

Standing Committee on Legal Affairs
ACT Legislative Assembly
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7 March 2025

Dear Committee,

RE: MANAGEMENT OF STRATA PROPERTIES

The ACT Council of Social Service (ACTCOSS) appreciates the opportunity to contribute to the *Inquiry into the Management of Strata Properties*. ACTCOSS is the peak body for the community sector in the ACT. We advocate for social justice and represent not-for-profit community organisations. Our member base includes organisations that provide and/or advocate for housing and support services to tenants and occupants, including those on low incomes and facing multiple and intersecting forms of disadvantage.

Our submission aligns with ACTCOSS's strategic objectives, in particular:

- Improving income, wellbeing, equity, and inclusion outcomes for people in the ACT and region who are marginalised; and
- Contributing to a just transition to net zero emissions that reduces inequality and leaves no-one behind.

As the ACT Government pursues greater urban infill and aims to expand housing options near jobs and public transport, ensuring good governance of strata-managed properties is essential for affordability, accessibility, and equitable outcomes — especially for older Canberrans, people with disability, single parent households, culturally and linguistically diverse individuals and those on fixed or low incomes.

In developing this submission, ACTCOSS engaged with representatives from community organisations that work across a range of sub-sectors including systemic housing advocacy, community legal services, advocacy for the aging and financial counselling.

While we have not addressed every element of the Inquiry's Terms of Reference, we focus on the areas our member organisations identified as most critical to marginalised and lower-income residents. These include:

- The role of strata managers (SMs), including qualifications, conflicts of interest, and debt collection practices;
- Executive committee (EC) responsibilities and the need for better training and guidance;
- Decision-making models in strata and the importance of transparent, inclusive processes;
- Accessing environmental initiatives to promote a just transition to net-zero;
- The remit and resourcing of a potential Strata Commissioner; and
- Other matters, such as hardship provisions, renter rights, and addressing construction defects.

It is ACTCOSS's view that by embracing equitable, inclusive, and future-focused strata management, the ACT can enhance affordable home ownership, reduce housing stress, and ensure a just transition to net-zero emissions that benefits all residents.

Key Points and Recommendations

Strata managers

- Raise the bar for minimum qualification standards for strata managers (SMs).
- Systematically review current SM training and education standards.
- Restrict aggressive debt collection methods and require fair payment arrangements or hardship provisions before initiating legal action.
- Establish a mechanism to ensure conflict of interest oversight – requiring both SMs and EC members to disclose potential conflicts.
- Require SMs to disclose pecuniary and non-pecuniary benefits they or their associates receive in relation to the owners' corporation.

Executive committee members

- Create standard guidance packs for EC members covering best financial practice, and duty of care owed to building owners.
- Free training for EC members in governance and financial oversight, particularly where a strata plan involves significant capital works.
- Clear legislation or guidance about the scope of EC duties to avoid inadvertent breaches or unlawful decisions.

Decision making models in strata developments

- Require sufficient notice periods for levy increases, with plain-language communication.
- Encourage more inclusive or hybrid (online/in-person) general meeting formats to boost participation and ensure owners have enough time to discuss significant decisions.
- Introduce or expand mediation pathways to handle emerging conflicts before they escalate to the ACT Civil and Administrative Tribunal (ACAT).
- Establish hardship provisions in levies, including formalised payment extensions and instalment plans.

Accessing environmental initiatives

- Streamline processes for sustainability projects. Legislate simpler approval pathways for installing solar panels, electric vehicle charging stations, or transitioning from gas to electric.
- Prohibit unreasonable restrictions on energy saving devices such as window coverings or induction cooktops.
- Expand or adapt existing ACT Government energy-efficiency programs to explicitly include collective retrofits in multi-unit strata managed buildings.

Strata Commissioner

- Establish an independent Office of the Strata Commissioner, led by a Strata Commissioner and adequately staffed by individuals with the appropriate expertise.
- Assign statutory powers to enforce penalties for breach of strata law, audit strata managers, and regulate their licensing

- Provide mediation or early intervention services, especially important for owners with barriers to accessing legal representation.
- Mandate ongoing legislative reviews, publishing best practice guidance on strata management.
- Investigate the current practice of subsidising or funding strata management through kickbacks and commissions from contractors and insurers.

Other related matters

- Streamline pathways for renters so they can raise strata issues directly (instead of only via landlords or real estate agents).
- Provide free or low-cost legal advice specifically for strata disputes and prioritise financial or social supports for those facing forced sales due to debt.
- Address defects after purchase ('off the plan') with a single regulator and clear dispute pathways.
- Prohibit developers from binding owners' corporations to long term or unfair contracts. Enforce a timely exit mechanism for such contracts (i.e. 90 days' notice).
- Fund accessibility retrofits in older apartment buildings.
- Recognise the growing number of lifelong renters and protect them from discrimination or restrictions that limit their full enjoyment of the property.

