POSITION PAPER

Consumer Legislation Amendment Bill 2026

Proposed amendments to the Owners Corporations Act 2006

Prepared and issued by Strata Community Association (Victoria)

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Document status

Strata Community Association Victoria (SCA (Vic)) has issued this paper to Members of the Victorian Parliament ahead of the impending debate on the *Consumer Legislation Amendment Bill 2026 (Bill)*. It sets out SCA (Vic)'s position on the proposed owners corporation reforms and the amendments needed to make them clear, fair and workable.

Introduction

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 246 strata management companies, 110 service provider companies and more than 1,300 individual members oversee, advise and manage owners corporation committees across Victoria. Collectively, they **manage more than 500,000 lots**, likely more than half of all professionally managed lots in the state.

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 more than 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.

SCA (Vic) has prepared this position paper for all Members of the Victorian Parliament in advance of the impending parliamentary debate on the *Consumer Legislation Amendment Bill 2026*.

This paper sets out SCA (Vic)'s position on the proposed amendments to the *Owners Corporations Act 2006 (Act)*. It identifies areas of agreement and highlights amendments needed to support clear, fair and effective implementation.

Overall Position

The Consumer Legislation Amendment Bill 2026 proposes changes to the Act covering legal proceedings, payment plans, interest, debt recovery, voting and proxy rights, committee eligibility, VCAT applications and the handling of payment plan information.

SCA (Vic) supports the Bill's objectives of helping lot owners in genuine financial hardship and making it easier for owners corporations to commence suitable non-monetary proceedings. However, the reforms will create significant legal, financial and operational changes for owners corporations, managers, committees and lot owners.

SCA (Vic) therefore supports the Bill subject to targeted amendments that provide clearer rules, workable processes and stronger safeguards, while protecting genuine hardship applicants, maintaining the financial stability of owners corporations and giving managers, committees and self-managed schemes clear steps to follow.

Policy principles

1. Genuine hardship should be supported through a fair and timely payment plan process.
2. The reforms should not shift unreasonable costs or cash-flow risks to other lot owners.
3. Rights should depend on a valid request and clear compliance, not a last-minute or incomplete application.
4. The law should be simple enough for professional managers, volunteer committees and self-managed owners corporations to apply.
5. Personal information should be protected without removing records needed for administration, audit, dispute resolution or legal proceedings.
6. Key rights, limits and safeguards should be stated in the Act. Forms, evidence requirements and operational steps may be supported by regulations and guidance.

Key positions

1. **Legal proceedings and debt recovery**: Support an ordinary resolution for non-monetary proceedings, clarify mixed claims and ancillary costs, and expressly allow debt recovery through VCAT, the Magistrates' Court or another court or tribunal of competent jurisdiction.
2. **Payment plan requests and terms:** The 28-day decision period and deemed acceptance rule should apply only to a complete and valid request. A standard form, assessment checklist and clear 12-month maximum term should apply.
3. **Voting, proxy and committee rights:** These rights should be restored only after a payment plan has been approved, not while a request is awaiting a decision.
4. **Levies, breach and recovery:** Owners on a payment plan must continue paying current, future and special levies. The Act should clearly state when a plan is breached, when it may be terminated and when recovery action may restart.
5. **Interest, evidence and costs:** Owners corporations should retain discretion to apply, reduce or waive interest within the statutory cap. Applicants should provide proportionate hardship evidence, and reasonable administration costs should be recoverable.
6. **Privacy, conflicts and implementation:** Privacy protections should be workable, Tier 4 schemes should be exempt from privacy and AGM reporting obligations where an owner could be identified, committee conflicts should be managed expressly, and commencement should allow adequate time for forms, systems and guidance.

Positions - expanded

Legal proceedings and resolution thresholds

The Bill would retain a special resolution as the general requirement for court and tribunal proceedings, while allowing an ordinary resolution where a matter may be resolved by a non-monetary order. The wording does not clearly address a proceeding that seeks both non-monetary relief and a monetary order, or a proceeding where the only monetary relief sought is legal costs, filing fees or other costs of the proceeding.

