

## **Strata Titles Amendment Bill 2018**

### **Second Reading Speech**

I move that the bill be now read a second time.

The *Strata Titles Amendment Bill 2018* will amend the *Strata Titles Act 1985* and is the first major reform to strata in 21 years. These reforms significantly improve upon existing strata legislation, addressing problems experienced in strata, while also modernising the language and structure of the act. This bill will also introduce a new form of land ownership—leasehold strata title schemes—creating greater opportunity for the delivery of more vibrant and liveable strata communities across the state. The bill, along with the *Community Titles Bill 2018*, will enable the delivery and effective management of innovative, well-planned strata properties throughout Western Australia.

Importantly, these reforms will bring Western Australian strata owners, residents, developers and managers a clear, modern, transparent and accountable legislative framework for creating and managing strata. These reforms have been a number of years in the making and are the culmination of work done by Landgate in consultation with a wide range of stakeholders in the community, government and private sectors to achieve the best outcome for all. The reforms were commenced under the previous government and I acknowledge its efforts and look forward to its support as, together, we navigate this legislation through Parliament for the benefit of strata owners, residents, investors and developers.

Under these reforms, strata owners will have more of a say in the ongoing management and operation of their scheme. Owners will be empowered to improve their schemes and retrofit their properties to include items such as solar panels and disability access improvements. The provisions will facilitate better ongoing maintenance of schemes and it will be easier to enforce by-laws. Strata disputes will be resolved more quickly, cheaply and effectively through a single specialist forum. The State Administrative Tribunal will become the one-stop-shop for strata disputes and will be empowered to resolve disputes quickly, cheaply and effectively. Buyers will receive better information about the strata lots they are buying. There will be more flexibility for the staged subdivision of strata and survey-strata schemes, and safeguards will be introduced for the termination of schemes. Statutory duties will be imposed on strata managers to make them more accountable and to encourage higher standards of professional service. These duties include requirement to act in the best interests of the strata company, to disclose any conflicts of interest, to hold the strata company funds in a trust account and to hold a minimum standard of professional qualification. These duties will be enforced by the strata company, which will have a statutory right to terminate the strata management contract by giving notice if the strata manager breaches the statutory duties or the contract. If that breach of duty or the contract causes the strata company to suffer a loss, the strata manager may be ordered to pay compensation to the strata company. Strata companies will be able to keep records in electronic format to allow owners to more easily inspect those records, and strata companies will have streamlined procedures for executing documents. Owners will be able to participate more readily in the management of their scheme, with voting able to occur outside of meetings and electronic voting permitted.

The reforms establish requirements regarding the content of by-laws—that they cannot be oppressive, unreasonable, or unfairly prejudicial to or discriminatory against owners.

Furthermore, standards applicable to strata councils will be raised with statutory duties imposed on the council excluding members from voting on matters when they have a conflict of interest. There will be restrictions on the use of proxy votes, and owners will have a forum to review by-laws and resolutions that are unreasonable, oppressive or discriminatory. Owners will be empowered to improve their common property. Larger schemes will need to have a reserve fund and prepare a 10-year maintenance plan.

The bill will provide safeguards for the termination of schemes, including a transparent process, safeguards for owners and a full procedural and fairness review by the State Administrative Tribunal. The majority termination process is more than just a vote; a comprehensive, transparent process must be followed. If the vote produces the required majority but is not unanimous, the termination proposal must undergo a fairness and procedural review by the tribunal. Majority termination only applies to schemes of 5 or more lots. Schemes with 2, 3 or 4 lots can only terminate with a unanimous resolution. A majority termination proposal cannot proceed without an order from the tribunal. The tribunal can order a scheme termination under a majority vote only if it is satisfied that the termination process has been properly followed, that every owner who objects to the termination will receive fair market value for their lot and the proposal to terminate is just and equitable. Vulnerable owners will be further protected and will have access to funding for assistance to navigate the termination proposal.

The bill will also introduce a new form of land ownership to Western Australia—leasehold strata title schemes. Leasehold strata provides for the creation of a strata or survey strata scheme for a fixed period. It operates under the same governance framework as a freehold strata scheme, with some variations. Each lot within a leasehold scheme is subject to a registered strata lease and individual lots within the scheme may be bought, sold and mortgaged just like a lot in a freehold scheme. The owner of a lot in the leasehold scheme will be registered on the certificate of title as the proprietor of that lot within the strata leasehold estate. The leasehold scheme and each strata lease expires on the expiry day of the leasehold scheme. Leasehold schemes will be beneficial in providing affordable housing, as well as developing freehold land on strategic sites over which the government wishes to retain control in the long term.

I believe the amendments set out in this bill will improve the development and management of strata property across the state, bringing significant community benefit and giving Western Australians greater confidence when looking to own or live in strata. These reforms will help deliver our suburbs of the future, providing people with more options as to where they wish to live. A greater diversity of housing, as well as better integration of land and building uses, will help to ensure that our suburbs cater for all people through their changing needs and life stages.

Pursuant to Standing Order 126(1), I advise that this Bill is not a uniform legislation Bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the Government of the State is a party. Nor does this Bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the Commonwealth.

I commend the bill to the house and table an Explanatory Memorandum.