

*Standing Committee on Public Administration — Thirteenth Report —
“Report in Relation to the Inquiry into Western Australian Strata Managers” — Motion*

Resumed from 21 March on the following motion moved by Hon Jim Chown —

That the report be noted.

Hon ED DERMER: When we were last discussing this report, I was talking about the importance of recommendation 3 from the committee, the second dot point of which states that “strata managers must open separate trust accounts for each strata company”, and I had started to explain why I think that is very important. A matter that we spent quite some time considering when we were doing this inquiry was the importance of having the financial reports of strata companies audited. As a general principle, if a body is dealing with somebody else’s money, as of course happens when a strata company is collecting money from the owners and spending it on their behalf, it always seems to be a very good principle to have those accounts audited to make sure that the money is spent appropriately. It emerged through our deliberations, though, that there are some strata companies of such a size and scale that the cost of having it audited may be disproportionate to the money being spent. Obviously there are other strata companies in which enormous amounts of money are being spent, but some would be quite small, and the cost of having it audited may be disproportionate to the benefit and reassurance of having it audited.

A very sensible compromise would be to have a single trust account for each strata company, which would mean that each owner within that strata company would need to look only at the account prepared by the bank. They could depend on the bank, we would hope, to do the right thing and have a proper set of accounts. If all significant expenditures were to be transacted through that trust account, it would remove the degree of necessity to have a separate audit, because people would be able to access the information about their money and their strata company by getting the statements from the bank. It would, therefore, be very important to have a separate trust account for each strata company. I think that is a very important recommendation. I hope this government has the insight to understand the importance of the recommendation and implement it at some stage. If not, a future government may implement it, but it is an extremely important recommendation.

I want to turn for a moment to the issue of licensing strata managers. I put the case last week that if a strata manager needed a licence to operate, the possibility of that licence being removed would mean that the strata manager would have to operate at a professional level, honestly and with respect for the owners of that particular strata company that they were managing; otherwise there was the danger of the manager losing their licence. Licensing is extremely important for that reason. It is also important for the good name and reputation of all strata managers in Western Australia. I am confident that most strata managers in Western Australia do their job competently and honestly and deserve a good reputation, but all of them have their reputation damaged by the small number of strata managers who do not do the right thing. I think licensing in that way would be of significant benefit to other strata managers, because it would require all strata managers to operate at a respectable and appropriate standard.

Hon SIMON O'BRIEN: Obviously I support the committee and the motion that the report be noted. I draw attention to the tabled government response to this committee report. If members have not seen it, I am sure they would be interested to find the government response to the various recommendations. By way of brief summary, I am sympathetic, in the terms that have been contained in the government response, to the themes that have been explored and the findings generally of the committee. I have independently embarked on the course of the consultation, regulatory impact statement and discussion paper which was launched by me last year in response to requests for licensing, specifically from the strata management industry. In supporting the motion, I remind members that the government is being proactive in this particular regard.

Hon KEN BASTON: I would like to speak on this very worthwhile report. We started on 17 November 2009 and finished in September 2011. I thank the staff, Christine Kain and Rachel Wells, for the work that they put into this report. The background of the report was that the Standing Committee on Public Administration became aware of concerns amongst strata lot proprietors in relation to the difficulty in establishing how strata levies were being spent, the difficulties resolving concerns and disputes about the activities of strata managers and the lack of regulation of strata managers. The committee commenced its own motion of inquiry, as I said, on 17 November 2009 with the following terms of reference —

Noting a series of parliamentary and government inquiries that have touched on the issue of disputes between strata managers and their clients, the Public Administration Committee has resolved to commence an inquiry —

Committee interrupted, pursuant to standing orders.

[Continued on page 1430.]

Sitting suspended from 4.15 to 4.30 pm