> **SCA (Vic) position**
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> SCA (Vic) supports lowering the resolution threshold from a special resolution to an ordinary resolution for non-monetary proceedings. The amendment should also state that an ordinary resolution may authorise a proceeding where the main relief is non-monetary and any monetary relief is only ancillary, including legal costs, filing fees and costs of the proceeding. If substantive monetary relief is also sought, the usual monetary jurisdiction and resolution requirements should apply.

Choice of forum for debt recovery

The Bill should also expressly allow owners corporations to recover debts through VCAT, the Magistrates' Court or any other court or tribunal of competent jurisdiction.

In Owners Corporation v Nguyen & Ors [2025] VMC 12, the Magistrates' Court held that it did not have jurisdiction to hear debt recovery claims brought by an owners corporation against a lot owner. The decision followed the earlier ruling in Owners Corporation v Buckley [2024] VMC 12 and confirmed that these claims must be commenced in VCAT. This applies despite section 30(1) of the Act stating that an owners corporation may recover money in any court of competent jurisdiction. Restricting all owners corporation debt recovery matters to VCAT creates significant practical concerns.

Owners corporations may face lengthy delays before obtaining a hearing, during which unpaid fees and charges continue to affect cash flow and the owners corporation's ability to fund insurance, maintenance, repairs and essential services. The financial burden is then carried by the lot owners who continue to pay their fees on time.

> **SCA (Vic) position**
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> The Bill should expressly confirm that an owners corporation may recover money owed by a lot owner through VCAT, the Magistrates' Court or any other court or tribunal of competent jurisdiction. The payment plan and hardship protections in the Act should apply regardless of the forum used.

Owner-occupier status and information definitions

The Bill links owner-occupier status to occupation of the lot as the owner's principal place of residence, but it does not provide a clear process for confirming that status. The Act should also clearly define the information covered by the payment plan privacy provisions.

SCA (Vic) position

The Act should define "owner-occupier" and provide one clear and proportionate evidence pathway in the approved form. The evidence should be limited to what is needed to confirm the lot is the applicant's principal place of residence. Payment plan information should be defined broadly to include information collected, created, derived or held in connection with a request or plan.

Valid requests, decision period and deemed acceptance

The Bill requires a written request in an approved form and gives the owners corporation 28 days to decide the request. If no decision is made, the request may be taken to have been accepted on the owner's proposed terms. The current exception appears to require both an invalid request and a term longer than 12 months before deemed acceptance is prevented. A checkbox assessment form should also be prescribed for owners corporations to use.

SCA (Vic) position

The 28-day period should begin only when a valid and complete request is received. An invalid request or a request exceeding the maximum term should not be deemed accepted. The owners corporation should promptly advise the applicant of any missing information and the date on which the decision period begins. A checkbox assessment form should be included in the regulations.

Standard terms and maximum duration

A standard form would reduce inconsistent terms and make the deemed acceptance process safer and easier to administer.

SCA (Vic) position

A standard payment plan template should be prescribed, with room for agreed variations. The maximum term of 12 months should be stated clearly in the operative payment plan provision, rather than being inferred from refusal and deemed acceptance rules. The template should include the payment amount, frequency, start date, end date, treatment of existing interest, obligation to pay new and special levies, variation process, breach rules and contact details.

Voting, proxies and committee eligibility

The Bill would treat an owner as not being in arrears while a payment plan request is awaiting a decision or while the owner is complying with an approved plan. This would restore voting rights, proxy rights and committee eligibility before a payment plan is approved.

SCA (Vic) position

Voting rights, proxy rights and committee eligibility should be restored only once a payment plan has been approved, not while the request is awaiting a decision. An owner should continue to be treated as being in arrears until approval is granted.

