the organisation and the strata management profession. Conduct should aim to build trust in the sector and encourage ethical and professional standards.

Members must:

- Represent the profession with professionalism and integrity across all settings, including public, private, and online environments.
- Avoid conduct, whether lawful or otherwise, that will place the strata management profession into disrepute.
- Maintain fair, transparent, and sustainable pricing models that reflect the complexity, expertise, and professional standards required of strata managers, supporting long-term viability and reinforcing the industry's status as a trusted and respected profession.
- Support practices and initiatives that promote the advancement, recognition, and ethical development of the strata industry.
- Take proactive steps to uphold the integrity of the profession, including reporting serious breaches of this Code or other conduct that will bring the industry into disrepute.

Upholding the reputation and interests of SCA reinforces the collective credibility of the profession and helps secure a strong, respected voice for the strata sector.

Commitment to Continuous Improvement

The Code of Ethics is intended to evolve alongside the strata sector, supporting ongoing professionalism, ethical consistency, and community trust. Its implementation reflects a commitment to continuous improvement, responsive governance, and sector-wide accountability.

SCA will maintain oversight mechanisms such as compliance reviews, audits, and peer evaluations to support adherence to the Code. These mechanisms will be periodically reviewed and refined in consultation with members and stakeholders to ensure they remain effective, transparent, and aligned with public expectations.

This Code will be formally reviewed every two years, or more frequently if required, to ensure alignment with legislative changes, industry standards, and emerging ethical considerations.

Implementation and Enforcement

To ensure the effectiveness of this Code, SCA has established clear mechanisms for ethical decision-making, reporting, investigation, and accountability. These processes are designed to support professional integrity, procedural fairness, and sector-wide trust.

Ethical Decision-Making Framework

Members can apply the SCA Ethical Decision-Making Framework as a guide when navigating complex or uncertain circumstances. This framework supports sound professional judgement.

Reporting and Whistleblower Protections

SCA maintains a culture in which ethical concerns can be raised without fear of reprisal. Members, staff, and stakeholders are encouraged to report suspected breaches through established and confidential reporting channels. Whistleblower protections apply, and all reports are handled with fairness, discretion, and seriousness. View Whistleblower Policy [here](#).

Investigation and Adjudication

All reported breaches will be managed in accordance with the SCA Complaints Management Process (CMP). Investigations will be conducted impartially, with independent expertise engaged where necessary. All parties will be given the opportunity to respond, and outcomes will be based on the evidence and principles set out in this Code.

Members must comply with the SCA CMP and participate in good faith in any complaint, investigation, or disciplinary matter, including providing timely, accurate, and honest responses to all requests for information, whether the matter concerns themselves or another member.

Corrective Actions and Sanctions

Where a breach is substantiated, SCA may impose corrective actions such as, but not limited to, targeted education, mentoring, or the adoption of specific best practices. These actions are intended to address the underlying causes of the conduct and assist members in meeting their ethical obligations.

For serious or repeated breaches, sanctions may include removal of accreditation, suspension or expulsion of membership. The severity of any sanction will be proportionate to the nature and impact of the conduct.

Stakeholder Responsibilities

Stakeholder	Key Ethical Expectations
Strata Community Managers	Act as fiduciary, disclose conflicts, declare commissions or other benefits, ensure financial transparency, remain impartial in disputes
Service Providers	Provide quality services at fair prices, avoid collusive behaviour, declare commissions or benefits

Definitions

Term	Definition
Accountability	Being answerable for professional conduct, accepting responsibility and complying with standards
Commission	Any payment, gift or benefit received as a result of recommending or engaging a supplier/service
Conflicts of Interest	Any situation where personal, financial or other interests could improperly influence judgement
Disclosure	Making information (fees, commissions, conflicts) known in a clear timely and accessible way
Discrimination	The unjust or prejudicial treatment of an individual or group based on characteristics such as race, ethnicity, gender, age, disability, religion, sexual orientation, or other protected attributes
Fiduciary	Obligation to act in the best interests of another party with loyalty and due care
Informed Written Consent	Providing an individual with clear, accurate and sufficient information to understand the nature, purpose and potential consequences of the decision or action being authorised
Procurement	The process of sourcing and selecting goods and/or services
Service Provider	Any external party engaged to provide goods or services to the owners corporation
Strata Community	The legal entity comprising all lot owners in a strata scheme, responsible for common property. Also known as Body Corporate, Community Corporation, Owners Corporation, Strata Company, Strata Corporation
Strata Community Manager	A professional appointed to manage the operations, finances, and compliance of the scheme. Also known as Body Corporate Manager, Owners Corporation Manager and Strata Managing Agent
Transparency	Providing clear, open information about services, fees and decisions
Whistleblower	An individual reporting suspected unethical conduct, protected from retaliation

