

Submission to the Standing Committee on Legislation

I wish to provide the committee with the following points for consideration with respect to the Strata Titles Amendment Bill 2018:

1. I do not believe that clause 12 of the Bill should be supported or passed.
2. If developers believe that a block of privately owned units offers a development opportunity they should buy the units on the open market and wait until the owner is ready to sell for the last units. They should factor in a long wait time as a cost of doing business.
3. Developers will probably tell you they cannot afford to wait to purchase the last units. Why not? Perhaps their business model is flawed! Currently most developers purchase land and/or buildings using borrowed money, then they undertake the actual development using borrowed money. Finally many purchasers of the completed accommodation use borrowed money. Conclusion – most of the ‘benefit’ of the development as measured by economists is ‘virtual’ money – is not real growth. However, at the conclusion, the developer has real money in his account!!
4. Economists do not have an in depth understanding of the role and effect of debt in the economy. They have some simplistic theories that offer an explanation. However we saw 10 years ago that too much debt went close to creating a world wide collapse of the financial system. Responsible decision making in the current financial circumstances should not be encouraging the creation of more debt without greater understanding of its effect on the economy.
5. Should this Bill be enacted, how long will it be before the security of other types of property title are reduced or negated by the desires of a small group of people or an industry? If a developer desires a contiguous number of individual titles what protection has the individual title holder got that he will not be forced to sell because he is preventing the developer from achieving his desire?
6. This Bill has the potential to increase elder abuse as various actions are taken to ‘encourage’ recalcitrant property owners to sell. Anecdotally older people do not feel the need for change as much as younger people and actually appreciate stability in their lives. If they are being pressured to sell that can have a detrimental effect on their lives. I can imagine a scenario in which a number of friends have bought into the same complex to be close together and for mutual support. They could all be subject to compulsory acquisition. Due to the low compensation paid they will not be able to buy in the same area and the group will be broken up – to satisfy someone else’s profit motive.
7. Some years ago a developer wanted to buy my family property. My parents put up with all sorts of pressure and inducements to sell – none of which would have given them the resources to acquire a similar property in the area they knew and preferred. They did not sell

and the local economy did not collapse. There is no evidence of an ongoing belief that the area and district has suffered because that development did not come to fruition.

8. Looking at a report in The West Australian October 24, 2012 it is hard not to compare the attitude of the Property Council of Australia with that of King James before the Magna Carta – the belief that they know best for everyone else and should have no obstructions in the execution of their plans. I believe that State Parliament should be very wary in supporting this legislation.

9. Currently the effect of this legislative change is not widely known. There is a recent method for judging the appropriateness of political decisions – “Does it pass the pub test?”. I strongly believe this legislation does not pass this test.