New levies, breach and restart of recovery

The Bill allows an owners corporation to end a plan or recover money if the owner fails to comply with a term. It does not state in direct terms that new levies must continue to be paid.

SCA (Vic) position

The Act should state that current and future levies, including special levies, remain payable during the plan. Failure to pay a new levy by its due date should be a breach unless the plan expressly covers that levy. The Act should also set out a clear notice process, a cure period where appropriate, the termination date and the date on which debt recovery action in VCAT or another court or tribunal may restart.

Interest and financial fairness

The Bill would prevent penalty interest from accruing while a payment plan request is being considered and while the owner is complying with an approved plan.

Interest compensates the owners corporation, and therefore the other lot owners, for the delay in receiving money needed to fund insurance, repairs, maintenance and essential services.

Under the current framework, an owners corporation may charge interest up to the maximum rate set under the *Penalty Interest Rates Act 1983*. It may also set a lower rate or waive interest where genuine hardship exists. This flexible approach allows each owners corporation to consider the owner's circumstances and its own financial position.

Removing interest during payment plans may result in owners who pay on time subsidising owners in arrears. It may also encourage payment plan requests where hardship is not genuine, increase borrowing costs, reduce interest earned on maintenance funds and delay urgent works where levy income is not received on time.

SCA (Vic) position

The owners corporation's existing discretion to apply, reduce or waive interest should be preserved, with any interest capped at the maximum rate allowed by law. Approval of a payment plan should not erase interest that accrued before the plan was approved.

Administration costs

The Bill states that an owners corporation must not request a fee or charge for offering a payment plan. Managers will need to review documents, prepare decisions, update ledgers, monitor payments, issue notices and maintain records. Existing management software may also require changes to support payment plans and separate protected information, creating an additional administrative burden. Owners corporations would otherwise have to absorb these costs.

SCA (Vic) position

The Act should allow recovery of reasonable, actual and transparent administration costs, subject to a cap or prescribed limits. Reasonable additional costs caused by a breach should also be recoverable from the owner in breach.

Refusal grounds and hardship evidence

SCA (Vic) considers that the grounds on which an owners corporation may refuse a payment plan request should be clearly stated in the Act, rather than being left mainly to regulations. This will give owners corporations, managers and lot owners greater certainty about when a request may be refused.

SCA (Vic) also supports requiring an applicant to provide evidence that reasonable alternative funding options have been explored and are not available. This may include evidence that further finance has been refused by a mortgage lender or that the applicant cannot reasonably obtain a personal loan. Any evidence requirements should be proportionate, clearly defined and limited to information needed to assess the request.

SCA (Vic) position

The Act should set out the main financial circumstances and refusal grounds. It should also require applicants to provide prescribed evidence showing that reasonable alternative funding options have been explored and are not available before an owners corporation is required to approve a payment plan.

Conflicts of interest

SCA (Vic) considers that specific conflict-of-interest rules are needed where a committee member is subject to a payment plan and the committee is considering a matter that directly affects that member's payment plan, arrears or levy obligations.

SCA (Vic) position

The Bill should require a committee member to disclose the conflict and abstain from discussion and voting on decisions that directly relate to their own payment plan, arrears or levy obligations. This would support transparent decision-making and protect the integrity of the payment plan process.

Privacy, confidentiality and record keeping

The Bill would require reasonable security, breach notification, restricted disclosure, return of original documents and destruction of copies within set periods. The law and supporting guidance should clearly address storage, software access, email handling, committee papers, meeting minutes, manager handover, data breaches and self-managed schemes. Approved templates and a practical retention schedule should be released before commencement.

SCA (Vic) position

SCA (Vic) supports strong privacy protection and limited access, but the return and destruction rules should be redrafted. Payment plan records should be retained for the period needed to administer the plan, meet owners corporation record-keeping duties, respond to audits and resolve VCAT or court disputes. Access should be limited to people who genuinely need the information.