Annexure B

Contract of Appointment User Guide for Owners Corporations

USER GUIDE FOR OWNERS CORPORATIONS CONTRACT OF APPOINTMENT

Introduction

User Guide for SCA (Vic) Contract of Appointment

SCA (Vic) has prepared this guide to provide Owners Corporation members a better understanding of the terms and conditions of the copyright *SCA (Vic) Contract of Appointment – Owners Corporation Manager – September 2024* [“Contract of Appointment” or “CoA”].

The guide is not intended as legal advice. It is essential that the Owners Corporation carefully reviews the Contract of Appointment and seeks independent legal advice, if necessary, before signing.

The Contract of Appointment is a formal agreement between the Owners Corporation [OC] and the appointed management company or sole manager [the Manager].

The Contract of Appointment sets out the terms and conditions under which the Manager is appointed to manage the affairs of the Owners Corporation and outlines the key aspects of the appointment, including the Manager’s duties, remuneration, term of appointment, and other relevant conditions.

The Contract of Appointment is designed to ensure transparency and accountability in the management of the Owners Corporation. It provides a clear framework for the relationship between the Owners Corporation and the Manager, helping to avoid misunderstandings and disputes.

Key Features

The Contract of Appointment includes several key features to ensure effective management of the Owners Corporation:

- **Insurance and Disclosure of Commissions (Section 1):**
Requirements for the Manager to maintain appropriate Professional Indemnity insurance coverage and disclose the way in which they will receive remuneration from the placement of Owners Corporation insurance.
- **Management Fees and Services (Section 2):**
Specification of the Manager's agreed/included services and the fees and charges payable, as well as any additional services, fees and disbursements.
- **Obligations of the Manager (Section 5):**
Detailed description of the Manager's responsibilities, duties and obligations.
- **Indemnities (Section 7):**
Requirements for the Owners Corporation to indemnify the Manager against certain liabilities.
- **Term and Termination (Reference Schedule and Section 8):**
The duration of the appointment and the conditions under which the contract can be renewed or terminated.
- **Obligations of the Owners Corporation (Section 9):**
Detailed description of the Owners Corporation responsibilities, duties and obligations.
- **Dispute Process (Section 10):**
Procedures for resolving disputes between the Owners Corporation and the Manager.

Cover Page

The cover page includes the Reference Schedule, outlining key contract details such as Owners Corporation identification information, Owners Corporation representatives, the Manager's details, appointment term and the conditions for renewing or terminating the contract.

The cover page also contains some important notes for consideration, as follows:

Compliance Requirements

This contract must be completed in accordance with the Owners Corporations Act 2006 (The Act), Owners Corporations Regulations 2018 (The Regs), the Owners Corporation Rules, and Australian Consumer Law and Fair Trading Act 2012.

This legislation may be viewed at <https://www.legislation.vic.gov.au/>

Owners Corporation Rules: All owners corporations have rules for the control, management, administration, use and enjoyment of common property and lots, such as matters relating to security protocols, parking and noise. If your Owners Corporation does not make its own rules, a set of Model Rules outlined in Schedule 2 of the *Owners Corporations Regulations 2018* applies. Download or view the Model rules for an owners corporation at <https://www.consumer.vic.gov.au/housing/owners-corporations/rules/model-rules>

Rules made under the *Owners Corporations Act 2006* and registered at Land Use Victoria apply to the Owners corporation, lot owners, sub-lessees, occupiers and/or tenants.

Contract Data Entry

The SCA (Vic) Contract of Appointment is an interactive document, designed for electronic completion by the Manager. The Manager will have pre-selected data from various options prior to presentation to the Owners Corporation.

For transparency, this User Guide will outline all options that were initially available in the interactive document. Should the Owners Corporation prefer an alternative option to that which they have been offered, please discuss this with your manager prior to execution of the Contract of Appointment.

