



Pre-Budget Submission 2024-25

Strata Community Association (Vic) Submission



Introduction

Strata Community Association (Vic) Ltd is the peak body for the Owners Corporation sector, which comprises commercial, industrial, and residential 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 \$400 billion 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 within the sector. It is estimated that around 1.6 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 a significant percentage of all professional owners corporation managers, with several hundred 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. The responsibility to maintain common property and shared services is that of the owners corporation.

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 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 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.

The growing number of Victorians living and working in strata titled arrangements necessitates an increasing focus on regulatory responses for solutions to concerns that are faced on a daily basis, including: support for issues arising within strata communities, the cost of housing, urban renewal, sustainable living, regulatory complexity, unlimited liability risks in relation to volunteer strata committee members, building defects and skills shortages.

For further information about this submission, please contact: Josh Karpin, Policy and Advocacy Officer, josh.karpin@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 2024-2025 budget; these are as follows:

1. **Strengthening Support for Strata**
2. **Sustainable Strata Communities**

1. Strengthening Support for Strata

Victorians are choosing, in increasing numbers, to live in strata communities and this is a trend which is projected to continue in coming decades. It is vitally important to ensure appropriate resources are in place to support Victorians living in strata – both now and into the future.

Introduction of a Victorian Strata Commissioner

SCA (Vic) encourages the Victorian Government to follow the lead taken by other states, such as New South Wales and Queensland, by establishing an office of Strata Commissioner and positioning it within Consumer Affairs Victoria (CAV).

In New South Wales, the Strata and Property Services Commissioner sits within NSW Fair Trading and is [responsible for overseeing strata governance and policy across government, contributing to implementation of strata reforms, and working to raise performance and accountability standards across the industry.](#)

Queensland has an Office of the Commissioner for Body Corporate and Community Management which [is responsible for providing information and dispute resolution services for those who live, invest or work in community title schemes in Queensland.](#)

These positions demonstrate a commitment to further reforms of the industry while helping to improve the quality of life for strata residents.

A Victorian Strata Commissioner could provide a dedicated agency capable of delivering information to consumers, driving reform and oversight of the sector, while also meaningfully engaging with other government departments and industry stakeholders.

By introducing a Strata Commissioner, the Victorian Government would also be acknowledging the vital role strata communities will play in providing housing amid ongoing population growth while improving confidence amongst consumers that strata is receiving appropriate resources and support from government.

Creating a Victorian Strata Helpline

Strata legislation and regulations are complex and require interpretation and explanation by experienced strata or legal professionals, and demand for this expertise will only grow in the future, concurrent with the growth of strata living.

As things currently stand, there are deficiencies in the amount of information and advice from government which is available to consumers buying into and/or living in strata. The most significant gap to address is the lack of an authoritative and impartial service provided by government to give information and advice to Victorians about their owners corporation.

Furthermore, the wait times for consumers contacting CAV can be prohibitive. Excessive delays while people are kept on hold seeking advice can discourage consumers from coming forward in the first place, or waiting to obtain necessary advice.

The addition of an advice hotline, as a key priority to urgently address shortfalls in support currently facing Victorians in strata, can benefit consumers while at the same time reducing the administrative burden and cost to the Victorian Government of tribunal and dispute resolution processes.

Information and advice available to owners, owner-occupiers and committee members in an owners corporation will be fundamentally transformed through the creation of a Victorian Strata Helpline. SCA (Vic) is calling on the Victorian Government to implement the strata helpline as a subdivision of Consumer Affairs at an estimated cost of \$410,000 per annum (\$1.230 million over the current term of government).

Development of co-regulation model for strata managers

In most other Australian states and territories, minimum standards of education acting as a barrier to entry for owners corporation and body corporate managers are being, or have been, established.

Accordingly, Victoria is lagging behind most Australian state and territories in requirements for education in the strata industry, leading to poorer outcomes for Victorian consumers who live in strata.