The Bill already exempts Tier 5 owners corporations from the payment plan framework. Tier 4 owners corporations should also be exempt from the proposed payment plan privacy and AGM reporting obligations. Although section 32E would prevent meeting minutes from directly naming or identifying a lot owner who has requested a payment plan, this may not provide meaningful privacy in a small Tier 4 scheme. Reporting the number of requests, their outcomes and the reasons for refusal at an AGM may make the owner's identity obvious, even where the owner's name and lot number are not recorded.

This creates a risk that sensitive information about an owner's financial hardship will become known by inference. The proposed protection should therefore address both direct identification and circumstances where an owner could reasonably be identified because of the small size of the scheme.

SCA (Vic) position

Tier 4 owners corporations, in addition to Tier 5 owners corporations, should be exempt from payment plan privacy and AGM reporting obligations where the information could reasonably identify the affected lot owner. Any payment plan information held by a Tier 4 owners corporation should still be kept confidential and accessed only by those who need the information to administer the plan.

Implementation and transition

The reforms will require approved forms, model documents, software updates, revised procedures and education for managers, committees and self-managed schemes. Commencement before these resources are available would create avoidable compliance risks.

> **SCA (Vic) position**
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> The payment plan and privacy duties should not commence until approved forms, model plans, notices, record-retention guidance and education are available. A reasonable transition period is needed for manager contracts, software, internal procedures and self-managed owners corporations.

Recommended amendments

1. Amend the legal proceedings provisions to confirm that an ordinary resolution may authorise a non-monetary proceeding and that ancillary legal costs, filing fees and costs of the proceeding do not change its non-monetary character. Substantive monetary relief should remain subject to the usual jurisdiction and resolution requirements.

2. Expressly confirm that an owners corporation may recover money owed by a lot owner through VCAT, the Magistrates' Court or any other court or tribunal of competent jurisdiction, with payment plan and hardship protections applying in every forum.

3. Define "owner-occupier" and prescribe a clear, proportionate evidence pathway. Also define payment plan information broadly to include information collected, created, derived or held in connection with a request or plan.

4. Make the 28-day decision period begin only when a valid and complete approved-form request is received. Require prompt notice of missing information, prevent deemed acceptance of an invalid request or a request exceeding the maximum term, and prescribe a checkbox assessment form in the regulations.

5. Prescribe a standard payment plan template and state the 12-month maximum term directly. The template should include all required payment, levy, interest, variation and breach terms.

6. Amend the voting, proxy and committee eligibility provisions so these rights are restored only after a payment plan has been approved and while the owner continues to comply with it.

7. State that current, future and special levies remain payable during a payment plan, and provide clear rules for breach notices, any cure period, termination and the date on which recovery action may restart.

8. Preserve the owners corporation's discretion to apply, reduce or waive interest within the statutory cap, and confirm that approval of a payment plan does not erase interest accrued before approval.

9. Allow an owners corporation to recover reasonable, actual and transparent payment plan administration costs, subject to a cap or prescribed limits, including reasonable additional costs caused by a breach.

10. State the main financial circumstances and refusal grounds in the Act and require applicants to provide prescribed evidence that reasonable alternative funding options have been explored and are not available.
11. Require a committee member to disclose a conflict and abstain from discussion and voting on any decision that directly relates to their own payment plan, arrears or levy obligations.
12. Redraft the privacy, return and destruction provisions to permit secure retention for administration, statutory record-keeping, audit, handover and dispute resolution, while limiting access to people who need the information.
13. Exempt Tier 4 owners corporations, in addition to Tier 5 owners corporations, from payment plan privacy and AGM reporting obligations where the information could reasonably identify the affected lot owner, while retaining appropriate confidentiality requirements.
14. Delay commencement of the payment plan and privacy provisions until approved forms, model plans, notices, regulations, record-retention guidance and education are available, and provide a reasonable transition period for contracts, software and internal procedure

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