SCA Victoria Member-Exclusive Contract Usage

© SCA (Vic). This contract is exclusively for use by SCA Victoria members. Use by non-members is strictly prohibited. Unauthorised reproduction or alteration in whole or in part is an infringement of copyright. To verify membership, please access the SCA Member Directory via: <https://directory.strata.community/>.

The Owners Corporation should verify that the Manager is a current member of SCA (Vic) prior to executing the Contract of Appointment by accessing the SCA Member Directory.

The Contract of Appointment contains the information specified in the approved form from *Consumer Affairs Victoria*. More information is available at <https://www.consumer.vic.gov.au/housing/owners-corporations>

The Contract of Appointment content wording is not to be varied. Should the Owners Corporation note any discrepancies between this User Guide and the contract provided by their Manager, please check with the Manager and/or contact SCA (Vic).

If any specific details are required for the contract (and not already included), these should be listed under Clause 11.5 'Special Conditions'.

Reference Schedule

Identification of the parties and details to the SCA (Vic) Contract of Appointment

- Check all completed details are correct
- The *OC Alternative Representative* is ideally a current Committee member
- From 1 December 2021, contracts of appointment entered into with Owners Corporation managers have a maximum term of three years.
Note: Contracts that existed prior to 1 December 2021 that were for longer than three years can still run their full course.
- **Note:** Refer Section 8 for full terms of contract renewal and termination.

1 Insurance

1.1 Manager's professional indemnity insurance details

Managers are required to hold Professional Indemnity Insurance to cover against any claims of negligence or breach of duty made by a client arising from their services or advice, and sufficient to meet claims up to \$2 million in any one year.

This is legislated in accordance with section 119(5) of the *Owners Corporations Act 2006* and section 10 of the *Owners Corporations Regulations 2018*.

1.2 Manager's Australian financial services licence and authorisations

The Owners Corporation must insure as a basic function, and attending to this service is one of the key functions that the Manager performs (unless under specific circumstances, the Owners Corporation chooses to manage all insurance matters).

Strata managers undertake or participate in multiple services in relation to strata insurance for their clients, including but not limited to: quotation, procurement, placement and renewal, claims management, record keeping, correspondence, negotiation and liaison, and advice based on insurance knowledge.

Note: It is the Owners Corporation, not the Manager, that decides where to place the insurance.

The provision of services related to insurance is considered a 'Financial Service' and any organisation providing a financial service is required to hold an Australian financial services license (AFSL). There is a special exemption in relation to certain services strata managers provide to owners corporations related to insurance.

A strata manager may offer limited services in this capacity, operating under the licence of another organisation that holds an AFSL (such as an insurance broker), providing that they are an 'Authorised Representative' (AR) of that organisation, and the services and advice they provide is limited to certain functions. For example, an Authorised Representative may only provide general and factual advice, and not specific or personal advice. The majority of strata managers operate under the AR model.

Other strata managers provide insurance services under the Distributor model whereby the broker provides more of the services and the advice that the manager may provide is more limited than under the AR model. For example, a Distributor may only provide factual information, and not personal or general advice.

Managers must provide to the Owners Corporation a copy of their Financial Services Guide (FSG). The FSG is an important document under the requirements of the AFSL. It is designed to help the Owners Corporation make informed decisions about matters such as the financial services that the Manager provides, the remuneration paid to them for providing those services, associations or relationships they may have, how any complaints are dealt with and arrangements they have in place to compensate clients for losses.

1.3 Insurance Fees and Commissions

One of the five following options has been pre-selected by the Manager for this contract:

1. **Commission**

Manager to receive a commission on the placing of insurance, payable by the insurer, based on a percentage of the base premium.

Manager includes selected insurance services in the annual management fee as set out in Schedule 2.1.

Manager to receive fixed fees for additional insurance services as set out in Schedule 2.2.

2. **Fixed Fee**

Manager to receive a fixed fee on the placing of insurance.

Manager includes selected insurance services in the annual management fee as set out in Schedule 2.1.

Manager to receive fixed fees for additional insurance services as set out in Schedule 2.2.

3. **Fee for Service**

Manager does not include any insurance services in the annual management fee as set out in Schedule 2.1.

