STRATA TITLES AMENDMENT BILL 2018

Third Reading

MS R. SAFFIOTI (West Swan — Minister for Lands) [11.57 am]: I move —

That the bill be now read a third time.

MRS L.M. HARVEY (Scarborough — Deputy Leader of the Opposition) [11.58 am]: I rise to make a few remarks on the Strata Titles Amendment Bill 2018. As we mentioned at the beginning of the debate on this legislation, the Liberal opposition supports this bill; however, we had some reservations about certain components of the bill and mooted that we would move some amendments. All in all, I think this is good legislation. I note that the consultation for this amending legislation has been ongoing over a number of years. There has been broad consultation with industry and the various sectors that will be affected by it, such as the real estate sector, the Strata Community Association, the Property Council of Australia and the Urban Development Institute of Australia. All of the groups that we expect would want to engage with legislation like this that affects hundreds of thousands of Western Australians have put their input into and support behind this legislation. I am pleased to see that the legislation has been significantly modernised as a result of this amending bill. It has been a long time coming, but sometimes I think it is better to take a bit of time with complex legislation like this that affects such a large number of people to get a better product. I believe that is what we have.

The member for Cottesloe and other members on the opposition benches articulated a case for some amendments to the bill, and we were very pleased that the minister was conducive to those amendments, albeit with some modifications, which I believe fit with the intent of our amendments. I think it is a good thing to now have strata blocks of under five units in size excluded from the termination provisions of this legislation. It will protect a lot of vulnerable people in our community who could potentially be exploited and outgunned and have to go to the State Administrative Tribunal to defend their right not to terminate their schemes and not have their dwelling redeveloped. I think that is a good outcome. Increasing the threshold for termination of schemes, requiring 80 per cent of participants in a strata scheme to agree to the termination, adds just a little bit more strength to ensure that the rights of individuals are protected if the scheme that covers the dwelling that they are living in is being wound up and they have to look at finding alternative places to live.

I would like to thank the minister for accepting those amendments and I would like to thank the minister's staff. I would also like to thank two individuals from the agency, Sean Macfarlane and Kelly Whitfield, who provided us with terrific advice and really comprehensive briefings. When there is complex legislation, if we can have a really decent, comprehensive briefing from an agency about why the legislation is important, what it is going to achieve, what the changes contained within it mean and what their impact on our community will be, it makes the opposition's decisions around supporting the legislation much easier.

In response to the minister's request to see whether we can avoid a delayed process for this legislation through the Legislative Council, true to my word I had a conversation this morning with the Liberal Party Leader of the Opposition in the Council and advised him of the minister's ability to provide to Council members from not only the Liberal Party, but also the crossbench, the terrific briefings we have already had in this house, so that those members can have a good understanding of what I believe is very good legislation. I am very pleased with the legislation, especially with the amendments that we have added to it. I think if members in the other place can avail themselves of the opportunity for that briefing, they will be supportive of this legislation as well.

On behalf of the Liberal opposition, I thank all those involved in putting this legislation together, everybody who has contributed, and I commend the bill to the house.

DR D.J. HONEY (Cottesloe) [12.01 pm]: I echo many of the comments made by the member for Scarborough. I thank the minister and her staff, and I will also echo the member for Scarborough's thanks, particularly to Sean Macfarlane, who carried the brunt of the effort to brief us on this legislation. I acknowledge the amount of effort that was put into providing information for consideration in detail. That has been very helpful to us. I also especially acknowledge the contribution made by the member for Scarborough. Having a forensic legal mind is an important thing in this place. This is a very large piece of legislation and I acknowledge the hard yards put in by the member for Scarborough in going through it, page by page, clause by clause, and the ifs, ands and buts. It might seem simple here, but we all know that when we get to the sharp end of this and someone ends up in court, it is important that the hard work has been done, so I thank the member.

We had some reassurances during the progress of the Strata Titles Amendment Bill 2018 and I am very pleased that the minister has made some changes that will alleviate some of the potential impacts of this bill on a significant number of people. I will go through a few things and put some comments on the record about some of our ongoing concerns, more for awareness and in view of the possibility that in future we may want to make some other changes to the legislation. I have concerns that, despite the protections, a lot of power still resides with the proponent of

a strata title dissolution when they have control of the strata company. Effectively, they control much of the process, including the safeguards.

