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ATTORNEY-GENERAL HALTS REFORMS ON LOT ENTITLEMENTS

SMART DECISION MADE IN RESPONSE TO RECOMMENDATIONS PUT FORWARD BY QUT STUDY AFFECTING MORE THAN 485,000 QUEENSLAND STRATA LOT RESIDENTS

STATE'S PEAK STRATA BODY SUPPORTS DECISION AND APPLAUDS ATTORNEY-GENERAL FOR 'LISTENING TO THE INDUSTRY'

The Queensland Government will not proceed with changes to lot entitlement provisions for hundreds of thousands of Strata titled properties throughout the State, a decision that has been welcomed by the sector's peak industry body.

There was concern the proposed provisions would have caused an influx in disputes and would have increased Body Corporate costs unnecessarily.

The Department of Justice and Attorney-General has announced that it will put aside lot entitlements and make no further changes to the lot entitlement scheme, a reasonable decision as any changes would merely affect 200 of the 49,000 schemes in Queensland.

Lot entitlements refer to the shares of ownership of common property of strata lot owners, their respective voting rights, and their proportion of levies.

Maintenance, repairs and upgrades on shared amenities are determined by voting, allowing strata lot owners to have their say on decisions that not only influence strata living, but often the market value of their properties.

Prior to the announcement of Attorney-General Hon. Yvette D'Ath to end reform on lot entitlements, Queensland strata lot owners and residents had faced more than a decade of uncertainty with constant changes to the way lot entitlements are adjusted.

The resolution to leave lot entitlements alone aligns with the majority of stakeholder views on the recommended changes made by the Commercial and Property Law Research Centre of the Queensland University of Technology.

The QUT review examined issues arising under Queensland legislation governing ownership, use and dealings in real property in the state, including the Property Law Act 1974, the Body Corporate and Community Management Act 1997 and other body corporate legislation. Their lot entitlements recommendation put it all on its head and the peak body for strata did not align with the proposal.

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Strata Community Association (Qld) President, Simon Barnard says, "SCA (Qld) welcomes this announcement and applauds the Attorney-General for listening to the industry.

"The subject first reared its head in 2008 and successive governments have failed to suggest a model that achieves a consensus with all stakeholders. While SCA (Qld) originally entertained the idea a decade ago, each suggested reform failed to solve the problem without creating many more areas for concern and room for dispute.

"The latest QUT model was entirely different from the current practice, suggesting a more complex separation of types of expenses and, after a decade of to-and-fro, thankfully the Attorney-General Yvette D'Ath announced at the 2019 SCA (Qld) Annual Conference to put lot entitlements aside – indefinitely."

In her speech, Attorney General Yvette D'Ath stated: "Given that stakeholders have not been supportive of a change to the lot entitlement scheme and also given the cost and disruption associated with a new system... the Government has decided that there should be no change to the setting and adjustment of lot entitlements. This is the fairest and most appropriate approach."

Turning her attention away from pursuing changes to the issue of lot entitlements, the Attorney-General will instead be focusing on seller disclosure and industry stability as part of a wider Body Corporate and Community Management Act 1997 (BCCMA) review.

The BCCMA review, which has been going on for some time, has now entered the second stage, with the regulatory extensions granted last year due to expire in September 2019.

Mr Barnard says, "SCA (Qld) is meeting with the Office of Regulatory Policy to examine the first draft of the recommendations, and we look forward to providing practical, day-to-day feedback."

"The Final QUT Report almost entirely reflected SCA (Qld)'s submission and recommendations, so we are confident that the draft legislation will contain reforms that largely correspond with member preferences which will support bodies corporate.

After reforming the regulations associated with the BCCMA, the Attorney-General will turn her sights to amending the BCCMA itself. This will include closer inspection of legislation surrounding the more controversial issues with by-laws, scheme termination and debt recovery.

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“We expect the more significant Act amendments to be introduced in 2020.”

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About Strata Community Association

Strata Community Association Limited (SCA) is the peak industry body for Body Corporate and Community Title Management in Australia & New Zealand. Membership includes body corporate managers, support staff, committee members and suppliers of products and services to the industry. SCA proudly fulfils the dual roles of a professional institute and consumer advocate.

SCA has in excess of 3,300 members who help oversee, advise or manage a combined property portfolio with an estimated replacement value of over \$1.2 trillion. Website: <http://stratacommunity.org.au/>