Manager to receive fixed fees for individual insurance services as set out in Schedule 2.2.

4. **Included in Schedule 2.1**

Manager includes all insurance services in the annual management fee as set out in Schedule 2.1.

5. **Not Applicable (OC attend to all insurance matters)**

No management fees or commissions are applicable as the Owners Corporation attend to all insurance matters.

Should your Contract of Appointment include 'Commission' or 'Fixed Fee' as the option under Clause 1.3, please consider the following information:

To increase transparency and consumer trust, SCA (Vic) considers it best practice to disclose to Owners Corporations the particulars as to how the Manager is to receive remuneration from the placement of the Owners Corporation insurance.

This best practice goes above and beyond current state and federal legislation and regulation, and its implementation distinguishes SCA members from non-members, where disclosure standards are erratic or absent.

You can find further information and resources at <https://www.strata.community/disclosure-guide>

These disclosures exist to:

- Ensure strata committees understand their choices;
- Improve relationships and outcomes for consumers of strata insurance;
- Raise the bar of strata insurance transparency as well as professionalism, standards and ethics in the strata industry;

- Provide clear and concise information in simple terms explaining the roles and responsibilities of the manager, broker and insurer in the strata insurance process;
- Provide information about who is paid what, and why, in dollar values and included with invoices, quotes and at the AGM.

It has long been common practice for managers to utilise insurance fees or commissions to subsidise their management fees as a method of administrative cost-saving. Premiums for the Owners Corporation may remain similar, regardless of whether the insurance is arranged directly with the insurer or through the Manager, as brokers and underwriters may have established relationships that provide access to more competitive premiums than those typically available to individuals.

SCA (Vic) endorses the practice for managers to receive fees or commissions, however, has placed additional conditions in the Contract of Appointment for its members should the Manager select to receive fees or commissions on placement of the Owners Corporation insurance. These conditions are:

- *Such fees and commissions are disclosed in accordance with section 122B Owners Corporations Act 2006 and Section 179 of the Crimes Act 1958 (Vic).*
- *Such fees and commissions do not exceed 20% of the base premium payable by the Owners Corporation.*
- *In all cases the best interest of the client is the paramount criterion when presenting quotations from particular insurance companies or placing insurance with any insurance company or broker that they are an authorised representative of.*

Note: Sub-clause 1.3.1(1) of the ‘**Commission**’ and ‘**Fixed Fee**’ options state:

The Manager will receive [a fee or commission] payable by the Owners Corporation on the placing of insurance or the insuring of risks by the Owners Corporation.

‘**Placement**’ of insurance means the initial purchase of an insurance product or the renewal of an existing product unless the insurer independently generates and processes the renewal without the agent’s participation or involvement.

‘**Insuring of Risks**’ means losses that are caused by events beyond the control of the insured party.

Note: Sub-clause 1.3.1(2) of the ‘**Commission**’ option states:

If the Owners Corporation changes to obtain insurance independently of the Manager’s involvement during the course of this contract, the Owners Corporation is required to pay the Manager a fee, being the difference between the commission received and [set]% of the insurance base premium, excluding government charges.

This clause has been included to address the scenario where the Owners Corporation opts to manage their own insurance matters partway through the contract term. The Manager has factored future commission into the management fee calculations, therefore, any resulting revenue changes must be compensated by the Owners Corporation for the remaining duration of the contract.

2 Management Fees and Services

2.1 Annual Fee and Services:

The Manager’s annual fee is specified.

How often the fee is paid is pre-selected by the Manager from the following options:

- Annually in advance
- Half yearly in advance
- Quarterly in advance
- Monthly in advance
- Other (and details)

Agreed / Included Services

A description of the Agreed Services (**Schedule 2.1**) which are to be provided by the Manager in respect of the annual fee payment are listed. All items under Schedule 2.1 are to be completed by the Manager within the specified fee (no additional charges).

Note: The Manager is to keep the records of the Owners Corporation as detailed in section 144 of the Act (including phone numbers and email addresses as detailed in section 11A of the Regs). Phone numbers and email addresses are considered Owners Corporation records and are required to be transferred on change of management. They are not viewable by all lot owners as part of Owners Corporation records.