I have also been concerned from the outset that the major advocates for this legislation have a commercial interest in its passage. I understand and respect that the government and Landgate have gone to a lot of effort to get input from others, but the principal supporters are people who are going to make money out of this, and that can influence the process, as we all know. I recognise the effort that the minister and Landgate have made in consulting with experts in planning, and particularly the efforts they made to contact experts in equity issues, ensuring that the rights of vulnerable people are taken into consideration.

This is a very complex bill and there are some lessons for us to perhaps do it differently. It has been very hard to review. I will say, with regard to the way it is structured, that there are 124 pages divided into 82 divisions, and then there is one section of 192 pages. That made it very difficult to review and, as I said, very easy to miss important issues. It does not seem like much here, but going forward, if we have missed things because it has been very difficult to go through all that detail, it could be very important in the future. Maybe the drafting team can take some guidance on this in the future; certainly, dividing sections up into bite-sized chunks would be important. It would also be good in future if there were a process of review outside this place that allowed some of the detail to be reviewed.

We should keep in mind that the outcomes of this bill will affect a very large number of people. The exclusion of strata plans of five or fewer units—at least for the compulsory termination of strata titles—may have simplified that. Nevertheless, the application of this bill will affect well over 300 000 people now and, if all the trends that members in this place have talked about in relation to people living in high-rise strata properties are true and continue, it will affect many more people in the future. Once the bill is passed, some rights will be improved and some administrative matters will be simplified. They certainly sounded very important and worthwhile, and the opposition welcomes the larger part of those changes.

There are real consequences of this legislation. Once it is passed, no strata property owner who is part of a plan with more than five units will actually have any certainty that they can continue quiet enjoyment of their freehold property, free from concern that they could be compulsorily evicted. That is a fundamental change, because at the moment, although there is a mechanism, it is not used to do that. Once this legislation is passed, anyone who has a strata property will have the concern that they could be compulsorily evicted from their strata unit, if all the conditions required under the act are met. I am concerned that this will affect the value of strata units. In fact, it may drive people towards freehold titles if they want that certainty.

If we strip away the veneer of this bill it really, at its core, enables the compulsory termination of strata titles for the profit of individuals, and that is something we should be really clear on. My principal measure of a bill is how well it protects the rights of individuals. As I stated in my contribution to the second reading debate, the strength of a democracy is not measured by how often the majority prevails; rather, it is measured by how it protects minorities and individuals. With this bill, I am especially concerned about its impact on vulnerable people, particularly elderly people.

That being said, generally there should be a very high hurdle for anything we do that could force a person out of their perfectly serviceable home, simply to allow another person to realise a profit. Profit is no bad thing, but using the compulsory acquisition powers of the state for, in effect, the financial benefit of one individual or group over others is a very serious matter. As I said at the outset, I respect the fact that the minister has made a genuine attempt to include appropriate safeguards in the bill.

I want to go over some other concerns that I think we need to be aware of. I am very pleased that the threat of compulsory acquisition has now been excluded from strata plans of five or fewer units. Removing smaller developments from this legislation has improved its fairness. I welcome the increase in the trigger for compulsory acquisition from 75 per cent to 80 per cent of eligible units. I personally believe that a threshold of 90 per cent would be a preferable test.

Under this legislation, a speculator does not even need to own a single unit in a strata title to trigger the process; they simply have to have an interest to purchase a unit, or at least a contract to purchase a unit. A continuing concern with the bill is that many of the protections against vexatious speculators bombarding strata owners with dissolution proposals simply require a majority vote of the strata company. I am aware of many cases in my electorate in which speculators have already purchased more than half of the units in a strata block, and hence have control of the strata company. In these cases, the minority of people who wish to continue to live in their homes have limited capacity to influence the progress of the termination process. For example, the motion to progress dissolution of a strata title only requires a simple majority, and that can hold the minority owners—if we wish to refer to them as that—as hostages in this process. Speculators can use the same simple majority to block consideration of any other proposal.

Let us dwell on that for a second. It means that once a group, or an individual, has control of the majority of units in a strata title, they can continuously stop any proposal other than their own being considered. In that circumstance, it could be used as a block for other appropriate development occurring on that land. Once a proposal has been developed, the unit holders may be required to vote three times. Given that a speculator has a simple majority, the bill states they can require consideration of a new proposal every six months. If we imagine that, a speculator could schedule a vote every two months, indefinitely. A speculator could have the minority unit holders who do not want to sell their units having to go to a vote every two months, indefinitely. That is something the government should consider changing and it may be worth consideration in the upper house. I think the period between new proposals should be extended to at least two and possibly three years.

