



Pre-Budget Submission 2023-24

Strata Community Association (Vic) Submission

20 March 2023



Introduction

Strata Community Association (Vic) Ltd is the peak body for the Owners Corporations sector, which comprises commercial, industrial, and recreational properties ranging from two units in a suburban street to many hundreds of units in inner city apartment buildings. Owners Corporations represent property valued at over \$300 billion dollars and encompass commercial, retail, lifestyle resorts, retirement villages, car parks, storage facilities, industrial and, increasingly, mixed developments. More than \$1 billion per year is collected and spent. There are currently more than 85,000 active owners corporations in Victoria, covering more than 772,000 individual lots. It is estimated that around 1.5 million Victorians — a quarter of the state’s population — either live in, or own property in, an owners corporation.

Background – Strata Community Association (Vic)

SCA Victoria was established in 1990, it succeeds Owners Corporations Victoria (OCV) and Institute of Body Corporate Managers Victoria (IBCMV). SCA (Vic) members comprise more than 80 per cent of all professional owners corporation managers, with over 800 members managing upwards of 450,000 lots. SCA (Vic) Associate members are industry suppliers, including waste management providers, Essential Safety Measures managers, quantity surveyors, insurers, lawyers, accountants, facility managers, property valuers, building maintenance and tradespeople. Members benefit from representation, support, advice, and promotion. With Continuing Professional Development (CPD), Best Practice Guidelines on regulatory and legislative amendments, updates on VCAT determinations and emerging issues, SCA members are best placed to manage OCs and empower Lot Owners and occupiers.

In Victoria, the Owners Corporations Act 2006 defines an Owners Corporation as a ‘body corporate which is incorporated by registration of a plan of subdivision or a plan of strata or cluster subdivision.’ The individual Lot Owners form a collective known as an Owners Corporation (OC). This is a legal entity which must comply with its governing legislation and enabled regulations. Owners Corporations can choose to appoint a registered manager who will act on their direction, including engaging contractors for maintenance and repairs, on behalf of the OC. The responsibility to maintain common property and shared services is that of the owners corporation. The manager assists the OC to meet these and other obligations. As part of the Annual General Meeting, Lot Owners collectively agree on a budget to the fund ongoing maintenance and shared service costs. Items agreed can include the management fee, caretaking costs including gardening, utility charges, repairs to essential services, insurance premiums and waste management expenses. These are funded through fees/levies.

For further information about this submission, please contact Shaun Brockman, National Policy and Advocacy Manager, SCA. Shaun.Brockman@strata.community.

SCA (Vic)'s Pre-Budget Submission

Summary

SCA (Vic) has proposed two main priorities for consideration by the Victorian Government in the delivery of its 2023-2024 budget; these are as follows:

1. **Building Confidence in Strata Communities**
2. **Powering Smarter, Greener and More Liveable Strata Communities to 2050**

1. Building Confidence in Strata Communities

Critical to ensuring that liveability is maximised in the growth of strata living among Victorians in coming decades is ensuring that owners corporations are best equipped to address the most common issues affecting their properties.

Many shortfalls exist in the level of information and general advice publicly available to lot owners buying into and/or living in strata from government.

Owners corporations and their activities are intrinsically complex, and short of seeking legal advice out-of-pocket and/or initiating dispute resolution proceedings at VCAT, there is no credible means for consumers to seek authoritative and impartial information and advice about their owners corporation prior to these processes.

Information and advice available to owners, owner-occupiers and committee members in an owners corporations will be fundamentally transformed through the implementation of a Victorian Strata Owners Helpline as a subdivision of Consumer Affairs, estimated at a cost of \$381,000 per annum (\$1.524 million over the current term of government).

In tandem with improving the strata information and advice landscape in Victoria, consideration should be given to establishing a benchmark for the registration and better regulation of strata managers in Victoria, to be jointly overseen by Consumer Affairs Victoria (CAV) and Strata Community Association (Vic), at an estimated cost of \$6.25 million per annum (\$25 million over the current term of government).

Building defects also remain a chronic problem for the strata sector. In the Victorian context, ensuring greater accountability for building works undertaken in residential strata-titled buildings requires the establishment of avenues for strata consumers and owners corporations to be able to seek appropriate recourse in the event defective works are discovered.

As many as 85 per cent of residential multi-unit dwellings across Australia have at least one building defect affecting multiple locations, with an average of 14 line-item defects and 5.93 construction systems defects per building.