2.2 Additional Services:

A description of the Additional Services (**Schedule 2.2**) which may be provided by the Manager in addition to the annual fee payment are listed. These are payable on presentation of invoice.

Note: In accordance with Section 4 of the Contract of Appointment, the Owners Corporation authorises the Manager to disburse Owners Corporation funds for the purpose of payment of Schedule 2.2 services. For transparency, and to minimise additional costs to the Owners Corporation, ask your Manager how to best keep informed of Additional Services expenses.

Note: An Owners Corporation is responsible for actions taken on its behalf by delegates, such as a manager or committee member. The Owners Corporation can pass on costs incurred by these actions to members. It is therefore imperative that an Owners Corporation seek professional help to manage financial responsibilities. Additional Financial Services which may be required to be carried out by the Manager are listed in Schedule 2.2. Check with your Manager regarding any queries.

2.3 Disbursement Fees:

A description of disbursement amounts that may be claimed for reimbursement by the Manager are listed.

The Manager has the option of providing a single fixed disbursement fee to cover utilities and postage or to itemise these separately.

Owners Corporation Certificates and Records, payable by the Applicant, are also listed here.

Maximum fees for copies of Owners Corporation records, registers and certificates are set in accordance sections 12-14 of the Owners Corporation Regulations 2018.

Disbursement amounts refer to 'fee units'. Fee units are fixed annually by the Treasurer under the Monetary Units Act 2004. The amount of the fee is calculated in accordance with that Act, by multiplying the number of fee units applicable by the value of a fee unit. The total may be rounded to the nearest 10 cents.

The value of a fee unit for the financial year commencing 1 July 2024 is \$16.33.

2.4 Review of Fees:

This clause provides for the Manager's fees (Schedule 2.1 and 2.2) to be reviewed and increased annually (on the anniversary of the commencement date) by the Manager's choice of the following:

- AWOTE
- CPI
- Percentage increase

If "Percentage increase" is selected, the Manager also selects the preferred percentage figure which will remain the same for each annual increase of the contract term.

SCA (Vic) recommend, as a guide, a maximum figure of 5%, however some Managers may justify selecting a higher figure, and explaining their reasoning to the Owners Corporation, due to varying business models or circumstances.

Definitions for AWOTE and CPI, for the purposes of this contract, may be found in Section 12 of the Contract of Appointment.

Clause 2.4 also provides for the disbursement fees (Schedule 2.3) to be reviewed to reflect cost increases annually by the Manager's choice of the first day of a selected month or at the AGM.

3 Delegations to Manager

Section 11 of the Act allows that the Owners Corporation may delegate its powers and functions to the Committee (other than those requiring a unanimous or special resolution).

This section of the Contract of Appointment quotes the same section of the Act in which the Owners Corporation may delegate powers and functions of the Owners Corporation to the Manager (other than those requiring a unanimous or special resolution).

It provides that the Owners Corporation delegates to the Manager (or an employee of the Manager) all powers and functions of the Owners Corporation that are necessary to enable the Manager to perform the duties under the SCA (Vic) Contract of Appointment, including the power to sign on behalf of the Owners Corporation. This is essential for the Owners Corporation to function in a timely and effective manner.

4 Authority to Pay

Specifies that the Owners Corporation authorises the Manager to disburse Owners Corporation funds for the purpose of payment of Owners Corporation expenses.

Note: This authority covers payment of Additional Services (Schedule 2.2). For transparency and to minimise additional costs to the Owners Corporation, ask your Manager how to best keep informed of Additional Services expenses.

Note: Ask your Manager how to best keep informed of all Owners Corporation expenses being paid by the Manager.

5 Duties / Obligations of the Manager

The duties and obligations of the Manager are listed, with the majority aligning with those recommended by Consumer Affairs Victoria.

SCA (Vic) imposes some additional duties and obligations on its members within this clause including to perform the Agreed and Additional Services promptly when requested and in accordance with the fees, maintain professional registration and insurance requirements, adhere to the specified scope of duties, follow directions from the Owners Corporation for property-related tasks, and ensure that any use of records is strictly in line with the contract's obligations.

Note: There is an ethical obligation imposed on managers by their membership of SCA (Vic) to comply with the SCA (Vic) Code of Professional Conduct. Refer: <https://www.vic.strata.community/vic-code-of-conduct>

6 Transfer / Assignment of this Contract of Appointment

This section provides for assignment of the SCA (Vic) Contract of Appointment to a new Manager.