In my contribution to the second reading debate I said that I am not concerned about the reputable developers, such as Fini Developments, Satterley Property Group and Dale Alcock Homes. They are highly reputable groups and they will not go in and bully people. They will do this very properly, following the processes and making every effort they can to look after vulnerable people. It is highly unlikely that those reputable developers would ever try to force out a vulnerable person against their will. I am concerned about the speculators who do not necessarily have any particular empathy or care for people, particularly vulnerable people. Imagine a 90-year-old person living in a flat facing the prospect that every two months they could go through a process of compulsory eviction from their unit. That would be very intimidating, very bullying and very corrosive. We need to consider that.

I understand that there are protections in the bill, but they ultimately require attendance at the State Administrative Tribunal. That seems like an appropriate response; SAT is a reputable umpire and I am told that SAT takes particular care to take into account the sophistication or vulnerability of individuals who attend and to make sure that their concerns are listened to. Nevertheless, many people find attending a forum such as SAT extremely daunting and confronting. Most of us would not be daunted by it, but most of us are happy to talk in this place and we would be happy to advocate for ourselves in a forum such as SAT. However, many people outside this place find such an environment extremely confronting, and that is even more the case for vulnerable people. I understand that SAT will do its best. It is probably outside the scope of this bill, but given that I anticipate SAT will see a reasonable number of these cases—especially at the start, because I know for a fact that speculators have been going around, buying up controlling interests in strata units in anticipation of this bill—I think there would be some value in SAT having a process to appoint an advocate for vulnerable people to assist them through that process. Invariably, a speculator will have lawyers and other people to assist them in that process and an ordinary member of the community turning up, particularly people who do not have such a strong ability to represent themselves, could do with assistance. It may be that SAT identifies that type of individual and provides them with some assistance in having an independent advocate. I appreciate that is not a trivial matter, but it is something that the government could consider.

We need to understand that although part of the justification for these amendments is about renewal, taking older units and redeveloping them to provide more accommodation for people—we have heard it from a number of members—there is no requirement in this bill for any redevelopment to occur. Given we currently see a depressed property market in which property prices are probably 20 to 30 per cent below what we might consider to be their true level when the economy improves more, there is a high risk of people land banking. Why would they do that? It is very straightforward: a person with spare cash prefers to buy in a depressed market, but to redevelop and sell when the market is buoyant again. At the moment, there are lots of bargains to be had. Once the compulsory acquisition amendment goes through, nominally, all the strata title holders could be evicted. I understand that there may be a capacity to continue that, but it is entirely possible that rather than encouraging new development, we could see strata unit holders lose their residences and no redevelopment occur for some years. There is no obligation on the part of the party acquiring the property to redevelop the strata property within any particular time frame.

The vote to dissolve the strata unit may occur in as little as 14 days. Again, if there is someone with a controlling interest, that can be used to prevent an alternative proposal being considered. Maybe we need a little more of a buffer to allow an alternative proposal to be put up.

A small issue that could be a concern is the impact on people on pensions and government allowances. If someone who has a strata titled unit as their principal place of residence, which cannot be considered for the purpose of determining whether they are eligible for a pension or benefit, has their property compulsorily acquired and the compensation is financial, it could be that they immediately lose the entitlement to their pension. I am not sure what this bill could do about that, but it could be an unintended consequence when someone has their property compulsorily acquired.

I am concerned about the provision of expert reports. During my contribution to the second reading debate, and also in the consideration in detail stage, I gave an example of a report from a supposedly reputable building inspector that said that a building was at imminent risk of falling down. That report was over 11 years old and said that the whole building would be riddled with concrete cancer within 10 years. Patently that was not the case. There is a strong temptation for consultants to give an opinion that suits the opinion of the person who is paying

for them. That is just a fact of life. I was reassured by the minister that there is provision for other people and minority strata unit holders to have an independent report paid for in this process. That is important because I am very concerned about consultants providing reports. In particular, if they are providing reports continuously for a speculator who is doing this as a business and they know they are going to get repeat business, the reports may not be as independent as we would like.

