

Building Knowledge: Informed consumers, empowered consumers

Submission to Discussion paper

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About Strata Community Association Victoria

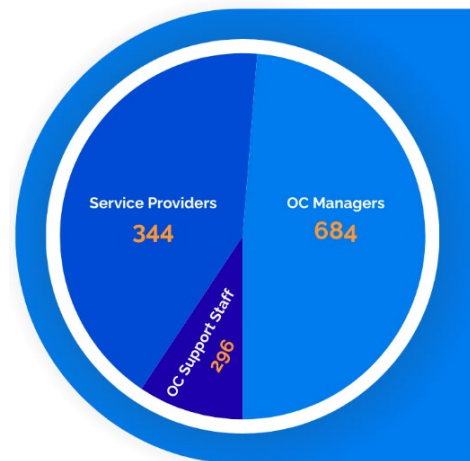
Strata Community Association Victoria (SCA (Vic)) is the peak industry body supporting Victoria's professional strata management and service provider sector. Established in 1990 as the successor to Owners Corporations Victoria (OCV) and the Institute of Body Corporate Managers Victoria (IBCMV), SCA (Vic)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

Our **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 in excess of **500,000 lots** - likely more than half of all professionally managed lots in the state.

Membership by Company



Membership by Individuals

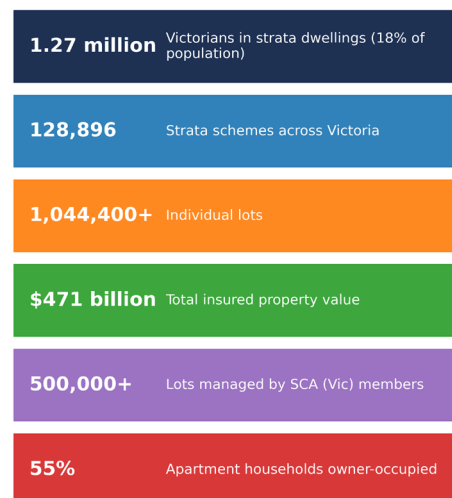


Key figures snapshot*

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](#)

Executive Summary

SCA (Vic) supports the purpose of the discussion paper and agrees that consumers need information that is clear, reliable and provided at the right time.

The current system requires consumers to search across several agencies and documents. Many consumers do not understand their rights, building contracts, the role of building practitioners or the legal and financial responsibilities that come with apartment ownership.

The discussion paper reports that 70 per cent of households have experienced building quality problems and that major residential defects cost Victoria at least \$630 million each year, with apartments accounting for around two-thirds of this cost.

Consumer education must complement, rather than replace:

- Strong builder, developer and practitioner accountability.
- Effective regulation and enforcement.
- Accessible dispute resolution.
- Timely defect rectification.
- Appropriate insurance and financial protections.

SCA (Vic) particularly supports greater education for apartment purchasers. A person buying into an owners corporation is not only purchasing a private lot. They are also accepting shared responsibility for common property, building maintenance, insurance, rules, fees and future liabilities.

Summary of Recommendations

1. Provide consumer information in stages before, during and after a building or property transaction.
2. Require a specific apartment and owners corporation information statement before a purchaser signs a contract.
3. Establish a single, verified portal for checking builders and other registered building practitioners.
4. Ensure published complaints and performance information is accurate, current and subject to procedural fairness.
5. Use government AI tools mainly to explain information and direct consumers to the correct service, rather than replace professional advice.
6. Create clear and prescribed owners corporation defect disclosure requirements based on information formally held by the owners corporation.
7. Confirm that owners corporations and managers are not required to identify, diagnose or certify building defects.
8. Set clear developer handover duties, minimum document standards and reasonable funding for building manuals.
9. Require pre-purchase inspection reports to be prepared by registered, independent and appropriately insured practitioners.
10. Provide coordinated government support for owners corporations dealing with serious building defects.