The Owners Corporation must not unreasonably withhold consent to the appointment of the new Manager if the proposed new Manager is a registered Manager pursuant to the Act and is a current full member of SCA (Vic) or other professional body as approved by the Director.

'Director' means the person who is employed as Director of Consumer Affairs Victoria under the Public Administration Act 2004.

Further information may be found in sections 119A(1)(f) and 119A(3) of the Owners Corporations Act 2006.

7 Indemnities

In this section, the Owners Corporation agrees to indemnify and hold the Manager harmless from any actions, claims, losses, or expenses arising from the performance or non-performance of services under this contract, except where the Manager is at fault.

If the Owners Corporation contributes to a breach by the Manager, it must indemnify the Manager for any resulting liabilities.

Managers implement the decisions of the Owners Corporation. They do not make decisions but nonetheless are sometimes joined in proceedings when there is a dispute within the Owners Corporation. The Owners Corporation indemnifies the Manager for all reasonable costs reasonably incurred in connection with any matter

relating to the Owners Corporation or its property or in consequence of the Manager being a party to any proceeding relating to the Owners Corporation.

The Owners Corporation is responsible for covering any overdrawn funds and reimbursing the Manager for reasonable costs related to Owners Corporation matters. Information regarding Clause 7.6 may be found in sections 23 and 24 of the Owners Corporations Act 2006 – in particular, S.23(1)(a)/(d) and S.24(1).

These indemnities remain in effect even after the contract is terminated.

Note: The Manager is an administrator providing secretarial type services and does not provide expert services such as ESM (fire safety), OH&S (health and safety), supervision of building works, legal or financial advice etc.

Note: Refer also to **Section 9: Obligations of the Owners Corporation** outlining that the Owners Corporation must notify the Manager of any property defects or hazards, is responsible for all property repairs and maintenance, is responsible for complying with the OHS Act, and must indemnify the Manager against claims related to OHS breaches.

8 Termination of Manager's Appointment

The Manager's appointment may be terminated in several ways. Both parties must provide notice: 89 days for tier one or two Owners Corporations and 27 days for tiers three to five. If no notice is given, the contract renews automatically and may then be terminated with one month's notice.

The contract can also be terminated immediately if either party breaches the contract and fails to fix the issue after notice.

Upon termination, the Owners Corporation must pay the Manager for services up to the termination date, including any additional services, disbursement fees, and costs for record transfers. The Manager must return all records and funds to the Owners Corporation within 28 days of termination.

If termination occurs before the contract's expiry, the Owners Corporation must pay an Early Termination Fee, representing the Manager's anticipated profit loss.

SCA (Vic) recommend, as a guide, a maximum percentage multiplier of 25%, however some Managers may justify selecting a higher figure, and explaining their reasoning to the Owners Corporation, due to varying business models or circumstances. If brought before the Victorian Civil and Administrative Tribunal (VCAT), the Manager would be required to provide financial evidence to justify their selected figure.

The Early Termination Fee may be calculated as follows:

If **E** = Early Termination Fee

A = Annual Management Fee

R = Remaining period of the contract (as a fraction of a year)

P = Percentage multiplier (expressed as a decimal)

Then **E = A x R x P**

For example:

If	Annual Management Fee (A)	\$10,000
	Contract Term	3 Years
	Contract terminated early at	1 Year 3 Months
	Remaining period of the contract	1 Year 9 Months
	Expressed as a fraction of a year (R)	1.75
	Percentage multiplier	25%
	Expressed as a decimal (P)	0.25

Then **E = A x R x P**

E = \$10,000 x 1.75 x 0.25

E = \$4,375

In this example, had the contract and management continued, the total management fee for the same period would have been \$17,500. However, this has been reduced to \$4,375 to cover only the Manager's anticipated profit loss and an amount of time to replace the contract.

Definition: 28-day term

In accordance with section 44 of the Interpretation of Legislation Act 1984, and for the purpose of defining the 28-day term referenced in section 127 of the Owners Corporations Act 2006, SCA (Vic) wishes to clarify that the term is to be calculated from the date termination is affected, as opposed to the date notice of termination is provided.