I am reassured by the minister's comments that the amenity of unit holders in older strata units will be considered when assessing appropriate compensation for people moving out. That is very important. I gave examples of where people have tremendous amenity and they can potentially lose that amenity because of the application of this legislation. I heard the debate yesterday, but I am still concerned about the lack of ability for SAT to adjust compensation beyond 10 per cent, except in exceptional circumstances. I still think that is too limited. It is something we will have to see as this law is applied and it goes along. It may well be that SAT should have greater capacity to offer greater compensation in particular circumstances and not to call that exceptional. If it is called exceptional, it probably provides the basis for a defence in a subsequent court challenge if the proponent decides to appeal a SAT decision in court.

The leasehold strata title is a new form of strata title. I have a sense that this did not receive the air it should have. It is pretty profound to introduce a whole new class of strata title. As I outlined in consideration in detail, my concern is that it could change the nature of home ownership for the majority of people.

Mr J.N. Carey: That is nonsense—absolute nonsense.

Dr D.J. HONEY: I am not taking interjections from the member for Perth.

Mr J.N. Carey: That's not surprising. You haven't got the intellect.

The ACTING SPEAKER: Member for Perth!

Dr D.J. HONEY: The member for concrete and steel, the member for knocking down trees —

Mr J.N. Carey: The 1950s are calling. They want their policies back!

The ACTING SPEAKER: Members! Sit down, member, when I am standing. Be quiet members.

Dr D.J. HONEY: I am not taking interjections from the member for people not having pets.

Several members interjected.

Mr J.N. Carey: That was a serious blow!

The ACTING SPEAKER: Member for Perth, you will be called if you keep that up. Member for Cottesloe, address your comments through me and speak to the third reading.

Mr J.N. Carey: No pets? Oh my God!

The ACTING SPEAKER: Member for Perth! I call you for the first time.

Ms R. Saffioti: That was going so well.

Dr D.J. HONEY: I have been very impressed with the contribution of the Minister for Lands to this debate.

I support the example given in the briefing for government property and estates such as Technology Park, Curtin University and other government property. I fully understand why government would want to have developments on government property: it wants to give certainty to the businesses or the enterprises that want to contribute significant capital to building something, but ultimately government wants to be able to repurpose that land at some future time. I completely understand that. I understand why universities want to have this so that they can allow companies to come in and make major investments to support their activities, but knowing that at some future date the university will have control of that land. That is perfectly understandable. However, I am concerned about this occurring on freehold land. I am concerned that we end up with a situation where we effectively have property barons who own the land, as occurs in the United Kingdom where a very small number of people own the great majority of land and the rest of the population does not have a choice to have a freehold property. They are forced to buy into a leasehold strata that has declining value over time. I do not think that that is part of Australian culture. The minister informed us that this has been in place in New South Wales for at least a few years and that it has not been a dominant form of title on private freehold land. My concern remains that over time it becomes a pre-eminent form of title. I do not think that is a good thing for Australian society. I respect that some people would like to have the choice of it, but my concern is that people will have no choice and they will be forced into it because people with deep pockets will always be able to afford to pay more for the long-term control of land where they solely get the benefit of the uplift in value of land, as opposed to the people who have the strata property and the value of their asset declines over time.

The leasehold strata title is still subject to early termination, as with other strata properties. There is no certainty that the people who take on leasehold title have free enjoyment of their property for the duration of that lease. They could also have their lease terminated early if the owner of the land believed they could make a greater profit by redeveloping that land.

In conclusion, I greatly appreciate the efforts that have been made to develop and improve the act. As I have said a couple of times, I acknowledge the effort and patience of the minister and Landgate staff. It is clear that a huge amount of work has gone into this. I have a concern that even 80 per cent for the dissolution of the strata titles may be too low. We will review that over time. Certainly going from 75 per cent to 80 per cent was a great improvement. People have the right of quiet enjoyment in their home, and they should have the right of quiet enjoyment in their home. If a speculator can force people to vote every two months, effectively in perpetuity, until they give in, bullying and confusing people, that is potentially a bad outcome. I know that is not what the minister wishes to achieve. In that regard, the six month period for new proposals should be increased to two years, otherwise it would be good to be reassured that there is another mechanism to stop that. This is in cases in which the speculator has the majority of units in the strata title.