Information at the right time

SCA (Vic) agrees that information is most useful when it is provided before a consumer makes an important decision. The current Domestic Building Consumer Guide is generally provided when a person is ready to sign a contract. The discussion paper suggests this may be too late because the consumer may already be committed to the project.

SCA (Vic) supports a staged approach. Information should be provided:

- When a consumer first considers building or buying.
- Before selecting a builder or building practitioner.
- Before signing a building contract.
- Before making progress payments.
- Before purchasing an apartment or unit.
- At settlement and when joining an owners corporation.

Information should focus on practical actions rather than lengthy descriptions of legislation. New resources should also be tested with real consumers before they are introduced.

Builder and practitioner information portal

SCA (Vic) supports a single consumer portal for checking builders and other registered practitioners. Consumers currently may need to search separate records held by the Building and Plumbing Commission, ASIC, Consumer Affairs Victoria and VCAT.

The portal should include:

- Current registration and licence status.
- Registration classes and conditions.
- Disciplinary findings.
- Rectification orders and directions to fix.
- Relevant insurance information.
- Business names and related entities.
- Verified past projects.
- Substantiated complaints where appropriate.
- The date each record was last updated.

The portal should clearly distinguish between:

- A complaint that has been made.
- A complaint that is being investigated.
- A proven breach.
- A rectification order.
- A completed or resolved matter.

Publishing untested complaints could unfairly harm a business. Practitioners must be given an opportunity to correct factual errors and respond before adverse information is published.

SCA (Vic) also supports a notification service that allows consumers and industry participants to receive alerts when a practitioner's registration status changes.

Use of AI and digital tools

AI may help consumers understand complex information, especially where a person does not know which agency, process or document applies. However, AI can provide incomplete or inaccurate answers and may not properly explain legal uncertainty.

Any government AI tool should:

- Use approved and current Victorian sources.
- Provide links to the source information.
- State when the information was last updated.
- Clearly identify its limitations.
- Avoid presenting general information as legal, engineering or financial advice.
- Refer high-risk matters to a qualified person or government officer.
- Protect personal and commercially sensitive information.
- Provide a clear process for reporting errors.

AI should assist consumers to find and understand information. It should not make final decisions about legal rights, building defects or professional liability.

Supporting culturally and linguistically diverse consumers

SCA (Vic) supports providing information in multiple languages and formats. Government should work with multicultural organisations, community leaders and industry bodies to develop and distribute information. SCA (Vic) already hosts a "Languages Hub" on its website that assists Chinese, Vietnamese and Hindi with resources.

Machine translation may improve access, but important legal, contract and safety information should be reviewed by people with suitable language and technical knowledge.

Useful formats may include:

- Translated fact sheets.
- Short videos with subtitles or dubbing.
- Community information sessions.
- Webinars delivered with trusted community organisations.
- Telephone and in-person support.

Apartment purchaser education

SCA (Vic) considers apartment purchaser education to be a major gap in the current system. Purchasers often focus on the condition and price of their individual lot. They may not understand that owners corporation membership is automatic or that owners share responsibility for common property, insurance, maintenance and essential safety measures.

A prescribed apartment and owners corporation information statement should explain:

- Automatic owners corporation membership.
- The difference between private lot property and common property.
- Annual fees and special levies.
- Maintenance plans and future capital works.
- Building insurance and insurance excesses.
- Essential safety measure obligations.

- Owners corporation rules.
- Current or proposed legal proceedings.
- Known building defects and rectification projects.
- The role of the committee.
- The role and limits of the owners corporation manager.
- Records that a purchaser should review before buying.

This information should be supplied early enough for the purchaser to obtain independent advice.

Disclosure of apartment building defects

SCA (Vic) supports the principle that a purchaser should receive clear information about significant unresolved defects. However, any new disclosure requirement must be carefully defined and should not require owners corporations or managers to diagnose defects.