Strata managers

Raise the bar for minimum qualifications and certifications

The ACT's rapidly growing and increasingly complex strata sector demands managers with specialised skills to handle large budgets, manage complex building issues, and ensure sound financial oversight. Feedback from our member consultation suggests that current minimum requirements do not adequately reflect the advanced skill set needed, often leading to mistakes that disproportionately burden owners on low or fixed incomes who are less able to absorb cost increases. When these costs are passed on to renters with limited means to absorb them, those on the margins are at heightened risk of being forced out of the private rental market, compounding pressure on the ACT's already overstretched social housing system. Raising the bar for qualification standards is a more cost effective, fair and reasonable adjustment than risking further strain on an already overburdened social housing system.

Raising the bar for qualifications would help address this skills gap and safeguard owners from poorly handled operations. It would also foster greater confidence in the strata management sector, which is essential when considering the role that strata managed complexes can play in the provision of affordable home ownership and affordable rentals as the ACT navigates the complex and ongoing housing crisis.

Review training and education standards

In addition to higher entry-level qualifications, ongoing reviews of training and education programs are needed to keep pace with increasingly complex developments, such as multi-tower and mixed-use sites. Updating certification requirements to reflect changes in legislation, conflict resolution practices, and technological advancements ensures strata managers remain knowledgeable and adaptable over time.

Mitigate against aggressive debt collection

Opaque management practices can harm individuals already facing financial hardship. Through our member consultation, ACTCOSS heard troubling accounts of clients being set upon by aggressive debt collectors for levy arrears. Some of these clients are women escaping domestic violence; others are older Canberrans or people with disabilities facing physical and social barriers. Clear guidelines on handling levy arrears, including reasonable payment plans and hardship assessments, would reduce exacerbating existing stressors for owners in exceptional and unavoidable circumstances and reduce the risk of forced sales among low-income owners.

Conflict of interest oversight

A lack of robust conflict-of-interest oversight emerged as a significant governance concern during our member consultation. Both SMs and EC members may hold sway over maintenance contracts, fee structures, and operational decisions, yet owners often have little insight into whether these decision-makers stand to gain from such arrangements. Establishing a clear disclosure mechanism for both SMs and EC members strengthens transparency and helps maintain fair strata contracts and fees.

Building on this, requiring SMs and EC members to disclose any pecuniary or non-pecuniary benefits they or their associates might receive from third-party providers is essential for safeguarding owners' interests and protecting owner's corporation funds. If an SM (or someone connected to them) stands to gain financially, socially, or professionally from a given contractor, insurer, or supplier, that stake could unduly influence service choices, driving up levies or compromising quality. By mandating full disclosure of such affiliations, owners gain the ability to assess contracts openly, reducing the likelihood of hidden mark-ups, inflated fees, or substandard outcomes. This approach is especially important for lower-income residents, who are more vulnerable to undue financial pressures and less able to absorb sudden cost increases. Ultimately, a robust conflict of interest framework promotes fairness and genuine accountability in the governance of communal resources.

Executive Committee Members

Advanced skills, guidance and training for complex strata

Some ECs oversee budgets exceeding a million dollars, yet we heard during consultation that volunteer EC members often lack formal governance or financial expertise. This skills gap can lead to costly errors that disproportionately affect owners on limited incomes. To address this, the ACT Government — or a potential Office of the Strata Commissioner — could develop standard guidance packs covering best financial practices and the duty of care owed to building owners, ensuring new and existing EC members have a clear baseline of responsibility. In addition, providing free training in governance and financial oversight is particularly important for strata plans involving substantial capital works (such as roofs, lifts, or communal facilities). By providing accessible training and practical guidelines, EC members would be better equipped to avoid mismanagement and protect owners from unexpected and avoidable levy increases.

Explicit clarification of roles and responsibilities

ACTCOSS heard that ambiguities in the Unit Titles (Management) Act (UT(M)A) can expose EC members to disputes and legal complexities, some of which require resolution through ACAT. It was suggested in our consultation that better legislative guidance could have prevented many such issues. By explicitly defining EC powers and responsibilities, the ACT can reduce the likelihood of conflict, foster predictability and ensure volunteer EC members can fulfill their roles without inadvertently breaching the law.