With the establishment of a mandatory, standardised building manual in Victoria under proposed legislation, centralised storage of this information by an appropriate and trusted source will also be critical for owners corporations to identify and act upon building defects in a timely and cost-effective manner in the event that their own copy is not readily available.

SCA (Vic) therefore calls upon the government to establish a centralised portal overseen by the Victorian Building Authority (VBA), dedicated to the retention of building manual copies (in conjunction with the copy held by an owners corporation) relating to design, construction, and maintenance of multi-dwelling properties across Victoria.

Recommendations:

- **Establishment of a Victorian Strata Owners Helpline, to provide consumers with the information and advice they need about their owners corporation – a commitment of \$381,000 per annum (\$1.524 million over the current term of government)**
- **Establishment of a future co-regulation model for strata managers in Victoria led through Consumer Affairs Victoria (CAV) – a commitment of \$6.25 million per annum (\$25 million over the current term of government)**
- **Establishment of a centralised base building information portal for the storage of building manuals for multi-unit dwellings, overseen by the VBA and made accessible to owners corporations and strata managers**

2. Powering Smarter, Greener and More Liveable Strata Communities to 2050

Strata Community Association (Vic) has committed itself to aligning with the principles of the United Nations (UN) Sustainable Development Goals (SDG), mirroring the commitment of the Victorian Government with the passage of the *Climate Change Act 2017* to act to prevent, and adapt to, events associated with the occurrence of climate change.

The growing number of people living in strata in Victoria is concurrently predicted to gradually increase from approximately 25 per cent of the population at present to 50 per cent by the year 2050. Strata living provides a sustainable and practical lifestyle for millions of Victorians and counting, with a large proportion of developments typically being located in close proximity to public transit and amenities.

Strata, and the built environment more broadly, therefore, has considerable potential to help meet future sustainability challenges even further, and in alignment with the government's own 2050 net zero emissions target, while simultaneously improving living standards for owners and residents and providing real cost-of-living savings for households.

Among the critical first steps for an owners corporation to begin transitioning their building or complex towards greater sustainability in future, is identifying and measuring where improvements can be made specific to common property.

SCA (Vic) recommends the Victorian Government commit to subsidising NABERS energy and water assessments of up to 100 private apartment buildings in Victoria (at a comparable uptake to New South Wales), equal to approximately \$261,000 per annum (1.044 million over the current term of government).

SCA (Vic) also calls on the Victorian Government, through the Department of Energy, Environment and Climate Action (DEECA) to work in partnership, establish strata-specific sustainability rebates, grants and/or low/no-interest loans for owners corporations, and facilitate the increased uptake of sustainability measures such as:

- **Electrification of buildings and EV charging - \$10 million per annum (\$40 million over the current term of government)**
- **Renewable (solar/PV) energy - \$6.754 million per annum (\$27.018 million over the current term of government)**
- **Solar battery storage - \$1.253 million per annum (\$5.015 million over the current term of government)**
- **Electric hot water system and heat pump upgrades - \$550,000 per annum (\$2.2 million over the current term of government)**

SCA (Vic) also recommends that the Victorian Government, through the Department of Energy, Environment and Climate Action (DEECA), revise the terms of eligibility for the successful [Power Saving Bonus](#) program to specifically include residential owners corporations, which are ultimately responsible for energy supply to any common property within a building or complex under a residential account with providers.

Recommendations:

- **Partnership between SCA (Vic) and Department of Energy, Environment and Climate Action (DEECA) to design programs (rebates, grants and/or low/interest-free loans) specifically directed towards OCs to facilitate greater uptake of:**
 - **EV charging - \$10 million per annum (\$40 million over the current term of government)**
 - **Renewable energy generation/consumption (solar PV) – \$6.754 million per annum (\$27.018 million over the current term of government)**
 - **Solar battery storage - \$1.253 million per annum (\$5.015 million over the current term of government)**
 - **Electric hot water system and heat pump upgrades - \$550,000 per annum (\$2.2 million over the current term of government)**
- **Subsidies for NABERS energy and water efficiency assessments available to owners corporations in 100 private apartment buildings in Victoria, at a cost of approximately \$261,000 per annum (\$1.044 million over the current term of government)**
- **Extension of the Victorian Power Saving Bonus eligibility criteria to specifically include common property energy expenditure by residential owners corporations**

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