SCA (Vic) wishes to drive forward the professionalism of the strata industry and is asking that the Victorian Government establish a minimum education standard for strata managers and mandatory minimum Continuing Professional Development (CPD) quotas.

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 SCA (Vic), at an estimated cost of \$6.25 million per annum (\$18.750 million over the current term of government).

Establishment of a centralised digital database for Building Manual

Building defects 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.

With the establishment of a mandatory, standardised building manual in Victoria, centralised digital 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) calls upon the government to establish a centralised digital portal overseen by the Victorian Building Authority (VBA) which is 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:

- **Introduction of a Victorian Strata Commissioner to oversee the entire industry, develop and drive reforms, while improving consumer confidence that the strata sector is receiving appropriate support and resources from government.**
- **Creation of a Victorian Strata Helpline as a key priority to provide consumers with the information and advice they need about their owners corporation – a commitment of \$410,000 per annum (\$1.230 million over the current term of government).**
- **Development 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 (\$18.750 million over the current term of government) .**
- **Establishment of a centralised digital information portal for the storage of building manuals for multi-unit dwellings, overseen by the Victorian Building Authority (VBA) and made accessible to owners corporations and strata managers.**

2. Sustainable Strata Communities

The growing number of people living in strata in Victoria is predicted to significantly rise from approximately 25 per cent of the population currently to 50 per cent by 2050. Strata living provides a practical and increasingly sustainable lifestyle for millions of Victorians, with a large proportion of developments typically being located in close proximity to amenities and public transport.

Economies of scale are created in strata, and shared facilities, shorter commutes, fewer trips in cars and less new and expensive infrastructure means that investing in strata is investing in a cleaner, greener future.

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

SCA (Vic) wishes to acknowledge the Solar for Apartments Program, jointly funded by the Victorian and Commonwealth Governments to support apartment households to benefit from lower energy bills through installing solar. Programs such as this are a great start for improving sustainability in strata communities, and we call on governments at all levels to continue this work, and expand upon it, so even more Victorians can capitalise on the benefits of renewables.

Subsidies for NABERS assessments to up to 100 private apartment buildings

SCA (Vic) recommends the Victorian Government commit to subsidising NABERS energy and water assessments of up to 100 private apartment buildings across Victoria, at a comparable uptake to New South Wales, equal to approximately \$261,000 per annum (\$783,000 over the current term of government).

Strata residents and owners stand to see both reductions in household energy costs, as well as reductions in their carbon footprint with the adoption of more sustainable living options, if properly supported by government.

Partnership between SCA (Vic) and Victorian Government to deliver sustainability measures

SCA (Vic) also calls for the opportunity to work in partnership with the Victorian Government – through the Department of Energy, Environment and Climate Action (DEECA) – to 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 (\$30 million over the current term of government)**
- **Renewable (solar/PV) energy - \$6.754 million per annum (\$20.262 million over the current term of government)**
- **Solar battery storage - \$1.253 million per annum (\$3.759 million over the current term of government)**
- **Electric hot water system and heat pump upgrades - \$550,000 per annum (\$1.650 million over the current term of government)**

Extension of Victorian Power Saving Bonus eligibility to include common property

SCA (Vic) also recommends 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:

- **Subsidies for NABERS energy and water efficiency assessments available to owners corporations in 100 private apartment buildings across Victoria, at a cost of approximately \$261,000 per annum (\$783,000 over the current term of government)**
- **Partnership between SCA (Vic) and Department of Energy, Environment and Climate Action (DEECA) to design programs (rebates, grants and/or low/no interest loans) specifically directed towards OCs to facilitate greater uptake of:**
 - **EV charging - \$10 million per annum (\$30 million over the current term of government)**
 - **Renewable energy generation/consumption (solar PV) – \$6.754 million per annum (\$20.262 million over the current term of government)**
 - **Solar battery storage - \$1.253 million per annum (\$3.759 million over the current term of government)**
 - **Electric hot water system and heat pump upgrades - \$550,000 per annum (\$1.650 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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