Decision making models in strata developments

Improved transparency and notice

ACTCOSS heard of cases where substantial levy increases were communicated with as little as two days' notice, leaving those already experiencing financial hardship unprepared to manage sudden financial demands. Longer, mandatory notice periods and clear, jargon-free communication can help residents anticipate and plan for changes.

Inclusive and hybrid general meetings

Many owners cannot readily attend in person meetings due to caring responsibilities, childcare responsibilities (particularly single parent households), or mobility barriers. By facilitating online participation or hybrid formats for general meetings, strata bodies can increase attendance, gather a wider range of perspectives, and strengthen collective decision-making. This would also contribute to owners having sufficient time and opportunity to evaluate and discuss significant proposals that may affect their financial security.

Early dispute resolution

Currently, ACAT is often the first recourse for owners, despite many disputes being well suited to early, less adversarial resolution. Formal mediation options, potentially supported by the community sector or a future Office of the Strata Commissioner, would alleviate tribunal pressure, lower legal costs, and prevent neighbourly relations from fracturing beyond repair.

Hardship provisions in levies

We heard that unplanned or steep levy hikes can push low-income and fixed-income owners into financial crisis, at times forcing them to consider selling or incurring untenable debt. A formalised hardship policy, allowing short-term payment extensions or instalment plans, would mitigate the risk of severe financial distress. Additionally, there is no specific mechanism to support owners facing acute financial pressure resulting from domestic violence or sudden unemployment, for example. Introducing such a mechanism could assist them to maintain stable housing and avoid compounding stress that can lead to further adverse outcomes.

Accessing environmental initiatives

Streamlined processes for sustainability projects

Owners face challenges in retrofitting existing buildings for solar panels, EV charging, and gas-to-electric conversions. Simplified approval pathways would expedite cost-saving environmental upgrades and ensure low-income residents can benefit from lower utility bills and support a just transition to net zero emissions.

Prohibit unreasonable restrictions on energy-saving devices

Some of our member organisations report instances where ambiguities in current legislation, along with certain strata rules, unreasonably block owners from installing efficient window coverings, induction cooktops, or other energy-saving measures. Removing unjustified barriers allows households to reduce power bills and contributes to a just transition to net-zero emissions, ensuring strata governance does not inadvertently perpetuate inequities in energy usage and costs.

Expand existing ACT Government energy efficiency programs

While the ACT Government's *Sustainable Household Scheme* and other initiatives offer valuable interest-free loans and rebates for energy upgrades, these programs mostly target single title homeowners and do not fully account for shared infrastructure in older apartment complexes, such as communal roofs, central hot water systems, or ventilation pathways. Owners' corporations that wish to install solar across the entire roof, electrify a communal hot water unit, or upgrade insulation in shared spaces face governance hurdles (special resolutions, body corporate approvals), as well as practical financing challenges.

By expanding or adapting existing programs to allow for collective action within strata settings, the ACT Government can help overcome these barriers. This would enable owners' corporations to apply jointly, streamline approval processes, and fairly apportion costs and benefits. Such an approach would ensure that apartment dwellers, especially lower-income residents (both owner/occupiers and renters), can access large-scale, cost-saving upgrades while advancing the ACT's net-zero commitments. Ultimately, it recognises that a substantial portion of the ACT population resides in multi-unit developments and deserves equitable access to the energy-efficiency benefits afforded to standalone homeowners.

Remit for a potential strata commissioner in the ACT

Recurring issues such as undisclosed commissions, unclear enforcement of the UT(M)A, and limited dispute-resolution options highlight the need for a single, authoritative regulator. While owners can turn to ACAT for remedies, ACAT proceedings often require costly legal assistance — beyond the reach of many on low or fixed incomes — and place additional strain on an already under-resourced legal assistance sector. Those experiencing social isolation, language barriers or mobility constraints face further challenges to accessing the required legal support. A Strata Commissioner with statutory powers to impose penalties, audit strata managers, and regulate licensing would not only raise management standards and provide equitable support for all owners, but also help ensure that strata managed properties are genuinely affordable options for home ownership and downsizing. By promoting transparent, accountable governance, this role would contribute to the development of more accessible housing near transport and employment hubs, thereby supporting a just transition to net zero emissions.

Independent and properly resourced

Given the scale of strata developments in the ACT, a single mid-level officer cannot effectively regulate the strata sector. Instead, an independent statutory body, led by a Commissioner, should be supported by investigators, legal advisers, and policy specialists capable of conducting proactive oversight, handling complaints, and mediating disputes. This comprehensive resourcing is essential to address cases where owners face additional barriers to securing legal representation.