For example:

On 30th June, a notice determining that termination is "affected immediately" is received. The 28-day handover period commences the following day, 1st July (assuming no weekends or public holidays), and records are to be provided no later than 28th July.

On 30th June, a notice determining that termination is "affected from 1st July" is received. The 28-day handover period commences the following day, 1st July (assuming no weekends or public holidays), and records are to be provided no later than 28th July.

On 30th June, a notice determining that termination is "affected from 30th June" is received. The 28-day handover period commences the following day, 1st July (assuming no weekends or public holidays), and records are to be provided no later than 28th July.

Where the Manager is writing a notice of termination, or correspondence to clarify the date that records must be returned to the Owners Corporation, SCA (Vic) considers it best practice to include the actual date by which handover must occur. This will remove any ambiguity as to which date the 28-day period commences on and/or ends.

9 Obligations of the Owners Corporation

Owners Corporation members are encouraged to thoroughly review and consider the content of this section of the Contract of Appointment.

Various obligations of the Owners Corporation are outlined including specifics in carrying out OC functions and powers, positions required and order of precedence for Manager liaison, notice of meetings and provision of minutes required, reporting of defects and hazards, responsibility for repairs and maintenance etc.

Primary obligations include that the Owners Corporation must act with honesty, good faith, and due diligence, ensuring funds are available for routine expenses.

The Owners Corporation is the entity in control of the Owners Corporation property (not the Manager).

The Owners Corporation has an obligation to ensure the safety of any person/s at the premises and on or using the Owners Corporation property.

The Manager is not required to inspect the Owners Corporation property or attend to any repairs, maintenance or other works on site.

The Manager is not liable for property defects unless informed and fails to act, or if instructed to arrange repairs with available funds but does not do so. The Owners Corporation must indemnify the Manager against claims resulting from breaches of its OHS obligations.

The 'principal contractor' as noted in Clause 9.5.4(c) refers to a company conducting work at the property (repairs and maintenance). The Owners Corporation has an obligation to provide a safe workplace for the principal contractor under the *Occupational Health and Safety Act 2004*. This principal contractor (company) is in turn responsible for its own employees / sub-contractors.

In the context of Clause 9.5.4(d), "Principal" refers to the entity (the Owners Corporation) that is legally responsible for the obligations and duties outlined in any contracts or agreements. When the Manager acts as an agent, they enter into contracts on behalf of the Owners Corporation, but the Owners Corporation, as the Principal, holds the ultimate responsibility and liability for those contracts. The Manager, therefore, is not liable for the contracts' terms or any actions related to those agreements.

10 Dispute / Complaints Process

The Manager and Owners Corporation are to follow this process to resolve any disputes:

The person or party with a complaint is required to submit it in writing to inform the other party. Everyone involved should meet within 28 days, either in person or by phone, to attempt to resolve the matter.

If required, the Grievance Committee may bring in an expert to help, and the costs are to be covered as agreed. If both parties agree, they can seek an expert to make a final decision, and that decision will be binding.

If the issue still isn't resolved, the necessary notices will be issued, and the parties will be informed of their options for further action.

11 Additional Conditions and Provisions

This section sets out additional conditions and provisions:

11.1 Entire Agreement

The Contract of Appointment represents the complete agreement between the parties, replacing any prior discussions or agreements. Any changes to the agreement must be made in writing and signed by both parties.

11.2 Severance

If any part of the Contract of Appointment is found to be invalid or unenforceable, it will be modified or removed as necessary, while the rest of the agreement will continue to be effective.

11.3 Beneficial Relationships

Managers must disclose any beneficial relationships with suppliers prior to entering contracts for goods or services on behalf of the Owners Corporation. Managers must ensure that procured goods or services are competitively priced and on fair terms, upholding their duty to act diligently and in good faith. This disclosure must be made in writing to the chairperson before the contract for goods or services is executed.

11.4 Commissions and Benefits

Managers must disclose any commissions, payments, or other benefits received from suppliers when arranging contracts for goods or services on behalf of the Owners Corporation. This disclosure must be made in writing to the chairperson before the contract for goods or services is executed.

Note SCA (Vic) considers it best practice that disclosure:

- Be full and frank; and
- Elicit the informed consent of the party to whom disclosure is made.