We may need to consider extra safeguards for the vulnerable. I repeat: having an option for SAT to appoint an advocate for vulnerable people attending who cannot represent themselves as well would be worthwhile. I understand that a lawyer can be appointed, but it may be that there should be someone else with their arm around that person's shoulder. Lawyers are very busy. Typically they deal with clients for only a short period and turn up only when the hearing is being held. Dealing with issues outside of that period will be important.

An opportunity exists for other mechanisms to be brought on in. One of the arguments was around people frustrating development for mischievous purposes; for example, protecting their view. Maybe a specific approach needs to be developed to avoid that, because it sounds wrong. Perhaps that is something that can be considered into the future. Leasehold titles should be restricted to government land. I understand why the government wants to do that. I understand that the leasehold strata title will be critically important for the government for the Metronet project and I accept that is perhaps a good use for it. I do not think it should be applied to freehold land. We will have to see how that goes over time. I do not want a society in which we have a landed gentry with a small number of people owning a larger part of the land and residences and people not having the alternative of their own freehold property. We need to keep a close eye on the implementation of the changes and be prepared to make amendments if the act disadvantages vulnerable people or is used to bully people into submission to suit a speculator's proposal. It is a very complex bill. I know there has been a good opportunity to go through it; however, I think there is the risk that we have collectively missed important issues in the bill. It will be very important that we keep a close eye on it and make changes as required.

MR J.N. CAREY (Perth — Parliamentary Secretary) [12.29 pm]: I wish to speak on the third reading of the Strata Titles Amendment Bill. As the parliamentary secretary to the Minister for Planning, I had a role in assisting the minister and meeting a range of stakeholders on strata reform and also speaking to the member for Scarborough and other Liberals on this issue. I believe that my electorate of Perth has the most apartments and high-density housing, in both the city and inner-city area. Overall, this is critical reform for our state. I am deeply proud that this state government is driving this reform agenda that is really critical to strata development. Although there has been a focus on the termination side, if we look at all the other reforms, strata owners will tell us—they tell me all the time—that this legislation is desperately needed. I am sure all members of Parliament will say their own constituents have come forward to talk about problems that they face because of poor strata management rules. The critical factor is that these reforms will bring in greater transparency, accountability and safeguards for owners and strata councils. One of the proudest things, and certainly something that I was involved in helping to provide, was better buyer information. I understand that strata can be difficult and confusing. When people move into a new apartment complex, where often there are problems, more information will be provided to them—buyers beware. There is also better accountability of strata managers. There has been debate about formal licensing, but the legislation also does that.

Enforcing by-laws is critically important because of a complaint by owners about the simple fact that it is difficult to enforce by-laws. Changing the rules and allowing the State Administrative Tribunal to determine whether a by-law is enforceable or not is critically important to the effective operation of strata schemes. We are doing this because we want to provide more choice. It will allow young families and young couples, or young people who are down-sizing, to choose apartments in locations close to public transport and services, and that are walkable neighbourhoods. That is what density provides.

I want to touch upon the termination schemes. I acknowledge the work of the member for Scarborough, who was positive and reached out with the minister, and I believe that the safeguard amendments are appropriate. It lifts the threshold and also removes those properties with five lots or less. That was a good compromise. It was great to see both parties come together to agree on that. I understand people's concerns. I also have concerns, as the member for Perth, about the exploitation or the potential bullying of buyers who hold out. I agree with the member for

Cottesloe—shock horror!—that perhaps having an advocate of some sort in the SAT system would be a reasonable suggestion to empower people. As a former Mayor of Vincent, I have sat through the SAT system. The SAT system, despite people's criticism of it, is quite fair. A SAT chair will be aware whether someone sitting in that process is unfamiliar with it.

I just heaped lots of praise on you, member for Scarborough; I am disappointed you were not in the chamber to hear it. I think that we have to be aware.

I want to take up some of the claims made by the member for Cottesloe. We have seen quite a stark difference between the member for Scarborough, who is clearly well informed on strata laws and working with the government to put up those amendments, and the member for Cottesloe who has been spreading fear and doom and gloom in the local paper. He has been spreading fear; he has been whipping it up and getting people worried. Some of it is just simply untrue. I want to deal with a couple of the issues; firstly about leasehold. I cannot believe this: "landed gentry". We are going to see a landed gentry in Western Australia. That is quite extraordinary. No wonder the property sector is quite concerned by the member for Cottesloe's commentary. It is as though there are two different Liberal Parties. We have the member for Scarborough, who has attended the Urban Development Institute of Australia, the property industry, and engaged with the sector, and we have the member for Cottesloe who is captured by a few nimbys in his own electorate, bagging the property industry and talking about a landed gentry!