The legislation or prescribed form should explain:

- What is a material defect.
- When a defect becomes known.
- Whether the defect must be confirmed by a qualified expert.
- How suspected defects are described.
- How current rectification work is disclosed.
- How resolved or fully rectified defects are treated.
- The period covered by the disclosure.
- Who is responsible for preparing and approving the information.

Disclosure should be based on information formally held in the owners corporation's records. An owners corporation manager should not be required to provide a personal opinion about whether building work is defective.

Owners corporations and managers should not be liable for failing to disclose:

- Hidden defects.
- Defects that have not been reported.
- Matters that have not been confirmed.
- Information withheld by a developer, builder or consultant.
- Matters outside the records reasonably available to them.

The process must also protect legal professional privilege, confidential settlement discussions, personal information and information restricted by a court or tribunal.

The preferred approach is a prescribed defect disclosure section within the owners corporation certificate or a separate statutory schedule. A reasonable fee should be available where the owners corporation or manager must undertake additional work to prepare the information.

Building manuals

SCA (Vic) supports the creation of a building manual for new buildings. A central source of building plans, approvals, specifications, warranties, maintenance information and later building work could help owners corporations manage buildings and identify defects earlier.

The framework should include:

- A prescribed list of required documents.

- A standard digital format.
- A deadline for developer handover.
- Verification that the manual is complete.
- Penalties where required documents are not provided.
- Clear responsibility for later updates.
- Rules about access, privacy and document retention.
- Funding for ongoing administration.

The owners corporation manager should only be responsible for administrative updates within the scope of the management contract. The manager should not be responsible for confirming the technical accuracy of plans, certificates or construction records prepared by others.

Pre-purchase building inspections

SCA (Vic) supports stronger standards for pre-purchase inspections. Registration is not currently required for all pre-purchase inspection work, and vendor-arranged reports may raise concerns about independence.

Inspection reports should be prepared by practitioners who are:

- Properly registered.
- Appropriately qualified.
- Independent from the vendor, selling agent, builder and developer.
- Covered by suitable professional indemnity insurance.
- Required to follow a prescribed reporting standard.
- Subject to clear complaint and disciplinary processes.

Where a vendor supplies a report, the purchaser should retain the right to commission an independent inspection. The report should clearly state its scope, limitations, exclusions and whether common property was inspected.

Support for owners corporations facing serious defects

SCA (Vic) supports the proposed apartment-wide town hall model for buildings affected by major defects. A coordinated government response could bring together:

- The Building and Plumbing Commission.
- Consumer and legal support services.
- Technical experts.
- Insurance representatives.
- Financial support providers.
- Multicultural and community organisations.
- Owners corporation representatives.

This could reduce conflicting information and help owners understand the available rectification, legal, insurance and funding pathways.

Role of owners corporation managers

The discussion paper should clearly recognise the role and limits of owners corporation managers.

An owners corporation manager may:

- Maintain records provided to the owners corporation.
- Arrange meetings and resolutions.
- Assist the committee to engage qualified experts.
- Coordinate communication between stakeholders.
- Administer contracts and approved rectification projects.

An owners corporation manager does not:

- Diagnose building defects.
- Certify building safety or compliance.
- Provide engineering or legal opinions.
- Guarantee the accuracy of documents prepared by developers, builders or consultants.
- Decide whether an owners corporation should commence legal proceedings.

Consumer information should clearly explain these differences. This will help owners seek advice from the correct professional and avoid placing inappropriate expectations on owners corporation managers.

Conclusion

SCA (Vic) supports the Office of the Building Monitor's aim of creating informed and empowered consumers.

The strongest outcomes will come from combining clear consumer information with:

- Reliable government data.
- Qualified and accountable practitioners.
- Strong regulatory enforcement.
- Clear apartment defect disclosure.
- Proper building records.
- Effective dispute resolution and rectification pathways.

SCA (Vic) welcomes the opportunity to work with the Office of the Building Monitor and the Building and Plumbing Commission to develop practical apartment purchaser information, consumer education and defect disclosure processes.

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