SCA (Vic) has been advised that for robust disclosure:

1. Written notice should be provided to the Committee (if not the full Owners Corporation) rather than just the Chairperson as the Act requires;
2. The written notice should include:
 - Full particulars about the commission, payment or other benefit;
 - The amount of the commission, payment or other benefit;
 - Its calculation;
 - Full particulars about the nature of the relationship between the person providing the commission, payment or other benefit and the Manager;
 - Details of why the approval is in the Owners Corporation's interest; and
 - A statement by the Manager that it believes that accepting the commission, payment or other benefit is in the Owners Corporation's interest.

If the Owners Corporation is unclear on any beneficial relationship or commission that the Manager has noted, please ensure to seek further information prior to execution of the contract.

11.5 Special Conditions

As specified on the cover page of the contract, unauthorised reproduction or alteration of the Contract of Appointment, in whole or in part is an infringement of copyright. It is therefore this clause which allows for entry of any special conditions specific to the Contract of Appointment, Owners Corporation or Manager.

12 Definitions and Interpretations

Sets out defined terms used in the SCA (Vic) Contract of Appointment.

13 GST

Provides an explanation that GST will be added to maximum fees and included in disbursements, with adjustments made if the GST rate changes.

14 Declarations and Signatures

Operates to appoint the Manager and provides for declarations and signatures of the Owners Corporation and Manager with various drop-down options.

One of the two following options has been pre-selected by the Manager for this contract:

- **EXECUTED by two Lot Owners**

An owners corporation can execute documents or perform actions in its name or on behalf of its members to fulfil its duties, with the same legal effect as if the members themselves had done so. It can also authorise at least two lot owners from separate lots to sign documents, including their names, addresses, and a statement confirming their ownership or directorship.

- **EXECUTED incl. the Common Seal**

Executed as per above option but including the Owners Corporation common seal. Its use must be witnessed by at least two lot owners or directors who must sign and record their details next to the seal.

One of the three following options has been pre-selected by the Manager for this contract:

- **EXECUTED by Sole Manager**

- **EXECUTED by Manager & Witness**

- **EXECUTED by Two Managers**

These options are in accordance with the Corporations Act 2001, Section 127 Execution of documents:

A company can execute documents without a common seal by having them signed by either two directors, a director and a company secretary, or the sole director if applicable. The section doesn't limit other methods a company might use to execute documents, including those outlined in its constitution. If a common seal is used, the sealing must be witnessed by the same parties. Execution can be done electronically.

Note: SCA (Vic) considers it best practice for the Owners Corporation to provide to the Manager a copy of the Owners Corporation or Committee resolutions approving:

- The appointment of the Manager;
- The agreement to execute this or future Contracts of Appointment;
- The disclosures of any fees, commissions or other benefits.

Conclusion

SCA (Vic) presents this User Guide to enhance Owners Corporation members' understanding of the SCA (Vic) Contract of Appointment. By clearly outlining the terms and conditions of the Manager's appointment, it helps ensure awareness of rights and obligations. This guide provides a comprehensive overview of the contract and assists in navigating the appointment process.

Please note that while this guide is intended to help Owners Corporations understand the SCA (Vic) Contract of Appointment, it does not serve as legal or expert advice. Consumers are encouraged to seek independent legal advice regarding any agreed Special Conditions to be made to the SCA (Vic) Contract of Appointment and prior to executing the document.

Should the Owners Corporation have any queries with the Contract of Appointment, the selected options, or this User Guide, please seek guidance from the Manager as the first point of call.

SCA (Vic) is a membership organisation, not a regulatory or legal body. Unfortunately, there is no provision for SCA (Vic) to assist or mediate in resolving Owners Corporation disputes. Please contact Consumer Affairs Victoria (CAV) to understand the dispute resolution process.

Contact Consumer Affairs Victoria (CAV)

<https://www.consumer.vic.gov.au/contact-us>

General information for Owners Corporations

<https://www.consumer.vic.gov.au/housing/owners-corporations>

Dispute Resolution in Owners Corporations

<https://www.consumer.vic.gov.au/housing/owners-corporations/complaint-handling-and-resolving-disputes>



Strata Community Association Victoria Incorporated



Susan Chandler, General Manager



(03) 9416 4688



admin.vic@strata.community



vic.strata.community