Dr D.J. Honey interjected.

Mr J.N. CAREY: I am not taking interjections because the member did not allow me interjections.

If we look at the New South Wales stats about leaseholds, it is fewer than 0.1 per cent of all properties in that state. In fact I think it is 0.01 per cent. New South Wales has had it for quite some time. Contrary to the fear and doom and gloom, and the 1950s thinking of the member for Cottesloe, it is wrong to suggest that we are going to have a mass spread of a landed gentry that is all leasehold. That is simply not true. It is false. It is a fear campaign and a failure to understand the changing nature, and that we actually need flexibility. This will be driven by market forces. People are educated. When people make choices about real estate, they are educated. I am very confident that the majority of Western Australians who aspire to buy an apartment block will still move towards a standard strata reform scheme in which they own the property outright. That is what we have seen in New South Wales. Let us put to rest that fear and gloom and doom of the member for Cottesloe. I love this: the member for Cottesloe said —

> "The leasehold strata title will … drive land ownership into the hands of a wealthy few, with the great majority simply being leaseholders.

He also said —

> "This new form of land title will herald the end of private home ownership for the great majority of people," …

I do not think anyone other than the member for Cottesloe believes that. I will predict—I will happily, in 10 years' time, if I am lucky enough to still be in this Parliament—look back and say, "Oh my God, the majority of owners in Western Australia are now no longer owners; they were all beckoned to the landed gentry"! What absolute rubbish. The member does not represent his constituents well when he puts out that fear.

Dr D.J. Honey interjected.

Mr J.N. CAREY: I am not taking interjections because the member does not take them—he fears them!

In terms of the safeguards in terminations, I have said on the record that I support the amendment. I support the changes put forward by the member for Scarborough and accepted by the government, which brings in a higher standard. We are dealing with a difficult issue. We are trying to bring some transparency and better accountability to the process of termination of schemes. At the moment, someone can do it via the District Court but it does not have the requirements as currently proposed.

I also want to say that 80 per cent is still quite a significant percentage. The idea that as soon as this legislation comes in we will see a massive onslaught of termination of schemes fails to recognise, whether it is 75 per cent or 80 per cent, that that is a lot for many developments, even for a 50-unit development. Terminating a scheme and getting 80 per cent is quite a high bar. I am less pessimistic about a massive onslaught of termination of schemes. We will have to wait and see. It is a difficult issue. I think the member for South Perth raised the point that we should consider the opposite side of the issue. He said that speculative buyers are buying out apartments in buildings right in front of them to prevent or block any future development. I find that wrong. I think it is wrong that the development undertaken by all the other property owners would be held back because a neighbour decided to buy a unit in that property and block redevelopment. Surely no-one agrees with that and thinks that is fair and equitable. We are trying to deal with this issue.

I also want to deal with the issue relating to the wider planning reform, with members saying that the government is anti–green landscaping and so forth. It is extraordinary stuff. Strata reform is about encouraging sustainability options. It allows more modern and flexible arrangements. Having been the Mayor of the City of Vincent, which brought in the highest landscaping conditions required for any high-density developments in Perth, Western Australia, this government is proceeding with Design WA to ensure the greenest and the highest landscaping standards across Perth. We have the doom and gloom from the member for Cottesloe, whipping up fear and really putting forward the most negative views. I am not surprised at the member for the 1950s.

It is great to see the rest of the opposition, including the member for Scarborough, engaging with the sector and working with the government—it is unfortunate about the member for Cottesloe—and the sector to drive this much-needed reform.

MR D.C. NALDER (Bateman) [12.42 pm]: I stand to make a short contribution to this debate on the Strata Titles Amendment Bill 2018. I will stick to the tenet of the third reading and reinforce the comments I made during my second reading contribution. To put it into context, a large amount of concern has been expressed in my community about developments that are occurring now. They have been driven by recommendations from council that have gone through joint development assessment panels, the State Administrative Tribunal and so forth. To put it into context, a large number of landholdings in my community are part of survey strata titles. My concern was that speculators or potential developers would have a bias towards them about being able to create debate and force people out of their homes. I would like to take this opportunity to thank the government for its flexibility and for supporting our concerns around vulnerable people who may be forced from their home by supporting amendments that will protect dwellings with fewer than five residences. The majority of dwellings in my electorate consist of two or three residences, being battleaxe blocks and so forth, but they do have survey strata titles. I appreciate the fact that the government has had the flexibility to accommodate these concerns and, therefore, better protect the people in my community.