Ongoing legislative review

In addition to enforcement, a Strata Commissioner could routinely review and recommend updates to existing legislation, ensuring that the UT(M)A remains responsive to evolving community needs. This role could be strengthened by publishing and routinely updating best practice guidance on core governance issues such as SMs and ECs duty of care, as well as sound financial management principles.

Investigating kickbacks and commissions

The practice of subsidising or funding strata management through kickbacks and commissions from contractors and insurers is producing poor outcomes for owners' corporations. The Commissioner should be equipped to investigate the necessity and fairness of this model and provide recommendations on whether it should be permitted. At a minimum, mandatory disclosure of conflicts of interest should be enforced, backed up with significant penalties. Additionally, the Commissioner should have the authority to either investigate failure to disclose conflicts of interest and other breaches or refer these matters to the appropriate regulatory body (i.e. the AFP) for further investigation and action.

Any other related matters

Streamline pathways for renters to raise issues directly

While many strata disputes revolve around owners, renters can also face urgent repair or safety problems. Currently, they are often required to go through a landlord or property manager who may lack the urgency or incentive to act, or who is simply difficult to contact. Allowing direct communication between renters and the SM or EC would ensure faster, fairer resolutions, helping maintain safe living conditions and reducing stress for tenants. Many landlords would also benefit from a reduction in unnecessary "go between" work.

Access to legal supports and financial counselling

Navigating the UT(M)A can be intimidating, with formal tribunal (ACAT) proceedings often requiring legal or specialist knowledge. Low income and marginalised owners can face procedural errors or unfair outcomes if they cannot access adequate representation. Offering affordable legal advice specific to strata disputes, along with targeted financial or social support for individuals facing forced sales due to debt, would uphold equity and protect vulnerable residents from avoidable housing instability.

Addressing post purchase defects

ACTCOSS heard of owners acquiring 'off the plan' properties only to find significant defects after settlement, leaving them with considerable rectification costs and minimal recourse against developers. Poor construction quality can also increase insurance premiums, create unsafe living conditions, reduce energy efficiencies and impose long-term financial strain on owners, undermining the role of strata managed properties as an avenue to affordable home ownership.

Establishing a single regulator (i.e. Office of the Strata Commissioner) to oversee warranties and defect rectifications would empower owners to raise concerns promptly, hold developers accountable, and preserve both the affordability and quality of strata complexes. Such a system would also promote higher construction standards across the ACT.

Prohibit developers from binding owners' corporations to long-term or unfair contracts

We heard that developers sometimes commit owners' corporations to onerous, long-term contracts for embedded networks, management services, or other facilities, without adequate input from eventual purchasers. Enforcing a 90-day notice exit mechanism for such contracts would preserve owners' rights to choose cost-effective, high-quality services. This measure aligns with broader objectives of maintaining housing affordability.

Retrofitting for accessibility upgrades

Many apartment buildings in the ACT were constructed decades ago, with limited consideration for accessibility requirements. As the population ages and housing stock lags behind demand, more people need suitable spaces where they can continue living independently without relocating to newer, more expensive complexes. For individuals with disabilities or mobility challenges, older apartment layouts, such as narrow corridors, or missing ramps can pose significant obstacles to a safe and dignified living environment.

Introducing government-backed funding and clear guidelines for retrofitting older buildings would expand genuine “downsizing” options, as well as enable more choice of residence and community, rather than seeking specialised accommodation that can be financially unfeasible for many. Such initiatives could include grants or low-interest loans to help strata owners’ corporations undertake essential modifications i.e. improved entrances, elevator updates. By making cost-effective retrofits both feasible and affordable, the ACT Government can help create more inclusive housing, support independent living, and reduce pressure on other segments of the strained housing market.

Recognise the rights of life-long renters

With housing becoming increasingly unaffordable in most recent decades, nearly one-third of Australian households rent, with many tenants renting for extended or indefinite periods. Owners’ corporation rules, if poorly drafted, can limit renters’ full enjoyment of their homes (e.g., restrictions on pets, fixtures, or communal spaces). By recognising life-long renters as a population and setting clear protections, strata laws can promote inclusive, community-oriented environments that do not inadvertently discriminate against long-term tenants.

Further engagement

ACTCOSS would welcome the opportunity to engage further with the ACT Government and other stakeholders in the inquiry into strata managed properties in the ACT.

If you would like to discuss any of the issues raised in this submission please contact Ms Emma Agostino, Senior Policy Advisor at ACTCOSS, at emma.agostino@actcoss.org.au or on (02) 6202 7200.

Yours sincerely

A handwritten signature in blue ink that reads 'Devin Bowles'.

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