Taking up the member for Cottesloe's point and adding to the comments of the member for Perth, I implore the government and the Department of Planning, Lands and Heritage to continue to monitor outcomes from SAT hearings to ensure that things that we believe should be considered in a subjective way are considered. I continue to be concerned that we are relying on objective assessments. We hope that SAT takes into consideration some of the emotional distress that can be caused to people in certain circumstances. I request that we continue to monitor this as we go forward and that future governments continue to monitor it to ensure that SAT upholds the intent that both sides have with the carriage of this bill.

Again, I express my appreciation to the government and thank colleagues for their contributions, particularly the heavy lifting from the member for Scarborough. It is a large piece of legislation, particularly clause 83, which covers some 200 pages. I know that I looked like I was asleep out the back. The member for Scarborough was really concerned at one point. I thank everybody for their contribution to the debate and I look forward to the passage of this bill.

MS R. SAFFIOTI (West Swan — Minister for Lands) [12.45 pm] — in reply: I would like to thank everyone for their contribution to the debate on the Strata Titles Amendment Bill 2018. Again, I put on record my thanks to Landgate and the people involved in drafting and preparing this legislation over many years; my advisers during the debate, particularly Kelly Whitfield and Sean MacFarlane; and the parliamentary draftspeople, who did a magnificent job to get this legislation through.

I will not go through all the banter that occurred between the member for Perth and the member for Cottesloe. For the member for Cottesloe to describe the member for Perth as anti-vegetation and anti-pets was a bit extraordinary. Soon the member for Cottesloe will be saying that the member for Perth did not like Lego. The member for Perth is the most pro-pet and pro-vegetation person I know. I will continually remind people that sometimes there needs to be a trade-off in height and vegetation. If we have height, we can also have more vegetation. We need to be very much aware of this when we look at how we do smart infill so that we do not continually fill up existing blocks with homes; we sometimes go higher, thereby retaining more vegetation. That is why the density argument has to be sophisticated. It is more about how we can have density with the amenity, and having vegetation or public open space or parkland is a big part of that.

I want to conclude by addressing a couple of outstanding issues that were raised during the debate. I thank everybody for their contributions. I think the member for Scarborough had two questions outstanding. She asked whether a land tax component would be incorporated into the lease if land is government owned. I will read the formal response. It states —

> Currently, land owned by the Crown, an agency or instrumentality of the Crown, a local government or another public statutory authority is exempt from land tax. Section 8(1) of the Land Tax Assessment Act

deems a person who is entitled to the land under a lease or licence from the Crown as the owner of the land for land tax purposes.

If a government agency owns the fee simple in the land subdivided by a leasehold scheme, the owner of a lot in the leasehold scheme is treated as the owner of the lot for the purposes of assessing land tax.

This will result in the owner of the lot in a leasehold scheme having the same rights and obligations as the owner of a freehold lot in relation to their land tax liability.

It will also mean the owner of the lot can qualify for exemptions, for example, if the owner of the lot uses the property as their primary place of residence, then they will be exempt from land tax.

The member also gave the example of a sales office and showroom within a scheme to sell the lots, and what occurs when that changes progressively. There is a mechanism under section 42B of the act whereby levies or contributions can be altered through the by-laws. I think the member described the situation in which the developer, when it controlled the strata company, created a section 42B by-law to ensure that it did not pay levies for that lot. This bill will help address that. Such a by-law, if set up only to ensure that the developer does not pay its fair share of the levies, would fall foul of the validity of the by-laws provision in proposed section 46. Those were the two issues the member for Scarborough raised that we said we would get back to her about.

I thank members very much for contributing. This is the biggest reform of strata that we have seen in this place. It is complex legislation. I undertake to provide as many and as long as possible briefings to members in the upper house to make sure that they get across all the detail and that all questions are answered to help inform them in their decision-making.

Question put and passed.

Bill read a third time and transmitted to the Council.